South Boston Holdings, Inc.
Form S-4
December 21, 2007

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As filed with the Securities and Exchange Commission on December 21, 2007

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Dollar General Corporation

(Exact name of registrant as specified in its charter)

Tennessee	**5331**	**61-0502302**
(State of Incorporation)	(Primary Standard Institute Classification Code Number)	(I.R.S. Employer Identification No.)

100 Mission Ridge
Goodlettsville, Tennessee 37072
(615) 855-4000
(Address, including zip code, and telephone number, including area code, of registrants' principal executive offices)

Susan S. Lanigan
Executive Vice President, General Counsel
Dollar General Corporation
100 Mission Ridge
Goodlettsville, Tennessee 37072
(615) 855-4000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

Joseph H. Kaufman Esq.	**Gary Brown Esq.**
Simpson Thacher & Bartlett LLP	**Baker, Donelson, Bearman, Caldwell & Berkowitz, PC**
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(212) 455-2000	**Nashville, Tennessee 37201**
	(615) 726-5763

Approximate date of commencement of proposed exchange offer:
As soon as practicable after this Registration Statement is declared effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box. o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Note	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
10.625% Senior Notes due 2015	$1,175,000,000	100%	$1,175,000,000	$36,072.50
11.875%/12.625% Senior Subordinated Toggle Notes due 2017	$725,000,000	100%	$725,000,000	$22,257.50
Guarantees of 10.625% Senior Notes due 2015(2)	N/A(3)	N/A(3)	N/A(3)	N/A(3)
Guarantees of 11.875%/12.625% Senior Subordinated Toggle Notes due 2017(2)	N/A(3)	N/A(3)	N/A(3)	N/A(3)

(1) Estimated solely for the purpose of calculating the registration fee under Rule 457(f) of the Securities Act of 1933, as amended (the "Securities Act").

(2) See inside facing page for registrant guarantors.

(3) Pursuant to Rule 457(n) under the Securities Act, no separate filing fee is required for the guarantees.

The registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

TABLE OF REGISTRANT GUARANTORS

Exact Name of Registrant as Specified in its Charter (or Other Organizational Document)	State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification Number (IF NONE WRITE N/A)	Address, Including Zip Code, of Registrant's Principal Executive Offices	Telephone Number, Including Area Code, of Registrant's Principal Executive Offices
DC Financial, LLC	Tennessee	N/A	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
DG Logistics, LLC	Tennessee	62-1805098	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
DG Promotions, Inc.	Tennessee	62-1792083	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
DG Retail, LLC	Tennessee	36-4577242	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
DG Transportation, Inc.	Tennessee	37-1517488	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
DGC Properties LLC	Delaware	36-4498859	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
DGC Properties of Kentucky LLC	Delaware	37-1432210	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
Dolgencorp of New York, Inc.	Kentucky	62-1829863	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
Dolgencorp of Texas, Inc.	Kentucky	61-1193136	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
Dolgencorp, Inc.	Kentucky	61-0852764	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
Dollar General Investment, Inc.	Delaware	48-1268966	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
Dollar General Merchandising, Inc.	Tennessee	82-0577749	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
Dollar General Partners	Kentucky	61-1193137	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
South Boston FF&E, LLC	Delaware	26-0411224	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
South Boston Holdings, Inc.	Delaware	20-5220571	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000
Sun-Dollar, L.P.	California	95-4629930	100 Mission Ridge, Goodlettsville, TN 37072	615-855-4000

The information in this prospectus is not complete and may be changed. We may not sell the securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion Dated December 21, 2007

Dollar General Corporation

Offer to Exchange
All Outstanding
10.625% Senior Notes due 2015
($1,175,000,000 principal amount outstanding)
and All Outstanding 11.875%/12.625% Senior Subordinated Toggle Notes due 2017
($725,000,000 principal amount outstanding)
for
10.625% Senior Notes due 2015
and 11.875%/12.625% Senior Subordinated Toggle Notes due 2017
which have been
registered under the Securities Act of 1933

The Exchange Offer:

We will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of exchange notes that are freely tradable.

You may withdraw tenders of outstanding notes at any time prior to the expiration date of the exchange offer.

The exchange offer expires at 5:00 p.m., New York City time, on , 2008, unless extended. We do not currently intend to extend the expiration date.

The exchange of outstanding notes for exchange notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The Exchange Notes:

We are offering exchange notes to satisfy certain of our obligations under the registration rights agreement entered into in connection with the private offering of the outstanding notes.

The terms of the exchange notes are substantially identical to the outstanding notes, except that the exchange notes will be freely tradeable.

Resales of the Exchange Notes:

The exchange notes may be sold in the over-the-counter-market, in negotiated transactions or through a combination of such methods. We do not plan to list the exchange notes on a national market.

See "Risk Factors" beginning on page 21 for a discussion of certain risks that you should consider before participating in the exchange offer.

You may not offer or sell any untendered outstanding notes unless the outstanding notes are registered or exempt from registration under, or are offered or sold in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, we do not currently anticipate that we will register the outstanding notes under the Securities Act of 1933.

Each broker-dealer that receives exchange notes for its own account in the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those exchange notes. The letter of transmittal states that by so acknowledging and delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding notes where the broker-dealer acquired such outstanding notes as a result of market-making or other trading activities.

We have agreed that, for a period of 180 days after the consummation of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the exchange notes to be distributed in the exchange offer or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2008.

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We have not authorized any dealer, salesperson or other person to give any information or represent anything to you other than the information contained in this prospectus. You must not rely on unauthorized information or representations.

This prospectus does not offer to sell nor ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities. The information in this prospectus is current only as of the date on its cover and may change after that date.

MARKET AND INDUSTRY DATA

We obtained the industry, market and competitive position data used throughout this prospectus from our own internal estimates and research as well as from industry publications and research, surveys and studies conducted by third parties. Industry publications, studies and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. While we believe that each of these publications, studies and surveys is reliable, we have not independently verified industry, market and competitive position data from third-party sources. While we believe our internal business research is reliable and the market definitions are appropriate, neither such research nor these definitions have been verified by any independent source.

SUMMARY

This summary highlights information appearing elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider before participating in the exchange offer. You should carefully read this summary together with the entire prospectus, including the information presented under the section entitled "Risk Factors."

Unless the context otherwise requires, references in this prospectus to "Dollar General," "we," "our," "us" and "the Company" refer to Dollar General Corporation and its consolidated subsidiaries, both before and after the Transactions (as defined below), and references to the "Issuer" refer to Buck Acquisition Corp. ("Buck"), prior to its merger into Dollar General Corporation (the "Merger") and, thereafter, to Dollar General Corporation. Financial information identified in this prospectus as "pro forma" gives effect to the consummation of the Transactions. This prospectus contains references to years 2007, 2006, 2005, 2004, 2003 and 2002, which represent fiscal years ending or ended February 1, 2008, February 2, 2007, February 3, 2006, January 28, 2005, January 30, 2004 and January 31, 2003, respectively, unless the context otherwise requires.

Our Company

We are the largest discount retailer in the United States by number of stores, with 8,204 stores located in 35 states, primarily in the southern, southwestern, midwestern and eastern United States, as of November 2, 2007. We serve a broad customer base and offer a focused assortment of everyday items, including basic consumable merchandise and other home, apparel and seasonal products. A majority of our products are priced at $10 or less and approximately 30% of our products are priced at $1 or less. In 2006, our average customer purchase was $9.31.

We offer a compelling value proposition for our customers based on convenient store locations, easy in and out shopping and highly competitive prices. We believe our combination of value and convenience distinguishes us from other discount, convenience and drugstore retailers, who typically focus on either value or convenience. Our business model is focused on strong and sustainable sales growth, attractive margins and limited maintenance capital expenditure and working capital needs, which result in significant operational cash flows (before interest).

We have expanded rapidly in recent years, increasing our total number of stores from 5,540 as of February 1, 2002 to 8,229 as of February 2, 2007 (representing an 8.2% compound annual growth rate, or CAGR). Over the same period, we grew our net sales from $5.3 billion to $9.2 billion (representing an 11.5% CAGR), driven by growth in number of stores as well as a five-year average same store sales growth of 3.7%. For the 39 week period ended November 2, 2007, we generated net sales of $6.9 billion, an increase of 4.8% over the prior year period, including a same store sales increase of 2.8%. We have temporarily decelerated our new store growth rate to enable us to focus on improving the performance of existing stores, including remodeling or relocating a number of stores to improve productivity and enhance the shopping experience for our customers.

Stores

The traditional Dollar General® store has, on average, approximately 6,900 square feet of selling space and generally serves customers who live within five miles of the store. Of our 8,204 stores as of November 2, 2007, more than half serve communities with populations of 20,000 or less. We believe that our target customers prefer the convenience of a small, neighborhood store with a focused merchandise assortment at value prices.

We aggressively manage our overhead cost structure and typically seek to locate stores in neighborhoods where rental and operating costs are relatively low. Our stores typically have low fixed costs, with lean staffing of usually two to three employees in the store at any time. In 2005 and 2006, we implemented "EZstore ", our initiative designed to improve inventory flow from our distribution centers, or DCs, to consumers. EZstore has allowed us to reallocate store labor hours to more customer-focused activities, improving the work content in our stores.

We also attempt to control operating costs by implementing new technology when feasible, including improvements in recent years to our store labor scheduling and store replenishment systems in addition to other improvements to our supply chain and warehousing systems.

Merchandise

Our merchandise strategy combines a low-cost operating structure with a focused assortment of products that allows us to offer our customers a compelling value proposition, consisting of quality merchandise at competitive prices. We believe our merchandising strategy generates frequent repeat customer purchases and our focused merchandise assortment encourages customers to shop at Dollar General stores for their everyday household needs. We separate our merchandise into the following four categories for reporting purposes: highly consumable, seasonal, home products and basic clothing. Highly consumable consists of packaged food, candy, snacks and refrigerated products, health and beauty aids, home cleaning supplies and pet supplies; seasonal consists of seasonal and other holiday-related items, toys, stationery and hardware; and home products consists of housewares and domestics.

We maintain approximately 4,900 core stock-keeping units, or SKUs, per store and an additional 8,000 non-core SKUs that get rotated in and out of the store over the course of a typical year. The percentage of net sales of each of our four categories of merchandise for the periods indicated below was as follows:

	2006	2005	2004
Highly consumable	65.7%	65.3%	63.0%
Seasonal	16.4%	15.7%	16.5%
Home products	10.0%	10.6%	11.5%
Basic clothing	7.9%	8.4%	9.0%

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

We purchase our merchandise from a wide variety of suppliers. Approximately 11% of our purchases in 2006 were from The Procter & Gamble Company. Our next largest supplier accounted for approximately 5% of our purchases in 2006. We directly imported approximately 9% of our purchases at cost in 2006.

Customers

We serve the basic consumable, household, apparel and seasonal needs of customers, primarily in rural and small markets. According to AC Nielsen's 2006 Homescan® data, in 2006 approximately 41% of our customers had household gross income of less than $30,000 per year. We are also increasingly focused on serving higher income customers and estimate that, in 2006, approximately 38% of our customers were from households with $30,000 to $70,000 of annual income. Our merchandising and operating strategies are primarily designed to meet the needs of these consumers. Approximately 21% of our customers were from households with annual income greater than $70,000.

Recent Strategic Initiatives

In 2006, we launched strategic initiatives aimed at improving our merchandising and real estate strategies, which we refer to collectively as "Project Alpha." Project Alpha was based upon a comprehensive analysis of the performance of each of our stores and the impact of our inventory model on our ability to effectively serve our customers.

Our merchandising initiative is meant to move away from our traditional inventory packaway model, where unsold inventory items were stored on-site and returned to the sales floor to be sold the next year, year after year, until the items were eventually sold, damaged or discarded. Our initiative is an attempt to better meet our customers' needs and to ensure an appealing, fresh merchandise selection. With few exceptions, we plan to eliminate, through end-of-season and other markdowns, existing seasonal, home products and basic clothing packaway merchandise by the end of fiscal 2007. With the exception of certain holiday seasonal and winter apparel items, substantially all of the inventory targeted by this initiative had been sold or eliminated as of November 2, 2007. In addition, beginning in fiscal 2007, we have started selling virtually all current-year non-replenishable merchandise by taking end-of-season markdowns, allowing for increased levels of newer, current-season merchandise. We believe this strategy change will enhance the appearance of our stores and will positively impact customer satisfaction as well as the store employees' ability to manage stores, ultimately resulting in higher sales, increased gross profit margins, lower employee turnover, and decreased inventory shrink and damages. We also expect that this improved inventory management will result in more appropriate per store inventory levels. We expect to increase our sales mix of merchandise categories with higher gross profit margin items, such as home products, basic clothing and seasonal merchandise (which were the primary elements of packaway inventory), as we become increasingly able to improve our merchandise assortments and stock our stores with more current inventory.

In 2006, we also initiated a new store layout that we believe will further drive sales growth and margin enhancement through an improved merchandising mix. The new layout was launched in a test mode in early 2006, was improved during the year, and became our standard new and remodeled store format by the end of 2006. As a result of the opening of new stores and the re-formatting of a limited number of existing stores, there were 817 stores operating in this new format as of November 2, 2007. The results have been encouraging, as we have seen additional sales from these new and remodeled stores, including an increased mix of higher margin goods. Additionally, improved merchandise adjacencies and wider, more open aisles have enhanced the overall guest shopping experience.

We also initiated significant improvements to our real estate practices beginning in 2006. We are fully integrating the functions of site selection, lease renewals, relocations, remodels and store closings and have defined and are implementing rigorous analytical processes for decision-making in those areas. We continue to analyze our real estate performance and to look for ways to further refine and improve our practices. As a first step in our initiative to revitalize our store base, we performed a comprehensive real estate review resulting in the identification of approximately 400 underperforming stores all of which we closed by the end of our second fiscal quarter of 2007. Additionally, in connection with the Transactions (as defined below), management approved a plan to close an additional 60 stores prior to February 1, 2008. These closings are in addition to stores that are typically closed in the normal course of business, which over the last 10 years constituted approximately 1% to 2% of our store base per year. We do not currently expect any additional closures beyond those to be closed in the normal course of business; although, as part of our ongoing real estate practices, we will continue to evaluate our store base for underperforming stores. We have also temporarily decelerated our new store growth rate to enable us to focus on improving the performance of existing stores, including remodeling or relocating a number of stores to improve productivity and enhance the shopping experience for our customers.

Our Industry

We compete in the deep discount segment of the U.S. retail industry. Excluding supercenters (e.g., Wal-Mart), this segment generates approximately $43 billion in sales per year and grew at a 10.2% CAGR between 2000 and 2005. Our competitors are both traditional "dollar stores", as well as other retailers offering discounted items or convenience (e.g., Walgreens and CVS). The "dollar store" sector differentiates itself from other forms of retailing in the deep discount segment by offering consistently low prices in a convenient, small-store format. Unlike other formats that have suffered with the rise of

Wal-Mart and other discount supercenters, the "dollar store" sector has grown despite the presence of the discount supercenters.

We believe it is our substantial convenience advantage, at prices comparable to those of supercenters, that allows Dollar General to compete so effectively. As such, Dollar General stores have performed well in the presence of increased competition from Wal-Mart and drugstores. Based on a sample of markets that had relatively high concentrations of Wal-Mart stores, Dollar General stores typically have a higher net sales per square foot and operating profit compared to its stores in markets with lower concentrations of Wal-Mart stores. Similarly, Dollar General stores in a sample of markets that had relatively high concentrations of CVS stores are more productive on net sales per square foot and operating profit bases while maintaining similar operating margins.

We believe that there is considerable room for growth in the "dollar store" sector. According to AC Nielsen and Retail Forward, "dollar stores" have been able to increase their penetration across all income brackets in the last 6 years. Though traditional "dollar stores" have high customer penetration, the sector as a whole accounts for only approximately 1.4% of total consumer product goods spending, which we believe leaves ample room for growth. Our merchandising initiatives are aimed at increasing our stores' share of customer spending.

Our Competitive Strengths

Market Leader in an Attractive Sector with a Growing Customer Base. We are the largest discount retailer in the U.S. by number of stores, with 8,204 stores in 35 states as of November 2, 2007. We are the largest player in the U.S. deep discount segment with a nearly 21% market share, almost 1.5 times that of our nearest competitor. We believe we are well positioned to further increase our market share as we continue to execute our business strategy and implement our operational initiatives. Our target customers include the approximately 70% of U.S. individuals who earn less than $50,000 per year. According to Nielsen Media Research, in 2006, approximately 65% of households shopped at least once at a discount store (up from 59% in 2001).

Consistent Sales Growth and Strong Cash Flow Generation. For over 15 consecutive years, Dollar General has experienced positive annual same store sales growth. Nearly two-thirds of our net sales come from the sale of consumable products, which are less susceptible to economic pressures (such as increased fuel costs and unemployment), with the remaining one-third comprised mainly of basic clothing, seasonal and home products, which are subject to little trend or fashion risk. We have a low cost operating model with attractive margins, low capital expenditures (approximately 2% of net sales for the 39 weeks ended November 2, 2007) and low working capital needs, resulting in significant cash flow generation (before interest).

Differentiated Value Proposition. Our ability to deliver highly competitive prices in a convenient location and shopping format provides our customers with a compelling shopping experience and distinguishes us from other discount retailers, as well as convenience and drugstore retailers.

Compelling Unit Economics. The traditional Dollar General store size, design and location requires minimal initial investment and low maintenance capital expenditures, which, when combined with strong average unit volumes, or AUV, provides for a quick recovery of store start-up costs. In fiscal 2006, our traditional stores that were open for the entire period had an AUV of $1,115,477 and an average investment in inventory and fixtures of approximately $250,000. The ability of our stores to generate strong cash flows with minimal investment results in a short payback period.

Efficient Supply Chain. We believe our distribution network is an integral component of our efforts to reduce transportation expenses and effectively support our growth. In recent years, we have made significant investments in technological improvements and upgrades, which have increased our efficiency and capacity to support store growth.

Experienced and Motivated Management Team. Over the past two years, we have strengthened our management team with the hiring of David Beré, our President, Chief Operating Officer and Interim Chief Executive Officer, and Beryl Buley, our Division President, Merchandising, Marketing & Supply Chain, and we have replaced a majority of our senior merchandising and real estate teams. Our leadership team has significant experience and is balanced between industry and Dollar General veterans. In connection with the Transactions, we entered into agreements with certain members of management (the "Senior Management Participants") pursuant to which they elected to invest in Dollar General in an aggregate amount of approximately $10.4 million, including $3.2 million in rollover equity. See "The Transactions."

Our Business Strategy

Our mission is "Serving Others." To carry out this mission, we have developed a business strategy of providing our customers with a focused assortment of attractively priced merchandise in a convenient, small-store format. We believe this strategy will expand our leadership position within the deep discount segment of the U.S. retail industry while increasing our profitability and maximizing our cash flows.

Continue to Deliver Value to Our Customers. Our ability to deliver highly competitive prices in a convenient shopping format provides our customers with a compelling shopping experience and distinguishes us from other discount retailers, as well as convenience and drugstore retailers. We plan to continue to improve on this value proposition to our customers by implementing operational improvements as described herein that will further enhance our business model.

Drive Financial Performance through Operating Improvements. After a period of rapid store growth in the mid to late 1990s and early 2000s and the transition from a close-out retailer, we are now increasingly focused on growing profitability and in the early stages of implementing certain targeted retail practices which are expected to have a substantial impact on our gross profit margins, sales productivity and capital efficiency. We expect to expand on these efforts by:

- completing Project Alpha, particularly the final steps in the transition from a packaway inventory management model to a model that clears seasonal merchandise at season end;
- optimizing our real estate selection and existing site management through comprehensive real estate reviews and more robust analytics and technology, with enhanced management directing more disciplined processes;
- better merchandising and category management, SKU rationalization and space reallocation with an increased focus on gross profit margin, returns per square foot and shrink reduction. In addition, we expect significant ancillary improvements from SKU rationalization, including the optimization of inventory levels, reduction of stock-outs and increased store organization and cleanliness;
- refining our extisting pricing stategy. We plan to optimize pricing over the next two years primarily by varying pricing to reflect differences in costs and competition by geographic region. Currently, we offer our products at virtually uniform price points across all of our stores while most of our competitors vary prices by geographic region;
- increasing foreign direct sourcing. We imported approximately $550 million of goods in 2006, and we plan to substantially increase this amount over the next five years;
- increasing our private label penetration and the consistency and quality of our private label products. We plan to grow our core private label penetration over the next five years. Currently, highly consumable private label products represent approximately 10% of our net sales; and
- improving our distribution and transportation logistics and efficiency.

Pursue Measured Store Growth. While our operational initiatives are focused on increasing our store productivity and profitability and decreasing near term store openings, we believe there are significant opportunities for additional longer term store growth within our existing footprint as well as in new markets. Given our customer demographics and current market penetration, we expect a majority of our new stores to be opened within our existing markets, taking advantage of our local brand awareness while maximizing operating efficiencies.

We were founded in 1939 as J.L. Turner and Son, Wholesale. We opened our first dollar store in 1955, when we were first incorporated as a Kentucky corporation under the name J.L. Turner & Son, Inc. We changed our name to Dollar General Corporation in 1968 and reincorporated as a Tennessee corporation in 1998. Our principal executive offices are located at 100 Mission Ridge, Goodlettsville, Tennessee 37072, and our telephone number is (615) 855-4000. Our website address is *www.dollargeneral.com*. The information on our website is not part of this prospectus.

Summary of the Terms of The Exchange Offer

On July 6, 2007, we completed the private offering of the outstanding notes. In this prospectus, the term "outstanding notes" refers to the 10.625% Senior Notes due 2015 and the 11.875%/12.625% Senior Subordinated Toggle Notes due 2017 all issued in the private offering. The term "exchange notes" refers to the 10.625% Senior Notes due 2015 and the 11.875%/12.625% Senior Subordinated Toggle Notes due 2017, all as offered by this prospectus and registered under the Securities Act of 1933, as amended (the "Securities Act"). The term "notes" refers to both the outstanding notes and the exchange notes.

General	In connection with the private offering, we entered into a registration rights agreement with Goldman, Sachs & Co., Citigroup Global Markets, Inc., Lehman Brothers Inc. and Wachovia Capital Markets, LLC, (collectively, the "Initial Purchasers"), the Initial Purchasers of the outstanding notes, in which we and the guarantors agreed, among other things, to use our reasonable best efforts to complete the exchange offer for the outstanding notes within 270 days after the date of issuance of the outstanding notes.
	You are entitled to exchange in the exchange offer your outstanding notes for exchange notes, which are identical in all material respects to the outstanding notes except:
	the exchange notes have been registered under the Securities Act;
	the exchange notes are not entitled to any registration rights which are applicable to the outstanding notes under the registration rights agreement; and
	certain additional interest rate provisions are no longer applicable.
The exchange offer	We are offering to exchange up to:
	$1,175,000,000 in principal amount of 10.625% Senior Notes due 2015, which have been registered under the Securities Act, for any and all outstanding Senior Notes due 2015.
	$725,000,000 in principal amount of 11.875%/12.625% Senior Subordinated Toggle Notes due 2017, which have been registered under the Securities Act, for any and all outstanding Senior Subordinated Toggle Notes due 2017.
	You may only exchange outstanding notes in denominations of $2,000 and integral multiples of $1,000 in excess of $2,000.
	Subject to the satisfaction or waiver of specified conditions, we will exchange the exchange notes for all respective outstanding notes that are validly tendered and not validly withdrawn prior to the expiration of the exchange offer. We will cause the exchange to be effected promptly after the expiration of the exchange offer.

Resale:	Based on interpretations by the staff of the Securities and Exchange Commission, or the "SEC", set forth in no-action letters issued to third parties referred to below, we believe that you may resell or otherwise transfer exchange notes issued in the exchange offer without complying with the registration and prospectus delivery requirements of the Securities Act, if:
	(1) you are acquiring the exchange notes in the ordinary course of your business;
	(2) you do not have an arrangement or understanding with any person to participate in a distribution of the exchange notes;
	(3) you are not an "affiliate" of the Issuer within the meaning of Rule 405 under the Securities Act; and
	(4) you are not engaged in, and do not intend to engage in, a distribution of the exchange notes.
	If you are not acquiring the exchange notes in the ordinary course of your business, or if you are engaging in, intend to engage in, or have any arrangement or understanding with any person to participate in, a distribution of the exchange notes, or if you are an affiliate of Dollar General, then:
	(1) you cannot rely on the position of the staff of the SEC enunciated in Morgan Stanley & Co., Inc. (available June 5, 1991), Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the SEC's letter to Shearman & Sterling dated July 2, 1993, or similar no- action letters; and
	(2) in the absence of an exception from the position of the SEC stated in (1) above, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale or other transfer of the exchange notes.
	If you are a broker-dealer and receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market-making or other trading activities, you must acknowledge that you will deliver a prospectus, as required by law, in connection with any resale or other transfer of the exchange notes that you receive in the exchange offer. See "Plan of Distribution."
Expiration date	The exchange offer will expire at 5:00 p.m., New York City time, on , 2008, unless extended by us. We do not currently intend to extend the expiration date of the exchange offer.
Withdrawal	You may withdraw the tender of your outstanding notes at any time prior to the expiration date of the exchange offer. We will return to you any of your outstanding notes that are not accepted for any reason for exchange, without expense to you, promptly after the expiration or termination of the exchange offer.

Interest on the exchange notes and the outstanding notes	Each exchange note will bear interest at the rate per annum set forth on the cover page of this prospectus from the most recent date on which interest has been paid on the outstanding notes. The interest on the notes is payable on January 15 and July 15 of each year, beginning on January 15, 2008. No interest will be paid on outstanding notes following their acceptance for exchange.
Conditions to the exchange offer	The exchange offer is subject to customary conditions, which we may assert or waive. See "The Exchange Offer Conditions to the exchange offer."
Procedures for tendering outstanding notes	If you wish to participate in the exchange offer, you must complete, sign and date the accompanying letter of transmittal, or a facsimile of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must then mail or otherwise deliver the letter of transmittal, or a facsimile of the letter of transmittal, together with the outstanding notes and any other required documents, to the exchange agent at the address set forth on the cover page of the letter of transmittal. If you hold outstanding notes through The Depository Trust Company, or "DTC", and wish to participate in the exchange offer, you must comply with the Automated Tender Offer Program procedures of DTC.
	Signing, or agreeing to be bound by, the letter of transmittal, represents to us that, among other things:
	(1) you are acquiring the exchange notes in the ordinary course of your business;
	(2) you do not have an arrangement or understanding with any person to participate in a distribution of the exchange notes;
	(3) you are not an "affiliate" of the Issuer within the meaning of Rule 405 under the Securities Act; and
	(4) you are not engaged in, and do not intend to engage in, a distribution of the exchange notes.
	If you are a broker-dealer and receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market-making or other trading activities, you must represent to us that you will deliver a prospectus, as required by law, in connection with any resale or other transfer of such exchange notes.
	If you are not acquiring the exchange notes in the ordinary course of your business, or if you are engaged in, or intend to engage in, or have an arrangement or understanding with any person to participate in, a distribution of the exchange notes, or if you are an affiliate of the Issuer, then you cannot rely on the positions and interpretations of the staff of the SEC and

	you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale or other transfer of the exchange notes.
Special procedures for beneficial owners	If you are a beneficial owner of outstanding notes that are held in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender those outstanding notes in the exchange offer, you should promptly instruct such person to tender those outstanding notes on your behalf.
Guaranteed delivery procedures	If you wish to tender your outstanding notes and they are not immediately available or you cannot deliver them, the letter of transmittal or any other documents required by the letter of transmittal or you cannot comply with the DTC procedures for book-entry transfer prior to the expiration date, then you must tender your outstanding notes according to the guaranteed delivery procedures described under "The Exchange Offer Guaranteed delivery procedures."
Effect on holders of outstanding notes	In connection with the sale of the outstanding notes, we entered into a registration rights agreement with the Initial Purchasers of the outstanding notes. By making the exchange offer, we will have fulfilled a covenant under that agreement and will not be obligated to pay additional interest as described in that agreement. If you do not tender your outstanding notes in the exchange offer, you will continue to be entitled to all the rights and limitations applicable to the outstanding notes as set forth in the applicable indenture, except we will not have any further obligation to you to register outstanding notes under the registration rights agreement, and we will not be obligated to pay additional interest as described in that agreement. See "Registration Rights."
	To the extent that outstanding notes are tendered and accepted in the exchange offer, the trading market for outstanding notes could be adversely affected.
Consequences of failure to exchange	All untendered outstanding notes will continue to be subject to the restrictions on transfer set forth in the outstanding notes and in the applicable indenture. In general, the outstanding notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Other than in connection with the exchange offer, we do not currently anticipate that we will register the outstanding notes under the Securities Act.
Material income tax considerations	The exchange of outstanding notes for exchange notes in the exchange offer will not be a taxable event for United States

	federal income tax purposes. See "United States Federal Income Tax Consequences of the Exchange Offer."
Use of proceeds	We will not receive any cash proceeds from the issuance of exchange notes in the exchange offer.
Exchange agent	Wells Fargo Bank, National Association, whose address and telephone number are set forth in the section captioned "The Exchange Offer Exchange agent" of this prospectus, is the exchange agent for the exchange offer.

Risk Factors

Investing in the notes involves substantial risk. You should consider carefully all of the information set forth in this prospectus prior to exchanging your outstanding notes. In particular, we urge you to review the factors set forth under the heading "Risk Factors."

Summary of the Terms of the Exchange Notes

The summary below, which is not intended to be complete, describes the principal terms of the exchange notes. Certain of the terms and conditions summarized below are subject to important limitations and exceptions. The "Description of Senior Notes" and "Description of Senior Subordinated Notes" sections of this prospectus contain more detailed descriptions of the terms and conditions of the outstanding notes and exchange notes. The exchange notes will have terms identical in all material respects to the outstanding notes, except that the exchange notes will not contain terms with respect to transfer restrictions, registration rights and additional interest for failure to observe certain obligations in the registration rights agreement.

Issuer	Dollar General.
Securities	$1.9 billion in aggregate principal amount of notes, consisting of:
	$1.175 billion in aggregate principal amount of 10.625% senior notes due 2015; and
	$725.0 million in aggregate principal amount of 11.875% /12.625% senior subordinated notes due 2017.
Maturity Dates	The senior notes will mature on July 15, 2015.
	The senior subordinated notes will mature on July 15, 2017.
Interest Payment Dates	Interest on the notes will be payable on January 15 and July 15 of each year, beginning on January 15, 2008.
Interest Rates and Forms of Payment	The senior notes will bear interest at a rate of 10.625% per annum.
	Cash interest on the senior subordinated notes will accrue at a rate of 11.875% per annum, and PIK Interest will accrue at a rate of 12.625% per annum. The initial interest payment on the senior subordinated notes will be payable in cash. For any interest period commencing on or after January 15, 2008 through July 15, 2011 we may elect to pay interest on the senior subordinated notes (i) in cash; (ii) by increasing the principal amount of the senior subordinated notes or by issuing new senior subordinated notes ("PIK Notes") (such increase or issuance, "PIK Interest") or (iii) by paying interest on half of the principal amount of the senior subordinated notes in cash and half in PIK Interest. If we elect to pay PIK Interest, we will increase the principal amount of the senior subordinated notes or issue PIK Notes, in each case, in an amount equal to the amount of PIK Interest for the applicable interest payment period (rounded up to the nearest $1,000 in the case of global notes and to the nearest whole dollar in the case of senior subordinated notes in certificated form) to holders of the senior subordinated notes on the relevant record date. The senior subordinated notes will bear interest on the increased principal amount thereof from and after the applicable interest payment date on which a payment of PIK Interest is made. We must elect the form of interest payment with respect to each interest period no later than 30 days before the beginning of the applicable interest period. In the absence of such an election or proper notification of such

	election to the trustee, interest will be payable in accordance with the last election made for the previous interest period.
Original Issue Discount	We will have the option to pay interest on the senior subordinated notes in cash interest or PIK Interest for any interest payment period after the initial interest payment through July 15, 2011. For U.S. federal income tax purposes, the existence of this option means that none of the interest payments on the senior subordinated notes will be qualified stated interest even if we never exercise the option to pay PIK Interest. Consequently, the senior subordinated notes will be treated as issued with original issue discount, and U.S. holders will be required to include the original issue discount in gross income on a constant yield to maturity basis, regardless of whether interest is paid currently in cash. For more information, see "United States Federal Income Tax Consequences of the Exchange Offer."
Security	None. The notes will be unsecured obligations of the Issuer and the subsidiary guarantors.
Guarantees	The senior notes will be unconditionally guaranteed, jointly and severally, on an unsecured senior basis, and the senior subordinated notes will be unconditionally guaranteed, jointly and severally, on an unsecured senior subordinated basis, in each case, by each of our wholly owned subsidiaries that has guaranteed our New Credit Facilities (as defined below).
	Our non-guarantor subsidiaries accounted for approximately $107.4 million of net revenues and approximately $20.5 million of net income, in each case, for 2006 and approximately $243.0 million of total assets and approximately $187.0 million of total liabilities, in each case, as of February 2, 2007. Included in these net revenues, net income, total assets and total liabilities balances are certain intercompany balances that are eliminated in consolidation.
Ranking	The outstanding senior notes are and the exchange senior notes will be our senior unsecured obligations and will:
	rank senior in right of payment to our existing and future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the senior notes, including the senior subordinated notes;
	rank equally in right of payment to all of our existing and future senior debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the senior notes; and
	be effectively subordinated to all of our existing and future secured debt (including obligations under the New Credit Facilities), to the extent of the value of the assets securing such debt, and be structurally subordinated to all obligations of each of our subsidiaries that is not a guarantor of the senior notes.

Similarly, the senior note guarantees will be senior unsecured obligations of the guarantors and will:

- rank senior in right of payment to all of the applicable guarantor's existing and future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the senior notes, including the applicable guarantor's guarantee under the senior subordinated notes;
- rank equally in right of payment to all of the applicable guarantor's existing and future senior debt and other obligations that are not, by their terms, expressly subordinated in right of payment to the senior notes; and
- be effectively subordinated in right of payment to all of the applicable guarantor's existing and future secured debt (including the applicable guarantor's guarantee under the New Credit Facilities), to the extent of the value of the assets securing such debt, and be structurally subordinated to all obligations of any subsidiary of a guarantor if that subsidiary is not also a guarantor of the senior notes.

The outstanding senior subordinated notes are and the exchange senior subordinated notes will be our unsecured senior subordinated obligations and will:

- be subordinated in right of payment to our existing and future senior debt, including our New Credit Facilities and the senior notes;
- rank equally in right of payment to all of our existing and future senior subordinated debt and other obligations that are not, by the terms of the senior subordinated notes, expressly made senior;
- be effectively subordinated to all of our existing and future secured debt (including obligations under our New Credit Facilities), to the extent of the value of the assets securing such debt, and be structurally subordinated to all obligations of any subsidiaries that do not guarantee the senior subordinated notes; and
- rank senior in right of payment to all of our future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the senior subordinated notes.

Similarly, the senior subordinated note guarantees will be unsecured senior subordinated obligations of the guarantors and will:

- be subordinated in right of payment to all of the applicable guarantor's existing and future senior debt, including such guarantor's guarantee under our New Credit Facilities and the senior notes;
- rank equal in right of payment to all of the applicable guarantor's future senior subordinated debt and other

	obligations that are not, by the terms of the senior subordinated notes, expressly made senior;
	be effectively subordinated to all of the applicable guarantor's existing and future secured debt (including such guarantor's guarantee under our New Credit Facilities), to the extent of the value of the assets securing such debt, and be structurally subordinated to all obligations of any subsidiary of a guarantor if that subsidiary is not also a guarantor of the senior subordinated notes; and
	rank senior in right of payment to all of the applicable guarantor's future debt and other obligations that are, by their terms, expressly subordinated in right of payment to the guarantees of the senior subordinated notes.
	As of November 2, 2007, (1) the notes and related guarantees rank effectively junior to approximately $2,602.0 million of senior secured indebtedness and $30.4 million of payment obligations relating to capital lease and financing obligations and other indebtedness, (2) the senior notes and related guarantees rank senior to the $725.0 million of senior subordinated notes, (3) the senior subordinated notes and related guarantees rank junior to the senior notes, and (4) we had an additional $710.5 million of unutilized capacity under our new senior secured asset-based revolving credit facility.
Optional Redemption	We may redeem some or all of the senior notes at any time on or after July 15, 2011 and we may redeem some or all of the senior subordinated notes at any time on or after July 15, 2012, in each case at the redemption prices set forth in this prospectus.
	We may redeem some or all of the senior notes prior to July 15, 2011 and some or all of the senior subordinated notes prior to July 15, 2012, in each case at a price equal to 100% of the principal amount of the notes redeemed plus the applicable "make-whole" premium as described in this prospectus.
	On or before July 15, 2010, we may also redeem up to 35% of the senior notes and 35% of the senior subordinated notes, in each case, at the redemption prices set forth in this prospectus, using the proceeds of certain equity offerings.
Mandatory Principal Redemption	If the senior subordinated notes would otherwise constitute "applicable high yield discount obligations" within the meaning of Section 163(i)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), at the end of each accrual period ending after the fifth anniversary of the senior subordinated notes' issuance (each "AHYDO redemption date"), we will be required to redeem for cash a portion of each senior subordinated note then outstanding equal to the "Mandatory Principal Redemption Amount" (such

	redemption, a "Mandatory Principal Redemption"). The redemption price for the portion of each senior subordinated note redeemed pursuant to a Mandatory Principal Redemption will be 100% of the principal amount of such portion plus any accrued interest thereon on the date of redemption. The "Mandatory Principal Redemption Amount" means, as of each AHYDO redemption date, the excess, if any, of (a) the aggregate amount of accrued and unpaid interest and all accrued and unpaid "original issue discount" (as defined in Section 1273(a)(1) of the Code) with respect to the senior subordinated notes, over (b) an amount equal to the product of (i) the "issue price" (as defined in Sections 1273(b) and 1274(a) of the Code) of the senior subordinated notes multiplied by (ii) the "yield to maturity" (as defined in the Treasury Regulation Section 1.1272-1(b)(1)(i)) of the senior subordinated notes. No partial redemption or repurchase of the senior subordinated notes prior to any AHYDO redemption date pursuant to any other provision of the indenture governing the senior subordinated notes will alter the Issuer's obligation to make the Mandatory Principal Redemption with respect to any senior subordinated notes that remain outstanding on any AHYDO redemption date.
Change of Control and Asset Sales	If we sell certain assets under certain circumstances, or experience certain change of control events, each holder of senior notes or senior subordinated notes, as applicable, may require us to purchase all or a portion of its notes at the purchase prices set forth in this prospectus, plus accrued and unpaid interest and special interest, if any, to the purchase date. See "Description of Senior Notes Repurchase at the Option of Holders" and "Description of Senior Subordinated Notes Repurchase at the Option of Holders." Our New Credit Facilities or other agreements may restrict us from repurchasing any of the notes, including any purchase we may be required to make as a result of a change of control or certain asset sales. See "Risk Factors Risks Related to the Notes We may not have the ability to raise the funds necessary to finance the change of control offer required by the indentures governing the notes."
Certain Covenants	The indentures governing the notes restrict our ability and the ability of our restricted subsidiaries to, among other things:
	incur additional indebtedness, issue disqualified stock or issue certain preferred stock;
	pay dividends and make certain distributions, investments and other restricted payments;
	create certain liens or encumbrances;
	sell assets;
	enter into transactions with affiliates;

	limit the ability of restricted subsidiaries to make payments to us;
	merge, consolidate, sell or otherwise dispose of all or substantially all of our assets; and
	designate our subsidiaries as unrestricted subsidiaries.
	These covenants are subject to important exceptions and qualifications described under the headings "Description of Senior Notes" and "Description of Senior Subordinated Notes."
Use of Proceeds	We will not receive any cash proceeds from the issuance of the exchange notes in the exchange offer. See "Use of Proceeds."

Summary Historical and Pro Forma Consolidated Financial and Other Data

Set forth below is summary historical consolidated financial and other data and summary unaudited pro forma consolidated financial and other data of Dollar General, at the dates and for the periods indicated. The summary historical statement of operations data and statement of cash flows data for the periods ended February 2, 2007, February 3, 2006 and January 28, 2005 and balance sheet data as of February 2, 2007 and February 3, 2006, have been derived from our historical audited consolidated financial statements included elsewhere in this prospectus. The data should be used in conjunction with the consolidated financial statements, related notes, and other financial information included herein.

The summary historical statement of operations data and statement of cash flows data for the 39-week periods ended November 3, 2006, the period from February 3, 2007 through July 6, 2007 (Predecessor) and the period from July 7, 2007 through November 2, 2007 (Successor), and balance sheet data as of November 2, 2007, have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. This summary unaudited financial data presented has been prepared on a consistent basis with our audited consolidated financial statements, except for the adoption of FIN 48, effective February 3, 2007, the adoption of SFAS 123(R), effective February 4, 2006 and the change in basis of accounting as a result of the Merger effective July 7, 2007. Due to the significance of the Transactions that occurred in 2007, the 2007 Successor financial information may not be comparable to that of previous periods presented in the accompanying table. In the opinion of management, such unaudited financial data reflects all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for those periods. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year or any future period.

The summary unaudited pro forma consolidated financial and other data as of and for the fiscal year ended February 2, 2007 and the 39-week period ended November 2, 2007 have been prepared to give effect to the Transactions in the manner described under "Unaudited Pro Forma Condensed Consolidated Financial Information" and the notes thereto as if they had occurred on February 4, 2006 and February 3, 2007, respectively, in the case of the summary unaudited pro forma condensed consolidated statement of operations and other data. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The summary unaudited pro forma consolidated financial and other data are for informational purposes only and do not purport to represent what our results of operations, balance sheet data or other financial information actually would have been if the Transactions had occurred at any date, and such data do not purport to project the results of operations for any future period.

The summary historical and pro forma consolidated financial and other data should be read in conjunction with "The Transactions," "Unaudited Pro Forma Condensed Consolidated Financial Information," "Selected Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Results of Operations and Financial Condition" and our consolidated financial statements and related notes appearing elsewhere in this prospectus.

	Historical						Pro Forma	
	Predecessor					Successor		
	Fiscal Year Ended							
	January 28, 2005	February 3, 2006(1)	February 2, 2007(2)	39 Weeks Ended November 3, 2006(2)	February 3, 2007 through July 6, 2007(2)	July 7, 2007 through November 2, 2007(3)	Fiscal Year Ended February 2, 2007	39 Weeks Ended November 2, 2007
	(in millions, except operating data)							
Statement Of Operations Data:								
Net sales	$ 7,660.9	$ 8,582.2	$ 9,169.8	$ 6,615.8	$ 3,923.8	$ 3,011.9	$ 9,169.8	$ 6,935.7
Cost of goods sold	5,397.7	6,117.4	6,801.6	4,893.6	2,852.2	2,180.4	6,803.1	5,033.3
Gross profit	2,263.2	2,464.8	2,368.2	1,722.3	1,071.6	831.5	2,366.7	1,902.4
Selling, general and administrative expense	1,706.2	1,903.0	2,119.9	1,557.1	960.9	770.6	2,180.9	1,757.0
Transaction and related costs					101.4	1.2		1.2
Operating profit	557.0	561.9	248.3	165.2	9.2	59.7	185.8	144.2
Interest income	(6.6)	(9.0)	(7.0)	(4.8)	(5.0)	(2.4)	(7.0)	(7.5)
Interest expense	28.8	26.2	34.9	27.0	10.3	148.5	436.9	332.3
Loss on interest rate swaps						2.0		2.0
Loss on debt retirement						6.2		6.2
Income (loss) before income taxes	534.8	544.6	220.4	143.0	4.0	(94.6)	(244.1)	(188.8)
Income tax expense (benefit)	190.6	194.5	82.4	55.1	12.0	(34.4)	(88.0)	(75.5)
Net income (loss)	$ 344.2	$ 350.2	$ 137.9	$ 87.9	$ (8.0)	$ (60.2)	$ (156.1)	$ (113.3)
Statement of Cash Flows Data:								
Net cash provided by (used in):								
Operating activities	$ 391.5	$ 555.5	$ 405.4	$ 19.8	$ 201.9	$ (33.8)		
Investing activities	(259.2)	(264.4)	(282.0)	(239.4)	(66.9)	(6,815.3)		
Financing activities	(245.4)	(323.3)	(134.7)	109.9	25.3	6,939.6		
Total capital expenditures	(288.3)	(284.1)	(261.5)	(221.0)	(56.2)	(44.7)		
New stores	(80.7)	(93.6)	(62.6)	(44.4)	(28.7)	(17.7)		
Existing stores and other	(207.6)	(190.5)	(198.9)	(176.6)	(27.5)	(27.0)		
Other Financial and Operating Data:								
Same store sales growth	3.2%	2.2%	3.3%	2.3%	2.6%	3.3%		
Number of stores (at period end)	7,320	7,929	8,229	8,251	8,205	8,204		
Selling square feet in thousands (at period end)	50,015	54,753	57,299	57,305	57,379	58,207		
Net sales per square foot(4)	$ 159.6	$ 159.8	$ 162.6	$ 163.3	$ 163.9	$ 165.4		

	Historical						Pro Forma
Highly consumable sales	63.0%	65.3%	65.7%	67.8%	66.7%	69.3%	
Seasonal sales	16.5%	15.7%	16.4%	14.7%	15.4%	13.6%	
Home products sales	11.5%	10.6%	10.0%	9.6%	9.2%	8.7%	
Basic clothing sales	9.0%	8.4%	7.9%	7.9%	8.7%	8.4%	
Rent expense	$ 268.8	$ 312.3	$ 343.9	$ 253.9	$ 149.0	$ 116.8	
Balance Sheet Data (at period end):							
Cash and cash equivalents and short-term investments	$ 275.8	$ 209.5	$ 219.2	$ 120.3		$ 115.9	
Total assets	2,841.0	2,980.3	3,040.5	3,206.3		8,931.7	
Total debt	271.3	278.7	270.0	503.8		4,509.8	
Total shareholders' equity	1,684.5	1,720.8	1,745.7	1,702.9		2,685.5	

	Historical								Pro Forma	
	Predecessor							Successor		
	Fiscal Year Ended									
Ratios of earnings to fixed charges(5)	**January 31, 2003**	**January 30, 2004**	**January 28, 2005**	**February 3, 2006(1)**	**February 2, 2007(2)**	**39 Weeks Ended November 3, 2006(2)**	**February 3, 2007 through July 6, 2007(2)**	**July 7, 2007 through November 2, 2007(3)**	**Fiscal Year Ended February 2, 2007**	**39 Weeks Ended November 2, 2007**
Actual	4.9x	5.6x	5.6x	5.3x	2.5x	2.0x	1.1x	(7)		
Pro forma(6)									2.5x	(8)

(1) The fiscal year ended February 3, 2006 was comprised of 53 weeks.

(2) Includes the effects of certain strategic merchandising and real estate initiatives as further described in "Management's Discussion and Analysis of Results of Operations and Financial Condition."

(3) Includes the results of Buck for the period prior to the merger with and into Dollar General Corporation from March 6, 2007 (its formation) through July 6, 2007 and the post-merger results of Dollar General Corporation for the period from July 7, 2007 through November 2, 2007.

(4) For the 39 week periods ended November 3, 2006 and November 2, 2007, net sales per square foot was calculated based on the last four quarters' sales divided by average quarterly selling area. For the fiscal year ended February 3, 2006, net sales per square foot was calculated based on 52 weeks' sales.

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

(6) To give effect to the increase in interest expense resulting from the portion of the notes proceeds used to retire the $198.3 million of our $8^{5}/_{8}\%$ unsecured notes due June 15, 2010, as if such transactions had occurred at the beginning of the periods presented.

(7) For the period from July 7, 2007 through November 2, 2007, fixed charges exceeded earnings by $94.6 million.

(8) For the 39 weeks ended November 2, 2007, pro forma fixed charges exceeded earnings by $91.4 million.

RISK FACTORS

You should carefully consider the risk factors set forth below as well as the other information contained in this prospectus before participating in the exchange offer. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. However, the risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. In such a case, the trading price of the exchange notes could decline or we may not be able to make payments of principal and interest on the exchange notes, and you may lose all or part of your original investment.

Risks Related to the Exchange Offer

If you do not exchange your outstanding notes in the exchange offer, the transfer restrictions currently applicable to your outstanding notes will remain in force and the market price of your outstanding notes could decline.

If you do not exchange your outstanding notes for exchange notes in the exchange offer, then you will continue to be subject to the transfer restrictions on the outstanding notes as set forth in the offering memorandum distributed in connection with the private offering of the outstanding notes. In general, the outstanding notes may not be offered or sold unless they are registered or exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the outstanding notes under the Securities Act. You should refer to "Summary Summary of the Terms of the Exchange Offer" and "The Exchange Offer" for information about how to tender your outstanding notes.

The tender of outstanding notes under the exchange offer will reduce the principal amount of each series of the outstanding notes, which may have an adverse effect upon, and increase the volatility of, the market prices of the outstanding notes due to reduction in liquidity.

Your ability to transfer the notes may be limited by the absence of an active trading market, and there is no assurance that any active trading market will develop for the notes.

We do not intend to apply for listing of the exchange notes on a securities exchange or on any automated dealer quotation system. The exchange notes are a new issue of securities for which there is no established public market. The initial purchasers in the private offering of the outstanding notes have advised us that they intend to make a market in the exchange notes as permitted by applicable laws and regulations; however, the initial purchasers are not obligated to make a market in any of the exchanges notes, and they may discontinue their market-making activities at any time without notice. In addition, such market making activity may be limited during the pendency of the exchange offer. Therefore, an active market for any of the exchange notes may not develop or, if developed, it may not continue. Historically, the market for non investment-grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the exchange notes. The market, if any, for any of the exchange notes may not be free from similar disruptions, and any such disruptions may adversely affect the prices at which you may sell your exchange notes. In addition, subsequent to their initial issuance, the exchange notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our performance and other factors.

Risks Related to Our Indebtedness

The fact that we are substantially leveraged could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate debt and prevent us from meeting our obligations under the notes.

We are highly leveraged. As of November 2, 2007, our total indebtedness was approximately $4.5 billion, including the notes. We also had an additional $710.5 million available for borrowing under our new senior secured asset-based revolving credit facility at that date. The following chart shows our level of indebtedness and certain other information as of November 2, 2007 after giving effect to the Transactions.

	As of November 2, 2007 (Dollars in millions)
Senior secured asset-based revolving credit facility(1)	$ 302.0
Senior secured term loan facility(2)	2,300.0
Senior notes, net of discount	1,152.4
Senior subordinated notes	725.0
Other existing debt(3)	30.4
Total	$ 4,509.8

(1) Upon the closing of the Merger, we entered into a $1.125 billion senior secured asset-based revolving credit facility with a six-year maturity, of which $350.0 million is available for letters of credit. This facility consists of Tranche A Loans and Tranche A-1 Loans. All loans under the facility shall be made as Tranche A-1 Loans until such time as all commitments under the Tranche A-1 Loans have been funded or there is no further availability under the Tranche A-1 Loans, at which point loans under the facility shall be made as Tranche A Loans. Any payments made on the principal amount of the loans outstanding will first be applied to all the Tranche A Loans outstanding before any amount will be applied to the Tranche A-1 Loans. As of November 2, 2007, we had $302.0 million in borrowings outstanding under our new senior secured asset-based revolving credit facility. See "Description of Other Indebtedness."

(2) Upon the closing of the Merger, we entered into a new $2.3 billion senior secured term loan facility with a seven-year maturity, the full amount of which was borrowed on the closing date. See "Description of Other Indebtedness."

(3) Consists of financing and capital lease obligations and other debt instruments. See "Capitalization."

Our high level of debt could have important consequences for you, including:

- making it more difficult for us to make payments on the notes;
- increasing our vulnerability to general economic and industry conditions;
- requiring a substantial portion of our cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;

exposing us to the risk of interest rate fluctuations as certain of our borrowings bear interest based on market interest rates;

- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; and

- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged.

In addition, the borrowings under our New Credit Facilities bear interest at variable rates and other debt we incur could likewise be variable-rate debt. If market interest rates increase, variable-rate debt will create higher debt service requirements, which could adversely affect our cash flow. While we have and may in the future enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk. We and our subsidiaries may be able to incur substantial additional indebtedness in the future, subject to the restrictions contained in our New Credit Facilities and the indentures governing the notes. If new indebtedness is added to our current debt levels, the related risks that we now face could intensify. Our pro forma cash interest expense for the year ended February 2, 2007 was $421.3 million. At November 2, 2007, we had $302.0 million of debt under our senior asset-based revolving secured credit facility in addition to $2.3 billion of debt under our senior secured term loan facility, which are based on a floating rate index. A 1% increase in these floating rates would increase our annual interest expense by approximately $34.4 million assuming all available amounts under our New Credit Facilities were drawn.

Our debt agreements contain restrictions that limit our flexibility in operating our business.

Our New Credit Facilities and the indentures governing the notes contain various covenants that limit our ability to engage in specified types of transactions. These covenants limit our and our restricted subsidiaries' ability to, among other things:

- incur additional indebtedness, issue disqualified stock or issue certain preferred stock;

- pay dividends and make certain distributions, investments and other restricted payments;

- create certain liens or encumbrances;

- sell assets;

- enter into transactions with our affiliates;

- limit the ability of restricted subsidiaries to make payments to us;

- merge, consolidate, sell or otherwise dispose of all or substantially all of our assets; and

- designate our subsidiaries as unrestricted subsidiaries.

A breach of any of these covenants could result in a default under the agreement governing such indebtedness. Upon our failure to maintain compliance with these covenants, the lenders could elect to declare all amounts outstanding thereunder to be immediately due and payable and terminate all commitments to extend further credit thereunder. If the lenders under such indebtedness accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay those borrowings, as well as our other indebtedness, including the notes. We have pledged a significant portion of our assets as collateral under the New Credit Facilities. If we were unable to repay those amounts, the lenders under our New Credit Facilities could proceed against the collateral granted to them to secure that indebtedness. Additional borrowings under the senior secured asset-based revolving credit facility will, if excess availability under such facility is less than a certain amount, be subject to the satisfaction of a specified financial ratio. Our ability to meet this financial ratio can be affected by events beyond our control, and we cannot assure you that we will meet this ratio and other covenants.

Risks Related to Our Business

General economic factors may adversely affect our financial performance.

General economic conditions in one or more of the markets we serve may adversely affect our financial performance. A general slowdown in the economy, higher interest rates, higher fuel and other energy costs, inflation, higher levels of unemployment, higher consumer debt levels, higher tax rates and other changes in tax laws, tightening of the credit markets, and other economic factors could adversely affect consumer demand for the products we sell, change our sales mix of products to one with a lower average gross profit and result in slower inventory turnover and greater markdowns on inventory. Higher interest rates, higher commodities rates, higher fuel and other energy costs, transportation costs, inflation, higher costs of labor, insurance and healthcare, foreign exchange rate fluctuations, higher tax rates and other changes in tax laws, changes in other laws and regulations and other economic factors increase our cost of sales and operating, selling, general and administrative expenses, and otherwise adversely affect the operations and operating results of our stores.

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

We have had, and expect to continue to have, initiatives (such as those relating to marketing, advertising, merchandising, promotions and real estate) in various stages of testing, evaluation, and implementation, upon which we expect to rely to improve our results of operations and financial condition. These initiatives are inherently risky and uncertain, even when tested successfully, in their application to our business in general. It is possible that successful testing can result partially from resources and attention that cannot be duplicated in broader implementation. Testing and general implementation also can be affected by other risk factors described herein that reduce the results expected. Successful systemwide implementation relies on consistency of training, stability of workforce, ease of execution, and the absence of offsetting factors that can influence results adversely. Failure to achieve successful implementation of our initiatives or the cost of these initiatives exceeding management's estimates could adversely affect our results of operations and financial condition. See the discussion of the initiatives in "Management's Discussion and Analysis of Results of Operations and Financial Condition."

Because our business is moderately seasonal, with the highest portion of sales occurring during the fourth quarter, adverse events during the fourth quarter could materially affect our financial statements as a whole.

We generally recognize a significant portion of our net sales and operating income during the Christmas selling season, which occurs in the fourth quarter of our fiscal year. In anticipation of this holiday, we purchase substantial amounts of seasonal inventory and hire many temporary employees. A seasonal merchandise inventory imbalance could result if for any reason our net sales during the Christmas selling season were to fall below either seasonal norms or expectations. If for any reason our fourth quarter results were substantially below expectations, our financial performance and operating results could be adversely affected by unanticipated markdowns, especially in seasonal merchandise. Lower than anticipated sales in the Christmas selling season would also negatively affect our ability to absorb the increased seasonal labor costs.

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

The retail business is highly competitive. We operate in the discount retail merchandise business, which is highly competitive with respect to price, store location, merchandise quality, assortment and presentation, in-stock consistency, and customer service. This competitive environment subjects us to the risk of adverse impact to our financial performance because of the lower prices, and thus the lower margins, required to maintain our competitive position. Also, companies operating in the discount retail merchandise sector (due to customer demographics and other factors) have limited ability to increase prices in response to increased costs (including vendor price increases). This limitation may adversely affect our margins and financial performance. We compete for customers, employees, store sites, products and services and in other important aspects of our business with many other local, regional and national retailers. We compete with retailers operating discount, mass merchandise, drug, convenience, variety and specialty stores, supermarkets and supercenter-type stores. Certain of our competitors have greater financial, distribution, marketing and other resources than we do. These other competitors compete in a variety of ways, including aggressive promotional activities, merchandise selection and availability, services offered to customers, location, store hours, in-store amenities and price. If we fail to respond effectively to competitive pressures and changes in the retail markets, it could adversely affect our financial performance. See "Business Our Industry and Competition" for additional discussion of our competitive situation.

Although the retail industry as a whole is highly fragmented, certain segments of the retail industry have recently undergone and continue to undergo some consolidation, which can significantly alter the competitive dynamics of the retail marketplace. This consolidation may result in competitors with greatly improved financial resources, improved access to merchandise, greater market penetration and other improvements in their competitive positions. These business combinations could result in the provision of a wider variety of products and services at competitive prices by these consolidated companies, which could adversely affect our financial performance. Competition for customers has intensified in recent years as larger competitors have moved into, or increased their presence in, our geographic markets. We remain vulnerable to the marketing power and high level of consumer recognition of these larger competitors and to the risk that these competitors or others could venture into the "dollar store" industry in a significant way. Generally, we expect an increase in competition.

Natural disasters, unusually adverse weather conditions, pandemic outbreaks, boycotts and geo-political events could adversely affect our financial performance.

The occurrence of one or more natural disasters, such as hurricanes and earthquakes, unusually adverse weather conditions, pandemic outbreaks, boycotts and geo-political events, such as civil unrest in countries in which our suppliers are located and acts of terrorism, or similar disruptions could adversely affect our operations and financial performance. These events could result in physical damage to one or more of our properties, increases in fuel (or other energy) prices, the temporary or permanent closure of one or more of our stores or distribution centers, delays in opening new stores, the temporary lack of an adequate work force in a market, the temporary or long-term disruption in the supply of products from some local and overseas suppliers, the temporary disruption in the transport of goods from overseas, delay in the delivery of goods to our distribution centers or stores, the temporary reduction in the availability of products in our stores and disruption to our information systems. These events also can have indirect consequences such as increases in the costs of insurance following a destructive hurricane season. These factors could otherwise disrupt and adversely affect our operations and financial performance.

Risks associated with the domestic and foreign suppliers from whom our products are sourced could adversely affect our financial performance.

The products we sell are sourced from a wide variety of domestic and international suppliers. Approximately 11% of our purchases in 2006 were from The Procter & Gamble Company. Our next largest supplier accounted for approximately 5% of our purchases in 2006. We directly imported approximately 9% of our purchases at cost in 2006, but many of our domestic vendors directly import their products or components of their products. Political and economic instability in the countries in which foreign suppliers are located, the financial instability of suppliers, suppliers' failure to meet our supplier standards, labor problems experienced by our suppliers, the availability of raw materials to suppliers, merchandise quality or safety issues, currency exchange rates, transport availability and cost, inflation, and other factors relating to the suppliers and the countries in which they are located or from which they import are beyond our control. In addition, the United States' foreign trade policies, tariffs and other impositions on imported goods, trade sanctions imposed on certain countries, the limitation on the importation of certain types of goods or of goods containing certain materials from other countries and other factors relating to foreign trade are beyond our control. Disruptions due to labor stoppages, strikes or slowdowns, or other disruptions, involving our vendors or the transportation and handling industries also may negatively affect our ability to receive merchandise and thus may negatively affect sales. These and other factors affecting our suppliers and our access to products could adversely affect our financial performance. In addition, our ability to obtain indemnification from foreign suppliers may be hindered by the manufacturers' lack of understanding of U.S. product liability or other laws, which may make it more likely that we may be required to respond to claims or complaints from customers as if we were the manufacturer of the products. As we increase our imports of merchandise from foreign vendors, the risks associated with foreign imports will increase.

We are dependent on attracting and retaining qualified employees while also controlling labor costs.

Our future performance depends on our ability to attract, retain and motivate qualified employees. Many of these employees are in entry-level or part-time positions with historically high rates of turnover. Availability of personnel varies widely from location to location. Our ability to meet our labor needs generally, including our ability to find qualified personnel to fill positions that become vacant at our existing stores and distribution centers, while controlling our labor costs, is subject to numerous external factors, including the level of competition for such personnel in a given market, the availability of a sufficient number of qualified persons in the work force of the markets in which we are located, unemployment levels within those markets, prevailing wage rates and changes in minimum wage laws, changing demographics, health and other insurance costs and changes in employment legislation. Increased turnover also can have significant indirect costs, including more recruiting and training needs, store disruptions due to management changeover and potential delays in new store openings or adverse customer reactions to inadequate customer service levels due to personnel shortages. Competition for qualified employees exerts upward pressure on wages paid to attract such personnel. In addition, to the extent a significant portion of our employee base unionizes, or attempts to unionize, our labor costs could increase. Our ability to pass along those costs is constrained.

Also, our stores are decentralized and are managed through a network of geographically dispersed management personnel. Our inability to effectively and efficiently operate our stores, including the ability to control losses resulting from inventory and cash shrinkage, may negatively affect our sales and/or operating margins.

Our planned future growth will be impeded, which would adversely affect sales, if we cannot open new stores on schedule or if we close a number of stores materially in excess of anticipated levels.

Our growth is dependent on both increases in sales in existing stores and the ability to open new stores. Our ability to timely open new stores and to expand into additional market areas depends in part on the following factors: the availability of attractive store locations; the absence of occupancy delays; the ability to negotiate favorable lease terms; the ability to hire and train new personnel, especially store managers; the ability to identify customer demand in different geographic areas; general economic conditions; and the availability of sufficient funds for expansion. In addition, many of these factors affect our ability to successfully relocate stores. Many of these factors are beyond our control. In addition, our substantial debt, particularly combined with the recent tightening of the credit markets, has made it more difficult for our real estate developers to obtain loans for our build-to-suit stores and to locate investors for those properties after they have been developed. If this trend continues, it could materially adversely impact our ability to open build-to-suit stores in desirable locations.

Delays or failures in opening new stores, or achieving lower than expected sales in new stores, or drawing a greater than expected proportion of sales in new stores from existing stores, could materially adversely affect our growth. In addition, we may not anticipate all of the challenges imposed by the expansion of our operations and, as a result, may not meet our targets for opening new stores or expanding profitably.

Some of our new stores may be located in areas where we have little or no meaningful experience. Those markets may have different competitive conditions, market conditions, consumer tastes and discretionary spending patterns than our existing markets, which may cause our new stores to be less successful than stores in our existing markets.

Some of our new stores will be located in areas where we have existing units. Although we have experience in these markets, increasing the number of locations in these markets may cause us to over-saturate markets and temporarily or permanently divert customers and sales from our existing stores, thereby adversely affecting our overall financial performance.

We are dependent upon the smooth functioning of our distribution network, the capacity of our distribution centers, and the timely receipt of inventory.

We rely upon the ability to replenish depleted inventory through deliveries to our distribution centers from vendors and from the distribution centers to our stores by various means of transportation, including shipments by sea and truck. Labor shortages in the transportation industry and/or labor inefficiencies associated with certain "driver hours of service" regulations adopted by the Federal Motor Carriers Safety Administration could negatively affect transportation costs. In addition, long-term disruptions to the national and international transportation infrastructure that lead to delays or interruptions of service would adversely affect our business.

The efficient operation of our business is heavily dependent upon our information systems.

We depend on a variety of information technology systems for the efficient functioning of our business. We rely on certain software vendors to maintain and periodically upgrade many of these systems so that they can continue to support our business. The software programs supporting many of our systems were licensed to us by independent software developers. The inability of these developers or us to continue to maintain and upgrade these information systems and software programs would disrupt or reduce the efficiency of our operations if we were unable to convert to alternate systems in an efficient and timely manner. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. We also rely heavily on our information technology staff. If we cannot meet our staffing needs in this area, we may not be able to fulfill our technology initiatives while continuing to provide maintenance on existing systems.

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

Our business is subject to numerous federal, state and local regulations. Changes in these regulations, particularly those governing the sale of products, may require extensive system and operating changes that may be difficult to implement and could increase our cost of doing business. Untimely compliance or noncompliance with applicable regulations or untimely or incomplete execution of a required product recall can result in the imposition of penalties, including loss of licenses or significant fines or monetary penalties, in addition to reputational damage.

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

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

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

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

In addition, from time to time, third parties may claim that our trademarks or product offerings infringe upon their proprietary rights. Any such claim, whether or not it has merit, could be time-consuming and distracting for executive management, result in costly litigation, cause changes to our private label offerings or delays in introducing new private label offerings, or require us to enter into royalty or licensing agreements. As a result, any such claim could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to the Notes

We may not be able to generate sufficient cash to service all of our indebtedness, including the notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We may be unable to maintain a level of cash flow from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the notes.

If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the notes. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Our senior secured credit agreement and the indentures governing the notes will restrict our ability to dispose of assets and use the proceeds from such disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due.

Repayment of our debt, including each series of notes, is dependent on cash flow generated by our subsidiaries and their ability to make distributions to us.

Our subsidiaries own a significant portion of our assets and conduct a significant portion of our operations. Accordingly, repayment of our indebtedness, including each series of notes, is dependent, to a significant extent, on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Unless they are guarantors of the notes, our subsidiaries do not have any obligation to pay amounts due on the notes or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the notes. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indentures governing the notes will limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the notes.

U.S. Holders will be required to pay U.S. federal income tax on any PIK Interest received on the senior subordinated notes.

We have the option to pay interest on the senior subordinated notes in cash interest or PIK Interest. For U.S. federal income tax purposes, the existence of this option means that none of the interest payments on the notes will be qualified stated interest even if we never exercise the option to pay PIK Interest. Consequently, the senior subordinated notes will be treated as issued at a discount, and U.S. holders will be required to include original issue discount in gross income for U.S. federal income tax purposes in advance of the receipt of cash payments on such notes. See "Description of Senior Subordinated Notes Principal, Maturity and Interest" and "United States Federal Income Tax Consequences of the Exchange Offer."

Claims of noteholders will be structurally subordinated to the claims of creditors of our non-guarantor subsidiaries.

The notes will not be guaranteed by all of our subsidiaries. For example, our subsidiaries that do not guarantee the New Credit Facilities will not guarantee the notes. Accordingly, claims of holders of the notes will be structurally subordinate to the claims of creditors of these non-guarantor subsidiaries, including trade creditors. All obligations of our non-guarantor subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon a liquidation or otherwise, to us or a guarantor of the notes.

Our non-guarantor subsidiaries accounted for approximately $107.4 million of net revenues and approximately $20.5 million of net income, in each case, for 2006 and approximately $243.0 million of total assets, and approximately $187.0 million, of total liabilities, in each case as of February 2, 2007. Included in these net revenues, net income, total assets and total liabilities balances are certain intercompany balances that are eliminated in consolidation.

Your right to receive payments on each series of notes is effectively junior to those lenders who have a security interest in our assets.

Our obligations under the outstanding notes and the exchange notes and our guarantors' obligations under their guarantees of the notes are unsecured, but our obligations under our New Credit Facilities and each guarantor's obligations under its respective guarantee of the New Credit Facilities are secured by a security interest in substantially all of our domestic tangible and intangible assets, including the stock of most of our wholly owned U.S. subsidiaries, and a portion of the assets and a portion of the stock of certain of our non-U.S. subsidiaries. If we are declared bankrupt or insolvent, or if we default under our New Credit Facilities, the lenders could declare all of the funds borrowed thereunder, together with accrued interest, immediately due and payable. If we were unable to repay such indebtedness, the lenders could foreclose on the pledged assets to the exclusion of holders of the notes, even if an event of default exists under the indentures governing the notes at such time. Furthermore, if the lenders foreclose and sell the pledged equity interests in any subsidiary guarantor under the notes, then that guarantor will be released from its guarantee of the notes automatically and immediately upon such sale. In any such event, because the notes will not be secured by any of our assets or the equity interests in subsidiary guarantors, it is possible that there would be no assets remaining from which your claims could be satisfied or, if any assets remained, they might be insufficient to satisfy your claims fully. See "Description of Other Indebtedness."

As of November 2, 2007, we had $2.6 billion of senior secured indebtedness, comprised of financing and capital lease obligations, other debt instruments and indebtedness under our New Credit Facilities, not including unused capacity of $710.5 million under our revolving asset-based credit facility, subject to borrowing base availability. The indentures governing the notes will permit us and our restricted subsidiaries to incur substantial additional indebtedness in the future, including senior secured indebtedness.

Your right to receive payments on the senior subordinated notes will be junior to our existing and future senior indebtedness, including borrowings under our New Credit Facilities and the senior notes.

The senior subordinated notes and the related guarantees will be contractually subordinated to all of our current and future senior indebtedness (other than trade payables), including our borrowings under our New Credit Facilities and the senior notes, and all of our and the guarantors' future borrowings (other than trade payables), except any future indebtedness that expressly provides that it ranks equal with, or subordinated in right of payment to, the senior subordinated notes and the related guarantees. As a result of such subordination, in the event of the bankruptcy, liquidation or dissolution of us or any subsidiary guarantor, our assets or the assets of the applicable subsidiary guarantor would be available to pay obligations under the senior subordinated notes and our other senior subordinated obligations only after all payments had been made on our senior indebtedness or the senior indebtedness of the applicable subsidiary guarantor. Sufficient assets may not remain after all of these payments have been made to make any payments on the senior subordinated notes and our other senior subordinated obligations, including payments of interest when due. In addition, all payments on the senior subordinated notes and the related guarantees will be blocked in the event of a payment default on senior debt and may be blocked for up to 179 of 360 consecutive days in the event of certain non-payment defaults on senior debt.

In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to us or the guarantors, holders of the senior subordinated notes will participate with trade creditors and all other holders of our and the guarantors' subordinated indebtedness in the assets remaining after we and the guarantors have repaid all of our senior debt. However, because the indenture governing the senior subordinated notes requires that amounts otherwise payable to holders of the senior subordinated notes in a bankruptcy or similar proceeding be paid to holders of senior debt instead, holders of the senior subordinated notes may receive less, ratably, than holders of trade payables in any such proceeding. In any of these cases, we and the guarantors may not have sufficient funds to pay all of our creditors and holders of senior subordinated notes may receive less, ratably, than the holders of our senior debt.

As of November 2, 2007, the senior subordinated notes and the related guarantees are subordinated to $3.785 billion of senior debt, $2.632 billion of which is secured debt, and up to $710.5 million is available for borrowing as additional senior secured debt under our New Credit Facilities, subject to borrowing base availability.

If we default on our obligations to pay our indebtedness, we may not be able to make payments on the notes.

Any default under the agreements governing our indebtedness, including a default under the senior secured credit agreements, that is not waived by the required lenders, and the remedies sought by the holders of such indebtedness, could prevent us from paying principal, premium, if any, and interest on the notes and substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants in the instruments governing our indebtedness (including covenants in our New Credit Facilities and the indentures under which the outstanding notes were, and the exchange notes will be, issued), we could be in default under the terms of the agreements governing such indebtedness, including our senior secured credit agreements and the indentures under which the outstanding notes were, and the exchange notes will be issued. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under our New Credit Facilities could elect to terminate their commitments thereunder, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to obtain waivers from the required lenders under our New Credit Facilities to avoid being in default. If we breach our covenants under our New Credit Facilities and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under our senior secured credit agreements, the lenders could exercise their rights, as described above, and we could be forced into bankruptcy or liquidation.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indentures governing the notes.

Upon the occurrence of a "change of control," as defined in the indentures governing the notes, we must offer to buy back the notes at a price equal to 101% of the principal amount, together with any accrued and unpaid interest, if any, to the date of the repurchase. Our failure to purchase, or give notice of purchase of, the senior notes or the senior subordinated notes, as applicable, would be a default under each of the indentures governing the notes, which would also be a default under our New Credit Facilities.

If a change of control occurs, it is possible that we may not have sufficient assets at the time of the change of control to make the required repurchase of notes or to satisfy all obligations under our New Credit Facilities and the indentures under which the outstanding notes were, and the exchange notes will be, issued. In order to satisfy our obligations, we could seek to refinance the indebtedness under our New Credit Facilities and the indentures or obtain a waiver from the lenders or you as a holder of notes. We cannot assure you that we would be able to obtain a waiver or refinance our indebtedness on terms acceptable to us, if at all.

The lenders under our New Credit Facilities have the discretion to release the guarantors under the senior secured credit agreements in a variety of circumstances, which will cause those guarantors to be released from their guarantees of the notes.

While any obligations under our New Credit Facilities remain outstanding, any guarantee of the notes may be released without action by, or consent of, any holder of the notes or the trustee under the indentures governing the notes, at the discretion of lenders under our New Credit Facilities, if such guarantor is no longer a guarantor of obligations under our New Credit Facilities or any other indebtedness. See "Description of Senior Notes Guarantees" and "Description of Senior Subordinated Notes Guarantees." The lenders under our New Credit Facilities have the discretion to release the guarantees under our New Credit Facilities in a variety of circumstances. You will not have a claim as a creditor against any subsidiary that is no longer a guarantor of the notes, and the indebtedness and other liabilities, including trade payables, whether secured or unsecured, of those subsidiaries will effectively be senior to claims of noteholders.

Federal and state fraudulent transfer laws may permit a court to void the guarantees, and, if that occurs, you may not receive any payments on the notes.

Federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the notes and the incurrence of the guarantees. Under federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, which may vary from state to state, the notes or guarantees could be voided as a fraudulent transfer or conveyance if (1) we or any of the guarantors, as applicable, issued the notes or incurred the guarantees with the intent of hindering, delaying or defrauding creditors or (2) we or any of the guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for either issuing the notes or incurring the guarantees and, in the case of (2) only, one of the following is also true at the time thereof:

- we or any of the guarantors, as applicable, were insolvent or rendered insolvent by reason of the issuance of the notes or the incurrence of the guarantees;
- the issuance of the notes or the incurrence of the guarantees left us or any of the guarantors, as applicable, with an unreasonably small amount of capital to carry on the business;
- we or any of the guarantors intended to, or believed that we or such guarantor would, incur debts beyond our or such guarantor's ability to pay as they mature; or
- we or any of the guarantors was a defendant in an action for money damages, or had a judgment for money damages docketed against us or such guarantor if, in either case, after final judgment, the judgment is unsatisfied.

If a court were to find that the issuance of the notes or the incurrence of the guarantee was a fraudulent transfer or conveyance, the court could void the payment obligations under the notes or such guarantee or further subordinate the notes or such guarantee to presently existing and future indebtedness of ours or of the related guarantor, or require the holders of the notes to repay any amounts received with respect to such guarantee. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the notes. Further, the voidance of the notes could result in an event of default with respect to our and our subsidiaries' other debt that could result in acceleration of such debt.

As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or an antecedent debt is secured or satisfied. A debtor will generally not be considered to have received value in connection with a debt offering if the debtor uses the proceeds of that offering to make a dividend payment or otherwise retire or redeem equity securities issued by the debtor.

We cannot be certain as to the standards a court would use to determine whether or not we or the guarantors were solvent at the relevant time or, regardless of the standard that a court uses, that the issuance of the guarantees would not be further subordinated to our or any of our guarantors' other debt.

Our Investors control us and may have conflicts of interest with us or you now or in the future.

KKR, GS Capital Partners VI Fund, L.P. and affiliated funds (affiliates of Goldman, Sachs & Co.), Citi Private Equity, Wellington Management Company, LLP, CPP Investment Board (USRE II) Inc., and other equity co-investors (collectively, the "Investors") indirectly own a substantial portion of our capital stock through their investment in Buck Holdings, L.P. ("Parent"). As a result, the Investors have control over our decisions to enter into any corporate transaction and have the ability to prevent any transaction that requires the approval of shareholders regardless of whether noteholders believe that any such transactions are in their own best interests. For example, the Investors could cause us to make acquisitions that increase the amount of indebtedness that is secured or that is senior to the notes or to sell assets, which may impair our ability to make payments under the notes.

Additionally, the Investors are in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. The Investors may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. So long as the Investors, or other funds controlled by or associated with the Investors, continue to indirectly own a significant amount of the outstanding shares of our common stock, even if such amount is less than 50%, the Investors will continue to be able to strongly influence or effectively control our decisions.

STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This prospectus contains "forward-looking statements" within the meaning of the federal securities laws, which involve risks and uncertainties. You can identify forward-looking statements because they are not solely statements of historical fact or they contain words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," or "anticipates" or similar expressions that concern our strategy, plans or intentions. All statements we make relating to our estimated and projected earnings, costs, expenditures, cash flows, growth rates and financial results, our plans and objectives for future operations, growth or initiatives, or the expected outcome or impact of pending or threatened litigation are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. All forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations ("cautionary statements") are disclosed under "Risk Factors" and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements as well as other cautionary statements that are made from time to time in our other SEC filings and public communications. You should evaluate all forward-looking statements made in this prospectus in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not contain all of the material factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this prospectus are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

THE TRANSACTIONS

On March 11, 2007, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Parent and Buck. Parent is and Buck was (prior to the Merger) controlled by investment funds affiliated with KKR. On July 6, 2007, we consummated a merger of Buck with and into Dollar General, with Dollar General surviving the Merger as a subsidiary of Parent. Pursuant to the Merger Agreement, the former holders of our common stock received $22.00 per share, or approximately $6.9 billion. The Merger consideration was funded through the use of our available cash, cash equity contributions from the Investors, equity contributions of certain members of our management and the debt financings discussed below. Our outstanding common stock is now owned by Parent and certain members of management. Our common stock is no longer registered with the Securities and Exchange Commission ("SEC") and is no longer traded on a national securities exchange.

The following transactions occurred in conjunction with the Merger:

We entered into a credit agreement and related security and other agreements consisting of a $2.3 billion senior secured term loan facility, which matures on July 6, 2014.

We entered into a credit agreement and related security and other agreements consisting of a senior secured asset-based revolving credit facility of up to $1.125 billion (of which $432.3 million was drawn at closing and $132.3 million was paid down on the same day), subject to borrowing base availability, which matures July 6, 2013.

We terminated the revolving loans and paid in full all interest and all other amounts due in connection with such termination under the pre-Merger senior credit facility. We also terminated commercial letters of credit totaling approximately $141.2 million and standby letters of credit totaling approximately $40.7 million and replaced those letters of credit with new letters of credit under the asset-based revolving credit facility.

We issued $1.175 billion aggregate principal amount of 10.625% senior notes due 2015, which mature on July 15, 2015, and $725 million aggregate principal amount of 11.875%/12.625% senior subordinated toggle notes due 2017, which mature on July 15, 2017. We entered into a registration rights agreement with respect to the senior notes and the senior subordinated notes pursuant to which we have agreed to use commercially reasonable efforts to register with the SEC new notes having substantially identical terms as the senior notes and new notes having substantially identical terms as the senior subordinated notes.

We completed a cash tender offer (the "Tender Offer") for the 2010 Notes. Approximately 99% of the 2010 Notes were validly tendered and accepted for payment in that tender offer. We also executed a supplemental indenture governing the 2010 Notes that were not tendered in the tender offer which eliminated substantially all of the restrictive covenants contained in the indenture pursuant to which the 2010 Notes were issued.

We entered into a monitoring agreement and an indemnity agreement with affiliates of certain of the Investors pursuant to which we will pay to those entities an aggregate annual management fee of $5 million, which amount will increase by 5% annually, along with reimbursement of out-of-pocket expenses incurred in connection with the provision of services under the agreement. We also paid those entities other fees in connection with certain services provided in connection with the Merger and related transactions. See "Certain Relationships and Related Party Transactions Relationships with the Investors." Those entities are also entitled to receive a fee equal to 1% of the gross transaction value in connection with certain subsequent financing, acquisition, disposition, and change in control transactions, as well as a termination fee in the event of an initial public offering or under certain other circumstances. Pursuant to the terms of the indemnity agreement, we have agreed to customary exculpation and indemnification provisions in favor of these entities and their affiliates.

We named David L. Beré as our Interim Chief Executive Officer and entered into an employment agreement with him upon the resignation of our former Chief Executive Officer, David A. Perdue.

We entered into agreements with the Senior Management Participants pursuant to which they invested in Dollar General, as the surviving corporation in the Merger, through a cash investment, a rollover of employee stock options, a rollover of shares of Dollar General common stock, or a combination thereof. In addition, we offered other employees (the "Other Management Participants," together with the Senior Management Participants, the "Management Participants"), a similar investment opportunity to participate in our common equity.

We entered into stockholder agreements with certain members of management that, among other things, contain agreements among the parties with respect to restrictions on the transfer of the shares, including tag-along rights, drag-along rights, registration rights (including customary indemnification provisions) and call options and put options.

The offering of the notes, the initial borrowings under our New Credit Facilities, the equity investment by the Investors in Parent, the equity investment in Dollar General by the Management Participants, the Merger, the Tender Offer, the replacement of certain credit facilities and of certain letters of credit, the payment of related fees and expenses and other related transactions are collectively referred to in this prospectus as the "Transactions."

The sources and uses of the funds for the Transactions are shown in the table below.

	Amount (Dollars in millions)		Amount (Dollars in millions)
Sources of Funds:		**Uses of Funds:**	
New Credit Facilities:		Purchase price	$ 7,024.9
Revolving asset-based credit facility(1)	$ 432.3	Rollover equity(5)	3.2
Term loan facility(2)	2,300.0	Refinance existing indebtedness(6)	215.6
Senior notes, net of discount	1,151.8	Other retained indebtedness(3)	66.7
Senior subordinated notes	725.0	Fees and expenses(7)	287.0
Other retained indebtedness(3)	66.7		
Equity contribution(4)	2,767.0		
Rollover equity(5)	3.2		
Excess cash on hand	151.4		
Total Sources	$ 7,597.4	**Total Uses**	$ 7,597.4

(1) Upon the closing of the Merger, we entered into a $1.125 billion senior secured asset-based revolving credit facility with a six-year maturity, of which $350.0 million is available for letters of credit, subject to borrowing base limitations. This facility consists of Tranche A Loans and Tranche A-1 Loans. All loans under the facility shall be made as Tranche A-1 Loans until such time as all commitments under the Tranche A-1 Loans have been funded or there is no further availability under the Tranche A-1 Loans, at which point loans under the facility shall be made as Tranche A Loans. Any payments made on the principal amount of the loans outstanding will first be applied to all the Tranche A Loans outstanding before any amount will be applied to the Tranche A-1

Loans. As of November 2, 2007, we had $302 million in borrowings outstanding under our new senior secured asset-based revolving credit facility. See "Description of Other Indebtedness".

(2) Upon the closing of the Merger, we entered into a $2.3 billion senior secured term loan facility with a seven-year maturity, the full amount of which was borrowed on the closing date. This facility consists of two tranches, one of which is a "first-loss" tranche, which, in certain circumstances, will be subordinated in right of payment to the other tranche. See "Description of Other Indebtedness".

(3) Consists of certain financing and capital lease obligations and other debt instruments. See "Capitalization".

(4) Represents the cash equity investment of approximately $2.767 billion made in Parent and Parent's general partner by the Investors.

(5) Represents approximately $3.2 million invested directly in Dollar General by the Senior Management Participants, in the form of a rollover of their existing equity interests in Dollar General to equity interests in Dollar General following the Merger or through cash investments in Dollar General. In addition, following the Merger we offered certain other employees a similar opportunity to participate in our common equity.

(6) We repurchased $198.3 million in aggregate principal amount of the 2010 Notes at the closing of the Tender Offer substantially concurrently with the closing of the Merger. 2010 Notes not repurchased pursuant to the Tender Offer remained outstanding. Includes expenses and a premium (a portion of which includes a consent payment) of $17.3 million.

(7) Reflects our fees, expenses and other costs associated with the Transactions. Such fees and expenses include placement and other financing fees, advisory fees, transaction fees paid to affiliates of certain of the Investors, and other transaction costs and professional fees. See "Certain Relationships and Related Party Transactions."

OWNERSHIP AND CORPORATE STRUCTURE

The diagram below sets forth our corporate structure following consummation of the Transactions. All of our issued and outstanding capital stock is held by Parent and the Management Participants. Parent is managed by its general partner, Buck Holdings, LLC, a Delaware limited liability company, which is currently controlled by investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P. (the "Sponsor"). Following consummation of the Transactions, the Investors own approximately 96.5% of the issued and outstanding common stock of Dollar General through their investment in Parent (with certain co-investors holding limited partnership interests in Parent and certain co-investors and the Sponsor holding a general partnership interest in Parent through their control of Buck Holdings, LLC) and the remaining approximately 3.5% is held directly by the Management Participants, in each case on a fully diluted basis. See "The Transactions" and "Security Ownership of Certain Beneficial Owners and Management." This structure was achieved through a series of equity contributions that occurred in connection with the Merger. Parent, Buck Holdings, LLC and Buck were formed for the purpose of consummating the Transactions. We continue to own the same operating assets following consummation of the Transactions.

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(1) Represents the cash equity investments of approximately $2.767 billion made in Parent by the Investors.

(2) Represents approximately $10.4 million invested directly in Dollar General by the Management Participants, either in the form of a rollover of their existing equity interests in Dollar General to equity interests in Dollar General following the Merger or through cash investments in Dollar General.

(3) In connection with the Merger, we entered into (i) a $1.125 billion senior secured asset-based revolving credit facility with a six-year maturity; and (ii) a $2.3 billion senior secured term loan facility with a seven-year maturity, $2.3 billion of which was borrowed on the closing date (collectively, the "New Credit Facilities"). As of November 2, 2007, we had $302.0 million in borrowings outstanding under our new senior secured asset-based revolving credit facility and $2.3 billion of borrowings outstanding under our new senior secured term loan facility.

USE OF PROCEEDS

The exchange offer is intended to satisfy our obligations under the registration rights agreement that we entered into in connection with the private offering of the outstanding notes. We will not receive any cash proceeds from the issuance of the exchange notes in the exchange offer. As consideration for issuing the exchange notes as contemplated in this prospectus, we will receive in exchange a like principal amount of outstanding notes, the terms of which are identical in all material respects to the exchange notes, except that the exchange notes will not contain terms with respect to transfer restrictions or additional interest upon a failure to fulfill certain of our obligations under the registration rights agreements. The outstanding notes that are surrendered in exchange for the exchange notes will be retired and cancelled and cannot be reissued. As a result, the issuance of the exchange notes will not result in any change to our capitalization.

CAPITALIZATION

The following table sets forth our capitalization as of November 2, 2007. The information in this table should be read in conjunction with "The Transactions," "Unaudited Pro Forma Condensed Consolidated Financial Information," "Selected Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the financial statements and notes thereto included elsewhere in this prospectus.

	As of November 2, 2007 (unaudited)	
	(in millions)	
Cash and cash equivalents	$	90.5
Debt:		
New Credit Facilities:		
Revolving asset-based credit facility (1)	$	302.0
Term loan facility (2)		2,300.0
Senior notes, net of discount		1,152.4
Senior subordinated notes		725.0
Tax increment financing due February 2035		14.5
Capital lease obligations and other		15.9
Total debt		4,509.8
Equity		2,685.5
Total capitalization	$	7,195.3

(1) Upon the closing of the Merger, we entered into a $1.125 billion senior secured asset-based revolving credit facility with a six-year maturity, of which $350.0 million is available for letters of credit, subject to borrowing base limitations. This facility consists of Tranche A Loans and Tranche A-1 Loans. All loans under the facility shall be made as Tranche A-1 Loans until such time as all commitments under the Tranche A-1 Loans have been funded or there is no further availability under the Tranche A-1 Loans, at which point loans under the facility shall be made as Tranche A Loans. Any payments made on the principal amount of the loans outstanding will first be applied to all the Tranche A Loans outstanding before any amount will be applied to the Tranche A-1 Loans. As of November 2, 2007, we had $302.0 million in borrowings outstanding under our new senior secured asset-based revolving credit facility. See "Description of Other Indebtedness."

(2) Upon the closing of the Merger, we entered into a new $2.3 billion senior secured term loan facility with a seven-year maturity, the full amount of which was borrowed on the closing date. This facility consists of two tranches, one of which is a "first-loss" tranche, which, in certain circumstances, will be subordinated in right of payment to the other tranche thereof. See "Description of Other Indebtedness."

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated statements of operations have been developed by applying pro forma adjustments to our historical consolidated statements of operations. We were acquired on July 6, 2007 through a merger accounted for as a reverse acquisition. Although we continued as the same legal entity after the merger, the accompanying unaudited pro forma condensed consolidated financial information is presented for the "Predecessor" and "Successor" relating to the periods preceding and succeeding the merger, respectively. As a result of the Transactions, we applied purchase accounting standards and a new basis of accounting effective July 7, 2007. The unaudited pro forma condensed consolidated statements of operations for the year ended February 2, 2007 and the 39 weeks ended November 2, 2007 give effect to the Transactions as if they had occurred on February 4, 2006 and February 3, 2007, respectively. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with these unaudited pro forma condensed consolidated financial statements.

The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. The unaudited pro forma condensed consolidated financial information is presented for informational purposes only. The unaudited pro forma condensed consolidated financial information does not purport to represent what our results of operations would have been had the Transactions actually occurred on the dates indicated, and they do not purport to project our results of operations or financial condition for any future period. The unaudited pro forma condensed consolidated statements of operations should be read in conjunction with the information contained in "The Transactions," "Selected Historical Consolidated Financial and Other Data," "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the consolidated financial statements and related notes thereto appearing elsewhere in this prospectus. All pro forma adjustments and their underlying assumptions are described more fully in the notes to our unaudited pro forma condensed consolidated statements of operations.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands)

	Fiscal Year Ended February 2, 2007		
	Predecessor	**Adjustments**	**Pro Forma**
Net sales	$ 9,169,822	$	$ 9,169,822
Cost of goods sold	6,801,617	1,532 (a)	6,803,149
Gross profit	2,368,205	(1,532)	2,366,673
Selling, general and administrative	2,119,929	61,016 (b)	2,180,945
Operating profit	248,276	(62,548)	185,728
Interest income	(7,002)		(7,002)
Interest expense	34,915	401,987 (d)	436,902
Income (loss) before income taxes	220,363	(464,535)	(244,172)
Provision (benefit) for income taxes	82,420	(170,404)(e)	(87,984)
Net income (loss)	$ 137,943	$ (294,131)	$ (156,188)

See notes to unaudited pro forma condensed consolidated statements of operations.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands)

	39 Weeks Ended November 2, 2007			
	Successor	**Predecessor**	**Adjustments**	**Pro Forma**
Net sales	$ 3,011,920	$ 3,923,753	$	$ 6,935,673
Cost of goods sold	2,180,397	2,852,178	695 (a)	5,033,270
Gross profit	831,523	1,071,575	(695)	1,902,403
Selling, general and administrative	770,603	960,930	25,461 (b)	1,756,994
Transaction and related costs	1,242	101,397	(101,397)(c)	1,242
Operating profit	59,678	9,248	75,241	144,167
Interest income	(2,421)	(5,046)		(7,467)
Interest expense	148,477	10,299	173,502 (d)	332,278
Loss on interest rate swaps	2,045			2,045
Loss on debt retirement	6,187			6,187
Income (loss) before income taxes	(94,610)	3,995	(98,261)	(188,876)
Provision (benefit) for income taxes	(34,403)	11,993	(53,139)(e)	(75,549)
Pro forma loss before non-recurring charges(c)	$ (60,207)	$ (7,998)	$ (45,122)	$ (113,327)

See notes to unaudited pro forma condensed consolidated statements of operations.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(a) Represents the estimated impact on cost of goods sold of the adjustment to fair value of the property and equipment at our distribution centers.

(b) Primarily represents depreciation and amortization of the fair value adjustments related to tangible and intangible long-lived assets. Identifiable intangible assets with a determinable life have been amortized on a straight-line basis in the unaudited pro forma consolidated statements of operations over a period ranging from 2 to 17.5 years. The primary fair value adjustments (on which the pro forma adjustments are based) were to leasehold interests ($186 million), property and equipment ($69 million) and internally developed software ($12 million). These unaudited pro forma condensed consolidated financial statements reflect a preliminary allocation to tangible assets, liabilities, goodwill and other intangible assets. The final purchase price allocation may result in a different allocation for tangible and intangible assets than that presented in these unaudited pro forma condensed consolidated financial statements. An increase or decrease in the amount of purchase price allocated to amortizable assets would impact the amount of annual depreciation and amortization expense. This adjustment also includes annual management fees of $5.0 million that will be payable to affiliates of certain of the Investors subsequent to the closing of the Transactions (which fee shall be increased by 5% for each succeeding year during the term of the agreement).

(c) Represents $101.4 million of charges that are non-recurring in nature and directly attributable to the Transactions. Such charges are comprised of $39.4 million of stock compensation expense from the acceleration of unvested stock options, restricted stock and restricted stock units as required by the Transactions and $62.0 million of transaction costs we incurred that were expensed as one-time charges upon the close of the Transactions. Such adjustments do not include any adjustments to reflect the effects of our new stock based compensation plan.

(d) Reflects pro forma interest expense resulting from our new capital structure as follows:

	Predecessor	
	Fiscal Year Ended February 2, 2007	**Period Ended July 6, 2007**
Revolving credit facility(1)	$ 21.4	$ 8.9
Term loan facilities(2)	177.8	74.1
Notes(3)	210.9	87.9
Letter of credit fees(4)	1.7	0.7
Bank commitment fees(5)	2.3	1.0
Other existing debt obligations(6)	7.2	3.0
Total cash interest expense	421.3	175.6
Amortization of capitalized debt issuance costs and debt discount(7)	9.8	4.1
Amortization of discounted liabilities(8)	8.5	3.5
Other(9)	(2.7)	0.6
Total pro forma interest expense	436.9	183.8
Less historical interest expense	(34.9)	(10.3)
Net adjustment to interest expense	$ 402.0	$ 173.5

(1) The $1.125 billion revolving credit facilities are expected to carry an interest rate of 3-month LIBOR of 5.32% plus 1.50% for tranche A loans and 3-month LIBOR of 5.32% plus 2.25% for tranche A-1 loans. Reflects assumed borrowings of $175.0 million under tranche A and

$125.0 million under tranche A-1. Such levels of borrowings will fluctuate in future periods dependent upon short term cash needs. Changes in the levels of borrowings would impact interest expense.

(2)

Reflects interest on the $2.3 billion term loan facility at a rate of LIBOR plus 2.75%. To hedge against interest rate risk, we have entered into a swap agreement with respect to a $2.0 billion notional amount for 4.93%. This swap agreement became effective as a result of the acquisition on July 31, 2007 and will amortize on a quarterly basis until maturity at July 31, 2012. The unhedged portion of the facility is reflected at an interest rate of LIBOR of 5.32% plus 2.75%.

(3)

Reflects interest on the senior notes and senior subordinated notes at the interest rates set forth on the cover of this prospectus. Assumes the cash interest payment option has been elected with respect to all of the senior subordinated notes.

(4)

Represents fees on balances of trade letters of credit of $141.2 million at 0.75% and standby letters of credit of $40.7 million at 1.50%.

(5)

Represents commitment fees of 0.375% on the $612.1 million unutilized balance of the revolving credit facility at July 6, 2007. Outstanding letters of credit noted in (4) above reduce the availability under the revolving credit facility.

(6)

Represents historical interest expense on other existing indebtedness.

(7)

Represents debt issuance costs associated with the new bank facilities amortized using the effective interest method over 6 years for the revolving facility, 7 years for the term loan facility, 8 years for the new senior notes, 10 years for the new senior subordinated notes and 8 years for other capitalized debt issuance costs. Also includes the amortization of debt discount of the senior notes.

(8)

Represents interest expense on long-term liabilities which were discounted as a result of the business combinations.

(9)

Represents an adjustment to historical interest expense to reflect the effect of the adoption of current accounting standards for income taxes (see note (e)), offset by capitalized interest expense.

(e) Represents the tax effect of the pro forma adjustments, calculated at effective rates of 54.1% for the 39-week period ended November 2, 2007 and 36.7% for the fiscal year ended February 2, 2007. The effective tax rate, a benefit, applied to the pro forma changes for the 39 week period ended November 2, 2007, reflects the pro forma elimination of non-deductible transaction costs from income before taxes. The pro forma income tax expense for the year ended February 2, 2007 has been adjusted to reflect changes required by FIN 48 as if FIN 48 had been adopted as of the beginning of the year.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA

The following table sets forth selected historical consolidated financial and other data of Dollar General Corporation as of the dates and for the periods indicated. The selected historical statement of operations data and statement of cash flows data for the fiscal years ended January 28, 2005, February 3, 2006 and February 2, 2007, and balance sheet data as of February 3, 2006 and February 2, 2007, have been derived from our historical audited consolidated financial statements included elsewhere in this prospectus. The selected historical statement of operations data and statement of cash flows data for the fiscal years ended January 31, 2003 and January 30, 2004 and balance sheet data as of January 31, 2003, January 30, 2004 and January 28, 2005, presented in this table have been derived from audited consolidated financial statements not included in this prospectus.

The selected historical statement of operations data and statement of cash flows data for the 39-week period ended November 3, 2006, the period from February 3, 2007 through July 6, 2007 (Predecessor) and the period from July 7, 2007 through November 2, 2007 (Successor), and balance sheet data as of November 2, 2007, have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. The selected unaudited financial data presented have been prepared on a consistent basis with our audited consolidated financial statements, except for the adoption of FIN 48 effective February 3, 2007, and the adoption of SFAS 123(R) effective February 4, 2006 and the change in basis of accounting as a result of the Merger effective July 7, 2007. Due to the significance of the Transactions that occurred in 2007, the 2007 Successor financial information may not be comparable to that of previous periods presented in the accompanying table. In the opinion of management, such unaudited financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for those periods. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year or any future period.

The selected historical consolidated financial and other data set forth below should be read in conjunction with, and are qualified by reference to, "Management's Discussion and Analysis of Results of Operations and Financial Condition" and the consolidated financial statements and related notes thereto appearing elsewhere in this prospectus.

	Predecessor							Successor
	Fiscal Year Ended							
	January 31, 2003	January 30, 2004	January 28, 2005	February 3, 2006(1)	February 2, 2007(2)	39 Weeks Ended November 3, 2006(2)	February 3, 2007 through July 6, 2007(2)	July 7, 2007 through November 2, 2007(3)
Statement Of Operations Data:								
Net sales	$ 6,100.4	$ 6,872.0	$ 7,660.9	$ 8,582.2	$ 9,169.8	$ 6,615.8	$ 3,923.8	$ 3,011.9
Cost of goods sold	4,376.1	4,853.9	5,397.7	6,117.4	6,801.6	4,893.6	2,852.2	2,180.4
Gross profit	1,724.3	2,018.1	2,263.2	2,464.8	2,368.2	1,722.3	1,071.6	831.5
Selling, general and administrative(4)	1,271.3	1,510.1	1,706.2	1,903.0	2,119.9	1,557.1	960.9	770.6
Transaction and related costs							101.4	1.2
Operating profit	453.0	508.0	557.0	561.9	248.3	165.2	9.2	59.7
Interest income	(4.3)	(4.1)	(6.6)	(9.0)	(7.0)	(4.8)	(5.0)	(2.4)
Interest expense	46.9	35.6	28.8	26.2	34.9	27.0	10.3	148.5
Loss on interest rate swaps								2.0
Loss on debt retirement								6.2
Income (loss) before taxes	410.3	476.5	534.8	544.6	220.4	143.0	4.0	(94.6)
Income tax expense (benefit)	148.0	177.5	190.6	194.5	82.4	55.1	12.0	(34.4)
Net income (loss)	$ 262.4	$ 299.0	$ 344.2	$ 350.2	$ 137.9	$ 87.9	$ (8.0)	$ (60.2)
Statement of Cash Flows Data:								
Net cash provided by (used in):								
Operating activities	$ 422.3	$ 514.1	$ 391.5	$ 555.5	$ 405.4	$ 19.8	$ 201.9	$ (33.8)
Investing activities	(133.4)	(256.7)	(259.2)	(264.4)	(282.0)	(239.4)	(66.9)	(6.815.3)
Financing activities	(440.4)	(43.3)	(245.4)	(323.3)	(134.7)	109.9	25.3	6,939.6
Total capital expenditures	(133.9)	(140.1)	(288.3)	(284.1)	(261.5)	(221.0)	(56.2)	(44.7)
New stores	(48.2)	(59.6)	(80.7)	(93.6)	(62.6)	(44.4)	(28.7)	(17.7)
Existing stores and other	(85.7)	(80.5)	(207.6)	(190.5)	(198.9)	(176.6)	(27.5)	(27.0)
Other Financial and Operating Data:								
Same store sales growth	5.7%	4.0%	3.2%	2.2%	3.3%	2.3%	2.6%	3.3%
Number of stores (at period end)	6,113	6,700	7,320	7,929	8,229	8,251	8,205	8,204
Selling square feet (in thousands at period end)	41,201	45,354	50,015	54,753	57,299	57,305	57,379	58,207
Net sales per square foot(5)	$ 154.0	$ 157.5	$ 159.6	$ 159.8	$ 162.6	$ 163.3	$ 163.9	$ 165.4
Highly consumable sales	60.2%	61.2%	63.0%	65.3%	65.7%	67.8%	66.7%	69.3%
Seasonal sales	16.3%	16.8%	16.5%	15.7%	16.4%	14.7%	15.4%	13.6%
Home products sales	13.3%	12.5%	11.5%	10.6%	10.0%	9.6%	9.2%	8.7%
Basic clothing sales	10.2%	9.5%	9.0%	8.4%	7.9%	7.9%	8.7%	8.4%
Rent expense	$ 203.1	$ 232.0	$ 268.8	$ 312.3	$ 343.9	$ 253.9	$ 149.0	$ 116.8
Balance Sheet Data (at period end):								
Cash and cash equivalents and short-term investments	$ 121.3	$ 414.6	$ 275.8	$ 209.5	$ 219.2	$ 120.3		$ 115.9
Total assets	2,333.2	2,621.1	2,841.0	2,980.3	3,040.5	3,206.3		8,931.7
Total debt	346.5	282.0	271.3	278.7	270.0	503.8		4,509.8
Total shareholders' equity	1,288.1	1,554.3	1,684.5	1,720.8	1,745.7	1,702.9		2,685.5

(1) The fiscal year ended February 3, 2006 was comprised of 53 weeks.

(2) Includes the effects of certain strategic merchandising and real estate initiatives as further described in "Management's Discussion and Analysis of Results of Operations and Financial Condition."

(3) Includes the results of Buck for the period prior to the merger with and into Dollar General Corporation from March 6, 2007 (its formation) through July 6, 2007 and the post-merger results of Dollar General Corporation for the period from July 7, 2007 through November 2, 2007.

(4) Penalty expense of $10 million in fiscal 2003 and $29.5 million in litigation settlement proceeds in fiscal 2002 are included in SG&A.

(5) For the 39-week periods ended November 3, 2006 and November 2, 2007, net sales per square foot was calculated based on last four quarters' sales divided by average quarterly selling area. For the fiscal year ended February 3, 2006, net sales per square foot was calculated based on 52 weeks' sales.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratio of our earnings to our fixed charges for the periods indicated.

	Historical								Pro Forma	
	Predecessor							Successor		
	Fiscal Year Ended									
Ratios of earnings to fixed charges(1)	**January 31, 2003**	**January 30, 2004**	**January 28, 2005**	**February 3, 2006(1)**	**February 2, 2007(2)**	**39 Weeks Ended November 3, 2006**	**February 3, 2007 through July 6, 2007**	**July 7, 2007 through November 2, 2007**	**Fiscal Year Ended February 2, 2007**	**39 Weeks Ended November 2, 2007**
Actual	4.9x	5.6x	5.6x	5.3x	2.5x	2.0x	1.1x	(3)		
Pro forma(2)									2.5x	(4)

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

(2) To give effect to the increase in interest expense resulting from the portion of the notes proceeds used to retire the $198.3 million of our 8$^{5}/_{8}$% unsecured notes due June 15, 2010, as if such transactions had occurred at the beginning of the periods presented.

(3) For the period from July 7, 2007 through November 2, 2007, fixed charges exceeded earnings by $94.6 million.

(4) For the 39 weeks ended November 2, 2007, pro forma fixed charges exceeded earnings by $91.4 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis of our financial condition and results of operations covers periods prior to and following the closing of the Transactions. The discussion and analysis of historical periods prior to the closing of the Transactions does not reflect the significant impact that the Transactions have had and will have on us, including significantly increased leverage and liquidity requirements.

You should read the following discussion of our results of operations and financial condition with the "Unaudited Pro Forma Condensed Consolidated Financial Information," "Selected Historical Consolidated Financial and Other Data" and the audited and unaudited historical consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of this prospectus. Actual results may differ materially from those contained in any forward-looking statements.

General

Purpose of Discussion. We intend for this discussion to provide the reader with information that will assist in understanding our company and the critical economic factors that affect our company. In addition, we hope to help the reader understand our financial statements, the changes in certain key items in those financial statements from period to period, and the primary factors that accounted for those changes, as well as how certain accounting principles affect our financial statements.

Accounting Periods. We follow the concept of a 52-53 week fiscal year that ends on the Friday nearest to January 31. The following text contains references to years 2007, 2006, 2005 and 2004, which represent fiscal years ending or ended February 1, 2008, February 2, 2007, February 3, 2006 and January 28, 2005, respectively. Fiscal year 2007 will be and fiscal years 2006 and 2004 were each 52-week accounting periods, while fiscal 2005 was a 53-week accounting period, which affects the comparability of certain amounts in the consolidated financial statements included elsewhere in this prospectus and financial ratios between 2005 and the other fiscal years reflected herein. As discussed below, we completed a merger transaction on July 6, 2007. The 2007 39-week period presented includes the 22-week Predecessor period of Dollar General Corporation through July 6, 2007 reflecting the historical basis of accounting, and a year-to-date Successor period, reflecting the impact of the business combination and associated purchase price allocation of the merger of Dollar General Corporation and Buck Acquisition Corp. ("Buck"), from July 7, 2007 to November 2, 2007. For comparison purposes, the discussion of results of operations below for the interim 39-week periods is generally based on the mathematical combination of the Successor and Predecessor periods for the 39-week period ended November 2, 2007 compared to the Predecessor 39-week period ended November 3, 2006, which we believe provides a meaningful understanding of the underlying business. Transactions relating to or resulting from the Merger are discussed separately. The combined results do not reflect the actual results we would have achieved absent the Merger and should not be considered indicative of future results of operations.

The Merger. On March 11, 2007, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Parent and Buck. Parent is and Buck was prior to the Merger controlled by investment funds affiliated with Kohlberg Kravis Roberts & Co., L.P. ("KKR"). On July 6, 2007, we consummated a merger (the "Merger") of Buck with and into Dollar General, with Dollar General surviving the Merger as a subsidiary of Parent. Pursuant to the Merger Agreement, the former holders of our common stock received $22.00 per share, or approximately $6.9 billion. In addition, fees and expenses related to the Merger and the related financing transactions totaling $102.6 million, principally consisting of investment banking fees, management fees, legal fees and stock compensation expense ($39.4 million) are reflected in the 2007 results of operations. Capitalized debt issuance costs related to the Merger totaled $86.8 million. The Merger consideration was funded through the use of our available cash, cash equity contributions from the Investors, equity contributions of certain members of our management and the debt financings discussed below. As a result of the Merger, our outstanding common stock is owned by Parent and certain members of management. Our common stock is no longer registered with the Securities and Exchange Commission ("SEC") and is no longer traded on a national securities exchange.

The following transactions occurred in conjunction with the Merger:

We entered into a credit agreement and related security and other agreements consisting of a $2.3 billion senior secured term loan facility. See "Description of Other Indebtedness."

We entered into a credit agreement and related security and other agreements consisting of a senior secured asset-based revolving credit facility of up to $1.125 billion (of which $302.0 million is outstanding at November 2, 2007), subject to borrowing base availability. See "Description of Other Indebtedness."

We terminated the revolving loans and paid in full all interest and all other amounts due in connection with such termination under the pre-Merger senior credit facility. We also terminated commercial letters of credit totaling approximately $141.2 million and standby letters of credit totaling approximately $40.7 million and replaced those letters of credit with new letters of credit under the asset-based revolving credit facility.

We issued $1.175 billion aggregate principal amount of senior notes and $725 million aggregate principal amount of senior subordinated notes. We entered into a registration rights agreement with respect to the senior notes and the senior subordinated notes pursuant to which we have agreed to use commercially reasonable efforts to register with the SEC new notes having substantially identical terms as the senior notes and new notes having substantially identical terms as the senior subordinated notes. Once registered, we will offer to exchange the new notes for the outstanding senior notes and the outstanding senior subordinated notes. See "Description of Senior Notes" and "Description of Senior Subordinated Notes."

We completed a cash tender offer for our $8^5/_8$% unsecured notes due June 15, 2010 (the "2010 Notes"). Approximately 99% of the 2010 Notes were validly tendered and accepted for payment in that tender offer. We also executed a supplemental indenture governing the 2010 Notes that were not tendered in the tender offer which eliminated substantially all of the restrictive covenants contained in the indenture pursuant to which the 2010 Notes were issued.

We entered into a monitoring agreement and an indemnity agreement with affiliates of certain of the Investors pursuant to which we will pay to those entities an aggregate annual management fee of $5 million, which amount will increase by 5% annually, along with reimbursement of out-of-pocket expenses incurred in connection with the provision of services under the agreement. Those entities are also entitled to receive a fee equal to 1% of the gross transaction value in connection with certain subsequent financing, acquisition, disposition, and change in control transactions, as well as a termination fee in the event of an initial public offering or under certain other circumstances. Pursuant to the terms of the indemnity agreement, we have agreed to customary exculpation and indemnification provisions in favor of these entities and their affiliates. See "Certain Relationships and Related Party Transactions."

We named David L. Beré as our Interim Chief Executive Officer and entered into an employment agreement with him upon the resignation of our former Chief Executive Officer, David A. Perdue.

We entered into agreements with certain members of management pursuant to which they elected to invest in Dollar General, as the surviving corporation in the Merger, through a cash investment, a rollover of employee stock options, a rollover of shares of Dollar General common stock, or a combination thereof. See "Certain Relationships and Related Party Transactions."

We entered into stockholder agreements with certain members of management that, among other things, contain agreements among the parties with respect to restrictions on the transfer of the shares, including tag-along rights, drag-along rights, registration rights (including customary indemnification provisions) and call options and put options. See "Certain Relationships and Related Party Transactions."

Executive Overview

We are the largest discount retailer in the United States by number of stores, with approximately 8,200 stores located in 35 states, primarily in the southern, southwestern, midwestern and eastern United States. We serve a broad customer base and offer a focused assortment of everyday items, including basic consumable merchandise and other home, apparel and seasonal products. A majority of our products are priced at $10 or less and approximately 30% of our products are priced at $1 or less. We offer a compelling value proposition for our customers based on convenient store locations, easy in and out shopping and highly competitive prices. We believe our combination of value and convenience distinguishes us from other discount, convenience and drugstore retailers, who typically focus on either value or convenience.

The nature of our business is moderately seasonal. Primarily because of sales of holiday-related merchandise, sales in the fourth quarter have historically been higher than sales achieved in each of the first three quarters of the fiscal year. Expenses and, to a greater extent, operating income vary by quarter. Results of a period shorter than a full year may not be indicative of results expected for the entire year. Furthermore, the seasonal nature of our business may affect comparisons between periods.

For the 39 weeks ended November 2, 2007, we had a net loss of $68.2 million compared to net income of $87.9 million for the 39 weeks ended November 2, 2006. In summary, net sales increased by $319.8 million in the 2007 period, or 4.8%, aided by new stores and a same store net sales increase of 2.8%, our gross profit increased $180.8 million, or 10.5%, resulting in a 141 basis point increase in gross profit as compared to the prior year period. The increase in gross profit was offset by an increase in selling, general and administrative ("SG&A") expenses of $174.5 million, or 143 basis points as compared to the prior year period. In addition, the current year period included $102.6 million of transaction related expenses and a $131.8 million increase in interest expense resulting from long-term debt incurred to finance the merger. See detailed discussions below for additional comments on financial performance in the current year period as compared with the prior year period.

For 2006, we reported net income of $137.9 million compared to net income of $350.2 million for 2005. Net sales for 2006 increased by 6.8% over the prior year, aided by new stores and a same store net sales increase of 3.3% (based on the comparable 52-week period). The extra week in 2005 accounted for net sales of approximately $162.9 million. Our gross profit margin was 25.8% in 2006 compared to 28.7% in 2005, primarily due to increased markdowns and expenses associated with our 2006 strategic initiatives as further discussed below under "Results of Operations." Operating expenses, as a percentage of net sales, were 23.1% in 2006 compared to 22.2% in 2005, resulting from charges directly related to the strategic store closings and a $29.9 million increase in advertising expenses, a portion of which can be attributed to the inventory liquidation and store closing initiatives. Additionally, administrative salaries, incentive bonuses and related payroll taxes (excluding benefits) increased by $25.0 million resulting from the approval of a $9.6 million discretionary bonus to approximately 7,000 administrative and distribution center employees and the addition of executives and staff to support our strategic efforts, particularly in merchandising and real estate. Partially offsetting these amounts were insurance proceeds of $13.0 million received during 2006 related to losses we experienced due to Hurricane Katrina.

We have made significant progress in our efforts, first announced in November 2006, to minimize the amount of merchandise in our stores that we carry over to subsequent periods ("packaway") as a part of Project Alpha. We identified the targeted packaway inventories in 2006 and launched programs to sell-through this inventory, eliminating over half of the targeted merchandise by the end of fiscal 2006. As of November 2, 2007 with the exception of certain holiday seasonal merchandise and winter apparel that we expect to sell in the fourth quarter, substantially all of the packaway inventory had been sold. In 2007 we have also taken end-of-season markdown on current merchandise and going forward, we plan to sell virtually all current-year non-replenishable merchandise by taking end-of-season markdowns to permit increased levels of newer, current-season merchandise in the future.

In November 2006, we also announced the second element of Project Alpha significant changes to our real estate strategy, including our intention to close, by the end of fiscal 2007, approximately 400 stores that do not meet our revised real estate criteria. For the 39 weeks ended November 2, 2007, we opened 323 new stores, closed 348 stores and, remodeled or relocated 214 stores. The majority of these new, remodeled and relocated stores are in our new "racetrack" store layout.

In addition to the strategic initiatives discussed above, we are now increasingly focused on generating increased cash flows and improving profitability and we are in the early stages of implementing certain targeted retail practices which are expected to positively impact our gross profit, sales productivity and capital efficiency, including:

- better merchandising and category management, SKU rationalization and space reallocation with an increased focus on gross profit margin, returns per square foot and shrink reduction;
- optimizing our real estate strategies by establishing a comprehensive real estate review program based on new processes and technology directed with a more disciplined approach;
- implementing zone pricing across our store base;
- increasing foreign direct sourcing;
- increasing private label penetration with greater consistency; and
- improving distribution and transportation logistics.

Results of Operations

The following table contains results of operations data for the 39-week period ended November 3, 2006 (Predecessor), compared to the combined 39-week period ended November 2, 2007, comprised of the total of the Successor and Predecessor periods as disclosed elsewhere in this document. Dollar and percentage variances are based on the comparable 39-week periods:

(amounts in millions)	39 Weeks Ended November 2, 2007(a)	39 Weeks Ended November 3, 2006	2007 vs 2006 Amount change	% change
Net sales by category:				
Highly consumable	$ 4,701.4	$ 4,482.7	$ 218.7	4.9%
% of net sales	*67.79%*	*67.76%*		
Seasonal	1,013.4	970.7	42.7	4.4%
% of net sales	*14.61%*	*14.67%*		
Home products	626.2	638.4	(12.3)	(1.9)%
% of net sales	*9.03%*	*9.65%*		
Basic clothing	594.8	524.1	70.7	13.5%
% of net sales	*8.58%*	*7.92%*		
Net sales	6,935.7	6,615.8	319.8	4.8%
Cost of goods sold	5,032.6	4,893.6	139.0	2.8%
% of net sales	*72.56%*	*73.97%*		
Gross profit	1,903.1	1,722.3	180.8	10.5%
% of net sales	*27.44%*	*26.03%*		
Selling, general and administrative	1,731.5	1,557.1	174.5	11.2%
% of net sales	*24.97%*	*23.54%*		
Transaction and related costs	102.6		102.6	
% of net sales	*1.48%*			
Operating profit	68.9	165.2	(96.3)	(58.3)%
% of net sales	*0.99%*	*2.50%*		
Interest income	(7.5)	(4.8)	(2.7)	55.8%
% of net sales	*(0.11)%*	*(0.07)%*		
Interest expense	158.8	27.0	131.8	487.5%
% of net sales	*2.29%*	*0.41%*		
Loss on interest rate swaps	2.0		2.0	
% of net sales	*0.03%*			
Loss on debt retirement	6.2		6.2	
% of net sales	*0.09%*			
Income (loss) before income taxes	(90.6)	143.0	(233.6)	
% of net sales	*(1.31)%*	*2.16%*		
Income tax expense (benefit)	(22.4)	55.1	(77.5)	
% of net sales	*(0.32)%*	*0.83%*		
Net income (loss)	$ (68.2)	$ 87.9	$ (156.1)	
% of net sales	*(0.98)%*	*1.33%*		

(a) The 39 weeks ended November 2, 2007 represents the mathematical combination of the Predecessor through July 6, 2007 and Successor from July 7, 2007 through November 2, 2007 as included in the condensed consolidated financial statements. These results also include the operations of Buck for the period prior to the Merger from March 6, 2007 (Buck's date of formation) through July 6, 2007 (primarily the change in fair value of interest rate swaps.) This presentation does not comply with generally accepted accounting principles, but we believe this combination provides a meaningful method of comparison.

39 Weeks Ended November 2, 2007 and November 3, 2006

Net Sales. For the 39-week period ended November 2, 2007, we had net sales of $6.94 billion, an increase of $319.8 million, or 4.8%, compared to net sales of $6.62 billion for the 2006 period. This increase included a same-store sales increase of 2.8% for the 2007 period compared to the 2006 period, which accounted for approximately $176.6 million of the increase in sales. Same store net sales were positively impacted by an increase in the average dollar value of transactions during the period, partially offset by a slight decrease in the number of same store transactions.

We monitor our sales internally by the four major categories noted above: highly consumable, seasonal, home products and basic clothing. Generally, over the past several years, sales in the highly consumable category have become a greater percentage of our overall sales mix while the sales of home products and basic clothing have declined as a percentage of net sales, which has had a negative impact on our gross profit, as a percentage of sales. We believe the shift has been caused in part by changes in customers' needs and also by our efforts to attract and retain customers by broadening our consumable products offering and including more recognizable brands. Because of the impact of sales mix on gross profit, we continually review our merchandise mix and strive to adjust it when appropriate.

Gross Profit. For the 2007 period, our gross profit increased by approximately $180.8 million and our gross profit as a percentage of sales increased to 27.4% from 26.0% in the 2006 period, which included Alpha-related below-cost markdowns of $71.2 million (or 1.1% as a percentage of sales). The remainder of the increase in the 2007 period resulted from various factors, including higher purchase markups, partially offset by higher shrink and higher markdowns, including markdowns incurred to eliminate our inventory packaway strategy. We are on schedule to achieve our plans with regard to the sale of existing packaway inventories by the end of fiscal 2007, and we intend to continue our initiative to sell virtually all current-year non-replenishable merchandise by taking end-of-season markdowns to permit increased levels of newer, current-season merchandise in the future.

SG&A Expense. For the 2007 period, SG&A increased by $174.5 million, to 25.0% of sales from 23.5% of sales in the 2006 period. SG&A includes approximately $54.3 million in the 2007 period relating to expenses incurred in connection with eliminating packaway inventories and closing the remaining stores identified in our November 2006 strategic review, including lease contract termination costs, incremental labor and advertising, repairs, fixed asset disposals and third-party contractors. In addition, SG&A in the 2007 period includes amortization of $13.4 million resulting from the capitalization of below market leases in the asset revaluation, $12.3 million of accrued employee incentive compensation expense (none in the 2006 period) resulting from meeting certain financial targets to date, and approximately $12.0 million relating to the probable loss associated with the restructuring of leases related to certain of our distribution centers. SG&A in the 2006 period was net of insurance proceeds of $13.0 million received during the period for business interruption insurance coverage relating to Hurricane Katrina, partially offset by an $8.0 million impairment charge relating to the strategic store closings. Excluding the impact of amortization, store closing and distribution center related expenses, incentive compensation and the Hurricane Katrina related insurance proceeds, SG&A as a percentage of sales was essentially flat.

Transaction and Related Costs. The $102.6 million of expenses recorded in the 2007 period reflect $63.2 million of expenses related to the Merger, such as investment banking and legal fees, as well as $39.4 million of compensation expense related to stock options, restricted stock and restricted stock units.

Interest Income. Interest income increased by approximately $2.7 million in the 2007 period as compared to the 2006 period due to higher average levels of cash and short-term investments on hand during the period.

Interest Expense. Interest expense increased by $131.8 million in the 2007 period, primarily in the 17-week Successor period, as compared to the 2006 period due to interest on long-term obligations incurred to finance the Merger. See further discussion under "Liquidity and Capital Resources" below.

Loss on Debt Retirement. During the 2007 period, we recorded $6.2 million in expenses related to consent fees and other costs associated with a tender offer for our 2010 Notes. Approximately 99% of the 2010 Notes were retired as a result of the tender offer.

Loss on Interest Rate Swaps. During the 2007 period, we recorded an unrealized loss of $3.7 million related to the change in the fair value of interest swaps prior to designating such swaps as cash flow hedges. This loss was offset by earnings of $1.7 million under the contractual provisions of the swap agreements.

Income Taxes. The effective income tax rates for the 2007 and 2006 periods were 24.7% and 38.6%, respectively. The tax rate for the 2007 period, a benefit, is lower than that of the 2006 period due principally to non-deductible expenses incurred in association with the Merger.

Fiscal Years Ended February 2, 2007, February 3, 2006 and January 28, 2005

The following discussion of our financial performance is based on the consolidated financial statements included elsewhere in this prospectus. The following table contains results of operations data for the 2006, 2005 and 2004 fiscal years, and the dollar and percentage variances among those years.

				2006 vs. 2005		2005 vs. 2004	
	2006(a)	**2005(b)**	**2004**	**$ change**	**% change**	**$ change**	**% change**
			(dollars in millions)				
Net Sales by category:							
Highly consumable	$ 6,022.0	$ 5,606.5	$ 4,825.1	$ 415.5	7.4%	$ 781.4	16.2%
% of net sales	65.67%	65.33%	62.98%				
Seasonal	1,510.0	1,348.8	1,264.0	161.2	12.0	84.8	6.7
% of net sales	16.47%	15.72%	16.50%				
Home products	914.4	907.8	879.5	6.5	0.7	28.4	3.2
% of net sales	9.97%	10.58%	11.48%				
Basic clothing	723.5	719.2	692.4	4.3	0.6	26.8	3.9
% of net sales	7.89%	8.38%	9.04%				
Net sales	$ 9,169.8	$ 8,582.2	$ 7,660.9	$ 587.6	6.8%	$ 921.3	12.0%
Cost of goods sold	6,801.6	6,117.4	5,397.7	684.2	11.2	719.7	13.3
% of net sales	74.17%	71.28%	70.46%				
Gross profit	2,368.2	2,464.8	2,263.2	(96.6)	(3.9)	201.6	8.9
% of net sales	25.83%	28.72%	29.54%				
SG&A expenses	2,119.9	1,903.0	1,706.2	217.0	11.4	196.7	11.5
% of net sales	23.12%	22.17%	22.27%				
Operating profit	248.3	561.9	557.0	(313.6)	(55.8)	4.9	0.9
% of net sales	2.71%	6.55%	7.27%				
Interest income	(7.0)	(9.0)	(6.6)	2.0	(22.2)	(2.4)	36.9
% of net sales	(0.08)%	(0.10)%	(0.09)%				
Interest expense	34.9	26.2	28.8	8.7	33.1	(2.6)	(8.9)
% of net sales	0.38%	0.31%	0.38%				
Income before income taxes	220.4	544.6	534.8	(324.3)	(59.5)	9.9	1.8
% of net sales	2.40%	6.35%	6.98%				
Income taxes	82.4	194.5	190.6	(112.1)	(57.6)	3.9	2.1
% of net sales	0.90%	2.27%	2.49%				
Net income	$ 137.9	$ 350.2	$ 344.2	$ (212.2)	(60.6)%	$ 6.0	1.7%
% of net sales	1.50%	4.08%	4.49%				

				2006 vs. 2005		2005 vs. 2004	

(a) Includes the impacts of certain strategic initiatives as more fully described in the "Executive Overview" above.

(b) The 2005 fiscal year was comprised of 53 weeks.

Net Sales. Increases in 2006 net sales resulted primarily from opening additional stores, including 300 net new stores in 2006, and a same store net sales increase of 3.3% for 2006 compared to 2005. Same store net sales increases are calculated based on the comparable calendar weeks in the prior year. Accordingly, the same store net sales percentages discussed herein exclude sales from the 53rd week of 2005 as there was no comparable week in 2006 or 2004. The increase in same store net sales accounted for $265.4 million of the increase in net sales, while stores opened since the beginning of 2006 were the primary contributors to the remaining $322.2 million net sales increase during 2006. The increase in same store net sales is primarily attributable to an increase in average customer purchase. We also believe that our strategic merchandising and real estate initiatives had a positive impact on 2006 net sales.

By merchandise category, our net sales increase in 2006 compared to 2005 was primarily attributable to the highly consumable category, which increased by $415.5 million, or 7.4%. An increase in net sales of seasonal merchandise of $161.2 million, or 12.0%, also contributed to overall net sales growth. We believe that our increased sales were supported by additions to our product offerings and increased promotional activities, including the use of advertising circulars and clearance activities.

Increases in 2005 net sales resulted primarily from opening additional stores, including 609 net new stores in 2005, and a same store net sales increase of 2.2% for 2005 compared to 2004. The increase in same store net sales accounted for $164.5 million of the increase in net sales. Stores opened since the beginning of 2004, as well as the $162.9 million impact of the 53rd week of sales in 2005 for all stores, were the primary contributors to the remaining $756.8 million net sales increase during 2005. The increase in same store net sales was primarily attributable to an increase in average customer purchase.

Gross Profit. The gross profit margin decline in 2006 as compared with 2005 was due primarily to a significant increase in markdown activity as a percentage of net sales, including below-cost markdowns, as a result of our inventory liquidation and store closing initiatives. While we believe these initiatives had a positive impact on net sales, they had a negative impact on our gross profit margin in 2006. In total, our gross margin rate declined by 289 basis points to 25.8% in 2006 compared to 28.7% in 2005. Significantly impacting our gross profit margin, as a result of the related effect on cost of goods sold, were total markdowns of $279.1 million at cost taken during 2006, compared with total markdowns of $106.5 million at cost taken in 2005. The 2006 markdowns reflect $179.9 million at cost taken during the fourth quarter of 2006 compared to $39.0 million of markdowns at cost taken during the fourth quarter of 2005. The fourth quarter 2006 change in merchandising strategy also resulted in our ending inventory being valued lower than under our historical practices, as ending inventory on-hand as of February 2, 2007 reflects the immediate impact of the markdowns at the time such markdowns were taken. Markdowns which were expected to reduce inventory below cost were considered in our lower of cost or market estimate and recorded at such time as the utility of the underlying inventory was deemed to be impaired. During the third quarter of fiscal 2006, we recorded a lower of cost or market inventory impairment estimate related to the initiatives discussed above, and this estimate was revised slightly in the fourth quarter such that the impact for fiscal 2006 was $70.2 million, which reduced 2006 gross profit by a corresponding amount. Markdowns which are not below cost impact our gross profit in the period in which such markdowns are taken. A portion of the total markdowns taken during the fourth quarter were related to the inventory included in our lower of cost or market estimate, thereby reducing our estimated reserve for such inventory as of the end of fiscal 2006 to $49.2 million. Other factors included, but were not limited to: a decrease in the markups on purchases, primarily attributable to purchases of highly consumable products (including nationally branded products, which generally have lower average markups) and an increase in our shrink rate.

Our gross profit margin declined by 82 basis points in 2005 as compared with 2004 due to a number of factors, including but not limited to: lower net sales (as a percentage of total net sales) in our seasonal, home products and basic clothing categories, which have higher than average markups; an increase in markdowns as a percentage of net sales primarily as a result of our initiative to reduce per-store inventory; higher transportation expenses, primarily attributable to increased fuel costs; an increase in our shrink rate; and an estimated $5.2 million reduction resulting from the expansion of the number of departments utilized for the gross profit calculation from 10 to 23, as further described below under "Critical Accounting Policies and Estimates." These factors were partially offset by higher average mark-ups on our beginning inventory in 2005 as compared with 2004.

In 2006, 2005 and 2004, we experienced inventory shrinkage, stated as a percentage of net sales, of 3.40%, 3.22% and 3.05%, respectively.

SG&A Expense. The increase in SG&A expense as a percentage of net sales in 2006 as compared with 2005 was due to a number of factors, including but not limited to increases in the following expense categories: impairment charges on leasehold improvements and store fixtures totaling $9.4 million, including $8.0 million related to the planned closings of approximately 400 underperforming stores, 128 of which closed in 2006 and the remainder of which closed in 2007, as further discussed above in the "Executive Overview"; lease contract terminations totaling $5.7 million related to these stores; higher store occupancy costs (increased 12.1%) due to higher average monthly rentals associated with our leased store locations; higher debit and credit card fees (increased 40.6%) due to the increased customer usage of debit cards and the acceptance of VISA credit and check cards at all locations; higher administrative labor costs (increased 29.9%) primarily related to additions to our executive team, particularly in merchandising and real estate, and the expensing of stock options; higher advertising costs (increased 198.3%) related primarily to the distribution of several advertising circulars in 2006 and to promotional activities related to the inventory clearance and store closing activities discussed above; and higher incentive compensation primarily related to a $9.6 million discretionary bonus authorized by the Board of Directors for 2006. These increases were partially offset by insurance proceeds of $13.0 million received during 2006 related to losses incurred due to Hurricane Katrina, and depreciation and amortization expenses that remained relatively constant in fiscal 2006 as compared to fiscal 2005.

The decrease in SG&A expense as a percentage of net sales in 2005 as compared with 2004 was due to a number of factors, including but not limited to the following expense categories that either declined or increased less than the 12.0% increase in net sales: employee incentive compensation expense (decreased 37.8%), based upon our fiscal 2005 financial performance; professional fees (decreased 32.3%), primarily due to the reduction of consulting fees associated with the EZstore project and 2004 fees associated with our initial Sarbanes-Oxley compliance effort; and employee health benefits (decreased 10.0%), due in part to a downward revision in claim lag assumptions based upon review and recommendation by our outside actuary and decreased claims costs as a percentage of net sales. Partially offsetting these reductions in SG&A expense were current year increases in store occupancy costs (increased 17.6%), primarily due to rising average monthly rentals associated with our leased store locations, and store utilities costs (increased 22.7%), primarily related to increased electricity and gas expense.

Interest Income. The decline in interest income in 2006 compared to 2005 was due primarily to the acquisition of the entity which held legal title to our South Boston distribution center in June 2006 and the related elimination of the notes receivable which represented debt issued by this entity from which we formerly leased the South Boston distribution center. The increase in interest income in 2005 compared to 2004 was due primarily to earnings on short-term investments due to increased interest rates on these investments.

Interest Expense. The increase in interest expense in 2006 was primarily attributable to increased interest expense of $6.5 million under our former revolving credit facility, primarily due to increased borrowings; an increase in tax-related interest of $4.1 million, principally due to the non-recurrence in

2006 of a 2005 reduction in accrued interest related to contingent tax liabilities, partially offset by a reduction in interest expense associated with the elimination of the financing obligation associated with the June 2006 acquisition of the entity which held legal title to the South Boston distribution center as discussed above. The decrease in interest expense in 2005 is primarily attributable to a reduction in tax-related interest expense of $1.4 million, principally due to the reversal of interest accruals pertaining to certain income tax related contingencies that were resolved during 2005. We had variable-rate debt of $14.5 million as of February 2, 2007 and February 3, 2006. The remainder of our outstanding indebtedness at February 2, 2007 and February 3, 2006 was fixed rate debt.

Income Taxes. The effective income tax rates for 2006, 2005 and 2004 were 37.4%, 35.7% and 35.6%, respectively.

The 2006 income tax rate was higher than the 2005 rate by 1.7%. Factors contributing to this increase include additional expense of approximately $0.9 million related to the adoption of a new tax system in the State of Texas, which resulted in the elimination of certain deferred tax assets that had been recorded in prior years; an increase of approximately $0.9 million in expense related to our current year tax liability under the revised State of Texas tax system; a reduction in the contingent income tax reserve due to the resolution of contingent liabilities that was $2.0 million less than the decrease that occurred in 2005; an increase in the deferred tax valuation allowance of approximately $3.2 million related to state income tax credits; and an increase of $2.6 million related to a benefit recognized in 2005 resulting from an internal restructuring. Offsetting these rate increases was a reduction in the income tax rate related to federal income tax credits. Due to the reduction in our 2006 income before tax, a small increase in the amount of federal income tax credits earned yielded a much larger percentage reduction in the income tax rate for 2006 versus 2005.

While the 2005 and 2004 rates were similar overall, the rates contained offsetting differences. Factors causing the 2005 tax rate to increase when compared to the 2004 tax rate include a reduction in federal jobs credits of approximately $1.0 million, additional net foreign income tax expense of approximately $0.8 million and a decrease in the contingent income tax reserve due to resolution of contingent liabilities that was $3.6 million less than the decrease that occurred in 2004. Factors causing the 2005 tax rate to decrease when compared to the 2004 tax rate include the recognition of state tax credits of approximately $2.3 million related to the construction of our Indiana distribution center and a benefit of approximately $2.6 million related to an internal restructuring that was completed during 2005. The overall effect of these items increased the 2005 effective tax rate by approximately 0.8%.

Effects of Inflation

We believe that inflation and/or deflation had a minimal impact on our overall operations during the fiscal years 2006, 2005 and 2004, and the interim periods of fiscal 2007.

Liquidity and Capital Resources

Current Financial Condition / Recent Developments. At November 2, 2007, we had total debt (including the current portion of long-term obligations) of $4,509.8 million and cash and cash equivalents of $90.5 million. Our net debt position increased significantly during the first 39 weeks of 2007 due to the financings that occurred in conjunction with the Merger. We also had an additional $710.5 million available for borrowing under our new senior secured asset-based revolving credit facility at that date. Our liquidity needs are significant, primarily due to our debt service and other obligations.

Management believes our cash flow from operations and existing cash balances, combined with availability under the New Credit Facilities (defined and described below), will provide sufficient liquidity to fund our current obligations, projected working capital requirements and capital spending for a period that includes the next twelve months.

Inventory Management. Our inventory balance represented approximately 47% of our total assets exclusive of goodwill and other intangible assets as of November 2, 2007. Our proficiency in managing our inventory balances can have a significant impact on our cash flows from operations during a given period or fiscal year. In addition, inventory purchases can be somewhat seasonal in nature, such as the purchase of warm-weather or Christmas-related merchandise. Inventory turns, calculated on a rolling annualized basis using balances from each quarter, were 4.6 times for the period ended November 2, 2007 compared to 4.1 times for the period ended November 3, 2006 (a 53-week period).

Legal actions and claims. As described in Note 7 to the Condensed Consolidated Financial Statements, we are involved in a number of legal actions and claims, some of which could potentially result in material cash payments. Adverse developments in those actions could materially and adversely affect our liquidity. We also have certain income tax-related contingencies as more fully described below under "Critical Accounting Policies and Estimates." Future negative developments could have a material adverse effect on our liquidity.

Considerations regarding distribution center leases. The Merger and certain of the related financing transactions may be interpreted as giving rise to certain trigger events (which may include events of default) under our three distribution center leases. In that event, our additional cost of acquiring the underlying land and building assets could approximate $112 million. At this time, we do not believe such issues would result in the purchase of these distribution centers; however, the payments associated with such an outcome would have a negative impact on our liquidity. To minimize the uncertainty associated with such possible interpretations, we are negotiating the restructuring of these leases and the related underlying debt. We have concluded that a probable loss exists in connection with the restructurings and have recorded associated SG&A expenses in the Successor financial statements for the year-to-date period ended November 2, 2007 totaling $12.0 million. The ultimate resolution of these negotiations may result in changes in the amounts of such losses, which changes may be material.

Credit ratings. On June 12, 2007 Standard & Poor's revised our long-term debt rating to B, and left our long-term debt ratings on negative watch. Moody's revised our long-term debt rating to B3 with a stable outlook. These current ratings are considered non-investment grade. Our current credit ratings, as well as future rating agency actions, could (1) negatively impact our ability to obtain financings to finance our operations on satisfactory terms; (2) have the effect of increasing our financing costs; and (3) have the effect of increasing our insurance premiums and collateral requirements necessary for our self-insured programs.

Our debt includes a six-year $1.125 billion senior secured asset-based revolving credit facility. This facility consists of Tranche A and Tranche A-1 Loans. The Tranche A-1 Loans will be funded first until all commitments under the Tranche A-1 loans have been funded and paid off last until after all Tranche A Loans have been paid. As of November 2, 2007, we had $302.0 million in borrowings outstanding under our senior asset-based revolving credit facility. Our availability was also reduced by $68.8 million of standby letters of credit and $43.7 million of commercial letters of credit. In addition, we have a seven year $2.3 billion senior secured term loan facility. This facility consists of two tranches, one of which is a "first-loss" tranche, which, in certain circumstances, will be subordinated in right of payment to the other tranche. See "Description of Other Indebtedness." We also issued $1,175.0 million of eight-year 10.625% senior notes and $725 million of 11.875%/12.625% senior subordinated toggle notes due 2017. See "Description of Notes."

Cash flows

The discussion of the cash flows from operating, investing and financing activities included below is generally based on the 39-week periods ended November 2, 2007 and November 3, 2006, which we believe provides a more meaningful understanding of our liquidity and capital resources for the time periods presented.

Cash flows from operating activities. Among the most significant components of the change in cash flows from operating activities in the 39 weeks ended November 2, 2007 as compared to the 39 weeks ended November 3, 2006 were changes in inventory balances, which increased by approximately 4% overall during the 39 weeks ended November 2, 2007 compared to a 14% overall increase during the 39 weeks ended November 3, 2006. Significant changes in inventory levels occurred in the highly consumable category, which increased by $24.8 million, or 4%, in the 39 weeks ended November 2, 2007 as compared to a $66.8 million, or 11%, increase in the 39 weeks ended November 3, 2006; the seasonal category, which increased by $11.4 million, or 3%, in the 39 weeks ended November 2, 2007 as compared to a $129.0 million, or 37%, increase in the 39 weeks ended November 3, 2006; and the home products category, which declined by $14.4 million, or 9%, in the 39 weeks ended November 2, 2007 as compared to a $11.5 million, or 6%, increase in the 39 weeks ended November 3, 2006; all of which were partially offset by the basic clothing category, which increased by $32.0 million, or 14%, in the 39 weeks ended November 2, 2007 as compared to $5.6 million, or 2%, decrease in the 39 weeks ended November 3, 2006. The decline in net income, as described in more detail above, and which includes $102.6 million of Transaction and related costs in the 2007 period, partially offset other increases in cash flows from operating activities in the 2007 period as compared to the 2006 period. The decline in net income was a principal factor in the reduction in income taxes paid in the 2007 period as compared to the 2006 period. Also offsetting the decline in net income were changes in accrued expenses in the 2007 period as compared to the 2006 period which increased primarily due to accrued interest, the accrued loss in connection with ongoing negotiations to restructure our DC leases as discussed above, and accruals for lease liabilities on closed stores as discussed above.

Cash flows from operating activities for 2006 compared to 2005 declined by $150.1 million. The most significant component of the decline in cash flows from operating activities in 2006 as compared to 2005 was the reduction in net income, as described in detail under "Results of Operations" above. Partially offsetting this decline are certain noncash charges included in net income, including below-cost markdowns on inventory balances and property and equipment impairment charges totaling $78.1 million, and a $13.8 million increase in noncash depreciation and amortization charges in 2006 as compared to 2005. In addition, the reduction in 2006 year end inventory balances reflect the effect of below-cost markdowns and our efforts to sell through excess inventories, as compared with increases in 2005 and 2004. Seasonal inventory levels increased by 2% in 2006 as compared to a 10% increase in 2005, home products inventory levels declined by 25% in 2006 as compared to a 2% increase in 2005, while basic clothing inventory levels declined by 21% in 2006 as compared to a 5% decline in 2005. Total merchandise inventories at the end of 2006 were $1.43 billion compared to $1.47 billion at the end of 2005, a 2.9% decrease overall, and a 6.4% decrease on a per store basis, reflecting both our focus on liquidating packaway merchandise and the effect of below-cost markdowns.

Cash flows from operating activities for 2005 compared to 2004 increased by $164.0 million. The most significant component of the increase in cash flows from operating activities in the 2005 period as compared to the 2004 period was the change in inventory balances. Seasonal inventory levels increased by 10% in 2005 as compared to a 22% increase in 2004, home products inventory levels increased by 2% in 2005 as compared to a 16% increase in 2004, while basic clothing inventory levels declined by 5% in 2005 as compared to a 21% increase in 2004. Total merchandise inventories at the end of 2005 were $1.47 billion compared to $1.38 billion at the end of 2004, a 7.1% increase overall, but a 1% decrease on a per store basis, reflecting our 2005 focus on lowering our per store inventory levels.

Cash flows from investing activities. The Merger, as discussed in more detail above, required cash payments of approximately $6.7 billion, net of cash acquired of $350 million. Significant components of property and equipment purchases in the 39 weeks ended November 2, 2007 included the following approximate amounts: $40 million for new stores; $35 million for improvements, upgrades, remodels and relocations of existing stores; $17 million for distribution and transportation-related capital expenditures; and $5 million for systems-related capital projects. During the 39 weeks ended November 2, 2007, we opened 323 new stores and remodeled or relocated 214 stores.

Significant components of our property and equipment purchases in the 39 weeks ended November 3, 2006 included the following approximate amounts: $49 million for the EZstore project (an initiative designed to improve inventory flow from distribution centers to consumers); $45 million for new stores; $60 million for distribution and transportation-related capital expenditures (primarily related to our distribution center in Marion, Indiana); and $30 million for capital projects in existing stores. During the 39 weeks ended November 3, 2006, we opened 408 new stores.

Net sales of short-term investments of $14.3 million and purchases of long-term investments of $21.4 million during the 39 weeks ended November 21, 2007, and net sales of short-term investments of $0.1 million and purchases of long-term investments of $21.5 million, during the 39 weeks ended November 3, 2006 primarily relate to our captive insurance subsidiary.

Capital expenditures for the 2007 fiscal year are projected to be approximately $150 million to $180 million. We anticipate funding our 2007 capital requirements with cash flows from operations and our New Credit Facilities, if necessary. Significant components of the 2007 capital plan include leasehold improvements and fixtures and equipment for approximately 360 new stores, continued investment in our existing store base, plans for remodeling and relocating approximately 300 stores, and additional investments in our supply chain. We plan to undertake these expenditures in order to improve our infrastructure and provide support for our anticipated growth.

Cash flows used in investing activities totaling $282.0 million in 2006 were primarily related to capital expenditures and, to a lesser degree, purchases of long-term investments. Significant components of our property and equipment purchases in 2006 included the following approximate amounts: $66 million for distribution and transportation-related capital expenditures (including approximately $30 million related to our distribution center in Marion, Indiana which opened in 2006); $66 million for new stores; $50 million for the EZstore project; and $38 million for capital projects in existing stores. During 2006 we opened 537 new stores and remodeled or relocated 64 stores.

Purchases and sales of short-term investments in 2006, which equaled net sales of $1.9 million, reflect our investment activities in tax-exempt auction rate securities as well as investing activities of our captive insurance subsidiary. Purchases of long-term investments are related to the captive insurance subsidiary.

Significant components of our purchases of property and equipment in 2005 included the following approximate amounts: $102 million for distribution and transportation-related capital expenditures; $96 million for new stores; $47 million related to the EZstore project; $18 million for certain fixtures in existing stores; and $15 million for various systems-related capital projects. During 2005, we opened 734 new stores and relocated or remodeled 82 stores. Distribution and transportation expenditures in 2005 included costs associated with the construction of our new distribution centers in South Carolina and Indiana.

Net sales of short-term investments in 2005 of $34.1 million primarily reflect our investment activities in tax-exempt auction rate securities. Purchases of long-term investments are related to our captive insurance subsidiary.

Cash flows used in investing activities of $259.2 million in 2004 were also primarily related to capital expenditures. Significant components of our purchases of property and equipment in 2004 included the following approximate amounts: $101 million for distribution and transportation-related capital expenditures; $82 million for new stores; $26 million for certain fixtures in existing stores; $26 million for various systems-related capital projects; and $23 million for coolers in existing stores, which allow the stores to carry refrigerated products. During 2004, we opened 722 new stores and relocated or remodeled 80 stores. Distribution and transportation expenditures in 2004 included costs associated with the construction of our new distribution center in South Carolina as well as costs associated with the expansion of the Ardmore, Oklahoma and South Boston, Virginia distribution centers.

Net sales of short-term investments in 2004 of $25.8 million primarily reflect our investment activities in tax-exempt auction rate securities.

Cash flows from financing activities. To finance the Merger, we issued long-term debt of approximately $4.2 billion and issued common stock in the amount of approximately $2.8 billion. As discussed above, we completed a cash tender offer for our 2010 Notes. Approximately 99% of the 2010 Notes were validly tendered resulting in repayments of long-term debt in the amount of $210.3 million. We had borrowings, net of repayments, of $302.0 million under our new asset-based revolving credit facility in the 39 weeks ended November 2, 2007 compared to borrowings, net of repayments, of $232.3 million during the 39 weeks ended November 3, 2006 under our previous revolving credit facility. We repurchased approximately 4.5 million shares of our common stock during the 39 weeks ended November 3, 2006 at a total cost of $79.9 million. We paid cash dividends of $15.7 million and $46.9 million on outstanding common stock during the 39 weeks ended November 3, 2006 and November 2, 2007, respectively. These uses of cash were offset by proceeds from the exercise of stock options of $41.5 million and $13.9 million, respectively, during the 39 weeks ended November 2, 2007, and November 3, 2006 respectively.

Cash flows used in financing activities during 2006 included the repurchase of approximately 4.5 million shares of our common stock at a total cost of $79.9 million, cash dividends paid of $62.5 million on our outstanding common stock, and $14.1 million to reduce our outstanding capital lease and financing obligations. These uses of cash were partially offset by proceeds from the exercise of stock options during 2006 of $19.9 million.

During 2005, we repurchased approximately 15.0 million shares of our common stock at a total cost of $297.6 million, paid cash dividends of $56.2 million on our outstanding common stock, and expended $14.3 million to reduce our outstanding capital lease and financing obligations. Also in 2005, we received proceeds of $14.5 million from the issuance of a tax increment financing in conjunction with the construction of our new distribution center in Indiana and proceeds from the exercise of stock options of $29.4 million.

During 2004, we repurchased approximately 11.0 million shares of our common stock at a total cost of $209.3 million, paid cash dividends of $52.7 million on our outstanding common stock and expended $16.4 million to reduce our outstanding capital lease and financing obligations. These uses of cash were partially offset by proceeds from the exercise of stock options during 2004 of $34.1 million.

The borrowings and repayments under the revolving credit agreement in 2006, 2005 and 2004 were primarily a result of activity associated with periodic cash needs.

The following table summarizes our significant contractual obligations and commercial commitments as of August 3, 2007 (in thousands):

	Payments Due by Period				
Contractual obligations	**Total**	**< 1 yr**	**1-3 yrs**	**3-5 yrs**	**> 5 yrs**
Senior secured term-loan facility	$ 2,300,000	$	$ 23,000	$ 46,000	$ 2,231,000
Senior secured asset-based revolving credit facility	300,000				300,000
$10^5/_8$% Senior Notes	1,175,000				1,175,000
$11^7/_8$/$12^5/_8$% Senior Subordinated Notes	725,000				725,000
$8^5/_8$% Senior Notes	1,677		1,677		
Financing and capital lease obligations	66,554	7,201	6,812	2,835	49,706
Interest(a)	3,303,044	423,335	844,432	836,843	1,198,434
Self-insurance liabilities(b)	193,079	68,966	80,616	25,841	17,656
Monitoring agreement(c)	27,212	5,021	10,808	11,383	
Operating leases(d)	1,538,721	313,012	486,599	331,551	407,559
Subtotal	$ 9,630,287	$ 817,535	$ 1,453,944	$ 1,254,453	$ 6,104,355

	Commitments Expiring by Period				
Commercial commitments(e)	**Total**	**< 1 yr**	**1-3 yrs**	**3-5 yrs**	**> 5 yrs**
Letters of credit	$ 159,158	$ 159,158	$	$	$
Purchase obligations(f)	394,251	394,186	65		
Subtotal	$ 553,409	$ 553,344	$ 65	$	$
Total contractual obligations and commercial commitments	$ 10,183,696	$ 1,370,879	$ 1,454,009	$ 1,254,453	$ 6,104,355

(a) Represents obligations for interest payments on long-term debt, capital lease and financing obligations and includes projected interest on variable rate long-term debt based upon effective interest rates at August 3, 2007.

(b) We retain a significant portion of the risk for our workers' compensation, employee health insurance, general liability, property loss and automobile insurance. As these obligations do not have scheduled maturities, these amounts represent undiscounted estimates based upon actuarial assumptions. Except for discounts required to be applied as part of our purchase price allocation, these amounts are reflected on an undiscounted basis in our condensed consolidated balance sheets.

(c) We entered into a monitoring agreement, dated July 6, 2007, with affiliates of certain of the Investors pursuant to which those entities will provide management and advisory services. Such agreement has no contractual term and for purposes of this schedule is presumed to be outstanding for a period of five years.

(d) Operating lease obligations are inclusive of amounts included in deferred rent and closed store obligations in our condensed consolidated balance sheets.

(e)

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

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

In July 2005, as an inducement for the Company to select Marion, Indiana as the site for construction of a new distribution center, the Economic Development Board of Marion approved a tax increment financing in the amount of $14.5 million. The principal amount of this financing is due to be repaid during fiscal years 2015 to 2035. Pursuant to this financing, proceeds from the issuance of certain revenue bonds were loaned to the Company in connection with the construction of this distribution center. The variable interest rate on this loan is based on the weekly remarketing of the bonds, which are supported by a bank letter of credit, and ranged from 4.60% to 5.43% in 2006.

We have generated significant cash flows from operations during recent years. We had peak borrowings under the amended credit facility of $253.4 million during 2006, $100.3 million during 2005 and $73.1 million during 2004, all of which were repaid prior to February 2, 2007, February 3, 2006, and January 28, 2005, respectively.

New Credit Facilities

Overview. On July 6, 2007, in connection with the Merger, we entered into two senior secured credit agreements, each with Goldman Sachs Credit Partners L.P., Citicorp Global Markets, Inc. Lehman Brothers Inc. and Wachovia Capital Markets, LLC, each as joint lead arranger and joint bookrunner (the "New Credit Facilities"). The CIT Group/Business Credit, Inc. is administrative agent under the senior secured credit agreement for the asset-based revolving credit facility and Citicorp North America, Inc. is administrative agent under the senior secured credit agreement for the term loan facility.

The New Credit Facilities provide senior secured financing of $3.425 billion, consisting of:

- $2.3 billion in a senior secured term loan facility; and
- a senior secured asset-based revolving credit facility of up to $1.125 billion (of which up to $350.0 million is available for letters of credit), subject to borrowing base availability.

The term loan facility consists of two tranches, one of which is a "first-loss" tranche, which, in certain circumstances, is subordinated in right of payment to the other tranche of the term loan credit facility.

Dollar General Corporation is the borrower under the term loan facility, the primary borrower under the asset-based credit facility and, in addition, certain subsidiaries of ours were designated as borrowers under this facility. The asset-based credit facility includes borrowing capacity available for letters of credit and for short-term borrowings referred to as swingline loans.

The New Credit Facilities provide that we have the right at any time to request up to $325.0 million of incremental commitments under one or more incremental term loan facilities and/or asset-based revolving credit facilities. The lenders under these facilities are not under any obligation to provide any such incremental commitments and any such addition of or increase in commitments will be subject to our not exceeding certain senior secured leverage ratios and certain other customary conditions precedent. Our ability to obtain extensions of credit under these incremental commitments will also be subject to the same conditions as extensions of credit under the New Credit Facilities.

The amount from time to time available under the senior secured asset-based credit facility (including in respect of letters of credit) shall not exceed the sum of the tranche A borrowing base and the tranche A-1 borrowing base. The tranche A borrowing base equals the sum of (i) 85% of the net orderly liquidation value of all our eligible inventory and that of each guarantor thereunder and (ii) 90% of all our accounts receivable and credit/debit card receivables and that of each guarantor thereunder, in each case, subject to a reserve equal to the principal amount of the 2010 Notes that remain outstanding at any time and other customary reserves and eligibility criteria. An additional 10% to 12% of the net orderly liquidation value of all our eligible inventory and that of each guarantor thereunder is made available to us in the form of a "last out" tranche in respect of which we may borrow up to a maximum amount of $125.0 million. Borrowings under the asset-based credit facility will be incurred first under the last out tranche, and no borrowings will be permitted under any other tranche until the last out tranche is fully utilized. Repayments of the senior secured asset-based revolving credit facility will be applied to the last out tranche only after all other tranches have been fully paid down.

Interest Rate and Fees. Borrowings under the New Credit Facilities bear interest at a rate equal to an applicable margin plus, at our option, either (a) LIBOR or (b) a base rate (which is usually equal to the prime rate). The initial applicable margins for borrowings is (i) under the term loan facility, 2.75% with respect to LIBOR borrowings and 1.75% with respect to base-rate borrowings and (ii) under the asset-based revolving credit facility (except in the last out tranche described above), 1.50% with respect to LIBOR borrowings and 0.50% with respect to base-rate borrowings and for any last out borrowings, 2.25% with respect to LIBOR borrowings and 1.25% with respect to base-rate borrowings. The applicable margins for borrowings under the asset-based revolving credit facility (except for last out borrowings) are subject to adjustment each quarter based on average daily excess availability under the asset-based revolving credit facility.

In addition to paying interest on outstanding principal under the New Credit Facilities, we are required to pay a commitment fee to the lenders under the asset-based revolving credit facility in respect of the unutilized commitments thereunder. The initial commitment fee rate is 0.375% per annum. The commitment fee rate will be reduced (except with regard to the last out tranche) to 0.25% per annum at any time that excess availability under the asset-based revolving credit facility is equal to or less than 50% of the aggregate commitments under the asset-based revolving credit facility. We must also pay customary letter of credit fees.

Prepayments. The senior secured credit agreement for the term loan facility requires us to prepay outstanding term loans, subject to certain exceptions, with:

- 50% of our annual excess cash flow (as defined in the credit agreement) commencing with the fiscal year ending on or about January 31, 2008 (which percentage will be reduced to 25% and 0% if we achieve and maintain total net leverage ratios of 6.0 to 1.0 and 5.0 to 1.0, respectively);

- 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of property in excess of $25.0 million in the aggregate and subject to our right to reinvest the proceeds; and

- 100% of the net cash proceeds of any incurrence of debt, other than proceeds from debt permitted under the senior secured credit agreement.

The mandatory prepayments discussed above will be applied to the term loan facility as directed by the senior secured credit agreement.

In addition, the senior secured credit agreement for the asset-based revolving credit facility requires us to prepay the asset-based revolving credit facility, subject to certain exceptions, with:

- 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of revolving facility collateral (as defined below) in excess of $1.0 million in the aggregate and subject to our right to reinvest the proceeds; and

- to the extent such extensions of credit exceed the then current borrowing bases (as defined in the senior secured credit agreement) for the asset-based revolving credit facility.

We may be obligated to pay a prepayment premium on the amount repaid under the term loan facility if the term loans are voluntarily repaid in whole or in part before July 6, 2009. We may voluntarily repay outstanding loans under the asset-based revolving credit facility at any time without premium or penalty, other than customary "breakage" costs with respect to LIBOR loans.

An event of default under the senior secured credit agreements will occur upon a change of control as defined in the senior secured credit agreements governing our New Credit Facilities. Upon an event of default, indebtedness under the New Credit Facilities may be accelerated, in which case we will be required to repay all outstanding loans plus accrued and unpaid interest and all other amounts outstanding under the New Credit Facilities.

Letters of Credit. $350.0 million of our asset-based revolving credit facility is available for letters of credit.

Amortization. Beginning September 30, 2009, we are required to repay installments on the loans under the term loan credit facility in equal quarterly principal amounts in an aggregate amount per annum equal to 1% of the total funded principal amount at July 6, 2007, with the balance payable on July 6, 2014. There is no amortization under the asset-based revolving credit facility. The entire principal amounts (if any) outstanding under the asset-based revolving credit facility are due and payable in full at maturity, on July 6, 2013, on which day the commitments thereunder will terminate.

Guarantee and Security. All obligations under the New Credit Facilities are unconditionally guaranteed by substantially all of our existing and future domestic subsidiaries (excluding certain immaterial subsidiaries and certain subsidiaries designated by us under our senior secured credit agreements as "unrestricted subsidiaries"), referred to, collectively, as U.S. Guarantors.

All obligations and related guarantees under the term loan facility are secured by:

- a second-priority security interest in all existing and after-acquired inventory, accounts receivable, and other assets arising from such inventory and accounts receivable, of the Company and each U.S. Guarantor (the "Revolving Facility Collateral"), subject to certain exceptions;

- a first priority security interest in, and mortgages on, substantially all of our and each U.S. Guarantor's tangible and intangible assets (other than the Revolving Facility Collateral); and

- a first-priority pledge of 100% of the capital stock held by Dollar General, or any of our domestic subsidiaries that are directly owned by us or one of the U.S. Guarantors and 65% of the voting capital stock of each of our existing and future foreign subsidiaries that are directly owned by us or one of the U.S. Guarantors.

All obligations and related guarantees under the asset-based revolving credit facility are secured by the Revolving Facility Collateral, subject to certain exceptions.

Certain Covenants and Events of Default. The senior secured credit agreements contain a number of covenants that, among other things, restrict, subject to certain exceptions, our ability to:

- incur additional indebtedness;

- sell assets;

- pay dividends and distributions or repurchase our capital stock;

- make investments or acquisitions;

- repay or repurchase subordinated indebtedness (including the senior subordinated notes) or the senior notes;

- amend material agreements governing our subordinated indebtedness (including the senior subordinated notes) or the senior notes; and

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- change our lines of business.

The senior secured credit agreements also contain certain customary affirmative covenants and events of default.

At November 2, 2007, we had $302.0 million of borrowings, $43.7 million of commercial letters of credit, and $68.8 million of standby letters of credit outstanding under our asset-based revolving credit facility.

Notes

On July 6, 2007, Buck issued $1,175.0 million aggregate principal amount of 10.625% senior notes due 2015 (the "senior notes") which mature on July 15, 2015 pursuant to an indenture, dated as of July 6, 2007 (the "senior indenture"), and $725 million aggregate principal amount of 11.875%/12.625% senior subordinated toggle notes due 2017 (the "senior subordinated notes"), which mature on July 15, 2017, pursuant to an indenture, dated as of July 6, 2007 (the "senior subordinated indenture"). The senior notes and the senior subordinated notes are collectively referred to herein as the "notes." The senior indenture and the senior subordinated indenture are collectively referred to herein as the "indentures."

Interest on the notes is payable on January 15 and July 15 of each year, commencing on January 15, 2008. Interest on the senior notes will be payable in cash. Cash interest on the senior subordinated notes will accrue at a rate of 11.875% per annum, and PIK interest (as that term is defined below) will accrue at a rate of 12.625% per annum. The initial interest payment on the senior subordinated notes will be payable in cash. For any interest period thereafter through July 15, 2011, we may elect to pay interest on the senior subordinated notes (i) in cash, (ii) by increasing the principal amount of the senior subordinated notes or issuing new senior subordinated notes ("PIK interest") or (iii) by paying interest on half of the principal amount of the senior subordinated notes in cash interest and half in PIK interest. After July 15, 2011, all interest on the senior subordinated notes will be payable in cash.

The notes are fully and unconditionally guaranteed by each of the existing and future direct or indirect wholly owned domestic subsidiaries that guarantee the obligations under our New Credit Facilities.

We may redeem some or all of the notes at any time at redemption prices described or set forth in the indentures.

Change of Control. Upon the occurrence of a change of control, which is defined in the indentures, each holder of the notes has the right to require us to repurchase some or all of such holder's notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date.

Covenants. The indentures contain covenants limiting, among other things, our ability and the ability of our restricted subsidiaries to (subject to certain exceptions):

- incur additional debt, issue disqualified stock or issue certain preferred stock;
- pay dividends on or make certain distributions and other restricted payments;
- create certain liens or encumbrances;
- sell assets;
- enter into transactions with affiliates;

make payments to us;

consolidate, merge, sell or otherwise dispose of all or substantially all of our assets; and

designate our subsidiaries as unrestricted subsidiaries.

Events of Default. The indentures also provide for events of default which, if any of them occurs, would permit or require the principal of and accrued interest on the notes to become or to be declared due and payable.

Registration Rights Agreement. On July 6, 2007, we entered into a registration rights agreement with respect to the notes. In the registration rights agreement, we agreed that we will use commercially reasonable efforts to register with the SEC new notes having substantially identical terms as the senior notes and new notes having substantially identical terms as the senior subordinated notes. Once registered, we will offer to exchange the new notes for each of the outstanding senior notes and the outstanding senior subordinated notes.

We are required to use commercially reasonable efforts to cause the exchange offer to be completed or, if required, to have one or more shelf registration statements declared effective, within 270 days after the issue date of each of the notes.

If we fail to meet this target, the annual interest rate on the applicable series of notes will increase by 0.25%. The annual interest rate on the applicable series of notes will increase by an additional 0.25% for each subsequent 90-day period during which the registration default continues, up to a maximum additional interest rate of 1.0% per year over the applicable interest rate described above.

Adjusted EBITDA

Under the New Credit Facilities and the indentures, certain limitations and restrictions could occur if we are not able to satisfy and remain in compliance with specified financial ratios. Management believes the most significant of such ratios is the senior secured incurrence test under the New Credit Facilities. This test measures the ratio of the senior secured debt to Adjusted EBITDA. This ratio would need to be no greater than 4.25 to 1 to avoid such limitations and restrictions. As of November 2, 2007, this ratio was 3.7 to 1. Senior secured debt is defined as our total debt secured by liens or similar encumbrances less cash and cash equivalents. EBITDA is defined as income (loss) from continuing operations before cumulative effect of change in accounting principle plus interest and other financing costs, net, provision for income taxes, and depreciation and amortization. Adjusted EBITDA is defined as EBITDA, further adjusted to give effect to adjustments required in calculating this covenant ratio under our New Credit Facilities. EBITDA and Adjusted EBITDA are not presentations made in accordance with GAAP, are not measures of financial performance or condition, liquidity or profitability, and should not be considered as an alternative to (1) net income, operating income or any other performance measures determined in accordance with GAAP or (2) operating cash flows determined in accordance with GAAP. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of free cash flow for management's discretionary use, as they do not consider certain cash requirements such as interest payments, tax payments and debt service requirements and replacements of fixed assets.

Our presentation of EBITDA and Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Because not all companies use identical calculations, these presentations of EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. We believe that the presentation of EBITDA and Adjusted EBITDA is appropriate to provide additional information about the calculation of this financial ratio in the New Credit Facilities. Adjusted EBITDA is a material component of this ratio. Specifically, non-compliance with the senior secured indebtedness ratio contained in our New Credit Facilities could prohibit us from being able to incur additional secured indebtedness, other than the additional funding provided for under the senior secured credit agreement and pursuant to specified exceptions, to make investments, to incur liens and to make certain restricted payments.

The calculation of Adjusted EBITDA under the New Credit Facilities is as follows:

	39 Weeks Ended		12 Months Ended
(in millions)	**November 2, 2007**	**November 3, 2006**	**November 2, 2007**
Net income (loss)	$ (68.2)	$ 87.9	$ (18.1)
Add (subtract):			
Interest income	(7.5)	(4.8)	(9.7)
Interest expense	158.8	27.0	166.7
Depreciation and amortization	170.0	149.9	220.6
Income taxes	(22.4)	55.1	4.9
EBITDA	230.7	315.1	364.4
Adjustments:			
Transaction and related costs	102.6		102.6
Loss on debt retirement	6.2		6.2
Loss on interest rate swaps	2.1		2.1
Contingent loss on distribution center leases	12.0		12.0
Impact of markdowns related to inventory clearance activities, including LCM adjustments, net of purchase accounting adjustments	4.1	72.7	91.4
SG&A related to store closing and inventory clearance activities	53.8	8.7	78.2
Operating losses (cash) of stores to be closed	9.4	8.8	15.5
Hurricane Katrina insurance proceeds		(13.0)	
Hurricane Katrina expenses and write-offs		1.4	
Monitoring and consulting fees to affiliates	2.8		2.8
Stock option and restricted stock unit expense	5.8		5.8
Other	0.7		1.7
Total Adjustments	199.5	78.6	318.3
Adjusted EBITDA	$ 430.2	$ 393.7	$ 682.7

Critical Accounting Policies and Estimates

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

Management believes the following policies and estimates are critical because they involve significant judgments, assumptions, and estimates. Management has discussed the development and selection of the critical accounting estimates with the Audit Committee of our Board of Directors, and the Audit Committee has reviewed the disclosures presented below relating to those policies and estimates.

Merchandise Inventories. Merchandise inventories are stated at the lower of cost or market with cost determined using the retail last-in, first-out ("LIFO") method. Under our retail inventory method ("RIM"), the calculation of gross profit and the resulting valuation of inventories at cost are computed by applying a calculated cost-to-retail inventory ratio to the retail value of sales. The RIM is an averaging method that has been widely used in the retail industry due to its practicality. Also, it is recognized that the use of the RIM will result in valuing inventories at the lower of cost or market ("LCM") if markdowns are currently taken as a reduction of the retail value of inventories.

Inherent in the RIM calculation are certain significant management judgments and estimates including, among others, initial markups, markdowns, and shrinkage, which significantly impact the gross profit calculation as well as the ending inventory valuation at cost. These significant estimates, coupled with the fact that the RIM is an averaging process, can, under certain circumstances, produce distorted cost figures. Factors that can lead to distortion in the calculation of the inventory balance include:

- applying the RIM to a group of products that is not fairly uniform in terms of its cost and selling price relationship and turnover;
- applying the RIM to transactions over a period of time that include different rates of gross profit, such as those relating to seasonal merchandise;
- inaccurate estimates of inventory shrinkage between the date of the last physical inventory at a store and the financial statement date; and
- inaccurate estimates of LCM and/or LIFO reserves.

Factors that reduce potential distortion include the use of historical experience in estimating the shrink provision, as discussed below, and the utilization of an independent statistician to assist in the LIFO sampling process and index formulation. As part of this process, we also perform an inventory-aging analysis for determining obsolete inventory. Our policy is to write down inventory to an LCM value based on various management assumptions including estimated below-cost markdowns and sales required to liquidate such aged inventory in future periods. Inventory is reviewed on a quarterly basis and adjusted as appropriate to reflect write-downs determined to be necessary.

Factors such as slower inventory turnover due to changes in competitors' tactics, consumer preferences, consumer spending and unseasonable weather patterns, among other factors, could cause excess inventory requiring greater than estimated markdowns to entice consumer purchases, resulting in an unfavorable impact on our consolidated financial statements. Sales shortfalls due to the above factors could cause reduced purchases from vendors and associated vendor allowances that would also result in an unfavorable impact on our consolidated financial statements.

We calculate our shrink provision based on actual physical inventory results during the fiscal period and an accrual for estimated shrink occurring subsequent to a physical inventory through the end of the fiscal reporting period. This accrual is calculated as a percentage of sales at each retail store, at a department level, and is determined by dividing the book-to-physical inventory adjustments recorded during the previous twelve months by the related sales for the same period for each store. To the extent that subsequent physical inventories yield different results than this estimated accrual, our effective shrink rate for a given reporting period will include the impact of adjusting the estimated results to the actual results. Although we perform physical inventories in virtually all of our stores on an annual basis, the same stores do not necessarily get counted in the same reporting periods from year to year, which could impact comparability in a given reporting period.

Goodwill and Indefinite-Lived Intangible Assets. Under SFAS 142, "Goodwill and Other Intangible Assets", we are required to test goodwill and intangible assets with indefinite lives for impairment annually, or more frequently if impairment indicators occur. Significant judgments required in this testing process include projecting future cash flows, determining appropriate discount rates and other assumptions. Projections are based on management's best estimate given recent financial performance, market trends, strategic plans and other available information. Changes in these estimates and assumptions could materially affect the determination of fair value or impairment. Future indicators of impairment could result in an asset impairment charge.

Purchase Accounting. The Merger was accounted for as a reverse acquisition in accordance with the purchase accounting provisions of SFAS 141, "Business Combinations," under which our assets and liabilities have been accounted for at their estimated fair values as of the date of the Merger. The aggregate purchase price was allocated to the tangible and intangible assets acquired and liabilities assumed, based upon a preliminary assessment of their relative fair values as of the date of the Merger. The preliminary allocation of the purchase price is subject to the finalization of certain fair values including certain assets being evaluated through appraisals, the final allocation of financing and other costs associated with the Merger, and other items. These estimates of fair values of assets, the allocation of the purchase price and other factors related to the accounting for the Merger are subject to significant judgments and the use of estimates.

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

Impairment of Long-lived Assets. We review the carrying value of all long-lived assets for impairment on an annual basis or more frequently whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In accordance with SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," we review for impairment stores open more than two years for which current cash flows from operations are negative. Impairment results when the carrying value of the assets exceeds the undiscounted future cash flows over the life of the lease. Our estimate of undiscounted future cash flows over the lease term is based upon historical operations of the stores and estimates of future store profitability which encompasses many factors that are subject to variability and difficult to predict. If a long-lived asset is found to be impaired, the amount recognized for impairment is equal to the difference between the carrying value and the asset's fair value. The fair value is estimated based primarily upon future cash flows (discounted at our credit adjusted risk-free rate) or other reasonable estimates of fair market value.

Insurance Liabilities. We retain a significant portion of the risk for our workers' compensation, employee health insurance, general liability, property loss and automobile coverage. These costs are significant primarily due to the large employee base and number of stores. At the date of the Merger this liability was discounted to reflect purchase accounting. Subsequent to the Merger, provisions are made to this insurance liability on an undiscounted basis based on actual claim data and estimates of incurred but not reported claims developed using actuarial methodologies based on historical claim trends. If future claim trends deviate from recent historical patterns, we may be required to record additional expenses or expense reductions, which could be material to our future financial results.

Contingent Liabilities Income Taxes. Income tax reserves are determined using the methodology established by the Financial Accounting Standards Board ("FASB") Interpretation 48, Accounting for Uncertainty in Income Taxes An Interpretation of FASB Statement 109 ("FIN 48"). FIN 48, which we adopted as of February 3, 2007, requires companies to assess each income tax position taken using a two step process. A determination is first made as to whether it is more likely than not that the position will be sustained, based upon the technical merits, upon examination by the taxing authorities. If the tax position is expected to meet the more likely than not criteria, the benefit recorded for the tax position equals the largest amount that is greater than 50% likely to be realized upon ultimate settlement of the respective tax position. Uncertain tax positions require determinations and estimated liabilities to be made based on provisions of the tax law which may be subject to change or varying interpretation. If our determinations and estimates prove to be inaccurate, the resulting adjustments could be material to our future financial results.

Contingent Liabilities Legal Matters. We are subject to legal, regulatory and other proceedings and claims. We establish liabilities as appropriate for these claims and proceedings based upon the probability and estimability of losses and to fairly present, in conjunction with the disclosures of these matters in our financial statements, management's view of our exposure. We review outstanding claims and proceedings with external counsel to assess probability and estimates of loss. We re-evaluate these assessments each quarter or as new and significant information becomes available to determine whether a liability should be established or if any existing liability should be adjusted. The actual cost of resolving a claim or proceeding ultimately may be substantially different than the amount of the recorded liability. In addition, because it is not permissible under GAAP to establish a litigation liability until the loss is both probable and estimable, in some cases there may be insufficient time to establish a liability prior to the actual incurrence of the loss (upon verdict and judgment at trial, for example, or in the case of a quickly negotiated settlement). See Note 8 to the consolidated financial statements for the year ended February 2, 2007 and Note 7 to the unaudited condensed consolidated financial statements for the period ended November 2, 2007, included in this prospectus.

Lease Accounting and Excess Facilities. The majority of our stores are subject to short-term leases (usually with initial or primary terms of 3 to 5 years) with multiple renewal options when available. We also have stores subject to build-to-suit arrangements with landlords, which typically carry a primary lease term of between 7 and 10 years with multiple renewal options. Approximately half of our stores have provisions for contingent rentals based upon a percentage of defined sales volume. We recognize contingent rental expense when the achievement of specified sales targets is considered probable. We recognize rent expense over the term of the lease. We record minimum rental expense on a straight-line basis over the base, non-cancelable lease term commencing on the date that we take physical possession of the property from the landlord, which normally includes a period prior to store opening to make necessary leasehold improvements and install store fixtures. When a lease contains a predetermined fixed escalation of the minimum rent, we recognize the related rent expense on a straight-line basis and record the difference between the recognized rental expense and the amounts payable under the lease as deferred rent. We also receive tenant allowances, which we record as deferred incentive rent and amortize as a reduction to rent expense over the term of the lease. We reflect as a liability any difference between the calculated expense and the amounts actually paid. Improvements of leased properties are amortized over the shorter of the life of the applicable lease term or the estimated useful life of the asset.

For store closures, excluding those associated with a business combination, where a lease obligation still exists, we record the estimated future liability associated with the rental obligation on the date the store is closed in accordance with SFAS 146, "Accounting for Costs Associated with Exit or Disposal Activities." Based on an overall analysis of store performance and expected trends, management periodically evaluates the need to close underperforming stores. Liabilities are established at the point of closure for the present value of any remaining operating lease obligations, net of estimated sublease income, and at the communication date for severance and other exit costs, as prescribed by SFAS 146. Key assumptions in calculating the liability include the timeframe expected to terminate lease agreements, estimates related to the sublease potential of closed locations, and estimation of other related exit costs. If actual timing and potential termination costs or realization of sublease income differ from our estimates, the resulting liabilities could vary from recorded amounts. These liabilities are reviewed periodically and adjusted when necessary.

Share-Based Payments. Our share-based stock option awards are valued on an individual grant basis using the Black-Scholes-Merton closed form option pricing model. The application of this valuation model involves assumptions that are judgmental and highly sensitive in the valuation of stock options, which affects compensation expense related to these options. These assumptions include the term that the options are expected to be outstanding, an estimate of the volatility of our stock price (which is based on a peer group of publicly traded companies), applicable interest rates and the dividend yield of our stock. Other factors involving judgments that affect the expensing of share-based payments include estimated forfeiture rates of share-based awards. If our estimates differ materially from actual experience, we may be required to record additional expense or reductions of expense, which could be material to our future financial results.

Adoption of Accounting Standards

Prior to February 4, 2006, we accounted for share-based payments using the intrinsic-value-based recognition method prescribed by Accounting Principles Board Opinion 25, "Accounting for Stock Issued to Employees" ("APB 25"). Because stock options were granted at an exercise price equal to the market value of the underlying common stock on the date of grant, employee compensation cost related to stock options generally was not reflected in our results of operations prior to the adoption of SFAS 123(R), "Share-Based Payment." The Compensation Committee of our Board of Directors took action to accelerate the vesting, effective February 3, 2006, of most of our outstanding stock options granted prior to January 24, 2006. The Compensation Committee took this action primarily to reduce non-cash compensation expense to be recorded in future periods under the provisions of SFAS 123(R). However, the Committee also believed this decision benefited employees.

Effective February 4, 2006, we adopted SFAS 123(R) using the modified-prospective-transition method and began recognizing compensation expense for our share-based payments based on the fair value of the awards on the grant date. For the year ended February 2, 2007, the adoption of the fair value method of SFAS 123(R) resulted in additional share-based compensation expense (a component of SG&A expense) and a corresponding decrease in income before income taxes of $3.6 million, and a decrease in net income of $2.2 million.

We estimate the fair value of stock options using the Black-Scholes-Merton option pricing model for all option grants. We estimate the expected term using a computation based on an assumption that outstanding options will be exercised approximately halfway through their contractual term, taking into consideration such factors as grant date, expiration date, weighted-average time-to-vest, actual exercises and post-vesting cancellations. We calculate volatility assumptions using actual historical changes in the market value of the stock and implied volatility based upon traded options, weighted equally. We believe that this methodology provides the best indicator of future volatility.

We adopted the provisions of FIN 48 effective February 3, 2007. The adoption resulted in an $8.9 million decrease in retained earnings and a reclassification of certain amounts between deferred income taxes and other noncurrent liabilities to conform to the balance sheet presentation requirements of FIN 48. As of the date of adoption, the total reserve for uncertain tax benefits was $77.9 million. This reserve excludes the federal income tax benefit for the uncertain tax positions related to state income taxes; which is now included in deferred tax assets. As a result of the adoption of FIN 48, the reserve for interest expense related to income taxes was increased to $15.3 million and a reserve for potential penalties of $1.9 million related to uncertain income tax positions was recorded. As of the date of adoption, approximately $27.1 million of the reserve for uncertain tax positions would impact our effective income tax rate if we were to recognize the tax benefit for these positions.

Subsequent to the adoption of FIN 48, we elected to record income tax related interest and penalties as a component of the provision for income tax expense.

In December 2007, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 141(R), "Business Combinations." The new standard establishes the requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest (formerly minority interest) in an acquired; provides updated requirements for recognition and measurement of goodwill acquired in a business combination or a gain from a bargain purchase, and provides updated disclosure requirement to enable users of financial statements to evaluate the nature and financial effects of the business combination. This Statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Early adoption is not allowed. No determination has yet been made regarding the potential impact of this Statement on the Company's financial statements.

In September 2006, the FASB issued SFAS 157, "Fair Value Measurements." SFAS 157 provides guidance for using fair value to measure assets and liabilities. The standard also requires expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value, and the effect of fair value measurements on earnings. The standard applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value in any new circumstances for financial assets and liabilities. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. For non-financial assets and liabilities, the effective date has been delayed to fiscal years beginning after November 15, 2008. We currently expect to adopt SFAS 157 during our 2008 and 2009 fiscal years as appropriate. No determination has yet been made regarding the potential impact of this standard on our financial statements.

In February 2007, the FASB issued SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115." SFAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. It provides entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. We currently plan to adopt SFAS 159 during our 2008 fiscal year. No determination has yet been made regarding the potential impact of this standard on the Company's financial statements.

Quantitative and Qualitative Disclosures About Market Risk

Financial Risk Management

We are exposed to market risk primarily from adverse changes in interest rates. To minimize this risk, we may periodically use financial instruments, including derivatives. As a matter of policy, we do not buy or sell financial instruments for speculative or trading purposes and all financial instrument transactions must be authorized and executed pursuant to approval by the Board of Directors. All financial instrument positions taken by us are intended to be used to reduce risk by hedging an underlying economic exposure. Because of high correlation between the financial instrument and the underlying exposure being hedged, fluctuations in the value of the financial instruments are generally offset by reciprocal changes in the value of the underlying economic exposure. The financial instruments we use are straightforward instruments with liquid markets.

Interest Rate Risk

We are subject to interest rate market risk in connection with our long-term debt. Our principal interest rate exposure relates to outstanding amounts under our New Credit Facilities. Our New Credit Facilities provide for variable rate borrowings of up to $3,425.0 million including availability of $1,125.0 million under our senior secured asset-based revolving credit facility, subject to the borrowing base. Assuming our New Credit Facilities are fully drawn (and without giving effect to the interest rate swap described below), each one-eighth percentage point increase or decrease in the applicable interest rates would correspondingly change our interest expense by approximately $4.3 million per year.

In order to mitigate the variable rate interest exposure under the New Credit Facilities, we entered into interest rate swaps with affiliates of Goldman, Sachs & Co., Lehman Brothers Inc. and Wachovia Capital Markets, LLC. Pursuant to the swaps, which became effective on July 31, 2007, we swapped three month LIBOR rates for fixed interest rates of 4.93% on a notional amount of $2,000.0 million which will amortize on a quarterly basis until maturity at July 31, 2012. At November 2, 2007, the notional amount was $1,890.0 million.

The interest rate swaps will be accounted for in accordance with SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities", as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities" and SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" (collectively, "SFAS 133"). SFAS 133 establishes accounting and reporting standards for derivative instruments and hedging activities. SFAS 133 requires that all derivatives be recognized as either assets or liabilities at fair value. Beginning October 12, 2007, we account for the swaps as cash flow hedges and record the effective portion of changes in fair value of the swaps within accumulated other comprehensive income.

BUSINESS

Our Company

We are the largest discount retailer in the United States by number of stores, with 8,204 stores located in 35 states, primarily in the southern, southwestern, midwestern and eastern United States, as of November 2, 2007. We serve a broad customer base and offer a focused assortment of everyday items, including basic consumable merchandise and other home, apparel and seasonal products. A majority of our products are priced at $10 or less and approximately 30% of our products are priced at $1 or less. In 2006, our average customer purchase was $9.31.

We offer a compelling value proposition for our customers based on convenient store locations, easy in and out shopping and highly competitive prices. We believe our combination of value and convenience distinguishes us from other discount, convenience and drugstore retailers, who typically focus on either value or convenience. Our business model is focused on strong and sustainable sales growth, attractive margins and limited maintenance capital expenditure and working capital needs, which result in significant cash flow from operation (before interest).

We expanded rapidly in recent years, increasing our total number of stores from 5,540 as of February 1, 2002 to 8,229 as of February 2, 2007 (representing an 8.2% compound annual growth rate, or CAGR). Over the same period, we grew our net sales from $5.3 billion to $9.2 billion (representing a 11.5% CAGR), driven by growth in number of stores as well as a five-year average same store sales growth of 3.7%. For the 39 week period ended November 2, 2007, we generated net sales of $6.9 billion, an increase of 4.8% over the same period in the prior year, including a same-store sales increase of 2.8%. We have temporarily decelerated our new store growth rate to enable us to focus on improving the performance of existing stores, including remodeling or relocating a number of stores to improve productivity and enhance the shopping experience for our customers.

Stores

The traditional Dollar General® store has, on average, approximately 6,900 square feet of selling space and generally serves customers who live within five miles of the store. Of our 8,204 stores as of November 2, 2007, more than half serve communities with populations of 20,000 or less. We believe that our target customers prefer the convenience of a small, neighborhood store with a focused merchandise assortment at value prices.

We aggressively manage our overhead cost structure and typically seek to locate stores in neighborhoods where rental and operating costs are relatively low. Our stores typically have low fixed costs, with lean staffing of usually two to three employees in the store at any time. In 2005 and 2006, we implemented "EZstore ", our initiative designed to improve inventory flow from our distribution centers, or DCs, to consumers. EZstore has allowed us to reallocate store labor hours to more customer-focused activities, improving the work content in our stores.

We also attempt to control operating costs by implementing new technology when feasible, including improvements in recent years to our store labor scheduling and store replenishment systems in addition to other improvements to our supply chain and warehousing systems.

Merchandise

Our merchandise strategy combines a low-cost operating structure with a focused assortment of products that allows us to offer our customers a compelling value proposition, consisting of quality merchandise at competitive prices. We believe our merchandising strategy generates frequent repeat customer purchases and our focused merchandise assortment encourages customers to shop at Dollar General stores for their everyday household needs. We separate our merchandise into the following four categories for reporting purposes: highly consumable, seasonal, home products and basic clothing. Highly consumable consists of packaged food, candy, snacks and refrigerated products, health and beauty aids, home cleaning supplies and pet supplies; seasonal consists of seasonal and other holiday-related items, toys, stationery and hardware; and home products consists of housewares and domestics.

We maintain approximately 4,900 core stock-keeping units, or SKUs, per store and an additional 8,000 non-core SKUs that get rotated in and out of the store over the course of a typical year. The percentage of net sales of each of our four categories of merchandise for the period indicated below was as follows:

	2006	2005	2004
Highly consumable	65.7%	65.3%	63.0%
Seasonal	16.4%	15.7%	16.5%
Home products	10.0%	10.6%	11.5%
Basic clothing	7.9%	8.4%	9.0%

Our home products and seasonal categories typically account for the highest gross profit margin; and the highly consumable category typically accounts for the lowest gross profit margin.

We purchase our merchandise from a wide variety of suppliers. Approximately 11% of our purchases in 2006 were from The Procter & Gamble Company. Our next largest supplier accounted for approximately 5% of our purchases in 2006. We directly imported approximately 9% of our purchases at cost in 2006.

Customers

We serve the basic consumable, household, apparel and seasonal needs of customers, primarily in rural and small markets. According to AC Nielsen's 2006 Homescan® data, in 2006 approximately 41% of our customers had household gross income of less than $30,000 per year. We are also increasingly focused on serving higher income customers and estimate that, in 2006, approximately 38% of our customers were from households with $30,000 to $70,000 of annual income. Our merchandising and operating strategies are primarily designed to meet the needs of these consumers. Approximately 21% of our customers were from households with annual income greater than $70,000.

Recent Strategic Initiatives

In 2006, we launched strategic initiatives aimed at improving our merchandising and real estate strategies, which we refer to collectively as "Project Alpha." Project Alpha was based upon a comprehensive analysis of the performance of each of our stores and the impact of our inventory model on our ability to effectively serve our customers.

Our merchandising initiative is meant to move away from our traditional inventory packaway model, where unsold inventory items were stored on-site and returned to the sales floor to be sold the next year, year after year, until the items were eventually sold, damaged or discarded. Our initiative is an attempt to better meet our customers' needs and to ensure an appealing, fresh merchandise selection. With few exceptions, we plan to eliminate through end-of-season and other markdowns existing seasonal, home products and basic clothing packaway merchandise by the end of fiscal 2007. With the exception of certain holiday seasonal and winter apparel items, substantially all of the inventory targeted by this initiative had been sold or eliminated as of November 2, 2007. In addition, in fiscal 2007, we started taking end-of-season markdowns on current-year non-replenishable merchandise, allowing for increased levels of newer, current-season merchandise. We believe this strategy change will enhance the appearance of our stores and will positively impact customer satisfaction as well as the store employees' ability to manage stores, ultimately resulting in higher sales, increased gross profit margins, lower employee turnover, and decreased inventory shrink and damages. We also expect that this improved inventory management will result in more appropriate per store inventory levels.

In 2006, we also initiated a new store layout that we believe will further drive sales growth and margin enhancement through an improved merchandising mix. The new layout was launched in a test mode in early 2006, was improved during the year, and became our standard new and remodeled store format by the end of 2006. As a result of the opening of new stores and the re-formatting of a limited number of existing stores, there were 817 stores operating in this new format as of November 2, 2007. The results have been encouraging, as we have seen additional sales from these new and remodeled stores, including an increased mix of higher margin goods. Additionally, improved merchandise adjacencies and wider, more open aisles have enhanced the overall guest shopping experience.

We also initiated significant improvements to our real estate practices beginning in 2006. We are fully integrating the functions of site selection, lease renewals, relocations, remodels and store closings and have defined and are implementing rigorous analytical processes for decision-making in those areas. We continue to analyze our real estate performance and to look for ways to further refine and improve our practices. As a first step in our initiative to revitalize our store base, we performed a comprehensive real estate review resulting in the identification of approximately 400 underperforming stores, all of which we closed before the end of our second fiscal quarter of 2007. Additionally, in connection with the Transactions, management has approved a plan to close an additional 60 stores prior to February 1, 2008. These closings are in addition to stores that are typically closed in the normal course of business, which over the last 10 years constituted approximately 1% to 2% of our store base per year. We do not currently expect any additional closures beyond those to be closed in the normal course of business; although, as part of our ongoing real estate practices, we will continue to evaluate our store base for underperforming stores. We have also decelerated our new store growth rate to enable us to focus on improving the performance of existing stores, including remodeling or relocating a number of stores to improve productivity and enhance the shopping experience for our customers. We expect that the completion of Project Alpha will result in a more productive store base.

Our Industry

We compete in the deep discount segment of the U.S. retail industry. Excluding supercenters (e.g., Wal-Mart), this segment generates approximately $43 billion in sales per year and grew at a 10.2% CAGR between 2000 and 2005. Our competitors are both traditional "dollar stores", as well as other retailers offering discounted convenience items (e.g., Walgreens and CVS). The "dollar store" sector differentiates itself from other forms of retailing in the deep discount segment by offering consistently low prices in a convenient, small-store format. Unlike other formats that have suffered with the rise of Wal-Mart and other discount supercenters, the "dollar store" sector has grown despite the presence of the discount supercenters.

We believe it is our substantial convenience advantage, at prices comparable to those of supercenters, that allows Dollar General to compete so effectively. As such, Dollar General stores have performed well in the presence of increased competition from Wal-Mart and drugstores. Based on a sample of markets that had relatively high concentrations of Wal-Mart stores, Dollar General stores typically had a higher net sales per square foot and operating profit compared to its stores in markets with lower concentrations of Wal-Mart Stores. Similarly, Dollar General stores in a sample of markets that had relatively high concentrations of CVS stores were more productive on net sales per square foot and operating profit bases while maintaining similar operating margins.

We believe that there is considerable room for growth in the "dollar store" sector. According to AC Nielsen and Retail Forward, "dollar stores" have been able to increase their penetration across all income brackets in the last 6 years. Though traditional "dollar stores" have high customer penetration, the sector as a whole accounts for only approximately 1.4% of total consumer product goods spending, which we believe leaves ample room for growth. Our merchandising initiatives are aimed at increasing our stores' share of customer spending.

Our Competitive Strengths

Market Leader in an Attractive Sector with a Growing Customer Base. We are the largest discount retailer in the U.S. by number of stores, with 8,204 stores in 35 states as of November 2, 2007. We are the largest player in the U.S. small box deep discount segment, with an approximate 21% market share, almost 1.5 times that of our nearest competitor. We believe we are well positioned to further increase our market share as we continue to execute our business strategy and implement our operational initiatives. Our target customers include the approximately 70% of U.S. individuals who earn less than $50,000 per year. According to Neilsen Media Research, in 2006, approximately 65% of households shopped at least once at a discount store (up from 59% in 2001).

Consistent Sales Growth and Strong Cash Flow Generation. For over 15 consecutive years, Dollar General has experienced positive annual same store sales growth. Approximately two-thirds of our net sales come from the sale of consumable products, which are less susceptible to economic pressures (such as increased fuel costs and unemployment), with the remaining one-third comprised mainly of basic clothing, seasonal and home products which are subject to little trend or fashion risk. We have a low cost operating model with attractive operating margins, low capital expenditures (approximately 2% of net sales for the 39 weeks ended November 2, 2007) and low working capital needs, resulting in generation of significant cash flow from operations (before interest).

Differentiated Value Proposition. Our ability to deliver highly competitive prices in a convenient location and shopping format provides our customers with a compelling shopping experience and distinguishes us from other discount retailers, as well as convenience and drugstore retailers.

Compelling Unit Economics. The traditional Dollar General store size, design and location requires initial capital investment and low maintenance capital expenditures, which when combined with strong average unit volumes, or AUV, provides for a quick recovery of store start-up costs. In fiscal 2006, our traditional stores that were open for the entire period had an AUV of $1,115,477 and an average investment in inventory and fixtures of approximately $250,000. The ability of our stores to generate strong cash flows with minimal investment results in a short payback period.

Efficient Supply Chain. We believe our distribution network is an integral component of our efforts to reduce transportation expenses and effectively support our growth. In recent years, we have made significant investments in technological improvements and upgrades which have increased our efficiency and capacity to support store growth.

Experienced and Motivated Management Team. Over the past two years, we have strengthened our management team with the hiring of David Beré, our President, Chief Operating Officer and Interim Chief Executive Officer, and Beryl Buley, our Division President, Merchandising, Marketing & Supply Chain, and replaced a majority of our senior merchandising and real estate teams. Our leadership team has significant experience and is balanced between industry and Dollar General veterans. In connection with the Transactions, we entered into agreements with certain members of management pursuant to which they elected to invest in Dollar General in an aggregate amount of approximately $10.4 million, including $3.2 million in rollover equity. See "The Transactions."

Our Business Strategy

Our mission is "Serving Others." To carry out this mission, we have developed a business strategy of providing our customers with a focused assortment of attractively priced merchandise in a convenient, small-store format. We believe this strategy will expand our leadership position within the deep discount segment of the retail U.S. industry while increasing our profitability and maximizing our cash flows.

Continue to Deliver Value to Our Customers. Our ability to deliver highly competitive prices in a convenient shopping format provides our customers with a compelling shopping experience and distinguishes us from other discount retailers, as well as convenience and drugstore retailers. We plan to continue to improve on this value proposition to our customers by implementing operational improvements as described herein that will further enhance our business model.

Drive Financial Performance through Operating Improvements. After a period of rapid store growth in the mid to late 1990s and early 2000s and the transition from a close-out retailer, we are now increasingly focused on growing profitability and in the early stages of implementing certain targeted retail practices which are expected to have a substantial impact on our gross profit margins, sales productivity and capital efficiency.

We are in the early stages of implementing the following targeted retail practices, which we expect will positively impact our gross profit, sales productivity and capital efficiency:

- Better merchandising and category management,
- Improving our real estate processes,
- Refining our existing pricing strategy,
- Increasing direct foreign sourcing,
- Improving our private label offering, and
- Improving distribution and transportation logistics.

We also have specific processes designed to continue to improve the customers' experience in our stores, retain store managers and reduce inventory shrink.

Pursue Measured Store Growth. While our operational initiatives are focused on increasing our store productivity and profitability and decreasing near term store openings, we believe there are significant opportunities for additional longer term store growth within our existing footprint as well as in new markets. Given our customer demographics and current market penetration, we expect a majority of our new stores to be opened within our existing markets, taking advantage of our local brand awareness while maximizing operating efficiencies.

Seasonality

Our business is modestly seasonal in nature. We expect to continue to experience seasonal fluctuations, with a larger percentage of our net sales and operating income being realized in the fourth quarter. In addition, our quarterly results can be affected by the timing of new store openings and store closings, the amount of sales contributed by new and existing stores, as well as the timing of certain holidays. We purchase substantial amounts of inventory in the third quarter and incur higher shipping costs and higher payroll costs in anticipation of the increased sales activity during the fourth quarter. In addition, we carry merchandise during our fourth quarter that we do not carry during the rest of the year, such as gift sets, holiday decorations, certain baking items, and a broader assortment of toys and candy.

The following table reflects the seasonality of net sales, gross profit, and net income (loss) by quarter for each of the quarters of the current fiscal year as well as each of the quarters of the two most recent fiscal years. All of the quarters reflected below are comprised of 13 weeks with the exception of the fourth quarter of our fiscal year ended February 3, 2006, which was comprised of 14 weeks.

(in millions)	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Year Ending February 1, 2008(a)				
Net sales	$ 2,275.3	$ 2,347.6	$ 2,312.8	
Gross profit(b)	633.1	623.2	646.8	
Net income (loss)(b)	34.9	(70.1)	(33.0)	
Year Ended February 2, 2007				
Net sales	2,151.4	2,251.1	2,213.4	$ 2,554.0
Gross profit(b)	584.3	611.5	526.4	646.0
Net income (loss)(b)	47.7	45.5	(5.3)	50.1
Year Ended February 3, 2006				
Net sales	1,977.8	2,066.0	2,057.9	2,480.5
Gross profit	563.3	591.5	579.0	730.9
Net income	64.9	75.6	64.4	145.3

(a)

For comparison purposes, the 2nd quarter includes the results of operations for Buck Acquisition Corp. for the period prior to its merger with and into Dollar General Corporation from March 6, 2007 (its formation) through July 7, 2007 (reflecting the change in fair value of interest rate swaps), and the 2nd quarter pre-merger and post-merger results of Dollar General Corporation for the period from May 5, 2007 through August 3, 2007. We believe this presentation provides a more meaningful understanding of the underlying business.

(b)

Results for the 3rd and 4th quarters of 2006 and the 1st, 2nd, and 3rd quarters of 2007 reflect the impact of Recent Strategic Initiatives as discussed in further detail in "Management's Discussion and Analysis of Results of Operations and Financial Condition".

The Dollar General® Store

The typical Dollar General store is operated by a manager, an assistant manager and two or more sales clerks.

Approximately 48% of our stores are located in strip shopping centers, 50% are in freestanding buildings and 2% are in downtown buildings. We generally have not encountered difficulty locating suitable store sites in the past, and management does not currently anticipate experiencing material difficulty in finding future suitable locations.

Our recent store growth is summarized in the following table:

Year	Stores at Beginning Year	Stores Opened	Stores Closed	Net Store Increase (Decrease)	Stores at End of Year
2004	6,700	722	102	620	7,320
2005	7,320	734	125(a)	609	7,929
2006	7,929	537	237(b)	300	8,229
2007 (39 weeks)	8,229	323	348(b)	(25)	8,204

(a)

Includes 41 stores closed as a result of hurricane damage.

(b)

Includes 128 stores in 2006 and 275 stores in 2007 closed as a result of certain recent strategic initiatives

Employees

As of November 2, 2007, we employed approximately 67,800 full-time and part-time employees, including divisional and regional managers, district managers, store managers, and distribution center and administrative personnel. Management believes our relationship with our employees is generally good, and we currently are not a party to any collective bargaining agreements.

Competition

We operate in the discount retail merchandise business, which is highly competitive with respect to price, store location, merchandise quality, assortment and presentation, in-stock consistency, and customer service. We compete with discount stores and with many other retailers, including mass merchandise, grocery, drug, convenience, variety and other specialty stores. These other retail companies operate stores in many of the areas where we operate and many of them engage in extensive advertising and marketing efforts. Our direct competitors in the dollar store retail category include Family Dollar, Dollar Tree, Fred's, 99 Cents Only and various local, independent operators. Competitors from other retail categories include Wal-Mart and Walgreens, among others. Certain of our competitors have greater financial, distribution, marketing and other resources than we do.

The dollar store category differentiates itself from other forms of retailing by offering consistently low prices in a convenient, small-store format. We believe that our prices are competitive due in part to our low cost operating structure and the relatively limited assortment of products offered. Historically, we have minimized labor by offering fewer price points and a reliance on simple merchandise presentation. We attempt to locate primarily in second-tier locations, either in small towns or in the neighborhoods of more densely populated areas where occupancy expenses are relatively low. We maintain strong purchasing power due to our leadership position in the dollar store retail category and our focused assortment of merchandise.

Trademarks

Through our subsidiary, Dollar General Merchandising, Inc., we own marks that are registered with the United States Patent and Trademark Office including the trademarks Dollar General®, Dollar General Market®, Clover Valley®, American Value®, DG Guarantee® and the Dollar General price point designs, along with certain other trademarks. We attempt to obtain registration of our trademarks whenever practicable and to pursue vigorously any infringement of those marks. Our trademarks have various expirations dates; however, assuming that the trademarks are properly renewed, they have a perpetual duration.

Legal Proceedings

On August 7, 2006, a lawsuit entitled Cynthia Richter, et al. v. Dolgencorp, Inc., et al. was filed in the United States District Court for the Northern District of Alabama (Case No. 7:06-cv-01537-LSC) ("Richter") in which the plaintiff alleges that she and other current and former Dollar General store managers were improperly classified as exempt executive employees under the FLSA and seeks to recover overtime pay, liquidated damages, and attorneys' fees and costs. On August 15, 2006, the Richter plaintiff filed a motion in which she asked the court to certify a nationwide class of current and former store managers. We opposed the plaintiff's motion. On March 23, 2007, the court conditionally certified a nationwide class of individuals who worked for Dollar General as store managers since August 7, 2003. The number of persons who will be included in the class has not been determined, and the court has not approved, the Notice that will be sent to the class.

On May 30, 2007, the court stayed all proceedings in the case, including the sending of the Notice, to evaluate, among other things, an appeal in the Eleventh Circuit involving claims similar to those raised in this action. That stay has been extended through March 31, 2008. During the stay, the statute of limitations will be tolled for potential class members. At its conclusion, the Court will determine whether to extend the stay or to permit this action to proceed. If the Court ultimately permits Notice to issue, we will have an opportunity at the close of the discovery period to seek decertification of the class, and we expect to file such a motion.

We believe that our store managers are and have been properly classified as exempt employees under the FLSA and that this action is not appropriate for collective action treatment. We intend to vigorously defend this action. However, at this time, it is not possible to predict whether the court will permit this action to proceed collectively, and no assurances can be given that we will be successful in the defense on the merits or otherwise. If we are not successful in our efforts to defend this action, the resolution could have a material adverse effect on our financial statements as a whole.

On May 18, 2006, we were served with a lawsuit entitled Tammy Brickey, Becky Norman, Rose Rochow, Sandra Cogswell and Melinda Sappington v. Dolgencorp, Inc. and Dollar General Corporation (Western District of New York, Case No. 6:06-cv-06084-DGL, originally filed on February 9, 2006 and amended on May 12, 2006 ("Brickey")). The Brickey plaintiffs seek to proceed collectively under the FLSA and as a class under New York, Ohio, Maryland and North Carolina wage and hour statutes on behalf of, among others, individuals we employed as assistant store managers who claim to be owed wages (including overtime wages) under those statutes. At this time, it is not possible to predict whether the court will permit this action to proceed collectively or as a class. However, we believe that this action is not appropriate for either collective or class treatment and that our wage and hour policies and practices comply with both federal and state law. We plan to vigorously defend this action; however, no assurances can be given that we will be successful in the defense on the merits or otherwise, and, if we are not, the resolution of this action could have a material adverse effect on our financial statements as a whole.

On March 7, 2006, a complaint was filed in the United States District Court for the Northern District of Alabama (Janet Calvert v. Dolgencorp, Inc., Case No. 2:06-cv-00465-VEH ("Calvert")), in which the plaintiff, a former store manager, alleged that she was paid less than male store managers because of her sex, in violation of the Equal Pay Act and Title VII of the Civil Rights Act of 1964, as amended ("Title VII"). On March 9, 2006, the Calvert complaint was amended to include seven additional plaintiffs, who also allege to have been paid less than males because of their sex, and to add allegations of sex discrimination in promotional opportunities and undefined terms and conditions of employment. In addition to allegations of intentional sex discrimination, the amended Calvert complaint also alleges that our employment policies and practices have a disparate impact on females. The amended Calvert complaint seeks to proceed collectively under the Equal Pay Act and as a class under Title VII, and requests back wages, injunctive and declaratory relief, liquidated damages, punitive damages and attorney's fees and costs.

On July 9, 2007, the plaintiffs filed a motion in which they asked the court to approve the issuance of notice to a class of current and former female store managers under the Equal Pay Act. We opposed plaintiffs' motion. On November 30, 2007, the court conditionally certified a nationwide class of females under the Equal Pay Act who worked for Dollar General as store managers between November 30, 2004 and November 30, 2007. Notice is expected to issue on or before January 11, 2008, and persons to whom the Notice is sent will be required to opt into the suit on or before March 11, 2008. We will have an opportunity at the close of the discovery period to seek decertification of the Equal Pay Act class, and we expect to file such motion.

At this time, it is not possible to predict whether the court ultimately will permit Calvert to proceed collectively under the Equal Pay Act or as a class under the Title VII. However, we believe that the case is not appropriate for class or collective treatment and that our policies and practices comply with the Equal Pay Act and Title VII. We intend to vigorously defend the action; however, no assurances can be given that we will be successful in the defense on the merits or otherwise. If we are not successful in defending the Calvert action, its resolution could have a material adverse effect on our financial statements as a whole.

On November 9, 2007, we were served with an action entitled *Sheneica Nunn, et al. v. Dollar General Corporation, et al.* (Circuit Court for Dane County, Wisconsin, Case No. 07CV4178) in which the plaintiff, on behalf of herself and a putative class of African-American applicants, alleges that our criminal background check process disparately impacts African-Americans in violation of Title VII of the Civil Rights Act of 1964, as amended, and the Wisconsin Fair Employment Act. We have removed the case to federal court, and it currently is pending in the United States District Court for the Western District of Wisconsin. At this time, it is not possible to predict whether the court will permit this action to proceed as a class under either Title VII or the Wisconsin statute. However, we believe that this action is not appropriate for class treatment and that our background check policies and practices comply with both federal and state law. We plan to vigorously defend this action; however, no assurances can be given that we will be successful in the defense on the merits or otherwise, and, if we are not, the resolution of this action could have a material adverse effect on our financial statements as a whole.

On September 8, 2005, we received a request for information from the Environmental Protection Agency (EPA) with respect to Krazy String, a product that was offered for sale in our stores. The EPA asserted that Krazy String contained an aerosol that included an ozone depleting substance in violation of the Clean Air Act. On July 12, 2006, we agreed to an Administrative Compliance Order requiring the destruction of the Krazy String remaining in inventory. After advising us that it was considering imposing a penalty in connection with Krazy String, on February 5, 2007, the EPA proposed a penalty of approximately $800,000. We believed that amount to be excessive under applicable EPA policies. After additional discussions with the EPA on May 7, 2007, we and the EPA agreed in principle on May 31, 2007 to resolve this matter through our payment of a $155,826 penalty. We expect to finalize this settlement within the next 90 days.

Subsequent to the announcement of the Merger Agreement, we and our directors were named in seven putative class actions alleging claims for breach of fiduciary duty arising out of our proposed sale to KKR. Each of the complaints alleged, among other things, that our directors engaged in "self-dealing" by agreeing to recommend the transaction to our shareholders and that the consideration available to our shareholders in the transaction is unfairly low. On motion of the plaintiffs, each of these cases was transferred to the Sixth Circuit Court for Davidson County, Twentieth Judicial District, at Nashville. By order dated April 26, 2007, the seven lawsuits were consolidated in the court under the caption, "In re: Dollar General," Case No. 07MD-1. On June 13, 2007, the court denied the Plaintiffs' motion for a temporary injunction to block the shareholder vote that was then held on June 21, 2007. On June 22, 2007, the Plaintiffs filed their amended complaint making claims substantially similar to those outlined above. We believe that the foregoing lawsuit is without merit and intend to defend the action vigorously; however, if we are not successful in defending such matter, its resolution could have a material adverse effect on our financial statements as a whole.

From time to time, we are a party to various other legal actions involving claims incidental to the conduct of our business, including actions by employees, consumers, suppliers, government agencies, or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation, including under federal and state employment laws and wage and hour laws. We believe, based upon information currently available, that such other litigation and claims, both individually and in the aggregate, will be resolved without a material adverse effect on our financial statements as a whole. However, litigation involves an element of uncertainty. Future developments could cause these actions or claims to have a material adverse effect on our results of operations or financial position. In addition, certain of these lawsuits, if decided adversely to us or settled by us, may result in liability material to our financial position or may negatively affect our operating results if changes to our business operation are required.

Properties

As of November 2, 2007, we operated 8,204 retail stores located in 35 states as follows:

State	Number of Stores	State	Number of Stores
Alabama	441	Nebraska	82
Arizona	48	New Jersey	22
Arkansas	224	New Mexico	42
Colorado	16	New York	222
Delaware	24	North Carolina	463
Florida	418	Ohio	461
Georgia	464	Oklahoma	271
Illinois	308	Pennsylvania	394
Indiana	299	South Carolina	313
Iowa	170	South Dakota	11
Kansas	145	Tennessee	402
Kentucky	298	Texas	976
Louisiana	323	Utah	8
Maryland	58	Vermont	1
Michigan	239	Virginia	245
Minnesota	16	West Virginia	147
Mississippi	260	Wisconsin	86
Missouri	307		

Most of our stores are located in leased premises. Individual store leases vary as to their terms, rental provisions and expiration dates. The majority of our leases are relatively low-cost, short-term leases (usually with initial or primary terms of three to five years) often with multiple renewal options. We also have stores subject to build-to-suit arrangements with landlords, which typically carry a primary lease term of between 7 and 10 years with multiple renewal options. In recent years, an increasing percentage of our new stores have been subject to build-to-suit arrangements. In 2007, we expect approximately 70% of our new stores to be build-to-suit arrangements.

As of November 2, 2007, we operated nine DCs, as described in the following table:

Location	Year Opened	Approximate Square Footage	Approximate Number of Stores Served
Scottsville, KY	1959	720,000	903
Ardmore, OK	1994	1,310,000	1,031
South Boston, VA	1997	1,250,000	790
Indianola, MS	1998	820,000	891
Fulton, MO	1999	1,150,000	1,154
Alachua, FL	2000	980,000	692
Zanesville, OH	2001	1,170,000	1,262
Jonesville, SC	2005	1,120,000	804
Marion, IN	2006	1,110,000	677

We lease the DCs located in Oklahoma, Mississippi and Missouri and own the other six DCs. Approximately 7.25 acres of the land on which our Kentucky DC is located is subject to a ground lease. We lease additional temporary warehouse space as necessary to support our distribution needs.

Our executive offices are located in approximately 302,000 square feet of leased space in Goodlettsville, Tennessee.

MANAGEMENT

As of November 2, 2007, our executive officers and directors were as follows:

Name	Age	Position
David L. Beré	54	Interim Chief Executive Officer, President and Chief Operating Officer; Director
David M. Tehle	51	Executive Vice President and Chief Financial Officer
Beryl J. Buley	46	Division President, Merchandising, Marketing & Supply Chain
Kathleen R. Guion	56	Division President, Store Operations & Store Development
Susan S. Lanigan	45	Executive Vice President & General Counsel
Challis M. Lowe	62	Executive Vice President, Human Resources
Anita C. Elliott	42	Senior Vice President & Controller
Wayne Gibson	48	Senior Vice President, Dollar General Market
Raj Agrawal	34	Director
Michael M. Calbert	45	Director
Adrian Jones	43	Director
Dean B. Nelson	49	Director

Mr. Beré has served as our President and Chief Operating Officer since December 2006. He was named Interim Chief Executive Officer on July 6, 2007. He has been a member of our Board of Directors since 2002. He served from December 2003 until June 2005 as Corporate Vice President of Ralcorp Holdings, Inc. and as the President and Chief Executive Officer of Bakery Chef, Inc., a leading manufacturer of frozen bakery products that was acquired by Ralcorp Holdings in December 2003. From 1998 until the acquisition, Mr. Beré was the President and Chief Executive Officer of Bakery Chef, Inc., and also served on its Board of Directors. From 1996 to 1998, he served as President and Chief Executive Officer of McCain Foods USA, a manufacturer and marketer of frozen foods and a subsidiary of McCain Foods Limited. From 1978 to 1995, Mr. Beré worked for The Quaker Oats Company and served as President of the Breakfast Division from 1992 to 1995 and President of the Golden Grain Division from 1990 to 1992.

Mr. Tehle joined Dollar General in June 2004 as Executive Vice President and Chief Financial Officer. He served from 1997 to June 2004 as Executive Vice President and Chief Financial Officer of Haggar Corporation, a manufacturing, marketing and retail corporation. From 1996 to 1997, he was Vice President of Finance for a division of The Stanley Works, one of the world's largest manufacturers of tools, and from 1993 to 1996, he was Vice President and Chief Financial Officer of Hat Brands, Inc., a hat manufacturer. Earlier in his career, Mr. Tehle served in a variety of financial-related roles at Ryder System, Inc. and Texas Instruments. Mr. Tehle serves as a director of Jack in the Box, Inc.

Mr. Buley joined Dollar General in December 2005 as Division President, Merchandising, Marketing and Supply Chain. Prior to joining Dollar General, he served from April 2005 through November 2005 as Executive Vice President, Retail Operations of Mervyn's Department Store, a privately held company operating 265 department stores, where he was responsible for store operations, supply chain (including 4 distribution centers), real estate, construction, visual merchandising and interior planning, and loss prevention. From September 2003 to March 2005, Mr. Buley worked for Sears, Roebuck and Company, a multi-line retailer offering a wide array of merchandise and related services. As Sears' Executive Vice President and General Manager of Retail Store Operations, he was responsible for all store-based activities. Prior to that, he had responsibility for 8 distinct businesses operating in over 2,200 locations as Sears' Senior Vice President and General Merchandise Manager of the Specialty Retail Group. Prior to joining Sears, Mr. Buley spent 15 years in various positions with Kohl's Corporation, which operates a chain of specialty department stores, including Executive Vice President of Stores, responsible for store operations, and Senior Vice President of Stores.

Ms. Guion joined Dollar General in October 2003 as Executive Vice President, Store Operations. She was named Executive Vice President, Store Operations and Store Development in February 2005, and was promoted to Division President, Store Operations and Store Development in November 2005. From 2000 until joining Dollar General, Ms. Guion served as President and Chief Executive Officer of Duke and Long Distributing Company, a convenience store chain operator and wholesale distributor of petroleum products. Prior to that time, she served as an operating partner for Devon Partners (1999-2000), where she developed operating plans and assisted in the identification of acquisition targets in the convenience store industry, and as President and Chief Operating Officer of E-Z Serve Corporation (1997-1998), an owner/operator of convenience stores, mini-marts and gas marts. From 1987 to 1997, Ms. Guion served as the Vice President and General Manager of the largest division (Chesapeake Division) of company-owned stores at 7-Eleven, Inc., a convenience store chain. Other positions held by Ms. Guion during her tenure at 7-Eleven include District Manager, Zone Manager, Operations Manager, and Division Manager (Midwest Division).

Ms. Lanigan joined Dollar General in July 2002 as Vice President, General Counsel and Corporate Secretary. She was promoted to Senior Vice President in October 2003 and to Executive Vice President in March 2005. Prior to joining Dollar General, Ms. Lanigan served as Senior Vice President, General Counsel and Secretary at Zale Corporation, a specialty retailer of fine jewelry. During her six years with Zale, Ms. Lanigan held various positions, including Associate General Counsel. Prior to that, she held legal positions with both Turner Broadcasting System, Inc. and the law firm of Troutman Sanders LLP.

Ms. Lowe joined Dollar General as Executive Vice President of Human Resources in September 2005. From 2000 to 2004, Ms. Lowe was Executive Vice President of Human Resources, Corporate Communications, and Public Affairs for Ryder System, Inc., a logistics and transportation services company. She was Executive Vice President of Human Resources and Administration Services for Beneficial Management Corporation, an international consumer finance company, from 1997 to 1999, and Executive Vice President of Human Resources and Communications for Heller International, a commercial finance company, from 1993 to 1997. She also served as Senior Vice President, Administrative Services, for Sanwa Business Credit Corporation from 1985 to 1993. Prior to joining Sanwa, she spent 13 years with Continental Illinois Leasing Corporation and Continental Bank, where her last position was Vice President and Division Head. Ms. Lowe serves as a director of The South Financial Group, Inc.

Ms. Elliott joined Dollar General as Senior Vice President and Controller in August 2005. Prior to joining Dollar General, she served as Vice President and Controller of Big Lots, Inc., a closeout retailer, from May 2001 to August 2005. Overseeing a staff of 140 employees at Big Lots, she was responsible for accounting operations, financial reporting and internal audit. Prior to serving at Big Lots, she served as Vice President and Controller for Jitney-Jungle Stores of America, Inc., a grocery retailer, from April 1998 to March 2001. At Jitney-Jungle, Ms. Elliott was responsible for the accounting operations and the internal and external financial reporting functions. Prior to serving at Jitney-Jungle, she practiced public accounting for 12 years, 6 of which were with Ernst & Young LLP.

Mr. Gibson joined Dollar General as Senior Vice President of Dollar General Market in November 2005. Prior to joining Dollar General, he assembled and led teams of investment bankers and private equity fund managers in several mid-sized business acquisition efforts from 2004 to November 2005. He also served as Senior Vice President of Global Logistics (2000-2003) and Vice President of Imports and Logistics (1998-2000) for The Home Depot, Inc., a home improvement retailer. He founded Gibson Associates, a management consulting firm, in 1997 and served there until 1998. Prior to that, he served in various positions at Rite Aid Corporation from 1994 to 1997, including Senior Vice President of Logistics. He also served retailers as a management consulting principal (1993-1994) and management consultant (1984-1993) at Deloitte & Touche.

Mr. Agrawal joined KKR in 2006 and is a member of the Retail and Energy industry teams. Prior to joining KKR, he was a Vice President with Warburg Pincus, where he was involved in the execution and oversight of a number of investments in the energy sector. Mr. Agrawal's prior experience also includes Thayer Capital Partners, where he played a role in the firm's business services investments, and McKinsey & Co., where he provided strategic and M&A advice to clients in a variety of industries. He has been a member of our Board of Directors since July 2007.

Mr. Calbert has been with KKR for eight years and during that time has been directly involved with several portfolio companies and participated in another four investments. He heads the Retail industry team. Mr. Calbert is currently on the board of directors of Toys "R" Us, Inc. and U.S. Foodservice. Mr. Calbert joined Randalls 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 has been a member of our Board of Directors since July 2007.

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 healthcare and consumer-related opportunities and sits on the Global Investment Committee. Mr. Jones joined Goldman, Sachs & Co. as an associate in the Investment Banking Division and, after two years in the Communications and Media Department and mobility assignments in Equity Capital Markets and in the Executive Office of Goldman Sachs International, he joined PIA in London in 1998. He returned to New York with PIA in 2002 and became a managing director later that year. He became a partner in 2004. Mr. Jones is currently on the board of directors of Biomet, Inc., Burger King Holdings, Inc., Education Management Corporation, HealthMarkets, Inc. and Signature Hospital, LLC. He has been a member of our Board of Directors since July 2007.

Mr. Nelson has been the Chairman of the Board (since April 2003) and was previously President and Chief Executive Officer (since October 2005 September 2007) of PRIMEDIA Inc., a targeted media company. He has served as the Chief Executive Officer of Capstone Consulting LLC, a strategic consulting firm, since 2000. From August 1985 to February 2000, Mr. Nelson was employed by Boston Consulting Group, Inc., a strategic consulting firm, where he served as a Senior Vice President from December 1998 to February 2000 and held various other positions from August 1985 to November 1998. Mr. Nelson is a member of the Board of Directors of Sealy Corporation and Toys "R" Us, Inc. He has been a member of our Board of Directors since July 2007.

Except for Mr. Beré, all of our directors are managers of Buck Holdings, LLC. The Second Amended and Restated Limited Liability Company Agreement of Buck Holdings requires that the members of Buck Holdings take all necessary action to ensure that the persons who serve as managers of Buck Holdings also serve on the Board of Directors of Dollar General. In addition, Mr. Beré's employment agreement provides that he will continue to serve as a member of our Board as long as he remains our Interim Chief Executive Officer.

Our Audit Committee is composed of Messrs. Calbert and Agrawal. Although not formally considered by our Board because our securities are not registered or traded on any national securities exchange, we do not believe that any of our directors would be considered independent for either Board or Audit Committee purposes based upon the listing standards of the New York Stock Exchange (the "NYSE") on which our common stock was listed prior to the Merger. We believe none of our directors would be considered independent because of their relationships with certain affiliates of the funds and other entities that hold significant interests in Buck Holdings, which owns over 96.5% of our outstanding common stock on a fully diluted basis, and other relationships with us, all as described more fully under "Certain Relationships and Related Party Transactions."

DIRECTOR COMPENSATION

The following table and text discuss the compensation of those persons who served as a member of our Board of Directors during all or a portion of 2006 other than David A. Perdue, our former Chairman and Chief Executive Officer, whose compensation is discussed under "Executive Compensation" and who received no additional compensation for his service as a Board member.

Fiscal 2006 Director Compensation

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)(3)(4)	Option Awards ($)(5)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(6)	All Other Compensation ($)	Total ($)
David L. Beré	48,750	84,149				162,359(7)	295,258
Dennis C. Bottorff	86,750	84,149					170,899
Barbara L. Bowles	81,750	84,149					165,899
James L. Clayton(8)	13,125	34,163				15,382(9)	62,670
Reginald D. Dickson	57,500	84,149					141,649
E. Gordon Gee	61,250	84,149					145,399
Barbara M. Knuckles	56,375	84,149					140,524
J. Neal Purcell	59,375	84,149					143,524
James D. Robbins	79,500	84,149					163,649
Richard E. Thornburgh(10)	35,625	30,268					65,893
David M. Wilds	81,875	84,149					166,024

(1) Messrs. Purcell and Thornburgh deferred payments of their director fees under our Deferred Compensation Plan for Non-Employee Directors. Cash amounts deferred during 2006 were as follows: Mr. Purcell ($59,375); and Mr. Thornburgh ($34,375). As a result of the Merger, all accounts held in Deferred Compensation Plan for Non-Employee Directors were distributed. The amount noted in this column for Mr. Wilds includes a $1,250 per diem payment for work as Presiding Director with our Strategic Planning Committee. The amounts noted in this column also include the following per diem amounts for all directors who were not members of the Finance Committee but who were requested to attend a meeting of that Committee to discuss our 2006 budget: Mr. Beré ($1,250); Mr. Clayton ($625); Mr. Dickson ($625); Ms. Knuckles ($625); and Mr. Purcell ($625).

(2) The amounts set forth in this column represent restricted stock units ("RSUs") granted during 2006 and previous fiscal years under the 1998 Stock Incentive Plan. Each RSU represented the right to receive upon vesting one share of Dollar General common stock. The amounts listed are equal to the compensation cost recognized during fiscal 2006 for financial statement purposes in accordance with Statement of Financial Accounting Standards 123R ("SFAS 123R"), except no assumptions for forfeitures were included. Additional information related to the calculation of the compensation cost is set forth in Note 10 of the annual consolidated financial statements included in this prospectus. As a result of the Merger, all outstanding RSU awards vested and, therefore, all compensation expense associated with such awards was recognized in 2007 in accordance with SFAS 123(R).

(3) Each of the directors, other than Mr. Clayton, received 4,600 RSUs during 2006 under the 1998 Stock Incentive Plan. The aggregate grant date fair value computed in accordance with SFAS 123R for the RSUs granted to the directors during 2006 is as follows: Mr. Beré ($74,980); Mr. Bottorff ($74,980); Ms. Bowles ($74,980); Mr. Dickson ($74,980); Mr. Gee ($74,980); Ms. Knuckles ($74,980); Mr. Purcell ($74,980); Mr. Robbins ($74,980); Mr. Thornburgh ($60,536); and Mr. Wilds ($74,980).

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(4)
The number of RSUs held by the directors under the 1998 Stock Incentive Plan at February 2, 2007 was as follows: Mr. Beré (13,800); Mr. Bottorff (13,800); Ms. Bowles (13,800); Mr. Clayton (9,200); Mr. Dickson (13,800); Mr. Gee (13,800); Ms. Knuckles (13,800); Mr. Purcell (13,800); Mr. Robbins (13,800); Mr. Thornburgh (4,600); and Mr. Wilds (13,800). Dividend equivalents on the RSUs were credited to the director's RSU account in accordance with the terms of the 1998 Stock Incentive Plan. As a result of the Merger, all outstanding RSU awards granted to directors vested and have been settled in cash.

(5)
No compensation expense was recorded for 2006 for options awarded to directors under the 1998 Stock Incentive Plan because no options were granted to directors during 2006 and all previously awarded options had previously vested. The number of options held by the directors under the 1998 Stock Incentive Plan at February 2, 2007 was as follows: Mr. Beré (9,444); Mr. Bottorff (16,876); Ms. Bowles (12,780); Mr. Clayton (16,876); Mr. Dickson (16,876); Mr. Gee (15,938); Ms. Knuckles (11,150); Mr. Robbins (9,345); and Mr. Wilds (16,876). The number of options held by the directors under the 1995 Outside Directors Stock Option Plan at February 2, 2007 was as follows: Mr. Bottorff (6,423); Mr. Clayton (12,280); Mr. Dickson (12,280); Ms. Knuckles (6,692); and Mr. Wilds (12,280). As a result of the Merger, all outstanding stock options granted to directors have been settled in cash.

(6)
We did not provide above market or preferential earnings on deferred compensation.

(7)
Mr. Beré became an employee on December 4, 2006 and received the following 2006 compensation related to his employment:

Name and Principal Position	Salary ($)	All Other Compensation ($)(b)	Total ($)
David L. Beré, *President and Chief Operating Officer*(a)	114,426	47,933	162,359

(a)
Mr. Beré was subsequently appointed Interim Chief Executive Officer on July 6, 2007.

(b)
"All Other Compensation" includes $157 for premiums paid under our life insurance program; $2,917 for our match contributions to the Compensation Deferral Plan; $2,242 for the reimbursement of taxes related to relocation; and $42,617 which represents the incremental cost of providing certain perquisites, including $41,235 relating to relocation, as well as other amounts, which individually did not equal the greater of $25,000 or 10% of total perquisites, for sporting event tickets, a holiday gift of a Sony E-Reader, and golf charges in connection with our annual strategic planning meeting.

(8)
Mr. Clayton retired from our Board of Directors on May 31, 2006.

(9)
Represents the cost of a trip to a resort for Mr. Clayton and his spouse as a retirement gift upon Mr. Clayton's retirement from our Board of Directors.

(10)
Mr. Thornburgh was appointed to our Board of Directors on July 24, 2006.

Narrative to Fiscal 2006 Director Compensation Table

In 2006, we used a combination of cash and stock-based incentive compensation to attract and retain qualified Board candidates. Any director who also was a Dollar General employee did not receive any separate compensation for Board service, except for Mr. Beré who received compensation for his service as an officer.

Cash Compensation. For 2006, we paid non-employee directors an annual cash retainer (payable in quarterly installments) and meeting attendance fees as set forth below. We also paid in quarterly installments the following additional annual retainers to each committee chairman and to the Presiding Director.

	Other Annual Retainers			In-Person Meeting Attendance Fees			
Annual Cash Retainer	**Audit Committee Chairman**	**Other Committee Chairman**	**Presiding Director**	**Board Meeting**	**Audit Committee Meeting**	**Other Committee Meeting**	**Telephonic Meeting Attendance Fee**
$ 35,000	$ 20,000	$ 10,000	$ 15,000	$ 1,250	$ 1,500	$ 1,250	$ 625

We reimbursed directors for certain fees and expenses incurred in connection with continuing education seminars and travel expenses related to Dollar General meeting attendance or requested appearances. We allowed directors to travel on the Dollar General airplane for those purposes.

Currently, as approved by our Board subsequent to the Merger, cash fees paid to our non-employee directors consist solely of a $40,000 annual retainer fee, payable quarterly in advance, along with the expense reimbursements discussed above. As in 2006, any director who also is a Dollar General employee does not receive any separate compensation for Board service.

Equity Compensation. In 2006, we granted 4,600 RSUs to each non-employee director pursuant to our 1998 Stock Incentive Plan. All non-employee directors other than Messrs. Thornburgh and Clayton received the 2006 annual grant on May 31, 2006. Mr. Thornburgh received his 2006 annual grant on July 24, 2006 upon his appointment to our Board. Mr. Clayton did not receive an annual grant for 2006 due to his retirement in May 2006.

We credited dividend equivalents to the director's RSU account as additional RSUs in accordance with the terms of our 1998 Stock Incentive Plan whenever we declared a dividend other than a stock dividend on our common stock. Directors did not have voting rights with respect to RSUs until the underlying shares of common stock were issued.

RSUs generally vested one year after the grant date if the director was still serving on our Board. We did not, however, make payment on the vested units until the director ceased to be a member of our Board. Under the terms of the 1998 Stock Incentive Plan, vesting of the RSUs accelerated upon termination of a director's Board service due to death, disability or normal retirement or upon a change-in-control of Dollar General or in the discretion of our Compensation Committee upon a potential change-in-control. The Merger constituted a change-in-control under our 1998 Stock Incentive Plan. Accordingly, all outstanding RSUs vested and were settled in cash in the Merger.

Prior to June 2, 2003, we also annually granted non-qualified stock options to our non-employee directors under certain stock incentive plans. All of those options have since fully vested and, pursuant to the Merger, were settled in cash.

We currently no longer make equity grants to our non-employee directors as part of director compensation.

Stock Ownership Guidelines. In 2006, as a publicly held company, we required each director to own at least 13,000 shares or share units of our common stock within three years of joining our Board. RSUs and stock options counted towards that requirement. However, because we are now a privately held company, we no longer maintain those stock ownership guidelines.

Deferred Compensation Program for Non-Employee Directors. Prior to the Merger, non-employee directors could defer up to 100% of eligible compensation paid by us to them pursuant to a voluntary nonqualified compensation deferral plan known as the Deferred Compensation Plan for Non-Employee Directors. Eligible compensation included the annual retainer(s), meeting fees, and any per diem compensation for special assignments earned by a director for service to the Board or one of its committees. We credited the deferred compensation to a liability account, which was then invested at the director's option in one or more accounts that mirrored the performance of funds selected by our Compensation Committee or its delegate (the "Mutual Fund Options") or that mirrored the performance of our common stock (the "Common Stock Option").

All deferred compensation pursuant to the Deferred Compensation Plan for Non-Employee Directors was immediately due and payable as a result of the Merger, which constituted a change-in-control of Dollar General under the terms of that Plan.

Our Board elected to terminate the Deferred Compensation Plan for Non-Employee Directors effective as of December 31, 2007.

EXECUTIVE COMPENSATION

Throughout this prospectus, we refer to the individuals who served as our Chief Executive Officer and Chief Financial Officer during 2006, as well as the other individuals included in the Summary Compensation Table, as our "named executive officers" (or "NEOs").

Compensation Discussion and Analysis

Oversight of Executive Compensation

Prior to the Merger, our Board of Directors had a standing Compensation Committee that assisted the Board in discharging its responsibilities relating to the compensation of executive officers (including the NEOs). The Committee operated pursuant to a written Charter adopted by the Board and was responsible for recommending our CEO's compensation to the independent directors of our Board who retained sole authority to approve or ratify that compensation. The Committee had the authority to approve the compensation of all other executive officers (including all other NEOs).

At least three directors served on the Committee, all of whom were "independent directors", as defined in our Corporate Governance Principles in effect prior to the Merger, "non-employee directors" within the meaning of Rule 16b-3 under the Exchange Act and "outside directors" within the meaning of Section 162(m)(4)(C) of the Internal Revenue Code of 1986, as amended. In 2006, the Committee members were Messrs. Bottorff, Dickson and Gee. Mr. Beré served as a Committee member until his appointment as our President and Chief Operating Officer on November 28, 2006, at which time he immediately resigned from all Board committees. As part of a restructuring of all Board committee memberships, Mr. Bottorff replaced Mr. Gee as a member and Chairman of the Committee on November 27, 2006. Mr. Gee was reappointed to the Committee on January 5, 2007 to fill the vacancy created by Mr. Beré's resignation and to help provide continuity with the Committee's prior work. All 2006 compensation decisions were made by this prior Committee. All 2007 compensation decisions made prior to the Merger were made by this prior Committee in consultation with KKR.

The Compensation Committee met 9 times during 2006. The Compensation Committee was given the opportunity at each regularly scheduled meeting to meet in private session without the presence of management. In addition, the Compensation Committee was given the opportunity at each quarterly meeting and at any other relevant meeting to meet in separate private sessions with each of the compensation consultant, the EVP of Human Resources and the General Counsel.

We currently no longer have a Compensation Committee. Rather, the Executive Committee of the Board has been authorized to makes decisions regarding the compensation of our executive officers. As of November 2, 2007, the Executive Committee consisted of Messrs. Calbert and Jones. However, to date since the Merger, our Board has made all executive compensation decisions.

Use of Outside Advisors in Determining Executive Compensation

The Compensation Committee had the sole authority to select, retain and terminate any consulting firm engaged to assist in the evaluation of NEO compensation, and to approve that firm's fees and other retention terms. The Compensation Committee also had the authority to conduct or authorize studies and investigations into any matters within the scope of its responsibilities and to retain outside advisors for any reason.

In April 2004, the Compensation Committee selected Hewitt Associates as its compensation consultant after a thorough Committee-led interview process. Hewitt reported directly to the Compensation Committee and had the authority and the ability to contact Committee members directly. Hewitt also provided and continues to provide consulting services to our human resources group, both with respect to the work our management does in connection with NEO compensation (as described in greater detail below under "Management's Role in Determining or Recommending Executive Compensation") and in general employee compensation and benefits matters. Neither the Compensation Committee nor Hewitt believed that providing these services undermined in any way the independence of the advice or information provided to the Committee.

In 2006, the Compensation Committee approved a written letter of agreement with Hewitt. This agreement described the general terms of Hewitt's working relationship with management and the Compensation Committee. In particular, Hewitt performs executive compensation services as requested from time to time by management or, prior to the Merger, the Compensation Committee. The agreement sets forth a wide range of potential work that Hewitt may be requested to perform, including competitive market pay analysis, support with regard to relevant legal, regulatory and/or accounting considerations impacting compensation programs, assistance with market data, trends, and competitive practices, preparation for and attendance at selected management, Committee or Board meetings and other miscellaneous work as requested.

As discussed above, we currently no longer have a Compensation Committee and, subsequent to the Merger, the Executive Committee was given the authority to determine NEO compensation. While the letter of agreement with Hewitt remains in effect, the Executive Committee has the authority to retain any outside advisors it deems appropriate and to approve the fees and expenses of those advisors.

Management's Role in Determining or Recommending Executive Compensation

Management assists Hewitt Associates in gathering and preliminarily analyzing relevant competitive data and identifying and preliminarily evaluating various compensation alternatives. The CEO and the EVP and VP of Human Resources regularly attend and participate in meetings where executive compensation is discussed in order to provide their own viewpoints or to assist Hewitt in making relevant presentations. The CEO participated fully with the Compensation Committee in assessing NEO performance and in making recommendations on the level of compensation for each pay component. None of these persons attended the Compensation Committee's private sessions or the Committee's private session with Hewitt (unless the Committee requested a joint private session with Hewitt and select members of management), and the CEO was not present for any vote concerning his own compensation.

While the input of Dollar General management is valued and welcomed, all executive compensation decisions ultimately are made by Board or Committee members with the goal of managing executive compensation in the best interests of Dollar General and our shareholders.

Executive Compensation Philosophy and Objectives

The goals of our executive compensation strategy are to attract, retain and motivate persons with superior ability, to reward outstanding performance, and to align the long-term interests of our officers with those of our shareholders. Our material compensation principles applicable to NEOs include the following:

- Generally, total compensation should be targeted at the median total compensation of comparable positions at peer companies. However, because comparisons occasionally can be difficult due to the unique job description of some of our officers and the unique niche we play in the retail sector, we may fairly account for distinct circumstances not reflected in the market data. In addition, competition may require total compensation, or any component of total compensation, to exceed the median.

- Base salary should reflect the position's responsibilities, the individual's experience and contributions and the salaries for comparable positions in the competitive marketplace. Our NEOs' base salaries are subject to minimums set forth in their employment agreements.

- Compensation arrangements shall emphasize pay for performance and encourage retention of those officers who enhance our performance.

- Compensation arrangements shall promote ownership of our common stock to align the interests of management and shareholders.

- Compensation arrangements shall maintain an appropriate balance between base salary and long-term and annual incentive compensation.

- In approving compensation, the recent compensation history of the officer, including special or unusual compensation payments, shall be taken into consideration.

- Cash incentive compensation plans for officers shall link pay to achievement of financial goals set in advance by the Board. Awards of incentive bonuses generally should be based on achieving corporate goals and on a subjective evaluation of the contributions of individual executives to the achievement of our business goals.

Use of Market Benchmarking Data in Determining Executive Compensation

Our compensation philosophy recognizes the need to pay compensation that is competitive with the external talent market for senior executives in order to attract and retain NEOs who we believe will enhance our overall long-term business results. We believe the primary talent market for NEO positions is retail companies with revenues and product lines similar to ours. For both 2006 and 2007, the Compensation Committee directed Hewitt to provide compensation data on total and individual elements of compensation from its proprietary salary survey database as well as from the proxy statements of selected retail companies that met this criteria. We refer to this combined group as the market comparator group. We believe these companies compete with us for NEO level talent and have executive positions that are similar in breadth, complexity and scope of responsibility to those of our NEOs. The 2006 market comparator group was AutoZone, Barnes & Noble, BJ's Wholesale Club, Circuit City, Dillard's, Family Dollar, Foot Locker, Kohl's, Limited Brands, Long Drug Stores, Nordstrom, OfficeMax, Office Depot, RadioShack, Staples, TJX Companies, J.C. Penney, The Gap, Federated Department Stores, Blockbuster, Big Lots, Ross Stores, PetSmart, Retail Ventures and Payless ShoeSource. The 2007 market comparator group was modified to remove Barnes & Noble, Big Lots, BJ's Wholesale Club, Circuit City, Dillards, Foot Locker, Payless ShoeSource, PetSmart, Retail Ventures, and the TJX Companies. Advance Auto Parts, The Pantry, and SuperValue Inc were added. These changes to the comparator group were made as part of a routine review based on the availability of data, company size and product lines and comparability of business models.

Hewitt was also asked to provide information from all other general industry companies for certain positions that are less specific to the retail industry and to serve as additional reference points in assessing the appropriateness of the compensation levels of all NEO level positions.

The market comparator group does not include all of the companies that are included in the S&P 500 General Merchandise Store Index because we believed that many of these companies are too large or too small to provide an appropriate comparison and that it is more appropriate to compare compensation of our NEOs with that of executives in companies that are more comparable in size in terms of revenue.

NEO Compensation Targets Relative to the Competitive Market

The Compensation Committee believed that the median of the competitive market was the appropriate target for an NEO's total compensation. However, the target for each of the components of compensation relative to the competitive market varied. In determining each NEO's specific compensation in 2006 and 2007, the Compensation Committee started with the competitive median then considered any unique job responsibilities of each NEO, the importance of that role to us, and our specialized niche in the retail sector. The Compensation Committee, working with Hewitt, tried to fairly account for these unique circumstances not reflected in the market benchmarking data by adjusting that compensation element based on a variety of factors, including the NEO's prior experience, length of service, compensation history and performance, and the relation of the NEO's compensation to other executives and NEOs. Further, competition for talent of a specific NEO position may occasionally require total compensation, or any component of total compensation, to vary from the target.

Elements of NEO Compensation

We provide compensation in the form of base salary, short-term incentives, long-term incentives, benefits and perquisites. As described in more detail below, the Compensation Committee believed that each of these elements was a necessary component of an NEO's overall compensation package and were consistent components of compensation programs at competing companies. Prior to the Merger, the Compensation Committee reviewed base salary, short-term incentives, and long-term incentives at least annually and other elements periodically when material changes were considered. These reviews included evaluating the relationship of each element to the competitive market, the appropriate mix of each element in determining total compensation and the role of each element in addressing the philosophy described above.

Base Salary. Base salary generally assists in fulfilling the recruiting and retention functions of our compensation principles by reflecting the responsibilities of the position, the experience and contribution of the individual, and the salaries for comparable positions in the competitive marketplace. The Compensation Committee believed that we would be unable to attract or retain quality NEOs in the absence of competitive base salary. For this reason, base salary constitutes a significant portion of an NEO's total compensation. The base salary element also assists in fulfilling the pay for performance role of our compensation philosophy because NEOs are not eligible for any base salary increase or annual incentive payment unless they perform satisfactorily against their previously established individual performance goals.

In determining each NEO's base salary, the Compensation Committee reviewed the benchmarking data provided by Hewitt, as described above, to determine comparable salaries for the position in the market. The Compensation Committee assessed the comparability of the duties and responsibilities of the position to those of the market positions and adjusted the median compensation value of the benchmark position up or down accordingly. The Compensation Committee then reviewed the NEO's experience level and performance, the relationship of the NEO's salary to that of the other NEOs, and any other appropriate factor, such as when the NEO was hired or promoted and the relationship of the NEO's salary to that of the other NEOs and executives. The Summary Compensation Table contained in this prospectus shows the amount of base salary earned by each NEO in 2006.

Individual performance goals were established each year for the CEO by the Compensation Committee and for the other NEOs by the CEO. In 2006, individual goals were based on the areas of our business for which the NEO was responsible, as well as overarching Dollar General goals and initiatives, including measures regarding our growth (revenue, total sales, same store sales, new stores, etc.), market share, merchandising and marketing strategies, shrink improvement, inventory management, distribution and capacity management, new concept development, leadership development, succession planning, diversity, employee benefits, turnover reduction and retention strategies, workplace improvements, customer satisfaction, technology improvements, internal controls, legal and regulatory compliance, and expense control.

The Compensation Committee approved the following 2006 base salary adjustments:

Mr. Perdue: (see separate CEO compensation section below).

Mr. Tehle: After reviewing with Mr. Perdue the performance of Mr. Tehle with respect to his goals, which included responsibility for analysis and financial disciplines in the organization to create value for the business, the Compensation Committee deemed Mr. Tehle's performance to be satisfactory. Accordingly, Mr. Tehle was eligible in 2006 for both a base salary increase and participation in the short-term incentive plan to the extent that we achieved our financial goals. However, Mr. Tehle did not receive a 2006 base salary increase because the Compensation Committee had raised his base salary by 22.1% (from $475,000 to $580,000) effective December 2005 after a review of all NEO compensation, which occurred in conjunction with the hiring of a new NEO, revealed that Mr. Tehle's salary was low in relation to the new NEO's salary given Mr. Tehle's role and impact on the organization.

Ms. Guion: After reviewing with Mr. Perdue the performance of Ms. Guion with respect to her goals, which included responsibility for results in store operations and store development, including the implementation of the major EZstore corporate initiative, the Compensation Committee deemed Ms. Guion's performance to be satisfactory. Accordingly, Ms. Guion was eligible in 2006 for both a salary increase and participation in the short-term incentive plan to the extent that we achieved our financial goals. However, Ms. Guion did not receive a 2006 base salary increase because the Compensation Committee had raised her base salary by 17.6% (from $425,000 to $500,000) effective December 2005 for the same reasons noted above with respect to Mr. Tehle's base salary increase.

Mr. Buley: Mr. Buley was hired on December 1, 2005, and therefore was not considered for a base salary increase in 2006.

Ms. Lowe: After reviewing with Mr. Perdue the performance of Ms. Lowe with respect to her goals, which included recruiting a significant number of new executives and creating more analytical rigor in the human resources group in its support of the Committee, the Compensation Committee deemed Ms. Lowe's performance to be satisfactory. Accordingly, Ms. Lowe was eligible in 2006 for both a base salary increase and participation in the short-term incentive plan to the extent that we achieved our financial goals. The Compensation Committee raised Ms. Lowe's base salary by 9.3% (from $375,000 to $410,000) effective April 1, 2006 as part of the normal merit review process primarily based on a review of her performance versus previously established goals and her impact on the organization. The Compensation Committee also noted that the base salary increase better aligned Ms. Lowe's salary with other NEOs and the competitive market for her position.

The 2007 individual performance goals for the NEOs were substantially similar to those set for 2006. In addition, the process for determining 2007 base salary adjustments was substantially similar to that followed with respect to 2006 base salary determinations. However, due to certain covenants contained in the Merger Agreement, the Compensation Committee also was bound by limitations imposed by KKR. Accordingly, each NEO received a 3% 2007 base salary increase.

Short-Term Incentive Plan. Our short-term incentive plan, called Teamshare, serves to motivate NEOs and all participants to achieve certain financial goals that are established at the start of the fiscal year. Our NEOs may not receive a Teamshare payout unless they perform satisfactorily against their individual performance goals, even if our financial goals are attained. Accordingly, Teamshare fulfills an important part of our pay for performance philosophy, while at the same time aligning the interests of our NEOs with those of our shareholders. It also provides compensation opportunities for our NEOs that are consistent with the compensation opportunities prevalent in the market comparator group and general industry, thus helping to meet the recruiting and retention objectives of our compensation philosophy discussed above.

Teamshare authorizes the payment of cash bonuses based on our actual performance measured against established business and/or financial performance measures. Within 90 days of the start of each fiscal year, the Board or relevant committee thereof determines who will participate in Teamshare and the performance goal or goals applicable to each chosen performance measure, the relative weight of each performance measure if more than one is selected, and each participant's target bonus percentage. No participant can receive a bonus under the plan in excess of $2.5 million for any fiscal year. No bonus can be paid under the plan unless and until the Board or a relevant committee thereof certifies in writing that the previously established performance goals have been satisfied. The Board or a relevant committee thereof may reduce or eliminate any bonus in its discretion despite achievement of the performance goal but may not increase the amount of bonus payable to an NEO under Teamshare. The plan does not limit the ability to make discretionary payments or awards outside of Teamshare.

For 2006, the Compensation Committee selected net income as the sole performance measure for determining payouts under the plan because it believed that net income directly reflected several important business results, such as performance against sales, margin and expense targets and indirectly measures asset (or inventory level) controls. Also, many of the companies in our market comparator group used net income as one of their measures of performance for bonus determinations.

The net income result needed to achieve a Teamshare target payout ($376,895,000) was set to equal our Board-approved annual financial objective. The Compensation Committee then established the threshold performance level at $1 greater than the previous year's actual net income result, or approximately 93% of target net income ($350,154,733), and the maximum performance level at 110% of the 2006 net income target ($414,584,500). The threshold was set so that no Teamshare bonus would be earned unless our 2006 net income at least equaled our 2005 net income.

The Compensation Committee determined the amount of each NEO's payout target based on benchmarking information provided by Hewitt regarding competitive target incentives of comparable positions in the market comparator group and general industry. The Compensation Committee also set the amounts of the threshold and maximum payout levels for performances below and above the target levels respectively, with payouts prorated between threshold and maximum levels in relation to net income results. For 2006, Hewitt advised that the typical practice in the market comparator group and general industry was to set the target payout percentage at twice that of the threshold payout percentage and the maximum payout percentage at twice that of the target. In order to adopt this more typical and competitive structure, the Compensation Committee set the maximum potential payout levels for NEOs other than Mr. Perdue (see below) at 130% of base salary for 2006 as opposed to 100% of base salary for 2005. As a result, the Teamshare payout range for the NEOs other than

Mr. Perdue (see below) was set at the following base salary percentages: 32.5% (threshold), 65% (target), and 130% (maximum).

Hewitt advised that Mr. Perdue's 2005 Teamshare target payout level was low in relation to the market comparator group and general industry and that a target payout level of 100% of base salary was more typical. As a result, the Compensation Committee recommended, and the independent directors approved, Mr. Perdue's 2006 payout levels at the following percentages of base salary: 50% (threshold), 100% (target), and 200% (maximum).

For 2006, eligibility to receive a payout under Teamshare was determined based on the following objective and subjective criteria: (a) the individual's achievement of a satisfactory performance rating when evaluated against his or her annually established performance objectives; and (b) our achievement of net income goals established by the Compensation Committee at the beginning of 2006.

As discussed above, each NEO's 2006 performance was deemed to be satisfactory. Accordingly, each NEO was eligible to receive a Teamshare award. However, because we did not meet our 2006 net income threshold goal, NEOs did not receive any Teamshare payouts.

Nonetheless, over the course of the year it became clear that the Teamshare net income goal was no longer a relevant measure of management's success because of the impact of the critical strategic initiatives begun during the year, including changes to our merchandising markdown strategy; changes to the real estate site selection strategy resulting in slowing the growth in store openings in favor of improved site quality; changing sourcing and packaway strategies; and closing a significant number of stores in underperforming locations. After extensive discussion and analysis, and with the agreement of the full Board of Directors, the Compensation Committee determined that a discretionary bonus payout should be authorized outside of the annual Teamshare bonus plan. This discretionary bonus was made to recognize the significant restructuring and strategic efforts made by employees over the course of the year, to align the 2006 short-term performance incentive more closely to the revitalization strategy, to reward critical employees for their accomplishments towards implementation of that revised strategy, and to motivate and retain the NEOs and employees who were integral to the strategy's continued successful execution.

After approving the discretionary bonus to substantially all employees who would otherwise have been eligible to participate in Teamshare, the Compensation Committee awarded each NEO, except the CEO (see "Compensation for Mr. Perdue") a 2006 discretionary bonus equal to the threshold amount that would have been paid under the Teamshare plan. These amounts are reflected in the "Bonus" column of the Summary Compensation Table set forth in this prospectus.

The Compensation Committee also decided to re-evaluate the use of net income as the sole performance measure for 2007. The Compensation Committee planned to consider additional measures used by our competitor companies and which can be tied to accomplishing the milestones in the strategic initiatives that are underway. However, before this decision could be made, we announced our intended sale to KKR and agreed to consult with KKR on significant changes to certain of our normal business practices. KKR requested, and the Compensation Committee agreed, to adopt earnings before interest, taxes, depreciation and amortization (EBITDA), calculated in a similar manner to the definition contained in the indenture relating to the senior notes, as the sole performance measure for the 2007 Teamshare plan. The actual threshold, target and maximum amounts were set in consultation with KKR.

We do not intend to publicly disclose the specific EBITDA performance targets for the 2007 short-term incentive plan, as they reflect competitive, sensitive information regarding our budget. However, we consider our budget to be challenging, and we have set these targets at levels designed to be generally consistent with the level of difficulty of achievement associated with prior year performance-based awards. While designed to be attainable, we believe target performance levels will require strong performance and execution which in our view provides an incentive firmly aligned with shareholder interests.

Long-Term Incentive Program. Long-term incentives are a critical part of the overall compensation package, motivating executives to focus on achieving success for shareholders over the long-term. These incentives thus assist in achieving a balance between short-term and long-term goals and in aligning our NEOs' and shareholders' interests. We deliver our long-term incentives in the form of equity grants and structure them in such a way as to recognize increases or decreases in the stock price. Prior to the Merger, the Compensation Committee targeted a certain economic value to be delivered through the long-term incentives, but the NEO only realized that targeted value if our stock price increased. Lesser increases or no increase in stock price resulted in the NEOs receiving less than targeted value, while greater stock price increases resulted in the NEOs receiving above target value. Long-term incentives are also included in most compensation packages of the market comparator group as well as most other general industry companies, furthering our program's recruiting and retention objectives.

The Compensation Committee relied on the competitive compensation information from the market comparator group provided by Hewitt Associates to establish long-term incentive target dollar amounts for each NEO position. The Compensation Committee, with Hewitt's assistance, then determined the form in which the long-term compensation value should be delivered. These decisions were typically made at the Compensation Committee's March/April meeting when the Committee also reviewed compensation benchmarking and other relevant information and evaluated the performance of our NEOs.

Prior to the Merger, it was our practice to establish the exercise price of options as the closing market price on the grant date. We typically released our annual earnings and other financial results shortly after this meeting. However, the grants were made prior to that release for the reasons stated above, regardless of whether the earnings release was favorable or unfavorable. In accordance with our usual practice, the 2007 annual equity grants were made at the March Committee meeting, except for grants to officers at the level of Executive Vice President or above which were made several days following that meeting after receiving the input and approval of KKR per the terms of the Merger Agreement.

As a result of the competitive data provided by Hewitt in 2006 and in the past, the Compensation Committee was aware that our prior long-term incentive economic values have been well below those of the competitive market. While considering what long-term incentive awards to grant in 2006, the Compensation Committee decided that these values should be increased to be closer to the market in order to help retain our NEOs, many of whom were relatively new. In considering ways to increase these values, the Compensation Committee considered granting performance-based RSUs in addition to the time-vested stock options and RSUs which have recently comprised the long-term component of NEO compensation. After studying this approach, however, the Compensation Committee decided not to incorporate performance-based RSUs into the 2006 long-term incentive component due to the difficulty inherent in setting goals three years into the future for a company undergoing transformation and implementing significant strategic change. In making this decision, the Compensation Committee was able to draw upon its specific observations of other companies that implemented performance-based plans and the resulting demotivating impact caused by goals set three years into the future that could not be adjusted to recognize significant changes in the business or in the external environment without losing the tax deductibility of the incentive payments.

At its March 2006 meeting, the Compensation Committee instead decided to increase the long-term compensation value for NEOs by approximately 20-25% by increasing the economic value delivered by time-vested stock options and RSUs. Even with this increase in value, long-term compensation for our NEOs continued to be below the comparative market median. At the same time, the Compensation Committee also decided to change the allocation from the previous 80%/20% (stock options/RSUs) to 70%/30% (stock options/RSUs), which, according to Hewitt, more closely aligned with market practice. The actual grant date fair value of the 2006 stock option and RSU awards and the number of options and shares awarded during 2006 to NEOs, are presented in the Grants of Plan-Based Awards Table set forth in this prospectus.

At its January 2007 meeting, the Compensation Committee decided to further adjust the relationship of options and RSUs to reflect a 50%/50% allocation of the economic value for long-term incentive grants made in 2007. This decision was based in part on the limited availability of shares for use as options under the current shareholder-approved option program and in part to position us for transitioning to a new compensation strategy that will be more effective in retaining key employees.

In connection with the Merger, outstanding stock options, restricted stock and RSUs became fully vested immediately prior to the closing of the Merger and were settled in cash, canceled or, in limited circumstances, exchanged for new options of Dollar General, as described below. Unless exchanged for new options, each NEO received an amount in cash, without interest and less applicable withholding taxes, equal to $22.00 less the exercise price of each option. Additionally, each restricted stock and RSU holder received $22.00 in cash, without interest and less applicable withholding taxes. Certain stock options held by our management were exchanged for new options to purchase common stock in Dollar General (the "Rollover Options"). The exercise price of the Rollover Options and the number of shares of common stock of Dollar General underlying the Rollover Options were adjusted as a result of the Merger. The Rollover Options otherwise continue under the terms of the equity plans under which they were issued.

On July 6, 2007, our Board approved and adopted the 2007 Stock Incentive Plan for Key Employees (the "Plan"). The Plan provides for the granting of stock options, stock appreciation rights, and other stock-based awards or dividend equivalent rights to key employees, directors, consultants or other persons having a service relationship with us, our subsidiaries and certain of our affiliates. For certain designated employees including NEOs, the Board required a personal financial investment in the Company in order to be eligible to receive a stock option grant. That investment could be made in the form of cash, rollover of common stock and/or rollover of in-the-money options issued prior to the Merger. In exchange for this investment, we issued shares of common stock and/or in-the-money Rollover Options (see above).

Since each NEO met the personal investment requirement, on July 6, 2007, the Board approved grants to Mr. Tehle, Mr. Buley, Ms. Guion and Ms. Lowe of non-qualified options to purchase 1,100,000 shares, 875,000 shares, 875,000 shares, and 675,000 shares, respectively of our common stock pursuant to the terms of the Plan. The options are divided so that half are time-vested options and half are EBITDA-based performance vested options, as described further below. The options have an exercise price equivalent to $5.00 per share, which was the fair market value on the grant date.

The time-vested options vest and become exercisable ratably over a five-year period solely based upon continued employment over that time period.

The EBITDA-based performance vested options are eligible to vest and become exercisable ratably only if we achieve certain annual EBITDA-based performance targets, as determined in good faith by the Board. Those options also vest and become exercisable on a "catch up" basis if, at the end of fiscal years 2008, 2009, 2010, 2011 or 2012, the applicable cumulative EBITDA-based target is achieved in respect of any such completed fiscal year. We do not intend to publicly disclose the specific EBITDA performance targets for these options as they reflect competitive, sensitive information regarding our budget. However, we consider our budget to be challenging, and we have set these targets at levels designed to be generally consistent with the level of difficulty of achievement associated with prior year performance-based awards. While designed to be attainable, we believe target performance levels will require strong performance and execution which in our view provides an incentive firmly aligned with shareholder interests.

The combination of time and performance based vesting of these awards is designed to compensate executives for long-term commitment to us, while motivating sustained increases in our financial performance.

Benefits and Perquisites. We provide benefits and limited perquisites to NEOs for retention and recruiting purposes, to promote tax efficiency for the NEOs, and to replace benefit opportunities lost due to regulatory limits. We also provide NEOs with these benefits and perquisites as additional forms of compensation that are believed to be consistent and competitive with benefits and perquisites provided to similar positions in the market comparator group and general industry. The Compensation Committee believed these benefits and perquisites are consistent with the compensation objectives described above as they help to attract and retain NEOs. In addition to certain benefits offered to NEOs on the same terms that are offered to the salaried employee population (such as our 401(k) match and health and welfare plans), we provide NEOs the benefits and perquisites specified below.

We offer to certain key employees (including our NEOs), the Compensation Deferral Plan (the "CDP") and the defined contribution Supplemental Executive Retirement Plan (the "SERP" and together with the CDP, the "CDP/SERP Plan"). During his tenure with Dollar General, Mr. Perdue, was eligible to participate in the CDP but not the SERP due to his participation in an individual defined benefit SERP. Mr. Perdue's SERP was provided as part of Mr. Perdue's inducement package to join Dollar General in 2003, and was one of the components necessary at that time in attracting him as our CEO. In addition, in January 2006 our Board approved the establishment of a grantor trust to hold certain assets in connection with Mr. Perdue's SERP in the event of a change in control. The Compensation Committee also deemed it appropriate in accordance with competitive practice to reimburse Mr. Perdue for certain legal fees that he incurred as a result of the establishment of this grantor trust. These fees are reported in the "All Other Compensation" column of the Summary Compensation Table set forth in this prospectus. We discuss in detail the CDP/SERP Plan, Mr. Perdue's SERP and the grantor trust after the Nonqualified Deferred Compensation Table and the Pension Benefits Table, respectively, set forth in this prospectus.

We provide each NEO with a life insurance benefit equal to 2.5 times his or her base salary to a maximum of $3,000,000. We pay the premiums and gross up the NEO's income to pay the tax cost of this benefit. We also provide NEOs with a disability insurance benefit that provides income replacement of 60% of base salary to a maximum monthly benefit of $20,000 ($25,000 for the CEO). We pay the cost of this benefit and gross up the NEO's income to pay the tax cost of this benefit to the extent necessary to replace benefit level caps in the group plan applicable to all salaried employees.

Each NEO may choose either a leased automobile or a fixed monthly automobile allowance. All NEOs except Ms. Lowe chose the automobile allowance option in 2006 and 2007. Ms. Lowe chose the lease option under which we provide her with a company-leased automobile and pay for her gasoline, repairs, service, and insurance and provide a gross-up payment to pay the tax cost of the imputed income. The incremental costs we incurred related to these benefits in 2006 are reported in the "All Other Compensation" column of the Summary Compensation Table set forth in this prospectus.

We also provide a relocation assistance program to NEOs similar to that offered to certain other employees. The significant differences from the relocation assistance provided to other employees are as follows:

- We provide a pre-move allowance of 5% of the NEO's annual base salary (we cap this allowance at $5,000 for other employees);

- We provide home sale assistance by offering to purchase the NEO's prior home at an independently determined appraised value in the event the prior home is not sold to an outside buyer (we do not offer this service to other employees); and

We reimburse NEOs for all reasonable and customary home purchase closing costs (we limit our reimbursement to other employees to 2% of the purchase price to a maximum of $2,000).

Mr. Buley's relocation to Tennessee was completed in 2006 and the costs we incurred are reported in the "All Other Compensation" column of the Summary Compensation Table set forth in this prospectus.

As an exception to the normal NEO relocation benefit, the Compensation Committee approved a one-time payment, which was subsequently grossed up to pay the tax cost of the benefit, to Ms. Lowe for miscellaneous expenses she incurred in her relocation to Tennessee. These expenses were in lieu of normal home sale assistance and personal goods shipping costs that Ms. Lowe did not incur in her relocation. The Compensation Committee believed that, based on the experience of moving other executives, had Ms. Lowe incurred these normal relocation costs, they would have been significantly in excess of this exception payment. The amount of the costs we incurred and the gross up are reported in the "All Other Compensation" column of the Summary Compensation Table set forth in this prospectus.

The Compensation Committee also approved an exception payment to Ms. Guion to gross up the tax cost of relocation expenses she incurred that could not be deducted from her 2006 tax return, since her move to Tennessee did not occur until after the period in which these expenses could have been deducted. The amount of the costs we incurred and the gross up payment is reported in the "All Other Compensation" column of the Summary Compensation Table set forth in this prospectus.

We also provide to each NEO other minor perquisites such as the opportunity to take an annual physical exam at our expense of up to $1,000, occasional tickets to certain sporting or other entertainment events, a holiday gift, and golf or spa events in connection with our strategic planning meeting. In addition, we believe that our officers' participation on non-profit boards and in community events serves as a positive reflection upon Dollar General and a great example of corporate leadership. Therefore, we support nonprofit organizations for which our officers actively serve as a board or committee member with a maximum total contribution for all charities for which they serve to equal no more than $5,000.

Compensation for Mr. Perdue

As with the other NEOs, Mr. Perdue's compensation reflected an emphasis on achieving both short and long-term performance results. A substantial portion of his compensation was tied directly to our overall financial performance as well as to non-financial measures, including those derived from our mission statement.

In March 2006, the Compensation Committee reviewed Mr. Perdue's performance against his previously established 2005 performance goals to determine his eligibility for a base salary increase. Those goals included measures relating to improvements in certain financial metrics (earnings per share, total sales growth, same store sales growth, operating margins, return on invested capital, free cash flow, inventory turns and return on assets), leadership development and succession, strategic planning, our growth, new concept development, distribution and capacity management, inventory management, shrink improvement, workplace improvements, turnover reduction and retention strategies, third party relationships (vendors, analysts, rating agencies, media), corporate governance and ethics, legal matters and internal controls. The Compensation Committee determined that under Mr. Perdue's leadership, Dollar General continued to remain true to each component of its mission of "Serving Others". Because the Compensation Committee was satisfied with Mr. Perdue's performance, Mr. Perdue was eligible in 2006 for both a salary increase and participation in the Teamshare plan to the extent that we achieved our net income goals.

However, in anticipation of Mr. Perdue's employment contract expiration on March 31, 2007, in light of the plan to update all officer contracts effective April 1, 2006, in recognition of his performance and in order to send Mr. Perdue a clear and early message of the Board's intent to retain him, the Compensation Committee initiated discussions with Mr. Perdue concerning an early renewal or extension of his contract. These discussions culminated in the Board's September 18, 2006 approval of an extension of Mr. Perdue's employment contract from March 31, 2007 to March 31, 2008. The details of the extended contract are described under "Employment Agreements with NEOs".

As a result, the Compensation Committee postponed a decision regarding Mr. Perdue's base salary and long-term incentive compensation at the regular executive compensation review session in March 2006. Rather, the Compensation Committee decided to include those decisions in the negotiation process relating to the contract extension.

As described above, the net income performance level required to qualify for a minimum incentive payout was not met, and Mr. Perdue did not receive a Teamshare payout for 2006. The Compensation Committee considered whether Mr. Perdue should receive a discretionary bonus similar to the discretionary bonuses paid to other NEOs, giving particular weight to Mr. Perdue's request that he not receive a discretionary bonus in 2006. Accordingly, the Compensation Committee recommended that Mr. Perdue not receive a discretionary bonus, and the independent directors of the Board concurred.

Mr. Perdue resigned from Dollar General effective July 6, 2007. We agreed to treat this resignation as being for "good reason" as defined in his employment agreement. Mr. Perdue executed a release and became entitled to certain severance payments and benefits which are triggered by a resignation for good reason under his employment agreement, subject to Mr. Perdue's continued compliance with certain terms of the employment agreement (including certain restrictive covenants set forth therein). He will also be entitled to payments under his SERP and the CDP. For more information, please see "Potential Payments Upon Termination or Change-In-Control" below.

Employment Agreements with NEOs

The Compensation Committee authorized an employment contract with Mr. Perdue upon his hire in April 2003. Thereafter, beginning in 2004, the Compensation Committee began offering employment contracts to all officers including the other NEOs because it believed, based on benchmarking data, it was a common protection offered to NEOs at other comparable companies and because contracts were needed to lock-in members of a new management team to execute changes necessary to meet strategic objectives. The Compensation Committee also wanted to give standard protections to the NEOs as well as to Dollar General from a competitive standpoint should the NEO decide to leave our employ. In April 2006, the Compensation Committee approved revisions to each NEO's contract (other than Mr. Perdue) as follows:

- Contract term changed to 3 years instead of 2 years per common competitive practice.

- In addition to other severance payments and benefits, an additional lump sum payment equal to 2 times the annual employer contribution to participate in our medical, dental and vision benefits programs.

- In addition to other severance, if any payments or benefits in connection with a change-in-control would be subject to excise tax under federal income tax rules, we have agreed to pay an additional amount to the NEO to cover the excise tax and any resulting taxes. However, if after receiving this payment, the NEO's after-tax benefit is not at least $25,000 more than it would be without this payment, then it will not be made and the severance and other benefits due will be reduced so that an excise tax is not incurred.

- Change-in-control triggers revised to be more consistent with the stock plan triggers and to remove the exclusion from the change-in-control provisions ownership or acquisitions of our securities by Cal Turner, Jr., James Stephen Turner, members of their family or certain of their affiliates or associates.

Addition of Target, K-Mart, Walgreen's, Rite Aid and CVS to the list of named companies in the list of competitors for purposes of the non-compete provisions.

In September 2006, the Compensation Committee also agreed to extend Mr. Perdue's contract to March 31, 2008 and approved certain other revisions to that contract. During the negotiations, the Compensation Committee relied on the assistance of Hewitt Associates for advice and competitive compensation information to ensure that the contract extension was in the best interests of Dollar General and our shareholders. The Compensation Committee also received internal and external legal advice on various technical matters relating to the contract extension and in documenting its terms. The terms of the contract extension included:

Base salary increase from $1.0 million to $1.1 million to approximate market median.

A grant of 365,000 RSUs that were scheduled to vest ratably over three years, but generally to become payable only after Mr. Perdue's employment with us ended. The Compensation Committee targeted an approximate economic value of $4.3 million, which was above the median of the market comparator group and general industry data provided by Hewitt, to induce Mr. Perdue to sign the contract extension. This above market compensation was provided in the form of equity rather than cash compensation to ensure that Mr. Perdue's interests were appropriately aligned with shareholders. The Compensation Committee chose to deliver the long-term economic value in RSUs because we were then preparing our November 2006 plans to revitalize our merchandising and real estate strategies and the Committee did not believe it appropriate to issue stock options to the CEO shortly in advance of the public announcement of that revitalization strategy. All of the RSUs vested and were cashed out as a result of the Merger as discussed above.

To make the contract consistent with all other officer contracts, added a provision requiring payment of severance benefits upon his resignation within 60 days after our failure to offer to renew the contract.

Removed the exclusion from the change-in-control provisions any ownership or acquisitions of our securities by Cal Turner, Jr., James Stephen Turner, members of their family or certain of their affiliates or associates.

Broadened the competitors list in the non-compete provision to include the same companies listed in the employment contracts of our executive vice presidents.

Severance and Change-in-Control Agreements

As noted above, our NEOs entered into employment agreements with us, which agreements provide, among other things, for each NEO's rights upon a termination of employment. We believe that reasonable and appropriate severance and change-in-control benefits are appropriate to protect the employee against circumstances over which they have no control and as consideration for the promises of non-compete, non-solicit and non-interference that we require in our employment agreements. Furthermore, we believe change-in-control severance payments align executive and shareholder interests by enabling NEOs to evaluate a transaction in the best interests of our shareholders and our other constituents without undue concern over whether the transaction may jeopardize the NEO's own employment. In the case of a change-in-control, all equity awards outstanding prior to the Merger and all CDP/SERP Plan benefits are fully vested under a single trigger, but termination benefits have a double trigger that requires both a change-in-control and a loss of employment within two years after the event under various termination circumstances. Under our newly adopted equity Plan, (i) all time options will vest and become immediately exercisable as to 100% of the shares of common stock subject to such options immediately prior to a change in control and (ii) all performance options will vest and become immediately exercisable as to 100% of the shares of common stock subject to such options immediately prior to a change in control if as a result of the change of control, (x) investment funds affiliated with the Sponsor achieve a specified internal rate of return on 100% of their aggregate investment, directly or indirectly, in our equity securities (the "Sponsor Shares") *and* (y) the investment funds affiliated with the Sponsor earn a specified return on 100% of the Sponsor Shares; provided, however, that in the event that a change in control occurs wherein more than 50% but less than 100% of our common stock or our other voting securities or the common stock or other voting securities of Buck Holdings, L.P. is sold or otherwise disposed of, then, the performance options will become vested up to the same percentage of Sponsor Shares on which such investment funds earn a specified return and achieves a specified internal rate of return.

A table detailing the compensation and benefit payments that would be made to our NEOs had their employment terminated due to the occurrence of one of various events as of February 2, 2007 is presented under "Potential Payments upon Termination or Change-in-Control" in this prospectus. The Merger constituted a change-in-control for purposes of our plans and arrangements.

Deductibility of NEO Compensation

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for compensation over $1 million paid in any fiscal year to an NEO that is not performance-based compensation. We believe that compensation paid in 2006 associated with stock options under our 1998 Stock Incentive Plan would generally be fully deductible for federal income tax purposes. However, in certain situations (such as time-vested RSUs and the discretionary bonus payment) the Compensation Committee approved compensation that did not meet these requirements in order to ensure competitive levels of total compensation for our NEOs. Section 162(m) was not a consideration with respect to 2007 compensation as our common stock is no longer publicly traded.

Summary Compensation Table
Fiscal 2006

The following table summarizes compensation paid to or earned by our NEOs for fiscal 2006. None of our NEOs earned any non-equity incentive plan compensation in fiscal 2006.

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(4)(5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(6)	All Other Compensation ($)	Total ($)
David A. Perdue, *Chairman & Chief Executive Officer**	2006	1,037,540		1,472,904	87,582	677,541(7)	151,448(8)	3,427,015
David M. Tehle, *Executive Vice President & Chief Financial Officer*	2006	580,022	188,500	235,247	194,127		121,126(9)	1,319,022
Beryl J. Buley, *Division President, Merchandising, Marketing & Supply Chain*	2006	575,022	186,875	183,223	180,669		273,801(10)	1,399,590
Kathleen R. Guion, *Division President, Store Operations & Store Development*	2006	500,019	162,500	206,455	154,982		151,971(11)	1,175,927
Challis M. Lowe, *Executive Vice President, Human Resources*	2006	404,182	133,250	130,813	117,933		174,322(12)	960,500

* Mr. Perdue resigned effective July 6, 2007.

(1) All NEOs deferred a portion of their salaries under the CDP, which is included in the Nonqualified Deferred Compensation Table. Each NEO also contributed a portion of his or her salary to our 401(k) Plan.

(2) We paid a one-time discretionary bonus to these NEOs for fiscal 2006.

(3) Represents the expense associated with all outstanding awards of restricted stock and RSUs for which we recorded compensation expense during the fiscal year on a straight-line basis over the restriction period based on the market price of the underlying stock on the grant date. Each RSU represented the right to receive upon vesting one share of Dollar General common stock. We credited dividend equivalents to the RSU accounts as additional RSUs at the same rate as dividends paid to all of our shareholders. There were no forfeitures of restricted stock or RSUs held by the NEO during fiscal 2006. For more information regarding the assumptions used in the valuation of these awards, see Note 10 of the annual consolidated financial statements in this prospectus. As a result of the Merger, all outstanding RSU awards vested and, therefore, all compensation expense associated with such awards was recognized in 2007 in accordance with SFAS 123(R).

(4)

Represents the expense associated with all outstanding, unvested, non-qualified stock options for which we recognized compensation expense during fiscal 2006. Each option represented the right to purchase upon vesting and for the exercise price one share of Dollar General common stock. Option awards granted prior to February 4, 2006 were valued on the applicable grant date under the fair value method of SFAS 123 and under the fair value method of SFAS 123(R) for grants awarded after February 4, 2006 using the Black-Scholes option pricing model with the following assumptions:

	April 2, 2003	March 15, 2005	September 1, 2005	January 24, 2006	March 16, 2006
Expected dividend yield	.90%	.85%	.85%	1.0%	.82%
Expected stock price volatility	37.6%	27.4%	25.9%	24.7%	28.7%
Risk-free interest rate	2.04%	4.25%	3.71%	4.31%	4.7%
Expected life of options (years)	3.0	5.0	5.0	4.5	5.7
Exercise price	$ 12.68	$ 22.35	$ 18.51	$ 16.94	$ 17.54
Stock price on date of grant	$ 12.68	$ 22.35	$ 18.51	$ 16.94	$ 17.54

(5) There were no forfeitures of options held by NEOs during fiscal 2006. For more information regarding the assumptions used in the valuation of these awards, see Note 10 of the annual consolidated financial statements in this prospectus. As a result of the Merger, all outstanding options vested and, therefore, all compensation expense associated with such awards was recognized in 2007 in accordance with SFAS 123(R).

(6) We do not provide above market or preferential earnings on deferred compensation.

(7) Represents the change in the actuarial present value of the accumulated benefit under Mr. Perdue's SERP from February 4, 2006 to February 2, 2007.

(8) Includes $31,429 for premiums paid under our life insurance program, $7,406 for premiums paid under our disability insurance programs, $40,460 for our match contributions to the CDP, $11,417 for our match contributions to the 401(k) Plan, $29,575 for the reimbursement of taxes related to life and disability insurance premiums, and $31,161 which represents the incremental cost of providing certain perquisites, including $21,000 for an annual automobile allowance and other amounts, which individually did not equal the greater of $25,000 or 10% of total perquisites, for reimbursement of legal fees in connection with Mr. Perdue's SERP, tickets to sporting and other entertainment events, golf fees, and spa charges in connection with our annual strategic planning meeting. In addition, Mr. Perdue's spouse accompanied him on various business trips on our airplane which did not result in any incremental cost to us.

(9) Includes $12,716 for premiums paid under our life insurance program, $2,699 for premiums paid under our disability insurance programs, $43,502 for our contributions to the SERP, $18,001 for our match contributions to the CDP, $11,000 for our match contributions to the 401(k) Plan, $10,587 for the reimbursement of taxes related to life and disability insurance premiums, and $22,621 which represents the incremental cost of providing certain perquisites, including $21,000 for an annual automobile allowance and other amounts, which individually did not equal the greater of $25,000 or 10% of total perquisites, for tickets to sporting and other entertainment events, a holiday gift of a Sony E-Reader, and spa charges in connection with our annual strategic planning meeting.

(10) Includes $2,033 for premiums paid under our life insurance program, $1,507 for premiums paid under our disability insurance programs, $34,285 for our contributions to the SERP, $26,355 for our match contributions to the CDP, $2,396 for our match contributions to the 401(k) Plan, $1,423 for the reimbursement of taxes related to life and disability insurance premiums, $17,083 for the reimbursement of taxes related to relocation, and $188,719 which represents the incremental cost of providing certain perquisites, including $165,715 for amounts associated with relocation, $21,000 for an annual automobile allowance, and other amounts, which individually did not equal the greater of $25,000 or 10% of total perquisites, for tickets to sporting events, a holiday gift of a Sony E-Reader, golf charges in connection with our annual strategic planning meeting, and a medical physical examination. The aggregate incremental cost related to Mr. Buley's relocation amounts was calculated as follows: $102,075 due to the loss on resale and related expenses of selling his prior home, $6,536 due to lease cancellation fees, $14,985 for temporary living expenses, and $42,119 due to acquisition and moving costs in connection with his new home.

(11) Includes $7,175 for premiums paid under our life insurance program, $3,333 for premiums paid under our disability insurance program, $22,501 for our contributions to the SERP, $14,001 for our match contributions to the CDP, $10,833 for our match contributions to the 401(k) Plan, $8,810 for the reimbursement of taxes related to life and disability insurance premiums, $15,172 for the reimbursement of taxes related to relocation, and $70,146 which represents the incremental cost of providing certain perquisites, including $42,188 for amounts associated with relocation, $21,000 for an annual automobile allowance and other amounts, which individually did not equal the greater of $25,000 or 10% of total perquisites, for tickets to sporting events, a holiday gift of a Sony

E-Reader, spa charges in connection with our annual strategic planning meeting, an airline club fee, and a directed donation to a charity pursuant to the program discussed above under "Compensation Discussion & Analysis". The aggregate incremental cost related to Ms. Guion's relocation amounts was calculated as follows: $28,798 due to costs associated with the sale of her prior home and $13,390 due to acquisition and moving costs in connection with her new home.

(12)
Includes $1,449 for premiums paid under our life insurance program, $4,289 for premiums paid under our disability insurance program, $39,236 for our contributions to the SERP, $13,376 for our match contributions to the CDP, $6,834 for our match contributions to the 401(k) Plan, $6,728 for the reimbursement of taxes related to life and disability insurance premiums, $17,704 for the reimbursement of taxes related to relocation, $5,519 for reimbursement of taxes related to the personal use of a company-leased automobile, and $79,187 which represents the incremental cost of providing certain perquisites, including $49,230 for amounts associated with relocation, $23,072 for personal use of a company-leased vehicle, and other amounts, which individually did not equal the greater of $25,000 or 10% of total perquisites, for tickets to entertainment events, a holiday gift of a Sony E-Reader, spa charges in connection with our annual strategic planning meeting, a medical physical examination, and a directed donation to a charity pursuant to the program discussed under "Compensation Discussion & Analysis". The aggregate incremental cost related to Ms. Lowe's relocation amounts was calculated as follows: $40,000 as a miscellaneous cash allowance in lieu of moving household goods and $9,230 due to acquisition and moving costs in connection with her new home.

Grants of Plan-Based Awards During Fiscal 2006

The table below sets forth information regarding grants of plan-based awards to our NEOs during fiscal 2006. There are no estimated possible payouts under equity incentive plan awards for fiscal 2006.

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)						
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**All Other Stock Awards: Number of Shares of Stock or Units (#)(2)**	**All Other Option Awards: Number of Securities Underlying Options (#)(2)**	**Exercise or Base Price of Option Awards ($/Sh)**	**Grant Date Fair Value of Stock and Option Awards ($)**
David A. Perdue		550,000	1,100,000	2,200,000				
	9/18/06				365,000			5,204,900
David M. Tehle		188,500	377,000	754,000				
	3/16/06					69,900	17.54	411,739
	3/16/06				10,600			185,924
Beryl J. Buley		186,875	373,750	747,500				
	3/16/06					55,800	17.54	328,684
	3/16/06				8,400			147,336
Kathleen R. Guion		162,500	325,000	650,000				
	3/16/06					55,800	17.54	328,684
	3/16/06				8,400			147,336
Challis M. Lowe		133,250	266,500	533,000				
	3/16/06					50,000	17.54	294,520
	3/16/06				7,600			133,304

(1)
Represents possible threshold, target, and maximum payout levels for grants made under the Teamshare plan established under our Annual Incentive Plan. No amounts under this plan were earned by the NEOs in fiscal 2006.

(2)
Stock awards were grants of RSUs and option awards were grants of non-qualified stock options, all made pursuant to our 1998 Stock Incentive Plan.

Outstanding Equity Awards at 2006 Fiscal Year-End

The table below sets forth information regarding outstanding equity awards held by our NEOs at the 2006 fiscal year-end. At that time, there were no securities underlying unexercised unearned options

and no unearned shares, units or other rights that had not vested with respect to any equity incentive plan award. In connection with the Merger, outstanding stock options, restricted stock and RSUs became fully vested immediately prior to the closing of the Merger and were settled in cash, canceled or, in limited circumstances, exchanged for new options of Dollar General, as described below. Unless exchanged for new options, each NEO received an amount in cash, without interest and less applicable withholding taxes, equal to $22.00 less the exercise price of each option. Additionally, each restricted stock and RSU holder received $22.00 in cash, without interest and less applicable withholding taxes. Certain stock options held by our management were exchanged for new options to purchase common stock in Dollar General (the "Rollover Options"). The exercise price of the Rollover Options and the number of shares of common stock of Dollar General underlying the Rollover Options were adjusted as a result of the Merger. The Rollover Options otherwise continue under the terms of the equity plans under which they were issued.

	Option Awards				**Stock Awards**	
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)(1)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)(2)**
David A. Perdue	1,000,000 (3)		12.68	4/2/2013		
					475,581 (4)	8,194,261
David M. Tehle		69,900 (5)	17.54	3/16/2016		
	15,750 (6)	47,250 (6)	22.35	3/15/2015		
	52,600 (7)		18.83	8/24/2014		
	62,800 (8)		18.75	8/9/2014		
					22,427 (9)	386,417
Beryl J. Buley		55,800 (5)	17.54	3/16/2016		
	25,000 (10)	75,000 (10)	16.94	1/24/2016		
					25,530 (11)	439,882
Kathleen R. Guion		55,800 (5)	17.54	3/16/2016		
	12,575 (6)	37,725 (6)	22.35	3/15/2015		
	42,000 (7)		18.83	8/24/2014		
	62,800 (12)		20.63	12/2/2013		
					18,964 (13)	326,750
Challis M. Lowe		50,000 (5)	17.54	3/16/2016		
	10,500 (14)	31,500 (14)	18.51	9/1/2015		
					18,016 (15)	310,416

(1) Includes the number of unvested shares underlying the dividend equivalent units credited to RSU accounts.

(2) Based on the closing price of Dollar General's common stock on February 2, 2007 ($17.23).

(3) These options became exercisable in three installments on April 2, 2004, April 2, 2005 and April 2, 2006.

(4) Includes 31,546 shares of restricted stock that had been scheduled to vest in two equal installments on April 2, 2007 and April 2, 2008; 75,000 RSUs that had been scheduled to vest ratably in three installments on March 16, 2007, March 16, 2008 and March 16, 2009; and 365,000 RSUs that had

been scheduled to vest ratably in three installments on September 18, 2007, September 18, 2008 and September 18, 2009.

(5) These options became or were scheduled to become exercisable ratably in installments of 25% on March 16, 2007, March 16, 2008, March 16, 2009 and March 16, 2010.

(6) These options became or were scheduled to become exercisable ratably in installments of 25% on March 15, 2006, March 15, 2007, March 15, 2008 and March 15, 2009.

(7) These options became exercisable in installments of 25% on August 24, 2005 and 75% on February 3, 2006.

(8) These options became exercisable in installments of 25% on August 9, 2005 and 75% on February 3, 2006.

(9) Includes 5,000 shares of restricted stock that had been scheduled to vest on August 9, 2007; 2,200 RSUs that had been scheduled to vest on August 24, 2007; 4,333 RSUs that had been scheduled to vest ratably in two installments on March 15, 2007 and March 15, 2008; and 10,600 RSUs that had been scheduled to vest ratably in three installments on March 16, 2007, March 16, 2008 and March 16, 2009.

(10) These options became or were scheduled to become exercisable ratably in installments of 25% on January 24, 2007, January 24, 2008, January 24, 2009 and January 24, 2010.

(11) Includes 16,800 RSUs that had been scheduled to vest in two equal installments on January 24, 2008 and January 24, 2009; and 8,400 RSUs that had been scheduled to vest in three equal installments on March 16, 2007, March 16, 2008 and March 16, 2009.

(12) These options became exercisable in installments of 25% on December 2, 2004 and December 2, 2005 and 50% on February 3, 2006.

(13) Includes 6,733 RSUs that had been scheduled to vest on August 24, 2007; 3,466 RSUs that had been scheduled to vest ratably in two installments on March 15, 2007 and March 15, 2008; and 8,400 RSUs that had been scheduled to vest ratably in three installments on March 16, 2007, March 16, 2008 and March 16, 2009.

(14) These options became or were scheduled to become exercisable in installments of 25% on September 1, 2006, September 1, 2007, September 1, 2008 and September 1, 2009.

(15) Includes 10,133 RSUs that were scheduled to vest ratably in two installments on September 1, 2007 and September 1, 2008; and 7,600 RSUs that were scheduled to vest ratably in three installments on March 16, 2007, March 16, 2008 and March 16, 2009.

Option Exercises and Stock Vested During Fiscal 2006

The table below provides information regarding the value realized by our NEOs upon the exercise of stock options and the vesting of stock awards during fiscal 2006.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)(1)**	**Value Realized on Vesting ($)(2)**
David A. Perdue			41,000	721,183
David M. Tehle			9,430	133,206
Beryl J. Buley			8,510	146,199
Kathleen R. Guion			8,616	116,305
Challis M. Lowe			5,125	64,631

(1) Includes the number of shares underlying dividend equivalents that vested in conjunction with the vesting of the related RSUs.

(2) The value realized is based on the closing market price of the underlying stock on the applicable vesting dates.

Pension Benefits
Fiscal 2006

We provided retirement benefits to Mr. Perdue under an unfunded, non-qualified defined benefit pension plan, or SERP. As a result of the Merger, which constituted a Change in Control under the terms of the SERP and the grantor trust agreement, and Mr. Perdue's subsequent resignation, Mr. Perdue became 100% vested in his SERP account and the actuarial equivalent of the lump sum value of Mr. Perdue's accrued benefit was funded to the grantor trust. The table below shows the present value as of February 2, 2007 of accumulated benefits payable to Mr. Perdue, including the number of years of credited service earned by him as of that date, under his SERP. The material terms of Mr. Perdue's SERP are discussed following the table.

Name	**Plan Name**	**Number of Years Credited Service (#)(1)**	**Present Value of Accumulated Benefit ($)(2)**	**Payments During Last Fiscal Year ($)**
David A. Perdue	Supplemental Executive Retirement Plan for David A. Perdue	6	1,848,238	

(1) Mr. Perdue joined Dollar General on April 2, 2003 and had three actual years of employment service as of February 2, 2007. Mr. Perdue received two years of credited service for vesting and benefit accrual purposes for each of these years of employment.

(2) Represented the actuarial present value as of February 2, 2007 of the benefit computed as of the same pension plan measurement date, discount rate, and lump sum interest rate used for financial statement reporting purposes. No pre-retirement decrements were assumed. The benefit was calculated assuming Mr. Perdue retired at age 60, the earliest age he could retire without a penalty for early commencement. The actuarial present value of the additional three years of credited service earned under the two-for-one crediting agreement for Mr. Perdue's first three years of employment was $924,199.

Mr. Perdue's SERP provided an annual normal retirement benefit equal to 25% of "final average compensation" upon retirement on or after his "normal retirement date", payable as a joint and 50% spouse annuity assuming the spouse is the same age as Mr. Perdue. Mr. Perdue could elect to receive his benefit as a lump sum or any annuity form that is the actuarial equivalent of the normal retirement benefit.

Mr. Perdue's benefit was based on early retirement eligibility after 10 years of credited service, with benefits prorated based on actual credited service divided by 15 if Mr. Perdue retired with less than 15 years of credited service. The benefit was reduced 5% for each year or portion thereof that Mr. Perdue retired before age 60.

Since Mr. Perdue resigned for good reason within 2 years of a change-in-control (as defined in the SERP), he is entitled to a benefit based on his years of credited service earned at the time of termination plus 5 additional years of credited service, subject to the SERP maximum of 15 years. The total years of credited service used to calculate Mr. Perdue's benefit was 14. Mr. Perdue's base salary and "applicable annual bonus" were deemed to be paid during the 5 additional years of credited service for the purpose of calculating his "final average compensation".

Mr. Perdue's SERP account will be paid following a 6 month deferral in payment as required by tax law and subject to his providing a release of claims against us as required in his employment agreement.

"Applicable annual bonus" is the greater of the actual bonus paid for the immediately preceding fiscal year or the target annual bonus for the current fiscal year.

"Final average compensation" is calculated as Mr. Perdue's base salary plus his incentive "Teamshare" bonus earned in a fiscal year for the highest 3 consecutive fiscal years of credited service out of the last 10 preceding retirement or termination of employment. For the purpose of his benefit calculation, Mr. Perdue's final average compensation was $2,266,000.

For the purpose of calculating Mr. Perdue's accumulated benefit, "normal retirement date" is the first of the month coincident with or next following the later of the date Mr. Perdue attains age 60 or is credited with 15 years of credited service.

We have established a grantor trust that provides for assets in connection with Mr. Perdue's SERP to be placed in the trust upon a change-in-control (as defined in the grantor trust) of Dollar General. The trust's assets are subject to the claims of Dollar General's creditors. The trust also provides for a distribution to Mr. Perdue to pay certain taxes in the event he is taxed in connection with the funding of the trust and to apply interest at the rate of 6% per annum in the event payment is delayed due to Section 409A of Code. As a result of the Merger, and since the payment was determined to be subject to 409A delay, a deposit of $6,208,962 was made to the trust representing the lump sum and interest value of Mr. Perdue's benefit. This will be paid to Mr. Perdue on January 7, 2008.

Nonqualified Deferred Compensation
Fiscal 2006

As discussed above, we offer a CDP/SERP Plan to certain key employees, including the NEOs. Mr. Perdue was not eligible to participate in the SERP portion of the CDP/SERP Plan due to his participation in his individualized SERP discussed under "Pension Benefits" above. Information regarding the NEOs' participation in the CDP/SERP Plan is included in the following table. The material terms of the CDP/SERP Plan are described after the table.

Name	Executive Contributions in Last FY ($)(1)	Registrant Contributions in Last FY ($)(2)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)
David A. Perdue	51,877	40,460	27,685		342,013(3)
David M. Tehle	40,602	61,503	13,636		208,014(4)
Beryl J. Buley	28,751	60,640	7,476		101,659(5)
Kathleen R. Guion	25,001	36,502	17,294		189,459(6)
Challis M. Lowe	38,885	52,611	4,583		100,591

(1) Reported as "Salary" in the Summary Compensation Table.

(2) Reported as "All Other Compensation" in the Summary Compensation Table.

(3) Includes the following amounts reported in the Summary Compensation Table in the proxy statement for the fiscal years indicated: $94,670 in 2005; $84,253 in 2004; and $7,500 in 2003.

(4) Includes the following amounts reported in the Summary Compensation Table in the proxy statement for the fiscal years indicated: $84,387 in 2005; and $3,333 in 2004.

(5) Includes $4,792 reported in the Summary Compensation Table in the proxy statement for fiscal 2005.

(6) Includes the following amounts reported in the Summary Compensation Table in the proxy statement for the fiscal years indicated: $43,168 in 2005; and $57,689 in 2004.

Pursuant to the CDP, participants may annually elect to defer up to 65% of base salary and up to 100% of bonus pay. Participants make deferral elections in November of each year for amounts to be earned in the following year. We currently match base pay deferrals at a rate of 100%, up to 5% of annual salary, with annual salary offset by the amount of match-eligible salary deferred into the 401(k) plan. All participants are 100% vested in all compensation and matching deferrals and earnings on those deferrals.

Pursuant to the SERP, we make an annual contribution equal to a certain percentage of a participant's annual salary and bonus to all participants who are actively employed in an eligible job grade on January 1 and continue to be employed as of December 31 of a given year. The contribution percentage is based on age, years of service and job grade. The 2006 contribution percentage for each eligible NEO was 7.5% (Mr. Tehle); 4.5% (Mr. Buley); 4.5% (Ms. Guion); and 7.5% (Ms. Lowe). As a result of the Merger which constituted a "change in control" under the CDP/SERP Plan, all previously unvested SERP amounts vested on July 6, 2007. For newly eligible SERP participants after July 6, 2007, SERP amounts vest at the earlier of the participant's attainment of age 50 or the participant's being credited with 10 or more "years of service", or upon termination of employment due to death or "total and permanent disability" or upon a "change in control," all as defined in the CDP/SERP Plan.

The amounts deferred or contributed to the CDP/SERP Plan are credited to a liability account, which is then invested at the participant's option in either an account that mirrors the performance of a fund or funds selected by the Compensation Committee or its delegate (the "Mutual Fund Options") or, prior to the Merger, in an account that mirrors the performance of our common stock (the "Common Stock Option"). A participant who ceases employment when he is credited with at least 10 years of service or after he has reached age 50 and whose CDP account balance or SERP account balance exceeds $25,000 may elect for that account balance to be paid in cash by (a) lump sum, (b) monthly installments over a 5, 10 or 15-year period or (c) a combination of lump sum and

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installments. Otherwise, payment is made in a lump sum. The vested amount will be payable at the time designated by the Plan upon the participant's termination of employment or retirement. A participant's CDP/SERP benefit normally is payable in the following February if he or she ceases employment during the first 6 months of a calendar year or is payable in the following August if he or she ceases employment during the last 6 months of a calendar year. However, participants may elect to receive an in-service lump sum distribution of vested amounts credited to the CDP account, provided that the date of distribution is no sooner than 5 years after the end of the year in which amounts are deferred. In addition, a participant who is actively employed may request to receive an "unforeseeable emergency hardship" in-service lump sum distribution of vested amounts credited to his CDP account. Account balances deemed to be invested in the Mutual Fund Options are payable in cash and, prior to the Merger, account balances deemed to be invested in the Common Stock Option were payable in shares of Dollar General common stock and cash in lieu of fractional shares.

As a result of the Merger, the CDP/SERP Plan liabilities were fully funded into an irrevocable rabbi trust. All account balances deemed to be invested in the Common Stock Option were liquidated at a value of $22.00 per share and the proceeds were mapped to an existing Mutual Fund Option within the Plan.

Potential Payments upon Termination or Change-in-Control

The tables below reflect potential payments to each of our NEOs in various termination and change-in-control scenarios based on compensation, benefit and equity levels in effect on February 2, 2007. The amounts shown assume that the termination was effective as of February 2, 2007. For stock valuations, we have assumed that the price per share is the closing market price of our stock on February 2, 2007 ($17.23). The amounts shown are merely estimates. We cannot determine the actual amounts to be paid until the time of the NEO's service termination. The discussion below regarding Mr. Perdue explains the amounts set forth in the accompanying table under all termination scenarios. However, Mr. Perdue's employment actually terminated effective July 6, 2007. We agreed to treat this resignation as being for "good reason" as defined in his employment agreement. In addition, the Merger constituted a change-in-control for purposes of our plans and other arrangements with our NEOs.

Payments Regardless of Manner of Termination

Regardless of the termination scenario, the NEO (other than Mr. Perdue) will receive any earned but unpaid base salary through the service termination date, along with any other benefits owed under any of our plans or agreements covering the officer as governed by the terms of that plan or agreement. These benefits include vested amounts in the CDP/SERP Plan discussed after the Nonqualified Deferred Compensation Table in this prospectus.

Regardless of the manner in which Mr. Perdue's employment terminates, but subject to any 6-month delay in payment required for tax law purposes, he will receive a lump sum payment equal to any earned but unpaid base salary through his service termination date, any accrued expenses and vacation pay and, unless he elected a different payout in a prior deferral election, any compensation previously deferred along with accrued interest and earnings. This payment will be made in accordance with our normal payroll cycle and procedures and in due course, rather than in a lump sum, in the event Mr. Perdue is terminated for cause as discussed under "Payments Upon Involuntary Termination" below. He also will receive timely payment or provision of any other accrued amounts or benefits required to be paid or provided or which he is eligible to receive under any of our plans, practices or agreements. These benefits include amounts payable pursuant to his SERP described after the Pension Benefits table in this prospectus and his CDP benefit discussed above after the Nonqualified Deferred Compensation Table.

The tables below exclude any amounts payable to the NEO to the extent that they are available generally to all salaried employees and do not discriminate in favor of our executive officers.

Mr. Perdue will forfeit any unpaid amounts he otherwise would be entitled to receive upon termination of his employment if he breaches any provision of his employment agreement, including breach of any business protection provisions. These business protection provisions include the following obligations:

- He must maintain the confidentiality of our (a) trade secrets as long as the information remains a trade secret and (b) confidential information for 2 years after his service termination date.

- For 2 years after his service termination date, Mr. Perdue may not actively recruit or induce certain of our employees to cease employment with us or engage that person's services in any business substantially similar to or competitive with that in which we were engaged during Mr. Perdue's employment.

- For 2 years after his service termination date, Mr. Perdue may not accept or work in a "competitive position" within any state in which we maintain stores at the time of his termination date or any state in which we have specific plans to open stores within 6 months of that date. For this purpose, "competitive position" means any employment, consulting, advisory, directorship, agency, promotional or independent contractor arrangement between Mr. Perdue and any person engaged wholly or in material part in the business in which we are engaged, including but not limited to Wal-Mart, Target, K-Mart, Walgreen's, Rite-Aid, CVS, Family Dollar Stores, Fred's, the 99 Cents Stores and Dollar Tree Stores, or any person then planning to enter the deep discount consumable basics retail business, if Mr. Perdue is required to perform services for that person which are substantially similar to those he provided or directed at any time while employed by us.

- Mr. Perdue may not engage in any communications which disparage Dollar General or interfere with our existing or prospective business relationships.

Payments Upon Termination Due to Retirement

In the event of retirement, in addition to the items identified under "Payments Regardless of Manner of Termination" above, all unvested equity grants will be forfeited, vested stock options generally may be exercised for 3 years from the service termination date unless the options expire earlier, and vested RSUs will settle in due course. To be entitled to the extended option exercise period, the retirement must occur on or after the NEO reaches the age of 65 or, with our express consent, prior to age 65 in accordance with any applicable early retirement policy then in effect or as may be approved by our Compensation Committee. The enhancement of Mr. Perdue's SERP benefit upon retirement is discussed above following the Pension Benefits Table.

Payments Upon Termination Due to Death or Disability

In the event of death or disability, in addition to the items identified under "Payments Regardless of Manner of Termination" above:

- With respect to each NEO other than Mr. Perdue, all unvested equity grants will be forfeited, vested stock options generally may be exercised for 3 years from the service termination date unless the options expire earlier, and vested RSUs will settle in due course.

- With respect to Mr. Perdue, the vesting of all equity grants will accelerate, vested stock options may be exercised for 1 year from the date of death or, in the event of disability, for 3 years from the service termination date, in each case unless the options expire earlier, and vested RSUs will settle in due course.

In the event of termination due to disability:

- We treat Mr. Perdue as employed, solely for purposes of his non-qualified defined benefit pension plan, or SERP, during the period of disability until he is entitled to the full 25% SERP benefit and his SERP benefit is payable on an unreduced basis.
- In determining his base salary and bonus for the additional credited years of service for purposes of calculating his final average compensation for his SERP, we use his base salary on the termination date and the greater of his actual annual incentive bonus earned in the last fiscal year prior to the termination date or his target annual incentive bonus for the fiscal year in which the termination date occurs.
- Mr. Perdue's SERP benefit is payable commencing upon his SERP normal retirement date.

In the event of death, the NEO's beneficiary will receive payments under our group life insurance program in an amount, up to a maximum of $3 million, equal to 2.5 times the NEO's annual base salary. We have excluded from the tables below amounts that the NEO would receive under our disability insurance program since the same benefit level is provided to all of our salaried employees.

In the event of the NEO's disability, the CDP/SERP Plan benefit becomes fully vested and is payable in a lump sum within 60 days after the end of the calendar quarter in which we receive notification of the determination of the NEO's disability by the Social Security Administration.

In the event of the NEO's death, the NEO's CDP/SERP Plan benefit becomes fully vested and is payable in a lump sum within 60 days after the end of the calendar quarter in which the NEO's death occurs.

In the event of Mr. Perdue's death while an employee and after becoming eligible for early or normal retirement under the SERP, his SERP benefit will commence to be paid as of the first of the calendar month following his death determined as though he had retired on the date of death.

For purposes of the NEOs' employment agreements and Mr. Perdue's SERP, "disability" means the employee must be disabled for purposes of our long-term disability insurance plan or, if no plan is in effect or if that plan is not applicable, the employee's inability to perform the functions of his or her regular duties and responsibilities. For purposes of the CDP/SERP Plan, disability means total and permanent disability for purposes of entitlement to Social Security disability benefits.

Payments Upon Voluntary Termination

The payments to be made to an NEO upon voluntary termination vary depending upon whether the NEO resigns with or without "good reason" or after our failure to offer to renew, extend or replace the NEO's employment agreement under certain circumstances. For purposes of each NEO, "good reason" means (as more fully described in the applicable employment agreement):

- a reduction in base salary or target bonus level;
- our material breach of the employment agreement; or
- the failure of any successor to all or substantially all of our business and/or assets to assume and agree to perform the employment agreement.

In addition to the reasons identified above, for purposes of each NEO other than Mr. Perdue "good reason" means (as more fully described in the applicable employment agreement):

- our failure to continue any significant compensation plan or benefit without replacing it with a similar plan or a compensation equivalent (except for across-the-board changes or terminations similarly affecting at least 95% of all of our executives);

- relocation of our principal executive offices outside of the middle-Tennessee area or basing the officer anywhere other than our principal executive offices; or

- assignment of duties inconsistent, or the significant reduction of the title, powers and functions associated, with the NEO's position, unless it results from our restructuring or realignment of duties and responsibilities for business reasons that leaves the NEO at the same compensation and officer level and with similar responsibility levels or results from the NEO's failure to meet performance criteria, all without the NEO's written consent.

In addition to the reasons identified above applicable to all NEOs, for purposes of Mr. Perdue "good reason" means (as more fully described in his employment agreement):

- assignment to duties inconsistent in any material respect with his position, authority, or responsibilities in effect on April 2, 2003, or any other action which demonstrably diminishes his position, authority, or responsibilities, all without his written consent; or

- our failure to continue any pension or compensation arrangement in which Mr. Perdue participates or the elimination of his participation in any of those plans (except for across-the-board plan changes or terminations similarly affecting at least 95% of all of our executives, excluding Mr. Perdue's SERP).

For NEOs other than Mr. Perdue, no event will constitute "good reason" if we cure the claimed event within 30 days after receiving notice from the NEO. For Mr. Perdue, no event will constitute "good reason" unless he notifies our Board within 90 days of the occurrence of the circumstance he believes constitutes good reason or if we cure the claimed event (other than the failure of a successor to assume his agreement) within 30 days of that notice.

Voluntary Termination with Good Reason or After Failure to Renew the Employment Agreement. In the event the NEO resigns with good reason or within 60 days of our failure to offer to renew, extend or replace the NEO's employment agreement before, at or within 60 days after the end of the agreement's term (unless we enter into a mutually acceptable severance arrangement or, in the case of an NEO other than Mr. Perdue, the resignation is a result of the NEO's voluntary retirement or termination or, in the case of Mr. Perdue, the resignation is the result of his voluntary retirement at or after age 62), in addition to the items identified under "Payments Regardless of Manner of Termination" above:

- With respect to each NEO other than Mr. Perdue, all unvested equity grants will be forfeited, vested stock options generally may be exercised for 3 months from the service termination date unless the options expire earlier, and vested RSUs will settle in due course.

- With respect to Mr. Perdue, the vesting of all equity grants will accelerate if he executes a release of certain claims against us and our affiliates in the form attached to his employment agreement, vested stock options may be exercised for 3 months from the service termination date unless the options expire earlier, and vested RSUs will settle in due course.

The NEO (other than Mr. Perdue) will receive, subject to any 6-month delay in payment required for tax law compliance, the following upon the execution of a release of certain claims against us and our affiliates in the form attached to the NEO's employment agreement:

- Continuation of base salary for 24 months payable in accordance with our normal payroll cycle and procedures.
- A lump sum payment equal to 2 times the NEO's target incentive bonus and 2 times our annual contribution for the NEO's participation in our medical, dental and vision benefits program.
- Outplacement services, at our expense, for 1 year or, if earlier, until other employment is secured.

Subject to any applicable prohibition on acceleration of payment under Section 409A of the Internal Revenue Code, we may, at any time and in our sole discretion, elect to make a lump-sum payment of all these amounts, or all remaining amounts, due as a result of this type of termination.

Mr. Perdue will receive the following, subject to any 6-month delay in payment required for tax law compliance, if he executes a release of certain claims against us and our affiliates in the form attached to his employment agreement:

- An amount, payable ratably over a 24 month period in accordance with our normal payroll cycle and procedures, equal to 2.5 times the sum of his annual base salary and the greater of his actual annual incentive bonus earned in the fiscal year immediately prior to his service termination date or his target incentive bonus for the fiscal year in which his employment terminated. Subject to any applicable prohibition on payment acceleration under Section 409A of the Internal Revenue Code, we may, at any time and in our sole discretion, make a lump sum payment of all or the remaining portion of this amount.
- For 30 months after his termination date, we will pay the premium for his participation in our retiree medical plan, if any, in accordance with his elected coverage in place at the time of his termination or, at his request we will pay for or provide medical benefits no less favorable than our retiree medical benefits in effect as of April 2, 2003. We also will gross-up our payment of those premiums to the extent they are taxable to Mr. Perdue.
- We will credit Mr. Perdue with 5 additional years of continuous service under his SERP. In determining his base salary and bonus for the additional credited years of service for purposes of calculating his final average compensation, we use his base salary on his termination date and the greater of his actual annual incentive bonus earned in the last fiscal year prior to his termination date or his target annual incentive bonus for the fiscal year in which his service termination date occurs.

The NEO (other than Mr. Perdue) will forfeit any unpaid severance amounts upon a material breach of any continuing obligation under the employment agreement or the release, which include (in addition to those contained in the 1st and 3rd bullet points with respect to Mr. Perdue's continuing obligations under "Payments Regardless of Manner of Termination" above):

- For 2 years following the service termination date, the NEO may not actively recruit or induce any of our exempt employees to cease employment with us.
- For 2 years following the service termination date, the NEO may not solicit or communicate with any person who has a business relationship with us and with whom the NEO had contact while employed by us, if that contact would likely interfere with our business relationships or result in an unfair competitive advantage over us.

The NEO may not engage in any communications to persons outside Dollar General which disparages Dollar General or interferes with our existing or prospective business relationships.

Voluntary Termination without Good Reason. In the event the NEO resigns without good reason, in addition to the items identified under "Payments Regardless of Manner of Termination" above, all unvested equity grants will be forfeited, vested stock options generally may be exercised for 3 months from the service termination date unless the options expire earlier, and vested RSUs will settle in due course.

Payments Upon Involuntary Termination

The payments to be made to an NEO upon involuntary termination vary depending upon whether termination is for or without "cause". For purposes of each NEO, "cause" means (as more fully described in the applicable employment agreement):

Attendance at work in a state of intoxication or in possession of any prohibited drug or substance which would amount to a criminal offense; or

Assault or other act of violence (with respect to Mr. Perdue, occurring in the course of employment).

In addition to the reasons identified above, for purposes of the NEOs other than Mr. Perdue, "cause" means (as more fully described in the applicable employment agreement):

any act involving fraud or dishonesty;

any material breach of any SEC or other law or regulation or any Dollar General policy governing securities trading or inappropriate disclosure or "tipping";

any activity or public statement, other than as required by law, that prejudices Dollar General or reduces our good name and standing or would bring Dollar General into public contempt or ridicule; or

conviction of, or plea of guilty or *nolo contendre* to, any felony whatsoever or any misdemeanor that would preclude employment under our hiring policy.

In addition to the reasons identified in the first paragraph above applicable to all NEOs (including Mr. Perdue), for Mr. Perdue "cause" means any of the reasons below, as determined by at least $^3/_4$ of our entire Board after giving Mr. Perdue and his attorney an opportunity to respond (and as more fully explained in his employment agreement):

any act involving fraud or a violation of securities trading regulations or any act resulting in an SEC investigation which, in each case, the Board determines materially adversely affects us or Mr. Perdue's ability to perform his duties;

conviction of any felony or misdemeanor involving moral turpitude; or

with limited exceptions, Mr. Perdue's continued failure to perform substantially his duties after receipt of written demand by the Board for substantial performance.

For purposes of determining treatment of an NEO's equity awards, "cause" means, to the extent that our Compensation Committee determines that it is directly and materially harmful to our business or reputation:

a felony conviction or the failure to contest prosecution of a felony; or willful misconduct or dishonesty.

Involuntary Termination for Cause. In the event the NEO is involuntarily terminated for cause, in addition to the items identified under "Payments Regardless of Manner of Termination" above, all unvested equity grants, as well as all vested but unexercised stock options, will be forfeited and all vested but unpaid RSUs will be forfeited except for Mr. Perdue's vested but unpaid restricted stock units which will settle in due course.

Involuntary Termination without Cause. In the event the NEO is involuntarily terminated without cause, the NEO's equity grants will be treated as described under "Voluntary Termination with Good Reason or After Failure to Renew the Employment Agreement" above. In addition, each NEO will receive the applicable payments and benefits listed under "Voluntary Termination with Good Reason or After Failure to Renew the Employment Agreement" above.

Payments Upon Termination After a Change-in-Control

All unvested equity grants accelerate automatically upon a change-in-control (as defined in our 1998 Stock Incentive Plan) regardless of whether the NEO's employment terminates, and all CDP/SERP Plan benefits become fully vested upon a change-in-control (as defined in our CDP/SERP Plan). In addition, under our 1998 Stock Incentive Plan, the Compensation Committee may accelerate the vesting of all unvested equity grants in the event of a potential change-in-control (as defined in our 1998 Stock Incentive Plan).

In the event the NEO is involuntarily terminated without cause or resigns for good reason within 2 years of a change-in-control, in addition to the items identified under "Payments Regardless of Manner of Termination" above, the NEO will receive the following upon execution of a release of certain claims against us and our affiliates in the form attached to the NEO's employment agreement:

Each NEO other than Mr. Perdue will receive a lump sum payment equal to 2 times the NEO's annual base salary plus 2 times the NEO's target incentive bonus, each as in effect immediately prior to the change-in-control, plus 2 times our annual contribution for the NEO's participation in our medical, dental and vision benefits program. The NEO also will receive outplacement services, at our expense, for 1 year or, if earlier, until other employment is secured.

Mr. Perdue will receive a lump sum payment equal to 3 times the sum of his annual base salary in effect on his service termination date and the greater of his actual annual incentive bonus earned in the last fiscal year prior to his termination date or his target annual incentive bonus for the fiscal year in which the termination occurs. In addition, for 36 months after his termination date, we will pay the premium for his participation in our retiree medical plan, if any, in accordance with his elected coverage in place on his termination date (no retiree medical plan is currently in place so this benefit is not reflected in the table below regarding Mr. Perdue). We will also gross-up our payment of those premiums to the extent they are taxable to Mr. Perdue.

We also will credit Mr. Perdue with 5 additional years of continuous service under his SERP. In determining his base salary and bonus for these additional years for purposes of calculating final average compensation, we use his base salary on his termination date (or, if higher, at the time immediately prior to the change-in-control) and the greater of his actual annual incentive bonus earned in the last fiscal year prior to his termination date or his target annual incentive bonus for the fiscal year in which the termination occurs.

If any payments or benefits in connection with a change-in-control would be subject to the excise tax under federal income tax rules, we will pay an additional amount to the NEO to cover the excise tax and any resulting taxes. However, if after receiving this payment the NEO's after-tax benefit is not at least $25,000 more than it would be without this payment, then it will not be made and the severance and other benefits due will be reduced so that an excise tax is not incurred.

A "change-in-control" generally is deemed to occur (as more fully described in our 1998 Stock Incentive Plan, CDP/SERP Plan and in the employment agreements):

- if any person (other than Dollar General or any of our employee benefit plans) acquires 35% or more of our voting securities (other than as a result of our issuance of securities in the ordinary course of business);

- for purposes of our 1998 Stock Incentive Plan and our CDP/SERP Plan, if a majority of our Board members at the beginning of any consecutive 2-year period are replaced within that period without the approval of at least $^{2}/_{3}$ of our Board members who served as directors at the beginning of the period; for all other purposes, if a majority of our Board members as of the effective date of the applicable NEO's employment agreement (or, for Mr. Perdue, as of the effective date of the first amendment to his employment agreement) are replaced without the approval of at least 75% of our Board members who served as directors on that effective date or are replaced, even with this 75% approval, by persons who initially assumed office as a result of an actual or threatened election contest or other actual or threatened proxy solicitation other than by our Board; or

- upon the consummation of a merger, other business combination or sale of assets of, or cash tender or exchange offer or contested election with respect to, Dollar General if less than 65% (less than a majority, for purposes of our 1998 Stock Incentive Plan and our CDP/SERP Plan) of our voting securities are held after the transaction in the aggregate by holders of our securities immediately prior to the transaction.

For purposes of our 1998 Stock Incentive Plan, a "potential change-in-control" generally is deemed to occur (as more fully described in that Plan):

- if our shareholders approve an agreement which, if consummated, would result in a change-in-control, as described above; or

- if any person (other than Dollar General or any of our employee benefit plans) acquires 5% or more of our voting securities (other than as a result of our issuance of securities in the ordinary course of business).

Payments to Named Executive Officers Upon Occurrence of Various Termination Events
As of February 2, 2007

Name	Voluntary Without Good Reason	Involuntary Without Cause or Voluntary With Good Reason	Involuntary With Cause	Death	Disability	Retirement	Change-in-Control
David A. Perdue							
Vested Options Prior To Event	$ 4,550,000	$ 4,550,000	$ 0	$ 4,550,000	$ 4,550,000	$ 4,550,000	$ 4,550,000
Vesting of Options Due to the Event	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vesting of Restricted Stock & RSUs Due to the Event	$ 0	$ 8,194,261	$ 0	$ 8,194,261	$ 8,194,261	$ 0	$ 8,194,261
SERP Benefits Prior to the Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SERP Benefits Due to the Event	$ 0	$ 5,339,133	$ 0	$ 0	$ 4,289,726	$ 0	$ 5,339,133
Deferred Comp Plan Balance Prior to and After the Event	$ 355,357	$ 355,357	$ 355,357	$ 355,357	$ 355,357	$ 355,357	$ 355,357
Cash Severance	$ 0	$ 5,500,000	$ 0	$ 0	$ 0	$ 0	$ 6,600,000
Health & Welfare Continuation Payment	$ 0	$ 22,146	$ 0	$ 0	$ 0	$ 0	$ 0
Health & Welfare Continuation Gross-Up Payment To IRS	$ 0	$ 12,703	$ 0	$ 0	$ 0	$ 0	$ 0
Section 280(G) Excise Tax & Gross-Up Payment to IRS	N/A	N/A	N/A	N/A	N/A	N/A	$ 5,558,738
Life Insurance Proceeds	N/A	N/A	N/A	$ 2,750,000	N/A	N/A	N/A
Total	$ 4,905,357	$ 23,973,600	$ 355,357	$ 15,849,618	$ 17,389,344	$ 4,905,357	$ 30,597,489
David M. Tehle							
Vested Options Prior To Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Vesting of Options Due to the Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Vesting of Restricted Stock & RSUs Due to the Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 386,400
SERP Benefits Prior to the Event	$ 95,114	$ 95,114	$ 95,114	$ 95,114	$ 95,114	$ 95,114	$ 95,114
SERP Benefits Due to the Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Deferred Comp Plan Balance Prior to and After the Event	$ 113,082	$ 113,082	$ 113,082	$ 113,082	$ 113,082	$ 113,082	$ 113,082
Cash Severance	$ 0	$ 1,914,000	$ 0	$ 0	$ 0	$ 0	$ 1,914,000
Health & Welfare Continuation Payment	$ 0	$ 17,168	$ 0	$ 0	$ 0	$ 0	$ 17,168
Outplacement	$ 0	$ 15,000	$ 0	$ 0	$ 0	$ 0	$ 15,000
Section 280(G) Excise Tax & Gross-Up Due to the Event	N/A	N/A	N/A	N/A	N/A	N/A	$ 0
Life Insurance Proceeds	N/A	N/A	N/A	$ 1,450,000	N/A	N/A	N/A
Total	$ 208,196	$ 2,154,364	$ 208,196	$ 1,658,196	$ 208,196	$ 208,196	$ 2,540,764

Name	Voluntary Without Good Reason	Involuntary Without Cause or Voluntary With Good Reason	Involuntary With Cause	Death	Disability	Retirement	Change-in-Control
Beryl J. Buley							
Vested Options Prior To Event	$ 7,250	$ 7,250	$ 0	$ 7,250	$ 7,250	$ 7,250	$ 7,250
Vesting of Options Due to the Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 21,750
Vesting of Restricted Stock & RSUs Due to the Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 439,882
SERP Benefits Prior to the Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SERP Benefits Due to the Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 34,285
Deferred Comp Plan Balance Prior to and After the Event	$ 78,993	$ 78,993	$ 78,993	$ 78,993	$ 78,993	$ 78,993	$ 78,993
Cash Severance	$ 0	$ 1,897,500	$ 0	$ 0	$ 0	$ 0	$ 1,897,500
Health & Welfare Continuation Payment	$ 0	$ 10,513	$ 0	$ 0	$ 0	$ 0	$ 10,513
Outplacement	$ 0	$ 15,000	$ 0	$ 0	$ 0	$ 0	$ 15,000
Section 280(G) Excise Tax & Gross-Up Due to the Event	N/A	N/A	N/A	N/A	N/A	N/A	$ 0
Life Insurance Proceeds	N/A	N/A	N/A	$ 1,437,500	N/A	N/A	N/A
Total	$ 86,243	$ 2,009,256	$ 78,993	$ 1,523,743	$ 86,243	$ 86,243	$ 2,505,173
Kathleen R. Guion							
Vested Options Prior To Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Vesting of Options Due to the Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Vesting of Restricted Stock & RSUs Due to the Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 326,750
SERP Benefits Prior to the Event	$ 77,173	$ 77,173	$ 77,173	$ 77,173	$ 77,173	$ 77,173	$ 77,173
SERP Benefits Due to the Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Deferred Comp Plan Balance Prior to and After the Event	$ 112,872	$ 112,872	$ 112,872	$ 112,872	$ 112,872	$ 112,872	$ 112,872
Cash Severance	$ 0	$ 1,650,000	$ 0	$ 0	$ 0	$ 0	$ 1,650,000
Health & Welfare Continuation Payment	$ 0	$ 11,260	$ 0	$ 0	$ 0	$ 0	$ 11,260
Outplacement	$ 0	$ 15,000	$ 0	$ 0	$ 0	$ 0	$ 15,000
Section 280(G) Excise Tax & Gross-Up Due to the Event	N/A	N/A	N/A	N/A	N/A	N/A	$ 0
Life Insurance Proceeds	N/A	N/A	N/A	$ 1,250,000	N/A	N/A	N/A
Total	$ 190,045	$ 1,866,305	$ 190,045	$ 1,440,045	$ 190,045	$ 190,045	$ 2,193,055

Name	Voluntary Without Good Reason	Involuntary Without Cause or Voluntary With Good Reason	Involuntary With Cause	Death	Disability	Retirement	Change-in-Control
Challis M. Lowe							
Vested Options Prior To Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Vesting of Options Due to the Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Vesting of Restricted Stock & RSUs Due to the Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 310,398
SERP Benefits Prior to the Event	$ 39,235	$ 39,235	$ 39,235	$ 39,235	$ 39,235	$ 39,235	$ 39,235
SERP Benefits Due to the Event	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Deferred Comp Plan Balance Prior to and After the Event	$ 65,046	$ 65,046	$ 65,046	$ 65,046	$ 65,046	$ 65,046	$ 65,046
Cash Severance	$ 0	$ 1,353,000	$ 0	$ 0	$ 0	$ 0	$ 1,353,000
Health & Welfare Continuation Payment	$ 0	$ 11,260	$ 0	$ 0	$ 0	$ 0	$ 11,260
Outplacement	$ 0	$ 15,000	$ 0	$ 0	$ 0	$ 0	$ 15,000
Section 280(G) Excise Tax & Gross-Up Due to the Event	N/A	N/A	N/A	N/A	N/A	N/A	$ 0
Life Insurance Proceeds	N/A	N/A	N/A	$ 1,025,000	N/A	N/A	N/A
Total	$ 104,281	$ 1,483,541	$ 104,281	$ 1,129,281	$ 104,281	$ 104,281	$ 1,793,939

Compensation Committee Interlocks and Insider Participation

Each of Messrs. Beré, Bottorff, Clayton, Dickson and Gee was a member of our Compensation Committee during all or a portion of fiscal 2006. Mr. Clayton retired from our Board in May 2006. Except for Mr. Beré, none of these persons was at any time during fiscal 2006 an officer or employee of Dollar General or any of our subsidiaries, or an officer of Dollar General or any of our subsidiaries at any time prior to fiscal 2006. Mr. Beré resigned from the Committee immediately upon becoming our President and Chief Operating Officer in November 2006. None of these persons had any relationship with Dollar General or any of our subsidiaries requiring disclosure under any paragraph of Item 404 of Regulation S-K during the period that these persons served on the Committee. None of our executive officers served as a member of a compensation committee or as a director of any entity of which any of our directors served as an executive officer during fiscal 2006.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Relationships with Management

Management Stockholder's Agreement

Simultaneously with the closing of the Transactions, we, Parent and the Management Participants who held shares of capital stock (including through the exercise of options) of Dollar General entered into one or more stockholder's agreements. The Management Stockholder's Agreement imposes significant restrictions on transfer of shares of our common stock. Generally, shares will be nontransferable by any means at any time prior to the fifth anniversary of the closing date of the Merger, except (i) sales pursuant to an effective registration statement filed by us under the Securities Act in accordance with the Management Stockholder's Agreement, (ii) a sale pursuant to the Sale Participation Agreement (described below), (iii) a sale to certain permitted transferees, or (iv) as otherwise permitted by our Board of Directors or pursuant to a waiver of the restrictions on transfers given by the Sponsor; provided, that, in the event the Sponsor 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 stockholder as the proportion of limited partnership units transferred by the Sponsor and such affiliates relative to the aggregate number of limited partnership units owned by them prior to such transfer.

In the event that a management stockholder wishes to sell his or her stock at any time following the fifth anniversary but prior to the earlier of a "Change in Control" (as defined in the Management Stockholder's Agreement) or the consummation of a "Qualified Public Offering" (as defined in the Management Stockholder's Agreement), the Management Stockholder's Agreement provides us with a right of first refusal on those shares upon the same terms and conditions pursuant to which the management stockholder proposes to sell them to a third party. In the event that a registration statement is filed with respect to our common stock in the future, the Management Stockholder's Agreement prohibits management stockholders 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 stockholder's ability to cause us to repurchase his outstanding stock and vested options in the event of the management stockholder's death or disability, and for our ability to cause the management stockholder to sell his stock or options back to us upon certain termination events.

Following the initial public offering of our common stock, certain members of senior management, including the executive officers (the "Senior Management Stockholders"), will have limited "piggyback" registration rights with respect to their shares of common stock in the event that certain of the Investors are selling, or causing to be sold, shares of common stock in such offering.

Sale Participation Agreement

Each Management Participant has also entered into a Sale Participation Agreement with Parent. The Sale Participation Agreement grants the Senior Management Stockholders the right to participate in any private direct or indirect sale of shares of common stock by Parent or its affiliates (such right being referred to herein as the "Tag-Along Right") and requires all management stockholders to participate in any such private sale if so elected by Parent in the event that Parent or its affiliates are proposing to sell at least 50% of the outstanding shares of common stock held by it (such right being referred to herein as the "Drag-Along Right"). The number of shares of common stock which a management stockholder would be permitted or required, as applicable to sell pursuant to the exercise of the Tag-Along Right or the Drag-Along Right is equal to the number of shares of common stock then owned by the management stockholder and his or her affiliates plus all shares of common stock the management stockholder is entitled to acquire under any unexercised options (to the extent such options are exercisable or would become exercisable as a result of the consummation of the proposed sale), multiplied by a fraction (x) the numerator of which shall be the aggregate number of shares of common stock proposed to be transferred by Parent in the proposed sale and (y) the denominator of which shall be the total number of shares of common stock owned directly or indirectly by Parent. Management stockholders will bear the pro rata share of any fees, commissions, adjustments to purchase price, expenses or indemnities in connection with any sale of common stock under the Sale Participation Agreement.

Equity Investment by Senior Management Participants

In connection with the Merger, the Senior Management Participants were offered the opportunity to roll over portions of their equity and/or options and to purchase additional equity of Dollar General in connection with the Merger. In connection with such investment and the Merger, we adopted a new option plan pursuant to which these individuals were granted new options with respect to additional shares of common stock of Dollar General. Messrs. Beré, Tehle, Buley and Gibson and Mss. Guion, Lanigan, Lowe and Elliott each invested a total of $2,249,995.00, $799,996.25, $754,863.75, $348,703.75, $650,007.50, $516,026.25, $526,650.00 and $249,997.50, respectively.

Any shares purchased or otherwise acquired by these Senior Management Participants as described above (including any shares subject to roll over options or acquired upon exercise thereof) are subject to certain transfer limitations and repurchase rights by Dollar General.

In addition, we offered other employees a similar investment opportunity to participate in our common equity.

Pre-Merger Equity

Prior to the Merger, we maintained various share-based compensation programs which included options, restricted stock and RSUs. In connection with the Merger, the outstanding stock options, restricted stock and RSUs became fully vested immediately prior to the completion of the Merger and were settled in cash, canceled or, in limited circumstances, exchanged for new options to purchase our common stock, as described below. Unless exchanged for new options, each option holder received an amount in cash, without interest and less applicable withholding taxes, equal to the Merger Consideration less the exercise price of each option. Additionally, each restricted stock and RSU holder received Merger Consideration in cash, without interest and less applicable withholding taxes. Certain stock options held by our management were exchanged for new options to purchase our common stock. The exercise price of these roll over options and the number of shares of our common stock underlying the roll over options were adjusted as a result of the Merger. The roll over options otherwise continue under the terms of the equity plans under which they were issued.

Compensation Deferral Plan (CDP) and Supplemental Executive Retirement Plan (SERP)

The CDP, in which the executive officers participate, and the associated grantor trust agreement provide that the full amount of the benefits due under the CDP will be funded in the grantor trust within 30 days following a change in control of Dollar General, and will be payable in accordance with the terms of the CDP and trust. The Merger constituted a change in control for purposes of the CDP. Messrs. Beré, Tehle, Buley and Gibson and Mss. Guion, Lanigan, Lowe and Elliott have benefits under the CDP having approximate values as of July 6, 2007 of $37,297.42, $143,419.06, $100,425.31, $58,071.55, $140,542.64, $45,312.57, $73,370.05 and $173,186.85, respectively.

The SERP, in which the executive officers participate, provides that, in the event of a change in control of Dollar General, benefits will become immediately vested. The associated grantor trust agreement provides that the full amount of the benefits due under the SERP will be funded in the grantor trust within 30 days following a change in control and will be payable in accordance with the terms of the SERP and the trust. The Merger constituted a change in control for purposes of the SERP. Mr. Tehle and Mss. Guion and Lowe are already vested in benefits under the SERP having approximate values as determined on July 6, 2007 of $105,332.01, $83,706.80 and $41,776.60, respectively. As of the Merger, Messrs. Buley and Gibson and Mss. Lanigan and Elliott became vested in benefits under the SERP having an approximate value of $39,125.13, $20,035.14, $109,199.14 and $17,471.36, respectively, as determined on July 6, 2007. Mr. Beré has no balance in the SERP.

New Stock Incentive Plan

On July 6, 2007, our Board of Directors adopted the 2007 Stock Incentive Plan for Key Employees (the "Plan"). The new option plan provides for the granting of stock options, stock appreciation rights, and other stock-based awards or dividend equivalent rights to key employees, directors, consultants or other persons having a service relationship with us, our subsidiaries and certain of our affiliates. The number of shares of our common stock authorized for grant under the new option plan is 24,000,000.

On July 6, 2007, we granted to the Senior Management Participants non-qualified stock options to purchase 13,110,000 shares of our common stock pursuant to the terms of the Plan. In addition, on September 20, 2007 and October 5, 2007, we granted to certain other of our employees options to purchase 130,000 shares and 4,150,000 shares of our common stock, respectively, pursuant to the terms of the new option plan. SFAS 123R grant date fair values of the post-merger option grants to Messrs. Beré, Tehle, Buley and Gibson and Mss. Guion, Lanigan, Lowe and Elliott are $6,084,450, $2,974,620, $2,366,175, $1,081,680, $2,366,175, $1,825,335, $1,825,335 and $1,081,680, respectively. Half of these options will vest ratably over a five-year period solely based upon continued employment over that time period, while the other half of these options will vest based both upon continued employment and upon the achievement of predetermined annual or cumulative financial-based targets over time which coincide with our fiscal year. The options also have certain accelerated vesting provisions upon a change in control or initial public offering, as defined in the Plan. The options have a 10-year maximum expiration date and have an exercise price of $5.00 per share, which represented the fair market value of one share of our common stock on the date of grant. We believe that the Plan has been designed to effectively align the interests of our employees and shareholders.

Other Relationships

In the past 3 fiscal years, we engaged in the following transactions with Cal Turner, Jr. or his immediate family members, as applicable. Mr. Turner served as an employee advisor to our Board (June 2003-October 2005), our Chairman (January 1989-June 2003), our Chief Executive Officer (1977-November 2002) and a member of our Board (1966-June 2003). He also owned greater than 5% of our common stock during most of his tenure with us, but his shareholdings fell below 5% during 2005.

In 1989, we entered into a collateral assignment agreement with Mr. Turner and AmSouth Bank as Trustee of the H. Calister Turner, Jr. 1982 Irrevocable Life Insurance Trust (the "Trustee") whereby we agreed to advance the premiums on a $1 million life insurance policy on Mr. Turner's life in return for the assignment of the Trustee's interest in the policy to us to secure repayment of our premium advances. We advanced those premiums until 1999, at which time the premiums were paid from the cash surrender value of the policy. In April 2004, we received $328,675 from the termination of the policy and we released the collateral assignment. On May 24, 2004, as a method to compensate Mr. Turner for the loss of this benefit, the Compensation Committee of our Board approved a lump sum payment to Mr. Turner in the amount of $182,228 (the replacement cost of the insurance), with a gross up of approximately $103,225 to cover federal income taxes and FICA.

In 1991, we entered into a split-dollar agreement with James Stephen Turner (the brother of Cal Turner, Jr.) and the trustee of the James Stephen Turner 1991 Evergreen Trust, a trust created by Mr. J.S. Turner (the "Trust"), pursuant to which we agreed to pay a single premium on a $2.1 million life insurance policy on Mr. J.S. Turner's life. We advanced that single premium payment in 1991 and received a security interest in the insurance policy to secure the repayment of the premium. On December 31, 2003, we entered into an agreement to terminate that split-dollar agreement and the Trust delivered to us a promissory note to repay on April 1, 2004 the premium we had advanced in the approximate amount of $295,650. Interest on this amount accrued at the rate of 3% per annum from December 31, 2003. The indebtedness was secured by a collateral assignment of the life insurance policy on Mr. J.S. Turner's life. The Trust repaid approximately $295,650 on April 1, 2004 and accrued interest of approximately $2,220 on April 15, 2004. We released the collateral assignment of the life insurance policy on February 11, 2004.

On October 14, 2005, we entered into a Letter Agreement with Mr. Turner regarding his retirement. The effective date of Mr. Turner's retirement was October 31, 2005. Pursuant to the Letter Agreement:

- We named him Honorary Chairman Emeritus.

- We paid him a $1 million lump sum.

- We agreed to reimburse him up to $100,000 for legal and/or consulting costs and fees in connection with the negotiation and preparation of the Agreement. The amount actually reimbursed in 2005 totaled approximately $81,500.

- We agreed to provide a gross up to cover any federal income taxes and payroll tax withholdings resulting from the payment, compensation or other benefits referenced in the Agreement. The gross up amount totaled approximately $688,500, $25,600 and $25,600 in 2005, 2006, and 2007, respectively.

- We transferred to him ownership of his 2004 Audi A-8 vehicle (valued at approximately $53,600).

- We agreed to purchase Tennessee Titans box suite tickets for at least the 2005-2009 football seasons and to give him tickets for at least 8 games per season. The annual value of the tickets was approximately $46,550, $47,500 and $47,500 in 2005, 2006 and 2007, respectively. Prior to this agreement, we shared this box suite with Mr. Turner, which box suite was held in his name. In 2004, we reimbursed Mr. Turner approximately $93,000 for our use of the box suite in 2003 and 2004. In 2005, we paid approximately $46,550 for our use of the box suite in 2005. The 2005 payment was made directly to Dream Suites, L.P., the vendor of the box suite, rather than to Mr. Turner.

- We agreed to provide Mr. Turner use for 1 year of our voicemail system.

- Mr. Turner agreed to serve for at least 3 years as Chairman and President of the Dollar General Literacy Foundation, a non-profit, public benefit, charitable entity, committed to increasing the functional literacy of adults, families and children by providing grants to other non-profit organizations committed to the advancement of literacy, and we agreed to provide an office and necessary administrative support for this position.

- Mr. Turner agreed not to compete with us for 3 years.

- We agreed to continue our commitment to adult and family literacy programs and to allow Mr. Turner to remove personal possessions from our property.

- Mr. Turner waived and released any and all known and unknown claims against us.

We also provided Mr. Turner with compensation and benefits during his tenure as employee advisor to our Board, which totaled in excess of $120,000 in 2004 and 2005. Mr. Turner received base salary of approximately $275,000 and $206,258 in 2004 and 2005, respectively, certain benefits available to all part-time salaried employees generally, and other perquisites and benefits with an aggregate value of approximately $113,444 and $78,943 in 2004 and 2005, respectively. In addition, we granted Mr. Turner 5,000 shares of restricted stock in 2004.

Relationships with the Investors

Operating Agreements

In connection with the Transactions, the Investors (or funds affiliated with the Investors), directly or indirectly, acquired limited partnership interests in Parent and certain of such Investors also acquired membership interests in Buck Holdings, LLC, the general partner of Parent. In connection with such investments, these entities entered into a limited partnership agreement with respect to their investment in Parent and an operating agreement with respect to their investment in Parent's general partner and a registration rights agreement relating to such investment. These agreements contain agreements among the parties with respect to, among other things, restrictions on the issuance or transfer of interests, other special corporate governance provisions (including the right to approve various corporate actions), the election of managers of Parent's general partner, the election of Board members of Dollar General, and registration rights (including customary indemnification provisions).

Monitoring Agreement and Indemnity Agreement

In connection with the Transactions, we and Parent entered into a monitoring agreement, dated July 6, 2007, with an affiliate of KKR and Goldman, Sachs & Co. pursuant to which such parties have provided and will continue to provide management and advisory services to us and our affiliates. Under the terms of the monitoring agreement, among other things, we are obligated to pay an aggregate annual management fee of $5.0 million, which amount will increase by 5.0% annually, payable quarterly in arrears at the end of each calendar quarter. The initial annual fee will be prorated for the current fiscal year. Those entities also are entitled to receive a fee equal to 1% of the gross transaction value in connection with certain subsequent financing, acquisition or disposition of assets or equity interests, recapitalization and other similar transactions, as well as a termination fee in the event of an initial public offering or under certain other circumstances. All such fees are to be split based upon an agreed upon formula, which results in an initial split of 78.38% of this fee payable to the KKR affiliate and 21.62% payable to Goldman, Sachs & Co. Under this agreement, we are also obligated to reimburse all reasonable out-of-pocket expenses incurred by such entities and their respective affiliates in connection with rendering any such services. In addition, pursuant to this agreement, we paid aggregate fees of approximately $75 million in connection with services provided in connection with the Transactions, $58.8 million of which was paid to the KKR affiliate and $16.2 million of which was paid to Goldman, Sachs & Co.

In connection with entering into the monitoring agreement, on July 6, 2007 we and Parent also entered into a separate indemnification agreement with the parties to the monitoring agreement, pursuant to which we agreed to provide customary indemnification to such parties and their affiliates.

Michael M. Calbert and Raj Agrawal, two of our Board members, serve as a Member and a Director of KKR, respectively. Adrian Jones, one of our Board members, serves as a Managing Director of Goldman, Sachs & Co.

Other Relationships

In connection with the Merger, Goldman, Sachs & Co. and Citigroup Global Markets Inc. and their affiliates participated in several related transactions with us. Specifically, Goldman Sachs Credit

Partners L.P. and Citigroup Global Markets Inc., along with other institutions, served as joint lead arranger and joint bookrunner with respect to the credit agreements and related security and other agreements consisting of (i) a $2.3 billion senior secured term loan facility (affiliates of KKR and Wellington Management Company, LLP are also lenders under this facility) and (ii) a senior secured asset-based revolving credit facility of up to $1.125 billion. See "Description of Other Indebtedness." Goldman Sachs Credit Partners L.P. also served as syndication agent for each of the new facilities. Citicorp North America, Inc. served as administrative agent, collateral agent for the senior secured term loan facility. Goldman, Sachs & Co. also is a counterparty to certain interest rate swaps entered into in connection with these facilities. Pursuant to the swaps, which became effective on July 31, 2007, we swapped three month LIBOR rates for fixed interest rates receiving an all-in fixed rate of 7.683% which includes a 2.75% spread on a notional amount of $2,000.0 million which will amortize on a quarterly basis until maturity at July 31, 2012. Also in connection with the Merger, Goldman, Sachs & Co. and Citigroup Global Markets Inc., along with other institutions, (i) acted as initial purchasers for our issuance of $1,175.0 million aggregate principal amount of senior notes and $725 million aggregate principal amount of senior subordinated notes and (ii) provided financial advisory services to, and received financial advisory fees from us, the Investors and their affiliates. Finally, in connection with the Merger, we completed a cash tender offer to purchase any and all of our $200 million principal amount of 8-$^{5}/_{8}$% Notes due June 2010. Goldman, Sachs & Co. acted as dealer manager and consent solicitation agent for that tender offer. In the aggregate, approximately $32.0 million in fees were paid to Goldman, Sachs & Co. and its affiliates and approximately $26.2 million in fees were paid to Citigroup Global Markets Inc. and its affiliates in connection with the foregoing transactions relating to the Merger, portions of which have been capitalized as debt financing costs or as direct acquisition costs. In addition, under the registration rights agreement, we agreed to file a "market-making" prospectus in order to enable Goldman, Sachs & Co. to engage in market-making activities for the notes.

Goldman Sachs Credit Partners L.P. and Goldman, Sachs & Co. are affiliates of GS Capital Partners VI Fund, L.P. and affiliated funds. In addition, Adrian Jones, who serves on our Board, and Sumit Rajpal, who served on our Board for a brief period following the Merger, each serve as Managing Directors of Goldman, Sachs & Co. GS Capital Partners VI Fund, L.P. and affiliated funds indirectly own approximately 22% of our common stock on a fully diluted basis. Citigroup Global Markets Inc. and Citicorp North America Inc. are affiliates of Citigroup Private Equity LP. Funds managed by Citigroup Private Equity LP indirectly own approximately 7.2% of our common stock on a fully diluted basis.

We use Capstone Consulting, LLC, a team of executives who work exclusively with KKR portfolio companies as an integral part of the value-creation process, for certain consulting services. We pay Capstone a monthly fee, currently $210,000. Dean Nelson, who serves on our Board, is the Chief Executive Officer of Capstone. Although neither KKR nor any entity affiliated with KKR owns any of the equity of Capstone, KKR has provided financing to Capstone. We paid approximately $78,750 of fees to Capstone for services provided in connection with the Transaction.

Related Party Transaction Approval Policy

Prior to the Merger, as a public company, we had policies and procedures in place regarding the review, approval and ratification of "related party" transactions. Those policies and procedures are described below. None of the Merger-related transactions or the transactions with the Investors discussed above were considered under the pre-existing policies and procedures.

On an annual basis, each director and executive officer is required to disclose, among other things, any relationship or transaction with us in which the director or executive officer, or any member of his or her immediate family ("related parties"), have a direct or indirect material interest. Our Legal Department determines which of those disclosed transactions or relationships fall below the related-party transaction disclosure threshold in, or are otherwise exempt from disclosure under, Item 404 of Regulation S-K of the Exchange Act or, prior to the Merger, which fell within a Board-adopted categorical director independence standard. Prior to the Merger, our Legal Department ensured that any identified relationship or transaction that was not exempt from disclosure under Item 404 or that did not fall within a categorical director independence standard was submitted to the Board of Directors or an appropriate Board committee for consideration under our conflict of interest or other policy as further described below.

Pursuant to our Code of Business Conduct and Ethics and prior to the Merger, the Nominating and Corporate Governance Committee reviewed and resolved any conflict of interest involving directors or executive officers. In addition, if a director's relationship or transaction fell within any of the Board-adopted categorical standards for director independence, then the director's interest in the relationship or transaction was deemed immaterial in the absence of other factors for purposes of both independence and related-party transaction disclosure. Finally, prior to the Merger our Compensation Committee reviewed and approved and/or ratified all material components of executive officer compensation as further discussed in "Management Executive Compensation Compensation Discussion and Analysis".

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the beneficial ownership of each individual or entity known by us to own beneficially more than 5% of the outstanding shares of our common stock, (ii) each of our Named Executive Officers, (iii) each of our directors and (iv) all of directors and our executive officers as a group.

The percentages of shares outstanding are based on 554,607,027 shares of our common stock outstanding as of November 2, 2007. The amounts and percentages of shares beneficially owned are reported on the basis of SEC regulations governing the determination of beneficial ownership of securities. Under SEC rules, a person is deemed to be a "beneficial owner" of a security if that person has or shares voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Securities that can be so acquired are deemed to be outstanding for purposes of computing such person's ownership percentage, but not for purposes of computing any other person's percentage. Under these rules, more than one person may be deemed to be a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which such person has no economic interest.

Except as otherwise indicated in the footnotes below, each of the beneficial owners has, to our knowledge, sole voting and investment power with respect to the indicated shares. Unless otherwise noted, the address of each beneficial owner is 100 Mission Ridge, Goodlettsville, Tennessee 37072. Amounts indicated as beneficially owned by all parties other than Mr. Beré, Mr. Tehle, Mr. Buley, Ms. Guion and Ms. Lowe are indirectly held through Buck Holdings, L.P.

Name of Beneficial Owner	Number of Shares	Percent of Class
KKR(1)	288,399,897	52.00%
GS Capital Partners(2)	119,999,943	21.64%
Citigroup Capital Partners(3)	39,999,981	7.21%
CPP Investment Board (USRE II) Inc.(4)	40,000,000	7.21%
Wellington Management Company, LLP(5)	40,000,000	7.21%
Michael M. Calbert(6)	288,399,897	52.00%
Raj Agrawal(6)	288,399,897	52.00%
Adrian Jones(7)	119,999,943	21.64%
Dean B. Nelson		*
David L. Beré(8)	462,177	*
David A. Perdue		*
David M. Tehle(8)	208,001	*
Beryl J. Buley(8)	201,297	*
Kathleen R. Guion(8)	163,198	*
Challis M. Lowe(8)	131,755	*
All current directors and executive officers as a group (12 persons)(8)	409,857,995	73.77%

* Denotes less than 1% of class.

(1) Includes the following number of shares held by the following entities: KKR 2006 Fund L.P. (203,464,902.69); KKR PEI Investments, L.P. (49,999,976.09); KKR Partners III, L.P. (4,724,997.74) and Buck Holdings Co-Invest, LP (30,210,020). Buck Holdings Co-Invest GP, LLC, which is controlled by KKR 2006 GP LLC, is the general partner of Buck Holdings Co-Invest, LP, and has the right to manage the affairs of such entity, and thus is deemed to be the beneficial owner of the securities owned by such entity. However, it does not have any economic or other dispositive rights with respect to such securities and thus disclaims beneficial ownership with respect thereto.

The address of KKR is c/o Kohlberg Kravis Roberts & Co. L.P., 2800 Sand Hill Road, Suite 200, Menlo Park, CA 94025.

(2) Includes the following number of shares held by the following entities (the "GS Funds"): GS Capital Partners VI Parallel, L.P. (12,194,145.412); GS Capital Partners VI GmbH & Co. KG (1,576,025.208); GS Capital Partners VI Fund, L.P. (44,345,094.704); GS Capital Partners VI Offshore Fund, L.P. (36,884,689.242); GSUIG, L.L.C. (4,999,997.608); Goldman Sachs DGC Investors, L.P. (6,692,778.104) and Goldman Sachs DGC Investors Offshore Holdings, L.P. (13,307,212.332). Affiliates of The Goldman Sachs Group, Inc. are the general partner, managing general partner or investment manager of each of the GS Funds, and each of the GS Funds shares voting and investment power with certain of its respective affiliates. Each of the GS Funds is affiliated with or managed by Goldman, Sachs & Co., a wholly owned subsidiary of The Goldman Sachs Group, Inc. Each of The Goldman Sachs Group, Inc. and Goldman, Sachs & Co. disclaims beneficial ownership of the shares owned by each of the GS Funds, except to the extent of their pecuniary interest therein, if any.

The address of GS Capital Partners is c/o Goldman, Sachs & Co., 85 Broad Street 10th floor, New York, New York 10004.

(3) Includes the following number of shares held by the following entities: Citigroup Capital Partners II Employee Master Fund, L.P. (8,598,705.956); Citigroup Capital Partners II 2007 Citigroup Investment, L.P. (7,655,121.066); Citigroup Capital Partners II Onshore, L.P. (3,881,957.266); Citigroup Capital Partners II Cayman Holdings, L.P. (4,864,203.756) and CPE Co-Investment (Dollar General) LLC (14,999,997.608).

The address of Citigroup Capital Partners is c/o Citigroup Inc., 388 Greenwich Street, 32nd Floor, New York, New York 10013.

(4) The Address of CPP Investment Board (USRE II) Inc. is c/o Canada Pension Plan Investment Board, One Queen Street East, Suite 2600, Toronto, ON M5C 2W5, Canada.

(5) Includes the following number of shares held by the following entities: Buck Co-Investor I, LLC (17,933,540); Buck Co-Investor II, LLC (827,780); Buck Co-Investor III, LLC (7,365,100); Buck Co-Investor IV, LLC (5,822,740); Buck Co-Investor V, LLC (2,201,580); Buck Co-Investor VI, LLC (499,900), Buck Co-Investor VII, LLC (2,252,700), Buck Co-Investor VIII, LLC (445,820), Buck Co-Investor IX, LLC (281,560), Buck Co-Investor X, LLC (609,280), Buck Co-Investor XI, LLC (1,160,000), Buck Co-Investor XII, LLC (476,000), and Buck Co-Investor XIII, LLC (124,000).

The address of Wellington Management Company, LLP is 75 State Street, Boston, Massachusetts 02109.

(6) Messrs. Michael M. Calbert and Raj Agrawal are our directors and are executives of KKR, and as such may be deemed to share beneficial ownership of any shares beneficially owned by KKR, but disclaim such beneficial ownership except to the extent of their pecuniary interest in those shares.

(7) Mr. Adrian Jones is our director and an executive of GS Capital Partners, but disclaims any beneficial ownership except to the extent of his pecuniary interest in those shares.

(8) Includes the following number of shares subject to options either currently exercisable or exercisable within 60 days of November 2, 2007 over which the person will not have voting or investment power until the options are exercised: Mr. Beré (48,712); Mr. Tehle (192,007); Mr. Buley (201,297); Ms. Guion (132,786); Ms. Lowe (105,700); and all current directors and executive officers as a group (955,628). The shares described in this note as included in the table are considered outstanding for the purpose of computing the percentage of outstanding stock owned by each named person and by the group, but not for the purpose of computing the percentage ownership of any other person.

DESCRIPTION OF OTHER INDEBTEDNESS

Senior Secured Credit Facilities

Overview

In connection with the Transactions, we entered into two senior secured credit agreements, each with Goldman Sachs Credit Partners L.P., Citicorp North America Inc., Lehman Brothers Inc. and Wachovia Capital Markets, LLC, each as joint lead arranger and joint bookrunner. The CIT Group/Business Credit, Inc. is administrative agent under the senior secured credit agreement for the asset-based revolving credit facility and Citicorp North America, Inc. is administrative agent under the senior secured credit agreement for the term loan facility. We refer to these new facilities as the "New Credit Facilities."

The New Credit Facilities provided senior secured financing of $3.425 billion, consisting of:

- $2.3 billion in a senior secured term loan facility; and
- a senior secured asset-based revolving credit facility of up to $1.125 billion (of which up to $350.0 million is available for letters of credit), subject to borrowing base availability.

The term loan facility consists of two tranches, one of which is a "first-loss" tranche, which, in certain circumstances, will be subordinated in right of payment to the other tranche of the term loan facility.

The borrower under the New Credit Facilities on the closing date was Dollar General. In addition, certain of our subsidiaries were designated as borrowers under the asset-based revolving credit facility described above. The asset-based revolving credit facility includes borrowing capacity available for letters of credit and for short-term borrowings referred to as swingline loans.

The New Credit Facilities provide that we will have the right at any time to request up to $325.0 million of incremental commitments under one or more incremental term loan facilities and/or asset-based revolving credit facilities. The lenders under these facilities are not under any obligation to provide any such incremental commitments and any such addition of or increase in commitments will be subject to our not exceeding certain senior secured leverage ratios and certain other customary conditions precedent. Our ability to obtain extensions of credit under these incremental commitments are also subject to the same conditions as extensions of credit under the New Credit Facilities.

The amount from time to time available under the senior secured asset-based revolving credit facility (including in respect of letters of credit) shall not exceed the sum of the tranche A borrowing base and the tranche A-1 borrowing base. The tranche A borrowing base will equal the sum of (i) 85% of the net orderly liquidation value of all eligible inventory of ours and each co-borrower and each guarantor thereunder and (ii) 90% of all accounts receivable and credit/debit card receivables of ours and each co-borrower and each guarantor thereunder, in each case, subject to a reserve equal to the principal amount of the 2010 Notes that remain outstanding at any time on or after the closing date and other customary reserves and eligibility criteria to be agreed. The tranche A-1 borrowing base will equal 10% to 12% of the net orderly liquidation value of all eligible inventory of ours and each co-borrower and each guarantor under the asset-based revolving credit facility. All loans under the asset-based revolving credit facility shall be made as tranche A-1 loans until such time as all tranche A-1 commitments have been funded or there is no further availability under the tranche A-1 borrowing base, at which point loans under the asset-based revolving credit facility shall be made as tranche A loans. Any payments made on the principal amount of the loans outstanding under the asset-based revolving credit facility will first be applied to all the tranche A loans outstanding before any amount will be applied to the tranche A-1 loans outstanding.

Interest Rate and Fees

Borrowings under the New Credit Facilities bear interest at a rate equal to an applicable margin plus, at our option, either (a) a LIBOR rate adjusted for certain additional costs or (b) a base rate, in each case plus a spread. The initial applicable margin for borrowings will be (i) under the asset-based revolving credit facility, 1.50% with respect to LIBOR borrowings of tranche A loans and 0.50% with respect to base-rate borrowings and 2.25% with respect to LIBOR borrowings of tranche A-1 loans and 1.25% with respect to base-rate borrowings of tranche A-1 loans and (ii) under the term loan facility, 2.75% with respect to LIBOR borrowings and 1.75% with respect to base-rate borrowings. The applicable margins for tranche A-1 borrowings under the asset-based revolving credit facility are subject to adjustment each quarter based on average daily excess availability for the preceding fiscal quarter.

In addition to paying interest on outstanding principal under the New Credit Facilities, we are required to pay a commitment fee to the lenders under the asset-based revolving credit facility in respect of the unutilized commitments thereunder. The initial commitment fee rate is 0.375% per annum. The commitment fee rate under the tranche A will be reduced to 0.25% per annum at any time the undrawn portion in respect of the tranche A of the asset-based revolving credit facility is equal to or less than 50% of the aggregate commitments under the asset-based revolving credit facility. We must also pay customary letter of credit fees.

Prepayments

The senior secured credit agreement for the term loan facility requires us to prepay outstanding term loans, subject to certain exceptions, with:

- 50% of our annual excess cash flow (as defined in the credit agreement) commencing with the first full fiscal year following the date of the closing of the Transactions (which percentage will be reduced to 25% and 0% based on achievement of certain leverage ratios);

- 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of property in excess of an amount to be agreed upon and subject to our right to reinvest the proceeds; and

- 100% of the net cash proceeds of any incurrence of debt, other than proceeds from debt permitted under the senior secured credit agreement for the term loan facility.

The foregoing mandatory prepayments will be applied to the term loan facility as directed by the senior secured credit agreement for the term loan facility.

In addition, the senior secured credit agreement for the asset-based revolving credit facility requires us to prepay the asset-based revolving credit facility, subject to certain exceptions, with:

- 100% of the net cash proceeds of all non-ordinary course asset sales or other dispositions of revolving facility collateral (as defined below) in excess of an amount to be agreed upon and subject to our right to reinvest the proceeds; and

- to the extent such extensions of credit exceed the then current borrowing bases (as defined in the senior secured credit agreement for the asset-based revolving credit facility).

Beginning September 30, 2009, we are required to repay installments on the loans under the term loan credit facility in equal quarterly principal amounts in an aggregate amount per annum equal to 1% of the total funded principal amount at July 6, 2007, with the balance payable on July 6, 2014. There is no amortization under the asset-based revolving credit facility. The entire principal amounts (if any) outstanding under the asset-based revolving credit facility are due and payable in full at maturity, on July 6, 2013, on which day the commitments thereunder will terminate.

If a change of control as defined in the senior secured credit agreements governing our New Credit Facilities occurs, this will cause an event of default under the senior secured credit agreements. Upon an event of default, indebtedness under the New Credit Facilities may be accelerated, in which case we will be required to repay all outstanding loans plus accrued and unpaid interest and all other amounts outstanding under the New Credit Facilities.

Letters of Credit

$350.0 million of our asset-based revolving credit facility is available for letters of credit.

Amortization

We are required to repay installments on the loans under the term loan facility in equal quarterly principal amounts in an aggregate amount per annum equal to 1% of the total funded principal amount at July 6, 2007 with the balance payable on July 6, 2014.

Principal amounts outstanding under the asset-based revolving credit facility are due and payable in full at maturity, July 6, 2013 on which day the commitments thereunder will terminate.

Guarantee and Security

All obligations under the New Credit Facilities are initially unconditionally guaranteed by substantially all of our existing and future domestic subsidiaries (excluding certain immaterial subsidiaries and certain subsidiaries designated by us under our senior secured credit agreements as "unrestricted subsidiaries"), referred to, collectively, as U.S. Guarantors.

All obligations under the asset-based revolving credit facility, and the guarantees of those obligations, are secured by all existing and after-acquired inventory, accounts receivable, and other assets arising from such inventory and accounts receivable, of ours and each U.S. Guarantor (the "Revolving Facility Collateral"), subject to certain exceptions.

All obligations under the term loan facility and the guarantees of those obligations are secured by:

- a second-priority security interest in the Revolving Facility Collateral;
- a first priority security interest in, and mortgages on, substantially all of the tangible and intangible assets of ours and each U.S. Guarantor (other than the Revolving Facility Collateral); and
- a first-priority pledge of 100% of the capital stock held by us or any of our domestic subsidiaries that are directly owned by us or one of the U.S. Guarantors and 65% of the voting capital stock of each of our existing and future foreign subsidiaries that are directly owned by us or one of the U.S. Guarantors.

Certain Covenants and Events of Default

The senior secured credit agreements contain a number of covenants that, among other things, restrict, subject to certain exceptions, our ability to:

- incur additional indebtedness;
- sell assets;
- pay dividends and distributions or repurchase our capital stock;
- make investments or acquisitions;

repay or repurchase subordinated indebtedness (including the senior subordinated notes) or the senior notes;

amend material agreements governing our subordinated indebtedness (including the senior subordinated notes) or the senior notes; and

change our lines of business.

The senior secured credit agreements also contain certain customary affirmative covenants and events of default.

2010 Notes and Other Indebtedness

On July 6, 2007, immediately after the completion of the Merger, we completed a cash tender offer to purchase any and all of our $200 million principal amount of the 2010 Notes. Approximately 99% of the 2010 Notes were validly tendered and accepted for payment. The tender offer included a consent payment equal to 3% of the par value of the 2010 Notes, and such payments along with associated settlement costs totaling $6.2 million were paid and reflected as a loss on debt retirement in the 2007 periods presented. Additionally, because we received the requisite consents to the proposed amendments to the indenture pursuant to which the 2010 Notes were issued, a supplemental indenture to effect such amendments was executed and delivered. The amendments, which eliminated substantially all of the restrictive covenants contained in the indenture, became operative upon the purchase of the tendered 2010 Notes.

At November 2, 2007, we had outstanding standby letters of credit totaling $68.8 million and commercial letters of credit totaling $43.7 million.

THE EXCHANGE OFFER

General

We are offering to exchange a like principal amount of exchange notes for any or all outstanding notes on the terms and subject to the conditions set forth in this prospectus and accompanying letter of transmittal. We refer to the offer as the "exchange offer." You may tender some or all of your outstanding notes pursuant to the exchange offer.

As of the date of this prospectus, $1,175,000,000 aggregate principal amount of 10.625% Senior Notes and $725,000,000 aggregate principal amount of 11.875%/12.625% Senior Subordinated Notes are outstanding. This prospectus, together with the letter of transmittal, is first being sent to all holders of outstanding notes known to us on or about , 2007. Our obligation to accept outstanding notes for exchange pursuant to the exchange offer is subject to certain conditions set forth under "Conditions to the exchange offer" below. We currently expect that each of the conditions will be satisfied and that no waivers will be necessary.

Purpose and effect of the exchange offer

We entered into a registration rights agreement with the initial purchasers of the outstanding notes in which we agreed, under certain circumstances, to file a registration statement relating to an offer to exchange the outstanding notes for exchange notes. We also agreed to use our reasonable best efforts to cause this registration statement to be declared effective and to cause the exchange offer to be consummated within 270 days after the issue date of the outstanding notes. The exchange notes will have terms substantially identical to the terms of the corresponding outstanding notes, except that the exchange notes will be registered under the Securities Act, and will not contain terms with respect to transfer restrictions or additional interest upon a failure to fulfill certain of our obligations under the registration rights agreement. The outstanding notes were issued on July 6, 2007.

Under the circumstances set forth below, we will use our reasonable best efforts to cause the SEC to declare effective a shelf registration statement with respect to the resale of the outstanding notes within the time periods specified in the registration rights agreement and to keep the shelf registration statement effective for two years or such shorter period ending when all outstanding notes or exchange notes covered by the statement have been sold in the manner set forth and as contemplated in the statement or to the extent that the applicable provisions of Rule 144(k) under the Securities Act are amended or revised. These circumstances include:

- if applicable law or interpretations of the staff of the SEC do not permit us and the guarantors to effect this exchange offer;
- if for any other reason the exchange offer is not consummated within 270 days of the issue date of the outstanding notes;
- any initial purchaser requests in writing to us within 30 days after the consummation of this exchange offer with respect to outstanding notes that are not eligible to be exchanged for exchange notes in the exchange offer and held by it following the consummation of the exchange offer; or
- if any holder of the outstanding notes that participates in the exchange offer does not receive exchange notes that may be sold without restriction in exchange for its tendered outstanding notes (other than due solely to the status of such holder as an affiliate of ours) and notifies us within 30 days after becoming aware of restrictions; or
- if we so elect.

If we fail to comply with certain obligations under the registration rights agreement, we will be required to pay additional interest to holders of the outstanding notes and the exchange notes required to be registered on a shelf registration statement. Please read the section "Registration Rights" for more details regarding the registration rights agreement.

If you wish to exchange your outstanding notes for exchange notes in the exchange offer, you will be required to make the following written representations:

- you will acquire the exchange notes in the ordinary course of your business;
- you have no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the exchange notes in violation of the provisions of the Securities Act;
- you are not our affiliate, as defined by Rule 405 of the Securities Act, or if you are an affiliate, you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable; and
- you are not engaged in, and do not intend to engage in, a distribution of exchange notes.

Each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes, where the broker-dealer acquired the outstanding notes as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. Please see "Plan of Distribution."

Resale of exchange notes

Based on interpretations by the staff of the SEC as set forth in no-action letters issued to third parties referred to below, we believe that you may resell or otherwise transfer exchange notes issued in the exchange offer without complying with the registration and prospectus delivery provisions of the Securities Act, if:

- you are acquiring the exchange notes in your ordinary course of business;
- you do not have an arrangement or understanding with any person to participate in a distribution of the exchange notes;
- you are not our affiliate as defined by Rule 405 of the Securities Act; and
- you are not engaged in, and do not intend to engage in, a distribution of the exchange notes.

If you are an affiliate, or are engaging in, or intend to engage in, or have any arrangement or understanding with any person to participate in, a distribution of the exchange notes, or are not acquiring the exchange notes in the ordinary course of your business, then:

- you cannot rely on the position of the staff of the SEC enunciated in *Morgan Stanley & Co., Inc.*(available June 5, 1991), *Exxon Capital Holdings Corporation* (available May 13, 1988), as interpreted in the SEC's letter to *Shearman & Sterling* dated July 2, 1993, or similar no-action letters; and
- in the absence of an exception from the position stated immediately above, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the exchange notes.

This prospectus may be used for an offer to resell, for the resale or for other retransfer of exchange notes only as specifically set forth in this prospectus. With regard to broker-dealers, only broker-dealers that acquired the outstanding notes as a result of market-making activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives exchange notes for its own account in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. Please read "Plan of Distribution" for more details regarding the transfer of exchange notes.

Terms of the exchange offer

On the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal, we will accept for exchange in the exchange offer outstanding notes that are validly tendered and not validly withdrawn prior to the expiration date. Outstanding notes may only be tendered in denominations of $2,000 and integral multiples of $1,000 in excess of $2,000. We will issue $2,000 principal amount or an integral multiple of $1,000 of exchange notes in exchange for a corresponding principal amount of outstanding notes surrendered in the exchange offer.

The form and terms of the exchange notes will be substantially identical to the form and terms of the corresponding outstanding notes, except that the exchange notes will not contain terms with respect to transfer restrictions or additional interest upon a failure to fulfill certain of our obligations under the registration rights agreement. The exchange notes will evidence the same debt as the corresponding outstanding notes. The exchange notes will be issued under and entitled to the benefits of the same indentures under which the corresponding outstanding notes were issued, and the exchange notes and the corresponding outstanding notes will constitute a single class for all purposes under the indentures. For a description of the indentures, please see "Description of Senior Notes" and "Description of Senior Subordinated Notes."

The exchange offer is not conditioned upon any minimum aggregate principal amount of outstanding notes being tendered for exchange.

As of the date of this prospectus, $1,175,000,000 aggregate principal amount of 10.625% Senior Notes and $725,000,000 aggregate principal amount of 11.875%/12.625% Senior Subordinated Notes is outstanding. This prospectus and a letter of transmittal are being sent to all registered holders of outstanding notes. There will be no fixed record date for determining registered holders of outstanding notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the SEC. Outstanding notes that are not tendered for exchange in the exchange offer will remain outstanding and continue to accrue interest and will be entitled to the rights and benefits that such holders have under the indenture relating to such holders' outstanding notes, except for any rights under the registration rights agreement that by their terms terminate upon the consummation of the exchange offer.

We will be deemed to have accepted for exchange properly tendered outstanding notes when we have given oral or written notice of the acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the exchange notes from us and delivering exchange notes to holders. Subject to the terms of the registration rights agreement, we expressly reserve the right to amend or terminate the exchange offer and to refuse to accept the occurrence of any of the conditions specified below under "Conditions to the exchange offer".

Holders who tender outstanding notes in the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of outstanding notes. We will pay all charges and expenses, other than certain applicable taxes described below, in connection with the exchange offer. It is important that you read "Fees and expenses" below for more details regarding fees and expenses incurred in the exchange offer.

Expiration Date; Extensions, Amendments

As used in this prospectus, the term "expiration date" means 5:00 p.m., New York City time, on , 2008 which is the 21st business day after the date of this prospectus. However, if we, in our sole discretion, extend the period of time for which the exchange offer is open, the term "expiration date" will mean the latest time and date to which we shall have extended the expiration of the exchange offer.

To extend the period of time during which the exchange offer is open, we will notify the exchange agent of any extension by oral or written notice, followed by notification to the registered holders of the outstanding notes no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion:

- to delay accepting for exchange any outstanding notes (only if we amend or extend the applicable exchange offer);
- to extend the exchange offer or to terminate the exchange offer and to refuse to accept outstanding notes not previously accepted if any of the conditions set forth below under "Conditions to the exchange offer" have not been satisfied, by giving oral or written notice of such delay, extension or termination to the exchange agent; and
- subject to the terms of the registration rights agreement, to amend the terms of the exchange offer in any manner.

Any delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice to the registered holders of the outstanding notes. If we amend the exchange offer in a manner that we determine to constitute a material change, including the waiver of a material condition, we will promptly disclose the amendment by press release or other public announcement as required by Rule 14e-1(d) of the Exchange Act and will extend the offer period if necessary so that at least five business days remain in the offer following notice of the material change.

Conditions to the exchange offer

Despite any other term of the exchange offer, we will not be required to accept for exchange, or to issue exchange notes in exchange for, any outstanding notes, and we may terminate or amend the exchange offer as provided in this prospectus before accepting any outstanding notes for exchange, if:

- the exchange offer, or the making of any exchange by a holder of outstanding notes, violates any applicable law or interpretation of the staff of the SEC;
- any action or proceeding shall have been instituted or threatened in any court or by any governmental agency that might materially impair our ability to proceed with the exchange offer, and any material adverse development shall have occurred in any existing action or proceeding with respect to us; or
- we shall not have obtained all governmental approvals that we deem necessary for the consummation of the exchange offer.

In addition, we will not be obligated to accept for exchange the outstanding notes of any holder that has not made to us:

- the representations described under "Purpose and effect of the exchange offer" and "Procedures for tendering outstanding notes"; and
- any other representations as may be reasonably necessary under applicable SEC rules, regulations, or interpretations to make available to us an appropriate form for registration of the exchange notes under the Securities Act.

We expressly reserve the right at any time or at various times to extend the period of time during which the exchange offer is open. Consequently, we may delay acceptance of any outstanding notes by notice by press release or other public announcement as required by

Rule 14e-1(d) of the Exchange Act of such extension. During any such extensions, all outstanding notes previously tendered will remain subject to the exchange offer, and we may accept them for exchange. We will return any outstanding notes that we do not accept for exchange for any reason without expense to their tendering holder promptly after the expiration or termination of the exchange offer.

We expressly reserve the right to amend or terminate the exchange offer and to reject for exchange any outstanding notes not previously accepted for exchange upon the occurrence of any of the conditions of the exchange offer specified above. We will promptly give notice by press release or other public announcement as required by Rule 14e-1(d) of the Exchange Act of any extension, amendment, non-acceptance or termination to the holders of the outstanding notes. In the case of any extension, such notice will be issued no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

These conditions are for our sole benefit, and we may assert them regardless of the circumstances that may give rise to them so long as such circumstances do not arise due to our action or inaction or waive them in whole or in part at any or at various times in our sole discretion. If we fail at any time to exercise any of these rights, it will not constitute a waiver of such right. Each such right will be deemed an ongoing right that we may assert at any time or at various times.

Procedures for tendering outstanding notes

Only a holder of outstanding notes may tender their outstanding notes in the exchange offer. To tender outstanding notes in the exchange offer, you must comply with either of the following:

- complete, sign and date the letter of transmittal or a facsimile of the letter of transmittal, have the signature(s) on the letter of transmittal guaranteed if required by the letter of transmittal and mail or deliver such letter of transmittal or facsimile to the exchange agent prior to the expiration date; or
- comply with DTC's Automated Tender Offer Program procedures described below.

In addition, either:

- the exchange agent must receive outstanding notes along with the letter of transmittal; or
- prior to the expiration date, the exchange agent must receive a timely confirmation of book-entry transfer of outstanding notes into the exchange agent's account at DTC according to the procedure for book-entry transfer described below or a properly transmitted agent's message; or
- the holder must comply with the guaranteed delivery procedures described below.

To be tendered effectively, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at the address set forth below under "Exchange agent" prior to the expiration date.

Your tender to us that is not withdrawn prior to the expiration date constitutes an agreement between us and you upon the terms and subject to the conditions described in this prospectus and in the letter of transmittal.

The method of delivery of outstanding notes, letter of transmittal and all other required documents to the exchange agent is at your election and risk. Rather than mail these items, we recommend that you use an overnight or hand delivery service. In all cases, you should allow sufficient time to assure timely delivery to the exchange agent before the expiration date. You should not send letters of transmittal or certificates representing outstanding notes to us. You may request that your broker, dealer, commercial bank, trust company or other nominee effect the above transactions for you.

If you are a beneficial owner whose outstanding notes are held in the name of a broker, dealer, commercial bank, trust company, or other nominee and you wish to tender your outstanding notes, you should promptly instruct the registered holder to tender outstanding notes on your behalf.

You must make these arrangements or follow these procedures before completing and executing the letter of transmittal and delivering the outstanding notes.

Signatures on the letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed by a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the U.S. or another "eligible guarantor institution" within the meaning of Rule 17A(d)-15 under the Exchange Act unless the outstanding notes surrendered for exchange are tendered:

- by a registered holder of the outstanding notes who has not completed the box entitled "Special Registration Instructions" or "Special Delivery Instructions" on the letter of transmittal; or

- for the account of an eligible guarantor institution.

If the applicable letter of transmittal is signed by a person other than the registered holder of any outstanding notes listed on the outstanding notes, such outstanding notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder's name appears on the outstanding notes and an eligible guarantor institution must guarantee the signature on the bond power.

If the applicable letter of transmittal or any certificates representing outstanding notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, those persons should also indicate when signing and, unless waived by us, they should also submit evidence satisfactory to us of their authority to so act.

The exchange agent and DTC have confirmed that any financial institution that is a participant in DTC's system may use DTC's Automated Tender Offer Program to tender. Participants in the program may, instead of physically completing and signing the letter of transmittal and delivering it to the exchange agent, electronically transmit their acceptance of the exchange by causing DTC to transfer the outstanding notes to the exchange agent in accordance with DTC's Automated Tender Offer Program procedures for transfer. DTC will then send an agent's message to the exchange agent. The term "agent's message" means a message transmitted by DTC, received by the exchange agent and forming part of the book-entry confirmation, that states that:

- DTC has received an express acknowledgment from a participant in its Automated Tender Offer Program that is tendering outstanding notes that are the subject of the book-entry confirmation;

- the participant has received and agrees to be bound by the terms of the letter of transmittal or, in the case of an agent's message relating to guaranteed delivery, such participant has received and agrees to be bound by the applicable notice of guaranteed delivery; and

- we may enforce that agreement against such participant.

Acceptance of exchange notes

In all cases, we will promptly issue exchange notes for outstanding notes that we have accepted for exchange under the applicable exchange offer only after the exchange agent timely receives:

- outstanding notes or a timely book-entry confirmation of such outstanding notes into the exchange agent's account at the applicable book-entry transfer facility; and

- a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent's message.

By tendering outstanding notes pursuant to the applicable exchange offer, you will represent to us that, among other things:

- you are not our affiliate or an affiliate of any guarantor within the meaning of Rule 405 under the Securities Act;
- you do not have an arrangement or understanding with any person or entity to participate in a distribution of the exchange notes; and
- you are acquiring the exchange notes in the ordinary course of your business.

In addition, each broker-dealer that is to receive exchange notes for its own account in exchange for outstanding notes must represent that such outstanding notes were acquired by that broker-dealer as a result of market-making activities or other trading activities and must acknowledge that it will deliver a prospectus that meets the requirements of the Securities Act in connection with any resale of the exchange notes. The applicable letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. See "Plan of Distribution."

We will interpret the terms and conditions of the exchange offer, including the letters of transmittal and the instructions to the letters of transmittal, and will resolve all questions as to the validity, form, eligibility, including time of receipt, and acceptance of outstanding notes tendered for exchange. Our determinations in this regard will be final and binding on all parties. We reserve the absolute right to reject any and all tenders of any particular outstanding notes not properly tendered or to not accept any particular outstanding notes if the acceptance might, in our or our counsel's judgment, be unlawful. We also reserve the absolute right to waive any defects or irregularities as to any particular outstanding notes prior to the expiration date.

Unless waived, any defects or irregularities in connection with tenders of outstanding notes for exchange must be cured within such reasonable period of time as we determine. Neither we, the exchange agent, nor any other person will be under any duty to give notification of any defect or irregularity with respect to any tender of outstanding notes for exchange, nor will any of them incur any liability for any failure to give notification. Any outstanding notes received by the exchange agent that are not properly tendered and as to which the irregularities have not been cured or waived will be returned by the exchange agent to the tendering holder, unless otherwise provided in the applicable letter of transmittal, promptly after the expiration date.

Book-entry delivery procedures

Promptly after the date of this prospectus, the exchange agent will establish an account with respect to the outstanding notes at DTC as the book-entry transfer facility, for purposes of the exchange offer. Any financial institution that is a participant in the book-entry transfer facility's system may make book-entry delivery of the outstanding notes by causing the book-entry transfer facility to transfer those outstanding notes into the exchange agent's account at the facility in accordance with the facility's procedures for such transfer. To be timely, book-entry delivery of outstanding notes requires receipt of a confirmation of a book-entry transfer, a "book-entry confirmation," prior to the expiration date. In addition, although delivery of outstanding notes may be effected through book-entry transfer into the exchange agent's account at the applicable book-entry transfer facility, the applicable letter of transmittal or a manually signed facsimile thereof, together with any required signature guarantees and any other required documents, or an "agent's message," as defined below, in connection with a book-entry transfer, must, in any case, be delivered or transmitted to and received by the exchange agent at its address set forth on the cover page of the applicable letter of transmittal prior to the expiration date to receive exchange notes for tendered outstanding notes, or the guaranteed delivery procedure described below must be complied with. Tender will not be deemed made until such documents are received by the exchange agent. Delivery of documents to the applicable book-entry transfer facility does not constitute delivery to the exchange agent.

Guaranteed delivery procedures

If you wish to tender outstanding notes that are not immediately available or you cannot deliver your outstanding notes, the letter of transmittal or any other required documents to the exchange agent or comply with the applicable procedures under DTC's Automatic Tender Offer Program prior to the expiration date, you may still tender if:

- the tender is made through an Eligible Guarantor Institution;
- prior to the expiration date, the exchange agent receives from such Eligible Guarantor Institution either: (i) a properly completed and duly executed notice of guaranteed delivery, by facsimile transmission, mail, or hand delivery or (ii) a properly transmitted agent's message and notice of guaranteed delivery, that (a) sets forth your name and address, the certificate number(s) of such outstanding notes and the principal amount of outstanding notes tendered; (b) states that the tender is being made by that notice of guaranteed delivery; and (c) guarantees that, within three New York Stock Exchange trading days after the expiration date, the letter of transmittal, or facsimile thereof, together with the outstanding notes or a book-entry confirmation, and any other documents required by the letter of transmittal, will be deposited by the Eligible Guarantor Institution with the exchange agent; and
- the exchange agent receives the properly completed and executed letter of transmittal or facsimile thereof, as well as certificate(s) representing all tendered outstanding notes in proper form for transfer or a book-entry confirmation of transfer of the outstanding notes into the exchange agent's account at DTC, and all other documents required by the letter of transmittal within three New York Stock Exchange trading days after the expiration date.

Upon request, the exchange agent will send to you a notice of guaranteed delivery if you wish to tender your notes according to the guaranteed delivery procedures.

Withdrawal rights

Except as otherwise provided in this prospectus, you may withdraw your tender of outstanding notes at any time prior to 5:00 p.m., New York City time, on the expiration date. For a withdrawal to be effective:

- the exchange agent must receive a written notice, which may be by telegram, telex, facsimile or letter, of withdrawal; or
- you must comply with the appropriate procedures of DTC's Automated Tender Offer Program system;

Any notice of withdrawal must:

- specify the name of the person who tendered the outstanding notes to be withdrawn;
- identify the outstanding notes to be withdrawn, including the certificate numbers and principal amount of the outstanding notes; and
- where certificates for outstanding notes have been transmitted, specify the name in which such outstanding notes were registered, if different from that of the withdrawing holder.

If certificates for outstanding notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of such certificates, you must also submit:

the serial numbers of the particular certificates to be withdrawn; and a signed notice of withdrawal with signatures guaranteed by an eligible institution unless you are an eligible guarantor institution.

If outstanding notes have been tendered pursuant to the procedures for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn outstanding notes and otherwise comply with the procedures of the facility. We will determine all questions as to the validity, form, and eligibility, including time of receipt of notices of withdrawal and our determination will be final and binding on all parties. Any outstanding notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer. Any outstanding notes that have been tendered for exchange but that are not exchanged for any reason will be returned to their holder, without cost to the holder, or, in the case of book-entry transfer, the outstanding notes will be credited to an account at the book-entry transfer facility, promptly after withdrawal, rejection of tender or termination of the applicable exchange offer. Properly withdrawn outstanding notes may be retendered by following the procedures described under "Procedures for tendering outstanding notes" above at any time on or prior to the expiration date.

Exchange agent

Wells Fargo Bank, National Association has been appointed as the exchange agent for the exchange offer. Wells Fargo Bank, National Association also acts as trustee under the indentures governing the notes. You should direct all executed letters of transmittal and all questions and requests for assistance, requests for additional copies of this prospectus or of the letters of transmittal, and requests for notices of guaranteed delivery to the exchange agent addressed as follows:

By Registered or Certified Mail:	*By Facsimile Transmission:*	*By Overnight Courier or Hand Delivery:*
Wells Fargo Bank, National Association Corporate Trust Department 707 Wilshire Blvd, 17th Floor Los Angeles, CA 90017 (Attn: Madeliena Hall)	213-614-3355 *To Confirm by Telephone:* 213-614-2588	Wells Fargo Bank, National Association Corporate Trust Department 707 Wilshire Blvd, 17th Floor Los Angeles, CA 90017 (Attn: Madeliena Hall)

If you deliver the letter of transmittal to an address other than the one set forth above or transmit instructions via facsimile other than the one set forth above, that delivery or those instructions will not be effective.

Fees and expenses

The registration rights agreement provides that we will bear all expenses in connection with the performance of our obligations relating to the registration of the exchange notes and the conduct of the exchange offer. These expenses include registration and filing fees, accounting and legal fees and printing costs, among others. We will pay the exchange agent reasonable and customary fees for its services and reasonable out-of-pocket expenses. We will also reimburse brokerage houses and other custodians, nominees and fiduciaries for customary mailing and handling expenses incurred by them in forwarding this prospectus and related documents to their clients that are holders of outstanding notes and for handling or tendering for such clients.

We have not retained any dealer-manager in connection with the exchange offer and will not pay any fee or commission to any broker, dealer, nominee or other person, other than the exchange agent, for soliciting tenders of outstanding notes pursuant to the exchange offer.

Accounting treatment

We will record the exchange notes in our accounting records at the same carrying value as the outstanding notes, which is the aggregate principal amount as reflected in our accounting records on the date of exchanges. Accordingly, we will not recognize any gain or loss for accounting purposes upon the consummation of the exchange offer. We will record the expenses of the exchange offer as incurred.

Transfer taxes

We will pay all transfer taxes, if any, applicable to the exchanges of outstanding notes under the exchange offer. The tendering holder, however, will be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing outstanding notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of outstanding notes tendered;

- tendered outstanding notes are registered in the name of any person other than the person signing the letter of transmittal; or

- a transfer tax is imposed for any reason other than the exchange of outstanding notes under the exchange offer.

If satisfactory evidence of payment of such taxes is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed to that tendering holder.

Holders who tender their outstanding notes for exchange will not be required to pay any transfer taxes. However, holders who instruct us to register exchange notes in the name of, or request that outstanding notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder will be required to pay any applicable transfer tax.

Consequences of failure to exchange

If you do not exchange your outstanding notes for exchange notes in the exchange offer, your outstanding notes will remain subject to the restrictions on transfer as set forth in the legend printed on the outstanding notes as a consequence of the issuance of the outstanding notes pursuant to the exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws.

In general, you may not offer or sell your outstanding notes unless they are registered under the Securities Act or if the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of the outstanding notes under the Securities Act.

Other

Participating in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your own decision on what action to take.

We may in the future seek to acquire untendered outstanding notes in open market or privately negotiated transactions, through subsequent exchange offer or otherwise. We have no present plans to acquire any outstanding notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered outstanding notes.

DESCRIPTION OF SENIOR NOTES

General

Certain terms used in this description are defined under the subheading "Certain Definitions."

Buck Acquisition Corp. issued $1,175,000,000 aggregate principal amount of 10.625% senior notes due 2015 (the "*Senior Notes*") under an indenture dated July 6, 2007 (the "*Senior Indenture*") among Buck Acquisition Corp., the Guarantors and Wells Fargo Bank, National Association, as trustee (the "*Trustee*"). Immediately following the closing of the offering and as part of the Transactions, Buck Acquisition Corp. merged with and into Dollar General Corporation, with Dollar General Corporation continuing as the surviving corporation and assuming all the obligations of Buck Acquisition Corp. under the Senior Indenture. Dollar General Corporation will issue the exchange notes described in this prospectus under the Senior Indenture. In this description, the terms "*we*," "*our*," "*us*," "*the Issuer*" and "*the Company*" refer to Buck Acquisition Corp. prior to the merger described above and to Dollar General Corporation as the surviving corporation in the merger, together with its consolidated Subsidiaries (except that "the Issuer" does not include consolidated subsidiaries). Except as set forth herein, the terms of the Senior Notes are substantially identical and include those stated in the Senior Indenture and those made part of the Senior Indenture by reference to the Trust Indenture Act.

The following description is only a summary of the material provisions of the Senior Indenture, does not purport to be complete and is qualified in its entirety by reference to the provisions of that agreement, including the definitions therein of certain terms used below. We urge you to read the Senior Indenture because it, and not this description, will define your rights as Holders. You may request copies of the Senior Indenture at our address set forth under the heading "Summary."

Brief Description of the Senior Notes

The Senior Notes:

- are general unsecured senior obligations of the Issuer;
- are *pari passu* in right of payment with all existing and future unsecured Senior Indebtedness of the Issuer;
- are effectively subordinated to all Secured Indebtedness of the Issuer, including Indebtedness under the Issuer's new Senior Credit Facilities, to the extent of the collateral securing such Indebtedness;
- are senior in right of payment to all existing and future Subordinated Indebtedness of the Issuer, including the Senior Subordinated Notes;
- are structurally subordinated to any existing and future indebtedness and liabilities of non-guarantor Subsidiaries, including the Issuer's Foreign Subsidiaries and any Unrestricted Subsidiaries;
- are initially unconditionally guaranteed on a joint and several and senior basis by each Restricted Subsidiary that guarantees the General Credit Facility; and
- are subject to registration with the SEC pursuant to the Registration Rights Agreement.

Guarantees

The Guarantors, as primary obligors and not merely as sureties, initially jointly and severally fully and unconditionally guarantee, on a senior basis, the performance and full and punctual payment when due, whether at maturity, by acceleration or otherwise, of all obligations of the Issuer under the Senior Indenture and the Senior Notes, whether for payment of principal of, premium, if any, or interest or

Special Interest in respect of the Senior Notes, expenses, indemnification or otherwise, on the terms set forth in the Senior Indenture by executing the Senior Indenture.

The Restricted Subsidiaries which guarantee the General Credit Facility initially guaranteed the Senior Notes. Each Guarantee is a general unsecured senior obligation of the applicable Guarantor, ranks *pari passu* in right of payment with all existing and any future Senior Indebtedness of such Guarantor, is effectively subordinated to all Secured Indebtedness of such Guarantor to the extent of the value of the collateral securing such Indebtedness, and is senior in right of payment to all existing and any future Subordinated Indebtedness of such Guarantor (including the Senior Subordinated Notes). The Senior Notes will be structurally subordinated to Indebtedness and other liabilities of Subsidiaries of the Issuer that do not guarantee the Senior Notes.

Not all of the Issuer's Subsidiaries guarantee the Senior Notes. In the event of a bankruptcy, liquidation or reorganization of any of these non-Guarantor Subsidiaries, the non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer. None of the Issuer's Subsidiaries which are Foreign Subsidiaries, non-Wholly Owned Subsidiaries or any Receivables Subsidiaries will guarantee the Senior Credit Facilities, the Senior Notes or the Senior Subordinated Notes. Our non-Guarantor Subsidiaries accounted for approximately $107.4 million of net revenues and approximately $20.5 million of net income, in each case, for 2006 and approximately $243.0 million of total assets, and approximately $187.0 million of total liabilities, in each case as of February 2, 2007.

The obligations of each Guarantor under its Guarantee is limited as necessary to prevent the Guarantee from constituting a fraudulent conveyance under applicable law.

Any entity that makes a payment under its Guarantee will be entitled upon payment in full of all guaranteed obligations under the Senior Indenture to a contribution from each other Guarantor in an amount equal to such other Guarantor's pro rata portion of such payment based on the respective net assets of all the Guarantors at the time of such payment determined in accordance with GAAP.

If a Guarantee were rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the Guarantor, and, depending on the amount of such indebtedness, a Guarantor's liability on its Guarantee could be reduced to zero. See "Risk Factors Risks Related to the Notes Federal and state fraudulent transfer laws may permit a court to void the guarantees, and, if that occurs, you may not receive any payments on the notes."

Each Guarantee by a Guarantor will provide by its terms that it will be automatically and unconditionally released and discharged upon:

(1)

(a) any sale, exchange or transfer (by merger or otherwise) of the Capital Stock of such Guarantor, after which the applicable Guarantor is no longer a Restricted Subsidiary of all or substantially all the assets of such Guarantor, which sale, exchange or transfer is made in compliance with the applicable provisions of the Senior Indenture;

(b) the release or discharge of the guarantee by such Guarantor of the Senior Credit Facilities or such other guarantee that resulted in the creation of such guarantee, except a discharge or release by or as a result of payment under such guarantee;

(c) the designation of any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary in compliance with the applicable provisions of the Senior Indenture; or

(d) the exercise by the Issuer of its legal defeasance option or covenant defeasance option as described under "Legal Defeasance and Covenant Defeasance" or the discharge of the Issuer's obligations under the Senior Indenture in accordance with the terms of the Senior Indenture; and

(2) such Guarantor delivering to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in the Senior Indenture relating to such transaction have been complied with.

Paying Agent and Registrar for the Senior Notes

The Issuer maintains one or more paying agents and a registrar for the Senior Notes with offices in the Borough of Manhattan, City of New York. The initial paying agent and the initial registrar for the Senior Notes is the Trustee.

The registrar will maintain a register reflecting ownership of the Senior Notes outstanding from time to time and will make payments on and facilitate transfer of Senior Notes on behalf of the Issuer.

The Issuer may change the paying agents or the registrars without prior notice to the Holders. The Issuer or any of its Subsidiaries may act as a paying agent or registrar.

Transfer and Exchange

A Holder may transfer or exchange Senior Notes in accordance with the Senior Indenture. The registrar and the Trustee may require a Holder to furnish appropriate endorsements and transfer documents in connection with a transfer of Senior Notes. Holders will be required to pay all taxes due on transfer. The Issuer will not be required to transfer or exchange any Senior Note selected for redemption. Also, the Issuer will not be required to transfer or exchange any Senior Note for a period of 15 days before a selection of Senior Notes to be redeemed.

Principal, Maturity and Interest

The Issuer issued $1,175,000,000 in aggregate principal amount of Senior Notes. The Senior Notes will mature on July 15, 2015. Subject to compliance with the covenant described below under the caption "Certain Covenants Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," the Issuer may issue additional Senior Notes under the Senior Indenture (any such Senior Notes, "*Additional Senior Notes*"). The Senior Notes, and any Additional Senior Notes subsequently issued under the Senior Indenture, will be treated as a single class for all purposes under the Senior Indenture, including waivers, amendments, redemptions and offers to purchase. Unless the context requires otherwise, references to "Senior Notes" for all purposes of the Senior Indenture and this "Description of Senior Notes" include any Additional Senior Notes that are actually issued.

Interest on the Senior Notes accrues at the rate of 10.625% per annum and is payable semi-annually in arrears on January 15 and July 15, commencing on January 15, 2008, to the Holders of record on the immediately preceding January 1 and July 1. Interest on the Senior Notes accrues from the most recent date to which interest has been paid or, if no interest has been paid, from and including the Issue Date. Interest on the Senior Notes is computed on the basis of a 360-day year comprised of twelve 30-day months.

Special Interest

Special Interest may accrue on the Senior Notes in certain circumstances pursuant to the Registration Rights Agreement. Any Special Interest on the Senior Notes will be payable in the same form elected by the Issuer for payment of interest for the applicable interest payment period. All references in the Senior Indenture, in any context, to any interest or other amount payable on or with respect to the Senior Notes shall be deemed to include any Special Interest pursuant to the Registration Rights Agreement. Principal of, premium, if any, and interest on the Senior Notes will be payable at the office or agency of the Issuer maintained for such purpose within the City and State of New York or, at the option of the Issuer, payment of interest may be made by check mailed to the

Holders of the Senior Notes at their respective addresses set forth in the register of Holders; *provided* that all payments of principal, premium, if any, and interest with respect to the Senior Notes represented by one or more global notes registered in the name of or held by the Depository Trust Company ("DTC") or its nominee will be made by wire transfer of immediately available funds to the accounts specified by the Holder or Holders thereof. Until otherwise designated by the Issuer, the Issuer's office or agency in New York will be the office of the Trustee maintained for such purpose.

Mandatory Redemption; Offers to Purchase; Open Market Purchases

The Issuer will not be required to make any mandatory redemption or sinking fund payments with respect to the Senior Notes. However, under certain circumstances, the Issuer may be required to offer to purchase Senior Notes as described under the caption "Repurchase at the Option of Holders." The Issuer may from time to time acquire any Senior Notes by means other than a redemption, whether by tender offer, in open market purchases, through negotiated transactions or otherwise.

Optional Redemption

Except as set forth below, the Issuer will not be entitled to redeem Senior Notes at its option prior to July 15, 2011.

At any time prior to July 15, 2011, the Issuer may redeem all or a part of the Senior Notes, upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to the registered address of each Holder or otherwise in accordance with the procedures of DTC, at a redemption price equal to 100% of the principal amount of the Senior Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest and Special Interest, if any, to the date of redemption (the "*Redemption Date*"), subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date.

On and after July 15, 2011, the Issuer may redeem the Senior Notes, in whole or in part, upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to the registered address of each Holder or otherwise in accordance with the procedures of DTC, at the redemption prices (expressed as percentages of principal amount of the Senior Notes to be redeemed) set forth below, plus accrued and unpaid interest thereon and Special Interest, if any, to the applicable Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, if redeemed during the twelve-month period beginning on July 15 of each of the years indicated below:

Year	Percentage
2011	105.313%
2012	102.656%
2013 and thereafter	100.000%

In addition, until July 15, 2010, the Issuer may, at its option, on one or more occasions redeem up to 35% of the aggregate principal amount of Senior Notes at a redemption price equal to 110.625% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon and Special Interest, if any, to the applicable Redemption Date, subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date, with the net cash proceeds of one or more Equity Offerings; *provided* that at least 50% of the sum of the original aggregate principal amount of Senior Notes issued under the Senior Indenture and the original principal amount of any Additional Senior Notes issued under the Senior Indenture after the Issue Date remains outstanding immediately after the occurrence of each such redemption; *provided further* that each such redemption occurs within 90 days of the date of closing of each such Equity Offering.

Notice of any redemption may be given prior to the redemption thereof, and any such redemption or notice may, at the Issuer's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of an Equity Offering or other corporate transaction.

If the Issuer redeems less than all of the outstanding Senior Notes, the Trustee shall select the Senior Notes to be redeemed in the manner described under "Repurchase at the Option of Holders Selection and Notice."

Repurchase at the Option of Holders

Change of Control

The Senior Notes provide that if a Change of Control occurs, unless the Issuer has previously or concurrently mailed a redemption notice with respect to all the outstanding Senior Notes as described under "Optional Redemption," the Issuer will make an offer to purchase all of the Senior Notes pursuant to the offer described below (the "*Change of Control Offer*") at a price in cash (the "*Change of Control Payment*") equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Special Interest, if any, to the date of purchase, subject to the right of Holders of the Senior Notes of record on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will send notice of such Change of Control Offer by first-class mail, with a copy to the Trustee, to each Holder to the address of such Holder appearing in the security register with a copy to the Trustee or otherwise in accordance with the procedures of DTC, with the following information:

(1) that a Change of Control Offer is being made pursuant to the covenant entitled "Change of Control" and that all Senior Notes properly tendered pursuant to such Change of Control Offer will be accepted for payment by the Issuer;

(2) the purchase price and the purchase date, which will be no earlier than 30 days nor later than 60 days from the date such notice is mailed (the "*Change of Control Payment Date*");

(3) that any Senior Note not properly tendered will remain outstanding and continue to accrue interest;

(4) that unless the Issuer defaults in the payment of the Change of Control Payment, all Senior Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest on the Change of Control Payment Date;

(5) that Holders electing to have any Senior Notes purchased pursuant to a Change of Control Offer will be required to surrender such Senior Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of such Senior Notes completed, to the paying agent specified in the notice at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their tendered Senior Notes and their election to require the Issuer to purchase such Senior Notes; *provided* that the paying agent receives, not later than the close of business on the 30th day following the date of the Change of Control notice, a telegram, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Senior Notes tendered for purchase, and a statement that such Holder is withdrawing its tendered Senior Notes and its election to have such Senior Notes purchased;

(7) that if the Issuer is redeeming less than all of the Senior Notes, the Holders of the remaining Senior Notes will be issued new Senior Notes that will be equal in principal amount to the unpurchased portion of the Senior Notes surrendered. The unpurchased portion of the Senior Notes must be equal to $2,000 or an integral multiple of $1,000 in excess thereof; and

(8) the other instructions, as determined by us, consistent with the covenant described hereunder, that a Holder must follow.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent they are applicable in connection with the repurchase of Senior Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Senior Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Senior Indenture by virtue thereof.

On the Change of Control Payment Date, the Issuer will, to the extent permitted by law,

(1) accept for payment all Senior Notes issued by it or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the aggregate Change of Control Payment in respect of all Senior Notes or portions thereof so tendered; and

(3) deliver, or cause to be delivered, to the Trustee for cancellation the Senior Notes so accepted together with an Officer's Certificate to the Trustee stating that such Senior Notes or portions thereof have been tendered to and purchased by the Issuer.

The paying agent will promptly mail to each Holder the Change of Control Payment for such Senior Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Senior Note equal in principal amount to any unpurchased portion of the Senior Notes surrendered, if any; *provided* that each such new Senior Note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof.

The Senior Credit Facilities will, and future credit agreements or other agreements relating to Senior Indebtedness to which the Issuer becomes a party may, provide that certain change of control events with respect to the Issuer would constitute a default thereunder (including a Change of Control under the Senior Indenture). If we experience a change of control that triggers a default under our Senior Credit Facilities, we could seek a waiver of such default or seek to refinance our Senior Credit Facilities. In the event we do not obtain such a waiver or refinance the Senior Credit Facilities, such default could result in amounts outstanding under our Senior Credit Facilities being declared due and payable and could cause a Receivables Facility to be wound down.

Our ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by our then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases.

The Change of Control purchase feature of the Senior Notes may in certain circumstances make more difficult or discourage a sale or takeover of us and, thus, the removal of incumbent management. The Change of Control purchase feature is a result of negotiations between the Initial Purchasers and us. After the Issue Date, we have no present intention to engage in a transaction involving a Change of Control, although it is possible that we could decide to do so in the future. Subject to the limitations discussed below, we could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Senior Indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect our capital structure or credit ratings. Restrictions on our ability to incur additional Indebtedness are contained in the covenants described under "Certain Covenants Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and "Certain Covenants Liens." Such restrictions in the Senior Indenture can be waived only with the consent of the Holders of a majority in principal amount of the Senior Notes then outstanding. Except for the limitations contained in such covenants, however, the Senior Indenture will not contain any covenants or provisions that may afford Holders protection in the event of a highly leveraged transaction.

The Issuer will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Senior Indenture applicable to a Change of Control Offer made by us and purchases all Senior Notes validly tendered and not withdrawn under such Change of Control Offer. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

The definition of "Change of Control" includes a disposition of all or substantially all of the assets of the Issuer to any Person. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Issuer to make an offer to repurchase the Senior Notes as described above.

The provisions under the Senior Indenture relating to the Issuer's obligation to make an offer to repurchase the Senior Notes as a result of a Change of Control may be waived or modified with the written consent of the Holders of a majority in principal amount of the Senior Notes.

Asset Sales

The Senior Indenture provides that the Issuer will not, and will not permit any of its Restricted Subsidiaries to consummate, directly or indirectly, an Asset Sale, unless:

(1) the Issuer or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value (as determined in good faith by the Issuer) of the assets sold or otherwise disposed of; and

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration therefor received by the Issuer or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; *provided* that the amount of:

(a) any liabilities (as shown on the Issuer's or such Restricted Subsidiary's most recent balance sheet or in the footnotes thereto) of the Issuer or such Restricted Subsidiary, other than liabilities that are by their terms subordinated to the Senior Notes, that are assumed by the transferee of any such assets and for which the Issuer and all of its Restricted Subsidiaries have been validly released by all creditors in writing,

(b) any securities received by the Issuer or such Restricted Subsidiary from such transferee that are converted by the Issuer or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of such Asset Sale, and

(c) any Designated Non-cash Consideration received by the Issuer or such Restricted Subsidiary in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (c) that is at that time outstanding, not to exceed 5.0% of Total Assets at the time of the receipt of such Designated Non-cash Consideration, with the fair market value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value,

shall be deemed to be cash for purposes of this provision and for no other purpose.

Within 360 days after the receipt of any Net Proceeds of any Asset Sale, the Issuer or such Restricted Subsidiary, at its option, may apply the Net Proceeds from such Asset Sale,

(1) to permanently reduce:

(a) Obligations under the Senior Notes or any other Senior Indebtedness of the Issuer or any Guarantor (other than Obligations owed to the Issuer or a Restricted Subsidiary) and, in the case of Obligations under revolving credit facilities or other similar Indebtedness, to correspondingly permanently reduce commitments with respect thereto; *provided* that if the Issuer or any Restricted Subsidiary shall so reduce Obligations under any Senior Indebtedness that is not secured by a Lien, the Issuer or such Guarantor will, equally and ratably, reduce Obligations under the Senior Notes by, at its option, (A) redeeming Senior Notes, (B) making an offer (in accordance with the procedures set forth below for an Asset Sale Offer) to all Holders to purchase their Senior Notes at 100% of the principal amount thereof, *plus* the amount of accrued and unpaid interest and Special Interest, if any, on the principal amount of Senior Notes to be repurchased or (C) purchasing Senior Notes through open market purchases (to the extent such purchases are at a price equal to or higher than 100% of the principal amount thereof) in a manner that complies with the Senior Indenture and applicable securities law; or

(b) Indebtedness of a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Issuer or another Restricted Subsidiary;

(2) to make (a) an Investment in any one or more businesses, *provided* that such Investment in any business is in the form of the acquisition of Capital Stock and results in the Issuer or another of its Restricted Subsidiaries, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary, (b) capital expenditures or (c) acquisitions of other assets, in each of (a), (b) and (c), used or useful in a Similar Business; or

(3) to make an Investment in (a) any one or more businesses, *provided* that such Investment in any business is in the form of the acquisition of Capital Stock and results in the Issuer or another of its Restricted Subsidiaries, as the case may be, owning an amount of the Capital Stock of such business such that it constitutes a Restricted Subsidiary, (b) properties or (c) acquisitions of other assets that, in each of (a), (b) and (c), replace the businesses, properties and/or assets that are the subject of such Asset Sale;

provided that, in the case of clauses (2) and (3) above, a binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment so long as the Issuer, or such other Restricted Subsidiary enters into such commitment with the good faith expectation that such Net Proceeds will be applied to satisfy such commitment within 180 days of such commitment (an "*Acceptable Commitment*") and, in the event any Acceptable Commitment is later cancelled or terminated for any reason before the Net Proceeds are applied in connection therewith, the Issuer or such Restricted Subsidiary enters into another Acceptable Commitment (a "*Second Commitment*") within 180 days of such cancellation or termination; *provided*, *further*, that if any Second Commitment is later cancelled or terminated for any reason before such Net Proceeds are applied, then such Net Proceeds shall constitute Excess Proceeds.

Any Net Proceeds from Asset Sales that are not invested or applied as provided and within the time period set forth in the first sentence of the preceding paragraph will be deemed to constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds $75.0 million, the Issuer shall make an offer to all Holders and, if required or permitted by the terms of any Senior Indebtedness, to the holders of such Senior Indebtedness (an "*Asset Sale Offer*"), to purchase the maximum aggregate principal amount of the Senior Notes and such Senior Indebtedness that is a minimum of $2,000 or an integral multiple of $1,000 in excess thereof that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Special Interest, if any, to the date fixed for the closing of such offer, in accordance with the procedures set forth in the Senior Indenture. The Issuer will commence an Asset Sale Offer with respect to Excess Proceeds within ten Business Days after the date that Excess Proceeds exceed $75.0 million by mailing the notice required pursuant to the terms of the Senior Indenture, with a copy to the Trustee.

To the extent that the aggregate amount of Senior Notes and such Senior Indebtedness tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Issuer may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Senior Indenture. If the aggregate principal amount of Senior Notes or other Senior Indebtedness surrendered by such holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Senior Notes and such other Senior Indebtedness to be purchased on a pro rata basis based on the accreted value or principal amount of the Senior Notes or such Senior Indebtedness tendered. Upon completion of any such Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero. Additionally, the Issuer may, at its option, make an Asset Sale Offer using proceeds from any Asset Sale at any time after consummation of such Asset Sale; *provided* that such Asset Sale Offer shall be in an aggregate amount of not less than $75.0 million. Upon consummation of such Asset Sale Offer, any Net Proceeds not required to be used to purchase Senior Notes shall not be deemed Excess Proceeds.

Pending the final application of any Net Proceeds pursuant to this covenant, the holder of such Net Proceeds may apply such Net Proceeds temporarily to reduce Indebtedness outstanding under a revolving credit facility or otherwise invest such Net Proceeds in any manner not prohibited by the Senior Indenture.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws or regulations are applicable in connection with the repurchase of the Senior Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Senior Indenture, the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Senior Indenture by virtue thereof.

The Senior Credit Facilities will prohibit or limit (subject to limited exceptions), and future credit agreements or other agreements to which the Issuer becomes a party may limit or prohibit, the Issuer from purchasing any Senior Notes as a result of an Asset Sale Offer. In the event the Issuer is required to make an Asset Sale Offer at a time when the Issuer is prohibited from purchasing the Senior Notes, the Issuer could seek the consent of its lenders to permit the purchase of the Senior Notes or could attempt to refinance the borrowings that contain such prohibition. If the Issuer does not obtain such consent or repay such borrowings, the Issuer will remain prohibited from purchasing the Senior Notes. In such case, the Issuer's failure to purchase tendered Senior Notes would constitute an Event of Default under the Senior Indenture.

The provisions under the Senior Indenture relative to the Issuer's obligation to make an offer to repurchase the Senior Notes as a result of an Asset Sale may be waived or modified with the written consent of the Holders of a majority in principal amount of the Senior Notes.

Selection and Notice

If the Issuer is redeeming less than all of the Senior Notes issued at any time, the Trustee will select the Senior Notes to be redeemed (a) if the Senior Notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Senior Notes are listed, (b) on a pro rata basis to the extent practicable or (c) by lot or such other similar method in accordance with the procedures of DTC.

Notices of purchase or redemption shall be mailed by first-class mail, postage prepaid, at least 30 but not more than 60 days before the purchase or Redemption Date to each Holder at such Holder's registered address or otherwise in accordance with the procedures of DTC, except that redemption notices may be mailed more than 60 days prior to a Redemption Date if the notice is issued in connection with a defeasance of the Senior Notes or a satisfaction and discharge of the Senior Indenture. If any Senior Note is to be purchased or redeemed in part only, any notice of purchase or redemption that relates to such Senior Note shall state the portion of the principal amount thereof that has been or is to be purchased or redeemed.

The Issuer will issue a new Senior Note in a principal amount equal to the unredeemed portion of the original Senior Note in the name of the Holder upon cancellation of the original Senior Note. Senior Notes called for redemption become due on the date fixed for redemption. On and after the Redemption Date, interest ceases to accrue on Senior Notes or portions thereof called for redemption.

Certain Covenants

Limitation on Restricted Payments

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(I) declare or pay any dividend or make any payment or distribution on account of the Issuer's, or any of its Restricted Subsidiaries' Equity Interests, including any dividend or distribution payable in connection with any merger or consolidation other than:

(a) dividends or distributions by the Issuer payable solely in Equity Interests (other than Disqualified Stock) of the Issuer; or

(b) dividends or distributions by a Restricted Subsidiary so long as, in the case of any dividend or distribution payable on or in respect of any class or series of securities issued by a Restricted Subsidiary other than a Wholly-Owned Subsidiary, the Issuer or a Restricted Subsidiary receives at least its pro rata share of such dividend or distribution in accordance with its Equity Interests in such class or series of securities;

(II) purchase, redeem, defease or otherwise acquire or retire for value any Equity Interests of the Issuer or any direct or indirect parent of the Issuer, including in connection with any merger or consolidation;

(III) make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value in each case, prior to any scheduled repayment, sinking fund payment or maturity, any Subordinated Indebtedness, other than:

(a) Indebtedness permitted under clauses (8) and (9) of the covenant described under " Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; or

(b) the purchase, repurchase or other acquisition of Subordinated Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase or acquisition; or

(IV) make any Restricted Investment

(all such payments and other actions set forth in clauses (I) through (IV) above (other than any exception thereto) being collectively referred to as "*Restricted Payments*"), unless, at the time of such Restricted Payment:

(1) no Default shall have occurred and be continuing or would occur as a consequence thereof;

(2) immediately after giving effect to such transaction on a *pro forma* basis, the Issuer could incur $1.00 of additional Indebtedness under the provisions of the first paragraph of the covenant described under " Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Issuer and its Restricted Subsidiaries after the Issue Date (including Restricted Payments permitted by clauses (1), (2) (with respect to the payment of dividends on Refunding Capital Stock (as defined below) pursuant to clause (b) thereof only), (6)(c), (9) and (14) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph), is less than the sum of (without duplication):

(a) 50% of the Consolidated Net Income of the Issuer for the period (taken as one accounting period) beginning May 4, 2007, to the end of the Issuer's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment, or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit; *plus*

(b) 100% of the aggregate net cash proceeds and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property received by the Issuer since immediately after the Issue Date from the issue or sale of:

(i) (A) Equity Interests of the Issuer, including Treasury Capital Stock (as defined below), but excluding cash proceeds and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property received from the sale of:

(x) Equity Interests to members of management, directors or consultants of the Issuer, any direct or indirect parent company of the Issuer and the Issuer's Subsidiaries after the Issue Date to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph; and

(y) Designated Preferred Stock; and

(B) to the extent such net cash proceeds are actually contributed to the Issuer, Equity Interests of the Issuer's direct or indirect parent companies (excluding contributions of the proceeds from the sale of Designated Preferred Stock of such companies or contributions to the extent such amounts have been applied to Restricted Payments made in accordance with clause (4) of the next succeeding paragraph); or

(ii) debt securities of the Issuer that have been converted into or exchanged for such Equity Interests of the Issuer;

provided, *however*, that this clause (b) shall not include the proceeds from (V) Refunding Capital Stock (as defined below), (W) Equity Interests of the Issuer or convertible debt securities of the Issuer sold to a Restricted Subsidiary, as the case may be, (X) Disqualified Stock or debt securities that have been converted into Disqualified Stock, (Y) Excluded Contributions or (Z) transactions whose proceeds were used to incur Indebtedness, Disqualified Stock or Preferred Stock pursuant to clause (13)(a) of the second paragraph of " Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock", solely to the extent of such usage; *plus*

(c) 100% of the aggregate amount of cash and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property contributed to the capital of the Issuer following the Issue Date (other than net cash proceeds to the extent such net cash proceeds (i) have been used to incur Indebtedness, Disqualified Stock or Preferred Stock pursuant to clause (13)(a) of the second paragraph of " Limitation on Incurrence of Indebtedness and

Issuance of Disqualified Stock and Preferred Stock", (ii) are contributed by a Restricted Subsidiary or (iii) constitute Excluded Contributions; *plus*

(d) to the extent not already included in Consolidated Net Income, 100% of the aggregate amount received in cash and the fair market value, as determined in good faith by the Issuer, of marketable securities or other property received by means of:

(i) the sale or other disposition (other than to the Issuer or a Restricted Subsidiary) of Restricted Investments made by the Issuer or its Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Issuer or its Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees, which constitute Restricted Investments by the Issuer or its Restricted Subsidiaries, in each case after the Issue Date; or

(ii) the sale (other than to the Issuer or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary (other than in each case to the extent the Investment in such Unrestricted Subsidiary was made by the Issuer or a Restricted Subsidiary pursuant to clause (7) of the next succeeding paragraph or to the extent such Investment constituted a Permitted Investment) or a dividend from an Unrestricted Subsidiary after the Issue Date; *plus*

(e) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary after the Issue Date, the fair market value of the Investment in such Unrestricted Subsidiary, as determined by the Issuer in good faith (or if such fair market value exceeds $75.0 million, in writing by an Independent Financial Advisor), at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary other than to the extent the Investment in such Unrestricted Subsidiary was made by the Issuer or a Restricted Subsidiary pursuant to clause (7) of the next succeeding paragraph or to the extent such Investment constituted a Permitted Investment.

The foregoing provisions will not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of the Senior Indenture;

(2) (a) the redemption, repurchase, retirement or other acquisition of any Equity Interests ("*Treasury Capital Stock*") or Subordinated Indebtedness of the Issuer or any Equity Interests of any direct or indirect parent company of the Issuer, in exchange for, or out of the proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary) of, Equity Interests of the Issuer or any direct or indirect parent company of the Issuer to the extent contributed to the Issuer (in each case, other than any Disqualified Stock) ("*Refunding Capital Stock*") and (b) if immediately prior to the retirement of Treasury Capital Stock, the declaration and payment of dividends thereon was permitted under clause (6) of this paragraph, the declaration and payment of dividends on the Refunding Capital Stock (other than Refunding Capital Stock the proceeds of which were used to redeem, repurchase, retire or otherwise acquire any Equity Interests of any direct or indirect parent company of the Issuer) in an aggregate amount per year no greater than the aggregate amount of dividends per annum that were declarable and payable on such Treasury Capital Stock immediately prior to such retirement;

(3) the redemption, repurchase or other acquisition or retirement of Subordinated Indebtedness of the Issuer or a Guarantor made in exchange for, or out of the proceeds of the substantially concurrent sale of, new Indebtedness of the Issuer or a Guarantor, as the case may be, which is incurred in compliance with " Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" so long as:

(a) the principal amount (or accreted value) of such new Indebtedness does not exceed the principal amount of (or accreted value, if applicable), plus any accrued and unpaid interest on, the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired for value, plus the amount of any reasonable premium (including reasonable tender premiums), defeasance costs and any reasonable fees and expenses incurred in connection with the issuance of such new Indebtedness;

(b) such new Indebtedness is subordinated to the Senior Notes or the applicable Guarantee at least to the same extent as such Subordinated Indebtedness so purchased, exchanged, redeemed, repurchased, acquired or retired for value;

(c) such new Indebtedness has a final scheduled maturity date equal to or later than the final scheduled maturity date of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired; and

(d) such new Indebtedness has a Weighted Average Life to Maturity equal to or greater than the remaining Weighted Average Life to Maturity of the Subordinated Indebtedness being so redeemed, repurchased, acquired or retired;

(4) a Restricted Payment to pay for the repurchase, retirement or other acquisition or retirement for value of Equity Interests (other than Disqualified Stock) of the Issuer or any of its direct or indirect parent companies held by any future, present or former employee, director or consultant of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement, including any Equity Interests rolled over by management of the Company or any of its direct or indirect parent companies in connection with the Transactions; *provided*, *however*, that the aggregate Restricted Payments made under this clause (4) do not exceed in any calendar year $12.5 million (which shall increase to $25.0 million subsequent to the consummation of an underwritten public Equity Offering by the Issuer or any direct or indirect parent entity of the Issuer) (with unused amounts in any calendar year being carried over to succeeding calendar years subject to a maximum (without giving effect to the following proviso) of $50.0 million in any calendar year (which shall increase to $100.0 million subsequent to the consummation of an underwritten public Equity Offering by the Issuer or any direct or indirect parent corporation of the Issuer)); *provided further* that such amount in any calendar year may be increased by an amount not to exceed:

(a) the cash proceeds from the sale of Equity Interests (other than Disqualified Stock) of the Issuer and, to the extent contributed to the Issuer, Equity Interests of any of the Issuer's direct or indirect parent companies, in each case to members of management, directors or consultants of the Issuer, any of its Subsidiaries or any of its direct or indirect parent companies that occurs after the Issue Date to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the payment of Restricted Payments by virtue of clause (3) of the preceding paragraph; *plus*

(b) the cash proceeds of key man life insurance policies received by the Issuer or its Restricted Subsidiaries after the Issue Date; *less*

(c) the amount of any Restricted Payments previously made with the cash proceeds described in clauses (a) and (b) of this clause (4);

and *provided*, *further*, that cancellation of Indebtedness owing to the Issuer or any Restricted Subsidiary from members of management of the Issuer, any of the Issuer's direct or indirect parent companies or any of the Issuer's Restricted Subsidiaries in connection with a repurchase of Equity Interests of the Issuer or any of its direct or indirect parent companies will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Senior Indenture;

(5) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Issuer or any of its Restricted Subsidiaries or any class or series of Preferred Stock of any Restricted Subsidiary issued in accordance with the covenant described under " Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" to the extent such dividends are included in the definition of "Fixed Charges";

(6) (a) the declaration and payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) issued by the Issuer after the Issue Date;

(b) the declaration and payment of dividends to a direct or indirect parent company of the Issuer, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preferred Stock (other than Disqualified Stock) of such parent company issued after the Issue Date; *provided* that the amount of dividends paid pursuant to this clause (b) shall not exceed the aggregate amount of cash actually contributed to the Issuer from the sale of such Designated Preferred Stock; or

(c) the declaration and payment of dividends on Refunding Capital Stock that is Preferred Stock in excess of the dividends declarable and payable thereon pursuant to clause (2) of this paragraph;

provided, *however*, in the case of each of (a), (b) and (c) of this clause (6), that for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of issuance of such Designated Preferred Stock or the declaration of such dividends on Refunding Capital Stock that is Preferred Stock, after giving effect to such issuance or declaration on a *pro forma* basis, the Issuer and its Restricted Subsidiaries on a consolidated basis would have had a Fixed Charge Coverage Ratio of at least 2.00 to 1.00;

(7) Investments in Unrestricted Subsidiaries having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (7) that are at the time outstanding, without giving effect to the sale of an Unrestricted Subsidiary to the extent the proceeds of such sale do not consist of cash or marketable securities, not to exceed $50.0 million at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value);

(8) repurchases of Equity Interests deemed to occur upon exercise of stock options or warrants if such Equity Interests represent a portion of the exercise price of such options or warrants;

(9) the declaration and payment of dividends on the Issuer's common stock (or the payment of dividends to any direct or indirect parent entity to fund a payment of dividends on such entity's common stock), following consummation of the first public offering of the Issuer's common stock or the common stock of any of its direct or indirect parent companies after the Issue Date, of up to 6% per annum of the net cash proceeds received by or contributed to the Issuer in or from any such public offering, other than public offerings with respect to the Issuer's common stock registered on Form S-8 and other than any public sale constituting an Excluded Contribution;

(10) Restricted Payments that are made with Excluded Contributions;

(11) other Restricted Payments in an aggregate amount taken together with all other Restricted Payments made pursuant to this clause (11) not to exceed $100.0 million at the time made;

(12) distributions or payments of Receivables Fees;

(13) any Restricted Payment made as part of the Transactions and the fees and expenses related thereto or used to fund amounts owed to Affiliates (including dividends to any direct or indirect parent of the Issuer to permit payment by such parent of such amount), in each case to the extent permitted by the covenant described under " Transactions with Affiliates";

(14) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness in accordance with the provisions similar to those described under the captions "Repurchase at the Option of Holders Change of Control" and "Repurchase at the Option of Holders Asset Sales"*provided* that all Senior Notes tendered by Holders in connection with a

Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed or acquired for value;

(15) the declaration and payment of dividends by the Issuer to, or the making of loans to, any direct or indirect parent in amounts required for any direct or indirect parent companies to pay, in each case without duplication,

(a) franchise and excise taxes and other fees, taxes and expenses required to maintain their corporate existence;

(b) foreign, federal, state and local income taxes, to the extent such income taxes are attributable to the income of the Issuer and its Restricted Subsidiaries and, to the extent of the amount actually received from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries; *provided* that in each case the amount of such payments in any fiscal year does not exceed the amount that the Issuer and its Restricted Subsidiaries would be required to pay in respect of foreign, federal, state and local taxes for such fiscal year were the Issuer, its Restricted Subsidiaries and its Unrestricted Subsidiaries (to the extent described above) to pay such taxes separately from any such parent entity;

(c) customary salary, bonus and other benefits payable to officers and employees of any direct or indirect parent company of the Issuer to the extent such salaries, bonuses and other benefits are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries;

(d) general corporate operating and overhead costs and expenses of any direct or indirect parent company of the Issuer to the extent such costs and expenses are attributable to the ownership or operation of the Issuer and its Restricted Subsidiaries; and

(e) fees and expenses other than to Affiliates of the Issuer related to any unsuccessful equity or debt offering of such parent entity; and

(16) the redemption for cash of a portion of each Senior Subordinated Note then outstanding equal to any "Mandatory Principal Redemption Amount" applicable thereto, to the extent required under the Senior Subordinated Indenture. The "Mandatory Principal Redemption Amount" means, as of the date of such redemption, the excess, if any, of (a) the aggregate amount of accrued and unpaid interest and all accrued and unpaid "original issue discount" (as defined in Section 1273(a)(1) of the Code) with respect to the Senior Subordinated Notes, over (b) an amount equal to the product of (i) the "issue price" (as defined in Sections 1273(b) and 1274(a) of the Code) of the Senior Subordinated Notes multiplied by (ii) the "yield to maturity" (as defined in the Treasury Regulation Section 1.1272-1(b)(1)(i)) of the Senior Subordinated Notes;

provided, *however*, that at the time of, and after giving effect to, any Restricted Payment permitted under clause (11), no Default shall have occurred and be continuing or would occur as a consequence thereof.

As of the Issue Date, all of the Issuer's Subsidiaries will be Restricted Subsidiaries. The Issuer will not permit any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the last sentence of the definition of "Unrestricted Subsidiary." For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary, all outstanding Investments by the Issuer and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments in an amount determined as set forth in the last sentence of the definition of "Investment." Such designation will be permitted only if a Restricted Payment in such amount would be permitted at such time, whether pursuant to the first paragraph of this covenant or under clause (7), (10) or (11) of the second paragraph of this covenant, or pursuant to the definition of "Permitted Investments," and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Unrestricted Subsidiaries will not be subject to any of the restrictive covenants set forth in the Senior Indenture.

Notwithstanding the foregoing provisions of this covenant, the Issuer will not, and will not permit any of its Restricted Subsidiaries to, pay any cash dividend or make any cash distribution on or in respect of the Issuer's Capital Stock or purchase for cash or otherwise acquire for cash any Capital Stock of the Issuer or any direct or indirect parent of the Issuer, for the purpose of paying any cash dividend or making any cash distribution to, or acquiring Capital Stock of any direct or indirect parent of the Issuer for cash from, the Investors, or Guarantee any Indebtedness of any Affiliate of the Issuer for the purpose of paying such dividend, making such distribution or so acquiring such Capital Stock to or from the Investors, in each case by means of utilization of the cumulative Restricted Payment credit provided by the first paragraph of this covenant, or the exceptions provided by clauses (1), (7) or (11) of the second paragraph of this covenant or clauses (8) or (13) of the definition of "Permitted Investments", unless at the time and after giving effect to such payment, the Consolidated Leverage Ratio of the Issuer would be equal to or less than 6.00:1.00.

Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise (collectively, "*incur*" and collectively, an "*incurrence*") with respect to any Indebtedness (including Acquired Indebtedness), and the Issuer will not issue any shares of Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or Preferred Stock; *provided*, *however*, that the Issuer may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock, and any of its Restricted Subsidiaries may incur Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock and issue shares of Preferred Stock, if the Fixed Charge Coverage Ratio on a consolidated basis for the Issuer and its Restricted Subsidiaries' most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or Preferred Stock is issued would have been at least 2.00 to 1.00, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period; *provided, further,* that Restricted Subsidiaries that are not Guarantors may not incur Indebtedness or Disqualified Stock or Preferred Stock if, after giving *pro forma* effect to such incurrence or issuance (including a *pro forma* application of the net proceeds therefrom), more than an aggregate of $250.0 million of Indebtedness or Disqualified Stock or Preferred Stock of Restricted Subsidiaries that are not Guarantors would be outstanding pursuant to this paragraph and clauses (13)(b), (15) and (20) below at such time.

The foregoing limitations will not apply to:

(1) the incurrence of Indebtedness under (x) Credit Facilities (other than the ABL Facility) by the Issuer or any of its Restricted Subsidiaries and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof), up to an aggregate principal amount of $2,625.0 million outstanding at any one time and (y) the ABL Facility by the Issuer or any of its Restricted Subsidiaries and the issuance and creation of letters of credit and bankers' acceptances thereunder (with letters of credit and bankers' acceptances being deemed to have a principal amount equal to the face amount thereof), up to an aggregate principal amount equal to the ABL Facility Cap;

(2) the incurrence by the Issuer and any Guarantor of Indebtedness represented by the Senior Notes issued on the Issue Date (including any Guarantee hereof) and the Senior Exchange Notes and

related guarantees of the Senior Exchange Notes to be issued in exchange for the Senior Notes and the Guarantees pursuant to the Registration Rights Agreement (other than any Additional Senior Notes and related guarantees);

(3) the incurrence by the Issuer and any Guarantor of Indebtedness represented by the Senior Subordinated Notes and related guarantees, as well as any exchange notes and exchange guarantees to be issued in exchange for the Senior Subordinated Notes and related guarantees pursuant a registration rights agreement;

(4) Indebtedness of the Issuer and its Restricted Subsidiaries in existence on the Issue Date (other than Indebtedness described in clauses (1), (2) and (3) of this paragraph);

(5) Indebtedness consisting of Capitalized Lease Obligations and Purchase Money Obligations in a principal amount not to exceed $250.0 million (excluding the principal amount of any Capitalized Lease Obligations or Purchase Money Obligations relating to the purchase, lease or improvement of the Company's distribution centers located in Fulton, Missouri, Indianola, Mississippi and Ardmore, Oklahoma) in the aggregate at any one time outstanding together with all other Indebtedness issued under this clause (5); so long as such Indebtedness exists at the date of such purchase, lease or improvement, or is created within 270 days thereafter;

(6) Indebtedness incurred by the Issuer or any of its Restricted Subsidiaries constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business, including letters of credit in respect of workers' compensation or employee health claims, or other Indebtedness with respect to reimbursement-type obligations regarding workers' compensation, or employee health claims; *provided*, *however*, that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within 30 days following such drawing or incurrence;

(7) Indebtedness arising from agreements of the Issuer or its Restricted Subsidiaries providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; *provided*, *however*, that such Indebtedness is not reflected on the balance sheet of the Issuer, or any of its Restricted Subsidiaries (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (7);

(8) Indebtedness of the Issuer to a Restricted Subsidiary; *provided* that any such Indebtedness owing to a Restricted Subsidiary that is not a Guarantor is expressly subordinated in right of payment to the Senior Notes; *provided*, *further*, that any subsequent issuance or transfer of any Capital Stock or any other event which results in any Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary) shall be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this clause (8);

(9) Indebtedness of a Restricted Subsidiary to the Issuer or another Restricted Subsidiary; *provided* that if a Guarantor issues such Indebtedness to a Restricted Subsidiary that is not a Guarantor (other than to any Restricted Subsidiary engaged in the insurance business in order to provide insurance to the Issuer and its Subsidiaries), such Indebtedness is expressly subordinated in right of payment to the Guarantee of the Senior Notes of such Guarantor; *provided*, *further*, that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such Indebtedness (except to the Issuer or another Restricted Subsidiary) shall be deemed, in each case, to be an incurrence of such Indebtedness not permitted by this clause (9);

(10) shares of Preferred Stock of a Restricted Subsidiary issued to the Issuer or another Restricted Subsidiary; *provided* that any subsequent issuance or transfer of any Capital Stock or any other event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any other subsequent transfer of any such shares of Preferred Stock (except to the Issuer or another of its Restricted Subsidiaries) shall be deemed in each case to be an issuance of such shares of Preferred Stock not permitted by this clause (10);

(11) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes) for the purpose of limiting interest rate risk with respect to any Indebtedness permitted to be incurred pursuant to " Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," exchange rate risk or commodity pricing risk;

(12) obligations in respect of performance, bid, appeal and surety bonds and completion guarantees provided by the Issuer or any of its Restricted Subsidiaries in the ordinary course of business;

(13) (a) Indebtedness or Disqualified Stock of the Issuer and Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary equal to 100.0% of the net cash proceeds received by the Issuer since immediately after the Issue Date from the issue or sale of Equity Interests of the Issuer or cash contributed to the capital of the Issuer (in each case, other than Excluded Contributions or proceeds of Disqualified Stock or sales of Equity Interests to the Issuer or any of its Subsidiaries) as determined in accordance with clauses (3)(b) and (3)(c) of the first paragraph of " Limitation on Restricted Payments" to the extent such net cash proceeds or cash have not been applied pursuant to such clauses to make Restricted Payments or to make other Investments, payments or exchanges pursuant to the second paragraph of " Limitation on Restricted Payments" or to make Permitted Investments (other than Permitted Investments specified in clauses (1) and (3) of the definition thereof) and (b) Indebtedness or Disqualified Stock of Issuer and Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary not otherwise permitted hereunder in an aggregate principal amount or liquidation preference, which when aggregated with the principal amount and liquidation preference of all other Indebtedness, Disqualified Stock and Preferred Stock then outstanding and incurred pursuant to this clause (13)(b), does not at any one time outstanding exceed $250.0 million; *provided*, *however* that on a *pro forma basis*, together with any amounts incurred and outstanding by Restricted Subsidiaries that are not Guarantors pursuant to the second proviso to the first paragraph of this covenant and clauses (15) and (20), no more than $250.0 million of Indebtedness, Disqualified Stock or Preferred Stock at any one time outstanding and incurred pursuant to this clause (13)(b) shall be incurred by Restricted Subsidiaries that are not Guarantors (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (13)(b) shall cease to be deemed incurred or outstanding for purposes of this clause (13)(b) but shall be deemed incurred for the purposes of the first paragraph of this covenant from and after the first date on which the Issuer or such Restricted Subsidiary could have incurred such Indebtedness, Disqualified Stock or Preferred Stock under the first paragraph of this covenant without reliance on this clause (13)(b));

(14) the incurrence or issuance by the Issuer or any Restricted Subsidiary of Indebtedness, Disqualified Stock or Preferred Stock which serves to refund or refinance any Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary incurred as permitted under the first paragraph of this covenant and clauses (2), (3), (4), (5) and (13)(a) above, this clause (14) and clause (15) below or any Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary issued to so refund or refinance such Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary including additional Indebtedness, Disqualified Stock or Preferred Stock incurred to pay premiums (including reasonable tender

premiums), defeasance costs and fees in connection therewith (the "*Refinancing Indebtedness*") prior to its respective maturity; *provided*, *however*, that such Refinancing Indebtedness:

(a) has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being refunded or refinanced,

(b) to the extent such Refinancing Indebtedness refinances (i) Indebtedness subordinated or *pari passu* to the Senior Notes or any Guarantee thereof, such Refinancing Indebtedness is subordinated or *pari passu* to the Senior Notes or the Guarantee at least to the same extent as the Indebtedness being refinanced or refunded or (ii) Disqualified Stock or Preferred Stock, such Refinancing Indebtedness must be Disqualified Stock or Preferred Stock, respectively, and

(c) shall not include Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or a Guarantor;

and *provided further* that subclause (a) of this clause (14) will not apply to any refunding or refinancing of any Indebtedness outstanding under a Credit Facility;

(15) Indebtedness, Disqualified Stock or Preferred Stock of (x) the Issuer or a Restricted Subsidiary incurred to finance an acquisition of any Person or assets or (y) Persons that are acquired by the Issuer or any Restricted Subsidiary or merged into the Issuer or a Restricted Subsidiary in accordance with the terms of the Senior Indenture; *provided* that after giving effect to such acquisition or merger, either:

(a) the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence of this covenant, or

(b) the Fixed Charge Coverage Ratio of the Issuer and the Restricted Subsidiaries is greater than immediately prior to such acquisition or merger;

provided, *however* that on a *pro forma* basis, together with amounts incurred and outstanding pursuant to the second proviso to the first paragraph of this covenant and clauses (13)(b) and (20), no more than $250.0 million of Indebtedness, Disqualified Stock or Preferred Stock at any one time outstanding and incurred by Restricted Subsidiaries that are not Guarantors pursuant to this clause (15) shall be incurred and outstanding;

(16) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within two Business Days of its incurrence;

(17) Indebtedness of the Issuer or any of its Restricted Subsidiaries supported by a letter of credit issued pursuant to any Credit Facilities, in a principal amount not in excess of the stated amount of such letter of credit;

(18) (a) any guarantee by the Issuer or a Restricted Subsidiary of Indebtedness or other Obligations of any Restricted Subsidiary, so long as the incurrence of such Indebtedness incurred by such Restricted Subsidiary is permitted under the terms of the Senior Indenture, or (b) any guarantee by a Restricted Subsidiary of Indebtedness of the Issuer permitted to be incurred under the terms of the Senior Indenture; *provided* that such guarantee is incurred in accordance with the covenant described below under " Limitation on Guarantees of Indebtedness by Restricted Subsidiaries";

(19) Indebtedness of Foreign Subsidiaries of the Issuer in an amount not to exceed at any one time outstanding and together with any other Indebtedness incurred under this clause (19) 5.0% of the Total Assets of the Foreign Subsidiaries (it being understood that any Indebtedness incurred pursuant to this clause (19) shall cease to be deemed incurred or outstanding for purposes of this clause (19) but shall

be deemed incurred for the purposes of the first paragraph of this covenant from and after the first date on which the Issuer or such Restricted Subsidiaries could have incurred such Indebtedness under the first paragraph of this covenant without reliance on this clause (19));

(20) Indebtedness, Disqualified Stock or Preferred Stock of a Restricted Subsidiary incurred to finance or assumed in connection with an acquisition in a principal amount not to exceed $100.0 million in the aggregate at any one time outstanding together with all other Indebtedness, Disqualified Stock and/or Preferred Stock issued under this clause (20) (it being understood that any Indebtedness, Disqualified Stock or Preferred Stock incurred pursuant to this clause (20) shall cease to be deemed incurred or outstanding for purposes of this clause (20) but shall be deemed incurred for the purposes of the first paragraph of this covenant from and after the first date on which such Restricted Subsidiary could have incurred such Indebtedness, Disqualified Stock or Preferred Stock under the first paragraph of this covenant without reliance on this clause (20)); *provided, however*, that, on a *pro forma* basis, together with amounts incurred and outstanding by Restricted Subsidiaries that are not Guarantors pursuant to the second proviso to the first paragraph of this covenant and clauses (13)(b) and (15), no more than $250.0 million of Indebtedness would be incurred and outstanding by Restricted Subsidiaries that are not Guarantors;

(21) Indebtedness of the Issuer or any of its Restricted Subsidiaries consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, incurred in the ordinary course of business; and

(22) Indebtedness consisting of Indebtedness issued by the Issuer or any of its Restricted Subsidiaries to current or former officers, directors and employees thereof, their respective estates, spouses or former spouses, in each case to finance the purchase or redemption of Equity Interests of the Issuer or any direct or indirect parent company of the Issuer to the extent described in clause (4) of the second paragraph under the caption " Limitation on Restricted Payments."

For purposes of determining compliance with this covenant:

(1) in the event that an item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) meets the criteria of more than one of the categories of permitted Indebtedness, Disqualified Stock or Preferred Stock described in clauses (1) through (22) above or is entitled to be incurred pursuant to the first paragraph of this covenant, the Issuer, in its sole discretion, will classify or reclassify such item of Indebtedness, Disqualified Stock or Preferred Stock (or any portion thereof) and will only be required to include the amount and type of such Indebtedness, Disqualified Stock or Preferred Stock in one of the above clauses; *provided* that all Indebtedness outstanding under the Credit Facilities on the Issue Date will be treated as incurred on the Issue Date under clause (1) of the preceding paragraph; and

(2) at the time of incurrence, the Issuer will be entitled to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs above.

Accrual of interest, the accretion of accreted value and the payment of interest in the form of additional Indebtedness, Disqualified Stock or Preferred Stock will not be deemed to be an incurrence of Indebtedness, Disqualified Stock or Preferred Stock for purposes of this covenant.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed, in the case of revolving credit debt; *provided* that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

The Senior Indenture provides that the Issuer will not, and will not permit any Guarantor to, directly or indirectly, incur any Indebtedness (including Acquired Indebtedness) that is subordinated or junior in right of payment to any Indebtedness of the Issuer or such Guarantor, as the case may be, unless such Indebtedness is expressly subordinated in right of payment to the Senior Notes or such Guarantor's Guarantee to the extent and in the same manner as such Indebtedness is subordinated to other Indebtedness of the Issuer or such Guarantor, as the case may be; *provided* that this sentence shall not apply to Indebtedness incurred under clause (1) of the second paragraph of this covenant.

The Senior Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because it is unsecured or (2) Senior Indebtedness as subordinated or junior to any other Senior Indebtedness merely because it has a junior priority with respect to the same collateral.

Liens

The Issuer will not, and will not permit any Guarantor to, directly or indirectly, create, incur, assume or suffer to exist any Lien (except Permitted Liens) that secures obligations under any Indebtedness or any related Guarantee, on any asset or property of the Issuer or any Guarantor now owned or hereafter acquired, or any income or profits therefrom, or assign or convey any right to receive income therefrom, unless:

(1) in the case of Liens securing Subordinated Indebtedness, the Senior Notes and related Guarantees are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens; or

(2) in all other cases, the Senior Notes or the Guarantees are equally and ratably secured or are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens;

except that the foregoing shall not apply to (a) Liens securing Indebtedness permitted to be incurred under Credit Facilities, including any letter of credit relating thereto, that was permitted by the terms of the Senior Indenture to be incurred pursuant to clause (1) of the second paragraph under " Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and (b) Liens incurred to secure Obligations in respect of any Indebtedness permitted to be incurred pursuant to the covenant described above under " Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; *provided* that, with respect to Liens securing Obligations permitted under this subclause (b), at the time of incurrence and after giving pro forma effect thereto, the Consolidated Secured Debt Ratio would be no greater than 3.25 to 1.0. Any Lien which is granted to secure the Senior Notes under this covenant shall be discharged at the same time as the discharge of the Lien (other than through the exercise of remedies with respect thereto) that gave rise to the obligation to so secure the Senior Notes.

Merger, Consolidation or Sale of All or Substantially All Assets

The Issuer may not consolidate or merge with or into or wind up into (whether or not the Issuer is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) the Issuer is the surviving corporation or the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation organized or existing under the laws of the jurisdiction of organization of the Issuer or the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Person, as the case may be, being herein called the "*Successor Company*");

(2) the Successor Company, if other than the Issuer, expressly assumes all the obligations of the Issuer under the Senior Notes and the Senior Indenture pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;

(3) immediately after such transaction, no Default exists;

(4) immediately after giving *pro forma* effect to such transaction and any related financing transactions, as if such transactions had occurred at the beginning of the applicable four-quarter period,

(a) the Successor Company would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence of the covenant described under " Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock," or

(b) the Fixed Charge Coverage Ratio for the Successor Company, the Issuer and its Restricted Subsidiaries would be greater than such ratio for the Issuer and its Restricted Subsidiaries immediately prior to such transaction;

(5) each Guarantor, unless it is the other party to the transactions described above, in which case clause (b) of the second succeeding paragraph shall apply, shall have by supplemental indenture confirmed that its Guarantee shall apply to such Person's obligations under the Senior Indenture, the Senior Notes and the Registration Rights Agreement; and

(6) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Senior Indenture.

The Successor Company will succeed to, and be substituted for the Issuer, as the case may be, under the Senior Indenture, the Guarantees and the Senior Notes, as applicable. Notwithstanding the foregoing clauses (3) and (4),

(1) any Restricted Subsidiary may consolidate with or merge into or transfer all or part of its properties and assets to the Issuer, and

(2) the Issuer may merge with an Affiliate of the Issuer, as the case may be, solely for the purpose of reincorporating the Issuer in a State of the United States or any state thereof, the District of Columbia or any territory thereof so long as the amount of Indebtedness of the Issuer and its Restricted Subsidiaries is not increased thereby.

Subject to certain limitations described in the Senior Indenture governing release of a Guarantee upon the sale, disposition or transfer of a Guarantor, no Guarantor will, and the Issuer will not permit any Guarantor to, consolidate or merge with or into or wind up into (whether or not the Issuer or Guarantor is the surviving corporation), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to any Person unless:

(1) (a) such Guarantor is the surviving corporation or the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made is a corporation, partnership, limited partnership, limited liability corporation or trust organized or existing under the laws of the jurisdiction of organization of such Guarantor, as the case may be, or the laws of the United States, any state thereof, the District of Columbia, or any territory thereof (such Guarantor or such Person, as the case may be, being herein called the "*Successor Person*");

(b) the Successor Person, if other than such Guarantor, expressly assumes all the obligations of such Guarantor under the Senior Indenture and such Guarantor's related Guarantee pursuant to supplemental indentures or other documents or instruments in form reasonably satisfactory to the Trustee;

(c) immediately after such transaction, no Default exists; and

(d) the Issuer shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indentures, if any, comply with the Senior Indenture; or

(2) the transaction is made in compliance with the covenant described under "Repurchase at the Option of Holders Asset Sales."

Subject to certain limitations described in the Senior Indenture, the Successor Person will succeed to, and be substituted for, such Guarantor under the Senior Indenture and such Guarantor's Guarantee. Notwithstanding the foregoing, any Guarantor may (i) merge into or transfer all or part of its properties and assets to another Guarantor or the Issuer, (ii) merge with an Affiliate of the Issuer solely for the purpose of reincorporating the Guarantor in the United States, any state thereof, the District of Columbia or any territory thereof or (iii) convert into a corporation, partnership, limited partnership, limited liability corporation or trust organized or existing under the laws of the jurisdiction of organization of such Guarantor.

Transactions with Affiliates

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Issuer (each of the foregoing, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of $15.0 million, unless:

(1) such Affiliate Transaction is on terms that are not materially less favorable to the Issuer or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's-length basis; and

(2) the Issuer delivers to the Trustee with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate payments or consideration in excess of $25.0 million, a resolution adopted by the majority of the board of directors of the Issuer approving such Affiliate Transaction and set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with clause (1) above.

The foregoing provisions will not apply to the following:

(1) transactions between or among the Issuer or any of its Restricted Subsidiaries;

(2) Restricted Payments permitted by the provisions of the Senior Indenture described above under the covenant " Limitation on Restricted Payments" and the definition of "Permitted Investments";

(3) the payment of management, consulting, monitoring and advisory fees and related expenses to the Investors pursuant to the Sponsor Management Agreement (plus any unpaid management, consulting, monitoring and advisory fees and related expenses accrued in any prior year) and the termination fees pursuant to the Sponsor Management Agreement, in each case as in effect on the Issue Date, or any amendment thereto (so long as any such amendment is not disadvantageous in the good faith judgment of the board of directors of the Issuer to the Holders when taken as a whole as compared to the Sponsor Management Agreement in effect on the Issue Date);

(4) the payment of reasonable and customary fees paid to, and indemnities provided for the benefit of, officers, directors, employees or consultants of Issuer, any of its direct or indirect parent companies or any of its Restricted Subsidiaries;

(5) transactions in which the Issuer or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Issuer or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Issuer or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or such Restricted Subsidiary with an unrelated Person on an arm's-length basis;

(6) any agreement as in effect as of the Issue Date, or any amendment thereto (so long as any such amendment is not disadvantageous to the Holders when taken as a whole as compared to the applicable agreement as in effect on the Issue Date in the reasonable determination of the Issuer);

(7) the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of its obligations under the terms of, any stockholders agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party as of the Issue Date and any similar agreements which it may enter into thereafter; *provided*, *however*, that the existence of, or the performance by the Issuer or any of its Restricted Subsidiaries of obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the Issue Date shall only be permitted by this clause (7) to the extent that the terms of any such amendment or new agreement are not otherwise disadvantageous to the Holders when taken as a whole in the reasonable determination of the Issuer;

(8) the Transactions and the payment of all fees and expenses related to the Transactions, in each case as disclosed in the offering documentation relating to the outstanding notes;

(9) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of the Senior Indenture which are fair to the Issuer and its Restricted Subsidiaries, in the reasonable determination of the board of directors of the Issuer or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(10) the issuance of Equity Interests (other than Disqualified Stock) of the Issuer to any Permitted Holder or to any director, officer, employee or consultant;

(11) sales of accounts receivable, or participations therein, in connection with the ABL Facility and any Receivables Facility;

(12) payments by the Issuer or any of its Restricted Subsidiaries to any of the Investors made for any financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including, without limitation, in connection with acquisitions or divestitures, which payments are approved by a majority of the board of directors of the Issuer in good faith;

(13) payments or loans (or cancellation of loans) to employees or consultants of the Issuer, any of its direct or indirect parent companies or any of its Restricted Subsidiaries and employment agreements, stock option plans and other similar arrangements with such employees or consultants which, in each case, are approved by the Issuer in good faith;

(14) investments by the Investors in securities of the Issuer or any of its Restricted Subsidiaries so long as (i) the investment is being offered generally to other investors on the same or more favorable terms and (ii) the investment constitutes less than 5.0% of the proposed or outstanding issue amount of such class of securities;

(15) payments to or from, and transactions with, any joint ventures in the ordinary course of business; and

(16) payments by the Issuer (and any direct or indirect parent thereof) and its Subsidiaries pursuant to tax sharing agreements among the Issuer (and any such parent) and its Subsidiaries on customary terms to the extent attributable to the ownership or operation of the Issuer and its Subsidiaries; *provided* that in each case the amount of such payments in any fiscal year does not exceed the amount that the Issuer, its Restricted Subsidiaries and its Unrestricted Subsidiaries (to the extent of amounts received from Unrestricted Subsidiaries) would be required to pay in respect of foreign, federal, state and local taxes for such fiscal year were the Issuer and its Restricted Subsidiaries (to the extent described above) to pay such taxes separately from any such parent entity.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Issuer will not, and will not permit any of its Restricted Subsidiaries that are not Guarantors to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or consensual restriction on the ability of any such Restricted Subsidiary to:

(1) (a) pay dividends or make any other distributions to the Issuer or any of its Restricted Subsidiaries on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or

(b) pay any Indebtedness owed to the Issuer or any of its Restricted Subsidiaries;

(2) make loans or advances to the Issuer or any of its Restricted Subsidiaries; or

(3) sell, lease or transfer any of its properties or assets to the Issuer or any of its Restricted Subsidiaries,

except (in each case) for such encumbrances or restrictions existing under or by reason of:

(a) contractual encumbrances or restrictions in effect on the Issue Date, including pursuant to the Senior Credit Facilities and the related documentation;

(b) the Senior Indenture, the Senior Notes, the Senior Subordinated Indenture and the Senior Subordinated Notes;

(c) purchase money obligations for property acquired in the ordinary course of business that impose restrictions of the nature discussed in clause (3) above on the property so acquired;

(d) applicable law or any applicable rule, regulation or order;

(e) any agreement or other instrument of a Person acquired by the Issuer or any Restricted Subsidiary in existence at the time of such acquisition (but not created in connection therewith or in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired;

(f) contracts for the sale of assets, including customary restrictions with respect to a Subsidiary of the Issuer pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock or assets of such Subsidiary;

(g) Secured Indebtedness that limits the right of the debtor to dispose of the assets securing such Indebtedness that is otherwise permitted to be incurred pursuant to the covenants described under " Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" and " Liens";

(h) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(i) other Indebtedness, Disqualified Stock or Preferred Stock of Foreign Subsidiaries permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under " Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(j) customary provisions in joint venture agreements and other agreements or arrangements relating solely to such joint venture;

(k) customary provisions contained in leases or licenses of intellectual property and other agreements, in each case entered into in the ordinary course of business;

(l) any encumbrances or restrictions of the type referred to in clauses (1), (2) and (3) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (k) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Issuer, no more restrictive with respect to such encumbrance and other restrictions taken as a whole than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing; and

(m) restrictions created in connection with any Receivables Facility that, in the good faith determination of the Issuer, are necessary or advisable to effect the transactions contemplated under such Receivables Facility.

Limitation on Guarantees of Indebtedness by Restricted Subsidiaries

The Issuer will not permit any of its Wholly-Owned Subsidiaries that are Restricted Subsidiaries (and non-Wholly-Owned Subsidiaries if such non-Wholly-Owned Subsidiaries guarantee other capital markets debt securities of the Issuer or any Guarantor), other than a Guarantor, a Foreign Subsidiary or a Receivables Subsidiary, to guarantee the payment of any Indebtedness of the Issuer or any other Guarantor unless:

(1) such Restricted Subsidiary within 30 days executes and delivers a supplemental indenture to the Senior Indenture providing for a Guarantee by such Restricted Subsidiary, except that with respect to a guarantee of Indebtedness of the Issuer or any Guarantor:

(a) if the Senior Notes or such Guarantor's Guarantee are subordinated in right of payment to such Indebtedness, the Guarantee under the supplemental indenture shall be subordinated to such Restricted Subsidiary's guarantee with respect to such Indebtedness substantially to the same extent as the Senior Notes are subordinated to such Indebtedness; and

(b) if such Indebtedness is by its express terms subordinated in right of payment to the Senior Notes or such Guarantor's Guarantee, any such guarantee by such Restricted Subsidiary with respect to such Indebtedness shall be subordinated in right of payment to such Guarantee substantially to the same extent as such Indebtedness is subordinated to the Senior Notes; and

(2) such Restricted Subsidiary waives, and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Issuer or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Guarantee;

provided that this covenant shall not be applicable to (i) any guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary and (ii) guarantees of any Receivables Facility by any Receivables Subsidiary.

Reports and Other Information

Notwithstanding that the Issuer may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the SEC, the Senior Indenture will require the Issuer to file with the SEC (and make available to the Trustee and Holders (without exhibits), without cost to any Holder, within 15 days after it files with the SEC) from and after the Issue Date,

(1) within 90 days (or any other time period then in effect under the rules and regulations of the Exchange Act with respect to the filing of a Form 10-K by a non-accelerated filer) after the end of each fiscal year, annual reports on Form 10-K, or any successor or comparable form, containing the information required to be contained therein, or required in such successor or comparable form;

(2) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, reports on Form 10-Q containing all information that would be required to be contained in Form 10-Q, or any successor or comparable form;

(3) promptly from time to time after the occurrence of an event required to be therein reported, such other reports on Form 8-K, or any successor or comparable form; and

(4) any other information, documents and other reports which the Issuer would be required to file with the SEC if it were subject to Section 13 or 15(d) of the Exchange Act;

in each case in a manner that complies in all material respects with the requirements specified in such form; *provided* that the Issuer shall not be so obligated to file such reports with the SEC if the SEC does not permit such filing, in which event the Issuer will make available such information to prospective purchasers of Senior Notes, in addition to providing such information to the Trustee and the Holders, in each case within 15 days after the time the Issuer would be required to file such information with the SEC if it were subject to Section 13 or 15(d) of the Exchange Act. In addition, to the extent not satisfied by the foregoing, the Issuer will agree that, for so long as any Senior Notes are outstanding, it will furnish to Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

In the event that any direct or indirect parent company of the Issuer becomes a Guarantor of the Senior Notes, the Senior Indenture will permit the Issuer to satisfy its obligations in this covenant with respect to financial information relating to the Issuer by furnishing financial information relating to such parent; *provided* that the same is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such parent, on the one hand, and the information relating to the Issuer and its Restricted Subsidiaries on a standalone basis, on the other hand.

Notwithstanding the foregoing, such requirements shall be deemed satisfied prior to the commencement of the exchange offer or the effectiveness of the shelf registration statement described in the Registration Rights Agreement (1) by the filing with the SEC of the exchange offer registration statement or shelf registration statement (or any other similar registration statement), and any amendments thereto, with such financial information that satisfies Regulation S-X, subject to exceptions consistent with the presentation of financial information in the offering documentation relating to the outstanding notes, to the extent filed within the times specified above, or (2) by posting reports that would be required to be filed substantially in the form required by the SEC on the Issuer's website (or that of any of its parent companies) or providing such reports to the Trustee within 15 days after the time the Issuer would be required to file such information with the SEC if it were subject to Section 13 or 15(d) of the Exchange Act, the financial information (including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" section) that would be required to be included in such reports, subject to exceptions consistent with the presentation of financial information in the offering documentation relating to the outstanding notes, to the extent filed within the times specified above. Notwithstanding anything herein to the contrary, the Issuer will not be deemed to have failed to comply with any of its agreements set forth under this covenant for purposes of clause (3) under "Events of Default and Remedies" until 120 days after the date any report is required to be filed with the SEC (or posted on the Issuer's website or provided to the Trustee) pursuant to this covenant.

Events of Default and Remedies

The Senior Indenture provides that each of the following is an "*Event of Default*":

(1) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal of, or premium, if any, on the Senior Notes;

(2) default for 30 days or more in the payment when due of interest or Special Interest on or with respect to the Senior Notes;

(3) failure by the Issuer or any Guarantor for 60 days after receipt of written notice given by the Trustee or the Holders of not less 30% in principal amount of the Senior Notes then outstanding under the Senior Indenture to comply with any of its obligations, covenants or agreements (other than a default referred to in clauses (1) and (2) above) contained in the Senior Indenture or the Senior Notes;

(4) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Issuer or any of its Restricted Subsidiaries or the payment of which is guaranteed by the Issuer or any of its Restricted Subsidiaries, other than Indebtedness owed to the Issuer or a Restricted Subsidiary, whether such Indebtedness or guarantee now exists or is created after the issuance of the Senior Notes, if both:

(a) such default either results from the failure to pay any principal of such Indebtedness at its stated final maturity (after giving effect to any applicable grace periods) or relates to an obligation other than the obligation to pay principal of any such Indebtedness at its stated final maturity and results in the holder or holders of such Indebtedness causing such Indebtedness to become due prior to its stated maturity; and

(b) the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at stated final maturity (after giving effect to any applicable grace periods), or the maturity of which has been so accelerated, aggregate $50.0 million or more at any one time outstanding;

(5) failure by the Issuer or any Significant Subsidiary (or group of Subsidiaries that together would constitute a Significant Subsidiary) to pay final judgments aggregating in excess of $50.0 million, which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days after such judgment becomes final, and in the event such judgment is covered by insurance, an

enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed;

(6) certain events of bankruptcy or insolvency with respect to the Issuer or any Significant Subsidiary (or group of Subsidiaries that together would constitute a Significant Subsidiary); or

(7) the Guarantee of any Significant Subsidiary (or group of Subsidiaries that together would constitute a Significant Subsidiary) shall for any reason cease to be in full force and effect or be declared null and void or any responsible officer (or the responsible officers of any group of Subsidiaries that together would constitute a Significant Subsidiary) of any Guarantor that is a Significant Subsidiary, as the case may be, denies that it has any further liability under its Guarantee or gives notice to such effect, other than by reason of the termination of the Senior Indenture or the release of any such Guarantee in accordance with the Senior Indenture.

If any Event of Default (other than of a type specified in clause (6) above) occurs and is continuing under the Senior Indenture, the Trustee or the Holders of at least 30% in principal amount of the Senior Notes then outstanding under the Senior Indenture may declare the principal, premium, if any, interest and any other monetary obligations on all the Senior Notes then outstanding under the Senior Indenture to be due and payable immediately.

Upon the effectiveness of such declaration, such principal premium, if any, and interest will be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default arising under clause (6) of the first paragraph of this section, all outstanding Senior Notes will become due and payable without further action or notice. The Senior Indenture provides that the Trustee may withhold from the Holders notice of any continuing Default, except a Default relating to the payment of principal, premium, if any, or interest, if it determines that withholding notice is in their interest. In addition, the Trustee shall have no obligation to accelerate the Senior Notes if in the best judgment of the Trustee acceleration is not in the best interest of the Holders.

The Senior Indenture provides that the Holders of a majority in aggregate principal amount of the Senior Notes then outstanding under the Senior Indenture by notice to the Trustee may on behalf of the Holders of all of the Senior Notes waive any existing Default and its consequences under the Senior Indenture except a continuing Default in the payment of interest on, premium, if any, or the principal of any Senior Note held by a non-consenting Holder. In the event of any Event of Default specified in clause (4) above, such Event of Default and all consequences thereof (excluding any resulting payment default, other than as a result of acceleration of the Senior Notes) shall be annulled, waived and rescinded, automatically and without any action by the Trustee or the Holders, if within 20 days after such Event of Default arose:

(1) the Indebtedness or guarantee that is the basis for such Ev