2017 ANNUAL REPORT

& 2018 PROXY STATEMENT

14,500+
STORES

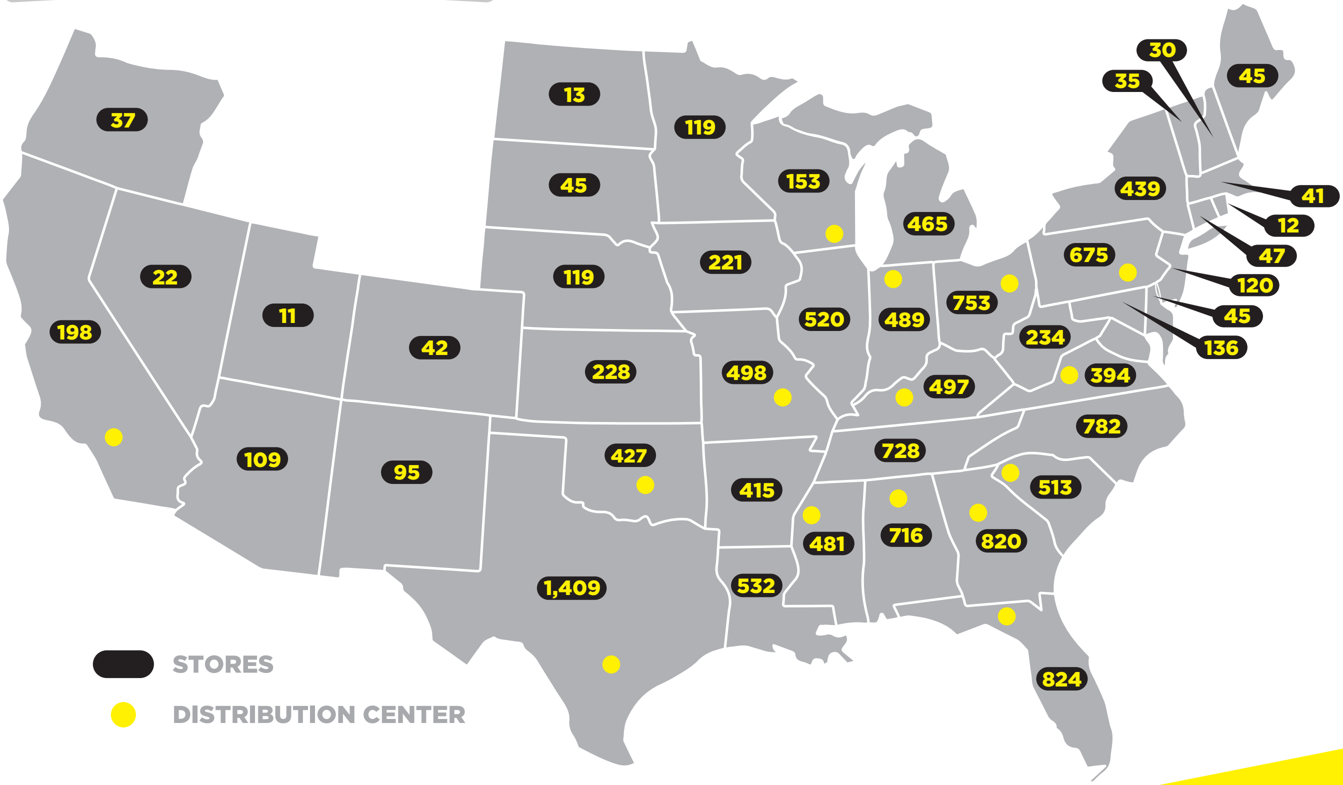
129,000+
EMPLOYEES

2 BILLION
TRANSACTIONS

$23 BILLION+
SALES

14,534 STORES

DOLLAR GENERAL IN 44 STATES



ABOUT DOLLAR GENERAL

Dollar General Corporation has been delivering value to shoppers for over 75 years. Dollar General helps shoppers Save time. Save money. Every day!® by offering products that are frequently used and replenished, such as food, snacks, health and beauty aids, cleaning supplies, basic apparel, housewares and seasonal items at everyday low prices in convenient neighborhood locations. Dollar General operated 14,534 stores in 44 states as of February 2, 2018. In addition to high-quality private brands, Dollar General sells products from America's most-trusted manufacturers such as Clorox, Energizer, Procter & Gamble, Hanes, Coca-Cola, Mars, Unilever, Nestle, Kimberly-Clark, Kellogg's, General Mills, and PepsiCo.

Learn more about Dollar General and shop online at:

www.dollargeneral.com

Cautionary Language Regarding Forward-Looking Statements: All forward-looking information in this report should be read with, and is qualified in its entirety by, the Cautionary Disclosure Regarding Forward-Looking Statements and the Risk Factors disclosures set forth in the Introduction and in Item 1A, respectively, of the Form 10-K included elsewhere in this report. The information contained on or connected to our Internet websites is not incorporated by reference into this report and should not be considered part of this or any other report that we file with or furnish to the SEC.

DOLLAR GENERAL®

Save time. Save money. **Every day!**®

TO OUR FELLOW SHAREHOLDERS, CUSTOMERS & EMPLOYEES

At Dollar General, our mission is ***Serving Others***, and we think our customers are best served when we focus on what matters most to them. Our customers know they can rely on us to deliver a unique combination of value and convenience, and our goal is to do everything we can to provide them with a great shopping experience.

Dollar General achieved meaningful milestones in 2017. We completed over 2,000 real estate projects, celebrated the opening of our 14,000th store, began shipping from our 15th distribution center and executed nearly two billion customer transactions. All of this hard work helped Dollar General deliver its 28th consecutive year of same-store sales growth, and we believe that we are well-positioned to capitalize on growth opportunities over both the short and long term.

Highlights of 2017 Compared to 2016

- Net sales increased by 6.8% to $23.5 billion and same-store sales grew 2.7%. The 2016 53rd week negatively impacted the fiscal year 2017 net sales growth rate by approximately two percentage points.
- We reported net income of $1.54 billion, or $5.63 per diluted share.
- Cash flows from operations were $1.8 billion, an increase of 12.3%.
- We returned $863 million to our shareholders through the combination of share repurchases and dividends.
- We opened a record 1,315 new stores, including the acquisition of nearly 300 store sites from another retailer, and remodeled or relocated an additional 764 locations.

We believe that our strong performance in 2017 reflects the strategic investments we have made in our business and our people. As we look ahead, we are building momentum behind key strategic initiatives that we believe will drive sales and profit growth in the future. In 2018, we plan to invest in digital tools and resources to drive traffic to our stores and provide our customers with a more personalized and convenient in-store shopping experience. This will allow us to leverage our more than 14,500 stores to further enhance the value and convenience proposition for our customers.

We also plan to begin implementing a bold, new and expanded assortment in certain non-consumable product categories. The new and differentiated assortment at compelling prices is aimed at enhancing the treasure-hunt experience for our customer, as well as further complementing our strong and growing consumables business.

In addition to these and other strategic initiatives, we remain focused on delivering sustainable growth and value to all of our stakeholders through our four key operating priorities:

1. **Driving profitable sales growth:** We intend to drive a balance of top and bottom line growth by continuing to grow new customer trips, in addition to capturing additional share with existing customers. We expect to continue to build on our success with various merchandising and operations initiatives, in addition to leveraging opportunities for gross margin expansion, including shrink reduction, distribution and transportation efficiencies, foreign sourcing, private brand penetration and increased non-consumable sales.

2. **Capturing growth opportunities:** Our flexible real estate model is a strategic foundation for our continued growth. It positions us well to invest in new store growth, enter new markets, deliver new formats and reinvest in our mature store base. In 2018, we expect to open 900 new stores, remodel 1,000 of our mature store locations and relocate approximately 100 stores.

3. **Leveraging our position as a low cost operator:** We remain committed to controlling expenses through our clear and defined process. In 2018, we have initiatives in place to focus on work simplification and efficiency in the stores and at the store support center. We believe that these efforts will help control costs and focus spending on the customer and our key strategic initiatives.

4. **Investing in our people as a competitive advantage:** We know our employees are a competitive advantage, and we have a track record of investment in compensation and training to deliver on our ongoing commitment to their continued development. In 2017, we were proud to see the lowest level of store manager turnover in the past five years, and are pleased to note that over 10,000 of our current store managers were promoted internally. This year, we are introducing an expanded, paid parental leave policy and adoption assistance benefit as well as other training efforts to prepare employees for future success.

Dollar General's mission to serve extends to the communities we call home. In 2017, Dollar General and our foundations continued the legacy of the Company's founder J. L. Turner in helping to improve people's quality of life through literacy and basic education. Together with the Dollar General Literacy Foundation, we donated a total of $20 million to literacy organizations and other important charitable causes.

I am grateful to our nearly 130,000 employees whose incredible work this past year helped create value for our customers and shareholders alike. We look forward to capitalizing on our momentum in 2018 as we continue to execute our strategy, and remain focused on serving our customers with the value and convenience they know and expect from Dollar General.

Thank you for your continued support.

Respectfully,

Todd J. Vasos
CHIEF EXECUTIVE OFFICER
April 12, 2018

PROXY STATEMENT & MEETING NOTICE

Dollar General Corporation
100 Mission Ridge
Goodlettsville, Tennessee 37072

Dear Fellow Shareholder:

The 2018 Annual Meeting of Shareholders of Dollar General Corporation will be held on Wednesday, May 30, 2018, at 9:00 a.m., Central Time, at Goodlettsville City Hall Auditorium, 105 South Main Street, Goodlettsville, Tennessee. All shareholders of record at the close of business on March 22, 2018 are invited to attend the annual meeting. For security reasons, however, to gain admission to the meeting you may be required to present photo identification and comply with other security measures.

At this year's meeting, you will have an opportunity to vote on the matters described in our accompanying Notice of Annual Meeting of Shareholders and Proxy Statement. Our 2017 Annual Report also accompanies this letter.

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

On behalf of the Board of Directors, thank you for your continued support of Dollar General.

Sincerely,

Michael M. Calbert
Chairman of the Board

April 12, 2018

Dollar General Corporation
100 Mission Ridge
Goodlettsville, Tennessee 37072

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

DATE:	Wednesday, May 30, 2018
TIME:	9:00 a.m., Central Time
PLACE:	Goodlettsville City Hall Auditorium 105 South Main Street Goodlettsville, Tennessee
ITEMS OF BUSINESS:	1) To elect as directors the 9 nominees listed in the proxy statement 2) To hold an advisory vote to approve our named executive officer compensation as disclosed in the proxy statement 3) To ratify the appointment of our independent registered public accounting firm for fiscal 2018 4) To transact any other business that may properly come before the annual meeting and any adjournments of that meeting
WHO MAY VOTE:	Shareholders of record at the close of business on March 22, 2018

By Order of the Board of Directors,

Christine L. Connolly
Corporate Secretary

Goodlettsville, Tennessee
April 12, 2018

Please vote your proxy as soon as possible even if you expect to attend the annual meeting in person. You may vote your proxy via the Internet or by phone by following the instructions on the notice of internet availability or proxy card, or if you received a paper copy of these proxy materials by mail, you may vote by mail by completing and returning the enclosed proxy card in the enclosed reply envelope. No postage is necessary if the proxy is mailed within the United States. You may revoke your proxy by following the instructions listed on page 3 of the proxy statement.

DOLLAR GENERAL CORPORATION

Proxy Statement for
2018 Annual Meeting of Shareholders

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IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 30, 2018

This Proxy Statement, our 2017 Annual Report and a form of proxy card are available at www.proxyvote.com. You will need your Notice of Internet Availability or proxy card to access the proxy materials.

As permitted by rules adopted by the Securities and Exchange Commission ("SEC"), we are furnishing our proxy materials over the Internet to some of our shareholders. This means that some shareholders will not receive paper copies of these documents. Instead, these shareholders will receive only a Notice of Internet Availability containing instructions on how to access the proxy materials over the Internet. The Notice of Internet Availability also contains instructions on how each of those shareholders can request a paper copy of our proxy materials, including the Proxy Statement, our 2017 Annual Report, and a proxy card. Shareholders who do not receive a Notice of Internet Availability will receive a paper copy of the proxy materials by mail, unless they have previously requested delivery of proxy materials electronically. If you received only the Notice of Internet Availability and would like to receive a paper copy of the proxy materials, the notice contains instructions on how you can request copies of these documents.

GENERAL INFORMATION

What is Dollar General Corporation and where is it located?

Dollar General has been delivering value to shoppers for over 75 years through its mission of *Serving Others*. Dollar General helps shoppers Save time. Save money. Every day!® by offering products that are frequently used and replenished, such as food, snacks, health and beauty aids, cleaning supplies, basic apparel, housewares and seasonal items at everyday low prices in convenient neighborhood locations. Dollar General operates 14,609 stores in 44 states as of March 2, 2018. Our principal executive offices are located at 100 Mission Ridge, Goodlettsville, Tennessee 37072. Our telephone number is 615-855-4000.

Where is Dollar General common stock traded?

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

What is this document?

This document is the proxy statement of Dollar General Corporation for the Annual Meeting of Shareholders to be held on Wednesday, May 30, 2018. We will begin mailing printed copies of this document or the Notice of Internet Availability to shareholders on or about April 12, 2018. We are providing this document to solicit your proxy to vote upon certain matters at the annual meeting.

We refer to our company as "we," "us" or "Dollar General." Unless otherwise noted or required by context, "2018," "2017," "2016," "2015," and "2014," refer to our fiscal years ending or ended February 1, 2019, February 2, 2018, February 3, 2017, January 29, 2016, and January 30, 2015, respectively.

What is a proxy, who is asking for it, and who is paying for the cost to solicit it?

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

Dollar General will pay all solicitation expenses. Our directors, officers, and employees are soliciting your proxy on behalf of our Board of Directors and will not receive additional remuneration for doing so except reimbursement for any related out-of-pocket expenses they may incur. We may reimburse custodians and nominees for their expenses in sending proxy materials to beneficial owners. Solicitation of proxies by mail may be supplemented by telephone, email and other electronic means, advertisements and personal solicitation, or otherwise.

Who may attend the annual meeting?

Only shareholders, their proxy holders, and our invited guests may attend the meeting. If your shares are registered in the name of a broker, trust, bank, or other nominee, you will need to bring a proxy or a letter from that record holder or your most recent brokerage account statement that confirms your ownership of those shares as of March 22, 2018. For security reasons, we also may require photo identification for admission.

Where can I find directions to the annual meeting?

Directions to Goodlettsville City Hall, where we will hold the annual meeting, are posted on the "Investor Information" section of our website located at www.dollargeneral.com.

Will the annual meeting be webcast?

Yes. You are invited to visit the "News and Events—Events and Presentations" section of the "Investor Information" section of our website located at www.dollargeneral.com at 9:00 a.m., Central Time, on May 30, 2018 to access the live webcast of the annual meeting. An archived copy of the webcast will be available on our website for at least 60 days. The information on our website, however, is not incorporated by reference into, and does not form a part of, this proxy statement.

VOTING MATTERS

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

A quorum, consisting of the presence in person or by proxy of the holders of a majority of shares of our common stock outstanding on March 22, 2018, must exist to conduct any business at the meeting.

What if a quorum is not present at the annual meeting?

If a quorum is not present at the meeting, any officer entitled to preside at or to act as Secretary of the meeting shall have power to adjourn the meeting from time to time until a quorum is present.

What am I voting on?

You will be asked to vote on:

- the election of 9 directors listed in this proxy statement;
- the approval on an advisory basis of our named executive officer compensation as disclosed in this proxy statement; and
- the ratification of the appointment of our independent registered public accounting firm (the "independent auditor") for 2018.

May other matters be raised at the annual meeting?

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

Who is entitled to vote at the annual meeting?

You may vote if you owned shares of Dollar General common stock at the close of business on March 22, 2018. As of that date, there were 268,547,203 shares of Dollar General common stock outstanding and entitled to vote. Each share is entitled to one vote on each matter.

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

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

How do I vote?

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

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

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

You will receive multiple Notices of Internet Availability or proxy cards if you hold shares in different ways (e.g., joint tenancy, trusts, custodial accounts, etc.) or in multiple accounts. Street name holders will receive the Notice of Internet Availability or proxy card or other voting information, along with voting instructions, from their brokers. Please vote the shares represented by each Notice of Internet Availability or proxy card you receive to ensure that all your shares are voted.

How will my proxy be voted?

The persons named on the proxy card will vote your proxy as you direct or, if you return a signed proxy card or complete the Internet or telephone voting procedures but do not specify how you want to vote your shares: "FOR" all directors nominated in this proxy statement; "FOR" approval, on an advisory basis, of the compensation of our named executive officers as disclosed in this proxy statement pursuant to the SEC's compensation disclosure rules; and "FOR" ratification of Ernst & Young LLP as our independent auditor for 2018.

Can I change my mind and revoke my proxy?

Yes. A shareholder of record may revoke a proxy given pursuant to this solicitation by:

- signing a valid, later-dated proxy card and submitting it so that it is received before the annual meeting in accordance with the instructions included in the proxy card;
- at or before the annual meeting, submitting to our Corporate Secretary a written notice of revocation dated later than the date of the proxy;
- submitting a later-dated vote by telephone or Internet no later than 11:59 p.m., Eastern time, on May 29, 2018; or
- attending the annual meeting and voting in person.

Your attendance at the annual meeting, by itself, will not revoke your proxy.

A street name holder may revoke a proxy given pursuant to this solicitation by following the instructions of the bank, broker, trustee, or other nominee who holds his or her shares.

How many votes are needed to elect directors?

To be elected at the annual meeting, a nominee must receive the affirmative vote of a majority of votes cast by holders of shares entitled to vote at the meeting. Under our Amended and Restated Charter, the "affirmative vote of a majority of votes cast" means that the number of votes cast in favor of a nominee's election exceeds the number of votes cast against his or her election. You may vote in favor of or against the election of each nominee, or you may elect to abstain from voting your shares.

What happens if a director fails to receive the required vote for election?

An incumbent director who does not receive the required vote for election at the annual meeting must promptly tender a resignation as a director for the Board's consideration pursuant to our Board-approved director resignation policy outlined in our Corporate Governance Guidelines. Each director standing for re-election at the annual meeting has agreed to resign, effective upon the Board's acceptance of such resignation, if he or she does not receive a majority vote. If the Board rejects the offered resignation, the director will continue to serve until the next annual shareholders' meeting and until his or her successor is duly elected or his or her earlier resignation or removal in accordance with our Bylaws. If the Board accepts the offered resignation, the Board, in its sole discretion, may fill the resulting vacancy or decrease the size of the Board.

How many votes are needed to approve other matters?

The proposal to approve on an advisory basis the compensation of our named executive officers and the proposal to ratify the appointment of our independent auditor for 2018 will be approved if the votes cast in favor of the applicable proposal exceed the votes cast against it. The vote on the compensation of our named executive officers is advisory and, therefore, not binding on Dollar General, our Board of Directors, or its Compensation Committee. With respect to these proposals, and any other matter properly brought before the annual meeting, you may vote in favor of or against the proposal, or you may elect to abstain from voting your shares.

What are broker non-votes?

Although your broker is the record holder of any shares that you hold in street name, it must vote those shares pursuant to your instructions. If you do not provide instructions, your broker may exercise discretionary voting power over your shares for "routine" items but not for "non-routine" items. All matters described in this proxy statement, except for the ratification of the appointment of our independent auditor, are considered to be non-routine matters.

"Broker non-votes" occur when shares held of record by a broker are not voted on a matter because the broker has not received voting instructions from the beneficial owner and either lacks or declines to exercise the authority to vote the shares in its discretion.

How will abstentions and broker non-votes be treated?

Abstentions and broker non-votes, if any, will be treated as shares that are present and entitled to vote for purposes of determining whether a quorum is present but will not be counted as votes cast either in favor of or against a particular proposal and will have no effect on the outcome of a particular proposal.

PROPOSAL 1:
ELECTION OF DIRECTORS

What is the structure of the Board of Directors?

Our Board of Directors must consist of 1 to 15 directors, with the exact number set by the Board. The Board size is currently fixed at 10 but is reducing to 9 effective at the time of the 2018 annual meeting of shareholders. All directors are elected annually by our shareholders.

Who are the nominees this year?

All nominees for election as directors at the annual meeting were nominated by the Board for election by shareholders at the annual meeting upon the recommendation of the Nominating and Governance Committee (the "Nominating Committee"). The nominees include 7 incumbent directors who were elected at the 2017 annual meeting of shareholders and 2 incumbent directors who were appointed by the Board in February 2018. Mr. David B. Rickard, 71, who has served on our Board since 2010, is retiring from our Board effective at the 2018 annual meeting of shareholders and is not standing for re-election.

If elected, each nominee would hold office until the 2019 annual meeting of shareholders and until his or her successor is elected and qualified, subject to any earlier resignation or removal. These nominees, their ages at the date of this proxy statement, and the calendar year in which they first became a director are listed in the table below.

Name	Age	Director Since
Warren F. Bryant	72	2009
Michael M. Calbert	55	2007
Sandra B. Cochran	59	2012
Patricia D. Fili-Krushel	64	2012
Timothy I. McGuire	57	2018
Paula A. Price	56	2014
William C. Rhodes, III	52	2009
Ralph E. Santana	50	2018
Todd J. Vasos	56	2015

What are the backgrounds of this year's nominees?

Mr. Bryant served as the President and Chief Executive Officer of Longs Drug Stores Corporation, a retail drugstore chain on the West Coast and in Hawaii, from 2002 through 2008 and as its Chairman of the Board from 2003 through his retirement in 2008. Prior to joining Longs Drug Stores, he served as a Senior Vice President of The Kroger Co., a retail grocery chain, from 1999 to 2002. Mr. Bryant has served as a director of Loblaw Companies Limited of Canada since May 2013 and served as a director of OfficeMax Incorporated from 2004 to 2013 and Office Depot, Inc. from November 2013 to July 2017.

Mr. Calbert has served as our Chairman of the Board since January 2016. He joined KKR & Co. L.P. ("KKR") in January 2000 and was directly involved with several KKR portfolio companies until his retirement in January 2014. Mr. Calbert led the Retail industry team within KKR's Private Equity platform prior to his retirement and served as a consultant to KKR from his retirement until June 2015. Mr. Calbert joined Randall's Food Markets beginning in 1994 and served as the Chief Financial Officer from 1997 until it was sold in September 1999. Mr. Calbert also previously worked as a certified public accountant and consultant with Arthur Andersen Worldwide from 1985 to 1994, where his primary focus was the retail and consumer industry. He previously served as our Chairman of the Board from July 2007 until December 2008 and as our lead director from March 2013 until his re-appointment as our Chairman of the Board in January 2016.

Ms. Cochran has served as a director and as President and Chief Executive Officer of Cracker Barrel Old Country Store, Inc. since September 2011. She joined Cracker Barrel in April 2009 as Executive Vice President and Chief Financial Officer, and was named President and Chief Operating Officer in November 2010. She was previously Chief Executive Officer at book retailer Books-A-Million, Inc. from February 2004 to April 2009. She also served as that company's President (August 1999—February 2004), Chief Financial Officer (September 1993—August 1999) and Vice President of Finance (August 1992—September 1993). Ms. Cochran has served as a director of Lowe's Companies, Inc. since January 2016.

Ms. Fili-Krushel is the former Executive Vice President for NBCUniversal where she served as a strategist and key advisor to the CEO of NBCUniversal from April 2015 to November 2015. She served as Chairman of NBCUniversal News Group, a division of NBCUniversal Media, LLC, composed of NBC News, CNBC, MSNBC and the Weather Channel, from July 2012 until April 2015. She previously served as Executive Vice President of NBCUniversal (January 2011—July 2012) with a broad portfolio of functions reporting to her, including operations and technical services, business strategy, human resources and legal. Prior to NBCUniversal, Ms. Fili-Krushel was Executive Vice President of Administration at Time Warner Inc. (July 2001—December 2010) where her responsibilities included oversight of philanthropy, corporate social responsibility, human resources, worldwide recruitment, employee development and growth, compensation and benefits, and security. Before joining Time Warner in July 2001, Ms. Fili-Krushel had been Chief Executive Officer of WebMD Health Corp. since April 2000. From July 1998 to April 2000, Ms. Fili-Krushel was President of the ABC Television Network, and from 1993 to 1998 she served as President of ABC Daytime. Before joining ABC, she had been with Lifetime Television since 1988. Prior to Lifetime, Ms. Fili-Krushel held several positions with Home Box Office. Before joining HBO, Ms. Fili-Krushel worked for ABC Sports in various positions.

Mr. McGuire has served as Chairman of the Board of Mobile Service Center Canada, Ltd. (d/b/a Mobile Klinik), a chain of professional smartphone repair stores specializing in professional "while you wait" repair and care of smartphones and tablets, since June 2017. He retired from McKinsey & Company, a worldwide management consulting firm, in August 2017 after serving as a leader of its global retail and consumer practice for almost 28 years, including leading the Americas retail practice for five years. While at McKinsey, Mr. McGuire led consulting efforts with major retail, telecommunications, consumer service, and marketing organizations in Canada, the United States, Latin America, Europe, and Australia. He also co-founded McKinsey Analytics, a global group of consultants bringing advanced analytics capabilities to clients to help make better business decisions. Mr. McGuire began his career with Procter & Gamble in 1983 where he served in various positions until October 1989, with his final role being Marketing Director for the Canadian Food & Beverage division.

Ms. Price has been Senior Lecturer at Harvard Business School in the Accounting and Management Unit since July 2014. She was Executive Vice President and Chief Financial Officer of Ahold USA from May 2009 until January 2014. At Ahold, which operates more than 700 supermarkets under the Stop & Shop, Giant and Martin's names as well as the Peapod online grocery delivery service, Ms. Price was responsible for finance, accounting and shared services, strategic planning, real estate development, store format and construction, and information technology. Before joining Ahold, she was the Senior Vice President, Controller and Chief Accounting Officer at CVS Health Corporation (formerly CVS Caremark Corporation) from July 2006 until August 2008. Earlier in her career, Ms. Price served as the Chief Financial Officer for the Institutional Trust Services division of JPMorgan Chase (from August 2002 until September 2005) and held several other senior management positions in the U.S. and the U.K. in the financial services and consumer packaged goods industries. A certified public accountant, she began her career at Arthur Andersen & Co. Ms. Price also has served as a director of Accenture plc since May 2014 and Western Digital Corporation since July 2014 and served as a director of Charming Shoppes, Inc. (Lane Bryant, Catherine's, Fashion Bug, Cacique and Figi's brands) from March 2011 until it was sold in June 2012.

Mr. Rhodes was elected Chairman of AutoZone, Inc., a specialty retailer and distributor of automotive replacement parts and accessories, in June 2007. He has served as President and Chief Executive Officer and as a director of AutoZone since 2005. Prior to his appointment as President and Chief Executive Officer, Mr. Rhodes was Executive Vice President—Store Operations and Commercial. Prior to 2004, he had been Senior Vice President—Supply Chain and Information Technology since 2002, and prior thereto had been Senior Vice President—Supply Chain since 2001. Prior to that time, he served in various capacities with AutoZone since 1994, including Vice President—Stores in 2000, Senior Vice President—Finance and Vice President—Finance in 1999, and Vice President—Operations Analysis and Support from 1997 to 1999. Prior to 1994, Mr. Rhodes was a manager with Ernst & Young LLP.

Mr. Santana has served as Executive Vice President and Chief Marketing Officer of Harman International Industries, a wholly-owned subsidiary of Samsung Electronics Co., Ltd., since April 2013, with responsibility for all aspects of Harman's worldwide marketing strategy. Before joining Harman, Mr. Santana served as Senior Vice President and Chief Marketing Officer, North America, for Samsung Electronics Co., Ltd. from June 2010 to September 2012. In that role, he was responsible for launching Samsung's U.S. e-commerce business and building out branding strategies to drive visibility. Mr. Santana also served 16 years at PepsiCo Inc. from June 1994 to May 2010, that spanned multiple international and domestic leadership roles in marketing. In his last assignment at PepsiCo, Mr. Santana served as Vice President of Marketing, North American Beverages, Pepsi-Cola, where he spearheaded a creative overhaul and re-launch of Pepsi-Cola. He also held positions while at PepsiCo, Inc. with its Frito-Lay's international and North America operations. Mr. Santana began his career as a Senior Marketing Associate at Beverage Marketing Corporation (July 1989—June 1992).

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

How are directors identified and nominated?

The Nominating Committee is responsible for identifying, evaluating, and recommending director candidates to our Board, while our Board is responsible for nominating the director slate for election by shareholders at the annual meeting. The Nominating Committee may use a variety of methods to identify potential director candidates, such as recommendations by our directors, management, shareholders or third-party search firms (see "Can shareholders nominate or recommend directors?" below). Our Nominating Committee retained a third-party search firm to assist in identifying potential Board candidates who meet our qualification and experience requirements and, for any such candidate identified by such search firm, to compile and evaluate information regarding the candidate's qualifications, experience, and potential conflicts of interest, and to verify the candidate's education. Mr. Santana was identified as a candidate by the third party search firm, and such search firm's engagement terminated upon Mr. Santana's appointment to our Board. Mr. McGuire was recommended as a candidate by a non-management director. Each of Messrs. Santana and McGuire was fully vetted by our Nominating Committee and our Board.

Our employment agreement with Mr. Vasos requires that we nominate him to serve as a member of our Board each year that he is slated for re-election by our shareholders. Our failure to do so could give rise to a claim for breach of contract and may constitute good reason for employment termination by Mr. Vasos under the employment agreement.

How are nominees evaluated; what are the minimum qualifications?

Subject to Mr. Vasos's employment agreement discussed above, the Nominating Committee is charged with recommending to the Board of Directors only those candidates that it believes are qualified to serve as Board members consistent with the criteria for selection of new directors adopted from time to time by the Board and who have not achieved the age of 76, unless the Board has approved an exception to this limit on a case by case basis. If a waiver is granted, it will be reviewed annually.

The Nominating Committee assesses a candidate's independence, background, and experience, as well as the current Board's skill needs and diversity. With respect to incumbent directors considered for re-election, the Committee also assesses each director's meeting attendance record and suitability for continued service. In addition, the Committee determines that all nominees are in a position to devote an adequate amount of time to the effective performance of director duties and possess the following characteristics: integrity and accountability, informed judgment, financial literacy, a cooperative approach, a record of achievement, loyalty, and the ability to consult with and advise management. The Committee recommends candidates, including those submitted by shareholders, only if it believes the candidate's knowledge, experience, and expertise would strengthen the Board and that the candidate is committed to representing the long-term interests of all Dollar General shareholders.

We have a written policy to endeavor to achieve a mix of Board members that represent a diversity of background and experience in areas that are relevant to our business. To implement this policy, the Committee assesses diversity by evaluating each candidate's individual qualifications in the context of how that candidate would relate to the Board as a whole and also considers more traditional concepts of diversity. The Committee periodically assesses the effectiveness of this policy by considering whether the Board as a whole represents such diverse experience and composition and by recommending to the Board changes to the criteria for selection of new directors as appropriate.

What particular experience, qualifications, attributes, or skills led the Board of Directors to conclude that each nominee should serve as a director of Dollar General?

Our Board of Directors believes that each of the nominees can devote an adequate amount of time to the effective performance of director duties and possesses the minimum qualifications identified above. The Board has determined that the nominees, as a whole, complement each other, meet the Board's skill needs, and represent diverse experience at policy-making levels in areas relevant to our business. The Board also considered the following in determining that the nominees should serve as directors of Dollar General:

Mr. Bryant has over 40 years of retail experience, including experience in marketing, merchandising, operations, and finance. His substantial experience in leadership and policy-making roles at other retail companies, together with his current and former experience as a board member for certain other retailers, provides him with an extensive understanding of our industry, as well as with valuable executive management skills and the ability to effectively advise our CEO.

Mr. Calbert has considerable experience in managing private equity portfolio companies and is familiar with corporate finance and strategic business planning activities. As the former head of KKR's

Retail industry team, Mr. Calbert has a strong background and extensive experience in advising and managing companies in the retail industry, including evaluating business strategies, financial plans and structures, and management teams. His former service on various private company boards in the retail industry further strengthens his knowledge and experience within our industry. Mr. Calbert also has a significant financial and accounting background evidenced by his prior experience as the chief financial officer of a retail company and his 10 years of practice as a certified public accountant.

Ms. Cochran brings over 25 years of retail experience to Dollar General as a result of her current and former roles at Cracker Barrel Old Country Store and her former roles at Books-A-Million. This experience allows her to provide additional support and perspective to our CEO and our Board. In addition, Ms. Cochran's industry and executive experience provides leadership, consensus-building, strategic planning, risk management, and budgeting skills. Ms. Cochran also has significant financial experience, having served as the chief financial officer of two public companies and as vice president, corporate finance of SunTrust Securities, Inc., and our Board has determined that she qualifies as an audit committee financial expert.

Ms. Fili-Krushel's background increases the breadth of experience of our Board as a result of her extensive executive experience overseeing the business strategy, philanthropy, corporate social responsibility, human resources, recruitment, employee growth and development, compensation and benefits, and legal functions at large public companies in the media industry. In addition, her understanding of consumer behavior based on her knowledge of viewership patterns and preferences provides additional perspective to our Board in understanding our customer base.

Mr. McGuire brings valuable experience to our company after having served as a leader of McKinsey's global retail and consumer practice for almost 28 years. He has expertise in strategy, new store/concept development, marketing and sales, operations, international expansion, big data and advanced analytics. In addition, Mr. McGuire's focus while at McKinsey on use of advanced analytics in retail, developing and implementing growth strategies for consumer services, food, general-merchandise and multi-channel retailers, developing new retail formats, the application of lean operations techniques, the redesign of merchandise flows, supply-chain optimization efforts, and the redesign of purchasing and supplier-management approaches, will bring new and extensive relevant perspectives to our Board as it seeks to consult and advise our CEO and to shape our corporate strategy.

Ms. Price brings broad experience across finance, general management, and strategy gained from her service in senior executive and management positions at major corporations across several industries, including as Chief Financial Officer of Ahold USA before her retirement in 2014. Ms. Price's numerous years of experience as a certified public accountant, former chief financial officer and former chief accounting officer provide our Board with valuable experience and insight into accounting and finance matters, and consequently, our Board has determined that Ms. Price qualifies as an audit committee financial expert. She also brings to our Board a valuable perspective as a member of the faculty at the Harvard Business School and from her service as a board member of several public companies.

Mr. Rhodes has over 20 years of experience in the retail industry, including extensive experience in operations, supply chain, and finance, among other areas. This background serves as a strong foundation for offering invaluable perspective and expertise to our CEO and our Board. In addition, his experience as a board chairman and chief executive officer of a public retail company provides leadership, consensus-building, strategic planning, and budgeting skills, as well as extensive understanding of both short- and long-term issues confronting the retail industry. Mr. Rhodes also has a strong financial background, and our Board has determined that he qualifies as an audit committee financial expert.

Mr. Santana has 18 years of marketing experience spanning multiple technology and food and beverage consumer packaged goods categories. His deep understanding of digital marketing and retail shopper marketing, particularly in the area of consumer packaged goods, and his extensive experience in shaping multi-cultural strategy, executing marketing programs, and making brands culturally relevant will further enhance our Board's ability to provide oversight and thoughtful counsel to management in these important and evolving areas of our business.

Mr. Vasos has extensive retail experience, including over nine years with Dollar General. His experience overseeing the merchandising, operations, marketing, advertising, procurement, supply chain, store development, store layout, and space allocation functions of other retail companies bolsters Mr. Vasos's thorough understanding of all key areas of our business. In addition, Mr. Vasos's service in leadership and policy-making positions of other retail companies has provided him with the necessary leadership skills to effectively guide and oversee the direction of Dollar General and with the consensus-building skills required to lead our management team.

Acting upon the Nominating Committee's recommendation, and after concluding that these nominees possess the appropriate experience, qualifications, attributes, and skills, our Board has unanimously nominated these individuals to be elected by our shareholders at our annual meeting.

Can shareholders nominate or recommend directors?

Yes. Shareholders can nominate directors by following the advance notice procedures outlined in our Bylaws and summarized below. In addition, shareholders can recommend candidates for consideration by our Nominating Committee by submitting such recommendations within the same deadlines and providing the same information that is required for nominating candidates pursuant to the advance notice provisions in our Bylaws; the Nominating Committee's charter and our Corporate Governance Guidelines require the Nominating Committee to consider candidates recommended by our shareholders in this manner and to apply the same criteria to the evaluation of those shareholder-recommended candidates as it applies to other director candidates.

In short, to nominate a director or to recommend candidates for consideration by our Nominating Committee, the shareholder must deliver a written notice to our Corporate Secretary at 100 Mission Ridge, Goodlettsville, Tennessee 37072 for receipt no earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the prior year's annual meeting. However, if the meeting is held more than 30 days before or more than 60 days after such anniversary date, the notice must be received no earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the date of such annual meeting. If the first public announcement of the annual meeting date is less than 100 days prior to the date of such annual meeting, the notice must be received by the 10th day following the public announcement date.

The notice must contain all information required by our Bylaws about the shareholder proposing the nominee and about the nominee, which generally includes:

- the nominee's name, age, business and residence addresses, and principal occupation or employment;
- the class and number of shares of Dollar General common stock beneficially owned by the nominee and by the shareholder proposing the nominee;
- any other information relating to the nominee that is required to be disclosed in proxy solicitations with respect to nominees for election as directors pursuant to Regulation 14A of the Securities Exchange Act of 1934 (including the nominee's written consent to being named in the proxy statement as a nominee and to serving as a director, if elected);
- the name and address of the shareholder proposing the nominee as they appear on our record books, and the name and address of the beneficial holder (if applicable);

- any other interests of the proposing shareholder or the proposing shareholder's immediate family in the securities of Dollar General, including interests the value of which is based on increases or decreases in the value of securities of Dollar General or the payment of dividends by Dollar General;
- a description of all compensatory arrangements or understandings between the proposing shareholder and each nominee; and
- a description of all arrangements or understandings between the proposing shareholder and each nominee and any other person pursuant to which the nomination is to be made by the shareholder.

In addition, we have a "proxy access" provision in our Bylaws that permits eligible shareholders to nominate candidates for election to our Board. Proxy access candidates will be included in our proxy statement and ballot subject to the terms and conditions set forth in Article I, Section 12 of our Bylaws. The proxy access provision in our Bylaws provides that holders of at least 3% of our outstanding shares, held by up to 20 shareholders, holding the shares continuously for at least 3 years, can nominate up to 20% of our Board for election at an annual shareholders' meeting. A shareholder who wishes to formally nominate a proxy access candidate must follow the procedures and comply with the deadlines described in Article I, Section 12 of our Bylaws. For more specific information regarding these deadlines in respect of the 2019 annual meeting of shareholders, see "Shareholder Proposals for 2019 Annual Meeting" below.

You should consult our Bylaws, posted on the "Investor Information—Corporate Governance" section of our website located at www.dollargeneral.com, for more detailed information regarding the processes described above by which shareholders may nominate directors, as the information above is a summary only. No shareholder nominees have been submitted for this year's annual meeting.

What if a nominee is unwilling or unable to serve?

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

Are there any familial relationships between any of the nominees?

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

What does the Board of Directors recommend?

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

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

Yes. Our Board of Directors has a standing Audit Committee, Compensation Committee, and Nominating Committee. The Board has adopted a written charter for each of these committees, which are available on the "Investor Information—Corporate Governance" section of our website located at www.dollargeneral.com. Current information regarding these committees is set forth below. The Board also has established a subcommittee of our Compensation Committee consisting of Mr. Bryant and Ms. Fili-Krushel for purposes of approving any compensation that may otherwise be subject to Section 162(m) of the Internal Revenue Code of 1986, as amended, or Section 16 of the Securities Exchange Act of 1934, as amended. In addition to the functions outlined below, each such committee performs an annual self-evaluation, periodically reviews and reassesses its charter, and evaluates and makes recommendations concerning shareholder proposals that are within the committee's expertise.

Name of Committee & Members	Committee Functions
AUDIT: Mr. Rickard, Chairperson Mr. Bryant Ms. Cochran Ms. Price Mr. Rhodes	• Selects the independent auditor and discusses the qualifications and experience of the lead audit partner candidate(s) (the committee's Chairperson also interviews such candidates(s)) • Pre-approves audit engagement fees and terms and all permitted non-audit services and fees • Reviews the annual report on the independent auditor's internal quality control procedures and any material issues raised by its most recent review of internal quality controls • Annually evaluates the independent auditor's qualifications, performance, and independence, as well as the lead audit partner, and periodically considers the advisability of audit firm rotation • Discusses the audit scope and any audit problems or difficulties • Sets policies regarding the hiring of current and former employees of the independent auditor • Discusses the annual audited and quarterly unaudited financial statements with management and the independent auditor • Discusses the types of information to be disclosed in earnings press releases and provided to analysts and rating agencies • Discusses policies governing the process by which risk assessment and risk management are undertaken • Reviews CEO/CFO disclosures regarding any significant deficiencies or material weaknesses in our internal control over financial reporting • Reviews internal audit activities, projects and budget • Establishes procedures for receipt, retention and treatment of complaints regarding accounting or internal controls • Discusses with our general counsel legal matters having an impact on financial statements • Furnishes the committee report required in our proxy statement

Name of Committee & Members	Committee Functions
COMPENSATION: Ms. Fili-Krushel, Chairperson Mr. Bryant Mr. McGuire	• Reviews and approves corporate goals and objectives relevant to CEO compensation • Determines executive officer compensation (with an opportunity for the independent directors to ratify CEO compensation) and recommends Board compensation for Board approval • Oversees overall compensation philosophy and principles • Establishes short-term and long-term incentive compensation programs for senior officers and approves all equity awards • Oversees share ownership guidelines and holding requirements for Board members and senior officers • Oversees the performance evaluation process for senior officers • Reviews and discusses disclosure regarding executive compensation, including Compensation Discussion and Analysis and compensation tables (in addition to preparing the report on executive compensation for our proxy statement) • Selects and determines fees of its compensation consultant • Oversees and evaluates the independence of its compensation consultant and other advisors
NOMINATING AND GOVERNANCE: Ms. Cochran, Chairperson Ms. Fili-Krushel Mr. Rhodes Mr. Santana	• Develops and recommends criteria for selecting new directors • Screens and recommends to our Board individuals qualified to serve on our Board • Recommends Board committee structure and membership • Recommends persons to fill Board and committee vacancies • Develops and recommends Corporate Governance Guidelines and corporate governance practices • Oversees the process governing annual Board, committee and director evaluations

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

Yes. Our Board has determined that each of Mr. Rickard, Ms. Cochran, Ms. Price, and Mr. Rhodes is an audit committee financial expert who is independent as defined in NYSE listing standards and in our Corporate Governance Guidelines. The SEC has determined that designation as an audit committee financial expert will not cause a person to be deemed to be an "expert" for any purpose.

How often did the Board and its committees meet in 2017?

During 2017, our Board, Audit Committee, Compensation Committee, and Nominating Committee met 5, 5, 6, and 3 times, respectively. Each incumbent director attended at least 75% of the total of all meetings of the Board and all committees on which he or she served which were held during the period for which he or she was a director and a member of each applicable committee.

What is Dollar General's policy regarding Board member attendance at the annual meeting?

Our Board of Directors has adopted a policy that all directors should attend annual shareholders' meetings unless attendance is not feasible due to unavoidable circumstances. All persons serving as Board members at the time attended the 2017 annual shareholders' meeting.

Does Dollar General separate the positions of Chairman and CEO?

Yes. Mr. Calbert, an independent director, serves as our Chairman of the Board. This decision affords our CEO the opportunity to focus his time and energy on managing our business and allows our Chairman to devote his time and attention to matters of Board oversight and governance. The Board, however, recognizes that no single leadership model is right for all companies and at all times, and the Board will review its leadership structure as appropriate to ensure it continues to be in the best interests of Dollar General and our shareholders.

To further promote effective independent Board leadership, the Board has adopted a number of additional governance practices, including:

- Ensuring opportunity after each regularly scheduled Board meeting for executive sessions of the independent directors and, if not all non-management directors are independent, of the non-management directors. Mr. Calbert, as Chairman, presides over all such sessions.
- Conducting annual performance evaluations of the CEO.
- Conducting annual Board and committee self-evaluations.

Does the Board of Directors evaluate the performance of Board members?

Yes. As part of its responsibility for overseeing the evaluation of the Board of Directors, the Nominating Committee approves an evaluation process to be followed by the Board and each standing committee and encourages our directors to provide candid feedback on any Board member to the Chairperson of the Nominating Committee or the Chairman of the Board. Such chairpersons meet at least annually to review any such feedback and any other information related to individual director performance and to discuss what, if any, response or follow-up action is appropriate and in Dollar General's best interests.

What is the Board of Director's role in risk oversight?

Our Board of Directors and its committees have an important role in our risk oversight process. Our Board regularly reviews with management our financial and business strategies, including relevant material risks as appropriate. Our General Counsel also periodically provides information to the Board regarding our insurance coverage and programs as well as litigation risks.

The Audit Committee discusses our risk assessment and risk management procedures, primarily through oversight of our enterprise risk management program. Our Internal Audit department coordinates that program, which entails review and documentation of our comprehensive risk management practices. The program evaluates internal and external risks, identifies mitigation strategies, and assesses any remaining residual risk. The program is updated through interviews with senior management and our Board, review of strategic initiatives, review of upcoming legislative or regulatory changes, review of certain internal metrics, and review of other outside information concerning business, financial, legal, reputational, and other risks. The results are presented to the Audit Committee at least annually, and categories with high residual risk, along with their mitigation strategies, are reviewed quarterly. Our Audit Committee also quarterly reviews metrics and information pertaining to cybersecurity risks and mitigation. Our Internal Audit department, as part of its audit plan that is approved by the Audit Committee, conducts various cybersecurity audits as well as periodically engages third parties to perform unannounced cybersecurity assessments. We also use third parties to periodically benchmark our cybersecurity program and to assess how any identified vulnerabilities in the industry might impact our company as well as the sufficiency of our response. The results generated from these activities are reported to management and the Audit Committee, and management develops action plans to address any identified opportunities for improvement and keeps the Audit Committee apprised of the progress of such plans.

Our Compensation Committee is responsible for overseeing the management of risks relating to our executive compensation program. As discussed under "Executive Compensation—Compensation Risk Considerations" below, the Compensation Committee also participates in periodic assessments of the risks relating to our overall compensation programs.

While the Audit Committee and the Compensation Committee oversee the risk areas identified above, the entire Board is regularly informed about risks through the committee reporting process, as well as through special reports and updates from management and advisors. This enables the Board and its committees to coordinate the risk oversight role, particularly with respect to risk interrelationships. Our Board believes this division of risk management responsibilities effectively addresses the material risks facing Dollar General. Our Board further believes that our leadership structure, described above, supports the risk oversight function of the Board as it allows our independent directors, through the three fully independent Board committees and in executive sessions of independent directors led by our independent Chairman of the Board, to exercise effective oversight of the actions of management in identifying risks and implementing effective risk management policies and controls.

Does Dollar General have a management succession plan?

Yes. Our Corporate Governance Guidelines require our Board of Directors to coordinate with our CEO to ensure that a formalized process governs long-term management development and succession. Our Board formally reviews our management succession plan at least annually. Our comprehensive program encompasses not only our CEO and other executive officers but all employees through the front-line supervisory level. The program focuses on key succession elements, including identification of potential successors for positions where it has been determined that internal succession is appropriate, assessment of each potential successor's level of readiness, and preparation of individual growth and development plans. With respect to CEO succession planning, our long-term business strategy is also considered. In addition, we maintain at all times, and review with the Board periodically, a confidential procedure for the timely and efficient transfer of the CEO's responsibilities in the event of an emergency or his sudden incapacitation or departure.

Are there share ownership guidelines and holding requirements for Board members and senior officers?

Yes. Details of our share ownership guidelines and holding requirements for Board members and senior officers are included in our Corporate Governance Guidelines. See "Compensation Discussion and Analysis—Share Ownership Guidelines and Holding Requirements" and "Director Compensation" for more information on such ownership guidelines and holding requirements for senior officers and Board members, respectively.

How can I communicate with the Board of Directors?

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

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

Our governance-related information is posted on www.dollargeneral.com under "Investor Information—Corporate Governance," including our Corporate Governance Guidelines, Code of Business Conduct and Ethics, the charter of each of the Audit Committee, the Compensation Committee, and the Nominating Committee, and the name(s) of the person(s) chosen to lead the executive sessions of the non-management directors and of the independent directors. This information is available in print to any shareholder who sends a written request to: Investor Relations, Dollar General Corporation, 100 Mission Ridge, Goodlettsville, Tennessee 37072.

DIRECTOR COMPENSATION

The following table and text summarize the compensation earned by or paid to each of our non-employee directors for 2017. Messrs. McGuire and Santana are not included in the table below because they did not serve on our Board of Directors during 2017 and accordingly did not earn or receive compensation for 2017. Mr. Vasos was not separately compensated for his service on the Board; his executive compensation is discussed under "Executive Compensation" below. We have omitted the columns pertaining to non-equity incentive plan compensation and change in pension value and nonqualified deferred compensation earnings because they are inapplicable.

Fiscal 2017 Director Compensation

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	All Other Compensation ($)(4)	Total ($)
Warren F. Bryant	105,000	139,074	—	1,987	246,061
Michael M. Calbert	85,000	332,803	—	4,790	422,593
Sandra B. Cochran	85,000	139,074	—	1,987	226,061
Patricia D. Fili-Krushel	85,000	139,074	—	1,987	226,061
Paula A. Price	85,000	139,074	—	2,065	226,139
William C. Rhodes, III	100,000	139,074	—	1,987	241,061
David B. Rickard	107,500	139,074	—	1,987	248,561

(1) In addition to the annual Board retainer, Messrs. Bryant, Rhodes, and Rickard also earned an annual retainer for service as the Chairperson of the Compensation Committee, the Nominating Committee, and the Audit Committee, respectively, in fiscal 2017. Mss. Cochran and Fili-Krushel became Chairpersons of the Nominating Committee and the Compensation Committee, respectively, after the start of fiscal 2018 and accordingly did not earn annual chairperson retainers for fiscal 2017.

(2) Represents the grant date fair value of restricted stock units ("RSUs") awarded to Mr. Calbert on February 6, 2017 ($193,729) for his annual Chairman of the Board retainer, as well as to each director (including Mr. Calbert) on May 31, 2017 ($139,074), in each case computed in accordance with FASB ASC Topic 718. Information regarding assumptions made in the valuation of these awards is included in Note 9 of the annual consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended February 2, 2018, filed with the SEC on March 23, 2018 (our "2017 Form 10-K"). As of February 2, 2018, each of the persons listed in the table above had the following total unvested RSUs outstanding (including additional unvested RSUs credited as a result of dividend equivalents earned with respect to such RSUs): each of Messrs. Bryant, Rhodes, and Rickard and Mss. Cochran, Fili-Krushel, and Price (1,912); and Mr. Calbert (4,628).

(3) There were no stock options awarded to any director listed in the table above during fiscal 2017, as the Board chose to eliminate stock option awards as part of director compensation beginning in fiscal 2015. As of February 2, 2018, each of the persons listed in the table above had the following total unexercised stock options outstanding (whether or not then exercisable): each of Messrs. Bryant, Calbert, and Rhodes (21,756); Ms. Cochran (13,120); Ms. Fili-Krushel (12,892); Ms. Price (4,795); and Mr. Rickard (21,513).

(4) Represents the dollar value of dividends paid, accumulated, or credited on unvested RSUs. Perquisites and personal benefits, if any, totaled less than $10,000 per director and therefore are not included in the table.

We do not compensate for Board service any director who also serves as our employee. We will reimburse directors for certain fees and expenses incurred in connection with continuing education seminars and for travel and related expenses related to Dollar General business.

Each non-employee director receives payment (prorated as applicable) for a fiscal year in quarterly installments of the following cash compensation, as applicable, along with an annual award of RSUs, payable in shares of our common stock, under our Amended and Restated 2007 Stock Incentive Plan (our "Stock Incentive Plan") having the estimated value listed below:

Fiscal Year	Board Retainer ($)	Audit Committee Chairman Retainer ($)	Compensation Committee Chairman Retainer ($)	Nominating Committee Chairman Retainer ($)	Per Meeting Fee for Meetings Attended in Excess of 16 During FY ($)	Estimated Value of Equity Award ($)
2017	85,000	22,500	20,000	15,000	1,500	135,000
2018	95,000	25,000	20,000	17,500	—	150,000

The RSUs are awarded annually to each non-employee director who is elected or re-elected at the annual shareholders' meeting and to any new director appointed thereafter but before February 1 of a given year. The RSUs are scheduled to vest on the first anniversary of the grant date subject to certain accelerated vesting conditions. Directors may defer receipt of shares underlying the RSUs.

In addition to the fees outlined above, the Chairman of the Board receives an annual retainer delivered in the form of RSUs, payable in shares of our common stock under our Stock Incentive Plan and scheduled to vest on the first anniversary of the grant date, subject to certain accelerated vesting conditions, having an estimated value of $200,000.

The forms and amounts of director compensation as outlined above were recommended by the Compensation Committee, and approved by the Board, after taking into account market benchmarking data, recommendations of the Committee's compensation consultant, and, for the additional equity award to the Chairman, the amount of time anticipated to be devoted to services to the Company.

Up to 100% of cash fees earned for Board services in a fiscal year may be deferred under the Non-Employee Director Deferred Compensation Plan. Benefits are payable upon separation from service in the form, as elected by the director at the time of deferral, of a lump sum distribution or monthly payments for 5, 10, or 15 years. Participating directors can direct the hypothetical investment of deferred fees into funds identical to those offered in our 401(k) Plan and will be credited with the deemed investment gains and losses. The amount of the benefit will vary depending on the fees the director has deferred and the deemed investment gains and losses. Benefits upon death are payable to the director's named beneficiary in a lump sum. In the event of a director's disability (as defined in the Non-Employee Director Deferred Compensation Plan), the unpaid benefit will be paid in a lump sum. Participant deferrals are not contributed to a trust, and all benefits are paid from Dollar General's general assets.

Our non-employee directors are subject to share ownership guidelines, expressed as a multiple of the annual cash retainer payable for service on our Board, and holding requirements. The current ownership guideline is 5 times and should be acquired within 5 years of election to the Board. When the ownership guideline is increased, incumbent non-employee directors are allowed an additional year to acquire the incremental multiple. Each non-employee director is required to retain ownership of 50% of all net after-tax shares granted by Dollar General until the share ownership target is reached. Please see our Corporate Governance Guidelines for additional information. Administrative details pertaining to these matters are established by the Compensation Committee.

DIRECTOR INDEPENDENCE

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

Yes. A majority of our directors must satisfy the independence requirements set forth in the NYSE listing standards. The Audit Committee, the Compensation Committee, and the Nominating Committee also must consist solely of independent directors to comply with NYSE listing standards and, in the case of the Audit Committee, with SEC rules. The NYSE listing standards define specific relationships that disqualify directors from being independent and further require that the Board affirmatively determine that a director has no material relationship with Dollar General in order to be considered "independent." The SEC's rules and NYSE listing standards contain separate definitions of independence for members of audit committees and compensation committees, respectively.

How does the Board of Directors determine director independence?

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

The Board first considers whether any director or nominee has a relationship covered by the NYSE listing standards that would prohibit an independence finding for Board or committee purposes. The Board then analyzes any relationship of the remaining eligible directors and nominees with Dollar General or our management that falls outside the parameters of the Board's separately adopted categorical independence standards to determine if that relationship is material. The Board may determine that a person who has a relationship outside such parameters is nonetheless independent because the relationship is not considered to be material. Any director who has a material relationship with Dollar General or its management is not considered to be independent. Absent special circumstances, the Board does not consider or analyze any relationship that management has determined to fall within the parameters of the Board's separately adopted categorical independence standards.

Are all of the directors and nominees independent?

No. Our Board of Directors consists of Warren F. Bryant, Michael M. Calbert, Sandra B. Cochran, Patricia D. Fili-Krushel, Timothy I. McGuire, Paula A. Price, William C. Rhodes, III, David B. Rickard, Ralph E. Santana, and Todd J. Vasos. Messrs. Rickard, Bryant, and Rhodes and Mss. Cochran and Price serve on our Audit Committee, Ms. Fili-Krushel and Messrs. Bryant and McGuire serve on our Compensation Committee, and Mss. Cochran and Fili-Krushel and Messrs. Rhodes and Santana serve on our Nominating Committee. Mr. Rhodes also served on our Compensation Committee until February 12, 2018.

Our Board has affirmatively determined that Messrs. Bryant, Calbert, McGuire, Rhodes, Rickard, and Santana, and Mss. Cochran, Fili-Krushel, and Price, but not Mr. Vasos, are independent from our management under both the NYSE listing standards and our additional independence standards. Except as described below, any relationship between an independent director and Dollar General or our management fell within the Board-adopted categorical standards and, accordingly, was not reviewed or considered by our Board in making independence decisions. The Board also has determined that the members of the Audit Committee, the Compensation Committee, and the Nominating Committee meet the independence requirements for membership on those committees set forth in the NYSE listing standards, our additional standards and, as to the Audit Committee, SEC rules.

In reaching the determination that Ms. Cochran is independent, the Board considered that Ms. Cochran's brother, Stephen Brophy, has been employed by the Company since 2009 and currently serves in a non-officer position, as described in more detail under "Transactions with Management and Others." Ms. Cochran does not serve on the Compensation Committee which approves decisions pertaining to Mr. Brophy's compensation and she does not participate in his performance evaluations. Mr. Brophy's cash compensation and equity awards are approved by the Compensation Committee pursuant to our related-party transactions approval policy.

In reaching the determination that Mr. McGuire is independent, the Board considered his former relationship with McKinsey & Company ("McKinsey"), which has provided management consulting services to Dollar General as described in more detail under "Transactions with Management and Others." Mr. McGuire retired from McKinsey in August 2017.

TRANSACTIONS WITH MANAGEMENT AND OTHERS

Does the Board of Directors have a related-party transactions approval policy?

Yes. Our Board of Directors has adopted a written policy for the review, approval, or ratification of "related party" transactions. A "related party" for this purpose includes our directors, director nominees, executive officers, and greater than 5% shareholders, and any of their immediate family members, and a "transaction" includes one in which (1) the total amount may exceed $120,000, (2) Dollar General is a participant, and (3) a related party will have a direct or indirect material interest (other than as a director or a less than 10% owner of another entity, or both).

The policy requires prior Board approval for known related party transactions, subject to certain exceptions identified below. In addition, at least annually after receiving a list of immediate family members and affiliates from our directors and executive officers, relevant internal departments determine if any transactions were unknowingly entered into with a related party and the Board is presented with a list of any such transactions, subject to the exceptions identified below, for review. The related party may not participate in any approval of the transaction and must provide to the Board all material information concerning the transaction.

Each of our Chairman and our CEO is authorized to approve a related party transaction in which he is not involved if the total anticipated amount is less than $1 million and he informs the Board of the transaction. In addition, the transactions below are deemed pre-approved without Board review or approval:

- Transactions involving a total amount that does not exceed the greater of $1 million or 2% of the entity's annual consolidated revenues (total consolidated assets in the case of a lender) if no related party who is an individual participates in the actual provision of services or goods to, or negotiations with, us on the entity's behalf or receives special compensation or benefit as a result.
- Charitable contributions if the total amount does not exceed 2% of the recipient's total annual receipts and no related party who is an individual participates in the grant decision or receives any special compensation or benefit as a result.
- Transactions where the interest arises solely from share ownership in Dollar General and all of our shareholders receive the same benefit on a pro rata basis.
- Transactions where the rates or charges are determined by competitive bid.
- Transactions for services as a common or contract carrier or public utility at rates or charges fixed in conformity with law or governmental authority.
- Transactions involving services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.
- Compensatory transactions available on a nondiscriminatory basis to all salaried employees generally, ordinary course business travel expenses and reimbursements, or compensatory arrangements to directors, director nominees or officers or any other related party that have been approved by the Board or an authorized committee.

What related-party transactions existed in 2017 or are planned for 2018?

Ms. Cochran's brother, Stephen Brophy, has been employed by the Company since 2009 and currently serves in a non-officer position. For 2017, Mr. Brophy earned from Dollar General total cash compensation (comprised of his base salary and bonus compensation) of less than $285,000 and received an annual equity award consisting of 1,763 non-qualified stock options and 440 RSUs. In March 2018, Mr. Brophy received an annual equity award consisting of 1,287 non-qualified stock options and 335 RSUs. All equity awards were granted on terms consistent with the annual equity awards received by all Dollar General employees at the same job grade level as Mr. Brophy and on terms substantially similar to the forms of award agreements on file with the SEC. We expect Mr. Brophy's total cash compensation for 2018 to not exceed $295,000. Mr. Brophy also is eligible to participate in employee benefits plans and programs available to our other full-time employees.

Ms. Cochran does not serve on the Compensation Committee which approves decisions pertaining to Mr. Brophy's compensation and she does not participate in his performance evaluations. Mr. Brophy's cash compensation and equity awards are approved by the Compensation Committee pursuant to our related-party transactions approval policy.

Until his retirement on August 31, 2017, Mr. McGuire served as an employee of McKinsey, which has provided management consulting services to Dollar General, and as such he may be deemed to have had an indirect interest in the relationship between our company and McKinsey. While employed by McKinsey, Mr. McGuire led the team that provided the consulting services to Dollar General. For 2017, we paid McKinsey $2 million for the management consulting services.

EXECUTIVE COMPENSATION

This section provides details of fiscal 2017 compensation for our named executive officers: Todd J. Vasos, Chief Executive Officer; John W. Garratt, Executive Vice President and Chief Financial Officer; Jeffery C. Owen, Executive Vice President, Store Operations; Robert D. Ravener, Executive Vice President and Chief People Officer; and Rhonda M. Taylor, Executive Vice President and General Counsel.

Compensation Discussion and Analysis

Overview

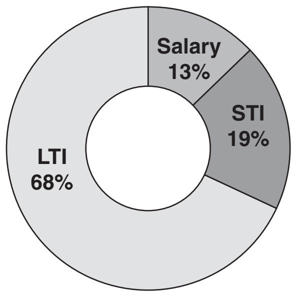
Our executive compensation program is designed to serve the long-term interests of our shareholders. To deliver superior shareholder returns, we believe it is critical to offer a competitive compensation package that will attract, retain, and motivate experienced executives with the requisite expertise. Our program is designed to balance the short-term and long-term components and thus incent achievement of our annual and long-term business strategies, to pay for performance, and to maintain our competitive position in the market in which we compete for executive talent.

Compensation Best Practices. We strive to align our executives' interests with those of our shareholders and to follow sound corporate governance practices.

Compensation Practice		Dollar General Policy
Pay for Performance	✓	A significant portion of targeted direct compensation is linked to the financial performance of key metrics. All of our annual bonus compensation and equity incentive compensation is performance based. See "Pay for Performance."
Robust share ownership guidelines and holding requirements	✓	Our share ownership guidelines and holding requirements create further alignment with shareholders' long-term interests. See "Share Ownership Guidelines and Holding Requirements."
Clawback policy	✓	Performance-based incentive compensation paid or awarded to an executive officer may be recouped, or "clawed back," in certain situations. See "Significant Compensation-Related Actions."
No hedging or pledging Dollar General securities or holding Dollar General securities in margin accounts	✓	Our policy prohibits executive officers and Board members from hedging their ownership of our stock, pledging our securities as collateral, and holding our securities in a margin account. See "Policy Against Hedging and Pledging Transactions."
No excise tax gross-ups and minimal income tax gross-ups	✓	We do not provide tax gross-up payments other than on relocation-related items.
Double-trigger provisions	✓	All equity awards granted since March 2016 include a "double-trigger" vesting provision upon a change in control.
No repricing or cash buyout of underwater stock options without shareholder approval	✓	Our equity incentive plan prohibits repricing underwater stock options, reducing the exercise price of stock options or replacing awards with cash or another award type, without shareholder approval.
Annual compensation risk assessment	✓	At least annually, our Compensation Committee assesses the risk of our compensation program.

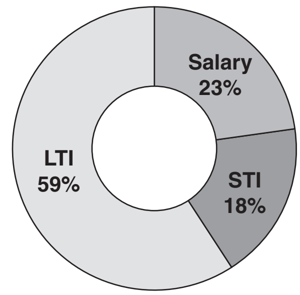
Pay for Performance. Consistent with our philosophy, and as illustrated below, a significant portion of annualized target total direct compensation for our named executive officers in 2017 was performance based and linked to changes in our stock price.

CEO



Variable/At-Risk: 87%

Other NEOs (Average)



Variable/At-Risk: 77%

STI—Short-Term Cash Incentive (Teamshare bonus program)
LTI—Long-Term Equity Incentive (stock options and performance share units)

The following payouts were earned as a result of strong performance versus the financial targets used for our 2017 performance-based compensation:

- **Teamshare Bonus Program:** Each named executive officer earned a payout under our annual Teamshare bonus program of 113.03% of his or her target payout level based on achieving adjusted EBIT (as defined and calculated for purposes of the Teamshare bonus program) of $2.089 billion, or 101.3% of the adjusted EBIT target (see "Short-Term Cash Incentive Plan").

- **Performance Share Units:** The portion of the awards granted in March 2017 subject to 2017 adjusted EBITDA performance were earned at 108.2% of target, based on achieving adjusted EBITDA of $2.484 billion, or 100.8% of the adjusted EBITDA target, and, for the portion subject to 2017 adjusted ROIC performance, 204.0% of target based on achieving adjusted ROIC of 18.69%, or 102.9% of the adjusted ROIC one-year 2017 target, in each case as defined and calculated in the PSU award agreements (see "Significant Compensation-Related Actions" and "Long-Term Equity Incentive Program").

Significant Compensation-Related Actions. The most significant recent compensation-related actions pertaining to our named executive officers include:

- Beginning with the 2017 annual equity awards and Teamshare bonus program, the clawback of performance-based incentive compensation paid or awarded to a named executive officer is allowed in the case of a material financial restatement of our consolidated financial statements resulting from fraud or intentional misconduct on the part of the executive officer.

- Beginning with the March 2017 equity grant, a portion of the vesting of performance share units is based upon the achievement of multi-year financial performance goals, moving the equity incentive program towards a longer-term performance focus.

- Beginning in 2017, our long-term equity incentive program differentiates among individual performance levels by increasing or decreasing each named executive officer's grant value from a baseline target value based on a subjective assessment of a variety of factors.

Shareholder Response. The most recent shareholder advisory vote on our named executive officer compensation was held on May 31, 2017 (our "2017 annual meeting"), based on the three-year frequency approved by our shareholders in 2011. Excluding abstentions and broker non-votes, 94.69% of total votes were cast in support of the program. Because we view this outcome as overwhelmingly supportive of our compensation policies and practices, we do not believe the vote requires consideration of changes to the program. Nonetheless, because market practices and our business needs continue to evolve, we continually evaluate our program and make changes when warranted.

At our 2017 annual meeting, our shareholders expressed a preference that advisory votes on executive compensation occur every year. Consistent with this preference, our Board implemented an annual advisory vote on executive compensation, with the next such advisory vote to be held at our 2018 annual meeting, until the next advisory vote on the frequency of shareholder votes on executive compensation, which will occur no later than our 2023 annual meeting of shareholders.

Philosophy and Objectives

We strive to attract, retain, and motivate persons with superior ability, to reward outstanding performance, and to align the long-term interests of our named executive officers with those of our shareholders. The material compensation principles applicable to the compensation of our named executive officers are outlined below:

- In determining total compensation, we consider the reasonable range of the median of total compensation of comparable positions at companies within our market comparator group, while accounting for distinct circumstances not reflected in the market data such as unique job descriptions as well as our particular niche in the retail sector and the impact that a particular officer may have on our ability to meet business objectives. For competitive or other reasons, our levels of total compensation or any component of compensation may exceed or be below the median range of our market comparator group.
- We set base salaries to reflect the responsibilities, experience, performance, and contributions of the named executive officers and the salaries for comparable benchmarked positions, while maintaining an appropriate balance between base salary and incentive compensation.
- We reward named executive officers who enhance our performance by linking cash and equity incentives to the achievement of our financial goals.
- We promote share ownership to align the interests of our named executive officers with those of our shareholders.
- In approving compensation arrangements, we consider recent compensation history, including special or unusual compensation payments.

We have employment agreements with the named executive officers to promote executive continuity, aid in retention, and secure valuable protections for Dollar General, such as non-compete, non-solicitation, and confidentiality obligations, as well as to facilitate implementation of our clawback policy.

Oversight and Process

Oversight. The Compensation Committee of our Board of Directors, consisting entirely of independent directors, determines and approves the compensation of our named executive officers. The independent members of our Board are provided the opportunity to ratify the Committee's determinations pertaining to the level of CEO compensation.

Use of Outside Advisors. The Compensation Committee has selected Pearl Meyer to serve as its compensation consultant and has determined that Pearl Meyer is independent and that its work has not raised any conflicts of interest. When requested by the Committee, a Pearl Meyer representative attends Committee meetings and participates in private sessions with the Committee, and Committee members are free to consult directly with Pearl Meyer as desired.

The Committee (or its Chairman) determines the scope of Pearl Meyer's services and has approved a written agreement that details the terms under which Pearl Meyer will provide independent advice to the Committee. The approved scope of Pearl Meyer's work generally includes the performance of analyses and provision of independent advice related to our executive and non-employee director compensation programs and related matters in support of the Committee's decisions, and more specifically, includes performing preparation work associated with Committee meetings, providing advice in areas such as compensation philosophy, compensation risk assessment, market comparator group, incentive plan design, executive compensation disclosure, emerging best practices and changes in the regulatory environment, and providing competitive market studies. Pearl Meyer, along with management, also prepares benchmarking data for consideration by the Committee in making decisions on items such as base salary, the Teamshare bonus program, and the long-term incentive program.

Management's Role. Financial performance targets used in our incentive compensation programs typically are derived from our annual financial plan prepared by our executive management team and reviewed and approved by our Board of Directors, and, at the Committee's request, members of our finance department assist the Committee in developing these financial performance targets. Messrs. Vasos and Ravener and non-executive members of the human resources group provide assistance to the Compensation Committee and Pearl Meyer regarding executive compensation matters, including conducting research, compiling data and making recommendations regarding compensation amount, mix, and program structure alternatives, market comparator group composition and compensation-related governance practices, as well as providing information to and coordinating with Pearl Meyer as requested. Additionally, Ms. Taylor may provide legal advice to the Committee regarding executive compensation and related governance and legal matters and contractual arrangements from time to time. Although these recommendations may impact each of such officers' compensation to the extent they participate in the plans and programs, none of such officers make recommendations to the Committee regarding their specific compensation. For the role of management in named executive officers' performance evaluations, see "Use of Performance Evaluations" below. Although the Committee values and solicits management's input, it retains and exercises sole authority to make decisions regarding named executive officer compensation.

Use of Performance Evaluations. The Compensation Committee, together with the Chairman of the Board, assesses the performance of the CEO, and the CEO evaluates and reports to the Committee on the performance of each of the other named executive officers, in each case versus previously established goals. The Committee also has input into each named executive officer's performance evaluation. These evaluations are subjective; no objective criteria or relative weighting is assigned to any individual goal or factor.

Performance ratings serve as an eligibility threshold for base salary increases and directly impact the amount of a named executive officer's annual base salary increase. The Committee starts with the percentage base salary increase that equals the overall budgeted increase for our U.S.-based employee population and approves differing merit increases to base salary based upon each named executive officer's individual performance rating. The Committee then considers whether additional adjustments are necessary to reflect performance, responsibilities or qualifications; to bring pay within a reasonable range of the market comparator group; due to a change in role or duties; to achieve a better balance between base salary and incentive compensation; or for other reasons the Committee believes justify a variance from the merit increase.

Performance evaluation results have the potential to affect the amount of Teamshare bonus payout because the Committee is allowed to adjust payments downward within certain limitations depending upon the named executive officer's performance rating. The Committee did not exercise any such negative discretion for the 2017 Teamshare payouts to named executive officers.

An unsatisfactory performance rating will reduce the number of, or completely eliminate, stock options awarded to the named executive officer in the following year. None of the named executive officers received an unsatisfactory performance rating for 2016 or 2017. In addition, beginning in 2017, to allow for differentiation among performance levels of the named executive officers, individual performance, along with other factors including company performance, department performance, retention, and succession, were used as part of a subjective assessment to determine whether each named executive officer's equity award value should be increased or decreased from the baseline target that is derived from benchmarking information.

Use of Market Benchmarking Data. The Compensation Committee approves, periodically reviews, and utilizes a market comparator group when making compensation decisions (see "Philosophy and Objectives"). The market comparator group data typically is considered annually for base salary adjustments, target equity award values, Teamshare target bonus opportunities, and total direct compensation, and periodically when considering structural changes to our executive compensation program. The Committee most recently updated our market comparator group in December 2015 to include several retail and distribution companies with a broad range of products and to exclude certain companies focused on apparel.

Our market comparator group consists of companies selected according to their similarity to our operations, services, revenues, markets, availability of information, and any other information the Committee deems appropriate. Such companies are likely to have executive positions comparable in breadth, complexity, and scope of responsibility to ours. Thus, our market comparator group for 2017 compensation decisions consisted of:

Aramark	Dollar Tree	Rite Aid	Sysco
AutoZone	Kohl's	Ross Stores	TJX Companies
Bed, Bath & Beyond	L Brands	Staples	Tractor Supply
Best Buy	Office Depot	Starbucks	Yum! Brands
Dicks Sporting Goods			

Pearl Meyer annually provides market data for the CEO, to ensure that the Committee is aware of any significant movement in CEO compensation levels within the market comparator group, and biennially for each named executive officer position below CEO. In alternating years, the Committee uses the prior year data after applying an aging factor recommended by Pearl Meyer. For 2017 CEO and non-CEO compensation decisions, the Committee considered non-aged data provided by Pearl Meyer from the market comparator group.

Elements of Named Executive Officer Compensation

We provide compensation in the form of base salary, short-term cash incentives, long-term equity incentives, benefits, and limited perquisites. We believe each of these elements is a necessary component of the total compensation package and is consistent with compensation programs at companies with whom we compete both for business and talent.

Mr. Vasos's 2017 Compensation Generally. The Compensation Committee considered the base salary, short-term incentive, and long-term incentive components of Mr. Vasos's compensation, as well as his total compensation, in each case in comparison to the market comparator group (see "Use of Market Benchmarking Data") and in light of both his fiscal 2016 performance and experience level, as well as our pay for performance philosophy and the other relevant compensation principles (see

"Philosophy and Objectives"). As a result of such considerations, the Committee determined that the most appropriate way to reward Mr. Vasos for his 2016 overall performance and continue to move him closer to the median of the market comparator group benchmarking data in 2017 was to increase his target short-term incentive bonus opportunity and the target grant value of his 2017 equity award. The Committee agreed that these changes resulted in a 2017 target total compensation opportunity that was within a reasonable range of the market comparator group data in light of Mr. Vasos's overall 2016 performance in the CEO role and his years of experience in the role as compared to other CEOs in the market comparator group.

2017 Compensation of Named Executive Officers Other than Mr. Vasos Generally. The Compensation Committee considered the base salary, short-term incentive, and long-term incentive components, and total compensation of the non-CEO named executive officers, in each case in comparison to the market comparator group (see "Use of Market Benchmarking Data"), as well as each such officer's performance (see "Use of Performance Evaluations"). As a result of such considerations, for each non-CEO named executive officer the Committee approved an increase in the short-term incentive target from 65% to 75% of base salary and in the long-term incentive grant value target, before adjustments based on individual performance, from $1.1 million to $1.5 million in order to improve the competitiveness of total compensation as compared to the market comparator group, while maintaining an appropriate balance between short-term incentive compensation, long-term incentive compensation, and base salary. However, in order to allow for differentiation among individual performance levels of the non-CEO named executive officers, the Committee then approved adjustments to the $1.5 million target long-term incentive grant value based on each such officer's subjective performance evaluation results which took into account a variety of factors, including company performance, department performance, individual performance, retention, and succession (see "Use of Performance Evaluations").

The Committee further approved base salary merit increases in accordance with each non-CEO named executive officer's 2016 performance rating within the limitations of the overall U.S. merit budget increase for 2017 of 3.0%, and after reviewing the proposed total target compensation, excluding the long-term incentive grant value adjustments based on performance, of each such officer against the market comparator group data, the Committee determined that total compensation for each such officer other than Mr. Garratt remained within a reasonable range of the market comparator group median and reflected the responsibilities of the position and the experience and contributions of the individual. However, to better reflect the responsibilities of his position, his experience and contributions, and to more closely align his total target compensation with the market comparator group median, the Committee approved an additional base salary adjustment for Mr. Garratt.

Base Salary. Base salary promotes our recruiting and retention objectives by reflecting the salaries for comparable positions in the competitive marketplace, rewarding strong performance, and providing a stable and predictable income source for our executives. Our employment agreements with the named executive officers set forth minimum base salary levels, but the Compensation Committee retains sole discretion to increase these levels from time to time. The Committee routinely considers annual base salary adjustments in March.

(a) *Salary Adjustment for Mr. Vasos.* The Compensation Committee determined that Mr. Vasos should receive a 3.0% base salary increase, resulting in a base salary of $1,133,000, effective April 1, 2017. The Committee determined that this increase was consistent with the overall budgeted merit increase for U.S. employees and appropriate in light of the sizable annual equity grant value increase he received in 2017, the significant increase to his 2017 short-term incentive bonus opportunity, and the significant increase to his base salary received in conjunction with his promotion to CEO in May 2015 and again on April 1, 2016.

(b) *Salary Adjustments for Named Executive Officers Other than Mr. Vasos.* For the reasons outlined above under "2017 Compensation of Named Executive Officers Other than Mr. Vasos Generally," Mr. Garratt received a 19.46% base salary increase, Mr. Owen and Ms. Taylor received a 2.69% base salary increase, and Mr. Ravener received a 3.69% base salary increase (see "Use of Performance Evaluations" and "Use of Market Benchmarking Data"). In each case, the salary adjustment became effective on April 1, 2017.

Short-Term Cash Incentive Plan. For 2017, our short-term cash incentive plan, called Teamshare, was established under the shareholder-approved Amended and Restated Dollar General Corporation Annual Incentive Plan ("Annual Incentive Plan"). The Teamshare program provides an opportunity to receive a cash bonus payment equal to a certain percentage of base salary based upon Dollar General's achievement of one or more pre-established financial performance targets. Accordingly, Teamshare fulfills an important part of our pay for performance philosophy while aligning the interests of our named executive officers and our shareholders.

(a) *2017 Teamshare Structure.* The Compensation Committee uses adjusted EBIT as the Teamshare financial performance measure because it is a comprehensive measure of our corporate performance that the Committee believes aligns with our shareholders' interests. For purposes of the 2017 Teamshare program, adjusted EBIT is defined as our operating profit as calculated in accordance with U.S. generally accepted accounting principles, but excludes the impact of (a) costs, fees and expenses directly related to consideration, negotiation, preparation, or consummation of any transaction that results in a Change in Control (within the meaning of our Stock Incentive Plan) or to any securities offering; (b) disaster-related charges; (c) gains or losses associated with our LIFO computation; and (d) unless the Committee disallows any such item, (i) any unbudgeted loss as a result of the resolution of a legal matter or (ii) any unplanned loss(es), net of related unplanned gains, of a non-recurring nature, provided that in the case of each of (i) and (ii) such amount equals or exceeds $1 million for a single loss or net loss, as applicable, and $10 million in the aggregate.

The Committee used an adjusted EBIT performance goal of approximately $2.062 billion as the target for the 2017 Teamshare program, which was derived from our 2017 financial plan but adjusted to appropriately account for matters that were not contemplated at the time the 2017 financial plan was approved by the Board, including adjustments necessary as a result of the Committee's deviation from historical adjustment authorization practices. The Committee retained the threshold (below which no bonus may be earned) and maximum (above which no further bonus may be earned) performance levels at 90% and 120% of the target level, respectively. These threshold and maximum performance levels were again used, as they appropriately align pay and performance and are reasonably consistent with the practices of our market comparator group. Payouts for financial performance are based on actual results and are interpolated on a straight-line basis between threshold and target and between target and maximum.

The bonus payable to each named executive officer upon achieving the target level of financial performance is equal to the applicable percentage of base salary shown in the table below, subject to the Committee's exercise of negative discretion based on the individual's performance (see "Use of Performance Evaluations"). These percentages for each non-CEO named executive officer increased from those in effect at the end of the prior year (65%) for the reasons outlined under "2017 Compensation of Named Executive Officers Other than Mr. Vasos Generally." Mr. Vasos's percentage also was increased from the prior year for the reasons outlined above under "Mr. Vasos's 2017 Compensation Generally."

Name	Target % of Base Salary*
Mr. Vasos	150
All other named executive officers	75

* For all named executive officers, payout percentages at the threshold and maximum performance levels would be calculated at 50% and 300%, respectively, of the applicable target percentage of base salary.

(b) *2017 Teamshare Results.* The Compensation Committee certified the adjusted EBIT performance result at $2.089 billion (101.3% of target) resulting in 2017 Teamshare payouts to each of the named executive officers of 113.03% of the target percentages set forth in the table above. Such amounts are reflected in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table.

Long-Term Equity Incentive Program. Long-term equity incentives are an important part of our pay for performance philosophy and are designed to motivate named executive officers to focus on long-term success for shareholders while rewarding them for a long-term commitment to us. The Compensation Committee considers annual equity awards each March at its regular quarterly meeting and considers special equity awards as necessary in connection with one-time events such as a new hire, promotion, or special performance. Equity awards are made under our shareholder-approved Stock Incentive Plan.

(a) *2017 Equity Award for Mr. Vasos.* After considering the market comparator group data pertaining to long-term incentive compensation, the Compensation Committee determined to provide Mr. Vasos with a $6.0 million target grant value for his 2017 equity grant. The Committee believed the $6.0 million target grant value of this equity award was within a reasonable range of the market comparator group data in light of Mr. Vasos's time in the CEO role as compared to other CEOs in the market comparator group and in light of his total target compensation given his increase in Teamshare bonus opportunity for 2017. The Committee further determined that Mr. Vasos's annual equity grant should reflect a mix of 50% stock options and 50% PSUs, as this mix remained reasonably well aligned with the practices of the market comparator group, and approved the award in accordance with the terms outlined in "2017 Annual Equity Awards for Named Executive Officers Other than Mr. Vasos" below.

(b) *2017 Annual Equity Awards for Named Executive Officers Other than Mr. Vasos.* Each year, the Compensation Committee determines a targeted equity award value for each named executive officer derived from benchmarking information and the appropriate mix of vehicles in which to deliver such targeted value (see "Use of Market Benchmarking Data"), but then adjusts that value up or down based on a subjective assessment of a variety of factors including company performance, department performance, individual performance, retention, and succession. In 2017, the equity mix was delivered 50% in options and 50% in PSUs, as this mix remained reasonably well aligned with the practices of the market comparator group. For the reasons outlined above in "2017 Compensation of Named Executive Officers Other than Mr. Vasos Generally," the grant value target for each non-CEO named executive officer, before adjustments based on individual performance, was increased from $1.1 million to $1.5 million, and then the Committee approved individual adjustments to the $1.5 million target based on a subjective assessment of the factors listed above. As a result, the non-CEO named executive officers received the following targeted grant values: Messrs. Garratt and Owen ($1.4 million), Mr. Ravener ($1.5 million), and Ms. Taylor ($1.45 million).

The options are granted with a per share exercise price equal to the fair market value of one share of our common stock on the grant date. The options vest 25% annually on April 1 of each of the four fiscal years following the fiscal year in which the grant is made, subject to the named executive officer's continued employment with us and certain accelerated vesting provisions, and have a term of ten years. The PSUs can be earned if specified performance goals are achieved during the applicable performance periods and if certain additional vesting requirements are met as discussed more specifically below.

For PSUs the Committee selects and sets targets for financial performance measures, then establishes threshold and maximum levels of performance derived from those targets. The number of PSUs earned depends on the level of financial performance achieved versus the goals. The Committee selected adjusted EBITDA and adjusted ROIC as the financial performance measures for the 2017 PSUs. Half of the award is subject to adjusted EBITDA performance and half of the award is subject to adjusted ROIC performance. The Committee believes that these financial measures and the mix between them appropriately balance the emphasis placed upon earnings performance as well as rigorous capital management over the long-term.

For the 2017 PSU grant, a one-year performance period corresponding to our 2017 fiscal year was established for the portion of the PSUs which are subject to the adjusted EBITDA performance measure in order to incent maximization of earnings each year relative to the revenue environment. The adjusted EBITDA performance goal of approximately $2.464 billion was derived from our 2017 financial plan, but adjusted to appropriately account for matters that were not contemplated at the time the 2017 financial plan was approved by the Board. The portion of the PSUs which are subject to an adjusted ROIC performance measure were divided into three equal parts, each subject to its own performance goal and performance period, in order to include a longer-term performance focus and more closely align with the market comparator group practice. The three performance goals are subject to one-year, two-year, and three-year performance periods, each beginning the first day of our 2017 fiscal year and extending through the last day of our 2017, 2018, and 2019 fiscal years, respectively, and are based on the average of adjusted ROIC for each fiscal year within the applicable performance period. The first performance goal (18.17%) was derived from our 2017 financial plan, but adjusted to appropriately account for matters that were not contemplated at the time the 2017 financial plan was approved by the Board, and the 2nd and 3rd performance goals (each 18.18%) were derived from our three-year financial plan as it existed at the time the PSUs were awarded (including adjustments for the 2017 financial plan outlined above). The Committee believes this use of adjusted ROIC incentivizes a focus on continued strong return on invested capital as our company continues to grow.

Adjusted EBITDA is calculated as income (loss) from continuing operations before cumulative effect of change in accounting principles plus interest and other financing costs, net, provision for income taxes, and depreciation and amortization, but excludes the impact of all items excluded from the 2017 Teamshare program adjusted EBIT calculation outlined above. Adjusted ROIC for each performance period, as applicable, is calculated as (a) the result of (x) the sum of (i) our operating income, plus (ii) depreciation and amortization, plus (iii) minimum rentals for 2017 and 2018 and single lease cost for 2019, minus (y) taxes, divided by (b) the result of (x) the sum of the averages of: (i) total assets, excluding any assets associated with the adoption of new lease accounting standards in 2019, plus (ii) accumulated depreciation and amortization, minus (y) (i) cash, minus (ii) goodwill, minus (iii) accounts payable, minus (iv) other payables, minus (v) accrued liabilities, plus (vi) 8x minimum rentals for 2017 and 2018 and 8x single lease cost for 2019 (with all of the foregoing terms determined per our financial statements for each fiscal year within the applicable performance period) but excludes the impact of all items excluded from the 2017 Teamshare program adjusted EBIT calculation outlined above, as well as, in 2019, impacts related to changes to lease accounting rules. For 2017, when calculating performance, the Committee additionally exercised its inherent negative discretion under Section 162(m) of the Internal Revenue Code to adjust ROIC for the material positive impact of the

Tax Cuts and Jobs Act driven by both the benefit associated with the remeasurement of deferred tax assets and liabilities and for the ongoing federal corporate tax rate reduction that went into effect near the end of the Company's 2017 fiscal year.

The following table shows how the PSUs would be earned at each of the threshold, target, and maximum performance levels for the three performance periods. PSUs earned for financial performance between these levels are interpolated in a manner similar to that used for our 2017 Teamshare bonus program, and the number of PSUs earned could vary between 0% and 300% of the target award. The following tables also show the actual results of the 2017 financial performance measures and the actual number of PSUs earned.

	Adjusted EBITDA			Adjusted ROIC		
Level	**Result v. Target (%)**	**EBITDA Result ($) (in billions)**	**PSUs Earned (% of Target)**	**Result v. Target (%)**	**ROIC Result (%)**	**PSUs Earned (% of Target)**
2017:						
Below Threshold	<90	<2.217	0	<94.5	<17.17	0
Threshold	90	2.217	50	94.5	17.17	50
Target	100	2.464	100	100.0	18.17	100
Maximum	120	2.957	300	105.5	19.17	300
2017 Results	**100.8**	**2.484**	**108.2**	**102.9**	**18.69**	**204.0**

	Adjusted ROIC		
Level	**Result v. Target (%)**	**ROIC Result (%)**	**PSUs Earned (% of Target)**
2017-2018 & 2017-2019:			
Below Threshold	<94.5	<17.18	0
Threshold	94.5	17.18	50
Target	100.0	18.18	100
Maximum	105.5	19.18	300

Name	**2017 PSUs Earned**
Mr. Vasos	35,496
Mr. Garratt	8,285
Mr. Owen	8,285
Mr. Ravener	8,877
Ms. Taylor	8,581

One-third of the PSUs earned by each named executive officer for fiscal 2017 adjusted EBITDA performance will vest in equal installments on April 1, 2018, April 1, 2019, and April 1, 2020, and all of the PSUs earned by each named executive officer for adjusted ROIC performance during the first performance period will vest on April 1, 2018, subject to the named executive officer's continued employment with us and certain accelerated vesting provisions. Subject to certain pro-rata vesting conditions, the PSUs earned, if any, by each named executive officer for adjusted ROIC performance during the second and third performance periods will vest on April 1, 2019 and April 1, 2020, respectively, in each case subject to the named executive officer's continued employment with us and certain accelerated vesting provisions. All vested PSUs will be settled in shares of our common stock.

(c) *Share Ownership Guidelines and Holding Requirements.* Our senior officers are subject to share ownership guidelines and holding requirements. The share ownership guideline is a multiple of annual base salary as in effect from time to time and is to be achieved within a five-year time period.

Officer Level	Multiple of Base Salary
CEO	5X
EVP	3X
SVP	2X

Each senior officer is required to retain ownership of 50% of all net after-tax shares issuable upon vesting or exercise of compensatory awards until he or she reaches the target ownership level. Administrative details pertaining to these matters are established by the Compensation Committee.

(d) *Policy Against Hedging and Pledging Transactions.* Our policy prohibits Board members and executive officers from (1) pledging Dollar General securities as collateral, (2) holding Dollar General securities in a margin account, and (3) hedging their ownership of Dollar General stock, such as entering into or trading prepaid variable forward contracts, equity swaps, collars, puts, calls, options (other than those granted by us) or other derivative instruments related to Dollar General stock.

Benefits and Perquisites. Our named executive officers participate in certain benefits on the same terms that are offered to all of our salaried employees. We also provide them with limited additional benefits and perquisites for retention and recruiting purposes, to replace benefit opportunities lost due to regulatory limits, and to enhance their ability to focus on our business. We do not provide tax gross-up payments on any benefits and perquisites other than relocation-related items. The primary additional benefits and perquisites include the following:

- We provide a Compensation Deferral Plan (the "CDP") and, for named executive officers hired or promoted prior to May 28, 2008, a defined contribution Supplemental Executive Retirement Plan (the "SERP," and together with the CDP, the "CDP/SERP Plan").
- We pay the premiums for a life insurance benefit equal to 2.5 times base salary up to a maximum of $4 million.
- We provide a salary continuation program that provides income replacement for up to 26 weeks at 100% of base salary for the first three weeks and 70% of base salary thereafter. In addition to the income replacement benefit, we also pay administrative fees associated with the program. We also pay the premiums under a group long-term disability plan that provides 60% of base salary up to a maximum monthly benefit of $20,000.
- We provide a relocation assistance program under a policy applicable to officer-level employees.
- We provide personal financial and estate planning and tax preparation services through a third party.

Severance Arrangements

As noted above, we have an employment agreement with each of our named executive officers that, among other things, provides for such executive's rights upon a termination of employment in exchange for valuable business protection provisions for us. We believe that reasonable severance benefits are appropriate to protect the named executive officer against circumstances over which he or she does not have control and as consideration for the promises of non-disclosure, non-competition, non-solicitation, and non-interference, as well as the clawback rights, that we require in our employment agreements. A change in control, by itself ("single trigger"), does not trigger any severance provision applicable to our named executive officers, except for the provisions related to outstanding equity awards granted prior to 2016. Equity awards granted in or after 2016 do not provide for single trigger vesting acceleration but rather require a termination event within a certain period of time following a change in control to accelerate vesting of such equity awards.

Considerations Associated with Regulatory Requirements

Under Section 162(m) of the Internal Revenue Code, we generally may not take a tax deduction for individual compensation over $1 million paid in any taxable year to each of the persons that meet the definition of a covered employee under Section 162(m). For fiscal 2017, covered employees were those who were, at the end of the fiscal year, our CEO or one of the other named executive officers (other than our Chief Financial Officer, or "CFO"). As a result of U.S. tax law changes, for fiscal years beginning after December 31, 2017, an individual who is a covered employee for any taxable year beginning after December 31, 2016 will continue to be a covered employee for all subsequent taxable years, and the definition of covered employee will include, in addition to those who were, at the end of the fiscal year, one of our named executive officers (other than the CEO or CFO), anyone who held the position of CEO or CFO at any time during the fiscal year.

Prior to the U.S. tax law changes, certain performance-based compensation was exempt from the Section 162(m) deduction limit. The PSUs and stock options granted prior to 2018 under our Stock Incentive Plan, as well as the 2017 Teamshare cash incentive program under our Annual Incentive Plan, were intended to meet the requirements of this performance-based compensation exemption. However, for tax years beginning after December 31, 2017, the performance-based compensation exemption will be eliminated unless the compensation qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017. At this time, we do not believe that the PSUs granted in 2017 and a portion of our 2017 Teamshare program will qualify for the exemption from the deduction limit under the transition relief provisions.

The Compensation Committee continues to view the tax deductibility of executive compensation as one of many factors to be considered in the context of its overall compensation philosophy and therefore reserves the right to approve compensation that may not be deductible in situations it deems appropriate.

Compensation Committee Report

The Compensation Committee of our Board of Directors reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K and, based on such review and discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this document.

This report has been furnished by the members of the Compensation Committee:

- Patricia D. Fili-Krushel, Chairperson
- Warren F. Bryant
- Timothy I. McGuire

The above Compensation Committee Report does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Dollar General filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent Dollar General specifically incorporates this report by reference therein.

Summary Compensation Table

The following table summarizes compensation paid to or earned by our named executive officers in each of the 2017, 2016, and 2015 fiscal years. We have omitted from this table the columns for "Bonus" and "Change in Pension Value and Nonqualified Deferred Compensation Earnings" because they are inapplicable.

Name and Principal Position(1)	Year	Salary ($)(2)	Stock Awards ($)(3)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)(5)	All Other Compensation ($)	Total ($)
Todd J. Vasos,	2017	1,127,543	2,847,697	2,827,461	1,921,028	82,680(6)	8,806,409
Chief Executive Officer	2016	1,083,375	2,317,164	4,194,777	915,411	82,561	8,593,288
	2015	926,605	808,022	5,932,285	956,548	99,541	8,723,001
John W. Garratt,	2017	597,256	664,463	659,739	520,441	60,636(7)	2,502,535
Executive Vice President &	2016	511,603	637,226	655,955	277,981	47,247	2,130,012
Chief Financial Officer	2015	339,405	180,374	303,694	199,223	66,150	1,088,846
Jeffery C. Owen,	2017	630,529	664,463	659,739	536,861	64,747(8)	2,556,339
Executive Vice President,	2016	613,924	637,226	655,955	333,578	55,863	2,296,546
Store Operations							
Robert D. Ravener,	2017	558,365	711,960	706,865	476,167	58,040(9)	2,511,397
Executive Vice President &	2016	538,841	637,226	655,955	293,012	50,734	2,175,768
Chief People Officer	2015	521,999	592,530	599,657	372,291	50,700	2,137,177
Rhonda M. Taylor,	2017	554,396	688,211	683,302	472,039	92,365(10)	2,490,313
Executive Vice President &	2016	539,371	637,226	655,955	293,300	95,609	2,221,461
General Counsel	2015	515,645	592,530	599,657	362,026	66,702	2,136,560

(1) Mr. Vasos served as Chief Operating Officer from November 2013 until his promotion to CEO in June 2015. Mr. Garratt joined Dollar General in October 2014 as Senior Vice President, Finance and Strategy, assumed the role of interim Chief Financial Officer in July 2015, and was promoted to Executive Vice President and Chief Financial Officer in December 2015. Mr. Owen joined Dollar General in June 2015 but was not a named executive officer for 2015.

(2) Each named executive officer deferred under the CDP and contributed to our 401(k) Plan a portion of salary earned in each of the fiscal years for which salaries are reported above for the applicable named executive officer. The amounts of the fiscal 2017 salary deferrals under the CDP are included in the Nonqualified Deferred Compensation Table.

(3) The amounts reported represent the aggregate grant date fair value of PSUs and, for 2015, RSUs awarded in each fiscal year for which compensation is required to be reported in the table for each named executive officer, in each case computed in accordance with FASB ASC Topic 718. The PSUs are subject to performance conditions, and the reported value at the grant date is based upon the probable outcome of such conditions on such date. The values of the PSUs at the grant date assuming that the highest level of performance conditions will be achieved are as follows for each fiscal year required to be reported for each applicable named executive officer:

Fiscal Year	Mr. Vasos ($)	Mr. Garratt ($)	Mr. Owen ($)	Mr. Ravener ($)	Ms. Taylor ($)
2017	8,543,092	1,993,388	1,993,388	2,135,879	2,064,633
2016	6,951,492	1,911,679	1,911,679	1,911,679	1,911,679
2015	1,212,033	270,561	N/A	888,794	888,794

Information regarding the assumptions made in the valuation of these awards is set forth in Note 9 of the annual consolidated financial statements in our 2017 Form 10-K.

(4) The amounts reported represent the aggregate grant date fair value of stock options awarded to the applicable named executive officer in the fiscal year indicated, computed in accordance with FASB ASC Topic 718. Information regarding assumptions made in the valuation of these awards is set forth in Note 9 of the annual consolidated financial statements in our 2017 Form 10-K.

(5) Represents amounts earned pursuant to our Teamshare bonus program for each fiscal year reported. See the discussion of the "Short-Term Cash Incentive Plan" in "Compensation Discussion and Analysis" above. Mr. Vasos deferred 5% of his fiscal 2017 Teamshare bonus payment reported above under the CDP. Messrs. Vasos and Garratt each deferred 5% of his fiscal 2016 Teamshare bonus payment reported above under the CDP. Mr. Vasos deferred 5% of his fiscal 2015 Teamshare bonus payment reported above under the CDP.

(6) Includes $42,740 and $13,631, respectively, for our match contributions to the CDP and the 401(k) Plan; $2,362 for premiums paid under our life insurance program; and $23,947 which represents the aggregate incremental cost of providing certain perquisites, including $19,567 for financial and estate planning services and other amounts for perquisites which individually did not equal or exceed the greater of $25,000 or 10% of total perquisites, including costs associated with attendance by him and his guests at entertainment events, premiums paid under our group long-term disability program, miscellaneous gifts, nominal incremental costs incurred for a guest to accompany him on business, and an administrative fee for coverage under our short-term disability program, as well as participation in a group umbrella liability insurance program offered at no incremental cost to Dollar General through a third party vendor at a group rate paid by the executive and coverage under our business travel accident insurance for which Dollar General pays a flat fee for the eligible employee population but incurs no incremental cost as a result of the participation by the named executive officers.

(7) Includes $15,946 and $13,896, respectively, for our match contributions to the CDP and the 401(k) Plan; $1,254 for premiums paid under our life insurance program; and $29,540 which represents the aggregate incremental cost of providing certain perquisites, including $19,567 for costs associated with financial and estate planning services, $5,000 of directed charitable donations, and other amounts for perquisites which individually did not equal or exceed the greater of $25,000 or 10% of total perquisites, including costs associated with attendance by him and his guests at entertainment events, premiums paid under our group long-term disability program, an executive physical medical examination, miscellaneous gifts, and an administrative fee for coverage under our short-term disability program, as well as participation in a group umbrella liability insurance program offered at no incremental cost to Dollar General through a third party vendor at a group rate paid by the executive and coverage under our business travel accident insurance for which Dollar General pays a flat fee for the eligible employee population but incurs no incremental cost as a result of the participation by the named executive officers.

(8) Includes $17,957 and $13,566, respectively, for our match contributions to the CDP and the 401(k) Plan; $1,321 for premiums paid under our life insurance program; and $31,903 which represents the aggregate incremental cost of providing certain perquisites, including $19,567 for costs associated with financial and estate planning services, $5,000 of directed charitable donations, and other amounts for perquisites which individually did not equal or exceed the greater of $25,000 or 10% of total perquisites, including costs associated with attendance by him and his guests at entertainment events, premiums paid under our group long-term disability program, miscellaneous gifts, and an administrative fee for coverage under our short-term disability program, as well as participation in a group umbrella liability insurance program offered at no incremental cost to Dollar General through a third party vendor at a group rate paid by the executive and coverage under our business travel accident insurance for which Dollar General pays a flat fee for the eligible employee population but incurs no incremental cost as a result of the participation by the named executive officers.

(9) Includes $14,335 and $13,579, respectively, for our match contributions to the CDP and the 401(k) Plan; $1,170 for premiums paid under our life insurance program; and $28,956 which represents the aggregate incremental cost of providing certain perquisites, including $19,567 for financial and estate planning services, $5,000 of directed charitable donations, and other amounts for perquisites which individually did not equal or exceed the greater of $25,000 or 10% of total perquisites, including costs associated with attendance by him and his guests at entertainment events, premiums paid under our group long-term disability program, an executive physical medical examination, miscellaneous gifts, nominal incremental costs incurred for his spouse to accompany him on business, and an administrative fee for coverage under our short-term disability program, as well as participation in a group umbrella liability insurance program offered at no incremental cost to Dollar General through a third party vendor at a group rate paid by the executive and coverage under our business travel accident insurance for which Dollar General pays a flat fee for the eligible employee population but incurs no incremental cost as a result of the participation by the named executive officers.

(10) Includes $63,486 for our contribution to the SERP and $14,159 and $13,558, respectively, for our match contributions to the CDP and the 401(k) Plan; and $1,162 for premiums paid under our life insurance program. Perquisites and personal benefits totaled less than $10,000 and accordingly are not included in the table.

Grants of Plan-Based Awards in Fiscal 2017

The table below shows each named executive officer's fiscal 2017 Teamshare bonus opportunity under "Estimated Possible Payouts Under Non-Equity Incentive Plan Awards." Actual amounts earned under the fiscal 2017 Teamshare program are shown in the Summary Compensation Table and, for those who received such payments, represent prorated payment on a graduated scale for financial performance between the target and maximum performance levels. See "Short-Term Cash Incentive Plan" in "Compensation Discussion and Analysis" for discussion of such Teamshare program.

The table below also shows information regarding equity awards made to our named executive officers for fiscal 2017, all of which were granted pursuant to our Stock Incentive Plan. The awards listed under "Estimated Future Payouts Under Equity Incentive Plan Awards" include the threshold, target, and maximum number of PSUs which could be earned by each named executive officer based upon the level of achievement of the applicable financial performance measures. The awards listed under "All Other Option Awards" include non-qualified stock options that vest over time based upon the applicable named executive officer's continued employment by Dollar General. See "Long-Term Equity Incentive Program" in "Compensation Discussion and Analysis" above for further discussion of these awards. We have omitted from this table the column for "All Other Stock Awards" because it is inapplicable.

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards					
Name	**Grant Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (#)**	**Target (#)**	**Maximum (#)**	**All Other Option Awards: Number of Securities Underlying Options (#)**	**Exercise or Base Price of Option Awards ($/Sh)[1]**	**Grant Date Fair Value of Stock and Option Awards ($)[2]**
Mr. Vasos	—	849,750	1,699,500	5,098,500	—	—	—	—	—	—
	03/22/17	—	—	—	—	—	—	161,512	70.68	2,827,461
	03/22/17	—	—	—	20,145	40,290	120,870	—	—	2,847,697
Mr. Garratt	—	230,213	460,425	1,381,275	—	—	—	—	—	—
	03/22/17	—	—	—	—	—	—	37,686	70.68	659,739
	03/22/17	—	—	—	4,701	9,401	28,203	—	—	664,463
Mr. Owen	—	237,476	474,952	1,424,855	—	—	—	—	—	—
	03/22/17	—	—	—	—	—	—	37,686	70.68	659,739
	03/22/17	—	—	—	4,701	9,401	28,203	—	—	664,463
Mr. Ravener	—	210,628	421,256	1,263,769	—	—	—	—	—	—
	03/22/17	—	—	—	—	—	—	40,378	70.68	706,865
	03/22/17	—	—	—	5,037	10,073	30,219	—	—	711,960
Ms. Taylor	—	208,802	417,605	1,252,814	—	—	—	—	—	—
	03/22/17	—	—	—	—	—	—	39,032	70.68	683,302
	03/22/17	—	—	—	4,869	9,737	29,211	—	—	688,211

(1) The per share exercise price was calculated based on the closing market price of one share of our common stock on the date of grant as reported by the NYSE.

(2) Represents the aggregate grant date fair value of each equity award, computed in accordance with FASB ASC Topic 718. For equity awards that are subject to performance conditions, the value at the grant date is based upon the probable outcome of such conditions. For information regarding the assumptions made in the valuation of these awards, see Note 9 of the annual consolidated financial statements included in our 2017 Form 10-K.

Outstanding Equity Awards at 2017 Fiscal Year-End

The table below sets forth information regarding awards granted under our Stock Incentive Plan and held by our named executive officers as of the end of fiscal 2017. We have omitted from this table the column for "Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options" because it is inapplicable. All awards included in the table, to the extent they have not vested, are subject to certain accelerated vesting provisions as described in "Potential Payments upon Termination or Change in Control." PSUs and RSUs reported in the table are payable in shares of our common stock on a one-for-one basis.

		Option Awards				Stock Awards			
Name	**Grant Date**	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares or Units of Stock That Have Not Vested ($)[11]**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[11]**
Mr. Vasos	03/20/12	37,440[1]	—	45.25	03/20/2022	—	—	—	—
	03/18/13	27,492[1]	—	48.11	03/18/2023	—	—	—	—
	12/03/13	2,880[1]	—	56.48	12/03/2023	—	—	—	—
	03/18/14	28,445[1]	9,481[1]	57.91	03/18/2024	—	—	—	—
	03/17/15	22,394[2]	22,392[2]	74.72	03/17/2025	—	—	—	—
	06/03/15	—	256,682[3]	76.00	06/03/2025	—	—	—	—
	03/16/16	29,902[2]	89,697[2]	84.67	03/16/2026	—	—	—	—
	03/16/16	—	85,759[3]	84.67	03/16/2026	—	—	—	—
	03/22/17	—	161,512[2]	70.68	03/22/2027	—	—	—	—
	03/17/15	—	—	—	—	1,883[4]	187,246	—	—
	03/16/16	—	—	—	—	16,238[5]	1,614,707	—	—
	03/22/17	—	—	—	—	35,496[6]	3,529,722	40,290[7]	4,006,438
	03/17/15	—	—	—	—	1,802[8]	179,191	—	—
Mr. Garratt	12/03/14	3,774[1]	1,257[1]	66.69	12/03/2024	—	—	—	—
	03/17/15	5,002[2]	5,000[2]	74.72	03/17/2025	—	—	—	—
	12/02/15	3,915[1]	3,914[1]	65.35	12/02/2025	—	—	—	—
	03/16/16	8,224[2]	24,666[2]	84.67	03/16/2026	—	—	—	—
	03/22/17	—	37,686[2]	70.68	03/22/2027	—	—	—	—
	03/17/15	—	—	—	—	420[4]	41,765	—	—
	03/16/16	—	—	—	—	4,464[5]	443,900	—	—
	03/22/17	—	—	—	—	8,285[6]	823,860	9,396[7]	934,338
	03/17/15	—	—	—	—	402[8]	39,975	—	—
Mr. Owen	08/25/15	17,853[1]	17,850[1]	73.73	08/25/2025	—	—	—	—
	03/16/16	8,224[2]	24,666[2]	84.67	03/16/2026	—	—	—	—
	03/22/17	—	37,686[2]	70.68	03/22/2027	—	—	—	—
	03/16/16	—	—	—	—	4,464[5]	443,900	—	—
	03/22/17	—	—	—	—	8,285[6]	823,860	9,396[7]	934,338
Mr. Ravener	03/24/10	22,175[9]	—	25.25	03/24/2020	—	—	—	—
	03/20/12	37,440[1]	—	45.25	03/20/2022	—	—	—	—
	03/18/13	27,492[1]	—	48.11	03/18/2023	—	—	—	—
	03/18/14	20,859[1]	6,953[1]	57.91	03/18/2024	—	—	—	—
	03/17/15	16,423[2]	16,420[2]	74.72	03/17/2025	—	—	—	—
	03/16/16	8,224[2]	24,666[2]	84.67	03/16/2026	—	—	—	—
	03/22/17	—	40,378[2]	70.68	03/22/2027	—	—	—	—
	03/17/15	—	—	—	—	1,381[4]	137,327	—	—
	03/16/16	—	—	—	—	4,464[5]	443,900	—	—
	03/22/17	—	—	—	—	8,877[6]	882,729	10,068[7]	1,001,162
	03/17/15	—	—	—	—	1,321[8]	131,360	—	—
Ms. Taylor	03/24/10	2,726[10]	—	25.25	03/24/2020	—	—	—	—
	03/20/12	4,729[1]	—	45.25	03/20/2022	—	—	—	—
	03/18/13	2,999[1]	—	48.11	03/18/2023	—	—	—	—
	05/28/13	6,908[1]	—	54.48	05/28/2023	—	—	—	—
	03/18/14	6,353[1]	2,117[1]	57.91	03/18/2024	—	—	—	—
	03/17/15	16,423[2]	16,420[2]	74.72	03/17/2025	—	—	—	—
	03/16/16	8,224[2]	24,666[2]	84.67	03/16/2026	—	—	—	—
	03/22/17	—	39,032[2]	70.68	03/22/2027	—	—	—	—
	03/17/15	—	—	—	—	1,381[4]	137,327	—	—
	03/16/16	—	—	—	—	4,464[5]	443,900	—	—
	03/22/17	—	—	—	—	8,581[6]	853,295	9,732[7]	967,750
	03/17/15	—	—	—	—	1,321[8]	131,360	—	—

(1) Part of a time-based options grant with a vesting schedule of 25% per year on each of the first four anniversaries of the grant date.

(2) Part of a time-based options grant with a vesting schedule of 25% per year on each of the first four anniversaries of the April 1 following the grant date.

(3) Part of a time-based options grant with a vesting schedule of 33⅓% per year on each of the third, fourth, and fifth anniversaries of the grant date.

(4) Part of PSUs earned as a result of our fiscal 2015 adjusted EBITDA and adjusted ROIC performance; scheduled to vest on April 1, 2018.

(5) Part of PSUs earned as a result of our fiscal 2016 adjusted EBITDA and adjusted ROIC performance; scheduled to vest 50% per year on April 1, 2018 and April 1, 2019.

(6) Part of a PSU grant, 61% of which were earned as a result of our fiscal 2017 adjusted EBITDA performance and are scheduled to vest 33⅓% per year on each of the first three anniversaries of the April 1 following the grant date and 39% of which were earned as a result of our fiscal 2017 adjusted ROIC performance and are scheduled to vest on April 1, 2018.

(7) Part of a PSU grant that is scheduled to vest 50% on each of April 1, 2019 and April 1, 2020 if certain adjusted ROIC performance goals are achieved for specified performance periods. The number of PSUs reported in this column assumes achievement of the maximum level of adjusted ROIC performance for each of the performance periods. The actual number of PSUs earned, if any, will be determined based on the actual level of adjusted ROIC performance achieved for each specified performance period.

(8) Part of an RSU grant with a vesting schedule of 33⅓% per year on each of the first three anniversaries of the April 1 following the grant date.

(9) These options vested in increments of 6,516 shares on January 31, 2014, 13,422 shares on March 24, 2014; and 2,237 shares on January 30, 2015.

(10) These options vested in increments of 156 shares on March 24, 2012 and 1,285 shares on each of March 24, 2013 and March 24, 2014.

(11) Computed by multiplying the number of shares or units by the closing market price of one share of our common stock on February 2, 2018 as reported by the NYSE.

Option Exercises and Stock Vested During Fiscal 2017

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)(1)**	**Value Realized on Exercise ($)(2)**	**Number of Shares Acquired on Vesting (#)(3)**	**Value Realized on Vesting ($)(4)**
Mr. Vasos	—	—	8,295	590,396
Mr. Garratt	—	—	822	57,318
Mr. Owen	—	—	—	—
Mr. Ravener	48,032	3,331,107	6,082	432,886
Ms. Taylor	5,200	296,036	3,731	262,838

(1) Represents the gross number of option shares exercised, without deduction for shares that may have been surrendered or withheld to satisfy the exercise price or applicable tax withholding obligations.

(2) Value realized is calculated by multiplying the gross number of options exercised by the difference between the market price of our common stock at exercise as reported by the NYSE and the exercise price.

(3) Represents the gross number of shares acquired upon vesting of PSUs and RSUs, without deduction for shares that may have been withheld to satisfy applicable tax withholding obligations.

(4) Value realized is calculated by multiplying the gross number of shares vested by the closing market price of our common stock on the vesting date as reported by the NYSE.

Pension Benefits
Fiscal 2017

We have omitted the Pension Benefits table because it is inapplicable.

Nonqualified Deferred Compensation
Fiscal 2017

Information regarding each named executive officer's participation in our CDP/SERP Plan is included in the following table. The material terms of the CDP/SERP Plan are described after the table. Please also see "Benefits and Perquisites" in "Compensation Discussion and Analysis" above. We have omitted from this table the column pertaining to "Aggregate Withdrawals/Distributions" during the fiscal year because it is inapplicable.

Name	Executive Contributions in Last FY ($)(1)	Registrant Contributions in Last FY ($)(2)	Aggregate Earnings in Last FY ($)(3)	Aggregate Balance at Last FYE ($)(4)
Mr. Vasos	102,148	42,740	104,448	1,027,962
Mr. Garratt	43,762	15,946	12,659	114,833
Mr. Owen	31,526	17,957	13,969	117,250
Mr. Ravener	27,918	14,335	90,533	555,737
Ms. Taylor	27,720	77,645	60,876	511,747

(1) Of the reported amounts, the following amounts are reported in the Summary Compensation Table as "Salary" for 2017: Mr. Vasos ($56,377); Mr. Garratt ($29,863); Mr. Owen ($31,526); Mr. Ravener ($27,918); and Ms. Taylor ($27,720).

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

(3) The amounts shown are not reported in the Summary Compensation Table because they do not represent above-market or preferential earnings.

(4) Of the amounts reported, the following were previously reported as compensation to the named executive officer for years prior to 2017 in a Summary Compensation Table: Mr. Vasos ($641,465); Mr. Garratt ($53,834); Mr. Owen ($48,073); Mr. Ravener ($70,634); and Ms. Taylor ($162,822).

Pursuant to the CDP, each named executive officer may annually elect to defer up to 65% of his or her base salary if his or her compensation exceeds the limit set forth in Section 401(a)(17) of the Internal Revenue Code, and up to 100% of his or her bonus pay if his or her compensation equals or exceeds the highly compensated limit under Section 414(q)(1)(B) of the Internal Revenue Code. 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 under the 401(k) Plan. All named executive officers 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 eligible 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. Persons hired after May 27, 2008 are not eligible to participate in the SERP. The fiscal 2017 contribution percentage was 7.5% for Ms. Taylor, and she is 100% vested in her SERP account. No other named executive officer was eligible to participate in the SERP in 2017.

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 an account that mirrors the performance of a fund or funds selected by the Compensation Committee or its delegate. These funds are identical to the funds offered in our 401(k) Plan.

For a participant who ceases employment with at least 10 years of service or after reaching age 50 and whose CDP account balance or SERP account balance exceeds certain dollar thresholds, the account balance will be paid by (a) lump sum, (b) monthly installments over a 5, 10 or 15-year period or (c) a combination of lump sum and installments, pursuant to the participant's election. Otherwise, payment is made in a lump sum. The vested amount will be payable at the time designated by the CDP/SERP Plan upon the participant's termination of employment. A participant's CDP/SERP benefit normally is payable in the following February if employment ceases during the first 6 months of a calendar year or is payable in the following August if employment ceases 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 the amounts were deferred. In addition, a participant who is actively employed may request an "unforeseeable emergency hardship" in-service lump sum distribution of vested amounts credited to the participant's CDP account. Account balances are payable in cash.

As a result of our change in control which occurred in 2007, the CDP/SERP Plan liabilities through July 6, 2007 were fully funded into an irrevocable rabbi trust. We also funded into the rabbi trust deferrals into the CDP/SERP Plan between July 6, 2007 and October 15, 2007. All CDP/SERP Plan liabilities incurred on or after October 15, 2007 are unfunded.

Potential Payments upon Termination or Change in Control

Our agreements with our named executive officers and certain plans and programs in which our named executive officers participate, in each case as in effect at the end of our 2017 fiscal year, provide for benefits or payments upon certain employment termination or change in control events. These benefits and payments are discussed below except to the extent a benefit or payment is available generally to all salaried employees and does not discriminate in favor of our executive officers or to the extent already discussed under "Nonqualified Deferred Compensation Fiscal 2017" above.

Payments Upon Termination Due to Death or Disability

Pre-2012 Equity Awards. Mr. Ravener and Ms. Taylor have options outstanding that were granted prior to 2012. All such options are fully vested and generally may be exercised for a period of one year from termination of employment due to death or disability (as defined in the applicable award agreement) unless such options have expired earlier.

Post-2011 Equity Awards. If a named executive officer's employment with us terminates due to death or disability (as defined in the applicable award agreement):

- Stock Options. Any outstanding unvested stock option shall become immediately vested and exercisable with respect to 100% of the shares subject to the option immediately prior to such event, and such vested options may be exercised until the first anniversary of the employment termination date but no later than the 10th anniversary of the grant date.
- Performance Share Units. The following discusses outstanding PSUs awarded in fiscal 2015 ("2015 PSUs"), fiscal 2016 ("2016 PSUs"), and fiscal 2017 ("2017 PSUs") to each named executive who was employed by us at the time of the applicable award. Except as described below, unearned or unvested PSUs from such awards shall be forfeited and cancelled on the date of the termination of employment or the last day of the performance period, as applicable.
  - ✓ *2015 PSUs and 2016 PSUs*. If such termination occurs after April 1, 2016 for the 2015 PSUs or after April 1, 2017 for the 2016 PSUs, any remaining earned but unvested PSUs from such awards shall become vested and nonforfeitable as of the date of such event and shall be paid within 30 days thereafter.
  - ✓ *2017 PSUs*. If such termination occurs before February 2, 2018 for the portion of the 2017 PSUs subject to the one-year Adjusted EBITDA goal (the "2017 Adjusted EBITDA PSUs"), a pro-rata portion (based on months employed during the one-year performance period) of one-third of the 2017 Adjusted EBITDA PSUs earned based on performance during the entire performance period shall

become vested and nonforfeitable (unless previously vested or forfeited), and shall be paid, on April 1, 2018. If such termination occurs on or after February 2, 2018, any earned but unvested 2017 Adjusted EBITDA PSUs shall become vested and nonforfeitable as of the date of the termination (unless previously vested or forfeited) but shall be paid at the same time as if no termination had occurred. The portion of the 2017 PSUs subject to the Adjusted ROIC goals (the "2017 Adjusted ROIC PSUs") are allocated to three performance periods of varying lengths: one year, two years, and three years (each an "ROIC performance period"). For the 2017 Adjusted ROIC PSUs allocated to each ROIC performance period, a pro-rata portion (based on months employed during the applicable performance period) of the 2017 Adjusted ROIC PSUs earned based on performance during the entire applicable ROIC performance period shall become vested and nonforfeitable (unless previously vested or forfeited) as of the last day of the applicable vesting period and shall be paid at the same time as if no termination had occurred (i.e., on the April 1 immediately following the end of the applicable ROIC performance period). If such termination occurs on or after the end of the applicable ROIC performance period, any remaining earned but unvested 2017 Adjusted ROIC PSUs attributable to such ROIC performance period shall become vested and nonforfeitable as of the date of the termination but shall be paid at the same time as if no termination had occurred.

- Restricted Stock Units. Any outstanding RSUs will become fully vested and nonforfeitable upon such death or disability and will be paid within 90 days following the date of death or disability. No RSUs were granted to named executive officers in 2016 or 2017.

Other Payments. In the event of death, a named executive officer's beneficiary will receive payments under our group life insurance program in an amount, up to a maximum of $4 million, equal to 2.5 times such officer's annual base salary. In addition, in the event of disability (as defined in the governing document), a named executive officer would receive 60% of covered monthly earnings up to a $20,000 monthly benefit under our long-term disability insurance program. In the event of death or disability (as defined in the CDP/SERP Plan), a named executive officer's CDP/SERP Plan benefit will be payable in a lump sum within 60 days after the end of the calendar quarter in which such termination event occurs, provided that we may delay payment in the event of disability until as soon as reasonably practicable after receipt of the disability determination by the Social Security Administration. Additionally, in the event of death on or after the last day of a fiscal year, a named executive officer will receive payment for his or her incentive bonus earned for that fiscal year under the terms of our Teamshare program (which otherwise generally requires that a participant remain employed on the payment date to be entitled to any incentive bonus earned for that fiscal year).

Payments Upon Termination Due to Retirement

Except as provided immediately below with respect to stock options, PSUs and RSUs awarded after 2011, retirement (as defined in the applicable governing document) is not treated differently from any other voluntary termination without good reason (as defined in the relevant agreements, and as discussed below under "Payments Upon Voluntary Termination") under any of our plans or agreements for named executive officers.

In the event a named executive officer retires:

- Stock Options. The portion of the stock options granted after 2011 that would have become vested and exercisable within the one-year period following the retirement date if such officer had remained employed with us shall remain outstanding for a period of one year following the retirement date and shall become vested and exercisable on the anniversary of the grant date that falls within the one year period following the retirement date (but only to the extent such portion has not otherwise terminated or become exercisable). However, if during such one-year period the officer dies or incurs a disability or, for options granted prior to 2016, a change in control occurs, such portion shall instead become immediately vested and exercisable (but only to the extent such portion has not otherwise terminated) upon such death, disability or change in control. Otherwise, any option which is unvested and unexercisable on the termination date shall immediately expire without payment. The officer may exercise the option to the extent vested and exercisable any time prior to the fifth anniversary of the retirement date, but no later than the 10th anniversary of the grant date.

- Performance Share Units.
  - ✓ Except as described below, any unearned or unvested PSUs from the 2015, 2016, and 2017 PSU awards shall be forfeited and cancelled on the retirement date.
  - ✓ *2015 PSUs and 2016 PSUs*. If such retirement occurs after April 2, 2017 but before April 1, 2018 for the 2016 PSUs, an additional one-third of earned PSUs from such award would become vested and nonforfeitable and would be paid on the retirement date. If such retirement occurs after April 2, 2017 but before April 1, 2018 for the 2015 PSUs, or after April 2, 2018 but before April 1, 2019 for the 2016 PSUs, an additional one-third of earned PSUs from such awards would become vested and nonforfeitable and would be paid on the retirement date.
  - ✓ *2017 PSUs*. If such retirement occurs before February 2, 2018 for the 2017 Adjusted EBITDA PSUs, a pro-rata portion (based on months employed during the one-year performance period) of one-third of the 2017 Adjusted EBITDA PSUs earned based on performance during the entire performance period shall become vested and nonforfeitable (unless previously vested or forfeited), and shall be paid, on April 1, 2018. If such retirement occurs on or after February 2, 2018 but before the next April 1 vesting date, one-third of the earned PSUs that would have become vested on the next vesting date shall become vested and nonforfeitable as of such retirement (unless previously vested or forfeited) but shall be paid at the same time as if no termination had occurred. For the 2017 Adjusted ROIC PSUs, the vesting and payment of PSUs from such award is identical to the vesting and payment of PSUs in the death and disability scenarios discussed above for the 2018 Adjusted ROIC PSUs during these respective time periods.
  - ✓ See "Payments After a Change in Control" for a discussion of treatment of the 2017 PSUs if a named executive officer terminates employment due to retirement within two years following a change in control.
- Restricted Stock Units. The one-third of the outstanding RSUs that would have become vested and nonforfeitable on the next vesting date if such officer had remained employed through such date will become vested and nonforfeitable upon such retirement (provided that if the retirement occurs on a vesting date no accelerated vesting will occur, but rather the officer shall be entitled only to the portion of the RSUs that were scheduled to vest on such vesting date) and will be paid six months and one day following the retirement date.

Payments Upon Voluntary Termination

The payments to be made to a named executive officer upon voluntary termination vary depending upon whether the resignation occurs with or without "good reason" (as defined in each named executive officer's employment agreement or award agreement, as applicable) or after our failure to offer to renew, extend or replace the applicable employment agreement under certain circumstances.

Voluntary Termination with Good Reason or After Failure to Renew the Employment Agreement. If a named executive officer resigns with good reason (as defined in the applicable equity award agreement), he or she will forfeit all then unvested equity awards and generally may exercise any vested options up to 90 days following the resignation date, but no later than the 10th anniversary of the grant date. Solely with respect to the special stock option awards granted to Mr. Vasos on June 3, 2015 and March 16, 2016, Mr. Vasos will be required to hold any net shares acquired upon exercise for a period of time ending on the fifth anniversary of the applicable grant date. If a named executive officer resigns under the circumstances described in (2) below, his or her equity will be treated as described under "Voluntary Termination without Good Reason" below. See "Payments After a Change in Control" for a discussion of treatment of equity awards if a named executive officer resigns with good reason within two years following a change in control.

If a named executive officer resigns (1) with good reason (as defined in the applicable employment agreement) after giving 30 days (90 days in the case of Mr. Vasos) written notice within 30 days after the event purported to give rise to the claim for good reason and opportunity for us to cure any such claimed event within 30 days after receiving such notice, or (2) within 60 days (90 days in the case of Mr. Vasos) of our failure to offer to renew, extend or replace his or her employment agreement before, at or within 6 months (one year in the case of Mr. Vasos) after the end of the agreement's term (unless we enter into a mutually acceptable severance arrangement or the resignation is a result of the named executive officer's retirement or termination other than for good reason), then in each case the named executive officer will receive the following benefits generally on or beginning on the 60th day after termination of employment but contingent upon the execution and effectiveness of a release of certain claims against us and our affiliates in the form attached to the employment agreement:

- Continuation of base salary, generally as in effect immediately before the termination, for 24 months payable in accordance with our normal payroll cycle and procedures. With the exception of Mr. Vasos, the amount of any payment or entitlement to payment of the base salary continuation shall be forfeited or, if paid, subject to recovery if and to the extent any base salary is earned as a result of subsequent employment during the 24 months after the termination date.
- A lump sum payment of two times the amount of the average percentage of the named executive officer's target bonus paid or to be paid to employees at the same job grade level as the named executive officer (if any) under the annual bonus program for officers for the two fiscal years immediately preceding the fiscal year in which the termination date occurs (for Mr. Vasos, such lump sum payment instead will equal two times his annual target bonus in respect of the fiscal year in which his termination occurs). Mr. Vasos also will receive a lump sum payment, payable when annual bonuses are paid to our other senior executives, of a pro-rata portion of the annual bonus, if any, that he would have been entitled to receive for the fiscal year of termination, if such termination had not occurred, based on our performance for the fiscal year in which his employment terminates, multiplied by a fraction, the numerator of which is the number of days during which he was employed by us in the fiscal year and the denominator of which is 365.
- A lump sum payment of two times our annual contribution that would have been made in respect of the plan year in which such termination occurs for the named executive officer's participation in our pharmacy, medical, dental, and vision benefits programs.
- Reasonable outplacement services for one year or, if earlier, until subsequent employment.

Note that any amounts owed to a named executive officer in the form of salary continuation that would otherwise have been paid during the 60-day period after employment termination will instead be payable in a single lump sum on the 60th day after such termination date and the remainder will be paid in the form of salary continuation payments over the remaining 24-month period as set forth above.

However, in certain cases, some or all of the payments and benefits provided on termination of employment may be delayed for six months following termination to comply with the requirements of Section 409A of the Internal Revenue Code. Any payment required to be delayed would be paid at the end of the six-month period in a lump sum, and any payments due after the six-month period would be paid at the normal payment date provided for under the applicable employment agreement.

The named executive officer will forfeit any unpaid severance amounts, and we retain any other rights we have available under law or equity, upon a material breach of any continuing obligation under the applicable employment agreement or the release, which include the following business protection provisions:

- The named executive officer must maintain the confidentiality of, and refrain from disclosing or using, our (a) trade secrets for any period of time as the information remains a trade secret under applicable law and (b) confidential information for a period of two years following the employment termination date.
- For a period of two years after the employment termination date, the named executive officer may not accept or work in a "competitive position" within any state in which we maintain stores at the time of his or her termination date or any state in which we have specific plans to open stores within six months of that date. For this purpose, "competitive position" means any employment, consulting, advisory, directorship, agency, promotional or independent contractor arrangement between the named executive officer and any person engaged wholly or in material part in the business in which we are engaged (including, but not limited to, those entities identified in the applicable employment agreement), or any person then planning to enter the discount consumable basics retail business, if the named executive officer is required to perform services which are substantially similar to those he or she provided or directed at any time while employed by us.
- For a period of two years after the employment termination date, the named executive officer may not actively recruit or induce any of our exempt employees to cease employment with us.
- For a period of two years after the employment termination date, the named executive officer may not solicit or communicate with any person or entity who has a business relationship with us and with whom the named executive officer had contact while employed by us, if it would likely interfere with our business relationships or result in an unfair competitive advantage over us.

Voluntary Termination without Good Reason. If a named executive officer resigns without good reason, he or she will forfeit all then unvested equity awards as well as all vested but unexercised options that were granted prior to 2012. The named executive officer generally may exercise any vested options that were granted after 2011 up to 90 days following the resignation date, but no later than the 10th anniversary of the grant date. Solely with respect to the special stock option awards granted to Mr. Vasos on June 3, 2015 and March 16, 2016, Mr. Vasos will be required to hold any net shares acquired upon exercise for a period of time ending on the fifth anniversary of the applicable grant date.

Payments Upon Involuntary Termination

The payments to be made to a named executive officer upon involuntary termination vary depending upon whether termination is with or without "cause" (as defined in each named executive officer's employment agreement or equity award agreement, as applicable).

Involuntary Termination with Cause. Upon an involuntary termination with cause, a named executive officer will forfeit all unvested equity grants, all vested but unpaid PSUs and all vested but unexercised options.

Involuntary Termination without Cause. Upon an involuntary termination without cause, a named executive officer:

- Will forfeit all then unvested equity awards.
- Generally may exercise any vested options up to 90 days following the termination date, but no later than the 10^{th} anniversary of the grant date. Solely with respect to the special stock option awards granted to Mr. Vasos on June 3, 2015 and March 16, 2016, Mr. Vasos will be required to hold any net shares acquired upon exercise for a period of time ending on the fifth anniversary of the applicable grant date.
- Will receive the same severance payments and benefits on the same terms and conditions (except for the notice and cure provisions) as described under "Voluntary Termination with Good Reason or After Failure to Renew the Employment Agreement" above.

See "Payments After a Change in Control" for a discussion of treatment of equity awards if a named executive officer is involuntarily terminated without cause within two years following a change in control.

Payments After a Change in Control

Upon a change in control (as defined under the applicable governing document), regardless of whether the named executive officer's employment terminates:

- All options awarded prior to 2016 will vest and become immediately exercisable as to 100% of the shares subject to such options immediately prior to the change in control.
- If the change in control occurs on or before the completion of the applicable performance period, and the named executive officer has remained continuously employed until the change in control, all unvested PSUs that have not previously been forfeited will immediately be deemed earned at the target level and, for PSUs awarded prior to 2016, shall vest, become nonforfeitable and be paid upon the change in control.
- If the change in control occurs after completion of the applicable performance period, and the named executive officer has remained continuously employed until the change in control, all previously earned but unvested PSUs awarded prior to 2016 that have not previously been forfeited will immediately vest, become nonforfeitable, and be paid upon the change in control.
- All outstanding RSUs will become vested and nonforfeitable and will be paid upon the change in control.

A named executive officer will have one year from the termination date (but no later than the 10^{th} anniversary of the grant date) in which to exercise vested options that were granted after 2011 but prior to 2016 if he or she resigns or is involuntarily terminated within two years following the change in control under any scenario other than retirement or involuntary termination with cause, in which respective cases, he or she will have five years from the retirement date (but no later than the

10th anniversary of the grant date) to exercise such vested options and will forfeit any vested but unexercised options held at the time of the termination with cause.

Upon the named executive officer's "qualifying termination," which includes involuntary termination without cause (as defined in the applicable equity award agreement) or resignation with good reason as defined in the applicable equity award agreement (unless cause to terminate exists), as well as voluntary resignation due to retirement as defined in the applicable equity award agreement (unless cause to terminate exists) in the case of 2017 PSUs, in each case within two years following a change in control (provided that the officer was continuously employed by us until the change in control) and in the case of 2017 PSUs if the termination of employment also constitutes a "separation from service" within the meaning of Section 409A of the Internal Revenue Code, (1) all of his or her options awarded after 2015 will immediately vest and become exercisable as to 100% of the shares subject to such options on the termination date (but only to the extent such options have not otherwise terminated) and the officer may exercise any vested options up to three years following the termination date, but no later than the 10th anniversary of the grant date; and (2) all of his or her previously earned, or deemed earned, but unvested PSUs awarded after 2015 that have not been previously forfeited will immediately vest, become nonforfeitable, and be paid on the termination date subject, in the case of the 2017 PSUs, to a six-month delay if applicable, to comply with Section 409A of the Internal Revenue Code. To qualify as a resignation with good reason for this purpose, the officer must have provided written notice of the existence of the circumstances providing grounds for resignation with good reason within 30 days of the initial existence of such grounds and must have given Dollar General at least 30 days from receipt of such notice to cure such condition. In addition, the resignation must have become effective no later than one year after the initial existence of the condition constituting good reason.

Except as otherwise described above with respect to equity awards, upon an involuntary termination without cause or a resignation with good reason following the change in control, a named executive officer will receive the same severance payments and benefits as described above under "Voluntary Termination with Good Reason or After Failure to Renew the Employment Agreement."

In the event of a change in control as defined in Section 280G of the Internal Revenue Code, each named executive officer's employment agreement provides for capped payments (taking into consideration all payments and benefits covered by Section 280G of the Internal Revenue Code) of $1 less than the amount that would trigger the "golden parachute" excise tax under federal income tax rules (the "excise tax") unless he or she signs a release and the after-tax benefit would be at least $50,000 more than it would be without the payments being capped. In such case, such officer's payments and benefits would not be capped and such officer would be responsible for the payment of the excise tax. We would not pay any additional amount to cover the excise tax. The table below reflects the uncapped amounts, subject to reduction in the circumstances described in this paragraph.

The following table reflects potential payments to each named executive officer in various termination and change in control scenarios based on compensation, benefit, and equity levels in effect on, and assuming the scenario was effective as of, February 2, 2018. For stock valuations, we have used the closing price of our stock on the NYSE on February 2, 2018 ($99.44). The table below reports only amounts that are increased, accelerated or otherwise paid or owed as a result of the applicable scenario and, as a result, exclude earned but unpaid base salary through the employment termination date and equity awards and CDP/SERP Plan benefits that had vested prior to the event. For more information regarding the CDP/SERP Plan benefits, see "Nonqualified Deferred Compensation Fiscal 2017" above. The table also excludes any amounts that are available generally to all salaried employees and do not discriminate in favor of our executive officers. The amounts shown are merely estimates. We cannot determine actual amounts to be paid until a termination or change in control scenario occurs.

Potential Payments to Named Executive Officers Upon Occurrence of Various Termination Events or Change in Control as of February 2, 2018

Name/Item	Death ($)	Disability ($)	Retirement ($)[3]	Voluntary Without Good Reason ($)	Involuntary Without Cause or Voluntary With Good Reason ($)	Involuntary With Cause ($)	Change in Control Without Qualifying Termination ($)	Change in Control With Qualifying Termination ($)
Mr. Vasos								
Equity Vesting Due to Event[1]	21,380,737	21,380,737	n/a	n/a	n/a	n/a	7,330,339	19,409,040
Cash Severance	1,921,028	n/a	n/a	n/a	7,586,028	n/a	—	7,586,028
Health Payment	n/a	n/a	n/a	n/a	11,528	n/a	—	11,528
Outplacement[2]	n/a	n/a	n/a	n/a	8,500	n/a	—	8,500
Life Insurance Proceeds	2,833,000	n/a	n/a	n/a	n/a	n/a	—	n/a
Total	**26,134,765**	**21,380,737**	**n/a**	**n/a**	**7,606,056**	**n/a**	**7,330,339**	**27,015,096**
Mr. Garratt								
Equity Vesting Due to Event[1]	3,485,169	3,485,169	n/a	n/a	n/a	n/a	379,935	3,025,160
Cash Severance	520,441	n/a	n/a	n/a	2,113,763	n/a	—	2,113,763
Health Payment	n/a	n/a	n/a	n/a	20,369	n/a	—	20,369
Outplacement[2]	n/a	n/a	n/a	n/a	8,500	n/a	—	8,500
Life Insurance Proceeds	1,535,000	n/a	n/a	n/a	n/a	n/a	—	n/a
Total	**5,540,610**	**3,485,169**	**n/a**	**n/a**	**2,142,632**	**n/a**	**379,935**	**5,167,792**
Mr. Owen								
Equity Vesting Due to Event[1]	3,564,158	3,564,158	n/a	n/a	n/a	n/a	458,924	3,104,148
Cash Severance	536,861	n/a	n/a	n/a	2,180,454	n/a	—	2,180,454
Health Payment	n/a	n/a	n/a	n/a	20,369	n/a	—	20,369
Outplacement[2]	n/a	n/a	n/a	n/a	8,500	n/a	—	8,500
Life Insurance Proceeds	1,584,000	n/a	n/a	n/a	n/a	n/a	—	n/a
Total	**5,685,019**	**3,564,158**	**n/a**	**n/a**	**2,209,323**	**n/a**	**458,924**	**5,313,471**
Mr. Ravener								
Equity Vesting Due to Event[1]	4,232,715	4,232,715	n/a	n/a	n/a	n/a	963,347	3,739,791
Cash Severance	476,167	n/a	n/a	n/a	1,933,944	n/a	—	1,933,944
Health Payment	n/a	n/a	n/a	n/a	12,448	n/a	—	12,448
Outplacement[2]	n/a	n/a	n/a	n/a	8,500	n/a	—	8,500
Life Insurance Proceeds	1,405,000	n/a	n/a	n/a	n/a	n/a	—	n/a
Total	**6,113,882**	**4,232,715**	**n/a**	**n/a**	**1,954,892**	**n/a**	**963,347**	**5,694,683**
Ms. Taylor								
Equity Vesting Due to Event[1]	3,949,809	3,949,809	n/a	n/a	n/a	n/a	762,508	3,473,392
Cash Severance	472,039	n/a	n/a	n/a	1,917,179	n/a	—	1,917,179
Health Payment	n/a	n/a	n/a	n/a	19,944	n/a	—	19,944
Outplacement[2]	n/a	n/a	n/a	n/a	8,500	n/a	—	8,500
Life Insurance Proceeds	1,393,000	n/a	n/a	n/a	n/a	n/a	—	n/a
Total	**5,814,848**	**3,949,809**	**n/a**	**n/a**	**1,945,623**	**n/a**	**762,508**	**5,419,016**

(1) For the portion of the 2017 PSUs that are subject to performance for periods ending after February 2, 2018, the value included in the Death and Disability columns assumes a maximum payout of 300%, prorated for a death or disability termination scenario occurring on February 2, 2018.

(2) Estimated based on information provided by our outplacement services provider.

(3) None of the named executive officers were eligible for retirement on February 2, 2018.

Compensation Committee Interlocks and Insider Participation

Each of Messrs. Bryant and Rhodes and Ms. Fili-Krushel was a member of our Compensation Committee during 2017. None of these persons (1) was at any time during 2017 an officer or employee of Dollar General or any of our subsidiaries; (2) was at any time prior to 2017 an officer of Dollar General or any of our subsidiaries; or (3) had any relationship requiring disclosure under the section of this document entitled "Transactions with Management and Others." Also, none of our executive officers serves, or in the past fiscal year has served, as a director of, or as a member of the compensation committee (or other board committee performing equivalent functions) of, any entity that has one or more of its executive officers serving as a director of Dollar General or as a member of our Compensation Committee.

Compensation Risk Considerations

In March 2018, our Compensation Committee, with input from its compensation consultant and management, reviewed our compensation policies and practices for all employees, including executive officers, to assess the risks that may arise from our compensation programs. The assessment included a review of our compensation programs for certain design features which could potentially encourage excessive risk-taking or otherwise generate risk to Dollar General. As a result of that assessment, the Compensation Committee concluded, after considering the degree to which identified risk-aggravating factors were offset by risk-mitigating factors, that the net risks created by our overall compensation policies and practices were not reasonably likely to have a material adverse effect on Dollar General.

Pay Ratio Disclosure

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of our employees and the annual total compensation of our Chief Executive Officer (our "CEO"). This pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules based on our payroll and employment records and the methodology described below.

We determined that the 2017 annual total compensation of the median compensated employee (who is a part-time store associate) of our temporary, part-time, and full-time employee base who were employed as of February 2, 2018, other than our CEO, was $13,387; our CEO's 2017 annual total compensation was $8,806,409; and the ratio of these amounts is 1:658.

As of February 2, 2018, our total population consisted of 123,227 compensated employees. Of those employees, 69 were located in non-U.S. jurisdictions. Pursuant to SEC rules, we excluded all 69 non-U.S. employees from the following countries: Hong Kong (17); China (50); Mexico (1); and Turkey (1). After applying this exemption, the employee population used for purposes of identifying the median employee consisted of 123,158 temporary, part-time, and full-time employees located solely in the United States.

To identify the median compensated employee, we used W-2 Box 5 Medicare wages for the period from February 4, 2017 through February 2, 2018, with such amounts annualized for those permanent employees who did not work for the full year.

The SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices. As such, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates, and assumptions in calculating their own pay ratios.

SECURITY OWNERSHIP

For purposes of the tables below, a person is a "beneficial owner" of a security over which that person has or shares voting or investment power or which that person has the right to acquire beneficial ownership within 60 days. Unless otherwise noted, to our knowledge these persons have sole voting and investment power over the shares listed. Percentage computations are based on 268,547,203 shares of our common stock outstanding as of March 22, 2018.

Security Ownership of Certain Beneficial Owners

The following table shows the amount of our common stock beneficially owned as of March 22, 2018 by those known by us to beneficially own more than 5% of our common stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
T. Rowe Price Associates, Inc.(1)	29,470,681	11.0%
BlackRock, Inc.(2)	18,877,999	7.0%
The Vanguard Group(3)	18,358,116	6.8%
Barrow, Hanley, Mewhinney & Strauss, LLC(4)	16,244,452	6.0%

(1) T. Rowe Price Associates, Inc. has sole power to vote or direct the vote of 10,729,134 shares and sole power to dispose or direct the disposition of 29,470,681 shares. The address of T. Rowe Price Associates, Inc. is 100 E. Pratt Street, Baltimore, Maryland 21202. All information is based solely on Amendment No. 2 to Statement on Schedule 13G filed on February 14, 2018.

(2) BlackRock, Inc., through various subsidiaries, has sole power to vote or direct the vote of 16,283,155 shares and sole power to dispose or direct the disposition of 18,877,999 shares. The address of BlackRock, Inc. is 55 East 52nd Street, New York, New York 10055. All information is based solely on Amendment No. 3 to Statement on Schedule 13G filed on February 8, 2018.

(3) The Vanguard Group has sole power to vote or direct the vote over 375,475 shares, shared power to vote or direct the vote over 65,080 shares, sole power to dispose or direct the disposition of 17,927,997 shares, and shared power to dispose or direct the disposition of 430,119 shares. Vanguard Fiduciary Trust Company, a wholly owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 289,326 shares as a result of its serving as investment manager of collective trust accounts, and Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 225,229 shares as a result of its serving as investment manager of Australian investment offerings. The address of The Vanguard Group is 100 Vanguard Blvd., Malvern, Pennsylvania 19355. All information is based solely on Amendment No. 4 to Statement on Schedule 13G filed on February 9, 2018.

(4) Barrow, Hanley, Mewhinney & Strauss, LLC has sole power to vote or direct the vote over 5,152,967 shares, shared power to vote or direct the vote over 11,091,485 shares, and sole power to dispose or direct the disposition of 16,244,452 shares. The address of Barrow, Hanley, Mewhinney & Strauss, LLC is 2200 Ross Avenue, 31st Floor, Dallas, Texas 75201-2761. All information is based solely on Statement on Schedule 13G filed on February 13, 2018.

Security Ownership of Officers and Directors

The following table shows the amount of our common stock beneficially owned as of March 22, 2018 by our current directors and our named executive officers individually and by our current directors and all of our current executive officers as a group. Unless otherwise noted, these persons may be contacted at our executive offices.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Warren F. Bryant(1)(2)	35,349	*
Michael M. Calbert(1)(2)(3)	98,020	*
Sandra B. Cochran(1)(2)	22,080	*
Patricia D. Fili-Krushel(1)(2)(4)	20,647	*
Timothy I. McGuire	—	—
Paula A. Price(1)(2)(5)	10,055	*
William C. Rhodes, III(1)(2)(6)	56,289	*
David B. Rickard(1)(2)	35,629	*
Ralph E. Santana	—	—
Todd J. Vasos(1)	333,778	*
John W. Garratt(1)	51,826	*
Jeffery C. Owen(1)	53,472	*
Robert D. Ravener(1)	191,705	*
Rhonda M. Taylor(1)	95,617	*
All current directors and executive officers as a group (18 persons)(1)(2)(3)(4)(5)(6)	1,092,149	*

* Denotes less than 1% of class.

(1) Includes the following number of shares underlying RSUs (including additional RSUs credited as a result of dividend equivalents earned with respect to the RSUs) that are or could be settleable within 60 days of March 22, 2018 over which the person will not have voting or investment power until the RSUs are settled: Mr. Bryant (3,892); Mr. Calbert (11,520); Mss. Cochran and Fili-Krushel and Mr. Rhodes (1,912); Ms. Price (5,293); Mr. Rickard (6,461); Mr. Vasos (1,802); Mr. Garratt (402); Mr. Ravener and Ms. Taylor (1,321); and all current directors and executive officers as a group (39,808). Also includes the following number of shares subject to options either currently exercisable or exercisable within 60 days of March 22, 2018 over which the person will not have voting or investment power until the options are exercised: each of Messrs. Bryant, Calbert, and Rhodes (20,547); Ms. Cochran (11,911); Ms. Fili-Krushel (11,683); Ms. Price (3,597); Mr. Rickard (20,304); Mr. Vasos (239,507); Mr. Garratt (41,060); Mr. Owen (43,722); Mr. Ravener (166,094); Ms. Taylor (76,669); and all current directors and executive officers as a group (734,872). Further includes the following number of shares underlying earned PSUs that are or could be settleable within 60 days of March 22, 2018 over which the person will not have voting or investment power until the PSUs are settled: Mr. Vasos (30,968); Mr. Garratt (7,547); Mr. Owen (7,127); Mr. Ravener (8,858); Ms. Taylor (8,682); and all current directors and executive officers as a group (65,606). The shares described in this note 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.

(2) Share totals have been rounded to the nearest whole share.

(3) Mr. Calbert shares voting and investment power over 51,000 shares with his spouse, Barbara Calbert, as co-trustee of The Michael and Barbara Calbert 2007 Joint Revocable Trust.

(4) Ms. Fili-Krushel shares voting and investment power over 2,500 shares with her spouse, Kenneth Krushel.

(5) Ms. Price shares voting and investment power over 267 shares with her spouse, Michael Price.

(6) Mr. Rhodes shares voting and investment power over 23,597 shares with his spouse, Amy Rhodes, as power of attorney of The Amy Plunkett Rhodes Revocable Living Trust, dated July 30, 2014.

PROPOSAL 2:
ADVISORY VOTE ON EXECUTIVE COMPENSATION

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended, we provide our shareholders each year with an opportunity to vote on an advisory basis on compensation paid to our named executive officers. Accordingly, we are asking our shareholders to provide an advisory, nonbinding vote to approve the compensation of our named executive officers as we have described it in "Compensation Discussion and Analysis" and in the accompanying compensation tables and related narrative discussion in the "Executive Compensation" section of this proxy statement.

As discussed in detail in the "Compensation Discussion and Analysis" section above, the Compensation Committee actively oversees our executive compensation program, adopting changes to the program and awarding compensation as appropriate to reflect Dollar General's circumstances and to promote the main objectives of the program. Our compensation programs are designed to attract, retain, and motivate persons with superior ability, to reward outstanding performance, and to align the long-term interests of our named executive officers with those of our shareholders. Under these programs, our named executive officers are rewarded for the achievement of specific annual and long-term goals and the realization of increased shareholder value. We firmly believe that the information we have provided in this proxy statement demonstrates that our executive compensation program was designed appropriately and is working to ensure that management's interests are aligned with our shareholders' interests to support long-term value creation.

Our Board of Directors is asking our shareholders to indicate their support for our named executive officer compensation as described in this proxy statement in accordance with SEC rules by voting for this proposal. Because the vote on this proposal is advisory in nature, it will not affect any compensation already paid or awarded to any named executive officer and will not be binding on or overrule any decisions by the Compensation Committee or the Board. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers. This advisory vote is not a vote on the compensation of our Board of Directors or on our compensation policies as they relate to risk management, as described under "Compensation Risk Considerations" in the "Executive Compensation" section above.

Although the vote we are asking shareholders to cast is advisory and is not binding, our Board and the Compensation Committee value the views of our shareholders and intend to consider the outcome of the vote, along with other relevant factors, when making future compensation decisions for our named executive officers.

Our Board unanimously recommends that you vote **FOR** the approval of the compensation of our named executive officers as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K, including the "Compensation Discussion and Analysis" and the accompanying compensation tables and related narrative discussion in the "Executive Compensation" section of this proxy statement.

AUDIT COMMITTEE REPORT

The Audit Committee of our Board of Directors has:

- reviewed and discussed with management the audited financial statements for the fiscal year ended February 2, 2018,
- discussed with Ernst & Young LLP, our independent registered public accounting firm, the matters required to be discussed by the Statement on Auditing Standards No. 1301, *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board,
- received the written disclosures and the letter from Ernst & Young LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and
- discussed with Ernst & Young LLP its independence from Dollar General and its management.

Based on these reviews and discussions, the Audit Committee unanimously recommended to the Board of Directors that Dollar General's audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended February 2, 2018 for filing with the SEC.

While the Audit Committee has the responsibilities and powers set forth in its charter, the Audit Committee does not have the duty to plan or conduct audits or to determine that Dollar General's financial statements are complete, accurate, or in accordance with generally accepted accounting principles. Dollar General's management and independent auditor have this responsibility.

This report has been furnished by the members of the Audit Committee:

- David B. Rickard, Chairman
- Warren F. Bryant
- Sandra B. Cochran
- Paula A. Price
- William C. Rhodes, III

The above Audit Committee Report does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Dollar General filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent Dollar General specifically incorporates this report by reference therein.

PROPOSAL 3:
RATIFICATION OF APPOINTMENT OF AUDITORS

Who is responsible for the selection of the independent auditor?

The Audit Committee is directly responsible for the appointment, compensation, retention, and oversight of the independent auditor that is retained to audit our financial statements.

Was the Audit Committee involved in the lead audit partner selection process?

Yes. Prior to the selection of the current lead audit partner, the Chairman of the Audit Committee interviewed the lead audit partner candidates, and the Audit Committee discussed with management such candidates' qualifications and experience.

Does the Audit Committee evaluate the independent auditor and the lead audit partner?

Yes. The Audit Committee annually evaluates the lead audit partner, as well as the independent auditor's qualifications, performance, and independence. The evaluation, which includes the input of management, entails consideration of a broad range of factors, including the quality of services and sufficiency of resources that have been provided; the skills, knowledge, and experience of the firm and the audit team; the effectiveness and sufficiency of communications and interactions; independence and level of objectivity and professional skepticism; reasonableness of fees; and other factors.

Who has the Audit Committee selected as the independent registered public accounting firm?

After conducting the evaluation process discussed above, the Audit Committee selected Ernst & Young LLP as our independent auditor for the 2018 fiscal year. Ernst & Young LLP has served in that capacity since October 2001. The Audit Committee and the Board of Directors believe that the continued retention of Ernst & Young LLP is in the best interests of Dollar General and our shareholders.

Will representatives of Ernst & Young LLP attend the annual meeting?

Representatives of Ernst & Young LLP have been requested and are expected to attend the annual meeting. These representatives will have the opportunity to make a statement if they so desire and are expected to be available to respond to appropriate questions.

What does the Board of Directors recommend?

Our Board unanimously recommends that you vote **FOR** the ratification of Ernst & Young LLP as our independent auditor for the 2018 fiscal year. The Audit Committee is not bound by a vote either for or against the firm. If the shareholders do not ratify this appointment, our Audit Committee will consider that result in selecting our independent auditor in the future.

FEES PAID TO AUDITORS

What fees were paid to the independent auditor in 2017 and 2016?

The table below lists the aggregate fees for professional audit services rendered to us by Ernst & Young LLP for the audit of our consolidated financial statements for the past two fiscal years and fees billed for other services rendered by Ernst & Young LLP during the past two fiscal years:

Service	2017 Aggregate Fees Billed ($)	2016 Aggregate Fees Billed ($)
Audit Fees(1)	2,675,124	2,555,582
Audit-Related Fees(2)	35,000	33,000
Tax Fees(3)	1,804,562	1,865,236
All Other Fees(4)	1,995	1,995

(1) Represents for each fiscal year the aggregate fees billed for professional services for the audit of our annual financial statements and review of financial statements included in our Forms 10-Q and services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) Represents for each fiscal year the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements. The fees for each year relate to the employee benefit plan audit.

(3) 2017 and 2016 fees relate primarily to tax compliance services, which represented $1,649,562 and $1,755,636 in 2017 and 2016, respectively, for work related to work opportunity tax credit assistance and foreign sourcing offices' tax compliance, as well as state tax credit assistance in 2017. The remaining tax fees for each such year are for tax advisory services related to inventory.

(4) 2017 and 2016 fees are for a subscription fee to an on-line accounting research tool.

How does the Audit Committee pre-approve services provided by the independent auditor?

The Audit Committee pre-approves all audit and permissible non-audit services provided by our independent auditor. Where feasible, the Committee considers and, when appropriate, pre-approves services at regularly scheduled meetings after disclosure by management and the independent auditor of the nature of the proposed services, the estimated fees (when available), and their opinions that the services will not impair the independence of the independent auditor. The Committee's Chairman (or any Committee member if the Chairman is unavailable) may pre-approve such services between Committee meetings, and must report to the Committee at its next meeting with respect to all services so pre-approved. The Committee pre-approved 100% of the services provided by Ernst & Young LLP during 2017 and 2016.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

The U.S. securities laws require our executive officers, directors, and greater than 10% shareholders to file reports of ownership and changes in ownership on Forms 3, 4, and 5 with the SEC. Based solely upon a review of these reports furnished to us during and with respect to 2017, or written representations that no Form 5 reports were required, we believe that each of those persons filed, on a timely basis, the reports required by Section 16(a) of the Exchange Act.

SHAREHOLDER PROPOSALS FOR 2019 ANNUAL MEETING

All shareholder proposals and notices discussed below must be mailed to Corporate Secretary, Dollar General Corporation, 100 Mission Ridge, Goodlettsville, Tennessee 37072. Shareholder proposals and director nominations that are not included in our proxy materials will not be considered at any annual meeting of shareholders unless such proposals have complied with the requirements of our amended and restated Bylaws.

Shareholder Proposals. To be considered for inclusion in our proxy materials relating to the 2019 annual meeting of shareholders (the "2019 Annual Meeting"), eligible shareholders must submit proposals that comply with Rule 14a-8 under the Exchange Act and other relevant SEC regulations for our receipt by December 13, 2018.

New Business at 2019 Annual Meeting. To introduce other new business, including the nomination of directors (other than a proxy access nomination, which is described below) at the 2019 Annual Meeting, you must deliver written notice to us no earlier than the close of business on January 30, 2019 and no later than the close of business on March 1, 2019, and comply with the advance notice provisions of our Bylaws. If we do not receive a properly submitted shareholder proposal by March 1, 2019, then the proxies held by our management may provide the discretion to vote against such shareholder proposal even though the proposal is not discussed in our proxy materials sent in connection with the 2019 Annual Meeting.

Proxy Access. Our amended and restated Bylaws contain proxy access provisions that permit a shareholder, or a group of up to 20 shareholders, owning 3% or more of our stock continuously for at least three years, to nominate and include in our proxy materials candidates for election as directors. Such shareholder or group may nominate up to 20% of our Board, provided that the shareholder or group and the nominee(s) satisfy the requirements specified in our Bylaws. In order to be properly brought before our 2019 Annual Meeting, an eligible shareholder's notice of nomination of a director candidate pursuant to the proxy access provisions of our Bylaws must be received by us no earlier than the close of business on November 13, 2018 and no later than the close of business on December 13, 2018, and comply with the other relevant provisions of our Bylaws pertaining to proxy access nominees.

DOLLAR GENERAL®

10-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended February 2, 2018

Commission file number: 001-11421

DOLLAR GENERAL CORPORATION

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐
	Emerging growth company ☐

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

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

The aggregate fair market value of the registrant's common stock outstanding and held by non-affiliates as of August 4, 2017 was $18.1 billion calculated using the closing market price of our common stock as reported on the NYSE on such date ($74.86). For this purpose, directors, executive officers and greater than 10% record shareholders are considered the affiliates of the registrant.

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

DOCUMENTS INCORPORATED BY REFERENCE

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

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INTRODUCTION

General

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

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

Cautionary Disclosure Regarding Forward-Looking Statements

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

All forward-looking statements are subject to risks, uncertainties and other factors that may cause our actual results to differ materially from those which we expected. Many of these statements are derived from our operating budgets and forecasts, which are based on many detailed assumptions that we believe are reasonable. However, it is very difficult to predict the effect of known factors, and we cannot anticipate all factors that could affect future results.

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

PART I

ITEM 1. BUSINESS

General

We are among the largest discount retailers in the United States by number of stores, with 14,609 stores located in 44 states as of March 2, 2018, with the greatest concentration of stores in the southern, southwestern, midwestern and eastern United States. We offer a broad selection of merchandise, including consumables, seasonal items, home products and apparel. Our merchandise includes national brands from leading manufacturers, as well as our own private brand selections with prices at substantial discounts to national brands. We offer our customers these national brand and private brand products at everyday low prices (typically $10 or less) in our convenient small-box locations.

Our History

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

Our Business Model

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

Our long-term operating priorities remain: 1) driving profitable sales growth, 2) capturing growth opportunities, 3) enhancing our position as a low-cost operator, and 4) investing in our people as a competitive advantage. For more information on these operating priorities, see the "Executive Overview" section of Management's Discussion and Analysis of Financial Condition and Results of Operations, included in Part II, Item 7 of this report.

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

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

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

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

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

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

Our Merchandise

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

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

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

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

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

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

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

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

The Dollar General Store

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

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

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

Our Customers

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

Our Suppliers

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

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

Distribution and Transportation

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

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

Seasonality

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

Our Competition

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

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

Our Employees

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

Our Trademarks

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

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

Available Information

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

ITEM 1A. RISK FACTORS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our profitability may be negatively affected by inventory shrinkage.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

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

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

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

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

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

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

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

ITEM 3. LEGAL PROCEEDINGS

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

ITEM 4. MINE SAFETY DISCLOSURES

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

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

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

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

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

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

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

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

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

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

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

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

PART II

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

Market Information

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

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

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

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

Dividends

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

Issuer Purchases of Equity Securities

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

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

(a) On September 5, 2012, the Company announced a program permitting the Company to repurchase a portion of its outstanding shares not to exceed a dollar maximum established by the Company's Board of Directors. The program was most recently amended on March 14, 2018 to increase the repurchase authorization by $1.0 billion, bringing the total value of authorized share repurchases under the program to $6.0 billion. Under the authorization, purchases may be made in the open market or in privately negotiated transactions from time to time subject to market and other conditions. This repurchase authorization has no expiration date.

ITEM 6. SELECTED FINANCIAL DATA

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

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

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

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

(2) Same-store sales are calculated based upon stores that were open at least 13 full fiscal months and remain open at the end of the reporting period. We include stores that have been remodeled, expanded or relocated in our same-store sales calculation. Changes in same-store sales are calculated based on the comparable 52 calendar weeks in the current and prior years.

(3) Net sales per square foot was calculated based on total sales for the preceding 12 months as of the ending date of the reporting period divided by the average selling square footage during the period, including the end of the fiscal year, the beginning of the fiscal year, and the end of each of our three interim fiscal quarters.

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

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

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

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

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

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

Executive Overview

We are among the largest discount retailers in the United States by number of stores, with 14,609 stores located in 44 states as of March 2, 2018, with the greatest concentration of stores in the southern, southwestern, midwestern and eastern United States. We offer a broad selection of merchandise, including consumable products such as food, paper and cleaning products, health and beauty products and pet supplies, and non-consumable products such as seasonal merchandise, home decor and domestics, and basic apparel. Our merchandise includes national brands from leading manufacturers, as well as our own private brand selections with prices at substantial discounts to national brands. We offer our customers these national brand and private brand products at everyday low prices (typically $10 or less) in our convenient small-box locations.

Because the customers we serve are value-conscious, many with low or fixed incomes, we are intensely focused on helping them make the most of their spending dollars. We believe our convenient store formats, locations, and broad selection of high-quality products at compelling values have driven our substantial growth and financial success over the years and through a variety of macroeconomic environments. Like other retailers, we have been operating for several years in an environment with ongoing macroeconomic challenges and uncertainties. Our core customers are often among the first to be affected by negative or uncertain economic conditions, and are among the last to feel the effects of improving economic conditions particularly when, as in the recent past, trends are inconsistent and their duration unknown. The primary macroeconomic factors that affect our core customers include the unemployment rate, the underemployment rate, wage growth, fuel prices, and changes to certain government assistance programs, such as the Supplemental Nutrition Assistance Program. Additionally, our customers are impacted by increases in those expenses that generally comprise a large portion of their household budget, such as rent and healthcare. We believe that at various times the overall effect of the factors listed above has negatively affected our customer traffic and could do so in the future.

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

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

We seek to drive profitable sales growth through initiatives aimed at increasing customer traffic and average transaction amount, as well as an ongoing focus on enhancing our gross margins while maintaining both everyday low price and affordability.

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

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

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

To support our other operating priorities, we remain focused on capturing growth opportunities. In 2017, we opened 1,315 new stores, along with remodeling or relocating 764 stores. For 2018, we plan to open approximately 900 new stores, remodel approximately 1,000 mature store locations, and relocate approximately 100 stores for an approximate total of 2,000 real estate projects.

We continue to innovate within our channel and are able to utilize the most productive of our various store formats based on the specific market opportunity. We expect that our traditional 7,300 square foot store format will continue to be the primary store layout for new stores, relocations and remodels in 2018. We expect a significant number of the planned 1,000 remodels in 2018 to include a greater cooler count for increased selection of perishable items. In addition, our smaller format store (less than 6,000 square feet) allows us to capture growth opportunities in metropolitan areas as well as in rural areas with a low number of households. We continue to incorporate into our existing store base lessons learned from our various store formats and layouts with a goal of driving increased customer traffic, average transaction amount, same-store sales and overall store productivity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Results of Operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Off Balance Sheet Arrangements

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

Effects of Inflation

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

Liquidity and Capital Resources

Current Financial Condition and Recent Developments

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

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

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

For fiscal 2018, we anticipate potential borrowings under the unsecured revolving credit facility described below and our commercial paper program to be a maximum of approximately $800 million outstanding at any one time, including any anticipated borrowings to fund repurchases of common stock.

Credit Facilities

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

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

The Facilities can be voluntarily prepaid in whole or in part at any time without penalty. There is no required principal amortization under the Facilities. The Facilities contain a number of customary affirmative and negative covenants that, among other things, restrict, subject to certain exceptions, our (including our subsidiaries’) ability to: incur additional liens; sell all or substantially all of our assets; consummate certain fundamental changes or change in our lines of business; and incur additional subsidiary indebtedness. The Facilities also contain financial covenants that require the maintenance of a minimum fixed charge coverage ratio and a maximum leverage ratio. As of February 2, 2018, we were in compliance with all such covenants. The Facilities also contain customary events of default.

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

Commercial Paper

As of February 2, 2018, we had outstanding unsecured commercial paper notes (the “CP Notes”) of $616.2 million, $186 million of which were held by a wholly-owned subsidiary. The consolidated balance of $430.2 million was classified as long-term obligations on the consolidated balance sheet due to our intent and ability to refinance these obligations as long-term debt. Under this program, we may issue the CP Notes from time to time in an aggregate amount not to exceed $1.0 billion outstanding at any time. The CP Notes may have maturities of up to 364 days from the date of issue and rank equal in right of payment with all of our other unsecured and unsubordinated indebtedness. We intend to maintain available commitments under the Revolving Facility in an amount at least equal to the amount of CP Notes outstanding at any time. As of February 2, 2018, the outstanding CP Notes had a weighted average borrowing rate of 1.8%.

Senior Notes

In April 2013 we issued $400.0 million aggregate principal amount of 1.875% senior notes due 2018 (the “2018 Senior Notes”) at a discount of $0.5 million, which are scheduled to mature on April 15, 2018 and $900.0 million aggregate principal amount of 3.25% senior notes due 2023 (the “2023 Senior Notes”) at a discount of $2.4 million, which are scheduled to mature on April 15, 2023. In October 2015 we issued $500.0 million aggregate principal amount of 4.150% senior notes due 2025 (the “2025 Senior Notes”) at a discount of $0.8 million, which are scheduled to mature on November 1, 2025. In April 2017 we issued $600.0 million aggregate principal amount of 3.875% senior notes due 2027 (the “2027 Senior Notes”) at a discount of $0.4 million, which are scheduled to mature on April 15, 2027. Collectively, the 2018 Senior Notes, the 2023 Senior Notes, 2025 Senior Notes, and 2027 Senior Notes comprise the “Senior Notes”, each of which were issued pursuant to an indenture as supplemented and amended by supplemental indentures relating to each series of Senior Notes (as so supplemented and amended, the “Senior Indenture”). Interest on the 2018 Senior Notes, the 2023 Senior Notes, and the 2027 Senior Notes is payable in cash on April 15 and October 15 of each year. Interest on the 2025 Senior Notes is payable in cash on May 1 and November 1 of each year. We expect to refinance the 2018 Senior Notes on or prior to their maturity utilizing proceeds from the issuance of additional senior notes, revolver borrowings or the issuance of commercial paper.

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

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

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

Rating Agencies

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

Contractual Obligations

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

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

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

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

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

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

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

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

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

Share Repurchase Program

Our existing common stock repurchase program had a total remaining authorization of approximately $354 million at February 2, 2018. Our Board of Directors increased by $1.0 billion the authorization available under this common stock repurchase program on March 14, 2018. Under the authorization, purchases may be made in the open market or in privately negotiated transactions from time to time subject to market and other conditions. The authorization has no expiration date and may be modified or terminated from time to time at the discretion of our Board of Directors. For more detail about our share repurchase program, see Note 11 to the consolidated financial statements.

Other Considerations

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

Our inventory balance represented approximately 52% of our total assets exclusive of goodwill and other intangible assets as of February 2, 2018. Our ability to effectively manage our inventory balances can have a significant impact on our cash flows from operations during a given fiscal year. Inventory purchases are often somewhat seasonal in nature, such as the purchase of warm-weather or Christmas-related merchandise. Efficient management of our inventory has been and continues to be an area of focus for us.

As described in Note 7 to the consolidated financial statements, we are involved in a number of legal actions and claims, some of which could potentially result in material cash payments. Adverse developments in those actions could materially and adversely affect our liquidity. We also have certain income tax-related contingencies as disclosed in Note 4 to the consolidated financial statements. Future negative developments could have a material adverse effect on our liquidity.

Cash Flows

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

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

On an ongoing basis, we closely monitor and manage our inventory balances, and they may fluctuate from period to period based on new store openings, the timing of purchases, and other factors. Merchandise inventories increased by 11% in 2017, by 6% in 2016, and by 10% in 2015. Inventory levels in the consumables category increased by $322.9 million, or 16%, in 2017, by $54.5 million, or 3% in 2016, and by $218.4 million, or 13%, in 2015. The seasonal category increased by $14.9 million, or 2%, in 2017, by $79.5 million, or 15%, in 2016, and by $63.2 million, or 13%, in 2015. The home products category increased by $10.6 million, or 3%, in 2017, by $40.8 million, or 14%, in 2016, and by $12.8 million, or 5%, in 2015. The apparel category increased by $1.9 million, or 1%, in 2017, increased by $9.9 million, or 3%, in 2016, and decreased by $2.7 million, or 1%, in 2015.

Cash flows from investing activities. Significant components of property and equipment purchases in 2017 included the following approximate amounts: $231 million for improvements, upgrades, remodels and relocations of existing stores; $203 million for new leased stores; $176 million for distribution and transportation-related projects; and $30 million for information systems upgrades and technology-related projects. The timing of new, remodeled and relocated store openings along with other factors may affect the relationship between such openings and the related property and equipment purchases in any given period. During 2017, we opened 1,315 new stores and remodeled or relocated 764 stores.

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

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

Capital expenditures during 2018 are projected to be in the range of $725 to $800 million. We anticipate funding 2018 capital requirements with a combination of some or all of the following: existing cash balances, cash flows from operations, availability under our Revolving Facility and/or the issuance of additional senior notes or CP Notes. We plan to continue to invest in store growth and development of approximately 900 new stores and approximately 1,100 stores to be remodeled or relocated. Capital expenditures in 2018 are anticipated to support our store growth as well as our remodel and relocation initiatives, including capital outlays for leasehold improvements, fixtures and equipment; the construction of new stores; costs to support and enhance our supply chain initiatives including new and existing distribution center facilities and our private fleet; technology initiatives; as well as routine and ongoing capital requirements.

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

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

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

Accounting Standards

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

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

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

In January 2017, the FASB issued amendments to existing guidance related to the subsequent measurement of goodwill. These amendments modify the concept of impairment from the condition that exists when the carrying amount of goodwill exceeds its implied fair value to the condition that exists when the carrying amount of a reporting unit exceeds its fair value. Subsequent to adoption, an entity will perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. This guidance is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2019, and early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The amendments should be applied on a prospective basis. An entity is required to disclose the nature of and reason for the change in accounting principle upon transition. Our assessment of the impact that adoption of this guidance will have on our consolidated financial statements is ongoing, but we do not anticipate a material effect on our consolidated results of operations, financial position or cash flows.

Critical Accounting Policies and Estimates

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

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

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

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

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

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

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

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

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

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

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

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

Contingent Liabilities – Income Taxes. Income tax reserves are determined using the methodology established by accounting standards relating to uncertainty in income taxes. These standards require companies to assess each income tax position taken using a two-step process. A determination is first made as to whether it is more likely than not that the position will be sustained, based upon the technical merits, upon examination by the taxing authorities. If the tax position is expected to meet the more likely than not criteria, the benefit recorded for the tax position equals the largest amount that is greater than 50% likely to be realized upon ultimate settlement of the respective tax position. Uncertain tax positions require determinations and liabilities to be estimated based on provisions of the tax law which may be subject to change or varying interpretation. If our determinations and estimates prove to be inaccurate, the resulting adjustments could be material to our future financial results.

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

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

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

Fair Value Measurements. Accounting standards for the measurement of fair value of assets and liabilities establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). Therefore, Level 3 inputs are typically based on an entity's own assumptions, as there is little, if any, related market activity, and thus require the use of significant judgment and estimates. Currently, we have no assets or liabilities that are valued based solely on Level 3 inputs.

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial Risk Management

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

Interest Rate Risk

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

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

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

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

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

/s/ Ernst & Young LLP

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

Nashville, Tennessee
March 23, 2018

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

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

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

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)

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

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

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

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

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

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands except per share amounts)

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

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

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

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

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

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of presentation and accounting policies

Basis of presentation

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

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

Cash and cash equivalents

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

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

Investments in debt and equity securities

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

Merchandise inventories

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

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

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

Vendor rebates

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

Prepaid expenses and other current assets

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

Property and equipment

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

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

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

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

Impairment of long-lived assets

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

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

Goodwill and other intangible assets

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

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

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

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

Other assets

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

Accrued expenses and other liabilities

Accrued expenses and other consist of the following:

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

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

Insurance liabilities

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

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

Operating leases and related liabilities

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

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

Other liabilities

Noncurrent Other liabilities consist of the following:

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

Fair value accounting

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

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

Other comprehensive income

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

Revenue and gain recognition

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

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

Advertising costs

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

Share-based payments

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

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

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

Store pre-opening costs

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

Income taxes

Under the accounting standards for income taxes, the asset and liability method is used for computing the future income tax consequences of events that have been recognized in the Company's consolidated financial statements or income tax returns. Deferred income tax expense or benefit is the net change during the year in the Company's deferred income tax assets and liabilities.

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

Income tax reserves are determined using a methodology which requires companies to assess each income tax position taken using a two-step process. A determination is first made as to whether it is more likely than not that the position will be sustained, based upon the technical merits, upon examination by the taxing authorities. If the tax position is expected to meet the more likely than not criteria, the benefit recorded for the tax position equals the largest amount that is greater than 50% likely to be realized upon ultimate settlement of the respective tax position. Uncertain tax positions require determinations and estimated liabilities to be made based on provisions of the tax law which may be subject to change or varying interpretation. If the Company's determinations and estimates prove to be inaccurate, the resulting adjustments could be material to the Company's future financial results.

Management estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Accounting standards

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

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

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

In January 2017, the FASB issued amendments to existing guidance related to the subsequent measurement of goodwill. These amendments modify the concept of impairment from the condition that exists when the carrying amount of goodwill exceeds its implied fair value to the condition that exists when the carrying amount of a reporting unit exceeds its fair value. Subsequent to adoption, an entity will perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. This guidance is effective for public business entities for fiscal years, and interim periods within those years, beginning after December 15, 2019, and early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The amendments should be applied on a prospective basis. An entity is required to disclose the nature of and reason for the change in accounting principle upon transition. The Company's assessment of the impact that adoption of this guidance will have on its consolidated financial statements is ongoing, but the Company currently does not anticipate a material effect on consolidated results of operations, financial position or cash flows.

Reclassifications

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

2. Goodwill and other intangible assets

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

3. Earnings per share

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

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

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

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

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

Share-based awards that were outstanding at the end of the respective periods, but were not included in the computation of diluted earnings per share because the effect of exercising such options would be antidilutive, were 2.1 million, 1.7 million and 1.3 million in 2017, 2016 and 2015, respectively.

4. Income taxes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Company's 2013 and earlier tax years are not open for further examination by the Internal Revenue Service ("IRS"). The IRS, at its discretion, may choose to examine the Company's 2014 through 2017 fiscal year income tax filings. The Company has various state income tax examinations that are currently in progress. Generally, with few exceptions, the Company's 2014 and later tax years remain open for examination by the various state taxing authorities.

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

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

The Company's reserve for uncertain tax positions will not be reduced in the coming twelve months as a result of expiring statutes of limitations. As of February 2, 2018, approximately $1.0 million of the uncertain tax positions would impact the Company's effective income tax rate if the Company were to recognize the tax benefit for these positions.

The amounts associated with uncertain tax positions included in income tax expense consists of the following:

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

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

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

5. Current and long-term obligations

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

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

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

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

The Facilities can be voluntarily prepaid in whole or in part at any time without penalty. There is no required principal amortization under the Facilities. The Facilities contain a number of customary affirmative and negative covenants that, among other things, restrict, subject to certain exceptions, the Company's ability to: incur additional liens; sell all or substantially all of the Company's assets; consummate certain fundamental changes or change in the Company's lines of business; and incur additional subsidiary indebtedness. The Facilities also contain financial covenants which require the maintenance of a minimum fixed charge coverage ratio and a maximum leverage ratio. As of February 2, 2018, the Company was in compliance with all such covenants. The Facilities also contain customary events of default.

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

As of February 2, 2018, the Company had a commercial paper program under which the Company may issue unsecured commercial paper notes (the "CP Notes") from time to time in an aggregate amount not to exceed $1.0 billion outstanding at any time. The CP Notes have maturities of up to 364 days from the date of issue and rank equal in right of payment with all of the Company's other unsecured and unsubordinated indebtedness. The Company intends to maintain available commitments under the amended and restated revolving credit facilities in an amount at least equal to the amount of CP Notes outstanding at any time. As of February 2, 2018, the Company's consolidated balance sheet reflected outstanding CP notes of $430.2 million, which were classified as long-term obligations due to the Company's intent and ability to refinance these obligations as long-term debt. An additional $186 million of outstanding CP Notes were held by a wholly-owned subsidiary of the Company and are therefore not reflected on the consolidated balance sheet. The weighted average interest rate for borrowings under the commercial paper program was 1.8% as of February 2, 2018.

On April 11, 2017, the Company issued $600.0 million aggregate principal amount of 3.875% senior notes due 2027 (the "2027 Senior Notes"), at a discount of $0.4 million, which are scheduled to mature on April 15, 2027. Interest on the 2027 Senior Notes is payable in cash on April 15 and October 15 of each year, and commenced on October 15, 2017. The Company incurred $5.2 million of debt issuance costs associated with the issuance of the 2027 Senior Notes. The net proceeds from the sale of the 2027 Senior Notes were used to repay all of the Company's outstanding senior notes due in 2017 as discussed below and for general corporate purposes. Collectively, the 2027 Senior Notes and the Company's other Senior Notes due 2018, 2023 and 2025 as reflected in the table above comprise the "Senior Notes", each of which were issued pursuant to an indenture as supplemented and amended by supplemental indentures relating to each series of Senior Notes (as so supplemented and amended, the "Senior Indenture").

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

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

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

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

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

6. Assets and liabilities measured at fair value

The following table presents the Company's assets and liabilities required to be measured at fair value as of February 2, 2018, aggregated by the level in the fair value hierarchy within which those measurements are classified.

(In thousands)	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value at February 2, 2018
Liabilities:				
Long-term obligations (a)	$ 2,440,495	$ 624,856	$ —	$ 3,065,351
Deferred compensation (b)	24,956	—	—	24,956

(a) Included in the consolidated balance sheet at book value as Current portion of long-term obligations of $401,345 and Long-term obligations of $2,604,613.
(b) Reflected at fair value in the consolidated balance sheet as a component of Accrued expenses and other current liabilities of $2,283 and a component of noncurrent Other liabilities of $22,673.

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

7. Commitments and contingencies

Leases

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

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

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

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

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

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

Rent expense under all operating leases is as follows:

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

Legal proceedings

From time to time, the Company is a party to various legal matters involving claims incidental to the conduct of its business, including actions by employees, consumers, suppliers, government agencies, or others. The Company has recorded accruals with respect to these matters, where appropriate, which are reflected in the Company's consolidated financial statements. For some matters, a liability is not probable or the amount cannot be reasonably estimated and therefore an accrual has not been made.

Except as described below, the Company believes, based upon information currently available, that such matters, both individually and in the aggregate, will be resolved without a material adverse effect on the Company's consolidated financial statements as a whole. However, litigation and other legal matters involve an element of uncertainty. Future developments could cause these actions or claims to have a material adverse effect on the Company's results of operations, cash flows, or financial position. In addition, certain of these matters, if decided adversely to the Company or settled by the Company, may result in liability material to the Company's financial position or may negatively affect operating results if changes to the Company's business operation are required.

Wage and Hour Litigation

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

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

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

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

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

Other Employment Litigation

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

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

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

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

Consumer/Product Litigation

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

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

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

On May 25, 2017, in response to the Notice of Proposed Action, the Company filed an action in New Mexico federal court seeking a declaratory judgment that the New Mexico AG is prohibited by, among other things, the United States Constitution, from pursuing the New Mexico Motor Oil Matter and an order enjoining the New Mexico AG from pursuing such an action. (*Dollar General Corporation v. Hector H. Balderas*, D.N.M., Case No. 1:17-cv-00588). Thereafter, on June 20, 2017, the New Mexico AG filed an action in the First Judicial District Court, County of Santa Fe, New Mexico pertaining to the New Mexico Motor Oil Matter. (*Hector H. Balderas v. Dolgencorp, LLC*, Case No. D-101-cv-2017-01562). The Company removed this matter to New Mexico federal court on July 26, 2017, and filed a motion to dismiss the action. The matter was transferred to the Motor Oil MDL and the New Mexico AG has moved to remand it to state court. (*Hector H. Balderas v. Dolgencorp, LLC*, D.N.M., Case No. 1:17-cv-772). The Company's and the New Mexico AG's above-referenced motions are pending.

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

On January 30, 2018, the Company received a Civil Investigative Demand ("CID") from the Office of the Louisiana Attorney General ("Louisiana AG") requesting information concerning the Company's labeling, marketing and sale of certain Dollar General private-label motor oil (the "Louisiana Motor Oil Matter"). In response to the CID, the Company filed a petition for a protective order on February 20, 2018 in the 19th Judicial District Court for the Parish of East Baton Rouge, Louisiana seeking to set aside the Louisiana AG's CID. (*In re Dollar General Corp. and Dolgencorp, LLC*, Case No. 666499). The Company's petition is pending.

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

The Company is vigorously defending these matters and believes that the labeling, marketing and sale of its private-label motor oil comply with applicable federal and state requirements and are not misleading. The Company further believes that these matters are not appropriate for class or similar treatment. At this time, however, it is not possible to predict whether these matters will be permitted to proceed as a class or in a similar fashion, whether on a statewide or nationwide basis, or the size of any putative class or classes. Likewise, at this time, it is not possible to estimate the value of the claims asserted, and no assurances can be given that the Company will be successful in its defense of these matters on the merits or otherwise. For these reasons, the Company is unable to estimate the potential loss or range of loss in these matters; however, if the Company is not successful in its defense efforts, the resolution of the Motor Oil MDL, the New Mexico Motor Oil Matter, the Mississippi Motor Oil Matter or the Louisiana Motor Oil Matter could have a material adverse effect on the Company's consolidated financial statements as a whole.

Shareholder Litigation

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

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

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

8. Benefit plans

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

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

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

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

9. Share-based payments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10. Segment reporting

The Company manages its business on the basis of one reportable operating segment. See Note 1 for a brief description of the Company's business. As of February 2, 2018, all of the Company's operations were located within the United States with the exception of certain subsidiaries in Hong Kong and China and a liaison office in India, which collectively are not material with regard to assets, results of operations or otherwise, to the consolidated financial statements. The following net sales data is presented in accordance with accounting standards related to disclosures about segments of an enterprise.

(in thousands)	2017	2016	2015
Classes of similar products:			
Consumables	$ 18,054,785	$ 16,798,881	$ 15,457,611
Seasonal	2,837,310	2,674,319	2,522,701
Home products	1,400,618	1,373,397	1,289,423
Apparel	1,178,254	1,140,001	1,098,827
Net sales	$ 23,470,967	$ 21,986,598	$ 20,368,562

11. Common stock transactions

On August 29, 2012, the Company's Board of Directors authorized a common stock repurchase program, which the Board has since increased on several occasions. On March 14, 2018, the Company's Board of Directors authorized a $1.0 billion increase to the existing common stock repurchase program and as of such date, a cumulative total of $6.0 billion had been authorized under the program since its inception. The repurchase authorization has no expiration date and allows repurchases from time to time in the open market or in privately negotiated transactions. The timing and number of shares purchased depends on a variety of factors, such as price, market conditions, compliance with the covenants and restrictions under the Company's debt agreements and other factors. Repurchases under the program may be funded from available cash or borrowings including under the Company's Facilities and issuance of CP Notes discussed in further detail in Note 5.

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

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

12. Quarterly financial data (unaudited)

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

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

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

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

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

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

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

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

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

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

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

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

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

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

Report of Independent Registered Public Accounting Firm

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

Opinion on Internal Control over Financial Reporting

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

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

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ Ernst & Young LLP

Nashville, Tennessee
March 23, 2018

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

ITEM 9B. OTHER INFORMATION

Long-Term Incentive Program: 2018 Annual Equity Grants

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

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

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

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

Short-Term Incentive Program: 2018 Teamshare

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

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

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

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

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

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

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

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

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

ITEM 11. EXECUTIVE COMPENSATION

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

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

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

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

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

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

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

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

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

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

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

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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

(c) Exhibits:

EXHIBIT INDEX

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

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

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

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

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

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

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

4.6 Indenture, dated as of July 12, 2012, between Dollar General Corporation, as issuer, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Current Report on Form 8-K dated July 12, 2012, filed with the SEC on July 17, 2012 (file no. 001-11421))

4.7 Third Supplemental Indenture, dated as of April 11, 2013, between Dollar General Corporation, as issuer, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Current Report on Form 8-K dated April 8, 2013, filed with the SEC on April 11, 2013 (file no. 001-11421))

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

4.9 Fifth Supplemental Indenture, dated as of October 20, 2015, between Dollar General Corporation, as issuer, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Current Report on Form 8-K dated October 15, 2015, filed with the SEC on October 20, 2015 (file no. 001-11421))

4.10 Sixth Supplemental Indenture, dated as of April 11, 2017, between Dollar General Corporation and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Current Report on Form 8-K dated April 11, 2017, filed with the SEC on April 11, 2017 (file no. 001-11421))

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

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

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

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

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

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

10.6 Form of Stock Option Award Agreement (approved March 22, 2017) for awards beginning March 2017 and prior to March 2018 to certain employees of Dollar General Corporation pursuant to the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.7 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 3, 2017, filed with the SEC on March 24, 2017 (file no. 001-11421))*

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

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

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

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

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

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

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

10.14 Form of Performance Share Unit Award Agreement (approved March 22, 2017) for awards beginning March 2017 and prior to March 2018 to certain employees of Dollar General Corporation pursuant to the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.13 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 3, 2017, filed with the SEC on March 24, 2017 (file no. 001-11421))*

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

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

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

10.18 Form of Restricted Stock Unit Award Agreement (approved March 22, 2017) for awards beginning March 2017 and prior to March 2018 to certain employees of Dollar General Corporation pursuant to the Dollar General Corporation Amended and Restated 2007 Stock Incentive Plan (incorporated by reference to Exhibit 10.16 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 3, 2017, filed with the SEC on March 24, 2017 (file no. 001-11421))*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10.49 Employment Agreement, effective July 10, 2017, between Dollar General Corporation and Carman R. Wenkoff (incorporated by reference to Exhibit 10.2 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended August 4, 2017, filed with the SEC on August 31, 2017 (file no. 001-11421))*

10.50 Employment Agreement, effective December 2, 2015, between Dollar General Corporation and Anita C. Elliott (incorporated by reference to Exhibit 99.3 to Dollar General Corporation's Current Report on Form 8-K dated December 2, 2015, filed with the SEC on December 3, 2015 (file no. 001-11421))*

10.51 Employment Agreement, effective June 1, 2015, between Dollar General Corporation and Michael J. Kindy (incorporated by reference to Exhibit 10.48 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 3, 2017, filed with the SEC on March 24, 2017 (file no. 001-11421))*

10.52 Omnibus Limited Waiver by Dollar General Corporation to the Employment Agreement and Employment Transition Agreement with certain employees of Dollar General Corporation, effective January 28, 2016 (incorporated by reference to Exhibit 10.52 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 29, 2016, filed with the SEC on March 22, 2016 (file no. 001-11421))*

10.53 Employment Agreement, effective August 10, 2015, between Dollar General Corporation and John W. Flanigan (incorporated by reference to Exhibit 10.6 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2015, filed with the SEC on August 27, 2015 (file no. 001-11421))*

10.54 Employment Agreement, effective August 7, 2015, between Dollar General Corporation and James W. Thorpe (incorporated by reference to Exhibit 10.6 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 30, 2015, filed with the SEC on December 3, 2015 (file no. 001-11421))*

12 Calculation of Fixed Charge Ratio

21 List of Subsidiaries of Dollar General Corporation

23 Consent of Independent Registered Public Accounting Firm

24 Powers of Attorney (included as part of the signature pages hereto)

31 Certifications of CEO and CFO under Exchange Act Rule 13a-14(a)

32 Certifications of CEO and CFO under 18 U.S.C. 1350

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema Document

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

101.LAB XBRL Taxonomy Extension Labels Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

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* Management Contract or Compensatory Plan

ITEM 16. FORM 10-K SUMMARY

None

SIGNATURES

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

DOLLAR GENERAL CORPORATION

Date: March 23, 2018

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

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

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

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

DIRECTORS

Michael M. Calbert (1)
Retired Member
KKR & Co. L.P.

Warren F. Bryant (2)(3)
Retired Chairman, President & Chief Executive Officer
Longs Drug Stores Corporation

Sandra B. Cochran (2)(4)*
President & Chief Executive Officer
Cracker Barrel Old Country Store, Inc.

Patricia D. Fili-Krushel (3)*(4)
Former Executive Vice President
NBCUniversal

Timothy I. McGuire (3)
Chairman of the Board
Mobile Service Center Canada, Ltd. (d/b/a Mobile Klinik)

Paula A. Price (2)
Senior Lecturer
Harvard Business School

William C. Rhodes, III (2)(4)
Chairman, President & Chief Executive Officer
AutoZone, Inc.

David B. Rickard (2)*
Retired Executive Vice President, Chief Financial Officer & Chief Administrative Officer
CVS Health Corporation

Ralph E. Santana (4)
Executive Vice President & Chief Marketing Officer
Harman International Industries

Todd J. Vasos†
Chief Executive Officer
Dollar General Corporation

(1) Chairman of the Board (2) Audit Committee (3) Compensation Committee (4) Nominating & Governance Committee (*) Committee Chairperson

OFFICERS

Todd J. Vasos†
Chief Executive Officer

Executive Vice Presidents

John W. Garratt†
Chief Financial Officer

Jeffery C. Owen†
Store Operations

Robert D. Ravener†
Chief People Officer

Jason S. Reiser†
Chief Merchandising Officer

Rhonda M. Taylor†
General Counsel

Carman R. Wenkoff†
Chief Information Officer

Senior Vice Presidents

Steven R. Deckard
Corporate Store Operations

Anita C. Elliott†
Chief Accounting Officer

Lawrence J. Gatta
General Merchandise Manager

Tracey N. Herrmann
Store Operations

Stephen P. Jacobson
Global Sourcing Operations

Michael J. Kindy†
Global Supply Chain

Daniel J. Nieser
Real Estate & Store Development

Steven G. Sunderland
Store Operations

Emily C. Taylor
General Merchandise Manager

Bryan D. Wheeler
General Merchandise Manager

† Indicates persons designated as the Company's executive officers

CORPORATE INFORMATION

Transfer Agent

EQ Shareowner Services
PO Box 64854, St. Paul, MN 55164-0854
www.shareowneronline.com

Inquiries regarding stock transfers, lost certificates or address changes should be directed to the transfer agent at the address or website noted above or by calling (866) 927-3314.

Independent Registered Public Accounting Firm

Ernst & Young LLP, Nashville, Tennessee

Form 10-K; SEC Certifications

A copy of the Form 10-K filed by the Company with the Securities and Exchange Commission (the "SEC") for the fiscal year ended February 2, 2018, which includes as exhibits the Chief Executive Officer and Chief Financial Officer Certifications required to be filed with the SEC pursuant to Section 302 of the Sarbanes-Oxley Act, is available on our website at www.dollargeneral.com in the Investor Information section or on the SEC's website.

A printed copy of the Form 10-K, and a list of all its exhibits, will be supplied without charge to any shareholder upon written request. Exhibits to the Form 10-K are available for a reasonable fee. For a printed copy of the Form 10-K, please contact:

Dollar General Corporation Investor Relations
100 Mission Ridge, Goodlettsville, Tennessee 37072
(615) 855-4000

ANNUAL MEETING

Dollar General Corporation's annual meeting of shareholders is scheduled for 9 a.m. Central Time on Wednesday, May 30, 2018, at:

Goodlettsville City Hall Auditorium
105 South Main Street, Goodlettsville, TN 37072

Shareholders of record as of March 22, 2018 are entitled to vote at the meeting.

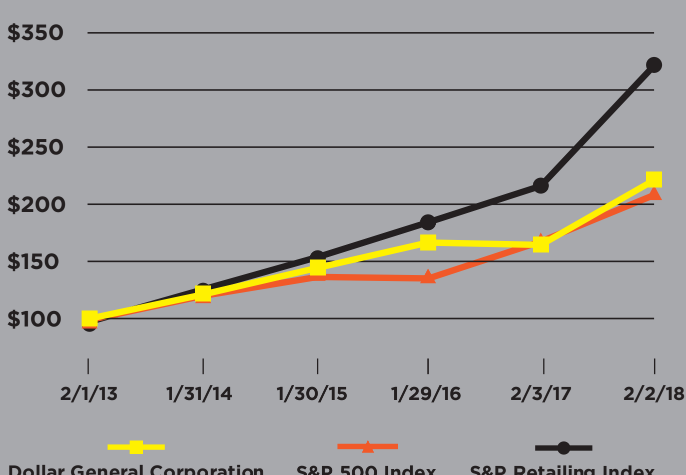
NYSE: DG

The common stock of Dollar General Corporation is traded on the New York Stock Exchange under the trading symbol "DG." The number of shareholders of record as of March 22, 2018 was 2,382.

STOCK PERFORMANCE GRAPH

The graph below compares Dollar General Corporation's cumulative total shareholder return on common stock with the cumulative total returns of the S&P 500 index and the S&P Retailing index. The graph tracks the performance of a $100 investment in our common stock and in each index (with the reinvestment of all dividends) from February 1, 2013 to February 2, 2018.

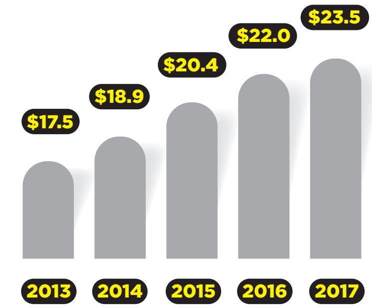
COMPARISON OF CUMULATIVE TOTAL RETURN



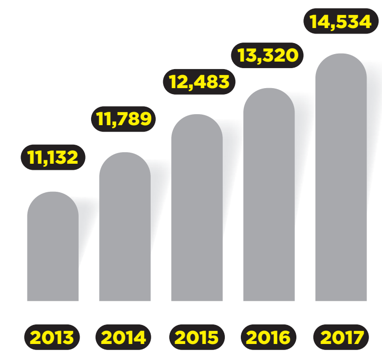
	2/1/13	1/31/14	1/30/15	1/29/16	2/3/17	2/2/18
Dollar General	$100	$121.69	$144.90	$164.15	$161.96	$223.17
S&P 500 Index	$100	$121.52	$138.80	$137.88	$165.51	$209.22
S&P Retailing Index	$100	$127.72	$153.64	$184.32	$218.76	$321.37

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

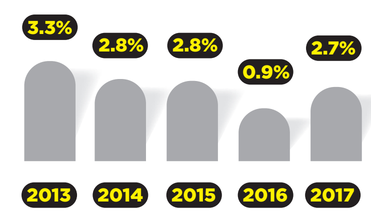
NET SALES (IN BILLIONS)



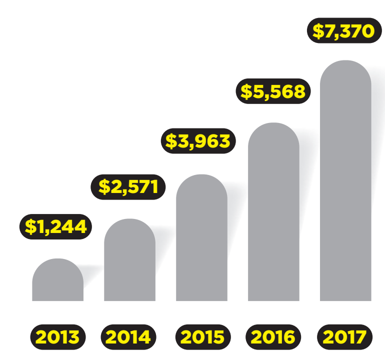
ENDING STORE COUNT



SAME STORE SALES GROWTH



CUMULATIVE CASH FROM OPERATIONS (IN MILLIONS)



Fiscal 2016 includes 53 weeks, while all other years presented contain 52 weeks. Sales in the 2016 53rd week were approximately $399 million.

DRIVING
PROFITABLE SALES GROWTH

CAPTURING
GROWTH OPPORTUNITIES

ENHANCING
OUR POSITION AS A LOW-COST OPERATOR

INVESTING
IN OUR PEOPLE AS A COMPETITIVE ADVANTAGE

100 Mission Ridge
Goodlettsville, Tennessee 37072

Telephone: (615) 855-4000
Website: www.dollargeneral.com

DOLLAR GENERAL®

Dollar General Corporation • 2017 Annual Report and 2018 Proxy Statement