

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

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DOLLAR GENERAL CORP

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Mailing Address

*100 MISSION RIDGE
GOODLETTSVILLE TN 37072*

Business Address

*100 MISSION RIDGE
GOODLETTSVILLE TN 37072
6158554000*

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

FORM 10-K

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended **January 28, 2022**, or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number: **001-11421**

DOLLAR GENERAL CORPORATION

(Exact name of registrant as specified in its charter)

TENNESSEE
*(State or other jurisdiction of
incorporation or organization)*

61-0502302
*(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:

| <u>Title of each class</u> | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|-------------------------------------------|--------------------------|--------------------------------------------------|
| Common Stock, par value \$0.875 per share | DG | 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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an 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

Non-accelerated filer

Accelerated filer

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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act by the registered public accounting firm that prepared or issued its audit report.

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 market value of the registrant’s common stock outstanding and held by non-affiliates as of July 30, 2021 was \$54.2 billion calculated using the closing market price of the registrant’s common stock as reported on the NYSE on such date (\$232.64). For this purpose, directors, executive officers and greater than 10% record shareholders are considered the affiliates of the registrant.

The registrant had 228,868,368 shares of common stock outstanding as of March 11, 2022.

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 25, 2022.

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INTRODUCTION

General

This report contains references to years 2022, 2021, 2020 and 2019, which represent fiscal years ending or ended February 3, 2023, January 28, 2022, January 29, 2021 and January 31, 2020, respectively. Our fiscal year ends on the Friday closest to January 31. Our 2022 fiscal year will consist of 53 weeks, while each of the remaining years listed consists of 52 weeks. 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,” “goal,” “seek,” “ensure,” “potential,” “opportunity,” “intend,” “predict,” “committed,” “likely,” “continue,” “strive,” “aim,” “scheduled,” “focused on,” or “subject to” and similar expressions that concern our strategies, 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 expectations regarding economic and competitive market conditions; our plans and objectives for, and expectations regarding, future operations, growth and initiatives, including but not limited to the number of planned store openings, remodels and relocations, store formats or concepts, progress of our strategic (including our non-consumables and digital initiatives, DG Fresh, Fast Track, and pOpshelf), merchandising, margin enhancing, and distribution/transportation efficiency (including self-distribution) initiatives, and international expansion plans; trends in sales of consumable and non-consumable products, customer traffic and basket size; level of future costs and expenses; expectations regarding inflationary and labor pressures, fuel prices, and other supply chain challenges; potential future stock repurchases and cash dividends; anticipated borrowing under our unsecured revolving credit agreement and our commercial paper program; potential impact of the COVID-19 pandemic and associated governmental responses; potential impact of legal or regulatory changes or governmental assistance or stimulus programs and our responses thereto, including the potential increase of federal, state and/or local minimum wage rates/salary levels, as well as changes to SNAP benefits, unemployment benefits, and child tax credits, or potential changes to the corporate tax rate; or expected outcome or effect of pending or threatened legal disputes, 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 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 may be 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 18,190 stores located in 47 states as of February 25, 2022, with the greatest concentration of stores in the southern, southwestern, midwestern and eastern United States. We offer a broad selection of merchandise, including consumable items, 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 on the New York Stock Exchange under the symbol “DG”, and in December 2013 the entity controlled by investment funds affiliated with KKR sold its remaining shares of our common stock.

COVID-19 Pandemic

Throughout 2020 and 2021, the COVID-19 (coronavirus) pandemic resulted in widespread and continuing impacts on the global economy and affected our business, as well as our customers, suppliers, and other business partners. In March 2020, we began seeing heightened demand from customers, particularly for consumable products such as paper, food and cleaning products. Shortly thereafter, we also saw a significant increase in demand for many non-consumable products, resulting in a significant overall sales mix shift into non-consumable categories in 2020. Overall, the mix of consumables to non-consumables sales in 2021 remained relatively consistent with 2020. Since 2020, we also have seen a shift in consumer shopping behavior towards trip consolidation, along with an increase in average transaction amounts. In 2020, we incurred significant expense related to the pandemic, including appreciation bonuses for retail, distribution and transportation employees and health and safety measures. Although some of these expenses continued in 2021, they were not as significant as in 2020. We expect to continue to be affected, although the extent and duration are unknown, by the COVID-19 pandemic and its effects on the economy (including governmental response thereto), including its impact on the global supply chain and increased product, distribution, transportation and other costs.

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 are: 1) driving profitable sales growth, 2) capturing growth opportunities, 3) enhancing our position as a low-cost operator, and 4) investing in our diverse teams through development, empowerment and inclusion. 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.

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From 1990 through 2020, we achieved 31 consecutive years of positive same-store sales growth. As a result of the unusually high sales results we experienced in 2020, we did not achieve positive same-store sales growth in 2021. Notwithstanding the unusual circumstances of 2020 and 2021, we believe that this consistent growth over many years, 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:

- ***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.
- ***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, and our digital tools and offerings help drive even greater convenience and additional access points. Our product offering includes most necessities, such as basic packaged and refrigerated or frozen 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 requirements for basic goods and minimize their need to shop elsewhere.

Substantial Growth Opportunities. We believe we have substantial long-term growth potential in the U.S., and we have identified significant opportunities to add new stores in both existing and new markets, which include our new pOpshelf concept. 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, and our variety of store formats 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 both products that are of comparable quality to national brands as well as opening price point items, each at substantial discounts to the national brands.

Consumables is our largest merchandise category and includes paper and cleaning products (such as paper towels, bath tissue, paper dinnerware, trash and storage bags, disinfectants, and laundry); packaged food (such as

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cereals, pasta, canned soups, fruits 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, cosmetics, dental hygiene and foot care products); pet (such as pet supplies and pet food); and tobacco products.

Seasonal products include holiday items, 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:

| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---------------|-------------|-------------|-------------|
| Consumables | 76.7 % | 76.8 % | 78.0 % |
| Seasonal | 12.2 % | 12.1 % | 11.7 % |
| Home products | 6.8 % | 6.5 % | 5.8 % |
| Apparel | 4.3 % | 4.6 % | 4.5 % |

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 currently 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. Beginning in 2021, our primary new store format averages approximately 8,500 square feet of selling space. 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:

| <u>Year</u> | <u>Stores at Beginning of Year</u> | <u>Stores Opened</u> | <u>Stores Closed</u> | <u>Net Store Increase</u> | <u>Stores at End of Year</u> |
|-------------|------------------------------------|----------------------|----------------------|---------------------------|------------------------------|
| 2019 | 15,370 | 975 | 67 | 908 | 16,278 |
| 2020 | 16,278 | 1,000 | 101 | 899 | 17,177 |
| 2021 | 17,177 | 1,050 | 97 | 953 | 18,130 |

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 (including grocers), and we are focused on helping them make the most of their spending dollars. At the same time, however, Dollar General shoppers from a wide range of income

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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 two largest suppliers accounted for approximately 9% and 8%, respectively, of our purchases in 2021. Our private brands come from a wide variety of suppliers. We directly imported approximately 6% of our purchases at cost in 2021.

In 2020 and 2021, COVID-19 and its impacts caused disruptions in our supply chain, at times making it more difficult to obtain certain products in sufficient quantities to meet customer demand and increasing distribution and transportation costs. We anticipate these COVID-19 effects to persist to some degree, although the ultimate extent and duration of the COVID-19 pandemic and its effects are unknown. Prior to 2020, we had generally been able to obtain sufficient quantities of core merchandise and in cases where one or more of our current sources of supply became unavailable, we generally had been able to obtain alternative sources. In situations where it becomes necessary to secure alternative sources, we may experience increased merchandise costs and supply chain lead time and expenses, a temporary reduction in store inventory levels, and reduced product selection or quality. An inability to obtain alternative sources could adversely affect our sales.

Distribution and Transportation

Our stores are currently supported by distribution centers for both refrigerated and non-refrigerated merchandise located strategically throughout our geographic footprint. We lease additional temporary warehouse space as necessary to support our distribution needs. In addition to our traditional distribution centers, we now operate multiple temperature-controlled distribution facilities in support of “DG Fresh”, our strategic, multi-phased shift to self-distribution of frozen and refrigerated goods, such as dairy, deli and frozen products. We regularly 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 our private fleet and by third-party trucking firms, utilizing our trailers. In addition, vendors or third-party distributors deliver or ship certain food items and other merchandise directly to our stores.

Seasonality

The nature of our business is somewhat seasonal. Generally, our operating profit has been greater in the fourth quarter, which includes the Christmas selling season, as compared with operating profit in each of the first three quarters of our fiscal year. In addition, our quarterly results can be affected by the timing of certain holidays, new store openings, remodels, relocations and store closings. Consumer behavior driven by the COVID-19 pandemic and its accompanying impacts has resulted in a departure from seasonal norms we have experienced in recent years and may continue to disrupt the historical quarterly cadence of our results of operations for an unknown period of time.

Our Competition

We operate in the basic discount consumer goods market, which is highly competitive with respect to price, customers, store location, merchandise quality, assortment and presentation, service offerings, in-stock consistency, customer service, promotional activity, employees, and market share. We compete with discount stores and 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, 99 Cents Only and various local, independent operators, as well as Walmart, Target, Kroger, Aldi, Walgreens, CVS, and Rite Aid, among others. Certain of our competitors have greater financial, distribution,

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marketing and other resources than we do and may be able to secure better arrangements from suppliers than we can. Competition is intense and we believe it will continue to be so, with certain competitors reducing their store locations while others 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 online and in-store customer 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 are able to maintain competitive prices 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 product 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 Intellectual Property

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, Dollar General®, DG®, Clover Valley®, trueliving®, and pOpshelf® along with variations and formatives of these trademarks. 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 at least March 5, 2029 and the Believe Beauty brand through at least March 18, 2025.

Human Capital Resources

At Dollar General, a foundational element in how we operate is exemplified in our fourth operating priority – Investing in our diverse teams through development, empowerment and inclusion. Building on our core value of respecting the dignity and differences of others, our goal is to create a work environment where each employee is encouraged and empowered to bring their unique perspective and voice to work each day. Based on a talent philosophy of “Attract, Develop, and Retain”, whether an individual works in a store, a distribution center, our store support center or our international offices, over the last 80+ years, we have helped millions of individuals start and progress in their careers, providing employees with numerous opportunities to gain new skills and develop their talents, supported by our award-winning training and development programs.

Attract

We seek to provide market competitive compensation and benefits packages that attract talent to the organization and then retain and incent employees for performance. Although eligibility for and the level of benefits vary depending on the employee’s full-time or part-time status, compensation level, date of hire, and/or length of service, the broad range of benefits we provide or make available may include: medical, prescription, telemedicine, dental and vision plans; flexible spending accounts; disability insurance; 401(k) plan; paid vacation; employee assistance program with access to legal assistance and counseling; healthy lifestyle and disease management programs; education assistance benefits; parental leave; adoption assistance; service award recognition; and a broad range of discounts for other products and services. To help measure the success of our overall employee compensation and benefits programs, we monitor employee applicant flow and staffing levels across the organization, as well as employee turnover, particularly at the store manager level.

Develop

As a testament to our employee development efforts, in February 2021 we were inducted into Training magazine’s Hall of Fame, following two consecutive years as the magazine’s top training and

development program and rounding out 10 consecutive years among its Top 100 list. In 2021, we estimate we invested over three million training hours in our employees to promote their education and development.

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Our internal promotion rate helps us measure the success of our development programs. As of February 25, 2022, we employed approximately 163,000 full-time and part-time employees, including divisional and regional managers, district managers, store managers, other store personnel, and distribution center, fleet and administrative personnel. As of the end of 2021, approximately 76% of store managers and thousands of additional employees, including several members of our senior leadership, have been promoted from within our organization.

Retain

To ensure we are creating an environment where our employees feel respected, safe, empowered, and motivated, we regularly monitor retention and engagement levels across the organization through a variety of means, working to understand what is important to our employees and how we can best continue to meet their evolving needs.

Compliance with Governmental Regulations

Our operations are subject to the applicable federal, state, local and foreign laws, rules, and regulations of the jurisdictions in which we operate or conduct business. These laws, rules and regulations relate to, among other things, the sale of products, including without limitation product and food safety, marketing and labeling; information security and privacy; labor and employment; employee wages and benefits; health and safety; real property; public accommodations; anti-bribery; financial reporting and disclosure; antitrust and fair competition; anti money laundering; transportation; imports and customs; intellectual property; taxes; and environmental compliance.

Although we routinely incur significant costs in complying with the laws and regulations applicable to the Company, and we can make no guarantees that future such costs will not be material, to date, compliance with these laws, rules and regulations has not had a material adverse effect on our capital expenditures, earnings or competitive position. Many of our entry-level store employees are paid at rates in line with the applicable state minimum wage, and consequently, in certain situations, increases to such wage rates have increased our labor costs. If federal, state and/or local minimum wage rates/salary levels were to increase significantly and/or rapidly, compliance with such increases could adversely affect our earnings. Additionally, if significant changes in the federal, state or foreign corporate tax rates occur in the future, such change could adversely affect our overall effective tax rate and earnings. See “Risk Factors” in Part I, Item 1A for additional information regarding government regulations that could impact our business.

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 (<https://investor.dollargeneral.com>) as soon as reasonably practicable after we electronically file them with or furnish them to the SEC. The SEC also 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

Investment in our Company involves risks. You should carefully consider the risks described below and the other information 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.

Business, Strategic and Competitive Risks

The COVID-19 pandemic has continued to impact our business, financial performance and financial condition and could have a material adverse impact on our business, financial performance and financial condition in the future.

The COVID-19 pandemic has resulted in widespread and continuing adverse impacts on, and volatility in, the global economy and has continued to impact our business, employees, customers, suppliers, and other business partners. Considerable uncertainty exists regarding the extent to which the COVID-19 pandemic's existing and new variants will continue, as well as the scope, duration and effectiveness of continued measures directed at containment and mitigation of the virus, including travel bans and restrictions, quarantines, school closures, vaccination rollouts (including any boosters), vaccine and/or testing initiatives and mandates, restrictions on large gatherings and social distancing directives, and business and government restrictions and shutdowns. These measures taken by national, state and local government authorities to date have had serious adverse impacts on domestic and foreign economies and could have a significant adverse impact on our core customer and her spending for an unknown length of time. The timing, scope and potential effect of any additional economic stabilization efforts, including additional government stimulus payments, food/nutrition assistance and enhanced unemployment benefits, is uncertain. If customer spending on the goods we sell declines as a result of some or all of these factors, there could be a material adverse impact on our business and results of operations.

We have been classified as an essential business in all locations where we operate, and as such, our stores generally have remained open to serve our customers. While none of the below has resulted in an overall material adverse impact on our business, financial performance or financial condition to date, we have experienced or are experiencing certain effects of the COVID-19 pandemic, including but not limited to, the following:

- Supply chain disruptions and capacity constraints, including shipping and procurement delays of certain goods from international and domestic shipping origins, delivery delays to our stores as a result of staffing challenges (including COVID-19-related absenteeism) in certain of our distribution centers and vendor restrictions on their sale to us of a significant percentage of certain of our core products;
- Reduced or no availability of certain products in our stores as a result of supply chain disruptions outlined above and extremely high customer demand for certain products which has outpaced available supply;
- Increased distribution and transportation costs as a result of the effects outlined above, increased carrier rates and greater driver shortages, increased importing expense, increased overtime pay expenses due to reduced labor availability, and demand for transportation services outpacing carrier supply;

- Delayed store openings as a result of delays in store equipment, inventory deliveries or availability, and entitlement processes;
- Temporary store and distribution center closings in order to allow for deep cleanings as needed;
- Increased incremental expenses for certain items, including supplies for enhanced cleaning protocols and personal protective equipment for employees in stores, distribution centers and corporate headquarters (e.g., gloves, masks, hand sanitizer);
- In addition to the additional distribution overtime discussed above, increased labor expenses as a result of awarding employee appreciation bonuses, significantly increasing our hiring of new store

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- employees, and the increased workload associated with the incremental sales volume or inconsistent deliveries from our distribution centers to our stores; and
- COVID-19 and remote-work oriented phishing and similar cybersecurity attack attempts.

Depending on the duration and severity of the COVID-19 pandemic, including whether there are additional “waves”, other additional periods of increases or spikes in the number of COVID-19 cases or variants thereof and the availability, acceptance and efficacy of medical treatments, vaccines (including both adult and pediatric booster vaccines), effect of vaccine and/or testing mandates and related regulations, which are uncertain and cannot be predicted, as well as governmental authorities’ responses and requirements related to the pandemic, including the pace and extent of the easing or removal of restrictions on businesses and customers or the reinstatement of more stringent regulations, these experienced effects could have a material adverse impact on our business, financial performance and financial condition in the future if they increase in number, duration, and/or magnitude. We also could experience other effects that could aggravate or increase the likelihood of the risk factors set forth herein and/or result in a material adverse impact on our business, financial performance or financial condition, including but not limited to, the financial difficulties experienced by our suppliers or business partners, including the financial failure of one or more of our international steamship line vendors resulting in our inability to obtain our purchased goods in their possession; increased operating costs as a result of increased government regulations and mandates requiring us to provide wage increases or premiums to frontline employees, personal protective equipment or personal hygiene supplies to customers or to increase store and distribution center cleaning protocols, as well as store and/or distribution center closures as a result of increased government enforcement of any such new regulations and mandates; increased litigation expenses resulting from employee or customer lawsuits, including those related to the Company’s COVID-19 response and alleged employee or customer contraction; increased insurance costs, medical claims costs and workers’ compensation claim costs and the impact of regulatory and judicial changes in liability for workers’ compensation; and damage to our reputation if our response to the COVID-19 pandemic is perceived as inadequate or inappropriate. Additionally, the COVID-19 pandemic’s new and existing variants may cause or accelerate a shift in our core customer’s behaviors, expectations and shopping trends, which could result in lost sales and market share if we are not able to successfully increase the pace of our strategic initiatives development, particularly our digital strategic initiatives, and if our current digital shopping offerings do not continue to compete effectively.

The extent to which the COVID-19 pandemic ultimately impacts our business, financial performance and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak (and any variants thereof), its severity, the actions to contain and mitigate the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. As a result, we may not be able to identify all risks ultimately faced from the COVID-19 pandemic and its aftermath.

Economic factors may reduce our customers’ spending, impair our ability to execute our strategies and initiatives, and increase our costs and expenses, which could result in materially decreased sales and/or profitability.

Many of our customers have fixed or low incomes and limited discretionary spending dollars. Any factor that could adversely affect their disposable income could decrease our customers’ spending or cause them to shift their spending to our lower margin product choices, which could result in materially decreased sales and/or profitability. Factors that could reduce our customers’ disposable income include but are not limited to high unemployment or underemployment levels or decline in real wages; inflation; pandemics (such as the COVID-19 pandemic); higher fuel, energy, healthcare and housing costs, interest rates, consumer debt levels, and tax rates; tax law changes that negatively affect credits and refunds; lack of available credit; and decreases in, or elimination of, government stimulus programs or subsidies such as unemployment, food/nutrition assistance programs, and the Child Tax Credit.

Many of the economic factors listed above, as well as commodity rates; transportation, lease and insurance costs; wage rates (including the heightened possibility of increased federal, state and/or local minimum wage rates); foreign exchange rate fluctuations; measures that create barriers to or increase the costs of international trade (including increased import duties or tariffs); changes in applicable laws and regulations (including tax laws related

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to the corporate tax rate); and other economic factors, also could impair our ability to successfully execute our strategies and initiatives, as well as increase our cost of goods sold and selling, general and administrative expenses (including real estate costs), and may have other adverse consequences that we are unable to fully anticipate or control, all of which may materially decrease our sales or profitability.

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

We have short-term and long-term strategies and initiatives (such as those relating to merchandising, real estate and new store development, international expansion, store formats and concepts, digital, marketing, health services, shrink, sourcing, private brand, inventory management, supply chain, store operations, expense reduction, and technology) in various stages of testing, evaluation, and implementation, which are designed to continue to improve our results of operations and financial condition. The effectiveness of these initiatives is inherently uncertain, even when tested successfully, and is dependent on consistency of training and execution, workforce stability, ease of execution and scalability, and the absence of offsetting factors that can influence results adversely. The number and diverse geographic locations of our stores and distribution centers and our decentralized field management also contribute to the challenging nature of these factors. Other risk factors described herein also could negatively affect general implementation. Failure to achieve successful or cost-effective implementation of our initiatives could materially and adversely affect our business, results of operations and financial condition.

The success of our merchandising initiatives, particularly our non-consumable initiatives (including our new pOpshelf concept) and efforts to increase sales of higher margin products within the consumables category, further depends in part upon our ability to predict the products that our customers will demand and to identify and timely respond to evolving trends in consumer preferences and demographic mixes in our markets. If we are unable to select and timely obtain products that are attractive to customers and at costs that allow us to sell them at an acceptable profit, or to effectively market such products, it could result in materially decreased sales and profitability.

The success of our cold chain self-distribution initiative, DG Fresh, further depends in part on the availability of certain supply chain resources, including temperature-controlled distribution centers, refrigerated transportation equipment, and drivers. The success of our Fast Track initiative, which is designed to enhance our in-store labor productivity, on-shelf availability and customer convenience, further depends in part on successful acquisition, implementation and maintenance of the necessary hardware and technology, continued customer interest and adoption of self-checkout, our ability to gain cost efficiencies and control shrink levels from the initiative, and vendor cooperation. The success of DG Media Network, which is our platform for connecting brand partners with our customers to drive even greater value for each, further depends on our ability to successfully gather target customer audiences that deliver consistent, predictable and beneficial returns on advertising spending so as to generate interest and demand from our brand partners, as well as to properly handle and secure all sensitive customer data.

We face intense competition that could limit our growth opportunities and materially and adversely affect our results of operations and financial condition.

The retail business is highly competitive with respect to price, customers, store location, merchandise quality, product assortment and presentation, service offerings, product sourcing and supply chain capacity, in-stock consistency, customer service, ease of shopping experience, promotional activity, employees, and market share. We compete with discount stores and many other retailers, including mass merchandise, warehouse club, grocery, drug, convenience, variety, online retailers, and certain specialty stores. To maintain our competitive position, we may be required to lower prices, either temporarily or permanently, and may have limited ability to increase prices in response to increased costs, resulting in lower margins and reduced profitability. Certain of our

competitors have greater financial, distribution, marketing and other resources, and may be able to secure better arrangements with suppliers, than we.

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Competition is intense, and is expected to continue to be so, with certain competitors reducing their store locations while others enter or increase their presence in our geographic and product markets (including through the expansion of availability of delivery services) and expand availability of mobile, web-based and other digital technologies to facilitate a more convenient and competitive online and in-store shopping experience. If our competitors or others were to enter our industry in a significant way, including through alliances or other business combinations, it could significantly alter the competitive dynamics of the retail marketplace and result in competitors with greatly improved competitive positions, which could materially affect our financial performance. Our ability to effectively compete will depend substantially upon our continued ability to develop and execute compelling and cost-effective strategies and initiatives. If we fail to anticipate or respond effectively to competitive pressures and industry changes, it could materially affect our results of operations and financial condition.

Operational Risks

If we cannot timely and cost-effectively execute our real estate projects and meet our financial expectations, or if we do not anticipate or successfully address the challenges imposed by our expansion, including into new countries or domestic markets, states, or urban or suburban areas, it could materially impede our planned future growth and our profitability.

Delays in or failure to complete a significant portion of our real estate projects, or failure to meet our financial expectations for these projects, could materially and adversely affect our growth and our profitability. Our ability to timely open, relocate and remodel profitable stores and expand into additional market areas is a key component of our planned future growth and may depend in part on: the availability of suitable store locations and capital funding; the absence of entitlement process or occupancy delays, including zoning restrictions and moratoria on small box discount retail development such as those passed by certain local governments in areas where we operate or seek to operate; supply chain volatility resulting in delivery delays, and in some cases, lack of availability of store equipment, building materials, and store merchandise for resale; the ability to negotiate acceptable lease and development terms (for example, real estate development requirements and cost of building materials and labor), to cost-effectively hire and train qualified new personnel, especially store managers, and to identify and accurately assess sufficient customer demand; and general economic conditions. While we have experienced certain of these factors at heightened levels in fiscal 2021, to date, they have not materially impaired our ability to complete our planned real estate projects or growth, and thus, have not had a material adverse effect on our financial performance. However, if the heightened levels which we have recently experienced increase or are sustained for an extended period of time, we expect that they could have a material adverse effect on our ability to complete our future planned real estate projects or growth, and in turn, a material adverse effect on our financial performance.

We also may not anticipate or successfully address all of the challenges imposed by the expansion of our operations (including our new pOpshelf store concept), including into new countries or domestic markets, states or urban or suburban areas where we have limited or no meaningful experience or brand recognition. Those areas may have different regulatory environments, competitive and market conditions, consumer tastes and discretionary spending patterns than our existing markets, as well as higher cost of entry and operating costs. These factors may cause our new stores to be less profitable than stores in our existing markets, which could slow future growth in these areas. In addition, many new stores will be located in areas where we have existing stores, which inadvertently may temporarily or permanently divert a larger than anticipated number of customers and sales from our existing stores, thereby adversely affecting our overall financial performance.

Inventory shrinkage may negatively affect our results of operations and financial condition.

We experience significant inventory shrinkage. Although some level of inventory shrinkage is an unavoidable cost of doing business, higher rates of inventory shrinkage or increased security or other costs to combat inventory theft could adversely affect our results of operations and financial condition.

There can be no assurance that we will be successful in our efforts to contain or reduce inventory shrinkage.

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Our cash flows from operations, profitability and financial condition 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, operating lease assets, and other intangible assets as of January 28, 2022. Efficient inventory management is a key component of our business success and profitability. We must maintain sufficient inventory levels and an appropriate product mix to meet our customers' demands without allowing those levels to increase such that the costs to store and hold the goods unduly impacts our financial results or increases the risk of inventory shrinkage. If we do not accurately predict customer trends, spending levels, or price sensitivity, we may have to take unanticipated markdowns to dispose of the excess inventory, which also can adversely affect 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 and financial condition may be negatively affected.

Failure to maintain the security of our business, customer, employee or vendor information or to comply with privacy laws could expose us to litigation, government enforcement actions and costly response measures, and could materially harm our reputation and affect our business and financial performance.

In connection with sales, we transmit confidential credit and debit card information which is encrypted using point-to-point encryption. We also have access to, collect or maintain certain private or confidential information regarding our customers, employees and their dependents, and vendors, as well as our business. Some of this information is stored electronically in connection with our e-commerce and mobile applications, some of which may leverage third-party service providers. Additionally, we may share information with and depend upon select vendors to assist us in conducting our business. While we have implemented procedures and technology intended to protect such information and require appropriate controls of our vendors, external attackers could compromise such controls and result in unauthorized disclosure of such information, as attacks are becoming increasingly sophisticated, may include attacks on our third-party business partners, and do not always or immediately produce detectable indicators of compromise. Moreover, inadvertent or malicious internal personnel actions could result in a defeat of security measures and a compromise of our or our third-party vendors' information systems. Furthermore, if a vendor is the victim of a cyberattack, including a ransomware attack, such attack could have a corresponding material effect on our ability to do business with that vendor or to receive information that may be required to timely prepare our financial statements. Due to the political uncertainty involving Russia and Ukraine, there is an increased likelihood that escalation of tensions could result in cyberattacks that could either directly or indirectly impact our operations. Like other retailers, we and our vendors have experienced threats to, and incidents involving, data and systems, including by perpetrators of attempted random or targeted malicious attacks; computer malware, ransomware, bots, or other destructive or disruptive software; and attempts to misappropriate our information and cause system failures and disruptions although to date none have been material to our business. If attackers obtain customer, employee or vendor passwords through unrelated third-party breaches, and if impacted customers, employees, or vendors do not employ good online security practices (e.g., use the same password across different sites or do not use multifactor authentication), these passwords could be used to gain access to their information or accounts with us in certain situations.

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, issued by the Payment Card Industry Security Standards Council. Nonetheless, we may be vulnerable to, and unable to detect and appropriately respond to, cardholder data security breaches and data loss, including successful attacks on applications, systems, or networks.

A significant security breach of any kind experienced by us or one of our vendors, which could be undetected for a period of time, or a significant failure by us or one of our vendors to comply with

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, negative publicity and reputational harm, business disruption and costly response measures (e.g., providing notification to, and credit monitoring services for, affected individuals, as well as further upgrades to our security measures; procuring a replacement vendor if one of our current vendors is unable to fulfill its obligations to us due to a cyberattack or

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incident) 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 publicity could significantly harm our reputation which could cause us to lose market share as a result of customers discontinuing the use of our e-commerce and mobile applications or debit or credit cards in our stores or not shopping in our stores altogether and could materially and adversely affect our business and financial performance.

Material damage or interruptions to our information systems as a result of external factors, staffing shortages or challenges in maintaining or updating our existing technology or developing or implementing new technology could materially and adversely affect our business and results of operations.

We depend on a variety of information technology systems, including systems owned and managed by third-party vendors, for the efficient functioning of our business, including, without limitation, transaction processing and the management of our employees, facilities, logistics, inventories, stores and customer-facing digital applications and operations. Our 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 surges and outages, facility damage, physical theft, computer and telecommunications failures, inadequate or ineffective redundancy, malicious code (including malware, ransomware, or similar), successful attacks (e.g., account compromise; phishing; denial of service; and application, network or system vulnerability exploitation), software upgrade failures or code defects, natural disasters and human error. Due to the political uncertainty involving Russia and Ukraine, there is an increased likelihood that escalation of tensions could result in cyberattacks that could either directly or indirectly impact our operations. Design defects, damage to, or interruption to these systems may require a significant investment to repair or replace, disrupt our operations and affect our ability to meet business and reporting requirements, result in the loss or corruption of critical data, and harm our reputation, all of which could materially and adversely affect 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 third parties to maintain and periodically upgrade many of these systems so that they can continue to support our business. We license the software programs supporting many of our systems from independent software developers. The inability of these vendors, developers or us to continue to maintain and upgrade these systems and software programs could disrupt or reduce the efficiency of our operations or retain vulnerability exploitation risk if we were unable to convert to alternate systems in an efficient and timely manner and could expose us to greater risk of a successful attack. In addition, costs and delays associated with the implementation of new or upgraded systems and technology, including the migration of applications to the cloud or our current implementation of our new point of sale system, or with maintenance or adequate support of existing systems also could disrupt or reduce the efficiency of our operations, fail to operate as designed, result in the potential loss or corruption of data or information, disrupt operations and affect our ability to meet business and reporting requirements and adversely affect our profitability.

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

We rely on our distribution and transportation network to provide goods to our stores timely and cost-effectively. Using various transportation modes, including ocean, rail, and truck, we and our vendors move goods from vendor locations to our distribution centers and our stores. Any disruption, unanticipated or unusual expense or operational failure related to this process could negatively impact sales and profits. We experienced in fiscal 2021, and continue to experience, increased fuel costs, as well as inventory receipt and delivery delays and increases in transportation costs (including increased import freight costs, and carrier and driver wages as a result of driver shortages) as a result of a decrease in transportation capacity for overseas shipments, port closures or congestion, and labor

shortages. Labor shortages or work stoppages or slowdowns in the transportation industry or disruptions to the national and international transportation infrastructure that necessitate our securing alternative labor or shipping suppliers could also increase our costs or otherwise negatively affect our business. The COVID-19 pandemic has disrupted the global and domestic transportation and distribution of goods and resulted in product delivery delays and higher delivery prices. The supply chain disruptions that we have experienced to date as a result

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of the COVID-19 pandemic had a material negative impact on our financial results in fiscal 2021. Depending on the continued extent and duration of these disruptions, our distribution network, results of operations (including sales) or future business may continue to be materially and adversely impacted.

We maintain a network of distribution facilities and are moving forward with plans to build or lease new facilities to support our growth objectives and strategic initiatives. Delays in opening such facilities could adversely affect our financial performance by slowing store growth (including accelerated popshelf store growth plans) or the rollout of certain strategic initiatives such as our DG Fresh initiative, which may in turn reduce revenue growth and/or profitability, or by increasing transportation and product 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.

We source our merchandise from a wide variety of domestic and international suppliers, and we depend on them to supply merchandise in a timely and efficient manner and in the large volumes that we may require. In 2021, our two largest suppliers accounted for approximately 9% and 8% respectively, of our purchases. If one or more of our current sources of supply became unavailable, we believe we generally would be able to obtain alternative sources, but it could increase our merchandise costs and supply chain lead time and expenses, result in a temporary reduction in store inventory levels, and reduce the selection and quality of our merchandise. An inability to obtain alternative sources could materially decrease our sales. Additionally, if a supplier fails to deliver on its commitments, we could experience merchandise out-of-stocks that could lead to lost sales and reputational harm. Further, failure of suppliers to meet our compliance protocols could prolong our procurement lead time, resulting in lost sales and adverse margin impact.

We directly imported approximately 6% of our purchases (measured at cost) in 2021, but many of our domestic vendors directly import their products or components of their products. Changes to the prices and flow of these goods often are for reasons beyond our control, such as political or civil unrest, acts of war, disruptive global political events (for example, the current conflict between Russia and Ukraine), currency fluctuations, disruptions in maritime lanes, port labor disputes, economic conditions and instability in countries in which foreign suppliers are located, the financial instability of suppliers, failure to meet our terms and conditions or our standards, issues with our suppliers' labor practices 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, pandemic outbreaks, merchandise quality or safety issues, transport availability and cost, increases in wage rates and taxes, transport security, inflation, and other factors relating to suppliers and the countries in which they are located or from which they import. Such changes could adversely affect our operations and profitability.

While we are working to diversify our sources of imported goods, a substantial amount of our imported merchandise comes from China, and thus, a change in the Chinese leadership, the effects of pandemic outbreaks including COVID-19, economic and market conditions, internal economic stimulus actions, or currency or other policies, as well as trade relations between China and the United States and increases in costs of labor, could negatively impact our merchandise costs. We experienced delays in the receipt of certain goods from international and domestic shipping origins as a result of the COVID-19 pandemic and more general global supply chain constraints in fiscal 2021. Depending on the continued extent and duration of these constraints and disruptions, our supply chain, results of operations

(including sales) or future business may be materially and adversely impacted. In addition, the United States' foreign trade policies, duties, tariffs and other impositions on imported goods, trade sanctions imposed on certain countries (particularly China) and entities, import limitations on 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. If we increase our product imports 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.

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Natural disasters and unusual weather conditions (whether or not caused by climate change), pandemic outbreaks or other health crises, political or civil unrest, acts of war, violence or terrorism, and disruptive global political events could disrupt business and result in lower sales and/or profitability 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 or other health crises (including but not limited to the COVID-19 pandemic), political or civil unrest, acts of war, violence or terrorism (including within our stores, distribution centers or other Company property), or disruptive global political events (for example, the current conflict between Russia and Ukraine) or similar disruptions could adversely affect our reputation, business and financial performance. If any of these events result in the closure, or a limitation on operating hours, of one or more of our distribution centers, a significant number of stores, our sourcing offices, our corporate headquarters or data center or impact one or more of our key suppliers, our operations and financial performance could be materially and adversely affected through an inability or reduced ability to make deliveries, process payroll or provide other support functions to our stores and through lost sales. These events also could affect consumer shopping patterns or prevent customers from reaching our stores, which could lead to lost sales and higher markdowns, or result in increases in fuel or other energy prices, fuel shortage(s), new store or distribution center opening delays, the temporary lack of an adequate work force in a market, the temporary or long-term disruption of product availability in our stores, the temporary or long-term inability to obtain or access technology needed to effectively run our business, disruption of our utility services or information systems, and damage to our reputation. These events may also increase the costs of insurance if they result in significant loss of property or other insurable damage by us or in the market more generally.

Furthermore, the long-term impacts of global climate change present the possibility of both physical risks (such as extreme weather conditions or rising sea levels) and transition risks (such as regulatory or technology changes), which may be widespread and unpredictable. Over time, these changes could affect, for example, the availability and cost of products, commodities and energy (including utilities), which in turn may impact our ability to procure goods and services required for the operation of our businesses at the quantities and levels we require. In addition, our operations and facilities may be located in areas impacted by the physical risks of climate change, and we face the risk of losses incurred as a result of physical damage to stores, distribution centers, or our corporate offices, as well as loss or spoilage of inventory and business interruption caused by such events. We also use natural gas, diesel fuel and gasoline and electricity in our operations, all of which could face increased regulation as a result of climate change or other environmental concerns. Regulations limiting greenhouse gas emissions and energy inputs may also increase in coming years, which may increase our costs associated with compliance and merchandise. These events and their impacts could otherwise disrupt and adversely affect our operations and could materially adversely affect our financial performance.

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

We depend on our vendors to ensure that the products we buy from them comply with applicable product safety and labeling laws and regulations and to inform us of all applicable restrictions on the sale of such products. Nonetheless, product liability, personal injury or other claims may be asserted against us relating to alleged product contamination, tampering, expiration, mislabeling, recall and other safety or labeling issues, including those relating to products that we may self-distribute through our DG Fresh initiative.

We seek but may not be successful in obtaining contractual indemnification and insurance coverage for product-related claims and issues from our vendors. If we do not have adequate contractual indemnification or insurance available, or our vendors fails to adhere to their obligations to us, such claims could materially and adversely affect 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 them to enforce contractual obligations. Even with adequate insurance and indemnification, such claims could significantly harm our reputation and consumer confidence in our products and we could incur significant litigation expenses, which also could materially affect our results of operations even if a product liability claim is unsuccessful or not fully pursued.

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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 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, certain crimes (including employee crime), certain wage and hour and other employment-related claims and litigation, actions based on certain consumer protection laws, and some natural and other disasters or similar events. If we incur material uninsured losses, our financial performance could suffer. Certain material events have resulted, and may result again in the future, in sizable losses for the insurance industry and adversely affect 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 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), property loss, and group health insurance programs. Significant changes in actuarial assumptions and management estimates underlying our recorded liabilities for these losses, including any expected increases in medical and indemnity costs, could result in materially different expenses than expected under these programs, which could materially and adversely affect our results of operations and financial condition. Although we 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.

Failure to attract, develop 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 legal and regulatory compliance depends on our ability to attract, develop, retain and motivate qualified employees while operating in an industry challenged by historically high rates of employee 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, unemployment levels, wage rates and salary levels (including the heightened possibility of increased federal, state and/or local minimum wage rates/salary levels), health and other insurance costs, changes in employment and labor laws or other workplace regulations (including those relating to 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, develop and retain adequate numbers of qualified employees, our operations, customer service levels, legal and regulatory compliance, and support functions could suffer. In addition, to the extent a significant portion of our employee base unionizes, or attempts to unionize, our labor and other related costs could increase, and it is possible that federal agencies may adopt or impose regulatory or other changes to existing law that could facilitate union organizing. Our ability to pass along labor and other related 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 such persons could adversely affect 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 a failure to attract and retain new qualified personnel could adversely affect our operations.

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. Broad market acceptance of our private brands depends on many factors, including pricing, quality, customer perception, and timely development and introduction of new products. We cannot give assurance

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that we will achieve or maintain our expected level of private brand sales. The sale and expansion of these offerings also subjects us to or increases certain risks, such as: product liability claims and product recalls; disruptions in raw material and finished product supply and distribution chains; inability to successfully protect our proprietary rights; claims related to the proprietary rights of third parties; supplier labor and human rights issues, and other risks generally encountered by entities that source, sell and market exclusive branded offerings for retail. Failure to appropriately address these risks could materially and adversely affect our private brand initiatives, reputation, results of operations and financial condition.

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, and if sales fall below seasonal norms or our expectations it could result in unanticipated markdowns. Adverse events, such as deteriorating economic conditions, high unemployment rates, high gas prices, 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 profitability and otherwise adversely affect our financial performance and operating results.

Failure to protect our reputation could adversely affect our business.

Our success depends in part on the protection of the reputation of Dollar General and the products and services we sell, including our private brands. Failure to comply or accusation of failure to comply with ethical, social, product, labor, data privacy, consumer protection, safety, environmental and other applicable standards could jeopardize our reputation and potentially lead to various adverse consumer, shareholder or non-governmental organization (NGO) actions, litigation and governmental investigations. In addition, our position or perceived lack of position on certain issues (e.g., public policy, social, or environmental issues), and any perceived lack of transparency about such matters, could harm our reputation and potentially lead to adverse consumer, shareholder or NGO actions, including negative public statements. Similar incidents or factors involving vendors and other third parties with whom we conduct business also may affect our reputation. Public comments on social media, whether or not they are accurate, have the potential to quickly influence negative perceptions of Dollar General or our goods and services, including our private brands. Negative reputational incidents could adversely affect our business through lost sales, loss of new store and development opportunities, or employee retention and recruiting difficulties.

Regulatory, Legal, Compliance and Accounting Risks

A significant change in governmental regulations and requirements could materially increase our cost of doing business, and noncompliance with governmental regulations could materially and adversely affect our financial performance.

We routinely incur significant costs in complying with numerous and frequently changing laws and regulations. The complexity of this regulatory environment and related compliance costs continue to increase due to additional legal and regulatory requirements, our expanding operations, and increased regulatory scrutiny and enforcement efforts. New or revised laws, regulations, policies and related interpretations and enforcement practices, particularly those dealing with the sale of products, including without limitation, product and food safety, marketing or labeling; information security and privacy; labor and employment; employee wages and benefits; health and safety; imports and customs; taxes; bribery; climate change; and environmental compliance, may significantly increase our expenses or require extensive system and operating changes that could materially increase our cost of doing business. Violations of applicable laws and regulations or untimely or incomplete execution of a required product recall can result in significant penalties (including loss of licenses, eligibility to accept

certain government benefits such as SNAP or significant fines), class action or other litigation, governmental investigation or action and reputational damage. Additionally, changes in tax laws (including those related to the federal, state or foreign corporate tax rate), the interpretation of existing laws, or our failure to sustain our reporting positions on examination could adversely affect our overall effective tax rate. Furthermore, significant and/or rapid increases to

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federal, state and/or local minimum wage rates/salary levels could adversely affect our earnings if we are not able to otherwise offset these increased labor costs elsewhere in our business. Moreover, the adoption of new environmental laws and regulations in connection with climate change and the transition to a low carbon economy, including any federal or state laws enacted to regulate greenhouse gas emissions, could significantly increase our operating or merchandise costs or reduce the demand for our products. These laws and regulations may include, but are not limited to, requirements relating to hazardous waste materials, recycling, single-use plastics, extended producer responsibility, use of refrigerants, carbon pricing or carbon taxes, product energy efficiency standards and product labeling. If carbon pricing or carbon taxes are adopted, there is a significant risk that the cost of merchandise from our suppliers will increase and adversely affect our business and results of operations.

Legal proceedings may adversely affect our reputation, business, results of operations and financial condition.

Our business is subject to the risk of litigation or other legal proceedings by employees, consumers, suppliers, competitors, shareholders, government agencies and others through private actions, class actions, multi-district litigation, arbitrations, derivative actions, administrative proceedings, regulatory actions or other litigation. For example, we are involved in certain legal proceedings as discussed in Note 7 to the consolidated financial statements. The outcome of legal proceedings, particularly class action or multi-district litigation or mass arbitrations and regulatory actions, can be 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 may remain unknown for lengthy periods. In addition, certain of these matters, 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, and sometimes these developments are unanticipated. Legal proceedings in general, and class actions, multi-district litigation, governmental investigations and actions and derivative actions in particular, can be expensive and disruptive, and adverse publicity could harm our reputation, regardless of the validity of the allegations. As a result, legal proceedings may adversely affect our business, results of operations and financial condition. See also Note 7 to the consolidated financial statements.

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 controls and other changes that could increase our operating costs and 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 in underlying management assumptions, estimates or judgments could significantly change our reported or expected financial performance. The outcome of such changes could include litigation or regulatory actions which could adversely affect our financial condition and results of operations.

Financial and Capital Market Risks

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 liquidity sources on favorable terms depends on multiple factors, including our operating performance and credit ratings. Our debt securities currently are rated investment grade, 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, disruptions 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. We can

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make no assurances that our ability to obtain additional financing through the debt markets will not be adversely affected by economic conditions or that we will be able to maintain or improve our current credit ratings.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of February 25, 2022, we operated 18,190 retail stores located in 47 states as follows:

| <u>State</u> | <u>Number of Stores</u> | <u>State</u> | <u>Number of Stores</u> |
|---------------|-------------------------|----------------|-------------------------|
| Alabama | 869 | Nevada | 21 |
| Arizona | 130 | New Hampshire | 43 |
| Arkansas | 502 | New Jersey | 175 |
| California | 246 | New Mexico | 111 |
| Colorado | 66 | New York | 555 |
| Connecticut | 76 | North Carolina | 977 |
| Delaware | 50 | North Dakota | 59 |
| Florida | 992 | Ohio | 943 |
| Georgia | 1,017 | Oklahoma | 503 |
| Idaho | 1 | Oregon | 77 |
| Illinois | 637 | Pennsylvania | 866 |
| Indiana | 641 | Rhode Island | 20 |
| Iowa | 297 | South Carolina | 614 |
| Kansas | 261 | South Dakota | 71 |
| Kentucky | 655 | Tennessee | 897 |
| Louisiana | 615 | Texas | 1,709 |
| Maine | 63 | Utah | 11 |
| Maryland | 156 | Vermont | 39 |
| Massachusetts | 55 | Virginia | 456 |
| Michigan | 653 | Washington | 25 |
| Minnesota | 192 | West Virginia | 271 |
| Mississippi | 587 | Wisconsin | 236 |
| Missouri | 600 | Wyoming | 9 |
| Nebraska | 141 | | |

Most of our stores are located in leased premises. Individual store leases vary as to their terms, rental provisions and expiration dates. Many stores, including a significant portion of our new 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.

As of February 25, 2022, we operated 16 distribution centers for non-refrigerated products, 10 cold storage distribution centers, and two combination distribution centers which have both refrigerated and non-refrigerated products. We lease 12 of these facilities and the remainder are owned. We have a total of 17.5 million square feet of non-refrigerated space and a total of 2.6 million square feet of cold storage space. Approximately 7.25 acres of the land for one of the distribution centers is subject to a ground lease. We also leased approximately 2.0 million square feet of additional warehouse space in support of our distribution network for non-refrigerated merchandise.

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.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Information regarding our current executive officers as of March 18, 2022 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.

| <u>Name</u> | <u>Age</u> | <u>Position</u> |
|----------------------|------------|----------------------------------------------------------|
| Todd J. Vasos | 60 | Chief Executive Officer and Director |
| John W. Garratt | 53 | Executive Vice President and Chief Financial Officer |
| Jeffery C. Owen | 52 | Chief Operating Officer |
| Kathleen A. Reardon | 50 | Executive Vice President and Chief People Officer |
| Steven G. Sunderland | 58 | Executive Vice President, Store Operations |
| Emily C. Taylor | 45 | Executive Vice President and Chief Merchandising Officer |
| Rhonda M. Taylor | 54 | Executive Vice President and General Counsel |
| Carman R. Wenkoff | 54 | Executive Vice President and Chief Information Officer |
| Antonio Zuazo | 50 | Executive Vice President, Global Supply Chain |
| Anita C. Elliott | 57 | Senior Vice President and Chief Accounting Officer |

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 and 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 to November 2008) and Senior Vice President and Chief Merchandising Officer (2001 to 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. Vasos has served as a director of KeyCorp since July 2020.

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. Mr. Garratt previously held various positions of increasing responsibility in corporate strategy and financial planning with Yum! Brands, Inc., one of the world’s largest restaurant companies, between May 2004 and October 2014, including Vice President, Finance and Division Controller for the KFC division and earlier for the Pizza Hut division and for Yum Restaurants International (October 2013 to October 2014); Senior Director, Yum Corporate Strategy (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; and various other financial positions. He previously held financial management positions at Alcoa Inc. (April 2002 to May 2004) and General Electric (March 1999 to

April 2002), after beginning his career with Alcoa in May 1990. Mr. Garratt has served as a director of Humana Inc. since February 2020.

Mr. Owen has served as Chief Operating Officer since August 2019. He 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, and from November 2006 to March 2007 he served as Retail Division Manager. Prior to November 2006, he was Senior Director,

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Operations Process Improvement. Mr. Owen also 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.

Ms. Reardon has served as Executive Vice President and Chief People Officer since August 2020. She joined Dollar General as Director, Human Resources in September 2009 and was promoted to Vice President, Talent Management in October 2012. She became Vice President, Retail Human Resources in October 2014 and was promoted to Senior Vice President, Human Resources in March 2019 and to Senior Vice President and Chief People Officer in May 2019. Prior to joining Dollar General, Ms. Reardon held several positions of increasing responsibility at Centex from August 2005 until September 2009, serving as Director of Human Resources from October 2007 until September 2009. Since beginning her career in May 1998, Ms. Reardon also held various roles with Carrier Corporation, including Manager of Human Resources from August 2003 until August 2005, and was also a Career Consultant at the Darden Graduate School of Business Administration, University of Virginia, from August 2001 until August 2003.

Mr. Sunderland has served as Executive Vice President, Store Operations, since August 2019. He joined Dollar General as Senior Vice President, Store Operations, in September 2014. Mr. Sunderland previously served as Senior Vice President, Retail Operations, of Office Depot, Inc. (November 2013 to January 2014); Senior Vice President, Retail Operations, of OfficeMax Incorporated (May 2012 to November 2013); Chief Operating Officer of Bally Total Fitness Holding Corporation (2011 to April 2012); and World Kitchen, LLC's President of Retail (2009 to 2011). Mr. Sunderland began his career with Sears in 1987, holding various positions of increasing responsibility, including Vice President of Strategic Operations for Sears Holdings Corporation from 2007 until 2009.

Ms. E. Taylor has served as Executive Vice President and Chief Merchandising Officer since September 2020. She joined Dollar General in 1998 and held roles of increasing responsibility in investor relations, financial planning and analysis, merchandise planning, pricing and merchandising operations prior to her promotion to Vice President, Pricing & Merchandise Data Optimization in March 2011. She served as Vice President, Merchandising Operations (March 2012 to April 2014) and was subsequently promoted to Senior Vice President, General Merchandise Manager in April 2014. She most recently served as Senior Vice President, Channel Innovation (September 2019 to September 2020).

Ms. R. 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 her practice was focused on labor law and employment litigation. She has also held attorney positions with Ford & Harrison LLP.

Mr. Wenkoff has served as Executive Vice President and Chief Information Officer since July 2017. He previously served as the Chief Information Officer (May 2012 to June 2017) and Chief Digital Officer (June 2016 to June 2017) of Franchise World Headquarters, LLC ("Subway"), a restaurant chain, where he was responsible for global technology and digital strategy, execution and operations for the Subway brand and all of its restaurants. He owned a Subway franchise from July 2015 until October 2017. He also previously served as Chairman of the Board and Co-President of Retail Gift Card Association (February 2008 to May 2012); Deputy Chief Information Officer for Independent Purchase Cooperative, Inc. (May 2005 to May 2012) and President of its subsidiary, Value Pay Services LLC (May 2005 to February 2011); founder and President of Stored Value Management, Inc. (January 2004 to May 2005); and Vice President, Operations and Finance, and General Counsel of Ontain Corporation (January 2000 to December 2004). Mr. Wenkoff began his career in 1993 as an articulated student, and then attorney with Douglas Symes & Brissenden and served in various legal positions, including General Counsel, with Pivotal Corporation from 1997 to 2000.

Mr. Zuazo has served as Executive Vice President, Global Supply Chain since April 16, 2021. He joined Dollar General as Senior Director, Inventory and Planning Systems in May 2010, became Vice President, Inventory and Demand Management in February 2013, and was promoted to Senior Vice President, Inventory and Transportation in August 2018. Prior to joining Dollar General, Mr. Zuazo served as Director of Pricing Strategy

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for Dreyer's Grand Ice Cream from January 2009 to May 2010 and Director of Procurement for Longs Drug Stores Corporation from January 2006 to December 2008, and prior thereto, held various roles of increasing responsibility with Safeway Inc., primarily in its corporate business processes department, from August 1998 to December 2005. Mr. Zuazo began his career in January 1988 with Lucky Stores and served as a pricing analyst for its Northern California division from October 1995 to August 1998.

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. 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. from April 1998 to March 2001, where she 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.

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." On March 11, 2022, there were approximately 2,784 shareholders of record of our common stock.

Dividends

We have paid quarterly cash dividends since 2015. Our Board of Directors most recently increased the amount of the quarterly cash dividend from \$0.42 to \$0.55 beginning with the dividend payable on April 19, 2022. While our Board of Directors 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 January 28, 2022 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) |
|-------------------|----------------------------------|------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| 10/30/21-11/30/21 | — | \$ — | — | \$ 619,407,000 |
| 12/01/21-12/31/21 | 1,742,979 | \$225.05 | 1,742,979 | \$2,227,145,000 |
| 01/01/22-01/28/22 | 414,427 | \$235.26 | 414,427 | \$2,129,645,000 |
| Total | 2,157,406 | \$227.01 | 2,157,406 | \$2,129,645,000 |

- (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 December 1, 2021 to increase the repurchase authorization by \$2.0 billion, bringing the cumulative total value of authorized share repurchases under the program since its inception to \$14.0 billion. Under the authorization, repurchases may be made from time to time in open market transactions, including pursuant to trading plans adopted in accordance with Rule 10b5-1 of the Exchange Act, or in privately negotiated transactions. The timing, manner and number of shares repurchased will depend on a variety of factors, including price, market conditions, compliance with the covenants and restrictions under the Company's debt agreements and other factors. This repurchase authorization has no expiration date.

ITEM 6. RESERVED

Not applicable.

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.

Impact of COVID-19

The COVID-19 (coronavirus) pandemic continues to have a widespread impact on the global economy as well as our business, customers, suppliers, and other business partners. As an essential business in all locations where we operate, our stores have generally remained open to serve our customers. In responding to the pandemic and its effects, the health and safety of our employees and customers remains a priority.

We expect to continue to be affected, although the extent and duration is unknown, by the COVID-19 pandemic and its effects on the economy in a variety of ways, including changes in consumer demand (whether higher or lower) in certain product categories (or overall), supply chain interruptions or disruptions, increased distribution and transportation costs, increased product costs and increased payroll expenses. We also may experience adverse effects on our business, results of operations and cash flows from a recessionary economic environment that may occur after the COVID-19 pandemic and government response thereto and their effects on the economy has moderated. As a result, the quarterly cadence of our results of operations, which has varied from historical patterns during the pandemic, may continue to do so in fiscal 2022.

Due to the significant uncertainty surrounding the COVID-19 pandemic and its effects, there may be consequences that we do not anticipate at this time or that develop in unexpected ways. We will continue to monitor the evolving situation and take actions as necessary to serve our employees, customers, communities and shareholders.

Executive Overview

We are the largest discount retailer in the United States by number of stores, with 18,190 stores located in 47 states as of February 25, 2022, 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.

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 economic cycles. We are mindful that the majority of our customers are value-conscious, and many have low and/or fixed incomes. As a result, we are intensely focused on helping our customers make the most of their spending dollars. Our core customers are often among the first to be affected by negative or uncertain economic conditions and among the last to feel the effects of improving economic conditions, particularly when trends are inconsistent and of an uncertain duration. The primary macroeconomic factors that affect our core customers include unemployment and underemployment rates, wage growth, changes in U.S. and global trade policy, and changes to certain government assistance programs, such as the Supplemental Nutrition Assistance Program ("SNAP"),

unemployment benefits, economic stimulus payments, and the child tax credit. In fiscal 2020 and 2021, our customers were affected both positively and negatively by many of these factors in connection with the pandemic and its associated impacts. We continue to monitor the potential impact of reductions in SNAP benefits and unemployment benefit programs, as well as changes in the payments of the child tax credit, although these programs did not result in a material impact on our business or financial results in fiscal 2021. Additionally, our customers are impacted by increases in those expenses that generally comprise a large portion of their household budgets, such as

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rent, healthcare, and fuel prices; as well as cost inflation in frequently purchased household products, such as that which we experienced in 2021 and continue to experience as further discussed below. Finally, significant unseasonable or unusual weather patterns can impact customer shopping behaviors.

We remain committed to our long-term operating priorities as we consistently strive to improve our performance while retaining our customer-centric focus. These priorities include: 1) driving profitable sales growth, 2) capturing growth opportunities, 3) enhancing our position as a low-cost operator, and 4) investing in our diverse teams through development, empowerment and inclusion.

We seek to drive profitable sales growth through initiatives aimed at increasing customer traffic and average transaction amount. As we work to provide everyday low prices and meet our customers' affordability needs, we 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. Several of our strategic and other sales-driving initiatives are also designed to capture growth opportunities and are discussed in more detail below.

Historically, our sales in our consumables category, which tend to have lower gross margins, have been the key drivers of net sales and customer traffic, while sales in our non-consumables categories, which tend to have higher gross margins, have contributed to more profitable sales growth and an increase in average transaction amount. Prior to 2020, our sales mix had continued to shift toward consumables, and, within consumables, toward lower margin departments such as perishables. This trend did not occur in fiscal 2020 or the first quarter of fiscal 2021, as we saw a significant increase in demand in many non-consumable products, including home, seasonal and apparel, resulting in an overall significant mix shift into non-consumable categories during those periods. Beginning in the second quarter of fiscal 2021 and continuing thereafter, we began to see some reversion toward the prior mix trends. We continue to expect some sales mix challenges to persist and that the mix trend reversion toward consumables will continue. Several of our initiatives, including certain of those discussed below, are intended to address these mix challenges; however, there can be no assurances that these efforts will be successful.

We have also experienced a shift in customer behavior toward trip consolidation, as customers shopped our stores less frequently in fiscal 2020 and 2021 than in fiscal 2019 but had a larger average transaction amount. We have seen a continuation of these general trends toward trip consolidation and larger transaction amount, and there can be no assurance that our sales growth initiatives will be effective at reversing them. In addition, we believe our sales have been negatively impacted as a result of supply chain disruptions, primarily due to lower merchandise in-stock levels in our stores.

We continue to implement and invest in certain strategic initiatives that we believe will help drive profitable sales growth, both with new and existing customers, and capture long-term growth opportunities. Such opportunities include providing our customers with additional shopping access points and even greater convenience by leveraging and developing digital tools and technology, such as our Dollar General app, which contains a variety of tools to enhance the in-store shopping experience. Additionally, we launched a partnership with a third party delivery service during 2021, which is now available in more than 10,700 stores, and we also continue to grow our DG Media Network, which is our platform for connecting brand partners with our customers to drive even greater value for each.

Further, our non-consumables initiative, which offers a new, differentiated and limited assortment that will change throughout the year, continues to contribute to improved overall sales and gross margin performance in stores where it has been deployed. We significantly expanded the number of stores with either the full or the "lite" version of our non-consumables initiative offering in 2021 and plan to complete the rollout in the vast majority of our Dollar General stores by the end of fiscal 2022.

Additionally, in 2020, we introduced pOpshelf, a unique retail concept that incorporates certain of the lessons learned from the non-consumables initiative in a differentiated format that is focused on

categories such as seasonal and home décor, health and beauty, home cleaning supplies, and party and entertainment goods. At the end of fiscal 2021, we operated 55 standalone pOpshelf locations and 25 pOpshelf store-within-a-store concepts within existing Dollar General Market stores. Our goal is to operate approximately 155 pOpshelf locations, as well as

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approximately 50 pOpshelf store-within-a-store concepts, by the end of fiscal 2022. We believe this concept represents a significant growth opportunity, and are targeting approximately 1,000 stores by the end of fiscal 2025.

In the second quarter of fiscal 2021, we completed our rollout of the “DG Fresh” initiative, a self-distribution model for frozen and refrigerated products that is designed to reduce product costs, enhance item assortment, improve our in-stock position, and enhance sales. DG Fresh contributed to our strong sales performance in 2021, driven by higher in-stock levels and the introduction of new products in select stores. In addition, DG Fresh benefitted gross profit in 2021 through improved initial markups on inventory purchases, which were partially offset by increased distribution and transportation costs. DG Fresh now wholly or partially serves essentially all stores across the chain, and we expect the overall net benefit to our financial results to continue throughout 2022. Moving forward, we plan to focus on additional optimization of the distribution footprint and product assortment within DG Fresh to further drive profitable sales growth.

To support our other operating priorities, we remain focused on capturing growth opportunities. In 2021, we opened 1,050 new stores, remodeled 1,752 stores, and relocated 100 stores. In 2022, we plan to open approximately 1,110 new stores (including planned pOpshelf stores and up to ten stores in Mexico), remodel approximately 1,750 stores, and relocate approximately 120 stores, for a total of 2,980 real estate projects. We expect stores in Mexico, which will represent our first store locations outside the United States, to open in the second half of 2022.

We continue to innovate within our channel and are able to utilize the most productive of our various Dollar General store formats based on the specific market opportunity. We expect store format innovation to allow us to capture additional growth opportunities within our existing markets. We recently introduced two new larger format stores (approximately 8,500 square feet and 9,500 square feet, respectively), and expect the 8,500 square foot format, along with our existing Dollar General Plus format of a similar size, to become our base prototypes for the majority of new stores, replacing our traditional 7,300 square foot format and higher-cooler count Dollar General Traditional Plus format. The larger formats allow for expanded high-capacity-cooler counts; an extended queue line; and a broader product assortment, including the non-consumable initiative, a larger health and beauty section, and produce in select stores. We continue to incorporate lessons learned from our various store formats and layouts into our existing store base. These lessons contribute to innovation in developing new formats, with a goal of driving increased customer traffic, average transaction amount, same-store sales and overall store productivity.

We have established a position as a low-cost operator, always seeking ways to reduce or control costs that do not affect our customers’ shopping experiences. We plan to continue enhancing this position over time while employing ongoing cost discipline to reduce certain expenses as a percentage of sales. Nonetheless, we seek to maintain flexibility to invest in the business as necessary to enhance our long-term competitiveness and profitability.

We are also deploying “Fast Track”, an initiative aimed at further enhancing our convenience proposition and in-stock position as well as increasing labor efficiencies within our stores. The completed first phase of Fast Track involved sorting process optimization within our non-refrigerated distribution centers, as well as increased shelf-ready packaging, to allow for greater store-level stocking efficiencies, while the ongoing second phase involves adding a self-checkout option, which we plan to have in up to 11,000 stores by the end of fiscal 2022. These and the other strategic initiatives discussed above have required and will require us to incur upfront expenses for which there may not be an immediate return in terms of sales or enhanced profitability.

Certain of our operating expenses, such as wage rates and occupancy costs, have continued to increase in recent years, due primarily to market forces, including labor availability, increases in minimum wage rates and increases in property rents. Further federal, state and/or local minimum wage increases could have a material negative impact on our operating expenses, although the magnitude and

timing of such impact is uncertain. We have experienced incremental payroll, distribution and transportation costs related to the COVID-19 pandemic and its associated impacts. We continue to experience materially higher supply chain costs and, in some instances, shipping delays, as a result of shipping capacity shortages, port congestion and labor shortages. We expect continued inflationary pressures due to higher input costs and higher fuel prices will continue to affect us as well as our vendors and customers, including higher commodity, transportation and other costs, all of which may result in continued pressure to our operating results, and their duration is unknown. While we expect these challenges to

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persist, certain of our initiatives and plans are intended to help offset these challenges; however, they are somewhat dependent on the scale and timing of the increased costs, among other factors. There can be no assurance that our mitigation efforts will be successful.

Our diverse teams are a competitive advantage, and we proactively seek ways to continue investing in their development. Our goal is to create an environment that attracts, develops, and retains talented personnel, particularly at the store manager level, because employees who are promoted from within our company generally have longer tenures and are greater contributors to improvements in our financial performance.

To further enhance shareholder returns, we repurchased shares of our common stock and paid quarterly cash dividends in 2021. We expect to continue our share repurchase activity and to pay quarterly cash dividends for the foreseeable future, subject to Board discretion and approval.

We utilize key performance indicators (“KPIs”) in the management of our business. Our KPIs include same-store sales, average sales per square foot, and inventory turnover. 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. The method of calculating same-store sales varies across the retail industry. As a result, our calculation of same-store sales is not necessarily comparable to similarly titled measures reported by other companies. Average sales per square foot is 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. Inventory turnover is calculated based on total cost of goods sold for the preceding four quarters divided by the average inventory balance as of the ending date of the reporting 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. Each of these measures is commonly used by investors in retail companies to measure the health of the business. We use these measures to maximize profitability and for decisions about the allocation of resources.

A continued focus on our four operating priorities as discussed above, coupled with pandemic-related sales and other impacts (additional discussion below) and strong cash flow management resulted in strong overall operating and financial performance in 2021 as compared to 2020, as set forth below. Basis points, as referred to below, are equal to 0.01% as a percentage of net sales.

- Net sales in 2021 increased 1.4% over 2020. Sales in same-stores decreased 2.8%, primarily due to a decrease in customer traffic. Average sales per square foot in 2021 were \$262.
- Our gross profit rate decreased by 16 basis points due primarily to higher transportation costs and a greater LIFO provision.
- SG&A as a percentage of sales increased by 96 basis points primarily due to increases in retail labor and store occupancy costs.
- Operating profit decreased 9.4% to \$3.22 billion in 2021 compared to \$3.55 billion in 2020.
- Interest expense increased by \$7.1 million in 2021 primarily due to higher average outstanding debt balances.
- The decrease in the effective income tax rate to 21.7% in 2021 from 22.0% in 2020 was due primarily to increased income tax benefits associated with federal tax credits.

- We reported net income of \$2.40 billion, or \$10.17 per diluted share, for 2021 compared to net income of \$2.66 billion, or \$10.62 per diluted share, for 2020.

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- We generated approximately \$2.87 billion of cash flows from operating activities in 2021, a decrease of 26.1% compared to 2020.
- Inventory turnover was 4.4 times, and inventories increased 1.4% on a per store basis compared to 2020.
- We repurchased approximately 12.1 million shares of our outstanding common stock for \$2.5 billion.

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 2021, 2020, and 2019, which represent fiscal years ended January 28, 2022, January 29, 2021, and January 31, 2020, respectively. Our fiscal year ends on the Friday closest to January 31. Fiscal years 2021, 2020 and 2019 were each 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. Consumer behavior driven by the COVID-19 pandemic has resulted in a departure from seasonal norms we have experienced in recent years and may continue to disrupt the historical quarterly cadence of our results of operations for an unknown period of time.

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The following table contains results of operations data for fiscal years 2021, 2020 and 2019, and the dollar and percentage variances among those years.

| (amounts in millions, except per share amounts) | 2021 | 2020 | 2019 | 2021 vs. 2020 | | 2020 vs. 2019 | |
|-------------------------------------------------|------------|------------|------------|---------------|----------|---------------|----------|
| | | | | Amount Change | % Change | Amount Change | % Change |
| Net sales by category: | | | | | | | |
| Consumables | \$26,258.6 | \$25,906.7 | \$21,635.9 | \$ 351.9 | 1.4 % | \$4,270.8 | 19.7 % |
| % of net sales | 76.73 % | 76.77 % | 77.96 % | | | | |
| Seasonal | 4,182.2 | 4,083.7 | 3,258.9 | 98.5 | 2.4 | 824.8 | 25.3 |
| % of net sales | 12.22 % | 12.10 % | 11.74 % | | | | |
| Home products | 2,322.4 | 2,210.0 | 1,611.9 | 112.4 | 5.1 | 598.1 | 37.1 |
| % of net sales | 6.79 % | 6.55 % | 5.81 % | | | | |
| Apparel | 1,457.3 | 1,546.6 | 1,247.3 | (89.2) | (5.8) | 299.2 | 24.0 |
| % of net sales | 4.26 % | 4.58 % | 4.49 % | | | | |
| Net sales | \$34,220.4 | \$33,746.8 | \$27,754.0 | \$ 473.6 | 1.4 % | \$5,992.9 | 21.6 % |
| Cost of goods sold | 23,407.4 | 23,028.0 | 19,264.9 | 379.5 | 1.6 | 3,763.1 | 19.5 |
| % of net sales | 68.40 % | 68.24 % | 69.41 % | | | | |
| Gross profit | 10,813.0 | 10,718.9 | 8,489.1 | 94.1 | 0.9 | 2,229.8 | 26.3 |
| % of net sales | 31.60 % | 31.76 % | 30.59 % | | | | |
| Selling, general and administrative expenses | 7,592.3 | 7,164.1 | 6,186.8 | 428.2 | 6.0 | 977.3 | 15.8 |
| % of net sales | 22.19 % | 21.23 % | 22.29 % | | | | |
| Operating profit | 3,220.7 | 3,554.8 | 2,302.3 | (334.1) | (9.4) | 1,252.5 | 54.4 |
| % of net sales | 9.41 % | 10.53 % | 8.30 % | | | | |
| Interest expense | 157.5 | 150.4 | 100.6 | 7.1 | 4.7 | 49.8 | 49.5 |
| % of net sales | 0.46 % | 0.45 % | 0.36 % | | | | |
| Income before income taxes | 3,063.1 | 3,404.4 | 2,201.7 | (341.2) | (10.0) | 1,202.7 | 54.6 |
| % of net sales | 8.95 % | 10.09 % | 7.93 % | | | | |
| Income tax expense | 663.9 | 749.3 | 489.2 | (85.4) | (11.4) | 260.2 | 53.2 |
| % of net sales | 1.94 % | 2.22 % | 1.76 % | | | | |
| Net income | \$ 2,399.2 | \$ 2,655.1 | \$ 1,712.6 | \$(255.8) | (9.6)% | \$ 942.5 | 55.0 % |
| % of net sales | 7.01 % | 7.87 % | 6.17 % | | | | |
| Diluted earnings per share | \$ 10.17 | \$ 10.62 | \$ 6.64 | \$(0.45) | (4.2)% | \$ 3.98 | 59.9 % |

Net Sales. The net sales increase in 2021 was primarily due to sales from new stores, partially offset by a decrease in same-store sales of 2.8% compared to 2020 as well as the impact of store closures. In 2021, our 16,954 same-stores accounted for sales of \$32.4 billion. The decrease in same-store sales reflects a decline in customer traffic partially offset by an increase in average transaction amount which was driven by higher average item retail prices. Same-store sales decreased in each of our product categories, with the largest percentage decrease in the apparel category.

The net sales increase in 2020 reflects a same-store sales increase of 16.3% compared to 2019. In 2020, our 16,050 same-stores accounted for sales of \$31.9 billion. The increase in same-store sales reflects an increase in average transaction amount driven by a significant increase in items per transaction and, to a lesser degree, higher average item retail prices, which were offset in part by a decline in customer traffic. Same-store sales increased in each of the consumables, seasonal, home products and apparel categories, with the largest percentage increase in the home products category. The 2020 net sales increase was positively affected by new stores, modestly offset by sales from closed stores.

Gross Profit. In 2021, gross profit increased by 0.9%, and as a percentage of net sales decreased by 16 basis points to 31.6% compared to 2020. Increased transportation costs, a greater LIFO provision which was driven by higher product costs, increased inventory damages and higher distribution costs each contributed to the decrease in the gross profit rate. These factors were partially offset by higher inventory markups, a reduction in markdowns as a percentage of net sales, and a lower inventory shrink rate. In 2021, consumables and non-consumables sales increased at approximately the same rate when compared to 2020.

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In 2020, gross profit increased by 26.3%, and as a percentage of net sales increased by 117 basis points to 31.8%, compared to 2019. A reduction in markdowns as a percentage of net sales and higher initial markups on inventory purchases each contributed to the increase in the gross profit rate. In addition, non-consumables sales increased at a higher rate than consumables sales in 2020, which contributed to the increase in the gross profit rate. We also experienced a lower rate of inventory shrink in 2020 compared to 2019. These factors were partially offset by increased distribution and transportation costs which were impacted by increased volume, some of which was attributable to the COVID-19 pandemic, and discretionary employee bonus expense. We believe the effect of the COVID-19 pandemic on consumer behavior had a significant positive effect on net sales, and also had a positive effect on our gross profit in 2020.

SG&A. SG&A as a percentage of net sales was 22.2% in 2021 compared to 21.2% in 2020, an increase of 96 basis points. The primary expenses that were higher as a percentage of net sales in 2021 were retail labor, store occupancy costs, depreciation and amortization, employee benefits, utilities, and workers' compensation and general liability expenses, partially offset by reductions in discretionary employee bonus and other miscellaneous COVID-related expenses and incentive compensation expenses.

SG&A as a percentage of net sales was 21.2% in 2020 compared to 22.3% in 2019, a decrease of 106 basis points. Although we incurred certain incremental costs associated with the COVID-19 pandemic, including discretionary employee bonus expense, they were more than offset by the significant increase in net sales during the period as discussed above. Among the expenses that were a lower percentage of net sales in 2020 were retail labor, store occupancy costs, utilities, and depreciation and amortization. In addition, we recorded expenses of \$31.0 million in 2019 reflecting our estimate for the settlement of significant legal matters. These items were partially offset by 2020 increases in incentive compensation and hurricane-related expenses.

Interest Expense. Interest expense increased \$7.1 million to \$157.5 million in 2021 compared to 2020, and increased \$49.8 million to \$150.4 million in 2020 compared to 2019 primarily due to higher average outstanding debt balances in connection with the issuance of debt in the first quarter of 2020. The majority of our debt is fixed rate debt. See the detailed discussion under "Liquidity and Capital Resources" regarding the financing of various long-term obligations.

Income Taxes. The effective income tax rate for 2021 was 21.7% compared to a rate of 22.0% for 2020 which represents a net decrease of 0.3 percentage points. The effective income tax rate was lower in 2021 primarily due to increased income tax benefits associated with federal tax credits partially offset by a higher state effective tax rate compared to 2020.

The effective income tax rate for 2020 was 22.0% compared to a rate of 22.2% for 2019 which represents a net decrease of 0.2 percentage points. The effective income tax rate was lower in 2020 primarily due to increased tax benefits associated with share-based compensation and a larger income tax rate benefit from state taxes offset by a lower income tax rate benefit from federal income tax credits due primarily to higher pre-tax earnings in 2020 compared to 2019.

Effects of Inflation

In 2021, 2020 and 2019, we experienced increases in product costs due in part to the COVID-19 pandemic and its effect on the global economy, particularly to the global supply chain, and tariffs on certain items imported from China.

Liquidity and Capital Resources

Current Financial Condition and Recent Developments

During the past three years, we have generated an aggregate of approximately \$9.0 billion in cash flows from operating activities and incurred approximately \$2.9 billion in capital expenditures. During that period, we expanded the number of stores we operate by 2,760, representing growth of approximately 18%, and we remodeled

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or relocated 4,756 stores, or approximately 31% of the stores we operated as of the beginning of the three-year period. In 2022, we intend to continue our current strategy of pursuing store growth, remodels and relocations.

At January 28, 2022, we had a \$2.0 billion unsecured revolving credit agreement (the “Revolving Facility”), \$4.0 billion aggregate principal amount of senior notes, and a commercial paper program that may provide borrowing availability of up to \$2.0 billion. At January 28, 2022, we had total consolidated outstanding debt (including the current portion of long-term obligations) of \$4.2 billion, most of which was in the form of senior notes. All of our material borrowing arrangements are described in greater detail below. Our borrowing availability under the Revolving Facility may be effectively limited by our commercial paper notes (“CP Notes”) 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, and our existing cash balances, combined with availability under the Revolving Facility, CP Notes 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 2022, we anticipate potential combined borrowings under the Revolving Facility and CP Notes to be a maximum of approximately \$1.5 billion outstanding at any one time, including any anticipated borrowings to fund repurchases of common stock.

Revolving Credit Facility

Effective December 2, 2021, we amended and extended our Revolving Facility, which consists of a \$2.0 billion senior unsecured revolving credit facility of which up to \$100.0 million is available for the issuance of letters of credit and which is scheduled to mature on December 2, 2026.

Borrowings under the Revolving Facility 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 Revolving Facility includes customary LIBOR replacement provisions. The applicable interest rate margin for borrowings as of January 28, 2022 was 1.015% for LIBOR borrowings and 0.015% for base-rate borrowings. We must also pay a facility fee, payable on any used and unused commitment amounts of the Revolving Facility, and customary fees on letters of credit issued under the Revolving Facility. As of January 28, 2022, the facility fee rate was 0.11%. The applicable interest rate margins for borrowings, the facility fees and the letter of credit fees under the Revolving Facility are subject to adjustment from time to time based on our long-term senior unsecured debt ratings.

The Revolving Facility contains 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 Revolving Facility also contains financial covenants that require the maintenance of a minimum fixed charge coverage ratio and a maximum leverage ratio. As of January 28, 2022, we were in compliance with all such covenants. The Revolving Facility also contains customary events of default.

As of January 28, 2022, under the Revolving Facility, we had no outstanding borrowings, outstanding letters of credit of \$1.9 million, and borrowing availability of \$2.0 billion that, due to our intention to maintain borrowing availability related to the commercial paper program described below,

could contribute incremental liquidity of \$1.76 billion at January 28, 2022. In addition, as of January 28, 2022 we had outstanding letters of credit of \$48.6 million which were issued pursuant to separate agreements.

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Commercial Paper

We may issue the CP Notes from time to time in an aggregate amount not to exceed \$2.0 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 January 28, 2022, our consolidated balance sheet reflected outstanding unsecured CP Notes of \$54.3 million. CP Notes totaling \$181.0 million were held by a wholly-owned subsidiary and therefore are not reflected in the consolidated balance sheets.

Senior Notes

In April 2013 we issued \$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. In April 2018 we issued \$500.0 million aggregate principal amount of 4.125% senior notes due 2028 (the “2028 Senior Notes”) at a discount of \$0.5 million, which are scheduled to mature on May 1, 2028. In April 2020 we issued \$1.0 billion aggregate principal amount of 3.5% senior notes due 2030 (the “2030 Senior Notes”) at a discount of \$0.7 million, which are scheduled to mature on April 3, 2030, and \$500.0 million aggregate principal amount of 4.125% senior notes due 2050 (the “2050 Senior Notes”) at a discount of \$5.0 million, which are scheduled to mature on April 3, 2050. Collectively, the 2023 Senior Notes, 2025 Senior Notes, 2027 Senior Notes, 2028 Senior Notes, 2030 Senior Notes and 2050 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 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 and 2028 Senior Notes is payable in cash on May 1 and November 1 of each year. Interest on the 2030 and 2050 Senior Notes is payable in cash on April 3 and October 3 of each year.

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.

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Future Cash Requirements

The following table summarizes significant estimated future cash requirements under our various contractual obligations and other commitments at January 28, 2022, in total and disaggregated into current (<1 year) and long-term (1 or more years) obligations (in thousands):

| Contractual obligations | Payments Due by Period | | | | |
|-----------------------------------------------------------------|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | Total | < 1 year | 1 - 3 years | 3 - 5 years | 5+ years |
| Long-term debt obligations | \$ 4,213,826 | \$ 61,774 | \$ 913,278 | \$ 512,700 | \$2,726,074 |
| Interest(a) | 1,241,977 | 149,460 | 245,855 | 213,147 | 633,515 |
| Self-insurance liabilities(b) | 257,411 | 127,719 | 91,420 | 30,890 | 7,382 |
| Operating lease obligations | 11,941,185 | 1,529,978 | 2,885,518 | 2,462,492 | 5,063,197 |
| Subtotal | \$17,654,399 | \$1,868,931 | \$4,136,071 | \$3,219,229 | \$8,430,168 |
| | | | | | |
| Commercial commitments(c) | Commitments Expiring by Period | | | | |
| | Total | < 1 year | 1 - 3 years | 3 - 5 years | 5+ years |
| Letters of credit | \$ 15,476 | \$ 15,476 | \$ — | \$ — | \$ — |
| Purchase obligations(d) | 2,124,249 | 2,120,271 | 3,978 | — | — |
| Subtotal | \$ 2,139,725 | \$2,135,747 | \$ 3,978 | \$ — | \$ — |
| Total contractual obligations and commercial commitments | \$19,794,124 | \$4,004,678 | \$4,140,049 | \$3,219,229 | \$8,430,168 |

- (a) Represents obligations for interest payments on long-term debt and includes projected interest on variable rate long-term debt using 2021 year end rates and balances. Variable rate long-term debt includes the Revolving Facility (although such facility had a balance of zero as of January 28, 2022), the CP Notes (which had a balance of \$54.3 million as of January 28, 2022, and which amount is net of \$181 million held by a wholly-owned subsidiary), interest rate swaps being accounted for as fair value hedges, and the balance of an outstanding tax increment financing of \$1.9 million.
- (b) We retain a significant portion of the risk for our workers' compensation, employee health, general liability, property loss, automobile, and certain 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) Commercial commitments include information technology license and support agreements, supplies, fixtures, letters of credit for import merchandise, and other inventory purchase obligations.
- (d) Purchase obligations include legally binding agreements for software licenses and support, supplies, fixtures, and merchandise purchases (excluding such purchases subject to letters of credit).

Share Repurchase Program

Our common stock repurchase program had a total remaining authorization of approximately \$2.13 billion at January 28, 2022. The authorization allows repurchases from time to time in open market transactions, including pursuant to trading plans adopted in accordance with Rule 10b5-1 of the

Securities Exchange Act of 1934, as amended, or in privately negotiated transactions. The timing, manner and number of shares repurchased will depend on a variety of factors, including price, market conditions, compliance with the covenants and restrictions under our debt agreements and other factors. The repurchase program 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 Part II, Item 5 of this report and Note 11 to the consolidated financial statements contained in Part II, Item 8 of this report.

Other Considerations

On March 16, 2022, the Board of Directors declared a quarterly cash dividend of \$0.55 per share which is payable on or before April 19, 2022 to shareholders of record of our common stock on April 5, 2022. We paid

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quarterly cash dividends of \$0.42 per share in 2021. 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, operating lease assets, and other intangible assets as of January 28, 2022. 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.

We utilize supply chain finance programs whereby qualifying suppliers may elect at their sole discretion to sell our payment obligations to designated third party financial institutions. While the terms of these agreements are between the supplier and the financial institution, the supply chain finance financial institutions allow the participating suppliers to utilize our creditworthiness in establishing credit spreads and associated costs. As of January 28, 2022, the amount due to suppliers participating in these supply chain finance programs was \$328.2 million.

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.

Cash Flows

Cash flows from operating activities. Cash flows from operating activities were \$2.87 billion in 2021, which represents a \$1.01 billion decrease compared to 2020. As noted above, the COVID-19 pandemic resulted in significantly increased sales, gross profit, and operating income in 2020, and our net income decreased \$255.8 million in 2021 compared to 2020. Changes in accounts payable resulted in a \$98.7 million increase in our working capital in 2021 compared to a \$745.6 million increase in 2020, due primarily to the timing of receipts and payments. Changes in accrued expenses resulted in a \$37.3 million decrease in our working capital in 2021 compared to a \$388.6 million increase in 2020, due primarily to the timing of accruals and payments for payroll taxes and incentive compensation. Changes in merchandise inventories resulted in a \$550.1 million decrease in our working capital in 2021 which was similar to the decrease of \$575.8 million in 2020 as described in greater detail below. Changes in income taxes in 2021 compared to 2020 are primarily due to the timing of payments for income taxes.

Cash flows from operating activities were \$3.88 billion in 2020, which represents a \$1.64 billion increase compared to 2019. The increased sales, gross profit, and operating income driven by the COVID-19 pandemic contributed to the increase in net income of \$942.5 million in 2020 over 2019. Changes in accounts payable resulted in a \$745.6 million increase in our working capital in 2020 compared to a \$428.6 million increase in 2019, due primarily to the timing of receipts and payments. Changes in accrued expenses resulted in a \$388.6 million increase in our working capital in 2020 compared to a \$100.3 million increase in 2019, due primarily to increased accruals for incentive compensation and non-income taxes. Changes in merchandise inventories resulted in a \$575.8 million decrease in our working capital in 2020 which was similar to the decrease of \$578.8 million in 2019 as described in greater detail below. Changes in income taxes including an increase in cash paid for income taxes in 2020 compared to 2019 are primarily due to the increase in pre-tax earnings in 2020.

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 7% in 2021, by 12% in 2020 and by 14% in 2019. Inventory levels in the consumables category decreased by \$1.8 million, or 0%, in 2021, increased by \$455.6

million, or 15%, in 2020, and increased by \$371.9 million, or 14% in 2019. The seasonal category increased by \$177.8 million, or 20%, in 2021, by \$35.7 million, or 4%, in 2020, and by \$127.3 million, or 17%, in 2019. The home products category increased by \$230.0 million, or 45%, in 2021, by \$66.3 million, or 15%, in 2020, and by \$82.8 million, or 23%, in 2019. The apparel category decreased by \$39.2 million, or 10%, in 2021, increased by \$12.9 million, or 3%, in 2020, and decreased by \$2.1 million, or 1%, in 2019.

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Cash flows from investing activities. Significant components of property and equipment purchases in 2021 included the following approximate amounts: \$510 million for improvements, upgrades, remodels and relocations of existing stores; \$268 million for distribution and transportation-related capital expenditures; \$244 million related to store facilities, primarily for leasehold improvements, fixtures and equipment in new stores; and \$44 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 2021, we opened 1,050 new stores and remodeled or relocated 1,852 stores.

Significant components of property and equipment purchases in 2020 included the following approximate amounts: \$447 million for improvements, upgrades, remodels and relocations of existing stores; \$271 million for distribution and transportation-related capital expenditures; \$250 million related to store facilities, primarily for leasehold improvements, fixtures and equipment in new stores; and \$50 million for information systems upgrades and technology-related projects. During 2020, we opened 1,000 new stores and remodeled or relocated 1,780 stores.

Significant components of property and equipment purchases in 2019 included the following approximate amounts: \$338 million for improvements, upgrades, remodels and relocations of existing stores; \$217 million for distribution and transportation-related projects; \$149 million for new leased stores, primarily for leasehold improvements, fixtures and equipment; and \$59 million for information systems upgrades and technology-related projects. During 2019, we opened 975 new stores and remodeled or relocated 1,124 stores.

Capital expenditures during 2022 are projected to be in the range of \$1.4 billion to \$1.5 billion. We anticipate funding 2022 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 and CP Notes. We plan to continue to invest in store growth and development of approximately 1,110 new stores and approximately 1,870 stores to be remodeled or relocated. Capital expenditures in 2022 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 2021, net commercial paper borrowings increased by \$54.3 million, and we had no borrowings or repayments under the Revolving Facility. We repurchased 12.1 million shares of our common stock at a total cost of \$2.5 billion and paid cash dividends of \$392.2 million.

In 2020, net proceeds from the issuance of the 2030 Senior Notes and 2050 Senior Notes totaled \$1.5 billion, net commercial paper borrowings decreased by \$425.2 million, and borrowings and repayments under the Revolving Facility were \$300.0 million each. We repurchased 12.3 million shares of our common stock at a total cost of \$2.5 billion and paid cash dividends of \$355.9 million.

In 2019, we had a net increase in consolidated commercial paper borrowings of \$58.3 million and had no borrowings or repayments under the Revolving Facility. We repurchased 8.3 million outstanding shares of our common stock in 2019 at a total cost of \$1.2 billion and paid cash dividends of \$327.6 million.

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.

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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 to the retail value of sales 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 RIM 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, significant weather events 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.

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 certain 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

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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.

Lease Accounting. Lease liabilities are recorded at a discount based upon our estimated collateralized incremental borrowing rate which involves significant judgments and estimates. Factors incorporated into the calculation of lease discount rates include the valuations and yields of our senior notes, their credit spread over comparable U.S. Treasury rates, and an index of the credit spreads for all North American investment grade companies by rating. To determine an indicative secured rate, we use the estimated credit spread improvement that would result from an upgrade of one ratings classification by tenor. 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. We record single lease expense on a straight-line basis over the lease term including any option periods that are reasonably certain to be renewed, commencing on the date that we take physical possession of the property from the landlord. Tenant allowances, to the extent received, are recorded as a reduction of the right of use asset. 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 are exposed to changes in interest rates as a result of our short-term borrowings and long-term debt. 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. Currently, we are counterparty to certain interest rate swaps with a total notional amount of \$350.0 million entered into in May 2021. These swaps are scheduled to mature in April 2030. Under the terms of these agreements, we swapped fixed interest rates on a portion of our 2030 Senior Notes for three-month LIBOR rates. In recent years, our principal interest rate exposure has been from outstanding borrowings under our Revolving Facility as well as our commercial paper program. As of January 28, 2022, we had \$54.3 million of consolidated commercial paper borrowings and no borrowings outstanding under our Revolving Facility. For a detailed discussion of our Revolving Facility 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. At January 28, 2022, our primary interest rate exposure was from changes in interest rates which affect our variable rate debt. Based on our outstanding variable rate debt as of January 28, 2022, after giving consideration to our interest rate swap agreements, 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 \$4.1 million in 2021.

At January 29, 2021, our primary interest rate exposure was from changes in interest rates on our variable rate investment holdings, which were classified as cash and cash equivalents in our consolidated financial statements. The increase in cash and cash equivalents was driven primarily by our issuance of \$1.5 billion of senior unsecured notes during the first quarter of 2020 as we sought to strengthen liquidity as a result of the uncertainty caused by the COVID-19 pandemic. Based on our variable rate cash investment balance of \$1.1 billion at January 29, 2021, the annualized effect of a 0.1 percentage point decrease in interest rates would have resulted in a pre-tax reduction of our earnings and cash flows of approximately \$1.1 million in 2020.

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 January 28, 2022 and January 29, 2021, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended January 28, 2022, 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 January 28, 2022 and January 29, 2021, and the results of its operations and its cash flows for each of the three years in the period ended January 28, 2022, 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 January 28, 2022, 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 18, 2022, expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated 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.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical

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audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosure to which it relates.

Estimate of Workers' Compensation and General Liability Reserves

Description of the Matter The Company records expenses and reserves for workers' compensation matters related to alleged work-related employee accidents and injuries, as well as general liability matters related to alleged non-employee incidents and injuries. At January 28, 2022, the Company's reserves for self-insurance risks were \$257.4 million, which includes workers' compensation and general liability reserves. As discussed in Note 1 of the consolidated financial statements, the Company retains a significant portion of risk related to its workers' compensation and general liability exposures. Accordingly, provisions are recorded for the Company's estimates of such losses. The undiscounted future claim costs for the workers' compensation and general liability exposures are estimated using actuarial methods.

Auditing management's assessment of the recorded workers' compensation and general liability self-insurance exposure reserves was complex and judgmental due to the significant assumptions required in projecting the exposure on incurred claims (including those which have not been reported to the Company). In particular, the estimate was sensitive to significant assumptions such as loss development factors, trend factors, pure loss rates, and projected claim counts.

How We Addressed the Matter in Our Audit We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's accounting for these self-insurance exposures. For example, we tested controls over the appropriateness of the assumptions management used in the calculation and the completeness and accuracy of the data underlying the reserves.

To test the Company's determination of the estimated required workers' compensation and general liability self-insurance reserves, we performed audit procedures that included, among others, assessing the actuarial valuation methodologies utilized by management, testing the significant assumptions discussed above, testing the completeness and accuracy of the underlying data used by the Company in its evaluation, and testing the mathematical accuracy of the calculations. We also compared the significant assumptions used by management to industry accepted actuarial assumptions, reassessed the accuracy of management's historical estimates utilized in prior period evaluations, and utilized an actuarial valuation specialist to assist in assessing the valuation methodologies and significant assumptions used in the valuation analysis, as well as to compare the Company's recorded reserve to an independently developed range of actuarial reserves.

/s/ Ernst & Young LLP

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

Nashville, Tennessee

March 18, 2022

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

| | <u>January 28,</u> <u>2022</u> | <u>January 29,</u> <u>2021</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 344,829 | \$ 1,376,577 |
| Merchandise inventories | 5,614,325 | 5,247,477 |
| Income taxes receivable | 97,394 | 90,760 |
| Prepaid expenses and other current assets | 247,295 | 199,405 |
| Total current assets | <u>6,303,843</u> | <u>6,914,219</u> |
| Net property and equipment | <u>4,346,127</u> | <u>3,899,997</u> |
| Operating lease assets | <u>10,092,930</u> | <u>9,473,330</u> |
| Goodwill | <u>4,338,589</u> | <u>4,338,589</u> |
| Other intangible assets, net | <u>1,199,750</u> | <u>1,199,870</u> |
| Other assets, net | <u>46,132</u> | <u>36,619</u> |
| Total assets | <u>\$26,327,371</u> | <u>\$25,862,624</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Current portion of operating lease liabilities | \$ 1,183,559 | \$ 1,074,079 |
| Accounts payable | 3,738,604 | 3,614,089 |
| Accrued expenses and other | 1,049,139 | 1,006,552 |
| Income taxes payable | 8,055 | 16,063 |
| Total current liabilities | <u>5,979,357</u> | <u>5,710,783</u> |
| Long-term obligations | <u>4,172,068</u> | <u>4,130,975</u> |
| Long-term operating lease liabilities | <u>8,890,709</u> | <u>8,385,388</u> |
| Deferred income taxes | <u>825,254</u> | <u>710,549</u> |
| Other liabilities | <u>197,997</u> | <u>263,691</u> |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Preferred stock | — | — |
| Common stock; \$0.875 par value, 1,000,000 shares authorized, 230,016 and 240,785 shares issued and outstanding at January 28, 2022 and January 29, 2021, respectively | 201,265 | 210,687 |
| Additional paid-in capital | 3,587,914 | 3,446,612 |
| Retained earnings | 2,473,999 | 3,006,102 |
| Accumulated other comprehensive loss | <u>(1,192)</u> | <u>(2,163)</u> |
| Total shareholders' equity | <u>6,261,986</u> | <u>6,661,238</u> |
| Total liabilities and shareholders' equity | <u>\$26,327,371</u> | <u>\$25,862,624</u> |

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 | | |
|----------------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | January 28, 2022 | January 29, 2021 | January 31, 2020 |
| Net sales | \$34,220,449 | \$33,746,839 | \$27,753,973 |
| Cost of goods sold | 23,407,443 | 23,027,977 | 19,264,912 |
| Gross profit | 10,813,006 | 10,718,862 | 8,489,061 |
| Selling, general and administrative expenses | 7,592,331 | 7,164,097 | 6,186,757 |
| Operating profit | 3,220,675 | 3,554,765 | 2,302,304 |
| Interest expense | 157,526 | 150,385 | 100,574 |
| Income before income taxes | 3,063,149 | 3,404,380 | 2,201,730 |
| Income tax expense | 663,917 | 749,330 | 489,175 |
| Net income | <u>\$ 2,399,232</u> | <u>\$ 2,655,050</u> | <u>\$ 1,712,555</u> |
| Earnings per share: | | | |
| Basic | \$ 10.24 | \$ 10.70 | \$ 6.68 |
| Diluted | \$ 10.17 | \$ 10.62 | \$ 6.64 |
| Weighted average shares outstanding: | | | |
| Basic | 234,261 | 248,171 | 256,553 |
| Diluted | 235,812 | 250,076 | 258,053 |
| Dividends per share | \$ 1.68 | \$ 1.44 | \$ 1.28 |

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

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

| | <u>For the Year Ended</u> | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | <u>January 28,</u> <u>2022</u> | <u>January 29,</u> <u>2021</u> | <u>January 31,</u> <u>2020</u> |
| Net income | \$2,399,232 | \$2,655,050 | \$1,712,555 |
| Unrealized net gain (loss) on hedged transactions, net of related income tax expense (benefit) of \$346, \$346, and \$345, respectively | 971 | 972 | 973 |
| Comprehensive income | <u>\$2,400,203</u> | <u>\$2,656,022</u> | <u>\$1,713,528</u> |

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, February 1, 2019 | 259,511 | \$227,072 | \$3,252,421 | \$ 2,941,107 | \$ (3,207) | \$ 6,417,393 |
| Net income | — | — | — | 1,712,555 | — | 1,712,555 |
| Dividends paid, \$1.28 per common share | — | — | — | (327,578) | — | (327,578) |
| Unrealized net gain (loss) on hedged transactions | — | — | — | — | 973 | 973 |
| Share-based compensation expense | — | — | 48,589 | — | — | 48,589 |
| Repurchases of common stock | (8,252) | (7,221) | — | (1,193,155) | — | (1,200,376) |
| Transition adjustment upon adoption of accounting standard (see Note 1) | — | — | — | 28,830 | — | 28,830 |
| Other equity and related transactions | 677 | 593 | 21,521 | 901 | (901) | 22,114 |
| Balances, January 31, 2020 | 251,936 | \$220,444 | \$3,322,531 | \$ 3,162,660 | \$ (3,135) | \$ 6,702,500 |
| Net income | — | — | — | 2,655,050 | — | 2,655,050 |
| Dividends paid, \$1.44 per common share | — | — | — | (355,934) | — | (355,934) |
| Unrealized net gain (loss) on hedged transactions | — | — | — | — | 972 | 972 |
| Share-based compensation expense | — | — | 68,609 | — | — | 68,609 |
| Repurchases of common stock | (12,297) | (10,760) | — | (2,455,674) | — | (2,466,434) |
| Other equity and related transactions | 1,146 | 1,003 | 55,472 | — | — | 56,475 |
| Balances, January 29, 2021 | 240,785 | \$210,687 | \$3,446,612 | \$ 3,006,102 | \$ (2,163) | \$ 6,661,238 |
| Net income | — | — | — | 2,399,232 | — | 2,399,232 |
| Dividends paid, \$1.68 per common share | — | — | — | (392,217) | — | (392,217) |
| Unrealized net gain (loss) on hedged transactions | — | — | — | — | 971 | 971 |
| Share-based compensation expense | — | — | 78,178 | — | — | 78,178 |
| Repurchases of common stock | (12,058) | (10,551) | — | (2,539,118) | — | (2,549,669) |
| Other equity and related transactions | 1,289 | 1,129 | 63,124 | — | — | 64,253 |
| Balances, January 28, 2022 | 230,016 | \$201,265 | \$3,587,914 | \$ 2,473,999 | \$ (1,192) | \$ 6,261,986 |

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 | | |
|---------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | January 28, 2022 | January 29, 2021 | January 31, 2020 |
| <i>Cash flows from operating activities:</i> | | | |
| Net income | \$ 2,399,232 | \$ 2,655,050 | \$ 1,712,555 |
| Adjustments to reconcile net income to net cash from operating activities: | | | |
| Depreciation and amortization | 641,316 | 574,237 | 504,804 |
| Deferred income taxes | 114,359 | 34,976 | 55,407 |
| Noncash share-based compensation | 78,178 | 68,609 | 48,589 |
| Other noncash (gains) and losses | 191,040 | 11,570 | 8,293 |
| Change in operating assets and liabilities: | | | |
| Merchandise inventories | (550,114) | (575,827) | (578,783) |
| Prepaid expenses and other current assets | (47,471) | (16,516) | (14,453) |
| Accounts payable | 98,735 | 745,596 | 428,627 |
| Accrued expenses and other liabilities | (37,328) | 388,597 | 100,322 |
| Income taxes | (14,642) | (6,522) | (20,404) |
| Other | (7,494) | (3,611) | (6,959) |
| Net cash provided by (used in) operating activities | <u>2,865,811</u> | <u>3,876,159</u> | <u>2,237,998</u> |
| <i>Cash flows from investing activities:</i> | | | |
| Purchases of property and equipment | (1,070,460) | (1,027,963) | (784,843) |
| Proceeds from sales of property and equipment | 4,903 | 3,053 | 2,358 |
| Net cash provided by (used in) investing activities | <u>(1,065,557)</u> | <u>(1,024,910)</u> | <u>(782,485)</u> |
| <i>Cash flows from financing activities:</i> | | | |
| Issuance of long-term obligations | — | 1,494,315 | — |
| Repayments of long-term obligations | (6,402) | (4,640) | (1,465) |
| Net increase (decrease) in commercial paper outstanding | 54,300 | (425,200) | 58,300 |
| Borrowings under revolving credit facilities | — | 300,000 | — |
| Repayments of borrowings under revolving credit facilities | — | (300,000) | — |
| Costs associated with issuance of debt | (2,268) | (13,574) | (1,675) |
| Repurchases of common stock | (2,549,669) | (2,466,434) | (1,200,376) |
| Payments of cash dividends | (392,188) | (355,926) | (327,568) |
| Other equity and related transactions | 64,225 | 56,467 | 22,104 |
| Net cash provided by (used in) financing activities | <u>(2,832,002)</u> | <u>(1,714,992)</u> | <u>(1,450,680)</u> |
| Net increase (decrease) in cash and cash equivalents | <u>(1,031,748)</u> | <u>1,136,257</u> | <u>4,833</u> |
| Cash and cash equivalents, beginning of period | <u>1,376,577</u> | <u>240,320</u> | <u>235,487</u> |
| Cash and cash equivalents, end of period | <u>\$ 344,829</u> | <u>\$ 1,376,577</u> | <u>\$ 240,320</u> |
| <i>Supplemental cash flow information:</i> | | | |
| Cash paid for: | | | |
| Interest | \$ 159,803 | \$ 128,211 | \$ 100,033 |
| Income taxes | \$ 568,267 | \$ 721,570 | \$ 457,119 |
| <i>Supplemental noncash investing and financing activities:</i> | | | |
| Right of use assets obtained in exchange for new operating lease liabilities | \$ 1,778,564 | \$ 1,721,530 | \$ 1,705,988 |
| Purchases of property and equipment awaiting processing for payment, included in Accounts payable | \$ 143,589 | \$ 118,059 | \$ 110,248 |

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 2021, 2020, and 2019, which represent fiscal years ended January 28, 2022, January 29, 2021, and January 31, 2020, respectively. The Company's 2021, 2020 and 2019 accounting periods were each comprised of 52 weeks. 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 18,130 stores (as of January 28, 2022) in 46 states with the greatest concentration of stores in the southern, southwestern, midwestern and eastern United States. As of January 28, 2022, the Company operated 16 distribution centers for non-refrigerated products, ten cold storage distribution centers, and two combination distribution centers which have both refrigerated and non-refrigerated products. The Company leases 12 of these facilities and the remainder are owned.

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 \$133.9 million and \$125.3 million at January 28, 2022 and January 29, 2021, 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 \$296.3 million and \$115.9 million at January 28, 2022 and January 29, 2021, 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 of \$180.4 million in 2021, \$5.1 million in 2020, and \$7.0 million in 2019, which is included in cost of goods sold in the consolidated statements of income.

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The Company purchases its merchandise from a wide variety of suppliers. The Company's two largest suppliers accounted for approximately 9% and 8%, respectively, of the Company's purchases in 2021.

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 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

Property and equipment acquired is recorded at cost. The Company records depreciation and amortization on a straight-line basis over the assets' estimated useful lives. Amounts included in the Company's property and equipment balances and their estimated lives are summarized as follows:

| (In thousands) | Life | January 28, 2022 | January 29, 2021 |
|------------------------------------------------|-------------|-----------------------------|-----------------------------|
| Land | Indefinite | \$ 227,085 | \$ 224,628 |
| Land improvements | 20 | 96,402 | 93,169 |
| Buildings | 39 - 40 | 1,446,126 | 1,329,309 |
| Leasehold improvements | (a) | 889,782 | 782,858 |
| Furniture, fixtures and equipment | 3 - 10 | 4,984,534 | 4,487,665 |
| Construction in progress | | 131,073 | 183,593 |
| Right of use assets - finance leases | Various | 162,772 | 163,108 |
| | | <u>7,937,774</u> | <u>7,264,330</u> |
| Less accumulated depreciation and amortization | | <u>(3,591,647)</u> | <u>(3,364,333)</u> |
| Net property and equipment | | <u>\$ 4,346,127</u> | <u>\$ 3,899,997</u> |

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

Depreciation and amortization expense related to property and equipment was approximately \$635.9 million, \$569.3 million and \$500.4 million for 2021, 2020 and 2019, respectively. Interest on borrowed funds during the construction of property and equipment is capitalized where applicable. Interest costs of \$1.2 million, less than \$0.1 million, and \$2.7 million were capitalized in 2021, 2020 and 2019, 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

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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 \$2.6 million in 2021, \$2.7 million in 2020 and \$3.6 million in 2019, 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

If not deemed indefinite, the Company amortizes intangible assets over their estimated useful lives. 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. If the results of such test indicate impairment, the associated assets must be written down to fair value as described in further detail below.

The quantitative goodwill impairment test requires management to make judgments in determining what assumptions to use in the calculation. The process consists of comparing the fair value of the reporting unit to its carrying amount, including goodwill. If the fair value of the reporting unit is less than its carrying amount, management would then determine if the difference between the carrying amount and fair value is greater than the carrying amount of goodwill allocated to the reporting unit. If it is, the impairment recognized would be equal to the total carrying amount of goodwill allocated to the reporting unit, and if not, impairment would be recognized equal to the difference between the carrying amount of the reporting unit and its fair 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.

The Company's goodwill balance has an indefinite life and is not expected to be deductible for income tax purposes. Substantially all of the Company's other intangible assets are its trade names and trademarks which have an indefinite life.

Other assets

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



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Accrued expenses and other liabilities

Accrued expenses and other consist of the following:

| <u>(In thousands)</u> | <u>January 28, 2022</u> | <u>January 29, 2021</u> |
|------------------------------------|-----------------------------|-----------------------------|
| Compensation and benefits | \$ 215,355 | \$ 269,032 |
| Self-insurance reserves | 127,719 | 110,321 |
| Taxes (other than taxes on income) | 324,438 | 318,552 |
| Other | 381,627 | 308,647 |
| | <u>\$1,049,139</u> | <u>\$1,006,552</u> |

Included in other accrued expenses are liabilities for freight expense, interest, utilities, maintenance and legal settlements.

Insurance liabilities

The Company retains a significant portion of risk for its workers' compensation, employee health, general liability, property, automobile, and certain third-party landlord general liability claim exposures. Accordingly, provisions are made for the Company's estimates of such risks which are recorded as self-insurance reserves pursuant to Company policy. The undiscounted future claim costs for the workers' compensation, general liability, landlord liability, and health claim risks are derived using actuarial methods which are sensitive to significant assumptions such as loss development factors, trend factors, pure loss rates, and projected claim counts. To the extent that subsequent claim costs vary from the Company's 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.

Leases

The Company records operating lease right of use assets and liabilities on its balance sheet. Lease liabilities are recorded at a discount based upon the Company's estimated collateralized incremental borrowing rate. Factors incorporated into the calculation of lease discount rates include the valuations and yields of the Company's senior notes, their credit spread over comparable U.S. Treasury rates, and an index of the credit spreads for all North American investment grade companies by rating. To determine an indicative secured rate, the Company uses the estimated credit spread improvement that would result from an upgrade of one ratings classification by tenor.

The Company records single lease cost 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 may include a period prior to the opening of a store or other facility to make any necessary leasehold improvements and install fixtures. Any tenant allowances received are recorded as a reduction of the right of use asset. Leases with an initial term of 12 months or less are not recorded on the balance sheet and lease expense for such leases is recognized on a straight-line basis over the lease term. The Company combines lease and nonlease components. Many leases include one or more options to renew, and the exercise of lease renewal options is at the Company's sole discretion. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Other liabilities

| <u>(In thousands)</u> | <u>January 28, 2022</u> | <u>January 29, 2021</u> |
|-------------------------|-----------------------------|-----------------------------|
| Self-insurance reserves | \$129,692 | \$134,765 |
| Payroll tax liabilities | - | 81,488 |
| Other | 68,305 | 47,438 |
| | <u>\$197,997</u> | <u>\$263,691</u> |

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 derivatives 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 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 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 \$9.7 million and \$8.2 million at January 28, 2022 and January 29, 2021, 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 \$1.7 million, \$1.3 million and \$1.0 million in 2021, 2020 and 2019, respectively.

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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 \$117.2 million, \$107.4 million and \$91.0 million in 2021, 2020 and 2019, respectively. These costs primarily include promotional circulars, targeted circulars supporting new stores, television and radio advertising, and in-store signage. Vendor funding for cooperative advertising offset reported expenses by \$34.3 million, \$33.4 million and \$34.7 million in 2021, 2020 and 2019, 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 to variation 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 on an accelerated or straight-line basis for performance awards depending on the period over 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 March 2020 and January 2021, the Financial Accounting Standards Board (“FASB”) issued accounting standards updates pertaining to reference rate reform. This collective guidance is in response to accounting concerns regarding contract modifications and hedge accounting because of impending rate reform associated with structural risks of interbank offered rates (IBORs), and, particularly, the risk of cessation of LIBOR, related to regulators in several jurisdictions around the world having undertaken reference rate reform initiatives to identify alternative reference rates. The guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The adoption of this guidance is effective for all entities as of March 12, 2020 through December 31, 2022. The Company does not expect the adoption of this guidance to have a material impact on its consolidated results of operations, financial position or cash flows.

2. Earnings per share

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

| | 2021 | | |
|---------------------------------------|--------------------|-------------------------------|---------------------|
| | Net Income | Weighted Average Shares | Per Share Amount |
| Basic earnings per share | \$2,399,232 | 234,261 | \$ 10.24 |
| Effect of dilutive share-based awards | | 1,551 | |
| Diluted earnings per share | <u>\$2,399,232</u> | <u>235,812</u> | <u>\$ 10.17</u> |

| | 2020 | | |
|---------------------------------------|--------------------|-------------------------------|---------------------|
| | Net Income | Weighted Average Shares | Per Share Amount |
| Basic earnings per share | \$2,655,050 | 248,171 | \$ 10.70 |
| Effect of dilutive share-based awards | | 1,905 | |
| Diluted earnings per share | <u>\$2,655,050</u> | <u>250,076</u> | <u>\$ 10.62</u> |

| | 2019 | | |
|---------------------------------------|--------------------|-------------------------------|---------------------|
| | Net Income | Weighted Average Shares | Per Share Amount |
| Basic earnings per share | \$1,712,555 | 256,553 | \$ 6.68 |
| Effect of dilutive share-based awards | | 1,500 | |
| Diluted earnings per share | <u>\$1,712,555</u> | <u>258,053</u> | <u>\$ 6.64</u> |

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.

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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 less than 0.1 million, 0.2 million and 0.3 million in 2021, 2020 and 2019, respectively.

3. Income taxes

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

| (In thousands) | 2021 | 2020 | 2019 |
|------------------|------------------|------------------|------------------|
| Current: | | | |
| Federal | \$472,913 | \$614,207 | \$368,451 |
| Foreign | 384 | 127 | 102 |
| State | 76,261 | 100,002 | 65,215 |
| | <u>549,558</u> | <u>714,336</u> | <u>433,768</u> |
| Deferred: | | | |
| Federal | 93,114 | 32,433 | 45,966 |
| Foreign | (38) | (104) | (15) |
| State | 21,283 | 2,665 | 9,456 |
| | <u>114,359</u> | <u>34,994</u> | <u>55,407</u> |
| | <u>\$663,917</u> | <u>\$749,330</u> | <u>\$489,175</u> |

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) | 2021 | | 2020 | | 2019 | |
|-------------------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|
| U.S. federal statutory rate on earnings | | | | | | |
| before income taxes | \$643,262 | 21.0 % | \$714,920 | 21.0 % | \$462,364 | 21.0 % |
| State income taxes, net of federal | | | | | | |
| income tax benefit | 77,086 | 2.5 | 81,117 | 2.4 | 60,936 | 2.8 |
| Jobs credits, net of federal income taxes | (39,936) | (1.3) | (27,479) | (0.8) | (27,768) | (1.3) |
| Other, net | (16,495) | (0.5) | (19,228) | (0.6) | (6,357) | (0.3) |
| | <u>\$663,917</u> | <u>21.7 %</u> | <u>\$749,330</u> | <u>22.0 %</u> | <u>\$489,175</u> | <u>22.2 %</u> |

The effective income tax rate for 2021 was 21.7% compared to a rate of 22.0% for 2020 which represents a net decrease of 0.3 percentage points. The effective income tax rate was lower in 2021 primarily due to increased income tax benefits associated with federal tax credits partially offset by a higher state effective tax rate compared to 2020.

The effective income tax rate for 2020 was 22.0% compared to a rate of 22.2% for 2019 which represents a net decrease of 0.2 percentage points. The effective income tax rate was lower in 2020 primarily due to increased tax benefits associated with share-based compensation and a larger income tax rate benefit from state taxes offset by a lower income tax rate benefit from federal income tax credits due primarily to higher pre-tax earnings in 2020 compared to 2019.

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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) | January 28, 2022 | January 29, 2021 |
|------------------------------------------------------------------------------------|---------------------|---------------------|
| Deferred tax assets: | | |
| Deferred compensation expense | \$ 11,563 | \$ 9,161 |
| Accrued expenses | 26,984 | 52,195 |
| Accrued rent | 552 | 650 |
| Lease liabilities | 2,617,954 | 2,459,976 |
| Accrued insurance | 6,971 | 6,550 |
| Accrued incentive compensation | 30,716 | 46,083 |
| Share based compensation | 16,605 | 19,495 |
| Interest rate hedges | 383 | 730 |
| Tax benefit of income tax and interest reserves related to uncertain tax positions | 79 | 189 |
| State and foreign tax net operating loss carry forwards, net of federal tax | 903 | 804 |
| State tax credit carry forwards, net of federal tax | 6,973 | 6,619 |
| Other | 16,715 | 6,823 |
| | <u>2,736,398</u> | <u>2,609,275</u> |
| Less valuation allowances, net of federal income taxes | (5,235) | (4,077) |
| Total deferred tax assets | <u>2,731,163</u> | <u>2,605,198</u> |
| Deferred tax liabilities: | | |
| Property and equipment | (572,286) | (481,279) |
| Lease assets | (2,588,709) | (2,433,195) |
| Inventories | (68,780) | (74,985) |
| Trademarks | (310,011) | (312,258) |
| Prepaid insurance | (15,278) | (13,532) |
| Other | (1,353) | (498) |
| Total deferred tax liabilities | <u>(3,556,417)</u> | <u>(3,315,747)</u> |
| Net deferred tax liabilities | <u>\$ (825,254)</u> | <u>\$ (710,549)</u> |

The Company has state tax credit carryforwards of approximately \$7.0 million (net of federal benefit) that will expire beginning in 2022 through 2026 and the Company has approximately \$18.1 million of state apportioned net operating loss carryforwards, which will begin to expire in 2032 and will continue through 2041.

The Company has a valuation allowance for certain state tax credit carryforwards and foreign net operating loss carryforwards, in the amount of \$5.2 million and \$4.1 million (net of federal benefit) which increased income tax expense by \$1.1 million and \$0.0 million in 2021 and 2020, respectively. Management believes that the results from operations will not generate sufficient taxable income to realize these deferred tax assets in the near future.

Management believes that it is more likely than not that the Company's results of operations and its existing deferred tax liabilities will generate sufficient taxable income to realize the remaining deferred tax assets.

The Company's 2017 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 2018 through 2020 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 2018 and later tax years remain open for examination by the various state taxing authorities.

As of January 28, 2022, accruals for uncertain tax benefits, interest expense related to income taxes and potential income tax penalties were \$6.2 million, \$0.2 million and \$0.0 million, respectively, for a total of \$6.4 million. As of January 29, 2021, accruals for uncertain tax benefits, interest expense related to income taxes and potential income tax penalties were \$7.5 million, \$0.5 million and \$0.0 million, respectively, for a total of \$8.0 million. These totals are reflected in noncurrent Other liabilities in the consolidated balance sheets.

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The Company's reserve for uncertain tax positions is expected to be reduced by \$1.7 million in the coming twelve months as a result of expiring statutes of limitations. As of January 28, 2022 and January 29, 2021, approximately \$6.2 million and \$7.5 million, respectively, 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) | 2021 | 2020 | 2019 |
|-----------------------------------------------|-------------|-------------|-------------|
| Income tax expense (benefit) | \$ (1,311) | \$ 2,411 | \$ 130 |
| Income tax related interest expense (benefit) | (281) | 104 | (406) |
| Income tax related penalty expense (benefit) | — | — | (882) |

A reconciliation of the uncertain income tax positions from February 2, 2019 through January 28, 2022 is as follows:

| (In thousands) | 2021 | 2020 | 2019 |
|---------------------------------------------------|-----------------|-----------------|-----------------|
| Beginning balance | \$ 7,502 | \$ 5,090 | \$ 4,960 |
| Increases—tax positions taken in the current year | — | — | — |
| Increases—tax positions taken in prior years | 2,803 | 3,857 | 1,239 |
| Decreases—tax positions taken in prior years | — | (1,445) | (1,109) |
| Statute expirations | (1,456) | — | — |
| Settlements | (2,658) | — | — |
| Ending balance | <u>\$ 6,191</u> | <u>\$ 7,502</u> | <u>\$ 5,090</u> |

4. Leases

As of January 28, 2022, the Company's primary leasing activities were real estate leases for most of its retail store locations and certain of its distribution facilities. Many of the Company's store locations are subject to build-to-suit arrangements with landlords which typically carry a primary lease term of up to 15 years. The Company does not control build-to-suit properties during the construction period. Store locations not subject to build-to-suit arrangements are typically shorter-term leases. Certain of the Company's leased store locations have variable payments based upon actual costs of common area maintenance, real estate taxes and property and liability insurance. In addition, some of the Company's leased store locations have provisions for variable payments based upon a specified percentage of defined sales volume. The Company's lease agreements generally do not contain material restrictive covenants.

Most of the Company's leases include one or more options to renew and extend the lease term. The exercise of lease renewal options is at the Company's sole discretion. Generally, a renewal option is not deemed to be reasonably certain to be exercised until such option is legally executed. The Company's leases do not include purchase options or residual value guarantees on the leased property. The depreciable life of leasehold improvements is limited by the expected lease term.

Substantially all of the Company's leases are classified as operating leases and the associated assets and liabilities are presented as separate captions in the consolidated balance sheets. Finance lease assets are included in net property and equipment, and finance lease liabilities are included in long-term obligations, in the consolidated balance sheets. At January 28, 2022, the weighted-average remaining lease term for the Company's leases was 9.7 years, and the weighted average discount rate was 3.7%. For 2021, 2020 and 2019, operating lease cost of \$1.49 billion, \$1.38 billion and \$1.27 billion, respectively, and variable lease cost of \$0.28 billion, \$0.26 billion and \$0.23 billion, respectively, were

reflected as selling, general and administrative expenses in the consolidated statements of income. Cash paid for amounts included in the measurement of operating lease liabilities of \$1.50 billion, \$1.39 billion and \$1.28 billion, respectively, were reflected in cash flows from operating activities in the consolidated statements of cash flows for 2021, 2020 and 2019.

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The scheduled maturity of the Company's operating lease liabilities is as follows:

| (In thousands) | |
|------------------------------------|----------------------|
| 2022 | \$ 1,529,978 |
| 2023 | 1,477,694 |
| 2024 | 1,407,824 |
| 2025 | 1,295,775 |
| 2026 | 1,166,717 |
| Thereafter | 5,063,197 |
| Total lease payments (a) | 11,941,185 |
| Less imputed interest | (1,866,917) |
| Present value of lease liabilities | <u>\$ 10,074,268</u> |

- a) Excludes approximately \$0.7 billion of legally binding minimum lease payments for leases signed which have not yet commenced.

5. Current and long-term obligations

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

| (In thousands) | January 28, 2022 | January 29, 2021 |
|--------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Revolving Facility | \$ — | \$ — |
| 3.250% Senior Notes due April 15, 2023 (net of discount of \$319 and \$583) | 899,681 | 899,417 |
| 4.150% Senior Notes due November 1, 2025 (net of discount of \$332 and \$412) | 499,668 | 499,588 |
| 3.875% Senior Notes due April 15, 2027 (net of discount of \$251 and \$294) | 599,749 | 599,706 |
| 4.125% Senior Notes due May 1, 2028 (net of discount of \$336 and \$383) | 499,664 | 499,617 |
| 3.500% Senior Notes due April 3, 2030 (net of discount of \$564 and \$623) | 988,990 | 999,377 |
| 4.125% Senior Notes due April 3, 2050 (net of discount of \$4,857 and \$4,945) | 495,143 | 495,055 |
| Unsecured commercial paper notes | 54,300 | — |
| Other | 159,525 | 164,365 |
| Debt issuance costs, net | (24,652) | (26,150) |
| | <u>\$4,172,068</u> | <u>\$4,130,975</u> |

The Company amended and extended its existing senior unsecured revolving credit facility (the "Revolving Facility") on December 2, 2021. At January 28, 2022, the Revolving Facility had a commitment of \$2.0 billion that provides for the issuance of letters of credit up to \$100.0 million and is scheduled to mature on December 2, 2026.

Borrowings under the Revolving Facility 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 Revolving Facility includes customary LIBOR replacement provisions. The applicable interest rate margin for borrowings as of January 28, 2022 was 1.015% for LIBOR borrowings and 0.015% for base-rate borrowings. The Company is also required to pay a facility fee, payable on any used and unused commitment amounts of the Revolving Facility, and customary fees on letters of credit issued under the Revolving Facility. As of January 28, 2022, the facility fee rate was 0.11%. The applicable interest rate margins for borrowings, the facility fees and the letter of credit fees under the Revolving Facility are subject to adjustment from time to time based on the Company's long-term senior unsecured debt ratings.

The Revolving Facility contains 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 Revolving Facility also contains financial covenants which require the maintenance of a minimum fixed charge coverage ratio and a maximum leverage ratio. As of January 28, 2022, the Company was in compliance with all such covenants. The Revolving Facility also contains customary events of default.

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As of January 28, 2022, the Company had no outstanding borrowings, outstanding letters of credit of \$1.9 million, and borrowing availability of \$2.0 billion under the Revolving Facility that, due to its intention to maintain borrowing availability related to the commercial paper program described below, could contribute incremental liquidity of \$1.76 billion. In addition, the Company had outstanding letters of credit of \$48.6 million which were issued pursuant to separate agreements.

As of January 28, 2022, 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 \$2.0 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 the Company’s other unsecured and unsubordinated indebtedness. The Company intends 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 January 28, 2022, the Company’s consolidated balance sheet reflected outstanding CP Notes of \$54.3 million. CP Notes totaling \$181.0 million were held by a wholly-owned subsidiary of the Company and are therefore not reflected on the consolidated balance sheets.

On April 3, 2020, the Company issued \$1.0 billion aggregate principal amount of 3.5% senior notes due 2030 (the “2030 Senior Notes”), net of discount of \$0.7 million, and \$500.0 million aggregate principal amount of 4.125% senior notes due 2050 (the “2050 Senior Notes”), net of discount of \$5.0 million. The 2030 Senior Notes are scheduled to mature on April 3, 2030 and the 2050 Senior Notes are scheduled to mature on April 3, 2050. Interest on the 2030 Senior Notes and the 2050 Senior Notes is payable in cash on April 3 and October 3 of each year. The Company incurred \$13.6 million of debt issuance costs associated with the issuance of the 2030 Senior Notes and the 2050 Senior Notes.

Collectively, the Company’s Senior Notes due 2023, 2025, 2027, 2028, 2030 and 2050 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”). 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.

During the second quarter of 2021, the Company entered into interest rate swaps on a portion of the 2030 Senior Notes. These interest rate swaps are being accounted for as fair value hedges, with the derivative asset or liability offset by a corresponding adjustment to the carrying value of the 2030 Senior Notes. Such arrangements are not material to the Company’s consolidated financial statements.

Scheduled debt maturities at January 28, 2022 for the Company’s fiscal years listed below are as follows (in thousands): 2022 - \$61,774; 2023 - \$906,564; 2024 - \$6,714; 2025 - \$506,263; 2026 - \$6,437; thereafter - \$2,726,074.

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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 January 28, 2022, 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 January 28, 2022 |
|---------------------------|--------------------------------------------------------------------------------------------------|-----------|----|-----------------------------------------------------------|----------------------------------------------------|-----------------------------------------------|
| | | | | | | |
| Liabilities: | | | | | | |
| Long-term obligations (a) | \$4,229,161 | \$213,825 | \$ | — | \$4,442,986 | |
| Deferred compensation (b) | 44,009 | — | — | — | 44,009 | |

- (a) Included in the consolidated balance sheet at book value as Long-term obligations of \$4,172,068.
(b) Reflected at fair value in the consolidated balance sheet as a component of Accrued expenses and other current liabilities of \$2,435 and a component of noncurrent Other liabilities of \$41,574.

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 January 28, 2022.

7. Commitments and contingencies

Legal proceedings

From time to time, the Company is a party to various legal matters in the ordinary course 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. In 2019, the Company recorded an accrual of \$31.0 million, an amount that is immaterial to the Company's consolidated financial statements, for probable and reasonably estimable losses relating to certain significant legal matters, including certified class action and associated matters. The majority of the legal matters related to the 2019 accrual have been resolved, and the Company does not believe that any remaining related matters will result in liability that is material to the Company's annual consolidated financial statements.

Based on information currently available, the Company believes that its pending legal 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. Adverse decisions and settlements, including any required changes to the Company's business, or other developments in such matters could affect the consolidated operating results in future periods or result in liability or other amounts material to the Company's annual consolidated financial statements.

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 2021, 2020 and 2019, the Company expensed approximately \$34.0 million, \$30.1 million and \$25.0 million, respectively, for matching contributions.

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The Company also has a compensation deferral plan (“CDP”) and a nonqualified supplemental retirement plan (“SERP”), 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 \$1.3 million in 2021, \$0.9 million in 2020 and \$0.8 million in 2019.

The deferred compensation liability associated with the CDP/SERP Plan 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 May 26, 2021, the Company’s shareholders approved the Dollar General Corporation 2021 Stock Incentive Plan (“2021 Plan”), which replaced the Company’s 2007 Stock Incentive Plan (“2007 Plan”). The Plans allow 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. Upon the effective date of the 2021 Plan, no new awards may be granted under the 2007 Plan. Awards previously granted under the 2007 Plan remain outstanding in accordance with their terms. The number of shares of Company common stock authorized for grant under the 2021 Plan is 11,838,143.

Generally, share-based awards issued by the Company are in the form of stock options, restricted stock units and performance share units, and unless noted otherwise, the disclosures that follow refer to such awards. 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 over a period of one to 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.

The weighted average for key assumptions used in determining the fair value of all stock options granted in the years ended January 28, 2022, January 29, 2021, and January 31, 2020, and a summary of the methodology applied to develop each assumption, are as follows:

| | January 28, 2022 | January 29, 2021 | January 31, 2020 |
|------------------------------------------|---------------------|---------------------|---------------------|
| Expected dividend yield | 0.9 % | 0.9 % | 1.1 % |
| Expected stock price volatility | 26.5 % | 26.4 % | 25.3 % |
| Weighted average risk-free interest rate | 0.8 % | 0.7 % | 2.3 % |
| Expected term of options (years) | 4.9 | 5.2 | 6.2 |

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, calculated based upon historical volatility. 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. An increase in the expected term will increase compensation expense.

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A summary of the Company's stock option activity during the year ended January 28, 2022 is as follows:

| (Intrinsic value amounts reflected in thousands) | Options Issued | Average Exercise Price | Remaining Contractual Term in Years | Intrinsic Value |
|---------------------------------------------------------|-----------------------|-------------------------------|--------------------------------------------|------------------------|
| Balance, January 29, 2021 | 2,911,540 | \$104.69 | | |
| Granted | 607,213 | 195.34 | | |
| Exercised | (1,042,403) | 86.81 | | |
| Canceled or expired | (128,840) | 149.42 | | |
| Balance, January 28, 2022 | <u>2,347,510</u> | <u>\$133.62</u> | <u>7.1</u> | <u>\$166,856</u> |
| Exercisable at January 28, 2022 | <u>942,531</u> | <u>\$ 95.10</u> | <u>5.4</u> | <u>\$102,992</u> |

The weighted average grant date fair value per share of options granted was \$42.89, \$34.60 and \$30.67 during 2021, 2020 and 2019, respectively. The intrinsic value of options exercised during 2021, 2020 and 2019, was \$132.3 million, \$116.1 million and \$26.6 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 January 28, 2022 is as follows:

| (Intrinsic value amounts reflected in thousands) | Units Issued | Intrinsic Value |
|---------------------------------------------------------|---------------------|------------------------|
| Balance, January 29, 2021 | 367,053 | |
| Granted | 183,355 | |
| Converted to common stock | (199,309) | |
| Canceled | (13,856) | |
| Balance, January 28, 2022 | <u>337,243</u> | <u>\$68,909</u> |

All performance share unit awards at January 28, 2022 are unvested, and the number of such awards which will ultimately vest will be based in part on the Company's financial performance in future years. The weighted average grant date fair value per share of performance share units granted was \$193.55, \$154.53 and \$117.13 during 2021, 2020 and 2019, respectively.

A summary of restricted stock unit award activity during the year ended January 28, 2022 is as follows:

| (Intrinsic value amounts reflected in thousands) | Units Issued | Intrinsic Value |
|---------------------------------------------------------|---------------------|------------------------|
| Balance, January 29, 2021 | 369,871 | |
| Granted | 165,701 | |
| Converted to common stock | (177,277) | |
| Canceled | (51,177) | |
| Balance, January 28, 2022 | <u>307,118</u> | <u>\$62,753</u> |

The weighted average grant date fair value per share of restricted stock units granted was \$193.76, \$155.73 and \$117.20 during 2021, 2020 and 2019, respectively.

At January 28, 2022, the total unrecognized compensation cost related to unvested stock-based awards was \$87.4 million with an expected weighted average expense recognition period of 1.8 years.



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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 January 28, 2022 | | | | |
| Pre-tax | \$21,452 | \$ 33,234 | \$ 23,492 | \$78,178 |
| Net of tax | \$15,853 | \$ 24,560 | \$ 17,361 | \$57,774 |
| Year ended January 29, 2021 | | | | |
| Pre-tax | \$19,933 | \$ 27,388 | \$ 21,288 | \$68,609 |
| Net of tax | \$14,730 | \$ 20,240 | \$ 15,732 | \$50,702 |
| Year ended January 31, 2020 | | | | |
| Pre-tax | \$16,128 | \$ 13,343 | \$ 19,118 | \$48,589 |
| Net of tax | \$12,080 | \$ 9,994 | \$ 14,319 | \$36,393 |

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 January 28, 2022, all of the Company's retail store operations were located within the United States. Certain product sourcing and other operations are located outside the United States, 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) | 2021 | 2020 | 2019 |
|------------------------------|---------------------|---------------------|---------------------|
| Classes of similar products: | | | |
| Consumables | \$26,258,605 | \$25,906,685 | \$21,635,890 |
| Seasonal | 4,182,165 | 4,083,650 | 3,258,874 |
| Home products | 2,322,367 | 2,209,950 | 1,611,899 |
| Apparel | 1,457,312 | 1,546,554 | 1,247,310 |
| Net sales | <u>\$34,220,449</u> | <u>\$33,746,839</u> | <u>\$27,753,973</u> |

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 December 1, 2021, the Company's Board of Directors authorized a \$2.0 billion increase to the existing common stock repurchase program, bringing the cumulative total authorized under the program since its inception to \$14.0 billion. The repurchase authorization has no expiration date and allows repurchases from time to time in open market transactions, including pursuant to trading plans adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, or in privately negotiated transactions. The timing, manner and number of shares repurchased will depend on a variety of factors, including 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 Revolving Facility and issuance of CP Notes discussed in further detail in Note 5.

During the years ended January 28, 2022, January 29, 2021, and January 31, 2020, the Company repurchased approximately 12.1 million shares of its common stock at a total cost of \$2.5 billion, approximately 12.3 million shares of its common stock at a total cost of \$2.5 billion, and approximately 8.3 million shares of its common stock at a total cost of \$1.2 billion, respectively, pursuant to its common stock repurchase program.

The Company paid quarterly cash dividends of \$0.42 per share in 2021. On March 16, 2022, the Company's Board of Directors declared a quarterly cash dividend of \$0.55 per share, which is payable on or before April 19, 2022 to shareholders of record on April 5, 2022. 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.

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 January 28, 2022.

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 January 28, 2022, 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 January 28, 2022, 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 2021 consolidated financial statements of the Company and our report dated March 18, 2022, 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

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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 18, 2022

(d) Changes in Internal Control Over Financial Reporting. There have been no changes during the quarter ended January 28, 2022 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

Not applicable.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTONS

Not applicable.

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” and “Are there any family relationships between any of the directors, executive officers or nominees,” in each case 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 25, 2022 (the “2022 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 “Information About Our Executive Officers,” 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 “Delinquent Section 16(a) Reports” under the heading “Security Ownership” in the 2022 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 our Internet website at <https://investor.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 <https://investor.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 “What other functions are performed by the Board’s Committees” and “Does an audit committee financial expert serve on the Audit Committee,” in each case under the heading “Corporate Governance” in the 2022 Proxy Statement, which information pertaining to the audit committee and its membership and audit committee financial experts 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 2022 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 January 28, 2022:

| 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) | 3,116,065 | \$ 133.62 | 11,808,906 |
| Equity compensation plans not approved by security holders | — | — | — |
| Total(1) | 3,116,065 | \$ 133.62 | 11,808,906 |

(1) Column (a) consists of shares of common stock issuable upon exercise of outstanding options and upon vesting and payment of outstanding restricted stock units, performance share units and deferred shares, including any dividend equivalents accrued thereon, under the 2021 Stock Incentive Plan and the Amended and Restated 2007 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 remaining available for future grants pursuant to the 2021 Stock Incentive Plan, whether in the form of options, stock appreciation rights, stock, restricted stock, restricted stock units, performance share units or other stock-based awards.

(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 2022 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 2022 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 2022 Proxy Statement, which information under such caption is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT 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 2022 Proxy Statement, which information under such caption is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- | | | |
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| | Consolidated Statements of Cash Flows | 47 |
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| (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 \(effective May 28, 2021\) \(incorporated by reference to Exhibit 3.1 to Dollar General Corporation's Current Report on Form 8-K dated May 26, 2021, filed with the SEC on June 1, 2021 \(file no. 001-11421\)\)](#)
- 3.2 [Amended and Restated Bylaws of Dollar General Corporation \(effective May 28, 2021\) \(incorporated by reference to Exhibit 3.2 to Dollar General Corporation's Current Report on Form 8-K dated May 26, 2021, filed with the SEC on June 1, 2021 \(file no. 001-11421\)\)](#)
- 4.1 [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 \(file no. 001-11421\)\)](#)
- 4.2 [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 \(file no. 001-11421\)\)](#)
- 4.3 [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 \(file no. 001-11421\)\)](#)
- 4.4 [Form of 4.125% Senior Notes due 2028 \(included in Exhibit 4.11\) \(incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Current Report on Form 8-K dated April 10, 2018, filed with the SEC on April 10, 2018 \(file no. 001-11421\)\)](#)
- 4.5 [Form of 3.500% Senior Notes due 2030 \(included in Exhibit 4.12\) \(incorporated by reference to Exhibit 4.1 to Dollar General Corporation's Current Report on Form 8-K dated April 3, 2020, filed with the SEC on April 3, 2020 \(file no. 001-11421\)\)](#)
- 4.6 [Form of 4.125% Senior Notes due 2050 \(included in Exhibit 4.13\) \(incorporated by reference to Exhibit 4.3 to Dollar General Corporation's Current Report on Form 8-K dated April 3, 2020, filed with the SEC on April 3, 2020 \(file no. 001-11421\)\)](#)

- 4.7 [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 \(file no. 001-11421\)\)](#)

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- 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 [Seventh Supplemental Indenture, dated as of April 10, 2018, 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 10, 2018, filed with the SEC on April 10, 2018 \(file no. 001-11421\)\)](#)
- 4.12 [Eighth Supplemental Indenture, dated as of April 3, 2020, 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 3, 2020, filed with the SEC on April 3, 2020 \(file no. 001-11421\)\)](#)
- 4.13 [Ninth Supplemental Indenture, dated as of April 3, 2020, between Dollar General Corporation and U.S. Bank National Association, as trustee \(incorporated by reference to Exhibit 4.3 to Dollar General Corporation's Current Report on Form 8-K dated April 3, 2020, filed with the SEC on April 3, 2020 \(file no. 001-11421\)\)](#)
- 4.14 [Amended and Restated Credit Agreement, dated as of December 2, 2021, 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 December 2, 2021, filed with the SEC on December 3, 2021 \(file no. 001-11421\)\)](#)
- 4.15 [Material terms of outstanding securities registered under Section 12 of the Securities Exchange Act of 1934, as amended, as required by Item 202\(a\)-\(d\) and \(f\) of Regulation S-K](#)
- 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 [Dollar General Corporation 2021 Stock Incentive Plan \(incorporated by reference to Appendix A to Dollar General Corporation's 2021 Definitive Proxy Statement, filed with the SEC on April 1, 2021 \(file no.001-11421\)\)*](#)
- 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 \(file no. 001-11421\)\)*](#)

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- 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 annual 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 annual 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 annual awards beginning March 2018 and prior to March 2021 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 2, 2018, filed with the SEC on March 23, 2018 \(file no. 001-11421\)\)*](#)
- 10.8 [Form of Stock Option Award Agreement \(approved March 16, 2021\) for annual awards beginning March 2021 and prior to March 2022 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 January 29, 2021, filed with the SEC on March 19, 2021 \(file no. 001-11421\)\)*](#)
- 10.9 [Form of Stock Option Award Agreement \(approved March 15, 2022\) for annual awards beginning March 2022 to certain employees of Dollar General Corporation pursuant to the Dollar General Corporation 2021 Stock Incentive Plan*](#)
- 10.10 [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 \(file no. 001-11421\)\)*](#)
- 10.11 [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 \(file no. 001-11421\)\)*](#)
- 10.12 [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 \(file no. 001-11421\)\)*](#)

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- 10.13 [Form of Stock Option Award Agreement \(approved December 5, 2017\) for awards beginning December 2017 and prior to March 2021 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 \(file no. 001-11421\)\)*](#)
- 10.14 [Form of Stock Option Award Agreement \(approved March 16, 2021\) for awards beginning March 2021 and prior to August 2021 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 10.12 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 29, 2021, filed with the SEC on March 19, 2021 \(file no. 001-11421\)\)*](#)
- 10.15 [Form of Stock Option Award Agreement \(approved August 24, 2021\) for awards beginning August 2021 to certain newly hired and promoted employees of Dollar General Corporation pursuant to the Dollar General Corporation 2021 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 July 30, 2021, filed with the SEC on August 26, 2021 \(file no. 001-11421\)\)*](#)
- 10.16 [Form of Performance Share Unit Award Agreement \(approved March 20, 2019\) for 2019 awards 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 10.15 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 1, 2019, filed with the SEC on March 22, 2019 \(file no. 001-11421\)\)*](#)
- 10.17 [Form of Performance Share Unit Award Agreement \(approved March 17, 2020\) for 2020 awards 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 10.14 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 31, 2020, filed with the SEC on March 19, 2020 \(file no. 001-11421\)\)*](#)
- 10.18 [Form of Performance Share Unit Award Agreement \(approved March 16, 2021\) for 2021 awards 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 January 29, 2021, filed with the SEC on March 19, 2021 \(file no. 001-11421\)\)*](#)
- 10.19 [Form of Performance Share Unit Award Agreement \(approved March 15, 2022\) for awards beginning March 2022 to certain employees of Dollar General Corporation pursuant to the Dollar General Corporation 2021 Stock Incentive Plan*](#)
- 10.20 [Form of Restricted Stock Unit Award Agreement \(approved March 21, 2018\) for awards beginning March 2018 and prior to March 2021 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 10.19 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 2, 2018, filed with the SEC on March 23, 2018 \(file no. 001-11421\)\)*](#)
- 10.21 [Form of Restricted Stock Unit Award Agreement \(approved March 16, 2021\) for 2021 awards 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 10.18 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 29, 2021, filed with the SEC on March 19, 2021 \(file no. 001-11421\)\)*](#)

10.22 [Form of Restricted Stock Unit Award Agreement \(approved March 15, 2022\) for awards beginning March 2022 to certain employees of Dollar General Corporation pursuant to the Dollar General Corporation 2021 Stock Incentive Plan *](#)

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- 10.23 [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 \(file no. 333-161464\)\)](#)
- 10.24 [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 \(file no. 001-11421\)\)](#)
- 10.25 [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 \(file no. 001-11421\)\)](#)
- 10.26 [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 \(file no. 001-11421\)\)](#)
- 10.27 [Form of Restricted Stock Unit Award Agreement \(approved May 24, 2016\) for awards beginning May 2016 and prior to May 2017 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 \(file no. 001-11421\)\)](#)
- 10.28 [Form of Restricted Stock Unit Award Agreement \(approved May 30, 2017\) for awards beginning May 2017 and prior to May 2021 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 \(file no. 001-11421\)\)](#)
- 10.29 [Form of Restricted Stock Unit Award Agreement \(approved May 25, 2021\) for May 2021 awards 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 10.3 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2021, filed with the SEC on May 27, 2021 \(file no. 001-11421\)\)](#)
- 10.30 [Form of Restricted Stock Unit Award Agreement \(approved January 26, 2016\) for awards beginning February 1, 2016 and prior to November 28, 2018 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 \(file no. 001-11421\)\)](#)

- 10.31 [Form of Restricted Stock Unit Award Agreement \(approved November 28, 2018\) for awards beginning after November 28, 2018 and prior to January 31, 2022 to non-executive Chairmen of the Board of Directors of Dollar General Corporation pursuant to the Dollar General Corporation 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 November 2, 2018, filed with the SEC on December 4, 2018 \(file no. 001-11421\)\)](#)

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- 10.32 [Form of Restricted Stock Unit Award Agreement \(approved January 20, 2022\) for awards beginning January 31, 2022 to non-executive Chairmen of the Board of Directors of Dollar General Corporation pursuant to the Dollar General Corporation 2021 Stock Incentive Plan](#)
- 10.33 [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 \(file no. 333-161464\)\)](#)
- 10.34 [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 \(file no. 333-148320\)\)*](#)
- 10.35 [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 \(file no. 333-148320\)\)*](#)
- 10.36 [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 \(file no. 001-11421\)\)*](#)
- 10.37 [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 \(file no. 001-11421\)\)](#)
- 10.38 [Dollar General Corporation 2021 Teamshare Incentive Program for Named Executive Officers \(incorporated by reference to Exhibit 10.33 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 29, 2021, filed with the SEC on March 19, 2021 \(file no. 001-11421\)\)*](#)
- 10.39 [Form of Dollar General Corporation Teamshare Incentive Program for Named Executive Officers for use beginning fiscal year 2022*](#)
- 10.40 [Summary of Dollar General Corporation Life Insurance Program as Applicable to Executive Officers \(incorporated by reference to Exhibit 10.36 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended February 2, 2018, filed with the SEC on March 23, 2018 \(file no. 001-11421\)\)*](#)
- 10.41 [Dollar General Corporation Executive Relocation Policy, as amended \(effective August 27, 2019\) \(incorporated by reference to Exhibit 10.1 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended August 2, 2019, filed with the SEC on August 29, 2019\) \(file no. 001-11421\)\)*](#)
- 10.42 [Summary of Non-Employee Director Compensation effective January 29, 2022 \(incorporated by reference to Exhibit 10.2 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 29, 2021, filed with the SEC on December 2, 2021 \(file no. 001-11421\)\)](#)
- 10.43 [Employment Agreement, effective June 3, 2021, between Dollar General Corporation and Todd J. Vasos \(incorporated by reference to Exhibit 99.2 to Dollar General Corporation's Current Report on Form 8-K dated May 26, 2021, filed with the SEC on June 1, 2021 \(file no. 001-11421\)\)*](#)

- 10.44 [Form of Stock Option Award Agreement between Dollar General Corporation and Todd J. Vasos \(approved March 17, 2020\) for March 17, 2020 award \(incorporated by reference to Exhibit 10.38 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 31, 2020, filed with the SEC on March 19, 2020 \(file no. 001-11421\)\)*](#)

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- 10.45 [Form of Performance Share Unit Award Agreement between Dollar General Corporation and Todd J. Vasos \(approved March 17, 2020\) for March 17, 2020 award \(incorporated by reference to Exhibit 10.39 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 31, 2020, filed with the SEC on March 19, 2020 \(file no. 001-11421\)\)*](#)
- 10.46 [Form of Stock Option Award Agreement between Dollar General Corporation and Todd J. Vasos \(approved March 16, 2021\) for March 16, 2021 award \(incorporated by reference to Exhibit 10.42 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 29, 2021, filed with the SEC on March 19, 2021 \(file no. 001-11421\)\)*](#)
- 10.47 [Form of Performance Share Unit Award Agreement between Dollar General Corporation and Todd J. Vasos \(approved March 16, 2021\) for March 16, 2021 award \(incorporated by reference to Exhibit 10.43 to Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 29, 2021, filed with the SEC on March 19, 2021 \(file no. 001-11421\)\)*](#)
- 10.48 [Form of COO/Executive Vice President Employment Agreement with attached Schedule of Executive Officers who have executed an employment agreement in the form of COO/Executive Vice President Employment Agreement \(incorporated by reference to Exhibit 99 to Dollar General Corporation's Current Report on Form 8-K dated April 5, 2021, filed with the SEC on April 8, 2021 \(file no. 001-11421\)\)*](#)
- 10.49 [Form of Senior Vice President Employment Agreement with attached Schedule of Senior Vice President-level Executive Officers who have executed an employment agreement in the form of Senior Vice President Employment Agreement \(incorporated by reference to Exhibit 10.2 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2021, filed with the SEC on May 27, 2021 \(file no. 001-11421\)\)*](#)
- 10.50 [Form of Executive Vice President Employment Agreement with attached Schedule of Executive Vice Presidents who have executed the Executive Vice President Employment Agreement \(incorporated by reference to Exhibit 99 to Dollar General Corporation's Current Report on Form 8-K dated April 5, 2018, filed with the SEC on April 11, 2018 \(file no. 001-11421\)\)*](#)
- 10.51 [Amended Schedule of Executive Officers who have executed an employment agreement in the form of Executive Vice President Employment Agreement filed as Exhibit 10.50 \(incorporated by reference to Exhibit 10.1 to Dollar General Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 30, 2020, filed with the SEC on December 3, 2020 \(file no. 001-11421\)\)*](#)
- 10.52 [Amendment to Employment Agreement by and between Dollar General Corporation and Jason S. Reiser, effective September 24, 2020 \(incorporated by reference to Exhibit 99.2 to Dollar General Corporation's Current Report on Form 8-K dated September 24, 2020, filed with the SEC on September 30, 2020 \(file no. 001-11421\)\)*](#)
- 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 Interactive data files for Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 28, 2022, formatted in Inline XBRL: (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Income; (iii) the Consolidated Statements of Comprehensive Income; (iv) the Consolidated Statements of Shareholders' Equity; (v) the Consolidated Statements of Cash Flows; and (vi) the Notes to Consolidated Financial Statements

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104 The cover page from Dollar General Corporation's Annual Report on Form 10-K for the fiscal year ended January 28, 2022 (formatted in Inline XBRL and contained in Exhibit 101)

* Management Contract or Compensatory Plan

ITEM 16. FORM 10-K SUMMARY

None

DEBRA A. SANDLER

/s/ Ralph E. Santana
RALPH E. SANTANA

Director

March 18, 2022

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

The description of the material features of the common stock, par value \$0.875 per share (the "common stock"), of Dollar General Corporation (the "Company," "we," "us," or "our") is a summary, does not purport to be complete and is in all respects subject to, and qualified in its entirety by references to, the relevant provisions of our amended and restated charter (the "Charter"), our amended and restated bylaws (the "Bylaws"), and applicable provisions of Tennessee law. Our Charter and our Bylaws are included as exhibits to the Annual Report on Form 10-K of which this exhibit is a part.

DESCRIPTION OF COMMON STOCK

Authorized Common Stock

We are currently authorized under the Charter to issue up to 1,000,000,000 shares of common stock, par value \$0.875 per share.

Dividend Rights

Holders of common stock are entitled to receive dividends ratably if, as and when dividends are declared from time to time by our board of directors out of funds legally available for that purpose, after payment of dividends required to be paid on outstanding preferred stock, if any.

Voting Rights

Holders of common stock are entitled to one vote per share on all matters submitted for action by the shareholders. The holders of common stock do not have cumulative voting rights in the election of directors. Accordingly, the holders of more than 50% of the shares of common stock can, if they choose to do so, elect all the directors. In such event, the holders of the remaining shares of common stock will not be able to elect any directors.

Liquidation Rights

Upon our liquidation, dissolution or winding up, the holders of common stock are entitled to receive ratably the assets available for distribution to the shareholders after payment of liabilities and accumulated and unpaid dividends and liquidation preferences on outstanding preferred stock, if any.

Preemptive or Conversion Rights; Further Calls or Assessments; Redemption or Sinking Fund Provisions

Holders of common stock have no preemptive or conversion rights and, absent an individual agreement with us, are not subject to further calls or assessment by us. There are no redemption or sinking fund provisions applicable to our common stock.

Listing

Our common stock is listed on the New York Stock Exchange (the “NYSE”) under the symbol “DG.”

Transfer Agent and Registrar

EQ Shareowner Services is the transfer agent and registrar for our common stock.

Authorized but Unissued Shares

Tennessee law generally does not require shareholder approval for any issuance of authorized shares. However, the listing requirements of the NYSE, which will apply as long as our common stock is listed on the NYSE, require shareholder approval of certain issuances equal to or exceeding 20% of the then outstanding voting power or then outstanding number of shares of common stock. These additional shares may be used for a variety of corporate purposes, including future public offerings, to raise additional capital or to facilitate acquisitions.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which issuance could render more difficult or discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management and possibly deprive the shareholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

Removal of Directors; Vacancies

Our Charter and Bylaws provide that, unless otherwise provided in an applicable shareholders' agreement, any director may be removed from office, but only for cause, by the affirmative vote of the holders of a majority of the voting power of the shares entitled to vote in the election of directors. Additionally, our Charter provides that, unless otherwise provided in an applicable shareholders' agreement, any director may be removed from office, but only for cause, by the affirmative vote of a majority of our entire board of directors then in office. Our Charter and Bylaws provide that any vacancies on the board may be filled only by the board.

Calling of Special Meetings of Shareholders

Our Charter and Bylaws provide that special meetings of our shareholders may be called at any time but only (i) by the Chairman of the Board of Directors, by the chief executive officer, or upon a resolution by or affirmative vote of the Board of Directors, or (ii) upon a resolution by or affirmative vote of the Board of Directors upon written request received by the Corporate secretary of the Company from holders of record or beneficial owners (a) representing at least 25% of the voting power of our shares entitled to vote on the matter or matters to be brought before the proposed special meeting, provided that such shares have been owned continuously by such requesting shareholders for at least one year prior to the date of the shareholder special meeting request and (b) that have complied in full with the requirements set forth in our Bylaws, as amended from time to time.

Advance Notice Requirements for Shareholder Proposals and Director Nominations

Our Bylaws provide that shareholders seeking to nominate candidates for election as directors or to bring business before an annual or special meeting of shareholders must provide

timely notice of their proposal in writing to the Corporate Secretary. Generally, to be timely, a shareholder's notice must be received by our Corporate Secretary at our principal executive offices and within the following time periods:

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- in the case of an annual meeting of shareholders, not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the shareholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to the date of such annual meeting and not later than the close of business on the later of the 90th day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to the date of such annual meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by us; and
- in the case of a special meeting of shareholders called for the purpose of electing directors, not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the date on which notice of the date of the special meeting was given or public disclosure of the date of the special meeting was made, whichever occurs first.

In no event shall any adjournment or postponement of an annual meeting, or the announcement thereof, commence a new time period for the giving of a shareholder's notice as described above. In addition, in the case of a shareholder requested special meeting, no shareholder may propose any business to be considered at the shareholder requested special meeting except pursuant to the shareholder special meeting request delivered pursuant to Article I, Section 2(b) of our Bylaws.

In addition, our 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 of directors, provided that the shareholder or group and the nominee(s) satisfy the requirements specified in our Bylaws. To use the proxy access procedure, a proper notice of proxy access nomination must be received by our Corporate Secretary at our principal executive offices not later than the close of business on the 120th day, nor earlier than the close of business on the 150th day, prior to the first anniversary of the date that we commenced mailing of our definitive proxy materials (as stated in such materials) for the immediately preceding annual meeting of shareholders. In the event that no annual meeting of shareholders was held in the previous year or the date of the upcoming annual meeting of shareholders is more than 30 days before or more than 60 days after the anniversary date of the previous annual meeting of shareholders, to be timely, a notice of proxy access nomination must be so received by our Corporate Secretary not earlier than the close of business on the 150th day prior to the date of such annual meeting of shareholders and not later than the close of business on the later of the 120th day prior to the date of such annual meeting of shareholders or, if the first public announcement of the date of such annual meeting of shareholders is less than 130 days prior to the date of such annual meeting of shareholders, the 10th day following the day on which we first make public announcement of the date of such annual meeting of shareholders. In no event shall any adjournment or postponement of an annual meeting of shareholders or the announcement thereof commence a new time period (or extend any time period) for the giving of a notice of proxy access nomination as described above.

Forum Selection Provision

Our Bylaws provide for a forum selection provision which, unless we consent in writing to the selection of an alternative forum, requires (1) any (a) derivative action or proceeding brought on behalf of the Company, (b) action asserting a claim of breach of fiduciary duty owed by any director, officer, shareholder or employee of the Company to the Company or the Company's shareholders, (c) action asserting a claim arising pursuant to any provision of the Tennessee Business Corporation Act, our

Charter or our Bylaws, or (d) action asserting a claim governed by the internal affairs doctrine, to be exclusively brought in a state or federal court located within Tennessee; and (2) the U.S. federal district courts to be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended.

Tennessee Anti-Takeover Statutes

Under the Tennessee Business Combination Act and subject to certain exceptions, corporations subject to the Tennessee Business Combination Act may not engage in any "business combination" with an "interested shareholder" for a period of five years after the date on which the person became an interested shareholder unless the "business combination" or the transaction which resulted in the shareholder becoming an "interested shareholder" is approved by the corporation's board of directors prior to the date the "interested shareholder" attained that status.

“Business combinations” for this purpose generally include:

- mergers, consolidations, or share exchanges;
- sales, leases, exchanges, mortgages, pledges, or other transfers of assets representing 10% or more of the aggregate market value of consolidated assets, the aggregate market value of our outstanding shares, or our consolidated net income;
- issuances or transfers of shares from us to the interested shareholder;
- plans of liquidation or dissolution proposed by the interested shareholder;
- transactions in which the interested shareholder's proportionate share of the outstanding shares of any class of securities is increased; or
- financing arrangements pursuant to which the interested shareholder, directly or indirectly, receives a benefit, except proportionately as a shareholder.

Subject to certain exceptions, an "interested shareholder" generally is a person who, together with his or her affiliates and associates, owns, or within five years did own, 10% or more of our outstanding voting stock.

After the five-year moratorium, a corporation subject to the foregoing may complete a business combination if the transaction complies with all applicable charter and bylaw requirements and applicable Tennessee law and:

- is approved by the holders of at least two-thirds of the outstanding voting stock not beneficially owned by the interested shareholder; or
- meets certain fair price criteria including, among others, the requirement that the per share consideration received in any such business combination by each of the shareholders is equal to the highest of (a) the highest per share price paid by the interested shareholder during the preceding five-year period for shares of the same class or series plus interest thereon from such date at a treasury bill rate less the aggregate amount of any cash dividends paid and the market value of any dividends

paid other than in cash since such earliest date, up to the amount of such interest, (b)
the highest preferential amount, if any, such class or series is entitled to receive on

liquidation, dissolution, or winding up, plus dividends declared or due as to which such class or series is entitled prior to payment of dividends on some other class or series (unless such dividends are included in such preferential amount), or (c) the market value of the shares on either the date the business combination is announced or the date when the interested shareholder reaches the 10% threshold, whichever is higher, plus interest thereon less dividends as noted above.

We have elected to not be subject to the Tennessee Business Combination Act. We can give no assurance that we will or will not elect, through a charter or bylaw amendment, to be governed by the Tennessee Business Combination Act in the future.

We also have not elected to be governed by the Tennessee Control Share Acquisition Act which prohibits certain shareholders from exercising in excess of 20% of the voting power in a corporation acquired in a "control share acquisition" unless such voting rights have been previously approved by the disinterested shareholders. We can give no assurance that we will or will not elect, through a charter or bylaw amendment, to be governed by the Tennessee Control Share Acquisition Act in the future.

The Tennessee Greenmail Act prohibits us from purchasing or agreeing to purchase any of our securities, at a price in excess of fair market value, from a holder of 3% or more of our securities who has beneficially owned such securities for less than two years, unless the purchase has been approved by a majority of the outstanding shares of each class of our voting stock or we make an offer of at least equal value per share to all holders of shares of such class. The Tennessee Greenmail Act may make a change of control more difficult.

The Tennessee Investor Protection Act applies to tender offers directed at corporations, such as the Company, that have "substantial assets" in Tennessee and that are either incorporated in or have a principal office in Tennessee. Pursuant to the Tennessee Investor Protection Act, an offeror making a tender offer for an offeree company who beneficially owns 5% or more of any class of equity securities of the offeree company, any of which was purchased within one year prior to the proposed tender offer, is required to file a registration statement with the Tennessee Commissioner of Commerce and Insurance (the "Commissioner"). When the offeror intends to gain control of the offeree company, the registration statement must indicate any plans the offeror has for the offeree. The Commissioner may require additional information concerning the takeover offer and may call for hearings. The Tennessee Investor Protection Act does not apply to an offer that the offeree company's board of directors recommends to shareholders.

In addition to requiring the offeror to file a registration statement with the Commissioner, the Tennessee Investor Protection Act requires the offeror and the offeree company to deliver to the Commissioner all solicitation materials used in connection with the tender offer. The Tennessee Investor Protection Act prohibits fraudulent, deceptive, or manipulative acts or practices by either side and gives the Commissioner standing to apply for equitable relief to the Chancery Court of Davidson County, Tennessee, or to any other chancery court having jurisdiction whenever it appears to the Commissioner that the offeror, the offeree company or any of their respective affiliates has engaged in or is about to engage in a violation of the Tennessee Investor Protection Act. Upon proper showing, the chancery court may grant injunctive relief. The Tennessee Investor Protection Act further provides civil and criminal penalties for violations.



[Form of Annual Stock Option Award Agreement for use beginning March 2022]

Grant Details

Participant Name: []
Employee Number: []
Grant Type: Options (NQ)
Grant Date: []
Expiration Date: []
Exercise Price: []
Total Awarded: []

Vest Schedule – Options (NQ):

| Vest Date | Vest Quantity |
|------------------|----------------------|
| [] | [] |
| [] | [] |
| [] | [] |
| [] | [] |



DOLLAR GENERAL CORPORATION STOCK OPTION AWARD AGREEMENT

THIS AGREEMENT (including any applicable appendix hereto, this “Agreement”), dated as of the date indicated (the “Grant Date”) on the Grant Details page (as defined below) above, is made by and between Dollar General Corporation, a Tennessee corporation (hereinafter referred to as the “Company”), and the individual whose name is indicated on the Grant Details page, who is an employee of the Company or a Subsidiary of the Company who the Committee (as defined below) has determined to be a Key Employee (hereinafter referred to as the “Optionee”). Any capitalized terms used but not otherwise defined in this Agreement shall have the meaning set forth in the Dollar General Corporation 2021 Stock Incentive Plan, as such Plan may be amended from time to time (the “Plan”).

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

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

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

ARTICLE I **DEFINITIONS**

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

Section 1.1. Cause

“Cause” shall mean (a) “Cause” as such term may be defined in any employment agreement between the Optionee and the Company or any of its Subsidiaries that is in effect at the time of termination of employment; or (b) if there is no such employment agreement in effect, “Cause” as such term may be defined in any change-in-control agreement between the Optionee and the Company or any of its Subsidiaries that is in effect at the time of termination of employment; or (c) if there is no such employment or change-in-control agreement, with respect to the Optionee: (i) any act of the Optionee involving fraud or dishonesty, or any willful failure to perform reasonable duties assigned to the Optionee; (ii) any material breach by the Optionee of any securities or other law or regulation or any Company policy governing trading or dealing with stock, securities, public debt instruments, bonds, investments or the like or with inappropriate disclosure or “tipping” relating to any stock, securities, public debt instruments, bonds, investments or the like; (iii) any material or substantive violation of the Company’s Code of Business Conduct and Ethics (or the equivalent code in place at the time) or any violation of the Company’s

policies and procedures related to asset protection controls and other protocols; (iv) other than as required by law, the carrying out by the Optionee of any activity, or the Optionee making any public statement, which prejudices or reduces the good name and standing of the Company or any of its subsidiaries or affiliates or would bring any one of these into public

contempt or ridicule; (v) attendance by the Optionee at work in a state of intoxication or the Optionee otherwise being found in possession at the Optionee's place of work of any prohibited drug or substance, possession of which would amount to a criminal offense, or any other violation of the Company's drug and alcohol policy; (vi) any assault or other act of violence by the Optionee; or (vii) the Optionee being indicted for any crime constituting (A) any felony whatsoever or (B) any misdemeanor that would preclude employment by the Company or any Subsidiary that employs the Optionee under the Company's or any such Subsidiary's hiring policy.

Section 1.2. Delegee

"Delegee" shall mean any Committee member or members, officer of the Company or any other person or persons to whom the Committee or an officer has delegated any of its authority or duties under the Plan; provided, however, that no such delegation shall give non-Committee members authority with respect to non-ministerial actions under the Plan that affect individuals who are subject to the reporting and other provisions of Section 16 of the Exchange Act or any successor provision.

Section 1.3. Disability Termination

"Disability Termination" shall mean the Optionee's employment with the Company and all Subsidiaries is involuntarily terminated by the Company or any Subsidiary that employs the Optionee other than with Cause at a time when the Optionee is eligible for and receiving benefits under the Company's long-term disability plan.

Section 1.4. Good Reason

"Good Reason" shall mean (a) "Good Reason" as such term may be defined in any employment agreement between the Optionee and the Company or any of its Subsidiaries that is in effect at the time of termination of employment; or (b) if there is no such employment agreement in effect, "Good Reason" as such term may be defined in any change-in-control agreement between the Optionee and the Company or any of its Subsidiaries that is in effect at the time of the termination of employment; or (c) if there is no such employment or change-in-control agreement, with respect to the Optionee: (i) a material diminution in the Optionee's base salary unless such action is in connection with across-the-board base salary reductions affecting 100 percent of employees of the Company or its Subsidiaries at the same grade level; or (ii) a material diminution in the Optionee's authority, duties or responsibilities. To qualify as a termination due to Good Reason under this Agreement, the Optionee must have provided written notice to the Company in accordance with Section 5.3 of this Agreement of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) days of the initial existence of such grounds and must have given the Company or any Subsidiary that employs the Optionee at least thirty (30) days from receipt of such notice to cure the condition constituting Good Reason. Such termination of employment must have become effective no later than one year after the initial existence of the condition constituting Good Reason.

Section 1.5. Grant Details Page

“Grant Details page” shall mean the Grant Details page attached to the front of this Agreement that indicates, among other things, the Grant Date, the name of the Optionee, the Exercise Price and the aggregate number of Shares for which the Option is exercisable, all of which information is hereby incorporated by reference and made a part of this Agreement.

Section 1.6. Option

“Option” shall mean the right and option to purchase, on the terms and conditions set forth herein, all or any part of an aggregate of the number of Shares indicated on the Grant Details page.

Section 1.7. Qualifying Termination

“Qualifying Termination” shall mean, except as provided otherwise in this Section 1.7, the Optionee’s employment with the Company and all Subsidiaries is involuntarily terminated by the Company or any Subsidiary that employs the Optionee other than with Cause or terminated by the Optionee for Good Reason other than when Cause to terminate exists, in each case within two (2) years following a Change in Control. In no event shall a Qualifying Termination include the Retirement, death, Disability Termination or any other termination of the Optionee not specifically covered by the preceding sentence.

Section 1.8. Retirement

“Retirement” shall mean the voluntary termination of the Optionee’s employment with the Company and all Subsidiaries on or after (a) reaching the minimum age of fifty-five (55) and (b) achieving five (5) consecutive years of service; provided, however, that the sum of the Optionee’s age plus years of service (counting whole years only) must equal at least sixty-five (65) and provided further that there is no basis for the Company or any Subsidiary that employs the Optionee to terminate the Optionee with Cause at the time of the Optionee’s voluntary termination.

**ARTICLE II
GRANT OF OPTION**

Section 2.1. Grant of Option

For good and valuable consideration, on and as of the Grant Date the Company irrevocably grants to the Optionee the Option on the terms and conditions set forth in this Agreement.

Section 2.2. Exercise Price

Subject to Section 2.4, the exercise price of the Shares covered by the Option (the “Exercise Price”) shall be as indicated on the Grant Details page, which shall be the Fair Market Value on the Grant Date.

Section 2.3. No Guarantee of Employment

Nothing in this Agreement or in the Plan shall confer upon the Optionee any right to continue in the employ of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which are hereby expressly reserved, to terminate the employment of the Optionee at any time and for any reason whatsoever, with or without Cause, subject to the applicable provisions of, if any, the Optionee’s employment agreement with the Company or any Subsidiary that employs

the Optionee or offer letter provided by the Company or any Subsidiary that employs the Optionee to the Optionee.

Section 2.4. Adjustments to Option

The Option shall be subject to the adjustment provisions of Sections 8 and 9 of the Plan, provided, however, that in the event of the payment of an extraordinary dividend by the Company to its shareholders: the Exercise Price of the Option shall be reduced by the amount of the dividend paid, but only to the extent the Committee determines it is permitted under applicable tax laws and it does not have adverse tax consequences to the Optionee under Section 409A of the Code; and, if such reduction cannot be fully effected due to such tax laws and it will not have adverse tax consequences to the Optionee, then the Company shall pay to the Optionee a cash payment, on a per Share basis, equal to the balance of the amount of the dividend not permitted to be applied to reduce the Exercise Price of the applicable Option as follows: (a) for each Share subject to a vested Option, immediately upon the date of such dividend payment; and (b) for each Share subject to an unvested Option, on the date on which such Option becomes vested and exercisable with respect to such Share.

ARTICLE III PERIOD OF EXERCISABILITY

Section 3.1. Commencement of Exercisability

(a) Except as otherwise provided in Section 3.1(b), (c) or (d) below, so long as the Optionee continues to be employed by the Company or a Subsidiary, the Option shall become vested and exercisable with respect to twenty-five percent (25%) of the Shares subject to the Option on each April 1 of the four (4) fiscal years following the fiscal year in which the Grant Date occurs (each such date, a “Vesting Date”). To the extent this vesting schedule results in the vesting of fractional Shares, the fractional Shares shall be combined into one Share and be exercisable on the earliest Vesting Date.

(b) Notwithstanding Section 3.1(a) above, upon the earliest occurrence of (i) the Optionee’s death, or (ii) the Optionee’s Disability Termination, the Option shall become immediately vested and exercisable with respect to one hundred percent (100%) of the Shares subject to the unvested Option immediately prior to such event (but only to the extent the Option has not otherwise terminated, been forfeited or become exercisable).

(c) Notwithstanding Section 3.1(a) above, in the event the Optionee experiences a Qualifying Termination, the Option shall become immediately vested and exercisable on the date of such Qualifying Termination with respect to one hundred percent (100%) of the Shares subject to the unvested Option (but only to the extent the Option has not otherwise terminated, been forfeited or become exercisable).

(d) Notwithstanding Section 3.1(a) above, in the event of the Optionee’s Retirement, that portion of the Option that would have become vested and exercisable within the one (1) year period following the Optionee’s Retirement date if the Optionee had remained employed with the Company or a Subsidiary shall remain outstanding following the Optionee’s Retirement date and shall become vested and exercisable on the anniversary of the Grant Date that falls within the one (1) year period following the Optionee’s Retirement date (but only to the extent such portion of the Option has not otherwise terminated, been forfeited or become exercisable); provided, however, that if during such one (1) year period the Optionee dies, such portion of the Option shall instead become

immediately vested and exercisable (but only to the extent such portion of the Option has not otherwise terminated, been forfeited or become exercisable) upon such death.

(e) No Option shall become vested or exercisable as to any additional Shares following the Optionee's termination of employment for any reason, and any portion of the Option which is unexercisable as of the Optionee's termination of employment shall immediately terminate and be forfeited without payment therefor, in each case except as otherwise provided in Section 3.1(b), (c) or (d) above.

Section 3.2. Expiration of Option

The Optionee may not exercise the Option to any extent after the first to occur of the following events:

- (a) The tenth anniversary of the Grant Date;
- (b) The fifth anniversary of the date of the Optionee's termination of employment with the Company and all Subsidiaries by reason of Retirement;
- (c) The first anniversary of the date of the Optionee's termination of employment with the Company and all Subsidiaries by reason of death or due to a Disability Termination;
- (d) The third anniversary of the date of the Optionee's Qualifying Termination;
- (e) Ninety (90) days after the date of the Optionee's involuntary termination of employment by the Company and all Subsidiaries without Cause that is not a Disability Termination or a Qualifying Termination;
- (f) Ninety (90) days after the date of the Optionee's voluntary termination of employment with the Company and all Subsidiaries by the Optionee that is not a Qualifying Termination or Retirement;
- (g) Immediately upon the date of the Optionee's termination of employment by the Company and all Subsidiaries with Cause; or
- (h) At the discretion of the Company, if the Committee so determines pursuant to Section 9 of the Plan.

ARTICLE IV EXERCISE OF OPTION

Section 4.1. Person Eligible to Exercise

Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised prior to the time when the Option or portion thereof becomes unexercisable under Section 3.2: (a) during the lifetime of the Optionee, only by the Optionee (or his or her duly authorized legal representative or guardian appointed for or by the Optionee) and (b) after the death of the Optionee, only by the Optionee's legatees, personal representatives or distributees.



Section 4.2. Exercise

Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.2; provided, however, that any partial exercise shall be for whole Shares only.

Section 4.3. Manner of Exercise

Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised from time to time solely by delivering through the electronic or telephonic system maintained by the third party designated by the Committee (or its Delegee) to administer the Plan (the “Stock Plan Award Administrator”) (or such other method approved by the Committee (or its Delegee)) all of the following prior to the time when the Option or such portion becomes unexercisable under Section 3.2:

(a) Written notice from the Optionee or the other person then entitled to exercise the Option or portion thereof, stating the number of Shares with respect to which the Option is being exercised, in such form as the Committee (or its Delegee) shall establish;

(b) Full payment of the Exercise Price for the number of Shares with respect to which the Option is being exercised (i) in cash, (ii) by surrendering Shares (valued at Fair Market Value on the date of exercise) owned by the Optionee, (iii) by withholding Shares (valued at Fair Market Value on the date of exercise) otherwise issuable upon the exercise of the Option, (iv) by broker-assisted exercise (in accordance with rules established by the Committee or its Delegee), or (v) a combination of any of the above methods, in each case unless determined otherwise by the Committee (or its Delegee), in accordance with applicable law and the requirements established by the Committee (or its Delegee) from time to time;

(c) Full payment to satisfy the minimum withholding tax obligation with respect to which such Option or portion thereof is exercised, unless otherwise determined by the Committee (or its Delegee), in similar methods as provided in Section 4.3(b) and in accordance with applicable law and the requirements established by the Committee (or its Delegee) from time to time;

(d) A bona fide written representation and agreement, in a form satisfactory to the Committee (or its Delegee), signed or acknowledged by the Optionee or other person then entitled to exercise such Option or portion thereof, stating that the Shares are being acquired for his or her own account, for investment and without any present intention of distributing or reselling said Shares or any of them except as may be permitted under the Securities Act of 1933, as amended (the “Act”), and then applicable rules and regulations thereunder, and that the Optionee or other person then entitled to exercise such Option or portion thereof will indemnify the Company against and hold it free and harmless from any loss, damage, expense or liability resulting to the Company if any sale or distribution of the Shares by such person is contrary to the representation and agreement referred to above; provided, however, that the Committee (or its Delegee) may, in its reasonable discretion, take whatever additional actions it deems reasonably necessary to ensure the observance

and performance of such representation and agreement and to effect compliance with the Act and any other federal or state securities laws or regulations; and

(e) In the event the Option or portion thereof shall be exercised pursuant to Section 4.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the Option.

Without limiting the generality of the foregoing, the Committee (or its Delegee) may require an opinion of counsel acceptable to it to the effect that any subsequent transfer of Shares acquired on exercise of the Option does not violate the Act, and may issue stop-transfer orders covering such Shares. The Committee (or its Delegee) may cause a legend or legends to be placed on any Share certificates evidencing Shares issued on exercise of the Option, or if such Shares are issued in book-entry or electronic form, otherwise denote such Shares, to make appropriate reference to the provisions of subsection (d) above and the agreements herein. The written representation and agreement referred to in subsection (d) above shall, however, not be required if the Shares to be issued pursuant to such exercise have been registered under the Act, and such registration is then effective in respect of such Shares.

For purposes of this Section 4.3, a written notice includes notice submitted through the electronic or telephonic system maintained by the Stock Plan Award Administrator or through other means pursuant to procedures approved by the Committee (or its Delegee), and a representation or agreement is considered acknowledged if it is signed or submitted electronically or telephonically in accordance with approved procedures and such electronic or telephonic acknowledgement will have the same force and effect as a manual signature.

Notwithstanding the above, the Committee (or its Delegee) may approve alternative procedures for exercise and for payment of the related exercise price and withholding amounts provided such alternative procedures are established in writing prior to the date of exercise.

Section 4.4. Conditions to Issuance of Stock Certificates

The Shares deliverable upon the exercise of the Option, or any portion thereof, may be either previously authorized but unissued Shares or issued Shares, which have then been reacquired by the Company. Such Shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any certificate or certificates for Shares purchased (if certificated), or to register the issuance of such Shares on its books and records (if not certificated), upon the exercise of the Option or portion thereof prior to fulfillment of all of the following conditions:

(a) The obtaining of approval or other clearance from any state or federal governmental agency which the Committee (or its Delegee) shall, in its reasonable and good faith discretion, determine to be necessary or advisable; and

(b) The lapse of such reasonable period of time following the exercise of the Option as the Committee (or its Delegee) may from time to time establish for reasons of administrative convenience or as may otherwise be required by applicable law.

Section 4.5. Rights as Shareholder

Except as otherwise provided in Section 2.4 of this Agreement, the Optionee shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of any Shares purchasable upon the exercise of the Option or any portion thereof unless and until certificates

representing such Shares shall have been issued by the Company to the Optionee (or book entry representing such Shares has been made with the appropriate registered book-entry custodian).

ARTICLE V **MISCELLANEOUS**

Section 5.1. Administration

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

Section 5.2. Option Not Transferable

Neither the Option nor any interest or right therein or part thereof (a) shall be liable for the debts, contracts or engagements of the Optionee or his or her successors in interest or (b) shall be subject in any manner to disposition by transfer, alienation, anticipation sale, pledge, encumbrance, hypothecation, assignment, charge or any other means whether any such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 5.2 shall not prevent transfers by will or by the applicable laws of descent and distribution or other transfers authorized in limited circumstances by the Committee (or its Delegee).

Section 5.3. Notices

Except as otherwise provided in Section 4.3, any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its General Counsel or his or her designee, and any notice to be given to the Optionee shall be addressed to the Optionee at the last address of the Optionee known to the Company unless otherwise directed by the Optionee. By a notice given pursuant to this Section 5.3, either party may hereafter designate a different address for the provision of notices under this Agreement. Any notice, which is required to be given to the Optionee, shall, if the Optionee is then deceased, be given to the Optionee's personal representative if such representative has previously informed the Company of his or her status and address by written notice under this Section 5.3. Except for notice under Section 4.3, any notice shall have been deemed duly given when (a) delivered in person; (b) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service; or (c) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with fees

prepaid) in an office regularly maintained by FedEx, UPS, or comparable non-public mail carrier.

Section 5.4. Titles; Pronouns

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 5.5. Applicability of the Plan

The Option and the Shares issued to the Optionee upon exercise of the Option shall be subject to all of the terms and provisions of the Plan to the extent applicable to an Option and Shares; provided, however, that the provisions in Section 10(c) of the Plan applicable to termination of employment, including the provisions related to a “separation from service,” shall not apply to this Agreement. In the event of any conflict between this Agreement and the Plan, the terms of the Plan shall control.

Section 5.6. Amendment

This Agreement may only be amended pursuant to Section 10 of the Plan.

Section 5.7. Governing Law

The laws of the State of Delaware shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws. This Agreement and the Option are subject to all present and future applicable provisions of the Code. If any provision of this Agreement conflicts with any such Code provision, the Committee shall modify this Agreement so as to comply, or if for any reason modification cannot be made, that provision of this Agreement shall be void and of no effect.

Section 5.8. Arbitration

In the event of any controversy among the parties hereto arising out of, or relating to, this Agreement which cannot be settled amicably by the parties, such controversy shall be finally, exclusively and conclusively settled by mandatory arbitration conducted within a reasonable period by a single arbitrator in an arbitral forum to be selected by the parties and subject to the Federal Rules of Procedure and Evidence. Such arbitration process shall take place within the Nashville, Tennessee metropolitan area, unless otherwise mutually agreed by the parties. The decision of the arbitrator shall be final and binding upon all parties hereto and shall be rendered pursuant to a written decision, which contains a detailed recital of the arbitrator’s reasoning. Judgment upon the award rendered may be entered in any court having jurisdiction thereof. Each party shall bear its own legal fees and expenses, unless otherwise determined by the arbitrator, and each party shall bear an equal portion of the arbitrator’s and arbitral forum’s fees.

Section 5.9. Clawback

As a condition of receiving the Option, the Optionee acknowledges and agrees that the Optionee’s rights, payments, and benefits with respect to the Option shall be subject to any reduction, cancellation, forfeiture or recoupment, in whole or in part, upon the occurrence of certain specified events, or as may be required by any rule or regulation

of the Securities and Exchange Commission or by any applicable national exchange, or by any other applicable law, rule or regulation or as set forth in a separate “clawback” or recoupment policy as may be adopted from time to time by the Board or

the Committee. In the event the Optionee no longer owns the Shares issued upon exercise of the Option at the time of required recoupment, the Optionee agrees to the recoupment of cash equal to the Fair Market Value of the Shares on the date the Shares were sold.

Section 5.10. Consent to Electronic Delivery

The Optionee hereby consents to and agrees to electronic delivery of this Agreement, the Shares, Plan documents, proxy materials, annual reports and other related documents. The Committee (or its Delegee) has established procedures for electronic delivery and acceptance of Plan documents (including documents relating to any programs adopted under the Plan and this Agreement). The Optionee hereby consents to such procedures and agrees that his or her electronic acceptance is the same as, and shall have the same force and effect as, his or her manual signature. The Optionee hereby consents and agrees that any such procedures and delivery may be effected by a third party designated by the Committee (or its Delegee) to provide administrative services related to the Plan.

Section 5.11. Option and Agreement Acceptance

The Optionee must accept the Option and this Agreement through the electronic or telephonic system maintained by the Stock Plan Award Administrator by no later than sixty (60) days after the Grant Date (or such later date as the Committee (or its Delegee) may accept). If the Optionee does not timely accept, or if the Optionee declines, the Option, the Option will be canceled *ab initio* and the Optionee will not be entitled to any benefits from the Option nor any compensation or benefits in lieu of the canceled award.

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

DOLLAR GENERAL CORPORATION

By: _____

Name: _____

Title: _____

ADDRESS:

Dollar General Corporation
100 Mission Ridge
Goodlettsville, TN 37072



HONG KONG APPENDIX

Restriction on Sale. In the event Shares are issued to the Optionee within six (6) months of the Grant Date, the Optionee agrees that he or she will not dispose of any such Shares prior to the six (6)-month anniversary of the Grant Date.

Securities Law Information. *Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. The Optionee should exercise caution in relation to the offer. If the Optionee is in any doubt about any of the contents of this document, the Optionee should obtain independent professional advice. Neither the grant of the Option nor the issuance of Shares upon exercise of the Option constitutes a public offering of securities under Hong Kong law and is available only to employees of the Company and its Subsidiaries. The Agreement, the Plan and other incidental communication materials distributed in connection with the Option (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, and (ii) are intended only for the personal use of each eligible employee of the Company or its Subsidiaries and may not be distributed to any other person.*

MEXICO APPENDIX

Acknowledgment. By participating in the Plan, the Optionee acknowledges that the Optionee has received a copy of the Plan, has reviewed the Plan in its entirety and fully understands and accepts all provisions of the Plan. The Optionee further acknowledges that (i) the Optionee's participation in the Plan does not constitute an acquired right; (ii) the Plan and the Optionee's participation in the Plan are offered by the Company on a wholly discretionary basis; (iii) the Optionee's participation in the Plan is voluntary; and (iv) the Company and its Subsidiaries are not responsible for any decrease in the value of the underlying Shares.

Labor Law Policy and Acknowledgment. By participating in the Plan, the Optionee expressly recognizes that the Company, with its principal executive offices at 100 Mission Ridge, Goodlettsville, Tennessee 37072, U.S.A., is solely responsible for the administration of the Plan and that the Optionee's participation in the Plan and acquisition of Shares do not constitute an employment relationship between the Optionee and the Company since the Optionee is participating in the Plan on a wholly commercial basis. Based on the foregoing, the Optionee expressly recognizes that the Plan and the benefits that the Optionee may derive from participation in the Plan do not establish any rights between the Optionee and the Subsidiary employing the Optionee (the "Employer"), and do not form part of the employment conditions and/or benefits provided by the Employer, and that any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of the Optionee's employment with the Employer.

The Optionee further understands that the Optionee's participation in the Plan is as a result of a unilateral and discretionary decision of the Company. Therefore, the Company reserves the absolute right to amend and/or discontinue the Optionee's participation at any time without any liability to the Optionee.

Finally, the Optionee hereby declares that the Optionee does not reserve to the Optionee any action or right to bring any claim against the Company for any compensation or damages

regarding any provision of the Plan or the benefits derived under the Plan, and the Optionee therefore grants a full

and broad release to the Company, its Subsidiaries, branches, representation offices, its shareholders, officers, agents or legal representatives with respect to any claim that may arise.

Securities Law Information. The Option offered under the Plan and the Shares underlying the Option have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan and any other document relating to the Option may not be publicly distributed in Mexico. These materials are addressed to the Optionee only because of his or her existing relationship with the Company and its Subsidiaries, and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present employees of the Company or a Subsidiary, made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

[Form of PSU Award Agreement for use beginning March 2022]

Grant Details

Participant Name: []
 Employee Number: []
 Grant Type: Performance Share Units
 Grant Date: []
 Target Number of Performance Share Units Awarded: []
 Performance Period: ***For One-Year Goal:*** Begins on [1st day of fiscal year that includes the Grant Date] and ends on [last day of same fiscal year]
For Three-Year Goal: Begins on [1st day of fiscal year that includes the Grant Date] and ends on [last day of fiscal year [Grant Date fiscal year + 2]]

Threshold, Target and Maximum Calculation Chart: See attached **Exhibit 1**

Vest Schedule:

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

DOLLAR GENERAL CORPORATION
PERFORMANCE SHARE UNIT AWARD AGREEMENT

THIS AGREEMENT (this “Agreement”), dated as of the date indicated (the “Grant Date”) on the Grant Details page (as defined below) above, is made by and between Dollar General Corporation, a Tennessee corporation (hereinafter referred to as the “Company”), and the individual whose name is indicated on the Grant Details page, who is an employee of the Company or a Subsidiary of the Company who the Committee (as defined below) has determined to be a Key Employee (hereinafter referred to as the “Grantee”). Any capitalized terms used but not otherwise defined in this Agreement shall have the meaning set forth in the Dollar General Corporation 2021 Stock Incentive Plan, as such Plan may be amended from time to time (the “Plan”).

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

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

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

ARTICLE I
DEFINITIONS

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

Section 1.1. Adjusted EBITDA

[“Adjusted EBITDA” shall be computed as income (loss) from continuing operations before cumulative effect of change in accounting principles plus interest and other financing costs, net, provision for income taxes, and depreciation and amortization, but shall exclude the impact of (a) any costs, fees and expenses directly related to the consideration, negotiation, preparation, or consummation of any asset sale, merger or other transaction that results in a Change in Control (within the meaning of the Plan) of the Company or any offering of Company common stock or other security; (b) disaster-related charges; (c) any gains or losses associated with the Company’s LIFO computation; and (d) unless the Committee disallows any such item, (i) any unusual unplanned item or event which individually exceeds \$30 million; (ii) any unbudgeted loss which individually exceeds \$1 million as a result of the resolution of a legal matter; (iii) any unplanned loss or gain which individually exceeds \$1 million related to the implementation of accounting or tax legislative changes or changes in federal, state or local wage or benefit mandates; and (iv) any unplanned loss or gain of a non-recurring nature which individually exceeds \$1 million, provided that the combined amount of (d)(ii), (iii) and (iv) equals or exceeds loss(es) or gains(s) of \$10 million.]

Section 1.2. Adjusted ROIC

[“Adjusted ROIC” shall mean during each fiscal year within the Performance Period applicable to the Three-Year Goal (a) the result of (x) the sum of (i) the Company’s operating income, plus (ii) depreciation and amortization, plus (iii) single lease cost, minus (y) taxes, divided by (b) the result of (x) the sum of the averages of the five most recently completed fiscal quarters of: (i) total assets, plus (ii) accumulated depreciation and amortization, minus (y) the difference of the averages of the five most recently completed fiscal quarters of: (i) cash, minus (ii) goodwill, minus (iii) accounts payable, minus (iv) other payables, minus (v) accrued liabilities, but shall exclude the impact of (a) any costs, fees and expenses directly related to the consideration, negotiation, preparation, or consummation of any asset sale, merger or other transaction that results in a Change in Control (within the meaning of the Plan) of the Company or any offering of Company common stock or other security; (b) disaster-related charges; (c) any gains or losses associated with the Company’s LIFO computation; and (d) unless the Committee disallows any such item, (i) any unusual unplanned item or event which individually exceeds \$30 million; (ii) any unbudgeted loss which individually exceeds \$1 million as a result of the resolution of a legal matter; (iii) any unplanned loss or gain which individually exceeds \$1 million related to the implementation of accounting or tax legislative changes or changes in federal, state or local wage or benefit mandates; and (iv) any unplanned loss or gain of a non-recurring nature which individually exceeds \$1 million, provided that the combined amount of (d)(ii), (iii) and (iv) equals or exceeds loss(es) or gain(s) of \$10 million.]

Section 1.3. Average Adjusted ROIC

“Average Adjusted ROIC” shall mean the average of the Adjusted ROIC for the three fiscal years during the Performance Period applicable to the Three-Year Goal.

Section 1.4. Cause

“Cause” shall mean (a) “Cause” as such term may be defined in any employment agreement between the Grantee and the Company or any of its Subsidiaries that is in effect at the time of termination of employment; or (b) if there is no such employment agreement in effect, “Cause” as such term may be defined in any change-in-control agreement between the Grantee and the Company or any of its Subsidiaries that is in effect at the time of termination of employment; or (c) if there is no such employment or change-in-control agreement, with respect to the Grantee: (i) any act of the Grantee involving fraud or dishonesty, or any willful failure to perform reasonable duties assigned to the Grantee; (ii) any material breach by the Grantee of any securities or other law or regulation or any Company policy governing trading or dealing with stock, securities, public debt instruments, bonds, investments or the like or with inappropriate disclosure or “tipping” relating to any stock, securities, public debt instruments, bonds, investments or the like; (iii) any material or substantive violation of the Company’s Code of Business Conduct and Ethics (or the equivalent code in place at the time) or any violation of the Company’s policies and procedures related to asset protection controls and other protocols; (iv) other than as required by law, the carrying out by the Grantee of any activity, or the Grantee making any public statement, which prejudices or reduces the good name and standing of the Company or any of its subsidiaries or affiliates or would bring any one of these into public contempt or ridicule; (v) attendance by the Grantee at work in a state of intoxication or the Grantee otherwise being found in possession at the Grantee’s place of work of any prohibited drug or substance, possession of which would amount to a criminal offense, or any other violation of the Company’s drug and alcohol policy; (vi) any assault or other act of violence by the Grantee; or (vii) the Grantee being indicted for any crime constituting (A) any felony whatsoever or (B) any misdemeanor that would

preclude employment by the Company or any Subsidiary that employs the Grantee under the Company's or any such Subsidiary's hiring policy.

Section 1.5. Delegee

"Delegee" shall mean any Committee member or members, officer of the Company or any other person or persons to whom the Committee or an officer has delegated any of its authority or duties under the Plan; provided, however, that no such delegation shall give non-Committee members authority with respect to non-ministerial actions under the Plan that affect individuals who are subject to the reporting and other provisions of Section 16 of the Exchange Act or any successor provision.

Section 1.6. Disability Termination

"Disability Termination" shall mean the Grantee's employment with the Company and all Subsidiaries is involuntarily terminated by the Company or any Subsidiary that employs the Grantee other than with Cause at a time when the Grantee is eligible for and receiving benefits under the Company's long-term disability plan.

Section 1.7. Good Reason

"Good Reason" shall mean (a) "Good Reason" as such term may be defined in any employment agreement between the Grantee and the Company or any of its Subsidiaries that is in effect at the time of termination of employment; or (b) if there is no such employment agreement in effect, "Good Reason" as such term may be defined in any change-in-control agreement between the Grantee and the Company or any of its Subsidiaries that is in effect at the time of the termination of employment; or (c) if there is no such employment or change-in-control agreement, with respect to the Grantee: (i) a material diminution in the Grantee's base salary unless such action is in connection with across-the-board base salary reductions affecting 100 percent of employees of the Company or its Subsidiaries at the same grade level; or (ii) a material diminution in the Grantee's authority, duties or responsibilities. To qualify as a termination due to Good Reason under this Agreement, the Grantee must have provided written notice to the Company in accordance with Section 4.6 of this Agreement of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) days of the initial existence of such grounds and must have given the Company or any Subsidiary that employs the Grantee at least thirty (30) days from receipt of such notice to cure the condition constituting Good Reason. Such termination of employment must have become effective no later than one year after the initial existence of the condition constituting Good Reason.

Section 1.8. Grant Details Page

"Grant Details page" shall mean the Grant Details page attached to the front of this Agreement that indicates, among other things, the Grant Date, the name of the Grantee, and the target number of Performance Share Units awarded, all of which information is hereby incorporated by reference and made a part of this Agreement.

Section 1.9. Performance Share Units

"Performance Share Units" shall mean the performance share units awarded to the Grantee under this Agreement which the Grantee will have an opportunity to earn and vest in over Performance Periods (as defined below) of one year or three years if certain performance goal measures are met in

accordance with Section 2.4 and if additional service and payment requirements are met in accordance with Sections 3.1, 3.2 and 3.3. Each Performance Share Unit represents the right to receive one Share upon satisfaction of the vesting and other conditions set forth in this Agreement.

Section 1.10. Pro-Rata Portion

“Pro-Rata Portion” shall mean a fraction (not to exceed one), the numerator of which is the number of months in the applicable Performance Period (as defined below) during which the Grantee was continuously in the employment of the Company or a Subsidiary and the denominator of which is the number of months in the applicable Performance Period. The Grantee will be deemed to be employed for a month if the Grantee’s Retirement, Disability Termination or death occurs after the fifteenth (15th) day of a month.

Section 1.11. Qualifying Termination

“Qualifying Termination” shall mean, except as provided otherwise in this Section 1.11, the Grantee’s employment with the Company and all Subsidiaries is involuntarily terminated by the Company or any Subsidiary that employs the Grantee (including due to a Disability Termination) other than with Cause or is terminated voluntarily by the Grantee, other than when Cause to terminate exists, for Good Reason or due to Retirement; in each case provided the termination of employment (a) occurs within two (2) years following a Change in Control and (b) also constitutes a Separation from Service. For purposes of this Agreement, a permanent reduction in (but not full cessation of) the Grantee’s level of services performed for the Company or a Subsidiary shall be deemed a “Qualifying Termination” if the reduction (i) occurs within two (2) years following a Change in Control; (ii) meets the definition of a Separation from Service; and (iii) would meet the definition of a Qualifying Termination if the Grantee’s employment had actually terminated on such date (for example, the Grantee meets the age and service requirements for a Retirement on the date of the permanent reduction). In no event shall a Qualifying Termination include the death or any other termination or Separation from Service of the Grantee not specifically covered by the preceding sentences.

Section 1.12. Retirement

“Retirement” shall mean the voluntary termination of the Grantee’s employment with the Company and all Subsidiaries on or after (a) reaching the minimum age of fifty-five (55) and (b) achieving five (5) consecutive years of service; provided, however, that the sum of the Grantee’s age plus years of service (counting whole years only) must equal at least sixty-five (65) and provided further that there is no basis for the Company or any Subsidiary that employs the Grantee to terminate the Grantee with Cause at the time of the Grantee’s voluntary termination.

Section 1.13. Separation from Service

“Separation from Service” shall mean a “separation from service” under Treas. Reg. Section 1.409A-1(h). This generally means the date the Grantee and the Company or the applicable Subsidiary reasonably anticipate that (a) the Grantee will perform no further services or (b) the level of bona fide services the Grantee will perform (whether as an employee or as an independent contractor) will permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding thirty-six (36) month period (or the full period of services if the Grantee has been providing services to the Company or Subsidiary less than thirty-six (36) months). If the Grantee is on a leave of absence,

a Separation from Service shall only occur upon the termination of such leave by the Company or by the Subsidiary that employs the Grantee and subsequent termination of the Grantee's employment or, if earlier, at the time required under Treas. Reg. Section 1.409A-1(h)(1) (including the extended disability leave provisions). Under Treas. Reg. Section 1.409A-1(h)(1), unless the Grantee retains a right to reemployment under an applicable statute or by contract, the Separation from Service is deemed to occur on the first date immediately following six (6) months or, for certain disabilities, twenty-nine (29) months.

ARTICLE II

GRANT OF PERFORMANCE SHARE UNITS

Section 2.1. Grant of Performance Share Units

For good and valuable consideration, on and as of the Grant Date the Company irrevocably grants to the Grantee the Performance Share Units on the terms and conditions set forth in this Agreement. For the avoidance of doubt, no Performance Share Units shall be earned unless all applicable performance and service requirements are met.

Section 2.2. Target Number of Performance Share Units

The target number of Performance Share Units awarded is set forth on the Grant Details page. At the end of the applicable Performance Period, and subject to additional service and payment requirements in Sections 3.1, 3.2 and 3.3, the Grantee can earn up to [300%] of the target number of Performance Share Units or as little as [no] Performance Share Units, depending upon actual performance compared to the performance goal measures established by the Committee.

Section 2.3. Performance Period

There are two periods during which the performance goal measures apply (each a "Performance Period"): a one-year performance period applies to the Adjusted EBITDA goal (the "One-Year Goal") and a three-year performance period applies to the Average Adjusted ROIC goal (the "Three-Year Goal"). The Performance Periods begin and end as set forth on the Grant Details page.

Section 2.4. Performance Goal Measures

The performance goal measures and the levels of performance for each of the performance goal measures that are required to earn Performance Share Units were established by the Committee on the Grant Date. In determining performance, [fifty percent (50%)] of the target number of Performance Share Units are subject to the One-Year Goal which is based on Adjusted EBITDA and the other [fifty percent (50%)] of the target number of Performance Share Units are subject to the Three-Year Goal which is based on Average Adjusted ROIC, each as defined below and as established by the Committee, for the applicable Performance Period, with the method for determining the number of Performance Share Units that can be earned (including the threshold, target and maximum number of Performance Share Units) set forth on **Exhibit 1** hereto, subject to the additional service and payment requirements in Sections 3.1, 3.2 and 3.3. In allocating the Performance Share Units between the One-Year Goal and the Three-Year Goal, any remaining fractional Share underlying the target number of Performance Share Units shall be allocated to the One-Year Goal. If the performance level for a performance goal measure is below the established threshold, no Performance Share Units shall be

earned for the applicable Performance Period with respect to such performance goal measure. If the performance level for a performance goal measure is above the established maximum, no additional Performance Share Units shall be earned above the associated maximum payout level for the applicable Performance Period with respect to such performance goal measure. Within sixty (60) days following the end of the applicable Performance Period, the Committee will determine the extent to which the applicable performance goal measure has been met and the number of Performance Share Units earned (subject to the additional service and payment requirements in Sections 3.1, 3.2 and 3.3). If performance for the applicable performance goal measure is between the threshold and the target or between the target and the maximum, the performance level achieved will be determined by applying linear interpolation to the performance interval and then rounding to the nearest whole Performance Share Unit. The Committee must certify the performance results for each of the performance goal measures following the end of the applicable Performance Period. Except as provided in Section 3.3 in the event of a Change in Control during the applicable Performance Period, any Performance Share Units that are not, based on the Committee's determination, earned by performance during the applicable Performance Period, including Performance Share Units that had been potentially earnable by performance in excess of the actual performance levels achieved, shall be cancelled and forfeited as of the last day of the applicable Performance Period.

Section 2.5. No Guarantee of Employment

Nothing in this Agreement or in the Plan shall confer upon the Grantee any right to continue in the employ of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which are hereby expressly reserved, to terminate the employment of the Grantee at any time and for any reason whatsoever, with or without Cause, subject to the applicable provisions of, if any, the Grantee's employment agreement with the Company or any Subsidiary that employs the Grantee or offer letter provided by the Company or any Subsidiary that employs the Grantee to the Grantee.

Section 2.6. Adjustments to the Performance Share Units

The Performance Share Units shall be subject to the adjustment provisions of Sections 8 and 9 of the Plan.

ARTICLE III VESTING AND PAYMENT

Section 3.1. Vesting

(a) Vesting Dates and Forfeiture. Except as provided otherwise in Sections 3.1(b), 3.1(c) and 3.3 below and subject to the attainment of the applicable performance goal measures and the required certification as provided in Section 2.4, the Performance Share Units shall become vested and nonforfeitable in accordance with the vesting table set forth on the Grant Details page on the dates listed in the first column of such table (each such date, a "Vesting Date"), so long as the Grantee continues to be employed by the Company or a Subsidiary through each such Vesting Date. Once vested, the Performance Share Units shall be paid as provided in Section 3.2 or 3.3, subject to the forfeiture provisions of Section 3.1(c) below. To the extent this vesting schedule results in the vesting of fractional Shares, the fractional Shares shall be combined into one Share and vest on the earliest Vesting Date. If the Grantee's employment with the Company or the applicable Subsidiary terminates prior to a Vesting Date and neither Section 3.1(b) nor Section 3.3 applies or has applied, or to the extent

Section 3.1(b) cannot apply, then any portion of the Performance Share Units that have not vested at the date of such termination of employment shall be automatically forfeited to the Company and cancelled.

(b) Accelerated Vesting Events.

(i) *Performance Share Units Subject to One-Year Goal*: Notwithstanding Section 3.1(a) above, to the extent the Performance Share Units subject to the One-Year Goal have not previously terminated, been forfeited or become vested and nonforfeitable, and except as otherwise provided in Section 3.3:

(A) in the event the Grantee's employment is terminated before the last day of the Performance Period due to the Grantee's Retirement, Disability Termination or death, in each case before the last day of the Performance Period, then a Pro-Rata Portion (as defined below) of such Performance Share Units (rounded to the nearest whole Share) that would have become vested and nonforfeitable on the first Vesting Date if the Grantee had remained employed with the Company or a Subsidiary shall become vested and nonforfeitable as of the end of the Performance Period (to the extent earned based upon all applicable performance requirements, and subject to all certification requirements, in Section 2.4) and all remaining Performance Share Units subject to the One-Year Goal shall be automatically forfeited to the Company and cancelled;

(B) in the event the Grantee's employment is terminated on or after the last day of the Performance Period but before a subsequent Vesting Date due to the Grantee's Retirement, then that one-third (33 1/3%) of the Performance Share Units that would have become vested and nonforfeitable on the next Vesting Date immediately following the Grantee's Retirement date if the Grantee had remained employed with the Company or a Subsidiary shall become vested and nonforfeitable on such Retirement date (to the extent earned based on all applicable performance requirements, and subject to all certification requirements, in Section 2.4) and all remaining Performance Share Units subject to the One-Year Goal shall be automatically forfeited to the Company and cancelled, provided, however, that, if the Grantee terminates due to Retirement on a Vesting Date, no accelerated vesting shall occur but rather the Grantee shall be entitled only to the portion of the Performance Share Units that were scheduled to vest on such Vesting Date and all remaining Performance Share Units subject to the One-Year Goal shall be automatically forfeited to the Company and cancelled; and

(C) in the event the Grantee's employment is terminated due to the Grantee's Disability Termination or death, in each case on or after the last day of the Performance Period but before a subsequent Vesting Date, then all remaining unvested Performance Share Units that would have become vested and nonforfeitable if the Grantee had remained employed with the Company or a Subsidiary through all future Vesting Dates shall become vested and nonforfeitable as of such Disability Termination or death (to the extent earned based upon all applicable performance requirements, and subject to all certification requirements, in Section 2.4).

(ii) *Performance Share Units Subject to Three-Year Goal*: Notwithstanding Section 3.1(a) above, to the extent the Performance Share Units subject to the Three-Year Goal have not previously terminated, been forfeited or become vested and nonforfeitable, and except as otherwise provided in Section 3.3:



(A) in the event the Grantee's employment is terminated before the last day of the Performance Period due to the Grantee's Retirement, Disability Termination or death, in each case before the last day of the Performance Period, then a Pro-Rata Portion of such Performance Share Units (rounded to the nearest whole Share) that would have become vested and nonforfeitable on the Vesting Date if the Grantee had remained employed with the Company or a Subsidiary shall become vested and nonforfeitable as of the end of the Performance Period (to the extent earned based upon all applicable performance requirements, and subject to all certification requirements, in Section 2.4) and all remaining Performance Share Units subject to the Three-Year Goal shall be automatically forfeited to the Company and cancelled; and

(B) in the event the Grantee's employment is terminated on or after the last day of the Performance Period but before the Vesting Date due to the Grantee's Retirement, Disability Termination or death, in each case on or after the last day of the Performance Period but before the Vesting Date, then such Performance Share Units that would have become vested and nonforfeitable if the Grantee had remained employed with the Company or a Subsidiary on the Vesting Date shall become vested and nonforfeitable as of such Retirement, Disability Termination or death (to the extent earned based upon all applicable performance requirements, and subject to all certification requirements, in Section 2.4).

(iii) *Effect on Payment Date*: Accelerated vesting under Section 3.1(b)(i) or (ii) shall not accelerate the time of payment of the Performance Share Units and payment shall be made on the applicable Payment Date as provided in Section 3.2.

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

(d) Transfers and Reemployment. For purposes of this Agreement, transfer of the Grantee's employment without an intervening period of separation among the Company and any Subsidiary shall not be deemed a termination of employment. Upon reemployment of the Grantee by the Company or any Subsidiary following a termination of the Grantee's employment with the Company and any Subsidiary for any reason, the Grantee shall have no rights to any Performance Share Units previously forfeited and cancelled under this Agreement.

Section 3.2. Payment of Performance Share Units

(a) Timing of Payment. Except as provided otherwise in Section 3.3 (related to a Change in Control), once earned and vested in accordance with Section 2.4 and Section 3.1(a) or (b), as applicable, the Performance Share Units shall be paid on the Vesting Dates set forth on the Grant Details page (applying the same provisions as are in Section 3.1(a) related to fractional Shares). The Vesting Dates set forth on the Grant Details page are fixed dates of payment and do not change regardless of when the actual vesting occurs under Section 3.1(b) or 3.3, except to the extent a special earlier accelerated payment date due to a Qualifying Termination applies under Section 3.3. Such payment dates (including the special earlier accelerated payment date due to a Qualifying Termination as provided in Section 3.3), are each referred to individually as a "Payment Date".



(b) Delivery of Shares. Shares corresponding to the number of Performance Share Units that have been earned and become vested and nonforfeitable (“Performance Shares”) shall be paid to the Grantee, or, if deceased, the Grantee’s estate, either through delivery of a Share certificate or registration of the issuance of such Performance Shares on the Company’s books and records, and such Performance Shares shall be registered in the name of the Grantee or, if deceased, the Grantee’s estate. The Performance Shares shall be paid on the Payment Dates provided in Sections 3.2(a) and 3.3. Payment may be delayed by the Company only in accordance with the requirements of Section 409A of the Code although no interest shall be payable in the event there is a delay for any reason. In determining the number of Performance Shares to be withheld for taxes as provided in Section 4.3, the value of the Performance Shares shall be based upon the Fair Market Value of the Shares on the date of payment. If a Payment Date falls on a weekend, holiday or other non-trading day, the value of any Performance Shares payable on such Payment Date shall be determined based on the Fair Market Value of the Shares on the most recent prior trading date.

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

Section 3.3. Vesting and Payment in Connection with a Change in Control

Notwithstanding any other provision of this Article III, in the event of a Change in Control, vesting and payment of the Performance Share Units that have not previously become vested and nonforfeitable and paid, or have not previously been forfeited, under Section 2.4, 3.1(a), 3.1(b), 3.1(c) or 3.2 shall be determined under this Section 3.3 as follows:

(a) Change in Control On or Before End of Applicable Performance Period. In the event a Change in Control occurs on or before the end of the applicable Performance Period and provided the Grantee is continuously employed by the Company or a Subsidiary until the Change in Control, the target number of the applicable Performance Share Units shall be deemed earned but otherwise continue to be subject to the service and payment provisions, including applicable proration requirements, that apply under Sections 3.1(a), 3.1(b), 3.1(c) and 3.2 unless the Grantee experiences a Qualifying Termination. If the Grantee experiences a Qualifying Termination, all of the applicable Performance Share Units deemed earned per the preceding sentence and not previously vested and paid or previously forfeited, shall become immediately vested and nonforfeitable and shall be paid (but only if such accelerated payment timing results in payment before payment on the applicable Vesting Date) on the date of such Qualifying Termination, subject to a six-month delay, if applicable, as provided under Section 10(c) of the Plan.

(b) Change in Control Following End of Applicable Performance Period. In the event a Change in Control occurs following the end of the applicable Performance Period and provided the Grantee is continuously employed by the Company or a Subsidiary until the Change in Control, all of the applicable Performance Share Units previously earned based on the Committee’s determination of performance in accordance with Section 2.4 shall continue to be subject to the service and payment requirements that apply under Sections 3.1(a), 3.1(b), 3.1(c) and 3.2 unless the Grantee experiences a Qualifying Termination. If the Grantee experiences a Qualifying Termination, all of the applicable Performance Share Units previously earned based on the Committee’s determination of performance in accordance with Section 2.4 and not previously vested and paid or previously forfeited, shall become immediately vested and nonforfeitable and shall be paid (but only if such accelerated payment timing



results in payment before payment on the applicable Vesting Date) on the date of such Qualifying Termination, subject to a six-month delay, if applicable, as provided under Section 10(c) of the Plan.

Section 3.4. No Dividend Equivalents

The Grantee shall have no right to dividend equivalents or dividends on the Performance Share Units.

Section 3.5. Rights as Shareholder

The Grantee shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of any Performance Shares issuable upon the payment of the Performance Share Units or any portion thereof unless and until certificates representing such Performance Shares shall have been issued by the Company to the Grantee (or book entry representing such Performance Shares has been made with the appropriate registered book-entry custodian).

**ARTICLE IV
MISCELLANEOUS**

Section 4.1. Administration

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

Section 4.2. Transferability

None of (a) the Performance Share Units prior to becoming earned and vested pursuant to Sections 2.4, 3.1 and 3.3, (b) the Performance Shares prior to delivery pursuant to Section 3.2, or (c) any interest or right therein or part thereof (i) shall be liable for the debts, contracts or engagements of the Grantee or his or her successors in interest or (ii) shall be subject in any manner to disposition by transfer, alienation, anticipation, sale, pledge, encumbrance, hypothecation, assignment, charge or any other means whether any such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 4.2 shall not prevent transfers by will or by the applicable laws of descent and distribution or other transfers authorized in limited circumstances by the Committee (or its Delegee).

Section 4.3. Taxes

Unless otherwise determined by the Committee (in compliance with Section 409A of the Code), on the applicable Payment Date, the Company shall withhold from any Performance Shares



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

Section 4.4. Limitation on Obligations

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

Section 4.5. Securities Laws

The Company may require the Grantee to make or enter into such written representations, warranties and agreements, in a form satisfactory to the Committee (or its Delegee), as the Committee (or its Delegee) may reasonably request in order to comply with applicable securities laws, including without limitation written representations stating that the Performance Shares are being acquired for the Grantee's own account, for investment and without any present intention of distributing or reselling said Performance Shares or any of them except as may be permitted under the Securities Act of 1933, as amended (the "Act"), and then applicable rules and regulations thereunder, and that the Grantee will indemnify the Company against and hold it free and harmless from any loss, damage, expense or liability resulting to the Company if any sale or distribution of the Performance Shares by such person is contrary to the representation and agreement referred to above; provided, however, that the Committee (or its Delegee) may, in its reasonable discretion, take whatever additional actions it deems reasonably necessary to ensure the observance and performance of such representation and agreement and to effect compliance with the Act and any other federal or state securities laws or regulations. The Performance Share Units and the Performance Shares shall be subject to all applicable laws, rules and regulations and to such approvals of any governmental agencies as may be required.



Section 4.6. Notices

Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its General Counsel or his or her designee, and any notice to be given to the Grantee shall be addressed to the Grantee at the last address of the Grantee known to the Company unless otherwise directed by the Grantee. By a notice given pursuant to this Section 4.6, either party may hereafter designate a different address for the provision of notices under this Agreement. Any notice, which is required to be given to the Grantee, shall, if the Grantee is then deceased, be given to the Grantee's personal representative if such representative has previously informed the Company of his or her status and address by written notice under this Section 4.6. Any notice shall have been deemed duly given when (a) delivered in person; (b) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service; or (c) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with fees prepaid) in an office regularly maintained by FedEx, UPS, or comparable non-public mail carrier.

Section 4.7. Titles; Pronouns

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 4.8. Applicability of the Plan

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

Section 4.9. Amendment

This Agreement may only be amended pursuant to Section 10 of the Plan.

Section 4.10. Governing Law

The laws of the State of Delaware shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws. This Agreement and the Performance Share Units are subject to all present and future applicable provisions of the Code. If any provision of this Agreement conflicts with any such Code provision, the Committee shall modify this Agreement so as to comply, or if for any reason modification cannot be made, that provision of this Agreement shall be void and of no effect. The provisions of Section 10(c) of the Plan are hereby incorporated by reference. Notwithstanding the foregoing, the Company shall not be liable to the Grantee in the event this Agreement or any payment or benefit hereunder fails to be exempt from, or comply with, Section 409A of the Code.

Section 4.11. Arbitration

In the event of any controversy among the parties hereto arising out of, or relating to, this Agreement which cannot be settled amicably by the parties, such controversy shall be finally,

exclusively and conclusively settled by mandatory arbitration conducted within a reasonable period by a single arbitrator in an arbitral forum to be selected by the parties and subject to the Federal Rules of Procedure and Evidence. Such arbitration process shall take place within the Nashville, Tennessee metropolitan area, unless otherwise mutually agreed by the parties. The decision of the arbitrator shall be final and binding upon all parties hereto and shall be rendered pursuant to a written decision, which contains a detailed recital of the arbitrator's reasoning. Judgment upon the award rendered may be entered in any court having jurisdiction thereof. Each party shall bear its own legal fees and expenses, unless otherwise determined by the arbitrator, and each party shall bear an equal portion of the arbitrator's and arbitral forum's fees.

Section 4.12. Clawback

As a condition of receiving the Performance Share Units, the Grantee acknowledges and agrees that the Grantee's rights, payments, and benefits with respect to the Performance Share Units shall be subject to any reduction, cancellation, forfeiture or recoupment, in whole or in part, upon the occurrence of certain specified events, as may be required by any rule or regulation of the Securities and Exchange Commission or by any applicable national exchange, or by any other applicable law, rule or regulation or as set forth in a separate "clawback" or recoupment policy as may be adopted from time to time by the Board or the Committee. In the event the Grantee no longer owns the Performance Shares at the time of required recoupment, the Grantee agrees to the recoupment of cash equal to the Fair Market Value of the Performance Shares on the date the Performance Shares were sold.

Section 4.13. Consent to Electronic Delivery

The Grantee hereby consents to and agrees to electronic delivery of this Agreement, the Performance Shares, Plan documents, proxy materials, annual reports and other related documents. The Committee (or its Delegee) has established procedures for electronic delivery and acceptance of Plan documents (including documents relating to any programs adopted under the Plan and this Agreement). The Grantee hereby consents to such procedures and agrees that his or her electronic acceptance is the same as, and shall have the same force and effect as, his or her manual signature. The Grantee hereby consents and agrees that any such procedures and delivery may be effected by a third party designated by the Committee (or its Delegee) to provide administrative services related to the Plan.

Section 4.14. Performance Share Units and Agreement Acceptance

The Grantee must accept the Performance Share Units and this Agreement through the electronic or telephonic system maintained by the third party designated by the Committee (or its Delegee) to administer the Plan by no later than sixty (60) days after the Grant Date (or such later date as the Committee (or its Delegee) may accept). If the Grantee does not timely accept, or if the Grantee declines, the Performance Share Units, the Performance Share Units will be canceled *ab initio* and the Grantee will not be entitled to any benefits from the Performance Share Units nor any compensation or benefits in lieu of the canceled award.

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

DOLLAR GENERAL CORPORATION

By: _____

Name: _____

Title: _____

ADDRESS:

Dollar General Corporation
100 Mission Ridge
Goodlettsville, TN 37072

Exhibit 1 to Performance Share Unit Award Agreement

[] Performance Share Unit Matrix – Adjusted EBITDA

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

Note: Interpolate between all EBITDA results and award levels

[] Performance Share Unit Matrix – Adjusted ROIC

| ROIC Based Shares Earned [] | | |
|------------------------------|------------------------|-------------------|
| Performance Level | ROIC Result vs. Target | ROIC Based Shares |
| Threshold | [] | [] |
| Target | [] | [] |
| Maximum | [] | [] |

Note: Interpolate between all ROIC results and award levels

[Form of RSU Award Agreement for use beginning March 2022]

Grant Details

Participant Name: []

Employee Number: []

Grant Type: Restricted Stock Units

Grant Date: []

Total Number of Restricted Stock Units Awarded: []

Vest Schedule:

| Vest Date | Vest Quantity |
|--------------|---------------|
| April 1, [] | [] |
| April 1, [] | [] |
| April 1, [] | [] |

DOLLAR GENERAL CORPORATION
RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS AGREEMENT (including any applicable appendix hereto, this “Agreement”), dated as of the date indicated (the “Grant Date”) on the Grant Details page (as defined below) above, is made by and between Dollar General Corporation, a Tennessee corporation (hereinafter referred to as the “Company”), and the individual whose name is indicated on the Grant Details page, who is an employee of the Company or a Subsidiary of the Company who the Committee (as defined below) has determined to be a Key Employee (hereinafter referred to as the “Grantee”). Any capitalized terms used but not otherwise defined in this Agreement shall have the meaning set forth in the Dollar General Corporation 2021 Stock Incentive Plan, as such Plan may be amended from time to time (the “Plan”).

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

WHEREAS, the Compensation Committee (or a duly authorized subcommittee thereof) of the Board of the Company appointed to administer the Plan (the “Committee”) or the Board of the Company has determined that it would be to the advantage and in the best interests of the Company and its shareholders to grant the Restricted Stock Units provided for herein to the Grantee, and has advised the Company thereof and instructed the undersigned officer to issue said Restricted Stock Units.

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

ARTICLE I
DEFINITIONS

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

Section 1.1. Cause

“Cause” shall mean (a) “Cause” as such term may be defined in any employment agreement between the Grantee and the Company or any of its Subsidiaries that is in effect at the time of termination of employment; or (b) if there is no such employment agreement in effect, “Cause” as such term may be defined in any change-in-control agreement between the Grantee and the Company or any of its Subsidiaries that is in effect at the time of termination of employment; or (c) if there is no such employment or change-in-control agreement, with respect to the Grantee: (i) any act of the Grantee involving fraud or dishonesty, or any willful failure to perform reasonable duties assigned to the Grantee; (ii) any material breach by the Grantee of any securities or other law or regulation or any Company policy governing trading or dealing with stock, securities, public debt instruments, bonds, investments or the like, or with inappropriate disclosure or “tipping” relating to any stock, securities, public debt instruments, bonds, investments or the like; (iii) any material or substantive violation of the Company’s Code of Business Conduct and Ethics (or the equivalent code in place at the time) or any violation of the Company’s policies and procedures related to asset protection controls and other protocols; (iv) other than as required by law, the carrying out by the Grantee of any activity, or the Grantee making any public statement, which prejudices or reduces the good name and standing of the

Company or any of its subsidiaries or affiliates or would bring any one of these into public contempt or ridicule; (v) attendance by the Grantee at work in a state of intoxication or the Grantee otherwise being found in possession at the Grantee's place of work of any prohibited drug or substance, possession of which would amount to a criminal offense, or any other violation of the Company's drug and alcohol policy; (vi) any assault or other act of violence by the Grantee; or (vii) the Grantee being indicted for any crime constituting (A) any felony whatsoever or (B) any misdemeanor that would preclude employment by the Company or any Subsidiary that employs the Grantee under the Company's or any such Subsidiary's hiring policy.

Section 1.2. Delegee

"Delegee" shall mean any Committee member or members, officer of the Company or any other person or persons to whom the Committee or an officer has delegated any of its authority or duties under the Plan; provided, however, that no such delegation shall give non-Committee members authority with respect to non-ministerial actions under the Plan that affect individuals who are subject to the reporting and other provisions of Section 16 of the Exchange Act or any successor provision.

Section 1.3. Disability Termination

"Disability Termination" shall mean (a) the Grantee's employment with the Company and all Subsidiaries is involuntarily terminated by the Company or any Subsidiary that employs the Grantee other than with Cause at a time when the Grantee is eligible for and receiving benefits under the Company's long term disability plan and (b) such termination of employment also constitutes a Separation from Service.

Section 1.4. Good Reason

"Good Reason" shall mean (a) "Good Reason" as such term may be defined in any employment agreement between the Grantee and the Company or any of its Subsidiaries that is in effect at the time of termination of employment; or (b) if there is no such employment agreement in effect, "Good Reason" as such term may be defined in any change-in-control agreement between the Grantee and the Company or any of its Subsidiaries that is in effect at the time of the termination of employment; or (c) if there is no such employment or change-in-control agreement, with respect to the Grantee: (i) a material diminution in the Grantee's base salary unless such action is in connection with across-the-board base salary reductions affecting 100 percent of employees of the Company or its Subsidiaries at the same grade level; or (ii) a material diminution in the Grantee's authority, duties or responsibilities. To qualify as a termination due to Good Reason under this Agreement, the Grantee must have provided written notice to the Company in accordance with Section 4.6 of this Agreement of the existence of the circumstances providing grounds for termination for Good Reason within thirty (30) days of the initial existence of such grounds and must have given the Company or any Subsidiary that employs the Grantee at least thirty (30) days from receipt of such notice to cure the condition constituting Good Reason. Such termination of employment must have become effective no later than one year after the initial existence of the condition constituting Good Reason.

Section 1.5. Grant Details Page

"Grant Details page" shall mean the Grant Details page attached to the front of this Agreement that indicates, among other things, the Grant Date, the name of the Grantee, and the aggregate number



of Restricted Stock Units awarded, all of which information is hereby incorporated by reference and made a part of this Agreement.

Section 1.6. Qualifying Termination

“Qualifying Termination” shall mean, except as provided otherwise in this Section 1.6, the Grantee’s employment with the Company and all Subsidiaries is involuntarily terminated by the Company or any Subsidiary that employs the Grantee other than with Cause or terminated by the Grantee for Good Reason other than when Cause to terminate exists, in each case provided the termination of employment (a) occurs within two (2) years following a Change in Control and (b) also constitutes a Separation from Service. In no event shall a Qualifying Termination include the Retirement, death, Disability Termination or any other termination of the Grantee not specifically covered by the preceding sentence.

Section 1.7. Restricted Stock Units

“Restricted Stock Units” shall mean the restricted stock units awarded to the Grantee under this Agreement which the Grantee will vest in if additional service and payment requirements are met in accordance with this Agreement. Each Restricted Stock Unit represents the right to receive one Share upon satisfaction of the vesting and other conditions set forth in this Agreement.

Section 1.8. Retirement

“Retirement” shall mean the voluntary termination of the Grantee’s employment with the Company and all Subsidiaries on or after (a) reaching the minimum age of fifty-five (55) and (b) achieving five (5) consecutive years of service; provided, however, that (i) the sum of the Grantee’s age plus years of service (counting whole years only) must equal at least sixty-five (65); (ii) there is no basis for the Company or any Subsidiary that employs the Grantee to terminate the Grantee with Cause at the time of the Grantee’s voluntary termination; and (iii) the termination also constitutes a Separation from Service.

Section 1.9. Separation from Service

“Separation from Service” shall mean a “separation from service” under Treas. Reg. Section 1.409A-1(h). This generally means the date the Grantee and the Company or the applicable Subsidiary reasonably anticipate that (a) the Grantee will perform no further services or (b) the level of bona fide services the Grantee will perform (whether as an employee or as an independent contractor) will permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding thirty-six (36) month period (or the full period of services if the Grantee has been providing services to the Company or Subsidiary for less than thirty-six (36) months). If the Grantee is on a leave of absence, a Separation from Service shall only occur upon the termination of such leave by the Company or by the Subsidiary that employs the Grantee and subsequent termination of the Grantee’s employment or, if earlier, at the time required under Treas. Reg. Section 1.409A-1(h)(1) (including the extended disability leave provisions). Under Treas. Reg. Section 1.409A-1(h)(1), unless the Grantee retains a right to reemployment under an applicable statute or by contract, the Separation from Service is deemed to occur on the first date immediately following six (6) months or, for certain disabilities, twenty-nine (29) months.



ARTICLE II
GRANT OF RESTRICTED STOCK UNITS

Section 2.1. Grant of Restricted Stock Units

For good and valuable consideration, on and as of the Grant Date the Company irrevocably grants to the Grantee the Restricted Stock Units on the terms and conditions set forth in this Agreement.

Section 2.2. No Guarantee of Employment

Nothing in this Agreement or in the Plan shall confer upon the Grantee any right to continue in the employ of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which are hereby expressly reserved, to terminate the employment of the Grantee at any time and for any reason whatsoever, with or without Cause, subject to the applicable provisions of, if any, the Grantee's employment agreement with the Company or any Subsidiary that employs the Grantee or offer letter provided by the Company or any Subsidiary that employs the Grantee to the Grantee.

Section 2.3. Adjustments to the Restricted Stock Units

The Restricted Stock Units shall be subject to the adjustment provisions of Sections 8 and 9 of the Plan.

ARTICLE III
VESTING AND PAYMENT

Section 3.1. Vesting

(a) Vesting Date and Forfeiture. Except as otherwise provided in Sections 3.1(b) or 3.1(c) below, the Restricted Stock Units shall become vested and nonforfeitable in three (3) equal installments on April 1 of the three (3) fiscal years following the fiscal year in which the Grant Date occurs, as set forth on the Grant Details page (each such date, a "Vesting Date"), so long as the Grantee continues to be employed by the Company or a Subsidiary through each such Vesting Date. To the extent this vesting schedule results in the vesting of fractional Shares, the fractional Shares shall be combined into one Share and vest on the earliest Vesting Date. If the Grantee's employment with the Company or the applicable Subsidiary terminates prior to a Vesting Date and Section 3.1(b) does not apply or has not applied, or to the extent Section 3.1(b) cannot apply, then any portion of the Restricted Stock Units that have not vested at the date of such termination of employment shall be automatically forfeited to the Company and canceled.

(b) Accelerated Vesting Events. Notwithstanding Section 3.1(a) above, to the extent the Restricted Stock Units, or the applicable portion of the Restricted Stock Units, have not previously terminated, been forfeited or become vested and nonforfeitable, (i) in the event of the Grantee's Retirement, that one-third of the Restricted Stock Units that would have become vested and nonforfeitable on the next Vesting Date immediately following the Grantee's Retirement date if the Grantee had remained employed with the Company or a Subsidiary shall become vested and nonforfeitable on such Retirement date, provided, however, that, if the Grantee's Retirement date occurs on a Vesting Date, no accelerated vesting shall occur but rather the Grantee shall be entitled only to the portion of the Restricted Stock Units that were scheduled to vest on such Vesting Date; and

(ii) upon the earliest occurrence of the Grantee's (A) Disability Termination or (B) death, in each case while employed with the Company or a Subsidiary, the Restricted Stock Units shall become immediately vested and nonforfeitable with respect to one hundred percent (100%) of the unvested Restricted Stock Units immediately prior to such event; and (iii) in the event the Grantee experiences a Qualifying Termination, the Restricted Stock Units shall become immediately vested and nonforfeitable with respect to one hundred percent (100%) of the unvested Restricted Stock Units on the date of the Qualifying Termination.

(c) Reduction in Level of Services. For purposes of this Agreement, a reduction in the Grantee's level of services performed for the Company or a Subsidiary shall not be deemed a termination of employment unless such reduction meets the definition of a Separation from Service. If a reduction in the level of services is a Separation from Service, then such reduction shall result in automatic forfeiture to the Company and cancellation of the Restricted Stock Units unless the Grantee would otherwise qualify for a Retirement or a Disability Termination or unless the reduction is implemented by the Company or a Subsidiary without the consent of the Grantee during the period during which a Qualifying Termination could occur. In the event the Grantee would otherwise qualify for a Retirement or a Disability Termination or the reduction is implemented by the Company or a Subsidiary without the consent of the Grantee during the period during which a Qualifying Termination could occur, then, for purposes of this Agreement, including Section 3.2, such reduction shall be deemed a Retirement, Disability Termination or Qualifying Termination, as applicable, under Section 3.1(b).

(d) Transfer and Reemployment. For purposes of this Agreement, transfer of the Grantee's employment without an intervening period of separation among the Company and any Subsidiary shall not be deemed a termination of employment. Upon reemployment of the Grantee by the Company or any Subsidiary following a termination of the Grantee's employment with the Company and any Subsidiary for any reason, including a deemed termination under Section 3.1(c), the Grantee shall have no rights to any Restricted Stock Units previously forfeited and canceled under this Agreement.

Section 3.2. Payment of Restricted Stock Units

(a) Payment and Delivery. Shares corresponding to the number of Restricted Stock Units that become vested and nonforfeitable in accordance with Section 3.1(a) or (b) ("RSU Shares") shall be paid to the Grantee, or, if deceased, the Grantee's estate, either through delivery of a Share certificate or registration of the issuance of such RSU Shares on the Company's books and records, and such RSU Shares shall be registered in the name of the Grantee or, if deceased, the Grantee's estate. The RSU Shares shall be paid on the Vesting Date unless vesting is accelerated under Section 3.1(b) prior to such Vesting Date. In the event vesting is accelerated under Section 3.1(b), the RSU Shares shall be paid as follows (based on the first to occur of Retirement, Disability Termination, Qualifying Termination, or death, but only if such accelerated payment timing results in payment before the applicable Vesting Date): (i) six (6) months and one (1) day following the date of the Grantee's Separation from Service; or (ii) within ninety (90) days following the date of the Grantee's death. If the Grantee dies after another payment event triggering payment under Section 3.2(a)(i) but prior to actual payment, payment of the RSU Shares shall occur upon the earlier of (A) ninety (90) days following the date of the Grantee's death; or (B) the original payment time under Section 3.2(a)(i). In determining the number of Shares to be withheld for taxes as provided in Section 4.3, the value of the Shares shall be based upon the Fair Market Value of the Shares on the date of payment. If the date of payment falls on a weekend, holiday or other non-trading day, the value of any Shares payable on such



date of payment shall be determined based on the Fair Market Value of the Shares on the most recent prior trading date.

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

Section 3.3. No Dividend Equivalents

The Grantee shall have no right to dividend equivalents or dividends on the Restricted Stock Units.

Section 3.4. Rights as Shareholder

The Grantee shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of any RSU Shares issuable upon the payment of the Restricted Stock Units or any portion thereof unless and until certificates representing such RSU Shares shall have been issued by the Company to the Grantee (or book entry representing such RSU Shares has been made with the appropriate registered book-entry custodian).

**ARTICLE IV
MISCELLANEOUS**

Section 4.1. Administration

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

Section 4.2. Transferability

None of (a) the Restricted Stock Units prior to becoming vested pursuant to Section 3.1(a) or (b), (b) the RSU Shares prior to delivery pursuant to Section 3.2(a), or (c) any interest or right therein or part thereof (i) shall be liable for the debts, contracts or engagements of the Grantee or his or her successors in interest or (ii) shall be subject in any manner to disposition by transfer, alienation, anticipation, sale, pledge, encumbrance, hypothecation, assignment, charge or any other means whether any such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 4.2 shall not prevent transfers by will or by the applicable laws of descent and distribution or other transfers authorized in limited circumstances by the Committee (or its Delegee).



Section 4.3. Taxes

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

Section 4.4. Limitation on Obligations

The Restricted Stock Units shall not be secured by any specific assets of the Company or any of its Subsidiaries, nor shall any assets of the Company or any of its Subsidiaries be designated as attributable or allocated to the satisfaction of the Company's obligations under this Agreement. In addition, the Company shall not be liable to the Grantee for damages relating to any delays in issuing the Share certificates or electronic delivery thereof to him or her (or his or her designated entities), any loss of the certificates, or any mistakes or errors in the issuance or registration of the certificates or in the certificates themselves.

Section 4.5. Securities Laws

The Company may require the Grantee to make or enter into such written representations, warranties and agreements, in a form satisfactory to the Committee (or its Delegee), as the Committee (or its Delegee) may reasonably request in order to comply with applicable securities laws, including without limitation written representations stating that the RSU Shares are being acquired for the Grantee's own account, for investment and without any present intention of distributing or reselling said RSU Shares or any of them except as may be permitted under the Securities Act of 1933, as amended (the "Act"), and then applicable rules and regulations thereunder, and that the Grantee will indemnify the Company against and hold it free and harmless from any loss, damage, expense or liability resulting to the Company if any sale or distribution of the RSU Shares by such person is contrary to the representation and agreement referred to above; provided, however, that the Committee (or its Delegee) may, in its reasonable discretion, take whatever additional actions it deems reasonably necessary to ensure the observance and performance of such representation and agreement and to effect compliance with the Act and any other federal or state securities laws or regulations. The Restricted



Stock Units and the RSU Shares shall be subject to all applicable laws, rules and regulations and to such approvals of any governmental agencies as may be required.

Section 4.6. Notices

Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of its General Counsel or his or her designee, and any notice to be given to the Grantee shall be addressed to the Grantee at the last address of the Grantee known to the Company unless otherwise directed by the Grantee. By a notice given pursuant to this Section 4.6, either party may hereafter designate a different address for the provision of notices under this Agreement. Any notice, which is required to be given to the Grantee, shall, if the Grantee is then deceased, be given to the Grantee's personal representative if such representative has previously informed the Company of his or her status and address by written notice under this Section 4.6. Any notice shall have been deemed duly given when (a) delivered in person; (b) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service; or (c) enclosed in a properly sealed envelope or wrapper addressed as aforesaid, deposited (with fees prepaid) in an office regularly maintained by FedEx, UPS, or comparable non-public mail carrier.

Section 4.7. Titles; Pronouns

Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

Section 4.8. Applicability of the Plan

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

Section 4.9. Amendment

This Agreement may only be amended pursuant to Section 10 of the Plan.

Section 4.10. Governing Law

The laws of the State of Delaware shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws. This Agreement and the Restricted Stock Units are subject to all present and future applicable provisions of the Code. If any provision of this Agreement conflicts with any such Code provision, the Committee shall modify this Agreement so as to comply, or if for any reason modification cannot be made, that provision of this Agreement shall be void and of no effect. The provisions of Section 10(c) of the Plan are hereby incorporated by reference. Notwithstanding the foregoing, the Company shall not be liable to the Grantee in the event this Agreement or any payment or benefit hereunder fails to be exempt from, or comply with, Section 409A of the Code.



Section 4.11. Arbitration

In the event of any controversy among the parties hereto arising out of, or relating to, this Agreement which cannot be settled amicably by the parties, such controversy shall be finally, exclusively and conclusively settled by mandatory arbitration conducted within a reasonable period by a single arbitrator in an arbitral forum to be selected by the parties and subject to the Federal Rules of Procedure and Evidence. Such arbitration process shall take place within the Nashville, Tennessee metropolitan area, unless otherwise mutually agreed by the parties. The decision of the arbitrator shall be final and binding upon all parties hereto and shall be rendered pursuant to a written decision, which contains a detailed recital of the arbitrator's reasoning. Judgment upon the award rendered may be entered in any court having jurisdiction thereof. Each party shall bear its own legal fees and expenses, unless otherwise determined by the arbitrator, and each party shall bear an equal portion of the arbitrator's and arbitral forum's fees.

Section 4.12. Clawback

As a condition of receiving the Restricted Stock Units, the Grantee acknowledges and agrees that the Grantee's rights, payments, and benefits with respect to the Restricted Stock Units shall be subject to any reduction, cancellation, forfeiture or recoupment, in whole or in part, upon the occurrence of certain specified events, as may be required by any rule or regulation of the Securities and Exchange Commission or by any applicable national exchange, or by any other applicable law, rule or regulation or as set forth in a separate "clawback" or recoupment policy as may be adopted from time to time by the Board or the Committee. In the event the Grantee no longer owns the RSU Shares at the time of required recoupment, the Grantee agrees to the recoupment of cash equal to the Fair Market Value of the RSU Shares on the date the RSU Shares were sold.

Section 4.13. Consent to Electronic Delivery

The Grantee hereby consents to and agrees to electronic delivery of this Agreement, the RSU Shares, Plan documents, proxy materials, annual reports and other related documents. The Committee (or its Delegee) has established procedures for electronic delivery and acceptance of Plan documents (including documents relating to any programs adopted under the Plan and this Agreement). The Grantee hereby consents to such procedures and agrees that his or her electronic acceptance is the same as, and shall have the same force and effect as, his or her manual signature. The Grantee hereby consents and agrees that any such procedures and delivery may be effected by a third party designated by the Committee (or its Delegee) to provide administrative services related to the Plan.

Section 4.14. Restricted Stock Units and Agreement Acceptance

The Grantee must accept the Restricted Stock Units and this Agreement through the electronic or telephonic system maintained by the third party designated by the Committee (or its Delegee) to administer the Plan by no later than sixty (60) days after the Grant Date (or such later date as the Committee (or its Delegee) may accept). If the Grantee does not timely accept, or if the Grantee declines, the Restricted Stock Units, the Restricted Stock Units will be canceled *ab initio* and the Grantee will not be entitled to any benefits from the Restricted Stock Units nor any compensation or benefits in lieu of the canceled award.



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

DOLLAR GENERAL CORPORATION

By: _____

Name: _____

Title: _____

ADDRESS:

Dollar General Corporation
100 Mission Ridge
Goodlettsville, TN 37072

HONG KONG APPENDIX

Payment of Restricted Stock Units. This provision supplements Section 3.2 of the Agreement:

The grant of the Restricted Stock Units does not provide any right for the Grantee to receive a cash payment, and the Restricted Stock Units are payable in RSU Shares only. This provision is without prejudice to the application of the tax withholding under Section 4.3 of the Agreement.

Restriction on Sale. In the event the Restricted Stock Units vest and RSU Shares are issued to the Grantee within six (6) months of the Grant Date, the Grantee agrees that he or she will not dispose of any such RSU Shares prior to the six (6)-month anniversary of the Grant Date.

Securities Law Information. *Warning: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. The Grantee should exercise caution in relation to the offer. If the Grantee is in any doubt about any of the contents of this document, the Grantee should obtain independent professional advice. Neither the grant of the Restricted Stock Units nor the issuance of RSU shares upon vesting of the Restricted Stock Units constitutes a public offering of securities under Hong Kong law and is available only to employees of the Company and its Subsidiaries. The Agreement, the Plan and other incidental communication materials distributed in connection with the Restricted Stock Units (i) have not been prepared in accordance with and are not intended to constitute a “prospectus” for a public offering of securities under the applicable securities legislation in Hong Kong, and (ii) are intended only for the personal use of each eligible employee of the Company or its Subsidiaries and may not be distributed to any other person.*

MEXICO APPENDIX

Acknowledgment. By participating in the Plan, the Grantee acknowledges that the Grantee has received a copy of the Plan, has reviewed the Plan in its entirety and fully understands and accepts all provisions of the Plan. The Grantee further acknowledges that (i) the Grantee’s participation in the Plan does not constitute an acquired right; (ii) the Plan and the Grantee’s participation in the Plan are offered by the Company on a wholly discretionary basis; (iii) the Grantee’s participation in the Plan is voluntary; and (iv) the Company and its Subsidiaries are not responsible for any decrease in the value of the RSU Shares.

Labor Law Policy and Acknowledgment. By participating in the Plan, the Grantee expressly recognizes that the Company, with its principal executive offices at 100 Mission Ridge, Goodlettsville, Tennessee 37072, U.S.A., is solely responsible for the administration of the Plan and that the Grantee’s participation in the Plan and acquisition of Shares do not constitute an employment relationship between the Grantee and the Company, since the Grantee is participating in the Plan on a wholly commercial basis. Based on the foregoing, the Grantee expressly recognizes that the Plan and the benefits that the Grantee may derive from participation in the Plan do not establish any rights between the Grantee and the Subsidiary employing the Optionee (the “Employer”) and do not form part of the employment conditions and/or benefits provided by the Employer, and that any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of the Grantee’s employment with the Employer.

The Grantee further understands that the Grantee’s participation in the Plan is as a result of a unilateral and discretionary decision of the Company. Therefore, the Company reserves the absolute right to amend and/or discontinue the Grantee’s participation at any time without any liability to the Grantee.

Finally, the Grantee hereby declares that the Grantee does not reserve to the Grantee any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and the Grantee therefore grants a full and broad release to the Company, its Subsidiaries,

branches, representation offices, its shareholders, officers, agents or legal representatives with respect to any claim that may arise.

Securities Law Information. The Restricted Stock Units offered under the Plan and the RSU Shares have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan and any other document relating to the Restricted Stock Units may not be publicly distributed in Mexico. These materials are addressed to the Grantee only because of his or her existing relationship with the Company and its Subsidiaries, and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present employees of the Company or a Subsidiary, made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

[Form of RSU Award Agreement for Chairman of the Board for use beginning January 31, 2022]

**DOLLAR GENERAL CORPORATION
RESTRICTED STOCK UNIT AWARD AGREEMENT**

THIS AGREEMENT (this “Agreement”), dated as of [Date] (the “Grant Date”), is made by and between Dollar General Corporation, a Tennessee corporation (hereinafter referred to as the “Company”), and [Name], who is a Non-Employee Director of the Company (hereinafter referred to as the “Grantee”). Any capitalized terms used but not otherwise defined in this Agreement shall have the meaning set forth in the Dollar General Corporation 2021 Stock Incentive Plan, as such Plan may be amended from time to time (the “Plan”).

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

WHEREAS, the Compensation Committee (or a duly authorized subcommittee thereof) of the Board appointed to administer the Plan (the “Committee”) or the Board has determined that it would be to the advantage and in the best interests of the Company and its shareholders to grant the Restricted Stock Units provided for herein to the Grantee, and has advised the Company thereof and instructed the undersigned officer to issue said Restricted Stock Units.

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

1. Grant of the Restricted Stock Units. For good and valuable consideration, on and as of the Grant Date the Company irrevocably grants to the Grantee [xxxx] Restricted Stock Units on the terms and conditions set forth in this Agreement. Each “Restricted Stock Unit” represents the right to receive one Share upon satisfaction of the vesting and other conditions set forth in this Agreement. The Restricted Stock Units shall vest and become nonforfeitable in accordance with Section 2 hereof.

2. Vesting.

(a) Except as otherwise provided in Section 2(b) below, the Restricted Stock Units shall become vested and nonforfeitable on the first anniversary of the Grant Date (the “Vesting Date”), so long as the Grantee continues to serve as the Chairman of the Board through the Vesting Date. If the Grantee’s service on the Board or as the Chairman of the Board terminates prior to the Vesting Date and Section 2(b) does not apply or has not applied, or to the extent Section 2(b) cannot apply, then all unvested Restricted Stock Units at the date of such termination of service on the Board or as the Chairman of the Board shall be automatically forfeited to the Company and canceled.

(b) Notwithstanding Section 2(a) above, to the extent the Restricted Stock Units have not previously terminated, been forfeited or become vested and nonforfeitable: (i) if the Grantee ceases to serve as the Chairman of the Board due to the Grantee’s death or Disability (as defined below), then 100% of the Restricted Stock Units that would have become vested and nonforfeitable on the Vesting Date if the Grantee had remained the Chairman of the Board through such date will become vested and nonforfeitable upon such death or Disability; (ii) if the Grantee ceases to serve as the Chairman of the Board due to his removal from such Chairman position by the Board for any reason or for no reason



or due to his failure to be re-elected to the Board by the shareholders of the Company (in each case, a “Termination Event”), then a Pro-Rata Portion of the Restricted Stock Units (rounded to the nearest whole share) that would have become vested and nonforfeitable on the Vesting Date if the Grantee had remained the Chairman of the Board through such date shall become vested and nonforfeitable as of the last day of service in such Chairman position and all remaining Restricted Stock Units shall be automatically forfeited to the Company and canceled; and (iii) 100% of the unvested Restricted Stock Units shall become immediately vested and nonforfeitable so long as the Grantee serves as the Chairman of the Board up to the date of the Change in Control.

(c) For the purposes of this Agreement, Disability shall have the meaning as provided under Section 409A(a)(2)(C)(i) of the Code.

3. Entitlement to Receive Common Stock.

(a) Shares corresponding to the number of Restricted Stock Units that become vested and nonforfeitable in accordance with Section 2(a) or (b) (“RSU Shares”) shall be paid to the Grantee, or, if deceased, the Grantee’s estate, on the Vesting Date or, if earlier, upon the Grantee’s death or Disability, upon a Change in Control, or upon a Termination Event (but only to the extent the RSU Shares are vested at the time of termination pursuant to Section 2(b)). *However*, if the Grantee has made a timely and valid irrevocable election to defer receipt of all or any portion of the vested RSU Shares in accordance with the provisions of the RSU Award Deferral Election Form provided to the Grantee and returned it to the Company prior to December 31 of the calendar year preceding the Grant Date (such shares, the “Deferred Shares”), any such Deferred Shares shall instead be paid on the date so elected by the Grantee pursuant to such RSU Award Deferral Election Form, or, if earlier, upon the Grantee’s death or Disability or upon a Change in Control.

(b) On any date on which any RSU Shares or Deferred Shares are to be paid to the Grantee in accordance with Section 3(a) above, the Company shall deliver to the Grantee or the Grantee’s legal representative or, if the Grantee is deceased, the Grantee’s designated beneficiary, or, if none, the Grantee’s personal representative, a Share certificate or evidence of the issuance of such RSU Shares or Deferred Shares on the Company’s books and records, and such RSU Shares or Deferred Shares shall be registered in the name of the Grantee.

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

(d) Only whole Shares shall be delivered in payment of a vested Restricted Stock Unit. To the extent a vested Restricted Stock Unit (including any additional Restricted Stock Units or Deferred Shares credited from dividends pursuant to Section 4 below) includes a fractional Share, on the date the RSU Shares or Deferred Shares are to be paid to the Grantee, such fractional Share shall be paid to the Grantee or the Grantee’s legal representative or, if the Grantee is deceased, the Grantee’s designated beneficiary, or, if none, the Grantee’s personal representative, in cash, in an amount that equals the Fair Market Value of such fractional Share on such payment date or, if such payment date falls on a weekend, holiday or other non-trading day, the Fair Market Value of such fractional Share on the most recent trading date prior to such payment date.

4. Dividend Equivalents. In the event that the Company pays any ordinary dividend (whether in cash, Shares or other property) on its Shares, on the date such dividend is paid to

shareholders the Grantee shall be credited, based on the number of unvested Restricted Stock Units held by the Grantee and the number of Deferred Shares (if any) that the Grantee is entitled to receive, in each case as of the record date of such dividend, with additional Restricted Stock Units or Deferred Shares, as applicable, that reflect the amount of such dividend (or if such dividend is paid in Shares or other property, the fair value of the dividend, as determined in good faith by the Board). Any such additional Restricted Stock Units or Deferred Shares, as applicable, shall be subject to all terms and conditions of this Agreement.

5. Transferability. None of (a) the Restricted Stock Units prior to becoming vested pursuant to Section 2, (b) the RSU Shares or Deferred Shares prior to delivery pursuant to Section 3, or (c) any interest or right therein or part thereof (i) shall be liable for the debts, contracts or engagements of the Grantee or his or her successors in interest or (ii) shall be subject in any manner to disposition by transfer, alienation, sale, pledge, encumbrance, hypothecation, assignment, charge or any other means whether any such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect; provided, however, that this Section 5 shall not prevent transfers by will or by the applicable laws of descent and distribution or other transfers authorized in limited circumstances by the Committee (or its Delegee).

6. Grantee's Continued Service on the Board and Continued Service as its Chairman. Nothing in this Agreement, in the Plan, or in any other agreement entered into by the Company and the Grantee guarantees that the Grantee will, or shall confer upon the Grantee any right to, continue to serve as a member of the Board or as the Chairman of the Board for any specified period of time.

7. Adjustments to Restricted Stock Units and Deferred Shares. The Restricted Stock Units (and any RSU Shares and Deferred Shares due to be delivered hereunder) shall be subject to the adjustment provisions of Sections 8 and 9 of the Plan.

8. Taxes. The Grantee shall have full responsibility, and the Company shall have no responsibility, for satisfying any liability for any federal, state or local income or other taxes required by law to be paid with respect to such Restricted Stock Units, including upon the vesting of the Restricted Stock Units and the delivery of any RSU Shares or Deferred Shares. The Grantee is hereby advised to seek his or her own tax counsel regarding the taxation of the grant and vesting of the Restricted Stock Units hereunder (and the tax consequences of any deferral election made in respect of the delivery of any Deferred Shares).

9. Limitation on Obligations. The Restricted Stock Units shall not be secured by any specific assets of the Company or any of its Subsidiaries, nor shall any assets of the Company or any of its Subsidiaries be designated as attributable or allocated to the satisfaction of the Company's obligations under this Agreement. In addition, the Company shall not be liable to the Grantee for damages relating to any delays in issuing the Share certificates or electronic delivery thereof to the Grantee (or the Grantee's designated entities), any loss of the certificates, or any mistakes or errors in the issuance or registration of the certificates or in the certificates themselves.

10. Securities Laws. The Company may require the Grantee to make or enter into such written representations, warranties and agreements, in a form satisfactory to the Committee (or its Delegee), as the Committee (or its Delegee) may reasonably request in order to comply with applicable securities laws, including without limitation written representations stating that the RSU Shares or Deferred Shares are being acquired for the Grantee's own account, for investment and without any

present intention of distributing or reselling said RSU Shares or Deferred Shares or any of them except as may be permitted under the Securities Act of 1933, as amended (the “Act”), and then-applicable rules and regulations thereunder, and that the Grantee will indemnify the Company against and hold it free and harmless from any loss, damage, expense or liability resulting to the Company if any sale or distribution of the RSU Shares or Deferred Shares by such person is contrary to the representation and agreement referred to above; provided, however, that the Committee (or its Delegee) may, in its reasonable discretion, take whatever additional actions it deems reasonably necessary to ensure the observance and performance of such representation and agreement and to effect compliance with the Act and any other federal or state securities laws or regulations. The Restricted Stock Units, the RSU Shares and the Deferred Shares shall be subject to all applicable laws, rules and regulations and to such approvals of any governmental agencies as may be required.

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

12. Governing Law. The laws of the State of Delaware shall govern the interpretation, validity and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws. This Agreement and the Restricted Stock Units are subject to all present and future applicable provisions of the Code. If any provision of this Agreement conflicts with any such Code provision, the Committee shall modify this Agreement so as to comply, or if for any reason modification cannot be made, that provision of this Agreement shall be void and of no effect. The provisions of Section 10(c) of the Plan are hereby incorporated by reference. Notwithstanding the foregoing, the Company shall not be liable to the Grantee in the event this Agreement or any payment or benefit hereunder fails to be exempt from, or comply with, Section 409A of the Code.

13. Titles; Pronouns. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement. The masculine pronoun shall include the feminine and neuter, and the singular the plural, where the context so indicates.

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

15. Amendment. This Agreement may only be amended pursuant to Section 10 of the Plan.

16. Administration. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan,

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

17. Rights as Shareholder. The Grantee shall not be, nor have any of the rights or privileges of, a shareholder of the Company in respect of any RSU Shares or Deferred Shares issuable upon the payment of a vested Restricted Stock Unit or any portion thereof unless and until certificates representing such RSU Shares or Deferred Shares shall have been issued by the Company to the Grantee (or book entry representing such RSU Shares or Deferred Shares has been made with the appropriate registered book-entry custodian).

18. Arbitration. In the event of any controversy among the parties hereto arising out of, or relating to, this Agreement which cannot be settled amicably by the parties, such controversy shall be finally, exclusively and conclusively settled by mandatory arbitration conducted within a reasonable period by a single arbitrator in an arbitral forum to be selected by the parties and subject to the Federal Rules of Procedure and Evidence. Such arbitration process shall take place within the Nashville, Tennessee metropolitan area, unless otherwise mutually agreed by the parties. The decision of the arbitrator shall be final and binding upon all parties hereto and shall be rendered pursuant to a written decision, which contains a detailed recital of the arbitrator's reasoning. Judgment upon the award rendered may be entered in any court having jurisdiction thereof. Each party shall bear its own legal fees and expenses, unless otherwise determined by the arbitrator, and each party shall bear an equal portion of the arbitrator's and arbitral forum's fees.

19. Clawback. As a condition of receiving the Restricted Stock Units, the Grantee acknowledges and agrees that the Grantee's rights, payments, and benefits with respect to the Restricted Stock Units shall be subject to any reduction, cancellation, forfeiture or recoupment, in whole or in part, upon the occurrence of certain specified events, as may be required by any rule or regulation of the Securities and Exchange Commission or by any applicable national exchange, or by any other applicable law, rule or regulation or as set forth in a separate "clawback" or recoupment policy as may be adopted from time to time by the Board or the Committee. In the event the Grantee no longer owns the RSU Shares or Deferred Shares at the time of required recoupment, the Grantee agrees to the recoupment of cash equal to the Fair Market Value of the RSU Shares or Deferred Shares on the date the RSU Shares or Deferred Shares were sold.

20. Consent to Electronic Delivery. The Grantee hereby consents to and agrees to electronic delivery of this Agreement, the RSU Shares, the Deferred Shares, Plan documents, proxy materials, annual reports and other related documents. The Committee (or its Delegee) has established procedures for electronic delivery and acceptance of Plan documents (including documents relating to any programs adopted under the Plan and this Agreement). The Grantee hereby consents to such procedures and agrees that his or her electronic acceptance is the same as, and shall have the same force and effect as, his or her manual signature. The Grantee hereby consents and agrees that any such

procedures and delivery may be effected by a third party designated by the Committee (or its Delegee) to provide administrative services related to the Plan.

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

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

- (a) *Act*. “Act” shall have the meaning set forth in Section 10 of this Agreement.
- (b) *Agreement*. “Agreement” shall have the meaning set forth in the Preamble to this Agreement.
- (c) *Company*. “Company” shall have the meaning set forth in the Preamble to this Agreement.
- (d) *Delegee*. “Delegee” shall mean any Committee member or members, officer of the Company or any other person or persons to whom the Committee or an officer has delegated any of its authority or duties under the Plan; provided, however, that no such delegation shall give non-Committee members authority with respect to non-ministerial actions under the Plan that affect individuals who are subject to the reporting and other provisions of Section 16 of the Exchange Act or any successor provision.
- (e) *Deferred Shares*. “Deferred Shares” shall have the meaning set forth in Section 3(a) of this Agreement.
- (f) *Grant Date*. “Grant Date” shall have the meaning set forth in the Preamble to this Agreement.
- (g) *Grantee*. “Grantee” shall have the meaning set forth in the Preamble to this Agreement.
- (h) *Plan*. “Plan” shall have the meaning set forth in the Preamble to this Agreement.
- (i) *Pro-Rata Portion*. A “Pro-Rata Portion” is determined by a fraction (not to exceed one), the numerator of which is the number of months in the 12-month fiscal year of the Company for which the Restricted Stock Units were awarded during which the Grantee continuously served as the Chairman of the Board and the denominator of which is 12. Grantee will be deemed to serve as the Chairman of the Board for a month if the Termination Event occurs after the fifteenth (15th) day of a month.
- (j) *Restricted Stock Unit*. “Restricted Stock Unit” shall have the meaning set forth in Section 1 of this Agreement.
- (k) *RSU Shares*. “RSU Shares” shall have the meaning set forth in Section 3(a) of this Agreement.



(l) *Termination Event*. “Termination Event” shall have the meaning set forth in Section 2(b) of this Agreement.

(m) *Vesting Date*. “Vesting Date” shall have the meaning set forth in Section 2(a) of this Agreement.

[Signatures on next page.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

DOLLAR GENERAL CORPORATION

By: _____

Name: _____

Title: _____

GRANTEE

[Name]





Teamshare Incentive Program

I. Definitions

As used in this document:

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

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

“Dollar General” or the “Company” means Dollar General Corporation and its subsidiaries (excluding DolgenMX, S.A. de C.V. and any other DG Mexico subsidiaries).

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

“IRS” refers to the Internal Revenue Service.

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

“Performance Period” refers to the [year] fiscal year from [first day of fiscal year] to [last day of fiscal year].

“Senior Officers” shall include all officers at or above the level of Senior Vice President.

“Teamshare” shall mean this [year] Teamshare Incentive Program as established by the Committee.

II. Teamshare Overview

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

Threshold, target and maximum performance levels are established by the Committee for the selected performance measure. No Teamshare payout may be made unless the



threshold performance level is achieved. The amount payable to each Eligible Employee if the Company reaches the target performance level(s) is equal to a specified percentage (or hours, where applicable) of the Eligible Employee's Applicable Base Pay, subject to adjustment for performance and an individual maximum, in each case as discussed under Section IV below. Teamshare payments for financial performance below or above the applicable target levels are prorated on a graduated scale, subject to the threshold and the maximum limits.

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

III. [[Year] Teamshare Program

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

For purposes of the [year] Teamshare program, Adjusted EBIT shall mean the Company's Operating Profit as calculated in accordance with United States generally accepted accounting principles, but excluding the impact of: (a) any costs, fees and expenses directly related to the consideration, negotiation, preparation, or consummation of any asset sale, merger or other transaction that results in a Change in Control (within the meaning of the Dollar General Corporation 2021 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 unusual unplanned item or event which individually exceeds \$30 million; (ii) any unbudgeted loss which individually exceeds \$1 million as a result of the resolution of a legal matter; (iii) any unplanned loss or gain which individually exceeds \$1 million related to the implementation of accounting or tax legislative changes or changes in federal, state or local wage or benefit mandates; and (iv) any unplanned loss or gain of a non-recurring nature which individually exceeds \$1 million, provided that the combined amount of (d)(ii), (iii), and (iv) equals or exceeds loss(es) or gain(s) of \$10 million.]

IV. Determination of Bonuses

(a) Eligibility to Participate in Teamshare:

- i. An active U.S. regular, full-time or part-time store support center (SSC), field (excluding store and those eligible for the retail incentive plan), distribution

center (DC) salaried, truck driver, or international Dollar General Global Sourcing (DGGS) employee of the Company during the Performance Period.

- ii. Hired by [January 15, [year]].
- iii. Employed with the Company through [last day of fiscal year] and, unless otherwise required by law, on the date on which the Teamshare payment is made.
- iv. Estates of Eligible Employees will be eligible to receive the Teamshare payment, prorated based on the terms set forth in Sections V(b) & V(c), if the employee's death occurs before the date on which the Teamshare payment is made.

(b) Eligibility to Receive Bonus Payout:

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

(c) Adjustments to Bonus Payouts to Eligible Employees:

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

- i. Bonuses for Eligible Employees shall be calculated based on Company financial performance, but may be adjusted upward or downward based upon individual performance or other factors as determined by management, except only the Committee may approve such upward or downward adjustments for any Senior Officer or related parties.
- ii. In no event may an individual payout exceed \$10.0 million.
- iii. In no event may the aggregate amount paid under Teamshare, taking into account all allowable adjustments, exceed the earned bonus pool.

(d) CEO Discretion to Distribute Unallocated Funds:

Bonuses that are not allocated out of the earned bonus pool are subject to distribution at the discretion of the Chief Executive Officer of the Company, except that only the Committee may authorize the distribution of any unallocated bonus amounts to any Senior Officer or related parties.

V. Administrative Rules

- (a) Each Eligible Employee's Teamshare payout is computed as a percentage (or hours, where applicable) of the Applicable Base Pay.
- (b) Teamshare payouts will be prorated for changes to an Eligible Employee's position, pay, individual target, shift differential, status or death that occur during the

Performance Period based on the number of days the applicable element applies. The Applicable Base Pay used for Teamshare from the beginning of the Performance Period to the Merit Effective Date will be the Eligible Employee's base pay as of the Merit Effective Date.

- (c) Teamshare payouts are prorated to exclude leaves of absence during the Performance Period (unless otherwise required by law).
- (d) Teamshare payouts will be made no later than [April 15] of the year following the fiscal year in which financial performance is measured (e.g., the [year] Teamshare program payouts, if any, will be made no later than [April 15, [year]]).
- (e) Teamshare information is proprietary and confidential. Employees are reminded that they may not disclose Teamshare information relating to the Company's financial goals or performance. Such disclosure may result in disciplinary action, up to and including termination. The Company reserves the right to adjust, amend or suspend Teamshare at any time for any reason, including, but not limited to, unforeseen events.
- (f) No member of the Committee or the Board of Directors, and no officer, employee or agent of the Company shall be liable for any act or action hereunder, whether of commission or omission, taken by any other member, or by any officer, agent, or employee, or, except in circumstances involving bad faith, for anything done or omitted to be done in administration of Teamshare.

VI. Tax and Other Withholding Information

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

VII. Clawback

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

SUBSIDIARIES OF THE REGISTRANT
(as of March 18, 2022)

| Name of Entity | Jurisdiction of Incorporation/Organization |
|-------------------------------------------------------|--------------------------------------------|
| DC Financial, LLC | Tennessee |
| DolgenCorp, LLC(1) | Kentucky |
| DG Louisiana, LLC(2) | Tennessee |
| Dolgen I, Inc. | Tennessee |
| Dolgen II, Inc. | Tennessee |
| Dolgen Holdings, LLC(3) | Tennessee |
| DolgenMX, S.A. de C.V. (4) | Mexico |
| Dollar General I (HK) Limited(5) | Hong Kong |
| Dollar General II (HK) Limited(5) | Hong Kong |
| Dolgen V(6) | People's Republic of China |
| Dollar General Global Sourcing Holdings Limited(7) | Hong Kong |
| Dollar General Global Sourcing (Shenzhen) Co. Ltd.(8) | People's Republic of China |
| Dolgen III, Inc. | Tennessee |
| DG eCommerce, LLC | Tennessee |
| DG Strategic II, LLC | Tennessee |
| DG Strategic VI, LLC | Tennessee |
| Dollar General Partners(9) | Kentucky |
| DG Promotions, Inc. | Tennessee |
| DG Strategic I, LLC(10) | Tennessee |
| DolgenCorp of Texas, Inc.(11) | Kentucky |
| DG Product Services, LLC(12) | Tennessee |
| DG Retail, LLC(12) | Tennessee |
| Dolgen California, LLC(12) | Tennessee |
| Dolgen Midwest, LLC(12) | Tennessee |
| Dolgen New York, LLC(12) | Kentucky |
| Dolgen Rhode Island, LLC(12) | Tennessee |
| DG Distribution of Texas, LLC | Tennessee |
| DG Transportation, Inc. | Tennessee |
| DG Logistics, LLC(13) | Tennessee |
| South Boston Holdings, Inc. | Delaware |
| Sun-Dollar, L.P.(14) | California |
| South Boston FF&E, LLC(15) | Delaware |
| Ashley River Insurance Company, Inc. | Tennessee |
| DGC Holdings, LLC | Delaware |
| Dollar General Global Sourcing Limited(16) | Hong Kong |
| Dollar General Literacy Foundation(17) | Tennessee |
| Retail Property Investments, LLC | Delaware |
| Retail Risk Solutions, LLC | Tennessee |
| DG Distribution Midwest, LLC | Tennessee |
| DG Distribution Northeast, LLC | Tennessee |
| DG Distribution Southeast, LLC | Tennessee |
| Dolgen NW, LLC | Tennessee |
| DG Strategic VII, LLC(18) | Tennessee |
| DG Distribution PA, LLC | Tennessee |
| DG Distribution IN, LLC | Tennessee |
| DG Distribution NC, LLC | Tennessee |
| DG Distribution GA, LLC | Tennessee |
| DG Fresh Distribution AL, LLC | Tennessee |
| DG Fresh Distribution FL, LLC | Tennessee |

| | |
|-------------------------------|-----------|
| DG Fresh Distribution MO, LLC | Tennessee |
| DG Media Network, LLC | Tennessee |
| DG Fresh Distribution TX, LLC | Tennessee |
| JPI, LLC | Tennessee |
| Ridge 2021, LLC | Tennessee |

- (1) A limited liability company also doing business as (i) Dolgen, LLC; (ii) Old East Main Co.; and (iii) pOpshef.
 - (2) A limited liability company in which Dolgencorp, LLC is the sole member.
 - (3) A limited liability company wholly owned by Dolgen II, Inc. with 0.01% interest in DolgenMX, S.A. de C.V.
 - (4) A Mexican corporation with Dolgen II, Inc. (99.99%) and Dolgen Holdings, LLC (0.01%) as sole shareholders.
 - (5) A corporation (settlor and beneficiary of Dolgen V) in which the sole shareholder is Dolgen II, Inc.
 - (6) A People's Republic of China business trust in which Dollar General I (HK) Limited is settlor and beneficiary, Dollar General II (HK) Limited is also a settlor and beneficiary, and Dollar General Global Sourcing Holdings Limited is the trustee.
 - (7) A corporation (trustee for Dolgen V) in which the sole shareholder is Dolgen II, Inc.
 - (8) A People's Republic of China limited liability company in which Dollar General Global Sourcing Holdings Limited is sole investor, as trustee, on behalf of Dolgen V, the trust.
 - (9) A general partnership in which the general partners are DG Strategic VI, LLC and DG Promotions, Inc.
 - (10) A limited liability company in which DG Promotions, Inc. is the sole member.
 - (11) A corporation in which the sole shareholder is DG Strategic I, LLC.
 - (12) A limited liability company in which Dolgencorp of Texas, Inc. is the sole member.
 - (13) A limited liability company in which DG Transportation, Inc. is the sole member.
 - (14) A limited partnership in which the general partner is South Boston Holdings, Inc. and the limited partner is Dollar General Corporation.
 - (15) A limited liability company in which Sun-Dollar, L.P. is the sole member.
 - (16) A corporation in which the sole shareholder is Dollar General Corporation.
 - (17) A nonprofit, public benefit membership corporation in which Dollar General Corporation is the sole member.
 - (18) A limited liability company in which Dolgen NW, LLC is the sole member.
-

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-256562) pertaining to the Dollar General Corporation 2021 Stock Incentive Plan,
- (2) Registration Statement (Form S-8 No. 333-254501) pertaining to the Dollar General Corporation CDP/SERP Plan,
- (3) Registration Statement (Form S-3 No. 333-237519) pertaining to the Shelf Registration Statement of Dollar General Corporation and its Affiliates,
- (4) Registration Statement (Form S-8 No. 333-163200) pertaining to the Amended and Restated 2007 Stock Incentive Plan for Key Employees of Dollar General Corporation and its Affiliates,
- (5) Registration Statement (Form S-8 No. 333-151655) pertaining to the 2007 Stock Incentive Plan for Key Employees of Dollar General Corporation and its Affiliates,
- (6) Registration Statement (Form S-8 No. 333-151049) pertaining to the Dollar General Corporation CDP/SERP Plan, and
- (7) Registration Statement (Form S-8 No. 333-151047) pertaining to the 2007 Stock Incentive Plan for Key Employees of Dollar General Corporation and its Affiliates,

of our reports dated March 18, 2022, with respect to the consolidated financial statements of Dollar General Corporation and subsidiaries and the effectiveness of internal control over financial reporting of Dollar General Corporation and subsidiaries included in this Annual Report (Form 10-K) of Dollar General Corporation for the year ended January 28, 2022.

/s/ Ernst & Young LLP

Nashville, Tennessee
March 18, 2022

CERTIFICATIONS

I, Todd J. Vasos, certify that:

1. I have reviewed this annual report on Form 10-K of Dollar General Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 18, 2022

/s/ Todd J. Vasos

Todd J. Vasos
Chief Executive Officer



I, John W. Garratt, certify that:

1. I have reviewed this annual report on Form 10-K of Dollar General Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 18, 2022

/s/ John W. Garratt

John W. Garratt
Chief Financial Officer

CERTIFICATIONS
Pursuant to 18 U.S.C. Section 1350

Each of the undersigned hereby certifies that to his knowledge the Annual Report on Form 10-K for the fiscal year ended January 28, 2022 of Dollar General Corporation (the “Company”) filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Todd J. Vasos

Name: Todd J. Vasos

Title: Chief Executive Officer

Date: March 18, 2022

/s/ John W. Garratt

Name: John W. Garratt

Title: Chief Financial Officer

Date: March 18, 2022

**Document and Entity
Information - USD (\$)
\$ in Billions**

12 Months Ended

Jan. 28, 2022

**Mar. 11,
2022**

**Jul. 30,
2021**

Document and Entity Information

| | | | |
|-------------------------------------------------------------|-------------------------------------------|-------------|---------|
| Document Type | 10-K | | |
| Document Annual Report | true | | |
| Document Transition Report | false | | |
| Document Period End Date | Jan. 28, 2022 | | |
| Entity File Number | 001-11421 | | |
| Entity Registrant Name | DOLLAR GENERAL CORPORATION | | |
| Entity Incorporation, State or Country Code | TN | | |
| Entity Tax Identification Number | 61-0502302 | | |
| Entity Address, Address Line One | 100 MISSION RIDGE | | |
| Entity Address, City or Town | GOODLETTSVILLE | | |
| Entity Address, State or Province | TN | | |
| Entity Address, Postal Zip Code | 37072 | | |
| City Area Code | 615 | | |
| Local Phone Number | 855-4000 | | |
| Title of 12(b) Security | Common Stock, par value \$0.875 per share | | |
| Trading Symbol | DG | | |
| Security Exchange Name | NYSE | | |
| Entity Well-known Seasoned Issuer | Yes | | |
| Entity Voluntary Filers | No | | |
| Entity Current Reporting Status | Yes | | |
| Entity Interactive Data Current | Yes | | |
| Entity Filer Category | Large Accelerated Filer | | |
| Entity Small Business | false | | |
| Entity Emerging Growth Company | false | | |
| ICFR Auditor Attestation Flag | true | | |
| Entity Shell Company | false | | |
| Entity Common Stock, Shares Outstanding | | 228,868,368 | |
| Entity Public Float | | | \$ 54.2 |
| Current Fiscal Year End Date | --01-28 | | |
| Document Fiscal Year Focus | 2021 | | |
| Document Fiscal Period Focus | FY | | |
| Entity Central Index Key | 0000029534 | | |
| Amendment Flag | false | | |
| Auditor Name | Ernst & Young LLP | | |
| Auditor Firm ID | 42 | | |
| Auditor Location | Nashville, Tennessee | | |

**CONSOLIDATED
BALANCE SHEETS - USD
(\$)
\$ in Thousands**

| | Jan. 28, 2022 | Jan. 29, 2021 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Current assets: | | |
| <u>Cash and cash equivalents</u> | \$ 344,829 | \$ 1,376,577 |
| <u>Merchandise inventories</u> | 5,614,325 | 5,247,477 |
| <u>Income taxes receivable</u> | 97,394 | 90,760 |
| <u>Prepaid expenses and other current assets</u> | 247,295 | 199,405 |
| <u>Total current assets</u> | 6,303,843 | 6,914,219 |
| <u>Net property and equipment</u> | 4,346,127 | 3,899,997 |
| <u>Operating lease assets</u> | 10,092,930 | 9,473,330 |
| <u>Goodwill</u> | 4,338,589 | 4,338,589 |
| <u>Other intangible assets, net</u> | 1,199,750 | 1,199,870 |
| <u>Other assets, net</u> | 46,132 | 36,619 |
| <u>Total assets</u> | 26,327,371 | 25,862,624 |
| Current liabilities: | | |
| <u>Current portion of operating lease liabilities</u> | 1,183,559 | 1,074,079 |
| <u>Accounts payable</u> | 3,738,604 | 3,614,089 |
| <u>Accrued expenses and other</u> | 1,049,139 | 1,006,552 |
| <u>Income taxes payable</u> | 8,055 | 16,063 |
| <u>Total current liabilities</u> | 5,979,357 | 5,710,783 |
| <u>Long-term obligations</u> | 4,172,068 | 4,130,975 |
| <u>Long-term operating lease liabilities</u> | 8,890,709 | 8,385,388 |
| <u>Deferred income taxes</u> | 825,254 | 710,549 |
| <u>Other liabilities</u> | 197,997 | 263,691 |
| <u>Commitments and contingencies</u> | | |
| Shareholders' equity: | | |
| <u>Preferred stock</u> | | |
| <u>Common stock; \$0.875 par value, 1,000,000 shares authorized, 230,016 and 240,785 shares issued and outstanding at January 28, 2022 and January 30, 2021, respectively</u> | 201,265 | 210,687 |
| <u>Additional paid-in capital</u> | 3,587,914 | 3,446,612 |
| <u>Retained earnings</u> | 2,473,999 | 3,006,102 |
| <u>Accumulated other comprehensive loss</u> | (1,192) | (2,163) |
| <u>Total shareholders' equity</u> | 6,261,986 | 6,661,238 |
| <u>Total liabilities and shareholders' equity</u> | \$ 26,327,371 | \$ 25,862,624 |

**CONSOLIDATED
BALANCE SHEETS
(Parenthetical) - \$ / shares
shares in Thousands**

Jan. 28, 2022 Jan. 29, 2021

CONSOLIDATED BALANCE SHEETS

| | | |
|-------------------------------------------------------|-----------|-----------|
| <u>Common stock, par value (in dollars per share)</u> | \$ 0.875 | \$ 0.875 |
| <u>Common stock, shares authorized</u> | 1,000,000 | 1,000,000 |
| <u>Common stock, shares issued</u> | 230,016 | 240,785 |
| <u>Common stock, shares outstanding</u> | 230,016 | 240,785 |

**CONSOLIDATED
STATEMENTS OF
INCOME - USD (\$)**
shares in Thousands, \$ in
Thousands

12 Months Ended

Jan. 28, 2022 Jan. 29, 2021 Jan. 31, 2020

CONSOLIDATED STATEMENTS OF INCOME

| | | | |
|-----------------------------------------------------|---------------|---------------|---------------|
| <u>Net sales</u> | \$ 34,220,449 | \$ 33,746,839 | \$ 27,753,973 |
| <u>Cost of goods sold</u> | 23,407,443 | 23,027,977 | 19,264,912 |
| <u>Gross profit</u> | 10,813,006 | 10,718,862 | 8,489,061 |
| <u>Selling, general and administrative expenses</u> | 7,592,331 | 7,164,097 | 6,186,757 |
| <u>Operating profit</u> | 3,220,675 | 3,554,765 | 2,302,304 |
| <u>Interest expense</u> | 157,526 | 150,385 | 100,574 |
| <u>Income before income taxes</u> | 3,063,149 | 3,404,380 | 2,201,730 |
| <u>Income tax expense</u> | 663,917 | 749,330 | 489,175 |
| <u>Net income</u> | \$ 2,399,232 | \$ 2,655,050 | \$ 1,712,555 |
| <u>Earnings per share:</u> | | | |
| <u>Basic (in dollars per share)</u> | \$ 10.24 | \$ 10.70 | \$ 6.68 |
| <u>Diluted (in dollars per share)</u> | \$ 10.17 | \$ 10.62 | \$ 6.64 |
| <u>Weighted average shares outstanding:</u> | | | |
| <u>Basic (in shares)</u> | 234,261 | 248,171 | 256,553 |
| <u>Diluted (in shares)</u> | 235,812 | 250,076 | 258,053 |
| <u>Dividends per share</u> | \$ 1.68 | \$ 1.44 | \$ 1.28 |

**CONSOLIDATED
STATEMENTS OF
COMPREHENSIVE
INCOME - USD (\$)
\$ in Thousands**

12 Months Ended

**Jan. 28, Jan. 29, Jan. 31,
2022 2021 2020**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Net income

\$ \$ \$
2,399,232 2,655,050 1,712,555

Unrealized net gain (loss) on hedged transactions, net of related income tax
expense (benefit) of \$346, \$346, and \$345, respectively

971 972 973

Comprehensive income

\$ \$ \$
2,400,203 2,656,022 1,713,528

**CONSOLIDATED
STATEMENTS OF
COMPREHENSIVE
INCOME (Parenthetical) -
USD (\$)
\$ in Thousands**

12 Months Ended

**Jan. 28,
2022** **Jan. 29,
2021** **Jan. 31,
2020**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME**

Unrealized net gain (loss) on hedged transactions, income tax expense
(benefit)

\$ 346 \$ 346 \$ 345

| CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY - USD (\$) shares in Thousands, \$ in Thousands | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total |
|----------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------------------------|------------------------------|-------------------------------------------------|-----------------|
| <u>Balances at Feb. 01, 2019</u> | \$ 227,072 | \$ 3,252,421 | \$ 2,941,107 | \$ (3,207) | \$ 6,417,393 |
| <u>Balances (in shares) at Feb. 01, 2019</u> | 259,511 | | | | |
| <u>Increase (Decrease) in Shareholders' Equity</u> | | | | | |
| <u>Net income</u> | | | 1,712,555 | | 1,712,555 |
| <u>Dividends per common share</u> | | | (327,578) | | (327,578) |
| <u>Unrealized net gain (loss) on hedged transactions</u> | | | | 973 | 973 |
| <u>Share-based compensation expense</u> | | 48,589 | | | 48,589 |
| <u>Repurchases of common stock</u> | \$ (7,221) | | (1,193,155) | | (1,200,376) |
| <u>Repurchases of common stock (in shares)</u> | (8,252) | | | | |
| <u>Transition adjustment upon adoption of accounting standard (see Note 1)</u> | | | 28,830 | | 28,830 |
| <u>Other equity and related transactions</u> | \$ 593 | 21,521 | 901 | (901) | 22,114 |
| <u>Other equity and related transactions (in shares)</u> | 677 | | | | |
| <u>Balances at Jan. 31, 2020</u> | \$ 220,444 | 3,322,531 | 3,162,660 | (3,135) | 6,702,500 |
| <u>Balances (in shares) at Jan. 31, 2020</u> | 251,936 | | | | |
| <u>Increase (Decrease) in Shareholders' Equity</u> | | | | | |
| <u>Net income</u> | | | 2,655,050 | | 2,655,050 |
| <u>Dividends per common share</u> | | | (355,934) | | (355,934) |
| <u>Unrealized net gain (loss) on hedged transactions</u> | | | | 972 | 972 |
| <u>Share-based compensation expense</u> | | 68,609 | | | 68,609 |
| <u>Repurchases of common stock</u> | \$ (10,760) | | (2,455,674) | | (2,466,434) |
| <u>Repurchases of common stock (in shares)</u> | (12,297) | | | | |
| <u>Other equity and related transactions</u> | \$ 1,003 | 55,472 | | | 56,475 |
| <u>Other equity and related transactions (in shares)</u> | 1,146 | | | | |
| <u>Balances at Jan. 29, 2021</u> | \$ 210,687 | 3,446,612 | 3,006,102 | (2,163) | \$ 6,661,238 |
| <u>Balances (in shares) at Jan. 29, 2021</u> | 240,785 | | | | 240,785 |

Increase (Decrease) in Shareholders'**Equity**

| | | | | | | |
|----------------------------------------------------------|-------------|--------------|--------------|------------|----|-------------|
| <u>Net income</u> | | | 2,399,232 | | \$ | 2,399,232 |
| <u>Dividends per common share</u> | | | (392,217) | | | (392,217) |
| <u>Unrealized net gain (loss) on hedged transactions</u> | | | | 971 | | 971 |
| <u>Share-based compensation expense</u> | 78,178 | | | | | 78,178 |
| <u>Repurchases of common stock</u> | \$ (10,551) | | (2,539,118) | | | (2,549,669) |
| <u>Repurchases of common stock (in shares)</u> | (12,058) | | | | | |
| <u>Other equity and related transactions</u> | \$ 1,129 | 63,124 | | | | 64,253 |
| <u>Other equity and related transactions (in shares)</u> | 1,289 | | | | | |
| <u>Balances at Jan. 28, 2022</u> | \$ 201,265 | \$ 3,587,914 | \$ 2,473,999 | \$ (1,192) | \$ | 6,261,986 |
| <u>Balances (in shares) at Jan. 28, 2022</u> | 230,016 | | | | | 230,016 |

**CONSOLIDATED
STATEMENTS OF
SHAREHOLDERS'
EQUITY (Parenthetical) - \$ /
shares**

3 Months Ended

12 Months Ended

Jan. 28, 2022 Oct. 29, 2021 Jul. 30, 2021 Apr. 30, 2021 Jan. 28, 2022 Jan. 29, 2021 Jan. 31, 2020

**CONSOLIDATED STATEMENTS OF
SHAREHOLDERS' EQUITY**

Dividends per share

\$ 0.42 \$ 0.42 \$ 0.42 \$ 0.42 \$ 1.68 \$ 1.44 \$ 1.28

**CONSOLIDATED
STATEMENTS OF CASH
FLOWS - USD (\$)
\$ in Thousands**

12 Months Ended

**Jan. 28, Jan. 29, Jan. 31,
2022 2021 2020**

Cash flows from operating activities:

| | | | |
|-------------------|-----------|-----------|-----------|
| <u>Net income</u> | \$ | \$ | \$ |
| | 2,399,232 | 2,655,050 | 1,712,555 |

Adjustments to reconcile net income to net cash from operating activities:

| | | | |
|-----------------------------------------|---------|---------|---------|
| <u>Depreciation and amortization</u> | 641,316 | 574,237 | 504,804 |
| <u>Deferred income taxes</u> | 114,359 | 34,976 | 55,407 |
| <u>Noncash share-based compensation</u> | 78,178 | 68,609 | 48,589 |
| <u>Other noncash (gains) and losses</u> | 191,040 | 11,570 | 8,293 |

Change in operating assets and liabilities:

| | | | |
|------------------------------------------------------------|-----------|-----------|-----------|
| <u>Merchandise inventories</u> | (550,114) | (575,827) | (578,783) |
| <u>Prepaid expenses and other current assets</u> | (47,471) | (16,516) | (14,453) |
| <u>Accounts payable</u> | 98,735 | 745,596 | 428,627 |
| <u>Accrued expenses and other liabilities</u> | (37,328) | 388,597 | 100,322 |
| <u>Income taxes</u> | (14,642) | (6,522) | (20,404) |
| <u>Other</u> | (7,494) | (3,611) | (6,959) |
| <u>Net cash provided by (used in) operating activities</u> | 2,865,811 | 3,876,159 | 2,237,998 |

Cash flows from investing activities:

| | | | |
|------------------------------------------------------------|-------------|-------------|-----------|
| <u>Purchases of property and equipment</u> | (1,070,460) | (1,027,963) | (784,843) |
| <u>Proceeds from sales of property and equipment</u> | 4,903 | 3,053 | 2,358 |
| <u>Net cash provided by (used in) investing activities</u> | (1,065,557) | (1,024,910) | (782,485) |

Cash flows from financing activities:

| | | | |
|-------------------------------------------------------------------|-------------|-------------|-------------|
| <u>Issuance of long-term obligations</u> | | 1,494,315 | |
| <u>Repayments of long-term obligations</u> | (6,402) | (4,640) | (1,465) |
| <u>Net increase (decrease) in commercial paper outstanding</u> | 54,300 | (425,200) | 58,300 |
| <u>Borrowings under revolving credit facilities</u> | | 300,000 | |
| <u>Repayments of borrowings under revolving credit facilities</u> | | (300,000) | |
| <u>Costs associated with issuance of debt</u> | (2,268) | (13,574) | (1,675) |
| <u>Repurchases of common stock</u> | (2,549,669) | (2,466,434) | (1,200,376) |
| <u>Payments of cash dividends</u> | (392,188) | (355,926) | (327,568) |
| <u>Other equity and related transactions</u> | 64,225 | 56,467 | 22,104 |
| <u>Net cash provided by (used in) financing activities</u> | (2,832,002) | (1,714,992) | (1,450,680) |
| <u>Net increase (decrease) in cash and cash equivalents</u> | (1,031,748) | 1,136,257 | 4,833 |
| <u>Cash and cash equivalents, beginning of period</u> | 1,376,577 | 240,320 | 235,487 |
| <u>Cash and cash equivalents, end of period</u> | 344,829 | 1,376,577 | 240,320 |

Cash paid for:

| | | | |
|---------------------|---------|---------|---------|
| <u>Interest</u> | 159,803 | 128,211 | 100,033 |
| <u>Income taxes</u> | 568,267 | 721,570 | 457,119 |

Supplemental noncash investing and financing activities:

| | | | |
|-------------------------------------------------------------------------------------|-----------|-----------|-----------|
| <u>Right of use assets obtained in exchange for new operating lease liabilities</u> | 1,778,564 | 1,721,530 | 1,705,988 |
|-------------------------------------------------------------------------------------|-----------|-----------|-----------|

Purchases of property and equipment awaiting processing for payment,
included in Accounts payable

\$ 143,589 \$ 118,059 \$ 110,248

Basis of presentation and accounting policies

12 Months Ended
Jan. 28, 2022

Basis of presentation and accounting policies

Basis of presentation and accounting policies

1. Basis of presentation and accounting policies

Basis of presentation

These notes contain references to the years 2021, 2020, and 2019, which represent fiscal years ended January 28, 2022, January 29, 2021, and January 31, 2020, respectively. The Company's 2021, 2020 and 2019 accounting periods were each comprised of 52 weeks. 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 18,130 stores (as of January 28, 2022) in 46 states with the greatest concentration of stores in the southern, southwestern, midwestern and eastern United States. As of January 28, 2022, the Company operated 16 distribution centers for non-refrigerated products, ten cold storage distribution centers, and two combination distribution centers which have both refrigerated and non-refrigerated products. The Company leases 12 of these facilities and the remainder are owned.

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 \$133.9 million and \$125.3 million at January 28, 2022 and January 29, 2021, 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 \$296.3 million and \$115.9 million at January 28, 2022 and January 29, 2021, 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 of \$180.4 million in 2021, \$5.1 million in 2020, and \$7.0 million in 2019, 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 two largest suppliers accounted for approximately 9% and 8%, respectively, of the Company's purchases in 2021.

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 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

Property and equipment acquired is recorded at cost. The Company records depreciation and amortization on a straight-line basis over the assets' estimated useful lives. Amounts included in the Company's property and equipment balances and their estimated lives are summarized as follows:

| (In thousands) | Life | January 28, 2022 | January 29, 2021 |
|------------------------------------------------|------------|---------------------|---------------------|
| Land | Indefinite | \$ 227,085 | \$ 224,628 |
| Land improvements | 20 | 96,402 | 93,169 |
| Buildings | 39 - 40 | 1,446,126 | 1,329,309 |
| Leasehold improvements | (a) | 889,782 | 782,858 |
| Furniture, fixtures and equipment | 3 - 10 | 4,984,534 | 4,487,665 |
| Construction in progress | | 131,073 | 183,593 |
| Right of use assets - finance leases | Various | 162,772 | 163,108 |
| | | <u>7,937,774</u> | <u>7,264,330</u> |
| Less accumulated depreciation and amortization | | <u>(3,591,647)</u> | <u>(3,364,333)</u> |
| Net property and equipment | | <u>\$ 4,346,127</u> | <u>\$ 3,899,997</u> |

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

Depreciation and amortization expense related to property and equipment was approximately \$635.9 million, \$569.3 million and \$500.4 million for 2021, 2020 and 2019, respectively. Interest on borrowed funds during the construction of property and equipment is

capitalized where applicable. Interest costs of \$1.2 million, less than \$0.1 million, and \$2.7 million were capitalized in 2021, 2020 and 2019, 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 \$2.6 million in 2021, \$2.7 million in 2020 and \$3.6 million in 2019, 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

If not deemed indefinite, the Company amortizes intangible assets over their estimated useful lives. 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. If the results of such test indicate impairment, the associated assets must be written down to fair value as described in further detail below.

The quantitative goodwill impairment test requires management to make judgments in determining what assumptions to use in the calculation. The process consists of comparing the fair value of the reporting unit to its carrying amount, including goodwill. If the fair value of the reporting unit is less than its carrying amount, management would then determine if the difference between the carrying amount and fair value is greater than the carrying amount of goodwill allocated to the reporting unit. If it is, the impairment recognized would be equal to the total carrying amount of goodwill allocated to the reporting unit, and if not, impairment would be recognized equal to the difference between the carrying amount of the reporting unit and its fair 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.

The Company's goodwill balance has an indefinite life and is not expected to be deductible for income tax purposes. Substantially all of the Company's other intangible assets are its trade names and trademarks which have an indefinite life.

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) | January 28, 2022 | January 29, 2021 |
|------------------------------------|---------------------|---------------------|
| Compensation and benefits | \$ 215,355 | \$ 269,032 |
| Self-insurance reserves | 127,719 | 110,321 |
| Taxes (other than taxes on income) | 324,438 | 318,552 |
| Other | 381,627 | 308,647 |
| | <u>\$1,049,139</u> | <u>\$1,006,552</u> |

Included in other accrued expenses are liabilities for freight expense, interest, utilities, maintenance and legal settlements.

Insurance liabilities

The Company retains a significant portion of risk for its workers' compensation, employee health, general liability, property, automobile, and certain third-party landlord general liability claim exposures. Accordingly, provisions are made for the Company's estimates of such risks which are recorded as self-insurance reserves pursuant to Company policy. The undiscounted future claim costs for the workers' compensation, general liability, landlord liability, and health claim risks are derived using actuarial methods which are sensitive to significant assumptions such as loss development factors, trend factors, pure loss rates, and projected claim counts. To the extent that subsequent claim costs vary from the Company's 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.

Leases

The Company records operating lease right of use assets and liabilities on its balance sheet. Lease liabilities are recorded at a discount based upon the Company's estimated collateralized incremental borrowing rate. Factors incorporated into the calculation of lease discount rates include the valuations and yields of the Company's senior notes, their credit spread over comparable U.S. Treasury rates, and an index of the credit spreads for all North American investment grade companies by rating. To determine an indicative secured rate, the Company uses the estimated credit spread improvement that would result from an upgrade of one ratings classification by tenor.

The Company records single lease cost 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 may include a period prior to the opening of a store or other facility to make any necessary leasehold improvements and install fixtures. Any tenant

allowances received are recorded as a reduction of the right of use asset. Leases with an initial term of 12 months or less are not recorded on the balance sheet and lease expense for such leases is recognized on a straight-line basis over the lease term. The Company combines lease and nonlease components. Many leases include one or more options to renew, and the exercise of lease renewal options is at the Company's sole discretion. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Other liabilities

| (In thousands) | January 28, 2022 | January 29, 2021 |
|-------------------------|---------------------|---------------------|
| Self-insurance reserves | \$129,692 | \$134,765 |
| Payroll tax liabilities | - | 81,488 |
| Other | 68,305 | 47,438 |
| | <u>\$197,997</u> | <u>\$263,691</u> |

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 derivatives 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 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 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 \$9.7 million and \$8.2 million at January 28, 2022 and January 29, 2021, 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 \$1.7 million, \$1.3 million and \$1.0 million in 2021, 2020 and 2019, 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 \$117.2 million, \$107.4 million and \$91.0 million in 2021, 2020 and 2019, respectively. These costs primarily include promotional circulars, targeted circulars supporting new stores, television and radio advertising, and in-store signage. Vendor funding for cooperative advertising offset reported expenses by \$34.3 million, \$33.4 million and \$34.7 million in 2021, 2020 and 2019, 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 to variation 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 on an accelerated or straight-line basis for performance awards depending on the period over 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 March 2020 and January 2021, the Financial Accounting Standards Board ("FASB") issued accounting standards updates pertaining to reference rate reform. This collective guidance is in response to accounting concerns regarding contract modifications and hedge accounting because of impending rate reform associated with structural risks of interbank offered rates (IBORs), and, particularly, the risk of cessation of LIBOR, related to regulators in several jurisdictions around the world having undertaken reference rate reform initiatives to identify alternative reference rates. The guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The adoption of this guidance is effective for all entities as of March 12, 2020 through December 31, 2022. The Company does not expect the adoption of this guidance to have a material impact on its consolidated results of operations, financial position or cash flows.

Earnings per share

12 Months Ended
Jan. 28, 2022

Earnings per share

Earnings per share

2. Earnings per share

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

| | 2021 | | |
|---------------------------------------|--------------------|-------------------------------|---------------------|
| | Net Income | Weighted Average Shares | Per Share Amount |
| Basic earnings per share | \$2,399,232 | 234,261 | \$ 10.24 |
| Effect of dilutive share-based awards | | 1,551 | |
| Diluted earnings per share | <u>\$2,399,232</u> | <u>235,812</u> | <u>\$ 10.17</u> |

| | 2020 | | |
|---------------------------------------|--------------------|-------------------------------|---------------------|
| | Net Income | Weighted Average Shares | Per Share Amount |
| Basic earnings per share | \$2,655,050 | 248,171 | \$ 10.70 |
| Effect of dilutive share-based awards | | 1,905 | |
| Diluted earnings per share | <u>\$2,655,050</u> | <u>250,076</u> | <u>\$ 10.62</u> |

| | 2019 | | |
|---------------------------------------|--------------------|-------------------------------|---------------------|
| | Net Income | Weighted Average Shares | Per Share Amount |
| Basic earnings per share | \$1,712,555 | 256,553 | \$ 6.68 |
| Effect of dilutive share-based awards | | 1,500 | |
| Diluted earnings per share | <u>\$1,712,555</u> | <u>258,053</u> | <u>\$ 6.64</u> |

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 less than 0.1 million, 0.2 million and 0.3 million in 2021, 2020 and 2019, respectively.

Income taxes

12 Months Ended
Jan. 28, 2022

Income taxes

Income taxes

3. Income taxes

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

| (In thousands) | 2021 | 2020 | 2019 |
|------------------|------------------|------------------|------------------|
| Current: | | | |
| Federal | \$472,913 | \$614,207 | \$368,451 |
| Foreign | 384 | 127 | 102 |
| State | 76,261 | 100,002 | 65,215 |
| | <u>549,558</u> | <u>714,336</u> | <u>433,768</u> |
| Deferred: | | | |
| Federal | 93,114 | 32,433 | 45,966 |
| Foreign | (38) | (104) | (15) |
| State | 21,283 | 2,665 | 9,456 |
| | <u>114,359</u> | <u>34,994</u> | <u>55,407</u> |
| | <u>\$663,917</u> | <u>\$749,330</u> | <u>\$489,175</u> |

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) | 2021 | | 2020 | | 2019 | |
|-------------------------------------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|
| U.S. federal statutory rate on earnings before income taxes | \$643,262 | 21.0 % | \$714,920 | 21.0 % | \$462,364 | 21.0 % |
| State income taxes, net of federal income tax benefit | 77,086 | 2.5 | 81,117 | 2.4 | 60,936 | 2.8 |
| Jobs credits, net of federal income taxes | (39,936) | (1.3) | (27,479) | (0.8) | (27,768) | (1.3) |
| Other, net | (16,495) | (0.5) | (19,228) | (0.6) | (6,357) | (0.3) |
| | <u>\$663,917</u> | <u>21.7 %</u> | <u>\$749,330</u> | <u>22.0 %</u> | <u>\$489,175</u> | <u>22.2 %</u> |

The effective income tax rate for 2021 was 21.7% compared to a rate of 22.0% for 2020 which represents a net decrease of 0.3 percentage points. The effective income tax rate was lower in 2021 primarily due to increased income tax benefits associated with federal tax credits partially offset by a higher state effective tax rate compared to 2020.

The effective income tax rate for 2020 was 22.0% compared to a rate of 22.2% for 2019 which represents a net decrease of 0.2 percentage points. The effective income tax rate was lower in 2020 primarily due to increased tax benefits associated with share-based compensation and a larger income tax rate benefit from state taxes offset by a lower income tax rate benefit from federal income tax credits due primarily to higher pre-tax earnings in 2020 compared to 2019.

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) | January 28, 2022 | January 29, 2021 |
|-------------------------------|---------------------|---------------------|
| Deferred tax assets: | | |
| Deferred compensation expense | \$ 11,563 | \$ 9,161 |
| Accrued expenses | 26,984 | 52,195 |
| Accrued rent | 552 | 650 |
| Lease liabilities | 2,617,954 | 2,459,976 |

| | | |
|------------------------------------------------------------------------------------|---------------------|---------------------|
| Accrued insurance | 6,971 | 6,550 |
| Accrued incentive compensation | 30,716 | 46,083 |
| Share based compensation | 16,605 | 19,495 |
| Interest rate hedges | 383 | 730 |
| Tax benefit of income tax and interest reserves related to uncertain tax positions | 79 | 189 |
| State and foreign tax net operating loss carry forwards, net of federal tax | 903 | 804 |
| State tax credit carry forwards, net of federal tax | 6,973 | 6,619 |
| Other | 16,715 | 6,823 |
| | <u>2,736,398</u> | <u>2,609,275</u> |
| Less valuation allowances, net of federal income taxes | <u>(5,235)</u> | <u>(4,077)</u> |
| Total deferred tax assets | <u>2,731,163</u> | <u>2,605,198</u> |
| Deferred tax liabilities: | | |
| Property and equipment | (572,286) | (481,279) |
| Lease assets | (2,588,709) | (2,433,195) |
| Inventories | (68,780) | (74,985) |
| Trademarks | (310,011) | (312,258) |
| Prepaid insurance | (15,278) | (13,532) |
| Other | (1,353) | (498) |
| Total deferred tax liabilities | <u>(3,556,417)</u> | <u>(3,315,747)</u> |
| Net deferred tax liabilities | <u>\$ (825,254)</u> | <u>\$ (710,549)</u> |

The Company has state tax credit carryforwards of approximately \$7.0 million (net of federal benefit) that will expire beginning in 2022 through 2026 and the Company has approximately \$18.1 million of state apportioned net operating loss carryforwards, which will begin to expire in 2032 and will continue through 2041.

The Company has a valuation allowance for certain state tax credit carryforwards and foreign net operating loss carryforwards, in the amount of \$5.2 million and \$4.1 million (net of federal benefit) which increased income tax expense by \$1.1 million and \$0.0 million in 2021 and 2020, respectively. Management believes that the results from operations will not generate sufficient taxable income to realize these deferred tax assets in the near future.

Management believes that it is more likely than not that the Company's results of operations and its existing deferred tax liabilities will generate sufficient taxable income to realize the remaining deferred tax assets.

The Company's 2017 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 2018 through 2020 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 2018 and later tax years remain open for examination by the various state taxing authorities.

As of January 28, 2022, accruals for uncertain tax benefits, interest expense related to income taxes and potential income tax penalties were \$6.2 million, \$0.2 million and \$0.0 million, respectively, for a total of \$6.4 million. As of January 29, 2021, accruals for uncertain tax benefits, interest expense related to income taxes and potential income tax penalties were \$7.5 million, \$0.5 million and \$0.0 million, respectively, for a total of \$8.0 million. These totals are reflected in noncurrent Other liabilities in the consolidated balance sheets.

The Company's reserve for uncertain tax positions is expected to be reduced by \$1.7 million in the coming twelve months as a result of expiring statutes of limitations. As of January 28, 2022 and January 29, 2021, approximately \$6.2 million and \$7.5 million, respectively, 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) | 2021 | 2020 | 2019 |
|-----------------------------------------------|-------------|-------------|-------------|
| Income tax expense (benefit) | \$(1,311) | \$ 2,411 | \$ 130 |
| Income tax related interest expense (benefit) | (281) | 104 | (406) |
| Income tax related penalty expense (benefit) | — | — | (882) |

A reconciliation of the uncertain income tax positions from February 2, 2019 through January 28, 2022 is as follows:

| (In thousands) | 2021 | 2020 | 2019 |
|---------------------------------------------------|-----------------|-----------------|-----------------|
| Beginning balance | \$ 7,502 | \$ 5,090 | \$ 4,960 |
| Increases—tax positions taken in the current year | — | — | — |
| Increases—tax positions taken in prior years | 2,803 | 3,857 | 1,239 |
| Decreases—tax positions taken in prior years | — | (1,445) | (1,109) |
| Statute expirations | (1,456) | — | — |
| Settlements | (2,658) | — | — |
| Ending balance | <u>\$ 6,191</u> | <u>\$ 7,502</u> | <u>\$ 5,090</u> |

Leases

12 Months Ended
Jan. 28, 2022

[Leases](#)
[Leases](#)

4. Leases

As of January 28, 2022, the Company's primary leasing activities were real estate leases for most of its retail store locations and certain o Many of the Company's store locations are subject to build-to-suit arrangements with landlords which typically carry a primary lease term of up to does not control build-to-suit properties during the construction period. Store locations not subject to build-to-suit arrangements are typically short the Company's leased store locations have variable payments based upon actual costs of common area maintenance, real estate taxes and property addition, some of the Company's leased store locations have provisions for variable payments based upon a specified percentage of defined sales lease agreements generally do not contain material restrictive covenants.

Most of the Company's leases include one or more options to renew and extend the lease term. The exercise of lease renewal options is a discretion. Generally, a renewal option is not deemed to be reasonably certain to be exercised until such option is legally executed. The Company purchase options or residual value guarantees on the leased property. The depreciable life of leasehold improvements is limited by the expected le

Substantially all of the Company's leases are classified as operating leases and the associated assets and liabilities are presented as separate consolidated balance sheets. Finance lease assets are included in net property and equipment, and finance lease liabilities are included in long-term consolidated balance sheets. At January 28, 2022, the weighted-average remaining lease term for the Company's leases was 9.7 years, and the we rate was 3.7%. For 2021, 2020 and 2019, operating lease cost of \$1.49 billion, \$1.38 billion and \$1.27 billion, respectively, and variable lease cos billion and \$0.23 billion, respectively, were reflected as selling, general and administrative expenses in the consolidated statements of income. Ca included in the measurement of operating lease liabilities of \$1.50 billion, \$1.39 billion and \$1.28 billion, respectively, were reflected in cash flow in the consolidated statements of cash flows for 2021, 2020 and 2019.

The scheduled maturity of the Company's operating lease liabilities is as follows:

(In thousands)

2022

2023

2024

2025

2026

Thereafter

Total lease payments (a)

Less imputed interest

Present value of lease liabilities

a) Excludes approximately \$0.7 billion of legally binding minimum lease payments for leases signed which have not yet commenced.

Current and long-term obligations

**12 Months Ended
Jan. 28, 2022**

Current and long-term obligations

Current and long-term obligations

5. Current and long-term obligations

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

| (In thousands) | January 28, 2022 | January 29, 2021 |
|--------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Revolving Facility | \$ — | \$ — |
| 3.250% Senior Notes due April 15, 2023 (net of discount of \$319 and \$583) | 899,681 | 899,417 |
| 4.150% Senior Notes due November 1, 2025 (net of discount of \$332 and \$412) | 499,668 | 499,588 |
| 3.875% Senior Notes due April 15, 2027 (net of discount of \$251 and \$294) | 599,749 | 599,706 |
| 4.125% Senior Notes due May 1, 2028 (net of discount of \$336 and \$383) | 499,664 | 499,617 |
| 3.500% Senior Notes due April 3, 2030 (net of discount of \$564 and \$623) | 988,990 | 999,377 |
| 4.125% Senior Notes due April 3, 2050 (net of discount of \$4,857 and \$4,945) | 495,143 | 495,055 |
| Unsecured commercial paper notes | 54,300 | — |
| Other | 159,525 | 164,365 |
| Debt issuance costs, net | (24,652) | (26,150) |
| | <u>\$4,172,068</u> | <u>\$4,130,975</u> |

The Company amended and extended its existing senior unsecured revolving credit facility (the “Revolving Facility”) on December 2, 2021. At January 28, 2022, the Revolving Facility had a commitment of \$2.0 billion that provides for the issuance of letters of credit up to \$100.0 million and is scheduled to mature on December 2, 2026.

Borrowings under the Revolving Facility 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 Revolving Facility includes customary LIBOR replacement provisions. The applicable interest rate margin for borrowings as of January 28, 2022 was 1.015% for LIBOR borrowings and 0.015% for base-rate borrowings. The Company is also required to pay a facility fee, payable on any used and unused commitment amounts of the Revolving Facility, and customary fees on letters of credit issued under the Revolving Facility. As of January 28, 2022, the facility fee rate was 0.11%. The applicable interest rate margins for borrowings, the facility fees and the letter of credit fees under the Revolving Facility are subject to adjustment from time to time based on the Company’s long-term senior unsecured debt ratings.

The Revolving Facility contains 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 Revolving Facility also contains financial covenants which require the maintenance of a minimum fixed charge coverage ratio and a maximum leverage ratio. As of January 28, 2022, the Company was in compliance with all such covenants. The Revolving Facility also contains customary events of default.

As of January 28, 2022, the Company had no outstanding borrowings, outstanding letters of credit of \$1.9 million, and borrowing availability of \$2.0 billion under the Revolving Facility that, due to its intention to maintain borrowing availability related to the commercial

paper program described below, could contribute incremental liquidity of \$1.76 billion. In addition, the Company had outstanding letters of credit of \$48.6 million which were issued pursuant to separate agreements.

As of January 28, 2022, 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 \$2.0 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 the Company’s other unsecured and unsubordinated indebtedness. The Company intends 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 January 28, 2022, the Company’s consolidated balance sheet reflected outstanding CP Notes of \$54.3 million. CP Notes totaling \$181.0 million were held by a wholly-owned subsidiary of the Company and are therefore not reflected on the consolidated balance sheets.

On April 3, 2020, the Company issued \$1.0 billion aggregate principal amount of 3.5% senior notes due 2030 (the “2030 Senior Notes”), net of discount of \$0.7 million, and \$500.0 million aggregate principal amount of 4.125% senior notes due 2050 (the “2050 Senior Notes”), net of discount of \$5.0 million. The 2030 Senior Notes are scheduled to mature on April 3, 2030 and the 2050 Senior Notes are scheduled to mature on April 3, 2050. Interest on the 2030 Senior Notes and the 2050 Senior Notes is payable in cash on April 3 and October 3 of each year. The Company incurred \$13.6 million of debt issuance costs associated with the issuance of the 2030 Senior Notes and the 2050 Senior Notes.

Collectively, the Company’s Senior Notes due 2023, 2025, 2027, 2028, 2030 and 2050 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”). 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.

During the second quarter of 2021, the Company entered into interest rate swaps on a portion of the 2030 Senior Notes. These interest rate swaps are being accounted for as fair value hedges, with the derivative asset or liability offset by a corresponding adjustment to the carrying value of the 2030 Senior Notes. Such arrangements are not material to the Company’s consolidated financial statements.

Scheduled debt maturities at January 28, 2022 for the Company’s fiscal years listed below are as follows (in thousands): 2022 - \$61,774; 2023 - \$906,564; 2024 - \$6,714; 2025 - \$506,263; 2026 - \$6,437; thereafter - \$2,726,074.

**Assets and liabilities
measured at fair value**

**12 Months Ended
Jan. 28, 2022**

**Assets and liabilities
measured at fair value**

**Assets and liabilities measured 6.
at fair value**

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 January 28, 2022, aggregated by 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) |
|---------------------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------|
| Liabilities: | | | |
| Long-term obligations (a) | \$ 4,229,161 | \$ 213,825 | \$ — |
| Deferred compensation (b) | 44,009 | — | — |

(a) Included in the consolidated balance sheet at book value as Long-term obligations of \$4,172,068.

(b) Reflected at fair value in the consolidated balance sheet as a component of Accrued expenses and other current liabilities of \$2,435 and a component of Other liabilities of \$41,574.

The carrying amounts reflected in the consolidated balance sheets for cash, cash equivalents, short-term investments, receivables and payables are their respective fair values. The Company does not have any recurring fair value measurements using significant unobservable inputs (Level 3) as of January 28, 2022.

Commitments and contingencies

**12 Months Ended
Jan. 28, 2022**

Commitments and contingencies

Commitments and contingencies

7. Commitments and contingencies

Legal proceedings

From time to time, the Company is a party to various legal matters in the ordinary course 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. In 2019, the Company recorded an accrual of \$31.0 million, an amount that is immaterial to the Company's consolidated financial statements, for probable and reasonably estimable losses relating to certain significant legal matters, including certified class action and associated matters. The majority of the legal matters related to the 2019 accrual have been resolved, and the Company does not believe that any remaining related matters will result in liability that is material to the Company's annual consolidated financial statements.

Based on information currently available, the Company believes that its pending legal 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. Adverse decisions and settlements, including any required changes to the Company's business, or other developments in such matters could affect the consolidated operating results in future periods or result in liability or other amounts material to the Company's annual consolidated financial statements.

Benefit plans

**12 Months Ended
Jan. 28, 2022**

Benefit plans Benefit plans

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 2021, 2020 and 2019, the Company expensed approximately \$34.0 million, \$30.1 million and \$25.0 million, respectively, for matching contributions.

The Company also has a compensation deferral plan (“CDP”) and a nonqualified supplemental retirement plan (“SERP”), 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 \$1.3 million in 2021, \$0.9 million in 2020 and \$0.8 million in 2019.

The deferred compensation liability associated with the CDP/SERP Plan is reflected in the consolidated balance sheets as further disclosed in Note 6.

Share-based payments

12 Months Ended
Jan. 28, 2022

[Share-based payments](#)

[Share-based payments](#)

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 May 26, 2021, the Company's shareholders approved the Dollar General Corporation 2021 Stock Incentive Plan ("2021 Plan"), which replaced the Company's 2007 Stock Incentive Plan ("2007 Plan"). The Plans allow 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. Upon the effective date of the 2021 Plan, no new awards may be granted under the 2007 Plan. Awards previously granted under the 2007 Plan remain outstanding in accordance with their terms. The number of shares of Company common stock authorized for grant under the 2021 Plan is 11,838,143.

Generally, share-based awards issued by the Company are in the form of stock options, restricted stock units and performance share units, and unless noted otherwise, the disclosures that follow refer to such awards. 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 over a period of one to 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.

The weighted average for key assumptions used in determining the fair value of all stock options granted in the years ended January 28, 2022, January 29, 2021, and January 31, 2020, and a summary of the methodology applied to develop each assumption, are as follows:

| | January 28, 2022 | January 29, 2021 | January 31, 2020 |
|------------------------------------------|---------------------|---------------------|---------------------|
| Expected dividend yield | 0.9 % | 0.9 % | 1.1 % |
| Expected stock price volatility | 26.5 % | 26.4 % | 25.3 % |
| Weighted average risk-free interest rate | 0.8 % | 0.7 % | 2.3 % |
| Expected term of options (years) | 4.9 | 5.2 | 6.2 |

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, calculated based upon historical volatility. 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. An increase in the expected term will increase compensation expense.

A summary of the Company's stock option activity during the year ended January 28, 2022 is as follows:

| <u>(Intrinsic value amounts reflected in thousands)</u> | <u>Options Issued</u> | <u>Average Exercise Price</u> | <u>Remaining Contractual Term in Years</u> | <u>Intrinsic Value</u> |
|---------------------------------------------------------|-----------------------|-------------------------------|--------------------------------------------|------------------------|
| Balance, January 29, 2021 | 2,911,540 | \$104.69 | | |
| Granted | 607,213 | 195.34 | | |
| Exercised | (1,042,403) | 86.81 | | |
| Canceled or expired | (128,840) | 149.42 | | |
| Balance, January 28, 2022 | <u>2,347,510</u> | <u>\$133.62</u> | <u>7.1</u> | <u>\$166,856</u> |
| Exercisable at January 28, 2022 | <u>942,531</u> | <u>\$ 95.10</u> | <u>5.4</u> | <u>\$102,992</u> |

The weighted average grant date fair value per share of options granted was \$42.89, \$34.60 and \$30.67 during 2021, 2020 and 2019, respectively. The intrinsic value of options exercised during 2021, 2020 and 2019, was \$132.3 million, \$116.1 million and \$26.6 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 January 28, 2022 is as follows:

| <u>(Intrinsic value amounts reflected in thousands)</u> | <u>Units Issued</u> | <u>Intrinsic Value</u> |
|---------------------------------------------------------|---------------------|------------------------|
| Balance, January 29, 2021 | 367,053 | |
| Granted | 183,355 | |
| Converted to common stock | (199,309) | |
| Canceled | (13,856) | |
| Balance, January 28, 2022 | <u>337,243</u> | <u>\$68,909</u> |

All performance share unit awards at January 28, 2022 are unvested, and the number of such awards which will ultimately vest will be based in part on the Company's financial performance in future years. The weighted average grant date fair value per share of performance share units granted was \$193.55, \$154.53 and \$117.13 during 2021, 2020 and 2019, respectively.

A summary of restricted stock unit award activity during the year ended January 28, 2022 is as follows:

| <u>(Intrinsic value amounts reflected in thousands)</u> | <u>Units Issued</u> | <u>Intrinsic Value</u> |
|---------------------------------------------------------|---------------------|------------------------|
| Balance, January 29, 2021 | 369,871 | |
| Granted | 165,701 | |
| Converted to common stock | (177,277) | |
| Canceled | (51,177) | |
| Balance, January 28, 2022 | <u>307,118</u> | <u>\$62,753</u> |

The weighted average grant date fair value per share of restricted stock units granted was \$193.76, \$155.73 and \$117.20 during 2021, 2020 and 2019, respectively.

At January 28, 2022, the total unrecognized compensation cost related to unvested stock-based awards was \$87.4 million with an expected weighted average expense recognition period of 1.8 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 January 28, 2022 | | | | |
| Pre-tax | \$21,452 | \$ 33,234 | \$ 23,492 | \$78,178 |
| Net of tax | \$15,853 | \$ 24,560 | \$ 17,361 | \$57,774 |
| Year ended January 29, 2021 | | | | |
| Pre-tax | \$19,933 | \$ 27,388 | \$ 21,288 | \$68,609 |
| Net of tax | \$14,730 | \$ 20,240 | \$ 15,732 | \$50,702 |
| Year ended January 31, 2020 | | | | |
| Pre-tax | \$16,128 | \$ 13,343 | \$ 19,118 | \$48,589 |
| Net of tax | \$12,080 | \$ 9,994 | \$ 14,319 | \$36,393 |

Segment reporting

**12 Months Ended
Jan. 28, 2022**

[Segment reporting](#) [Segment reporting](#)

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 January 28, 2022, all of the Company's retail store operations were located within the United States. Certain product sourcing and other operations are located outside the United States, 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) | 2021 | 2020 | 2019 |
|------------------------------|---------------------|---------------------|---------------------|
| Classes of similar products: | | | |
| Consumables | \$26,258,605 | \$25,906,685 | \$21,635,890 |
| Seasonal | 4,182,165 | 4,083,650 | 3,258,874 |
| Home products | 2,322,367 | 2,209,950 | 1,611,899 |
| Apparel | 1,457,312 | 1,546,554 | 1,247,310 |
| Net sales | <u>\$34,220,449</u> | <u>\$33,746,839</u> | <u>\$27,753,973</u> |

Common stock transactions

**12 Months Ended
Jan. 28, 2022**

Common stock transactions

Common stock transactions

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 December 1, 2021, the Company's Board of Directors authorized a \$2.0 billion increase to the existing common stock repurchase program, bringing the cumulative total authorized under the program since its inception to \$14.0 billion. The repurchase authorization has no expiration date and allows repurchases from time to time in open market transactions, including pursuant to trading plans adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, or in privately negotiated transactions. The timing, manner and number of shares repurchased will depend on a variety of factors, including 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 Revolving Facility and issuance of CP Notes discussed in further detail in Note 5.

During the years ended January 28, 2022, January 29, 2021, and January 31, 2020, the Company repurchased approximately 12.1 million shares of its common stock at a total cost of \$2.5 billion, approximately 12.3 million shares of its common stock at a total cost of \$2.5 billion, and approximately 8.3 million shares of its common stock at a total cost of \$1.2 billion, respectively, pursuant to its common stock repurchase program.

The Company paid quarterly cash dividends of \$0.42 per share in 2021. On March 16, 2022, the Company's Board of Directors declared a quarterly cash dividend of \$0.55 per share, which is payable on or before April 19, 2022 to shareholders of record on April 5, 2022. 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.

Basis of presentation and accounting policies (Policies)

**12 Months Ended
Jan. 28, 2022**

[Accounting policies](#)

[Basis of presentation](#)

Basis of presentation

These notes contain references to the years 2021, 2020, and 2019, which represent fiscal years ended January 28, 2022, January 29, 2021, and January 31, 2020, respectively. The Company's 2021, 2020 and 2019 accounting periods were each comprised of 52 weeks. 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 18,130 stores (as of January 28, 2022) in 46 states with the greatest concentration of stores in the southern, southwestern, midwestern and eastern United States. As of January 28, 2022, the Company operated 16 distribution centers for non-refrigerated products, ten cold storage distribution centers, and two combination distribution centers which have both refrigerated and non-refrigerated products. The Company leases 12 of these facilities and the remainder are owned.

[Cash and cash equivalents](#)

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 \$133.9 million and \$125.3 million at January 28, 2022 and January 29, 2021, respectively.

[Investments in debt and equity securities](#)

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](#)

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 \$296.3 million and \$115.9 million at January 28, 2022 and January 29, 2021, 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 of \$180.4 million in 2021, \$5.1 million in

2020, and \$7.0 million in 2019, 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 two largest suppliers accounted for approximately 9% and 8%, respectively, of the Company's purchases in 2021.

[Vendor rebates](#)

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.

[Property and equipment](#)

Property and equipment

Property and equipment acquired is recorded at cost. The Company records depreciation and amortization on a straight-line basis over the assets' estimated useful lives. Amounts included in the Company's property and equipment balances and their estimated lives are summarized as follows:

| (In thousands) | Life | January 28, 2022 | January 29, 2021 |
|------------------------------------------------|------------|---------------------|---------------------|
| Land | Indefinite | \$ 227,085 | \$ 224,628 |
| Land improvements | 20 | 96,402 | 93,169 |
| Buildings | 39 - 40 | 1,446,126 | 1,329,309 |
| Leasehold improvements | (a) | 889,782 | 782,858 |
| Furniture, fixtures and equipment | 3 - 10 | 4,984,534 | 4,487,665 |
| Construction in progress | | 131,073 | 183,593 |
| Right of use assets - finance leases | Various | 162,772 | 163,108 |
| | | 7,937,774 | 7,264,330 |
| Less accumulated depreciation and amortization | | (3,591,647) | (3,364,333) |
| Net property and equipment | | <u>\$ 4,346,127</u> | <u>\$ 3,899,997</u> |

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

Depreciation and amortization expense related to property and equipment was approximately \$635.9 million, \$569.3 million and \$500.4 million for 2021, 2020 and 2019, respectively. Interest on borrowed funds during the construction of property and equipment is capitalized where applicable. Interest costs of \$1.2 million, less than \$0.1 million, and \$2.7 million were capitalized in 2021, 2020 and 2019, respectively.

[Impairment of long-lived assets](#)

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 \$2.6 million in 2021, \$2.7 million in 2020 and \$3.6 million in 2019, 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

If not deemed indefinite, the Company amortizes intangible assets over their estimated useful lives. 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. If the results of such test indicate impairment, the associated assets must be written down to fair value as described in further detail below.

The quantitative goodwill impairment test requires management to make judgments in determining what assumptions to use in the calculation. The process consists of comparing the fair value of the reporting unit to its carrying amount, including goodwill. If the fair value of the reporting unit is less than its carrying amount, management would then determine if the difference between the carrying amount and fair value is greater than the carrying amount of goodwill allocated to the reporting unit. If it is, the impairment recognized would be equal to the total carrying amount of goodwill allocated to the reporting unit, and if not, impairment would be recognized equal to the difference between the carrying amount of the reporting unit and its fair 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.

The Company's goodwill balance has an indefinite life and is not expected to be deductible for income tax purposes. Substantially all of the Company's other intangible assets are its trade names and trademarks which have an indefinite life.

Insurance liabilities

Insurance liabilities

The Company retains a significant portion of risk for its workers' compensation, employee health, general liability, property, automobile, and certain third-party landlord general liability claim exposures. Accordingly, provisions are made for the Company's estimates of such risks which are recorded as self-insurance reserves pursuant to Company policy. The undiscounted future claim costs for the workers' compensation, general liability, landlord liability, and health claim risks are derived using actuarial methods which are sensitive to significant assumptions such as loss development factors, trend factors, pure loss rates, and

projected claim counts. To the extent that subsequent claim costs vary from the Company's 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.

[Leases](#)

Leases

The Company records operating lease right of use assets and liabilities on its balance sheet. Lease liabilities are recorded at a discount based upon the Company's estimated collateralized incremental borrowing rate. Factors incorporated into the calculation of lease discount rates include the valuations and yields of the Company's senior notes, their credit spread over comparable U.S. Treasury rates, and an index of the credit spreads for all North American investment grade companies by rating. To determine an indicative secured rate, the Company uses the estimated credit spread improvement that would result from an upgrade of one ratings classification by tenor.

The Company records single lease cost 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 may include a period prior to the opening of a store or other facility to make any necessary leasehold improvements and install fixtures. Any tenant allowances received are recorded as a reduction of the right of use asset. Leases with an initial term of 12 months or less are not recorded on the balance sheet and lease expense for such leases is recognized on a straight-line basis over the lease term. The Company combines lease and nonlease components. Many leases include one or more options to renew, and the exercise of lease renewal options is at the Company's sole discretion. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

[Fair value accounting](#)

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](#)

Other comprehensive income

The Company previously recorded a loss on the settlement of derivatives 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 recognition

Revenue 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 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 \$9.7 million and \$8.2 million at January 28, 2022 and January 29, 2021, 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 \$1.7 million, \$1.3 million and \$1.0 million in 2021, 2020 and 2019, respectively.

Advertising costs

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 \$117.2 million, \$107.4 million and \$91.0 million in 2021, 2020 and 2019, respectively. These costs primarily include promotional circulars, targeted circulars supporting new stores, television and radio advertising, and in-store signage. Vendor funding for cooperative advertising offset reported expenses by \$34.3 million, \$33.4 million and \$34.7 million in 2021, 2020 and 2019, respectively.

Share-based payments

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 to variation 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 on an accelerated or straight-line basis for performance awards depending on the period over which the recipient earns the awards.

Store pre-opening costs

Store pre-opening costs

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

[Income taxes](#)

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](#)

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](#)

Accounting standards

In March 2020 and January 2021, the Financial Accounting Standards Board ("FASB") issued accounting standards updates pertaining to reference rate reform. This collective guidance is in response to accounting concerns regarding contract modifications and hedge accounting because of impending rate reform associated with structural risks of interbank offered rates (IBORs), and, particularly, the risk of cessation of LIBOR, related to regulators in several jurisdictions around the world having undertaken reference rate reform initiatives to identify alternative reference rates. The guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The adoption of this guidance is effective for all entities as of March 12, 2020 through December 31, 2022. The Company does not expect the adoption of this guidance to have a material impact on its consolidated results of operations, financial position or cash flows.

**Basis of presentation and
accounting policies (Tables)**

**[Basis of presentation and accounting policies](#)
[Schedule of property and equipment balances](#)
[and depreciable lives](#)**

**12 Months Ended
Jan. 28, 2022**

| (In thousands) | Life | January 28, 2022 | January 29, 2021 |
|------------------------------------------------|------------|---------------------|---------------------|
| Land | Indefinite | \$ 227,085 | \$ 224,628 |
| Land improvements | 20 | 96,402 | 93,169 |
| Buildings | 39 - 40 | 1,446,126 | 1,329,309 |
| Leasehold improvements | (a) | 889,782 | 782,858 |
| Furniture, fixtures and equipment | 3 - 10 | 4,984,534 | 4,487,665 |
| Construction in progress | | 131,073 | 183,593 |
| Right of use assets - finance leases | Various | 162,772 | 163,108 |
| | | 7,937,774 | 7,264,330 |
| Less accumulated depreciation and amortization | | (3,591,647) | (3,364,333) |
| Net property and equipment | | \$ 4,346,127 | \$ 3,899,997 |

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

[Schedule of accrued expenses and other liabilities](#)

| (In thousands) | January 28, 2022 | January 29, 2021 |
|------------------------------------|---------------------|---------------------|
| Compensation and benefits | \$ 215,355 | \$ 269,032 |
| Self-insurance reserves | 127,719 | 110,321 |
| Taxes (other than taxes on income) | 324,438 | 318,552 |
| Other | 381,627 | 308,647 |
| | \$1,049,139 | \$1,006,552 |

[Schedule of other liabilities](#)

| (In thousands) | January 28, 2022 | January 29, 2021 |
|-------------------------|---------------------|---------------------|
| Self-insurance reserves | \$129,692 | \$134,765 |
| Payroll tax liabilities | - | 81,488 |
| Other | 68,305 | 47,438 |
| | \$197,997 | \$263,691 |

Earnings per share (Tables)

**12 Months Ended
Jan. 28, 2022**

Earnings per share

Schedule of computation of earnings per share

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

| | <u>2021</u> | | |
|---------------------------------------|-----------------------|----------------------------------------|-----------------------------|
| | <u>Net Income</u> | <u>Weighted Average Shares</u> | <u>Per Share Amount</u> |
| Basic earnings per share | \$2,399,232 | 234,261 | \$ 10.24 |
| Effect of dilutive share-based awards | | 1,551 | |
| Diluted earnings per share | <u>\$2,399,232</u> | <u>235,812</u> | <u>\$ 10.17</u> |
| | | | |
| | <u>2020</u> | | |
| | <u>Net Income</u> | <u>Weighted Average Shares</u> | <u>Per Share Amount</u> |
| Basic earnings per share | \$2,655,050 | 248,171 | \$ 10.70 |
| Effect of dilutive share-based awards | | 1,905 | |
| Diluted earnings per share | <u>\$2,655,050</u> | <u>250,076</u> | <u>\$ 10.62</u> |
| | | | |
| | <u>2019</u> | | |
| | <u>Net Income</u> | <u>Weighted Average Shares</u> | <u>Per Share Amount</u> |
| Basic earnings per share | \$1,712,555 | 256,553 | \$ 6.68 |
| Effect of dilutive share-based awards | | 1,500 | |
| Diluted earnings per share | <u>\$1,712,555</u> | <u>258,053</u> | <u>\$ 6.64</u> |

Income taxes (Tables)

12 Months Ended
Jan. 28, 2022

Income taxes

Schedule of provision (benefit) for income taxes

| (In thousands) | 2021 | 2020 | 2019 |
|----------------|------------------|------------------|------------------|
| Current: | | | |
| Federal | \$472,913 | \$614,207 | \$368,451 |
| Foreign | 384 | 127 | 102 |
| State | 76,261 | 100,002 | 65,215 |
| | <u>549,558</u> | <u>714,336</u> | <u>433,768</u> |
| Deferred: | | | |
| Federal | 93,114 | 32,433 | 45,966 |
| Foreign | (38) | (104) | (15) |
| State | 21,283 | 2,665 | 9,456 |
| | <u>114,359</u> | <u>34,994</u> | <u>55,407</u> |
| | <u>\$663,917</u> | <u>\$749,330</u> | <u>\$489,175</u> |

Schedule of reconciliation between actual income taxes and amounts computed by applying the federal statutory rate to income before income taxes

| (Dollars in thousands) | 2021 | | 2020 | | 2019 | |
|-------------------------------------------------------------|------------------|---------------|------------------|---------------|------------------|---------------|
| U.S. federal statutory rate on earnings before income taxes | \$643,262 | 21.0 % | \$714,920 | 21.0 % | \$462,364 | 21.0 % |
| State income taxes, net of federal income tax benefit | 77,086 | 2.5 | 81,117 | 2.4 | 60,936 | 2.8 |
| Jobs credits, net of federal income taxes | (39,936) | (1.3) | (27,479) | (0.8) | (27,768) | (1.3) |
| Other, net | (16,495) | (0.5) | (19,228) | (0.6) | (6,357) | (0.3) |
| | <u>\$663,917</u> | <u>21.7 %</u> | <u>\$749,330</u> | <u>22.0 %</u> | <u>\$489,175</u> | <u>22.2 %</u> |

Schedule of deferred tax assets and liabilities

| (In thousands) | January 28, 2022 | January 29, 2021 |
|------------------------------------------------------------------------------------|------------------|------------------|
| Deferred tax assets: | | |
| Deferred compensation expense | \$ 11,563 | \$ 9,161 |
| Accrued expenses | 26,984 | 52,195 |
| Accrued rent | 552 | 650 |
| Lease liabilities | 2,617,954 | 2,459,976 |
| Accrued insurance | 6,971 | 6,550 |
| Accrued incentive compensation | 30,716 | 46,083 |
| Share based compensation | 16,605 | 19,495 |
| Interest rate hedges | 383 | 730 |
| Tax benefit of income tax and interest reserves related to uncertain tax positions | 79 | 189 |
| State and foreign tax net operating loss carry forwards, net of federal tax | 903 | 804 |
| State tax credit carry forwards, net of federal tax | 6,973 | 6,619 |
| Other | 16,715 | 6,823 |
| | <u>2,736,398</u> | <u>2,609,275</u> |
| Less valuation allowances, net of federal income taxes | (5,235) | (4,077) |
| Total deferred tax assets | <u>2,731,163</u> | <u>2,605,198</u> |
| Deferred tax liabilities: | | |
| Property and equipment | (572,286) | (481,279) |

| | | |
|--------------------------------|---------------------|---------------------|
| Lease assets | (2,588,709) | (2,433,195) |
| Inventories | (68,780) | (74,985) |
| Trademarks | (310,011) | (312,258) |
| Prepaid insurance | (15,278) | (13,532) |
| Other | (1,353) | (498) |
| Total deferred tax liabilities | <u>(3,556,417)</u> | <u>(3,315,747)</u> |
| Net deferred tax liabilities | <u>\$ (825,254)</u> | <u>\$ (710,549)</u> |

[Schedule of amounts associated with uncertain tax positions included in income tax expense](#)

| (In thousands) | 2021 | 2020 | 2019 |
|-----------------------------------------------|------------|----------|--------|
| Income tax expense (benefit) | \$ (1,311) | \$ 2,411 | \$ 130 |
| Income tax related interest expense (benefit) | (281) | 104 | (406) |
| Income tax related penalty expense (benefit) | — | — | (882) |

[Schedule of reconciliation of uncertain income tax positions](#)

| (In thousands) | 2021 | 2020 | 2019 |
|---------------------------------------------------|-----------------|-----------------|-----------------|
| Beginning balance | \$ 7,502 | \$ 5,090 | \$ 4,960 |
| Increases—tax positions taken in the current year | — | — | — |
| Increases—tax positions taken in prior years | 2,803 | 3,857 | 1,239 |
| Decreases—tax positions taken in prior years | — | (1,445) | (1,109) |
| Statute expirations | (1,456) | — | — |
| Settlements | (2,658) | — | — |
| Ending balance | <u>\$ 6,191</u> | <u>\$ 7,502</u> | <u>\$ 5,090</u> |

Leases (Tables)

12 Months Ended
Jan. 28, 2022

Leases

Schedule of operating lease liabilities maturity

(In thousands)

2022

2023

2024

2025

2026

Thereafter

Total lease payments (a)

Less imputed interest

Present value of lease liabilities

a) Excludes approximately \$0.7 billion of legally binding minimum lease payments for leases signed which have not yet commenced.

**Current and long-term
obligations (Tables)**

**12 Months Ended
Jan. 28, 2022**

Current and long-term obligations
Schedule of current and long-term debt
obligations

| (In thousands) | January 28, 2022 | January 29, 2021 |
|--------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Revolving Facility | \$ — | \$ — |
| 3.250% Senior Notes due April 15, 2023 (net of discount of \$319 and \$583) | 899,681 | 899,417 |
| 4.150% Senior Notes due November 1, 2025 (net of discount of \$332 and \$412) | 499,668 | 499,588 |
| 3.875% Senior Notes due April 15, 2027 (net of discount of \$251 and \$294) | 599,749 | 599,706 |
| 4.125% Senior Notes due May 1, 2028 (net of discount of \$336 and \$383) | 499,664 | 499,617 |
| 3.500% Senior Notes due April 3, 2030 (net of discount of \$564 and \$623) | 988,990 | 999,377 |
| 4.125% Senior Notes due April 3, 2050 (net of discount of \$4,857 and \$4,945) | 495,143 | 495,055 |
| Unsecured commercial paper notes | 54,300 | — |
| Other | 159,525 | 164,365 |
| Debt issuance costs, net | (24,652) | (26,150) |
| | <u>\$4,172,068</u> | <u>\$4,130,975</u> |

Assets and liabilities
measured at fair value
(Tables)

12 Months Ended

Jan. 28, 2022

[Assets and liabilities
measured at fair value](#)
[Schedule of assets and
liabilities measured at fair
value](#)

| <u>(In thousands)</u> | Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---------------------------|--------------------------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
| Liabilities: | | | |
| Long-term obligations (a) | \$ 4,229,161 | \$ 213,825 | \$ |
| Deferred compensation (b) | 44,009 | — | |

(a) Included in the consolidated balance sheet at book value as Long-term obligations of \$4,172,068.

(b) Reflected at fair value in the consolidated balance sheet as a component of Accrued expenses and other current liabilities of \$2,435 and a component of Other liabilities of \$41,574.

**Share-based payments
(Tables)**

**12 Months Ended
Jan. 28, 2022**

Share-based payments

**Schedule of weighted averages for
key assumptions used in
determining the fair value of all
stock option grants**

| | January 28, 2022 | January 29, 2021 | January 31, 2020 |
|------------------------------------------|---------------------|---------------------|---------------------|
| Expected dividend yield | 0.9 % | 0.9 % | 1.1 % |
| Expected stock price volatility | 26.5 % | 26.4 % | 25.3 % |
| Weighted average risk-free interest rate | 0.8 % | 0.7 % | 2.3 % |
| Expected term of options (years) | 4.9 | 5.2 | 6.2 |

Schedule of options activity

| (Intrinsic value amounts reflected in thousands) | Options Issued | Average Exercise Price | Remaining Contractual Term in Years | Intrinsic Value |
|--------------------------------------------------|------------------|------------------------|-------------------------------------|------------------|
| Balance, January 29, 2021 | 2,911,540 | \$104.69 | | |
| Granted | 607,213 | 195.34 | | |
| Exercised | (1,042,403) | 86.81 | | |
| Canceled or expired | (128,840) | 149.42 | | |
| Balance, January 28, 2022 | <u>2,347,510</u> | <u>\$133.62</u> | <u>7.1</u> | <u>\$166,856</u> |
| Exercisable at January 28, 2022 | <u>942,531</u> | <u>\$ 95.10</u> | <u>5.4</u> | <u>\$102,992</u> |

Schedule of performance share unit award activity

| (Intrinsic value amounts reflected in thousands) | Units Issued | Intrinsic Value |
|--------------------------------------------------|----------------|-----------------|
| Balance, January 29, 2021 | 367,053 | |
| Granted | 183,355 | |
| Converted to common stock | (199,309) | |
| Canceled | (13,856) | |
| Balance, January 28, 2022 | <u>337,243</u> | <u>\$68,909</u> |

Schedule of restricted stock unit award activity

| (Intrinsic value amounts reflected in thousands) | Units Issued | Intrinsic Value |
|--------------------------------------------------|----------------|-----------------|
| Balance, January 29, 2021 | 369,871 | |
| Granted | 165,701 | |
| Converted to common stock | (177,277) | |
| Canceled | (51,177) | |
| Balance, January 28, 2022 | <u>307,118</u> | <u>\$62,753</u> |

Schedule of share-based compensation expense

| (In thousands) | Stock Options | Performance Share Units | Restricted Stock Units | Total |
|-----------------------------|---------------|-------------------------|------------------------|----------|
| Year ended January 28, 2022 | | | | |
| Pre-tax | \$21,452 | \$ 33,234 | \$ 23,492 | \$78,178 |
| Net of tax | \$15,853 | \$ 24,560 | \$ 17,361 | \$57,774 |
| Year ended January 29, 2021 | | | | |
| Pre-tax | \$19,933 | \$ 27,388 | \$ 21,288 | \$68,609 |
| Net of tax | \$14,730 | \$ 20,240 | \$ 15,732 | \$50,702 |
| Year ended January 31, 2020 | | | | |

| | | | | |
|------------|----------|-----------|-----------|----------|
| Pre-tax | \$16,128 | \$ 13,343 | \$ 19,118 | \$48,589 |
| Net of tax | \$12,080 | \$ 9,994 | \$ 14,319 | \$36,393 |

Segment reporting (Tables)

**12 Months Ended
Jan. 28, 2022**

Segment reporting

Schedule of net sales grouped by classes of similar products

| <u>(in thousands)</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|------------------------------|---------------------|---------------------|---------------------|
| Classes of similar products: | | | |
| Consumables | \$26,258,605 | \$25,906,685 | \$21,635,890 |
| Seasonal | 4,182,165 | 4,083,650 | 3,258,874 |
| Home products | 2,322,367 | 2,209,950 | 1,611,899 |
| Apparel | 1,457,312 | 1,546,554 | 1,247,310 |
| Net sales | <u>\$34,220,449</u> | <u>\$33,746,839</u> | <u>\$27,753,973</u> |

| Basis of presentation and accounting policies (Details) \$ in Millions | 12 Months Ended | | |
|------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| | Jan. 28, 2022 USD (\$) Center period state store | Jan. 29, 2021 USD (\$) period | Jan. 31, 2020 USD (\$) period |
| Fiscal year, number of weeks period | 52 | 52 | 52 |
| Number of stores through which entity sells general merchandise on a retail basis store | 18,130 | | |
| Number of states which entity covers state | 46 | | |
| Number of distribution centers leased | 12 | | |
| Cash and cash equivalents | | | |
| Maximum original maturity period at time of purchase of liquid investments classified as cash equivalents | 3 months | | |
| Payments due from processors for electronic tender transactions classified as cash and cash equivalents \$ | \$ 133.9 | \$ 125.3 | |
| Merchandise inventories | | | |
| Excess of current cost over LIFO cost \$ | 296.3 | 115.9 | |
| LIFO provision \$ | \$ 180.4 | \$ 5.1 | \$ 7.0 |
| Non Refrigerated Merchandise Distribution Centers | | | |
| Number of distribution centers | 16 | | |
| Cold Storage And Distribution Facilities | | | |
| Number of distribution centers | 10 | | |
| Combination Distribution Center | | | |
| Number of distribution centers | 2 | | |

Basis of presentation and accounting policies -
Supplier concentration (Details) - Purchases -
Supplier concentration

12 Months Ended

Jan. 28, 2022

Largest supplier

Concentration of risk

Concentration risk, percentage 9.00%

Second largest supplier

Concentration of risk

Concentration risk, percentage 8.00%

**Basis of presentation and
accounting policies -
Property and equipment
(Details) - USD (\$)
\$ in Thousands**

12 Months Ended

Jan. 28, 2022 Jan. 29, 2021 Jan. 31, 2020

Property and equipment recorded at cost

| | | | |
|-------------------------------------------------------|--------------|--------------|--|
| <u>Property and equipment, gross</u> | \$ 7,937,774 | \$ 7,264,330 | |
| <u>Right of use assets - finance leases</u> | 162,772 | 163,108 | |
| <u>Less accumulated depreciation and amortization</u> | (3,591,647) | (3,364,333) | |
| <u>Net property and equipment</u> | 4,346,127 | 3,899,997 | |

Depreciation

| | | | |
|-----------------------------|---------|---------|------------|
| <u>Depreciation expense</u> | 635,900 | 569,300 | \$ 500,400 |
|-----------------------------|---------|---------|------------|

Capitalized interest

| | | | |
|-----------------------------------|-------|-----|----------|
| <u>Interest costs capitalized</u> | 1,200 | 100 | \$ 2,700 |
|-----------------------------------|-------|-----|----------|

Land

Property and equipment recorded at cost

| | | | |
|--------------------------------------|---------|---------|--|
| <u>Property and equipment, gross</u> | 227,085 | 224,628 | |
|--------------------------------------|---------|---------|--|

Land improvements

Property and equipment recorded at cost

| | | | |
|--------------------------------------|-----------|--------|--|
| <u>Property and equipment, gross</u> | \$ 96,402 | 93,169 | |
|--------------------------------------|-----------|--------|--|

Depreciable Life

20 years

Buildings

Property and equipment recorded at cost

| | | | |
|--------------------------------------|--------------|-----------|--|
| <u>Property and equipment, gross</u> | \$ 1,446,126 | 1,329,309 | |
|--------------------------------------|--------------|-----------|--|

Buildings | Minimum

Property and equipment recorded at cost

| | | | |
|-------------------------|----------|--|--|
| <u>Depreciable Life</u> | 39 years | | |
|-------------------------|----------|--|--|

Buildings | Maximum

Property and equipment recorded at cost

| | | | |
|-------------------------|----------|--|--|
| <u>Depreciable Life</u> | 40 years | | |
|-------------------------|----------|--|--|

Leasehold improvements

Property and equipment recorded at cost

| | | | |
|--------------------------------------|------------|---------|--|
| <u>Property and equipment, gross</u> | \$ 889,782 | 782,858 | |
|--------------------------------------|------------|---------|--|

Furniture, fixtures and equipment

Property and equipment recorded at cost

| | | | |
|--------------------------------------|--------------|-----------|--|
| <u>Property and equipment, gross</u> | \$ 4,984,534 | 4,487,665 | |
|--------------------------------------|--------------|-----------|--|

Furniture, fixtures and equipment | Minimum

Property and equipment recorded at cost

| | | | |
|-------------------------|---------|--|--|
| <u>Depreciable Life</u> | 3 years | | |
|-------------------------|---------|--|--|

Furniture, fixtures and equipment | Maximum

Property and equipment recorded at cost

| | | | |
|-------------------------|----------|--|--|
| <u>Depreciable Life</u> | 10 years | | |
|-------------------------|----------|--|--|

Construction in progress

Property and equipment recorded at cost

Property and equipment, gross

\$ 131,073 \$ 183,593

**Basis of presentation and
accounting policies -
Impairment, Goodwill,
Balance sheet detail (Details)
- USD (\$)
\$ in Thousands**

12 Months Ended

| | Jan. 28, 2022 | Jan. 29, 2021 | Jan. 31, 2020 |
|-------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| <u>Impairment of long-lived assets</u> | | | |
| <u>Minimum period for which stores are open to be reviewed for impairment</u> | 3 years | | |
| <u>Impairment charges included in SG&A expense</u> | \$ 2,600 | \$ 2,700 | \$ 3,600 |
| <u>Goodwill and other intangible assets</u> | | | |
| <u>Impairment of intangible assets</u> | 0 | 0 | \$ 0 |
| <u>Accrued expenses and other liabilities</u> | | | |
| <u>Compensation and benefits</u> | 215,355 | 269,032 | |
| <u>Self-insurance reserves</u> | 127,719 | 110,321 | |
| <u>Taxes (other than taxes on income)</u> | 324,438 | 318,552 | |
| <u>Other</u> | 381,627 | 308,647 | |
| <u>Toal other accrued expenses and other liabilities</u> | 1,049,139 | 1,006,552 | |
| <u>Other liabilities</u> | | | |
| <u>Self-insurance reserves</u> | 129,692 | 134,765 | |
| <u>Payroll tax liabilities</u> | | 81,488 | |
| <u>Other</u> | 68,305 | 47,438 | |
| <u>Total other liabilities</u> | \$ 197,997 | \$ 263,691 | |
| <u>Maximum initial term for leases not recorded on the balance sheet</u> | 12 months | | |

**Basis of presentation -
Accounting policies (Details)
- USD (\$)
\$ in Millions**

12 Months Ended

Jan. 28, 2022 Jan. 29, 2021 Jan. 31, 2020

Revenue recognition

Liability for outstanding gift cards

\$ 9.7 \$ 8.2

Breakage income related to gift card program

1.7 1.3 \$ 1.0

Advertising costs

Advertising costs

117.2 107.4 91.0

Expenses related to vendor funding for cooperative advertising offset

\$ 34.3 \$ 33.4 \$ 34.7

3.25% Senior Notes due April 15, 2023

Other comprehensive income

Credit facility term

10 years

Earnings per share (Details)
- USD (\$)
\$ / shares in Units, shares in
Thousands, \$ in Thousands

12 Months Ended

| | Jan. 28, 2022 | Jan. 29, 2021 | Jan. 31, 2020 |
|-----------------------------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|
| <u>Net Income</u> | | | |
| <u>Basic Earnings</u> | \$ 2,399,232 | \$ 2,655,050 | \$ 1,712,555 |
| <u>Diluted Earnings</u> | \$ 2,399,232 | \$ 2,655,050 | \$ 1,712,555 |
| <u>Shares</u> | | | |
| <u>Shares outstanding, basic</u> | 234,261 | 248,171 | 256,553 |
| <u>Effect of dilutive share-based awards</u> | 1,551 | 1,905 | 1,500 |
| <u>Shares outstanding, diluted</u> | 235,812 | 250,076 | 258,053 |
| <u>Per Share Amount</u> | | | |
| <u>Basic earnings per share (in dollars per share)</u> | \$ 10.24 | \$ 10.70 | \$ 6.68 |
| <u>Diluted earnings per share (in dollars per share)</u> | \$ 10.17 | \$ 10.62 | \$ 6.64 |
| <u>Share-based awards outstanding excluded from computation of diluted earnings per share</u> | 100 | 200 | 300 |

**Income taxes - (Details) -
USD (\$)
\$ in Thousands**

**12 Months Ended
Jan. 28, Jan. 29, Jan. 31,
2022 2021 2020**

Current:

| | | | |
|-----------------------------------|------------|------------|------------|
| <u>Federal</u> | \$ 472,913 | \$ 614,207 | \$ 368,451 |
| <u>Foreign</u> | 384 | 127 | 102 |
| <u>State</u> | 76,261 | 100,002 | 65,215 |
| <u>Total current income taxes</u> | 549,558 | 714,336 | 433,768 |

Deferred:

| | | | |
|---------------------------------------------------|---------|---------|---------|
| <u>Federal</u> | 93,114 | 32,433 | 45,966 |
| <u>Foreign</u> | (38) | (104) | (15) |
| <u>State</u> | 21,283 | 2,665 | 9,456 |
| <u>Total deferred income taxes</u> | 114,359 | 34,994 | 55,407 |
| <u>Total provision (benefit) for income taxes</u> | 663,917 | 749,330 | 489,175 |

Reconciliation between actual income taxes and amounts computed by applying federal statutory rate

| | | | |
|--------------------------------------------------------------------|------------|------------|------------|
| <u>U.S. federal statutory rate on earnings before income taxes</u> | 643,262 | 714,920 | 462,364 |
| <u>State income taxes, net of federal income tax benefit</u> | 77,086 | 81,117 | 60,936 |
| <u>Jobs credits, net of federal income taxes</u> | (39,936) | (27,479) | (27,768) |
| <u>Other, net</u> | (16,495) | (19,228) | (6,357) |
| <u>Total provision (benefit) for income taxes</u> | \$ 663,917 | \$ 749,330 | \$ 489,175 |

Reconciliation between actual income taxes rate and federal statutory rate

| | | | |
|-----------------------------------------------------------------------------------|---------|---------|---------|
| <u>U.S. federal statutory rate on earnings before income taxes (as a percent)</u> | 21.00% | 21.00% | 21.00% |
| <u>State income taxes, net of federal income tax benefit (as a percent)</u> | 2.50% | 2.40% | 2.80% |
| <u>Jobs credits, net of federal income taxes (as a percent)</u> | (1.30%) | (0.80%) | (1.30%) |
| <u>Other, net (as a percent)</u> | (0.50%) | (0.60%) | (0.30%) |
| <u>Total provision (benefit) for income taxes (as a percent)</u> | 21.70% | 22.00% | 22.20% |
| <u>Decrease in tax rate</u> | 0.30% | 0.20% | |

Deferred tax assets:

| | | | |
|-------------------------------------------------------------------------------------------|-----------|-----------|--|
| <u>Deferred compensation expense</u> | \$ 11,563 | \$ 9,161 | |
| <u>Accrued expenses</u> | 26,984 | 52,195 | |
| <u>Accrued rent</u> | 552 | 650 | |
| <u>Lease liabilities</u> | 2,617,954 | 2,459,976 | |
| <u>Accrued insurance</u> | 6,971 | 6,550 | |
| <u>Accrued incentive compensation</u> | 30,716 | 46,083 | |
| <u>Share based compensation</u> | 16,605 | 19,495 | |
| <u>Interest rate hedges</u> | 383 | 730 | |
| <u>Tax benefit of income tax and interest reserves related to uncertain tax positions</u> | 79 | 189 | |
| <u>State and foreign tax net operating loss carry forward, net of federal tax</u> | 903 | 804 | |
| <u>State tax credit carry forwards, net of federal tax</u> | 6,973 | 6,619 | |
| <u>Other</u> | 16,715 | 6,823 | |
| <u>Total deferred tax assets, gross</u> | 2,736,398 | 2,609,275 | |

| | | | |
|-------------------------------------------------------------------------------------------------------------------|-------------|-------------|----------|
| <u>Less valuation allowances, net of federal income taxes</u> | (5,235) | (4,077) | |
| <u>Total deferred tax assets</u> | 2,731,163 | 2,605,198 | |
| <u>Deferred tax liabilities:</u> | | | |
| <u>Property and equipment</u> | (572,286) | (481,279) | |
| <u>Lease assets</u> | (2,588,709) | (2,433,195) | |
| <u>Inventories</u> | (68,780) | (74,985) | |
| <u>Trademarks</u> | (310,011) | (312,258) | |
| <u>Prepaid insurance</u> | (15,278) | (13,532) | |
| <u>Other</u> | (1,353) | (498) | |
| <u>Total deferred tax liabilities</u> | (3,556,417) | (3,315,747) | |
| <u>Net deferred tax liabilities</u> | (825,254) | (710,549) | |
| <u>State tax credit carryforwards that will expire beginning in 2022 through 2026</u> | 7,000 | | |
| <u>Apportioned state net operating loss carryforwards that will expire beginning in 2032 through 2041</u> | 18,100 | | |
| <u>Increase in income tax amount</u> | 1,100 | 0 | |
| <u>Reserve for uncertain tax positions that would impact effective tax rate if recognized</u> | 6,200 | 7,500 | |
| <u>Interest accrued related to uncertain tax benefits</u> | 200 | 500 | |
| <u>Potential penalties accrued related to uncertain tax benefits</u> | 0 | 0 | |
| <u>Reserves for uncertain tax benefits included in noncurrent Other liabilities</u> | 6,400 | 8,000 | |
| <u>Reserve for uncertain tax positions for which a reduction is reasonably possible in the next twelve months</u> | 1,700 | | |
| <u>Income tax amounts associated with uncertain tax positions</u> | | | |
| <u>Income tax expense (benefit)</u> | (1,311) | 2,411 | \$ 130 |
| <u>Income tax related interest expense (benefit)</u> | (281) | 104 | (406) |
| <u>Income tax related penalty expense (benefit)</u> | | | (882) |
| <u>Reconciliation of the uncertain income tax positions</u> | | | |
| <u>Beginning Balance</u> | 7,502 | 5,090 | 4,960 |
| <u>Increases - tax positions taken in prior years</u> | 2,803 | 3,857 | 1,239 |
| <u>Decreases - tax positions taken in prior years</u> | | (1,445) | (1,109) |
| <u>Statute expirations</u> | (1,456) | | |
| <u>Settlements</u> | (2,658) | | |
| <u>Ending Balance</u> | \$ 6,191 | \$ 7,502 | \$ 5,090 |

Leases (Details) - USD (\$)
\$ in Millions

12 Months Ended

| | Jan. 28, 2022 | Jan. 29, 2021 | Jan. 31, 2020 |
|-----------------------------------------------------------------------------------------|--------------------------|----------------------|----------------------|
| <u>Leases</u> | | | |
| <u>Weighted-average remaining lease term</u> | 9 years 8 months 12 days | | |
| <u>Weighed average discount rate</u> | 3.70% | | |
| <u>Cash paid for operating leases</u> | \$ 1,500 | \$ 1,390 | \$ 1,280 |
| <u>Operating lease cost</u> | 1,490 | 1,380 | 1,270 |
| <u>Variable lease cost</u> | \$ 280 | \$ 260 | \$ 230 |
| <u>Less than</u> | | | |
| <u>Leases</u> | | | |
| <u>Typical period of primary lease term for operating lease, build-to-suit, maximum</u> | 15 years | | |

| Leases - Lease liabilities (Details) \$ in Thousands | 12 Months Ended Jan. 28, 2022 USD (\$) |
|---------------------------------------------------------------------|-------------------------------------------------------|
| <u>Leases</u> | |
| <u>2022</u> | \$ 1,529,978 |
| <u>2023</u> | 1,477,694 |
| <u>2024</u> | 1,407,824 |
| <u>2025</u> | 1,295,775 |
| <u>2026</u> | 1,166,717 |
| <u>Thereafter</u> | 5,063,197 |
| <u>Total lease payments (a)</u> | 11,941,185 |
| <u>Less imputed interest</u> | (1,866,917) |
| <u>Present value of lease liabilities</u> | 10,074,268 |
| <u>Future minimum lease payments for leases not yet commenced</u> | \$ 700,000 |

| Current and long-term obligations (Details) - USD (\$) \$ in Thousands | 12 Months Ended | Jan. 29, 2021 | Apr. 03, 2020 |
|-----------------------------------------------------------------------------------------------------|------------------------|----------------------|----------------------|
| | Jan. 28, 2022 | | |
| <u>Current and long-term obligations</u> | | | |
| <u>Debt issuance costs, net</u> | \$ (24,652) | \$ (26,150) | |
| <u>Current and long-term obligations</u> | 4,172,068 | 4,130,975 | |
| <u>Scheduled debt maturities</u> | | | |
| <u>2022</u> | 61,774 | | |
| <u>2023</u> | 906,564 | | |
| <u>2024</u> | 6,714 | | |
| <u>2025</u> | 506,263 | | |
| <u>2026</u> | 6,437 | | |
| <u>Thereafter</u> | \$ 2,726,074 | | |
| <u>LIBOR loans</u> | | | |
| <u>Current and long-term obligations</u> | | | |
| <u>Variable rate basis</u> | LIBOR | | |
| <u>Spread on variable rate (as a percent)</u> | 1.015% | | |
| <u>Base-rate loans</u> | | | |
| <u>Current and long-term obligations</u> | | | |
| <u>Variable rate basis</u> | base-rate | | |
| <u>Spread on variable rate (as a percent)</u> | 0.015% | | |
| <u>Senior unsecured credit facility, Revolving Facility</u> | | | |
| <u>Current and long-term obligations</u> | | | |
| <u>Current and long-term obligations</u> | \$ 0 | | |
| <u>Maximum financing under credit agreements</u> | \$ 2,000,000 | | |
| <u>Facility fee rate</u> | 0.11% | | |
| <u>Borrowing availability under credit facility</u> | \$ 2,000,000 | | |
| <u>Borrowing availability except for amount reserved for commercial paper program</u> | 1,760,000 | | |
| <u>Senior unsecured credit facility, Revolving Facility Letters of credit</u> | | | |
| <u>Current and long-term obligations</u> | | | |
| <u>Maximum financing under credit agreements</u> | 100,000 | | |
| <u>Letters of credit outstanding</u> | \$ 1,900 | | |
| <u>Senior notes</u> | | | |
| <u>Current and long-term obligations</u> | | | |
| <u>Redemption price as a percentage of principal amount</u> | 101.00% | | |
| <u>3.25% Senior Notes due April 15, 2023</u> | | | |
| <u>Current and long-term obligations</u> | | | |
| <u>Current and long-term obligations</u> | \$ 899,681 | 899,417 | |
| <u>Credit facility term</u> | 10 years | | |
| <u>Discount on debt issuance</u> | \$ 319 | \$ 583 | |
| <u>Stated interest rate (as a percent)</u> | 3.25% | 3.25% | |
| <u>4.150% Senior Notes due Nov 1, 2025</u> | | | |

Current and long-term obligations

| | | |
|--------------------------------------------|------------|------------|
| <u>Current and long-term obligations</u> | \$ 499,668 | \$ 499,588 |
| <u>Discount on debt issuance</u> | \$ 332 | \$ 412 |
| <u>Stated interest rate (as a percent)</u> | 4.15% | 4.15% |

3.875% Senior Notes due April 15, 2027

Current and long-term obligations

| | | |
|--------------------------------------------|------------|------------|
| <u>Current and long-term obligations</u> | \$ 599,749 | \$ 599,706 |
| <u>Discount on debt issuance</u> | \$ 251 | \$ 294 |
| <u>Stated interest rate (as a percent)</u> | 3.875% | 3.875% |

4.125% Senior Notes due May 1, 2028

Current and long-term obligations

| | | |
|--------------------------------------------|------------|------------|
| <u>Current and long-term obligations</u> | \$ 499,664 | \$ 499,617 |
| <u>Discount on debt issuance</u> | \$ 336 | \$ 383 |
| <u>Stated interest rate (as a percent)</u> | 4.125% | 4.125% |

Senior Notes Due 2030 And 2050

Current and long-term obligations

| | | | |
|-------------------------|--|--|-----------|
| <u>Debt issue costs</u> | | | \$ 13,600 |
|-------------------------|--|--|-----------|

3.500% Senior Notes due April 3, 2030

Current and long-term obligations

| | | | |
|--------------------------------------------|------------|------------|--------------|
| <u>Current and long-term obligations</u> | \$ 988,990 | \$ 999,377 | |
| <u>Discount on debt issuance</u> | \$ 564 | \$ 623 | 700 |
| <u>Amount borrowed</u> | | | \$ 1,000,000 |
| <u>Stated interest rate (as a percent)</u> | 3.50% | 3.50% | 3.50% |

4.125% Senior Notes due April 3, 2050

Current and long-term obligations

| | | | |
|--------------------------------------------|------------|------------|------------|
| <u>Current and long-term obligations</u> | \$ 495,143 | \$ 495,055 | |
| <u>Discount on debt issuance</u> | \$ 4,857 | \$ 4,945 | \$ 5,000 |
| <u>Amount borrowed</u> | | | \$ 500,000 |
| <u>Stated interest rate (as a percent)</u> | 4.125% | 4.125% | 4.125% |

Unsecured commercial paper notes

Current and long-term obligations

| | | | |
|-------------------------------------------|--------------|--|--|
| <u>Current and long-term obligations</u> | \$ 54,300 | | |
| <u>Maximum maturity</u> | 364 days | | |
| <u>Maximum aggregate borrowing amount</u> | \$ 2,000,000 | | |

Unsecured commercial paper notes | Wholly-owned subsidiary

Current and long-term obligations

| | | | |
|------------------------------------------|---------|--|--|
| <u>Current and long-term obligations</u> | 181,000 | | |
| <u>Other</u> | | | |

Current and long-term obligations

| | | | |
|------------------------------------------|---------|------------|--|
| <u>Current and long-term obligations</u> | 159,525 | \$ 164,365 | |
|------------------------------------------|---------|------------|--|

Letter Of Credit Outside Of Revolving Facility

Current and long-term obligations

| | | | |
|--------------------------------------|-----------|--|--|
| <u>Letters of credit outstanding</u> | \$ 48,600 | | |
|--------------------------------------|-----------|--|--|

**Assets and liabilities
measured at fair value
(Details) - USD (\$)
\$ in Thousands**

**Jan. 28, Jan. 29,
2022 2021**

Liabilities:

Current and long-term obligations

\$ \$
4,172,068 4,130,975

Reported amount | Long-term obligations

Liabilities:

Long-term obligations

4,172,068

Reported amount | Accrued expenses and other current liabilities

Liabilities:

Deferred compensation

2,435

Reported amount | Noncurrent Other liabilities

Liabilities:

Deferred compensation

41,574

Fair value measurements on recurring basis | Balance at the end of the period

Liabilities:

Long-term obligations

4,442,986

Deferred compensation

44,009

Fair value measurements on recurring basis | Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)

Liabilities:

Long-term obligations

4,229,161

Deferred compensation

44,009

Fair value measurements on recurring basis | Significant Other Observable Inputs (Level 2)

Liabilities:

Long-term obligations

\$ 213,825

**Commitments and
contingencies - Legal
proceedings (Details)
\$ in Millions**

**Jan. 31, 2020
USD (\$)**

Pending litigation

Legal proceedings

Expected possible loss

\$ 31.0

Benefit plans (Details) - USD
(\$)
\$ in Millions

12 Months Ended

Jan. 28, **Jan. 29,** **Jan. 31,**
2022 **2021** **2020**

Benefit plans

Matching contribution expense related to the Company's 401(k) plan \$ 34.0 \$ 30.1 \$ 25.0

Compensation expense for the Dollar General Corporation CDP/SERP Plan \$ 1.3 \$ 0.9 \$ 0.8

| Share-based payments (Details) - USD (\$) \$ / shares in Units, \$ in Thousands | 12 Months Ended | | |
|-------------------------------------------------------------------------------------------|------------------------------|-----------------------------|-----------------------------|
| | Jan. 28, 2022 | Jan. 29, 2021 | Jan. 31, 2020 |
| <u>Share-based payments</u> | | | |
| <u>Number of shares of common stock authorized for grant</u> | 11,838,143 | | |
| <u>Share-based compensation expense</u> | | | |
| <u>Pre-tax</u> | \$ 78,178 | \$ 68,609 | \$ 48,589 |
| <u>Net of tax</u> | 57,774 | \$ 50,702 | \$ 36,393 |
| <u>Total unrecognized compensation cost</u> | \$ 87,400 | | |
| <u>Expected weighted average expense recognition period (in years)</u> | 1 year 9 months 18 days | | |
| <u>Employees</u> | | | |
| <u>Share-based payments</u> | | | |
| <u>Vesting period</u> | 4 years | | |
| <u>Board members</u> | | | |
| <u>Share-based payments</u> | | | |
| <u>Vesting period</u> | 1 year | | |
| <u>Stock options</u> | | | |
| <u>Weighted average for key assumptions used in determining the fair value</u> | | | |
| <u>Expected dividend yield (as a percent)</u> | 0.90% | 0.90% | 1.10% |
| <u>Expected stock price volatility (as a percent)</u> | 26.50% | 26.40% | 25.30% |
| <u>Weighted average risk-free interest rate (as a percent)</u> | 0.80% | 0.70% | 2.30% |
| <u>Expected term of options</u> | 4 years 10 months 24 days | 5 years 2 months 12 days | 6 years 2 months 12 days |
| <u>Options Issued</u> | | | |
| <u>Balance at the beginning of the period (in shares)</u> | 2,911,540 | | |
| <u>Granted (in shares)</u> | 607,213 | | |
| <u>Exercise of share-based awards (in shares)</u> | (1,042,403) | | |
| <u>Canceled (in shares)</u> | (128,840) | | |
| <u>Balance, at the end of the period (in shares)</u> | 2,347,510 | 2,911,540 | |
| <u>Exercisable at the end of the period (in shares)</u> | 942,531 | | |
| <u>Average Exercise Price</u> | | | |
| <u>Balance at the beginning of the period (in dollars per share)</u> | \$ 104.69 | | |
| <u>Granted (in dollars per share)</u> | 195.34 | | |
| <u>Exercised (in dollars per share)</u> | 86.81 | | |
| <u>Canceled (in dollars per share)</u> | 149.42 | | |
| <u>Balance at the end of the period (in dollars per share)</u> | 133.62 | \$ 104.69 | |
| <u>Exercisable at the end of the period (in dollars per share)</u> | \$ 95.10 | | |
| <u>Remaining Contractual Term</u> | | | |

| | | | |
|---------------------------------------------------------------------------------------|--------------------------|------------|-----------|
| <u>Balance, at the end of the period</u> | 7 years 1 month 6 days | | |
| <u>Exercisable at the end of the period</u> | 5 years 4 months 24 days | | |
| <u>Intrinsic Value</u> | | | |
| <u>Balance at the end of the period</u> | \$ 166,856 | | |
| <u>Exercisable at the end of the period</u> | \$ 102,992 | | |
| <u>Weighted average grant date fair value (in dollars per share)</u> | \$ 42.89 | \$ 34.60 | \$ 30.67 |
| <u>Intrinsic value of options exercised</u> | \$ 132,300 | \$ 116,100 | \$ 26,600 |
| <u>Share-based compensation expense</u> | | | |
| <u>Pre-tax</u> | 21,452 | 19,933 | 16,128 |
| <u>Net of tax</u> | \$ 15,853 | \$ 14,730 | \$ 12,080 |
| <u>Performance Stock Units</u> | | | |
| <u>Share-based payments</u> | | | |
| <u>Vesting period</u> | 3 years | | |
| <u>Weighted average grant date fair value of awards issued (in dollars per share)</u> | \$ 193.55 | \$ 154.53 | \$ 117.13 |
| <u>Intrinsic Value</u> | | | |
| <u>Balance at the end of the period</u> | \$ 68,909 | | |
| <u>Units Issued</u> | | | |
| <u>Awards outstanding at the beginning of the period (in shares or rights)</u> | 367,053 | | |
| <u>Granted (in shares or rights)</u> | 183,355 | | |
| <u>Converted to common stock (in shares or rights)</u> | (199,309) | | |
| <u>Canceled (in shares or rights)</u> | (13,856) | | |
| <u>Awards outstanding at the end of the period (in shares or rights)</u> | 337,243 | 367,053 | |
| <u>Share-based compensation expense</u> | | | |
| <u>Pre-tax</u> | \$ 33,234 | \$ 27,388 | \$ 13,343 |
| <u>Net of tax</u> | \$ 24,560 | \$ 20,240 | \$ 9,994 |
| <u>Performance Stock Units Minimum</u> | | | |
| <u>Share-based payments</u> | | | |
| <u>Performance period</u> | 1 year | | |
| <u>Performance Stock Units Less than</u> | | | |
| <u>Share-based payments</u> | | | |
| <u>Performance period</u> | 3 years | | |
| <u>Restricted Stock Units</u> | | | |
| <u>Share-based payments</u> | | | |
| <u>Weighted average grant date fair value of awards issued (in dollars per share)</u> | \$ 193.76 | \$ 155.73 | \$ 117.20 |
| <u>Intrinsic Value</u> | | | |
| <u>Balance at the end of the period</u> | \$ 62,753 | | |
| <u>Units Issued</u> | | | |

| | | | |
|--------------------------------------------------------------------------------|-----------|-----------|-----------|
| <u>Awards outstanding at the beginning of the period (in shares or rights)</u> | 369,871 | | |
| <u>Granted (in shares or rights)</u> | 165,701 | | |
| <u>Converted to common stock (in shares or rights)</u> | (177,277) | | |
| <u>Canceled (in shares or rights)</u> | (51,177) | | |
| <u>Awards outstanding at the end of the period (in shares or rights)</u> | 307,118 | 369,871 | |
| <u>Share-based compensation expense</u> | | | |
| <u>Pre-tax</u> | \$ 23,492 | \$ 21,288 | \$ 19,118 |
| <u>Net of tax</u> | \$ 17,361 | \$ 15,732 | \$ 14,319 |
| <u>Restricted Stock Units Employees</u> | | | |
| <u>Share-based payments</u> | | | |
| <u>Vesting period</u> | 3 years | | |

| Segment reporting (Details) \$ in Thousands | 12 Months Ended | | |
|--------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | Jan. 28, 2022 USD (\$) segment | Jan. 29, 2021 USD (\$) segment | Jan. 31, 2020 USD (\$) segment |
| <u>Net sales data for classes of similar products</u> | | | |
| <u>Net sales</u> | \$ 34,220,449 | \$ 33,746,839 | \$ 27,753,973 |
| <u>Number of reportable segments</u> | | | |
| <u>Number of reportable operating segments segment</u> | 1 | 1 | 1 |
| <u>Consumables</u> | | | |
| <u>Net sales data for classes of similar products</u> | | | |
| <u>Net sales</u> | \$ 26,258,605 | \$ 25,906,685 | \$ 21,635,890 |
| <u>Seasonal</u> | | | |
| <u>Net sales data for classes of similar products</u> | | | |
| <u>Net sales</u> | 4,182,165 | 4,083,650 | 3,258,874 |
| <u>Home products</u> | | | |
| <u>Net sales data for classes of similar products</u> | | | |
| <u>Net sales</u> | 2,322,367 | 2,209,950 | 1,611,899 |
| <u>Apparel</u> | | | |
| <u>Net sales data for classes of similar products</u> | | | |
| <u>Net sales</u> | \$ 1,457,312 | \$ 1,546,554 | \$ 1,247,310 |

| Common stock transactions (Details) - USD (\$) \$ / shares in Units, shares in Thousands, \$ in Thousands | Mar. 16, 2022 | Dec. 21, 2021 | 3 Months Ended | | | | 12 Months Ended | | |
|--------------------------------------------------------------------------------------------------------------------|---------------------|------------------|---------------------|---------------------|---------------------|---------------------|------------------|------------------|------------------|
| | | | Jan. 28, 2022 | Oct. 29, 2021 | Jul. 30, 2021 | Apr. 30, 2021 | Jan. 28, 2022 | Jan. 29, 2021 | Jan. 31, 2020 |
| <u>Common stock transactions</u> | | | | | | | | | |
| <u>Aggregate purchase price</u> | | | | | | | \$ | \$ | \$ |
| | | | | | | | 2,549,669 | 2,466,434 | 1,200,376 |
| <u>Cash dividend paid (in dollars per share)</u> | | | \$ 0.42 | \$ 0.42 | \$ 0.42 | \$ 0.42 | \$ 1.68 | \$ 1.44 | \$ 1.28 |
| <u>Subsequent event</u> | | | | | | | | | |
| <u>Common stock transactions</u> | | | | | | | | | |
| <u>Cash dividend declared (in dollars per share)</u> | \$ 0.55 | | | | | | | | |
| <u>Common Stock</u> | | | | | | | | | |
| <u>Common stock transactions</u> | | | | | | | | | |
| <u>Shares acquired under share repurchase program</u> | | | | | | | 12,058 | 12,297 | 8,252 |
| <u>Aggregate purchase price</u> | | | | | | | \$ 10,551 | \$ 10,760 | \$ 7,221 |
| <u>Common Stock Pursuant to Authorized Repurchase Program</u> | | | | | | | | | |
| <u>Common stock transactions</u> | | | | | | | | | |
| <u>Common stock repurchase program, increase in the authorized amount</u> | | \$ | 2,000,000 | | | | | | |
| <u>Common stock repurchase authorization</u> | | \$ | 14,000,000 | | | | | | |
| <u>Shares acquired under share repurchase program</u> | | | | | | | 12,100 | 12,300 | 8,300 |
| <u>Aggregate purchase price</u> | | | | | | | \$ | \$ | \$ |
| | | | | | | | 2,500,000 | 2,500,000 | 1,200,000 |

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods used to collect and analyze data. It includes a detailed description of the sampling process and the statistical techniques employed to ensure the reliability of the results.

3. The third part of the document presents the findings of the study. It shows that there is a significant correlation between the variables being studied, and that the results are consistent across different groups and time periods.

4. The fourth part of the document discusses the implications of the findings and provides recommendations for future research. It suggests that further studies should be conducted to explore the underlying causes of the observed trends and to develop effective strategies to address them.

5. The fifth part of the document concludes the study and summarizes the key points. It reiterates the importance of accurate record-keeping and the need for ongoing monitoring and evaluation of the system.

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5. The fifth part of the document provides a conclusion and summarizes the main points of the study. It reiterates the importance of accurate record-keeping and the need for ongoing research in this area.

