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DOLLAR GENERAL CORP  
Form 8-K  
August 29, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): August 28, 2002

Dollar General Corporation

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(Exact Name of Registrant as Specified in Charter)

Tennessee	001-11421	61-0502302
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

100 Mission Ridge Goodlettsville, Tennessee	37072
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(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (615) 855-4000  
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(Former name or former address, if changed since last report)

ITEM 9. REGULATION FD DISCLOSURE

On August 28, 2002, Dollar General Corporation (the "Company") issued a news release with respect to its earnings for the second quarter of fiscal year 2002, ending August 2, 2002. The Company is filing this 8-K pursuant to the Securities and Exchange Commission's Regulation FD. A copy of the news release is attached hereto and is incorporated by reference as Exhibit 99.1.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the

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undersigned thereunto duly authorized.

Dollar General Corporation  
(Registrant)

August 28, 2002

By: /s/ Susan S. Lanigan

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Susan S. Lanigan  
Vice President, General Counsel and  
Corporate Secretary

Exhibit Index

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Exhibit No.	Item
99.1	News release of August 28, 2002

Exhibit 99.1

Investor Contact:  
Emma Jo Kauffman  
615-855-5525

Media Contact:  
Andrea Turner  
615-855-5209

DOLLAR GENERAL REPORTS INCREASED SALES AND EARNINGS FOR THE SECOND QUARTER OF 2002

GOODLETTSVILLE, Tennessee - August 28, 2002 - Dollar General Corporation (NYSE: DG) today reported net income for the second quarter of fiscal 2002 of \$42.4 million, or \$0.13 per diluted share, an increase of 56.3 percent compared to \$27.1 million, or \$0.08 per diluted share, in the second quarter of fiscal 2001. In the second quarter of 2002, the Company recorded approximately \$5.2 million of restatement-related pre-tax income, primarily from insurance proceeds. In the second quarter of 2001, the Company incurred restatement-related expenses of \$8.7 million. Excluding the restatement-related items from both years, net income during the current year second quarter increased 20.0 percent to \$39.1 million, or \$0.12 per diluted share, compared to net income of \$32.6 million, or \$0.10 per diluted share, in the comparable prior year quarter.

Net sales during the second quarter increased 18.6 percent to \$1.45 billion compared to \$1.23 billion in the second quarter of 2001. The increase resulted primarily from 563 net new stores and a same-store sales increase of 9.6 percent. Gross profit during the quarter was \$387.4 million, or 26.7 percent of sales versus \$331.3 million, or 27.0 percent of sales during the comparable period in the prior year. Excluding the restatement-related items noted above, S,G&A expenses for the quarter were \$314.4 million, or 21.6 percent of sales, in the current year, versus \$267.4 million, or 21.8 percent of sales, in the prior year.

Net income for the 26-week year-to-date period was \$88.3 million in fiscal 2002, or \$0.26 per diluted share, compared to \$63.3 million, or \$0.19 per diluted share, in the second quarter of fiscal 2001. Excluding net restatement-related items from both years, year-to-date net income increased 28.1 percent to \$88.4 million, or \$0.26 per diluted share, in fiscal 2002 compared to net income of \$69.0 million, or \$0.21 per diluted share, in the comparable prior year period. Year-to-date net sales increased 17.1 percent, including a same-store sales increase of 8.1 percent.

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"Dollar General's strong same-store sales clearly reflect our management team's progress in improved store readiness for our customers," said Cal Turner, Chairman and CEO. "Of special pride to me is our improvement in inventory management and cash flow."

In July and August of 2002, Mr. Turner made voluntary payments to the Company totaling approximately \$6.8 million in cash. Of such amount, approximately \$6.0 million represented the value on April 10, 2002, of stock Mr. Turner acquired on April 7, 1999 and April 20, 2000 upon the exercise of stock options (net of the strike price of such options), which stock Mr. Turner continues to own, and approximately \$800,000 represented the value of performance-based bonuses received by Mr. Turner in April 1999 and April 2000. Mr. Turner voluntarily paid such amounts to the Company because the options vested and the performance bonuses were paid based on performance measures that were attained under the Company's originally reported financial results for the period covered by the Company's restatement. Those measures would not have been attained under the restated results. Mr. Turner said, "I am making these payments voluntarily with the complete conviction that it is the right thing to do."

In addition, Cal Turner, Chairman and CEO, and Jim Hagan, Executive Vice President and CFO, have today signed and submitted to the U.S. Securities and Exchange Commission ("SEC") sworn certifications with regard to the Company's fiscal 2001 annual report, subsequent proxy materials, reports on form 8-K, and the Company's fiscal 2002 first and second quarter reports filed with the SEC.

As of August 2, 2002, Dollar General operated 5,891 neighborhood stores in 27 states with distribution centers in Florida, Kentucky, Mississippi, Missouri, Ohio, Oklahoma and Virginia.

This press release contains historical and forward-looking information. The words "believe," "anticipate," "project," "plan," "expect," "estimate," "objective," "forecast," "goal," "intend," "will likely result," or "will continue" and similar expressions identify forward-looking statements. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The Company believes the assumptions underlying these forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in the

forward-looking statements. The factors that may result in actual results differing from such forward-looking information include, but are not limited to: the Company's ability to maintain adequate liquidity through its cash resources and credit facilities; the Company's ability to comply with the terms of the Company's credit facilities (or obtain waivers for non-compliance); general transportation and distribution delays or interruptions; inventory risks due to shifts in market demand; changes in product mix; interruptions in suppliers' businesses; fuel price and interest rate fluctuations; a deterioration in general economic conditions caused by acts of war or terrorism; temporary changes in demand due to weather patterns; delays associated with building, opening and operating new stores; and the impact of the SEC inquiry related to the restatement of the Company's financial statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. The Company undertakes no obligation to publicly update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this release or to reflect the occurrence of unanticipated events.

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DOLLAR GENERAL CORPORATION AND SUBSIDIARIES  
Selected Additional Information

Sales by Category (in thousands)  
(Unaudited)

	Quarter Ended			August 2, 2002
	August 2, 2002	August 3, 2001	% Change	
Highly consumable	\$ 892,507	\$ 737,778	21.0%	\$ 1,743,744
Hardware and seasonal	226,328	185,082	22.3%	431,091
Basic clothing	146,620	131,200	11.8%	288,921
Home products	188,272	171,194	10.0%	379,383
Total sales	\$1,453,727	\$ 1,225,254	18.6%	\$ 2,843,139

New Store Activity for the 26 Weeks Ended  
(Unaudited)

	26 Weeks Ended August 2, 2002
Beginning store count	5,540
New store openings	372
Store closings	21
Net new stores	351
Ending store count	5,891
Total selling square footage	39,760

Customer Transaction Data  
(Unaudited)

	Quarter Ended		
	August 2, 2002	August 3, 2001	August 200
Same-store customer transactions	7.6%	4.5%	6.5%
Average customer transaction	\$8.33	\$8.17	\$8.3

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DOLLAR GENERAL CORPORATION AND SUBSIDIARIES  
Condensed Consolidated Balance Sheets  
(In thousands)

	August 2, 2002 (Unaudited)	February 2002
	-----	-----
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents.....	\$ 39,517	\$ 26
Merchandise inventories.....	1,058,200	1,13
Deferred income taxes.....	25,552	10
Income taxes receivable.....	55,573	
Other current assets.....	65,263	5
	-----	-----
Total current assets.....	1,244,105	1,55
	-----	-----
Property and equipment, at cost.....	1,547,346	1,47
Less accumulated depreciation and amortization.....	548,073	48
	-----	-----
Net property and equipment.....	999,273	98
	-----	-----
Other assets.....	21,851	
	-----	-----
Total assets.....	\$ 2,265,229	\$ 2,55
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term obligations.....	\$ 15,132	\$ 39
Accounts payable.....	346,786	32
Accrued expenses and other.....	219,220	25
Litigation settlement payable.....	-	16
	-----	-----
Total current liabilities.....	581,138	1,13
	-----	-----
Long-term obligations.....	506,707	33
Deferred income taxes.....	46,030	3
	-----	-----
Shareholders' equity:		
Preferred stock.....	-	16
Common stock.....	166,670	30
Additional paid-in capital.....	312,589	57
Retained earnings.....	656,894	(
Accumulated other comprehensive loss.....	(2,012)	(
	-----	-----
	1,134,141	1,04
Less other shareholders' equity.....	2,787	
	-----	-----
Total shareholders' equity.....	1,131,354	1,04
	-----	-----
Total liabilities and shareholders' equity.....	\$ 2,265,229	\$ 2,55
	=====	=====

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DOLLAR GENERAL CORPORATION AND  
Condensed Consolidated Statements of  
(Amounts in thousands except per

	13 Weeks Ended	
	August 2, 2002	% of Net Sales
Net sales .....	\$ 1,453,727	100.0%
Cost of goods sold .....	1,066,300	73.3
	-----	-----
Gross profit .....	387,427	26.7
Selling, general and administrative expenses .....	313,667	21.6
Insurance proceeds .....	(4,500)	(0.3)
	-----	-----
Operating profit .....	78,260	5.4
Interest expense .....	11,337	0.8
	-----	-----
Income before income taxes .....	66,923	4.6
Provision for income taxes .....	24,561	1.7
	-----	-----
Net income .....	\$ 42,362	2.9%
	=====	=====
Earnings per share:		
Basic .....	\$ 0.13	
	=====	
Diluted .....	\$ 0.13	
	=====	
Weighted average shares:		
Basic .....	333,067	
	=====	
Diluted .....	335,737	
	=====	
Dividends per share .....	\$ .032	
	=====	

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES  
Condensed Consolidated Statements of Income (Unaudited)  
(Amounts in thousands except per share amounts)

	26 Weeks Ended			
	August 2, 2002	% of Net Sales	August 3, 2001	%
Net sales.....	\$ 2,843,139	100.0%	\$ 2,427,758	
Cost of goods sold.....	2,075,420	73.0	1,775,050	
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Gross profit.....	767,719	27.0	652,708
Selling, general and administrative expense.....	610,971	21.5	528,059
Insurance proceeds.....	(4,500)	(0.2)	--
Operating profit.....	161,248	5.7	124,649
Interest expense.....	21,769	0.8	23,557
Income before income taxes.....	139,479	4.9	101,092
Provision for taxes on income.....	51,189	1.8	37,759
Net income.....	\$ 88,290	3.1%	\$ 63,333
Earnings per share:			
Basic.....	\$ 0.27		\$ 0.19
Diluted.....	\$ 0.26		\$ 0.19
Weighted average shares:			
Basic.....	332,866		331,959
Diluted.....	335,286		335,293
Dividends per share.....	\$ .064		\$ .064

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES  
Condensed Consolidated Statements of Cash Flows (Unaudited)  
(In thousands)

	26 Weeks Ended	
	August 2, 2002	Aug
Cash flows from operating activities:		
Net income	\$ 88,290	\$
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	66,019	
Deferred income taxes	87,296	
Tax benefit from stock option exercises	2,120	
Litigation settlement	(162,000)	
Change in operating assets and liabilities:		
Merchandise inventories	72,823	
Other current assets	(13,675)	
Accounts payable	24,323	
Accrued expenses and other	(11,206)	
Income taxes	(59,464)	
Other	(13,914)	
Net cash provided by operating activities	80,612	

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Cash flows from investing activities:		
Purchase of property and equipment	(70,445)	
Proceeds from sale of property and equipment	127	
	-----	
Net cash used in investing activities	(70,318)	
	-----	
Cash flows from financing activities:		
Net borrowings under revolving credit facilities	170,000	
Repayments of long-term obligations	(389,561)	
Payments of cash dividends	(21,307)	
Proceeds from exercise of stock options	4,509	
Other financing activities	4,057	
	-----	
Net cash used in financing activities	(232,302)	
	-----	
Net decrease in cash and cash equivalents	(222,008)	
Cash and cash equivalents, beginning of period	261,525	
	-----	
Cash and cash equivalents, end of period	\$ 39,517	\$
	=====	=====
Supplemental schedule of noncash investing and financing activities -		
Purchase of property and equipment under capital lease obligations	\$ 6,233	\$
	=====	=====

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