Dollar General Reports Increased Sales and Earnings for the 39-Week Period

GOODLETTSVILLE, Tennessee - January 14, 2002 - Dollar General Corporation (NYSE: DG) today reported that net income for the 39-week period ended November 2, 2001, increased 7.1 percent to $110.1 million, or $0.33 per diluted share, compared with $102.8 million, or $0.31 per diluted share, for the 39-week period ended October 27, 2000.

"Despite the demands of the restatement process, our results year-to-date reflect our employees' dedication to serving our customers and operating our stores well. Our 39-week period same-store sales increase of 7.6 percent is a result of better in-stocks of consumable basic merchandise, more effective merchandise flow and a better presentation of seasonal merchandise resulting from last year's store layout changes," said Cal Turner, Chairman and CEO. "In addition to generating strong sales increases, this year we have:

- installed new satellite technology in approximately 2,500 stores and new registers in approximately 2,200 stores to improve the quality and consistency of data transmission;
- established UPC inventories in approximately 500 stores, positioning the foundation for better store inventory management;
- opened a new distribution center in April in Zanesville, Ohio which now serves approximately 740 stores;
- created a B2B website to communicate with suppliers and transportation providers, improving product flow and distribution center in-stock levels;
- begun a process to sell through aged inventory and improve inventory turn.

Our strategy is right; our niche is compelling, especially in the current economic environment; and our employees are more excited than ever about our prospects."

Total sales for the 39-weeks ended November 2, 2001, increased 20.2 percent to $3.74 billion from $3.11 billion for the 39-week period ended October 27, 2000. For the 39-week calendar period ended November 2, 2001, same-store sales increased 7.6 percent. As of November 2, 2001, the Company had opened 523 new stores and closed 38 stores.

Gross profit increased 18.6 percent to $1.03 billion, or 27.7 percent of sales, compared with $0.87 billion, or 28.0 percent of sales, in the prior year. The reduction in gross margin was due in part to the continued shift in the Company's sales to lower margin consumable basic items.

Selling, General and Administrative Expenses ("SG&A") were $823.2 million, or 22.0 percent of sales, versus $672.3 million, or 21.6 percent of sales, during the comparable period in the prior year, an increase of 22.4 percent. The Company recorded $18.3 million in expenses, primarily professional fees, in the current year period related to the restatement of certain previously released financial data. Excluding the restatement related expenses, SG&A would have been $804.9 million, or 21.5 percent of sales, an increase of 19.7 percent over the prior year.

Interest expense decreased 1.4 percent to $35.0 million, or 1.0 percent of sales, compared with $35.5 million, or 1.1 percent of sales, in the prior year.

The Company's effective tax rate was 37.4 percent in the current year period and 37.3 percent in the prior year period.

Net income, including restatement-related expenses, increased 7.1 percent to $110.1 million, or $0.33 per diluted share compared with $102.8 million, or $0.31 per diluted share during the comparable period in the prior year. Excluding restatement-related expenses, net income for the 39-week period ended November 2, 2001, increased 18.2 percent to $121.5 million, or $0.36 per diluted share.

LIFO merchandise inventories increased 12.7 percent to $1.25 billion at November 2, 2001, from $1.11 billion at October 28, 2000.

Dollar General currently operates approximately 5,550 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, including its ability to refinance or replace such facilities on favorable terms at the maturity thereof; 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; the results of the Company's restatement and audit process; and the impact of the litigation and regulatory proceedings related to the restatement of the Company's financial statements, including the funding of the settlement of such litigation and the risk that the conditions to the effectiveness of such settlements, including the results of the plaintiffs' confirmatory discovery and the approval by the courts, may not be realized.

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.

DOLLAR GENERAL CORPORATION
UNAUDITED INCOME STATEMENTS
(000's)

	---For the First Quarter Ended---		
		(restated)	(restated)
		April 28,	April 30,
	May 4, 2001	2000	1999
Sales	$1,202,504	$997,079	$844,593
Cost of Sales	881,079	727,672	615,397
Gross Margin	321,425	269,407	229,196
Selling, General & Administrative Expense	251,990	213,341	173,990
Operating Income	69,435	56,066	55,206
Interest Expense	11,600	9,263	4,540
Pre-Tax Income	57,835	46,803	50,666
Taxes	21,602	17,468	18,590
Net Income	$36,233	$29,335	$32,076
Diluted earnings per share	$0.11	$0.09	$0.10
Weighted average diluted shares	335,184	334,293	337,309

	---For the Second Quarter Ended---		
		(restated)	(restated)
	August 3,	July 28,	July 30,
	2001	2000	1999
Sales	$1,225,254	$1,017,418	$915,210
Cost of Sales	893,971	733,368	665,292
Gross Margin	331,283	284,050	249,918
Selling, General & Administrative Expense	276,069	226,988	188,388
Operating Income	55,214	57,062	61,530
Interest Expense	11,957	12,732	6,254
Pre-Tax Income	43,257	44,330	55,276
Taxes	16,157	16,544	20,257
Net Income	$27,100	$27,786	$35,019
Diluted earnings per share	$0.08	$0.08	$0.10
Weighted average diluted shares	335,402	333,038	339,615

---For the Third Quarter Ended---

	November 2, 2001	(restated) October 27, 2000	(restated) October 29, 1999
Sales	$1,309,125	$1,094,360	$950,419
Cost of Sales	927,944	776,016	675,449
Gross Margin	381,181	318,344	274,970
Selling, General & Administrative Expense	295,103	231,933	198,507
Operating Income	86,078	86,411	76,463
Interest Expense	11,480	13,537	8,312
Pre-Tax Income	74,598	72,874	68,151
Taxes	27,861	27,198	24,976
Net Income	$46,737	$45,676	$43,175
Diluted earnings per share	$0.14	$0.14	$0.13
Weighted average diluted shares	334,857	334,097	338,390

	---For the Year-To-date Ended---		
	November 2, 2001	(restated) October 27, 2000	(restated) October 29, 1999
Sales	$3,736,883	$3,108,857	$2,710,222
Cost of Sales	2,702,994	2,237,056	1,956,138
Gross Margin	1,033,889	871,801	754,084
Selling, General & Administrative Expense	823,162	672,262	560,885
Operating Income	210,727	199,539	193,199
Interest Expense	35,037	35,532	19,106
Pre-Tax Income	175,690	164,007	174,093
Taxes	65,620	61,210	63,823
Net Income	$110,070	$102,797	$110,270
Diluted earnings per share	$0.33	$0.31	$0.33
Weighted average diluted shares	335,148	333,809	338,438

DOLLAR GENERAL CORPORATION
BALANCE SHEETS
($000's)

	(unaudited) November 2 2001	February 2 2001
Assets		
Current Assets:		
Cash and cash equivalents	$74,819	$162,310
Merchandise inventories	1,133,215	896,235
Deferred income taxes	90,307	21,514
Other current assets	48,600	44,868
TOTAL CURRENT ASSETS	1,346,941	1,124,927
Property & equipment, at cost	1,454,268	1,339,554
Less: Accumulated depreciation	456,478	366,460
	997,790	973,094

Merchandise inventories	116,000	116,000
Other assets, net	8,535	68,441
TOTAL ASSETS	$2,469,266	$2,282,462
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Liabilities & Shareholders' Equity		
Current Liabilities		
Current portion of long-term obligations	$391,089	$9,035
Accounts payable	381,843	297,262
Accrued expenses and other	223,508	214,192
Income taxes	10,492	17,446
Litigation settlement payable	162,000	0
TOTAL CURRENT LIABILITIES	1,168,932	537,935
Long-Term obligations	347,174	720,764
Litigation settlement payable	0	162,000
TOTAL LIABILITIES	1,516,106	1,420,699
Shareholders' Equity:		
Common stock	166,302	165,646
Additional paid-in capital	300,622	283,925
Accumulated other comprehensive loss	(3,552)	0
Retained earnings	492,473	414,318
Less: Common stock purchased by employee deferred compensation trust	2,685	2,126
TOTAL SHAREHOLDERS' EQUITY	953,160	861,763
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$2,469,266	$2,282,462
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DOLLAR GENERAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(000's)
(Unaudited)

	---For the 39-Weeks Ended---	
		(restated)
	November 2, 2001	**October 27, 2000**
Cash flows from operating activities:		
Net income	$110,070	$102,797
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	92,104	83,737
Deferred income taxes	(5,795)	(12,792)
Tax benefit from stock option exercises	5,243	15,021
Change in operating assets and liabilities:		
Merchandise inventories	(236,980)	(155,814)
Other Current Assets	(3,732)	2,517
Accounts payable	84,581	(45,479)
Accrued expenses and other	5,759	7,449
Income taxes	(6,954)	(14,626)
Other	(2,549)	537

Net cash provided by (used in) operating activities	41,747	(16,653)
Cash flows from investing activities:		
Purchase of property and equipment	(100,184)	(193,315)
Proceeds from sale of property and equipment	230	97,535
Net cash provided by (used in) investing activities	(99,954)	(95,780)
Cash flows from financing activities:		
Issuance of short-term borrowings	0	221,369
Repayments of short-term borrowings	0	(160,000)
Issuance of long-term obligations	0	199,584
Repayments of long-term obligations	(8,925)	(109,472)
Payments of cash dividend	(31,910)	(29,522)
Proceeds from exercise of stock options	11,557	29,239
Repurchase of common stock	0	(65,549)
Purchase of common stock for deferred compensation plan	(6)	0
Net cash provided by (used in) financing activities	(29,284)	85,649
Net decrease in cash and cash equivalents	(87,491)	(26,784)
Cash and cash equivalents beginning of period	162,310	54,742
Cash and cash equivalents end of period	$74,819	$27,958
Supplemental schedule of noncash investing and financing activities:		
Purchase of property and equipment under capital lease obligations	$17,393	$110,114

DOLLAR GENERAL CORPORATION
KEY OPERATIONAL DATA
(000's)

	---For the First Quarter Ended---		
	May 4 2001	**April 28 2000**	**% Chg**
Sales by Category:			
Highly Consumable	$721,292	$545,633	32.2%
Hardware and Seasonal	$168,804	$137,695	22.6%
Basic Clothing	$130,632	$120,910	8.0%
Home Products	$181,776	$192,841	-5.7%
TOTAL SALES	**$1,202,504**	**$997,079**	**20.6%**

	---For the Second Quarter Ended---		
	August 3 2001	**July 28 2000**	**% Chg**
Sales by Category:			
Highly Consumable	$737,778	$583,003	26.5%

Hardware and Seasonal	$185,082	$143,120	29.3%
Basic Clothing	$131,200	$120,320	9.0%
Home Products	$171,194	$170,975	0.1%
TOTAL SALES	**$1,225,254**	**$1,017,418**	**20.4%**

	---For the Third Quarter Ended---		
	November 2	**October 27**	
	2001	**2000**	**% Chg**
Sales by Category:			
Highly Consumable	$796,271	$638,372	24.7%
Hardware and Seasonal	$185,028	$148,415	24.7%
Basic Clothing	$148,617	$133,818	11.1%
Home Products	$179,209	$173,756	3.1%
TOTAL SALES	**$1,309,125**	**$1,094,361**	**19.6%**

	---For 39 Weeks Ended---		
	November 2	**October 27**	
	2001	**2000**	**% Chg**
Sales by Category:			
Highly Consumable	$2,255,342	$1,767,008	27.6%
Hardware and Seasonal	$538,913	$429,230	25.6%
Basic Clothing	$410,448	$375,048	9.4%
Home Products	$532,180	$537,571	-1.0%
TOTAL SALES	**$3,736,883**	**$3,108,857**	**20.2%**

	---For 39-Weeks Ended---	
	November 2	**October 27**
New Store Activity:	**2001**	**2000**
Beginning Store Count	5,000	4,294
New Store Openings	523	646
Store Closings	38	46
Net New Stores	485	600
Ending Store Count	5,485	4,894
Total Selling Square Footage	37.1 million	33.1 million

For the 39-weeks ended November 2, 2001, the average customer purchased approximately 6 items at a total cost of $8.25.

	1Q	2Q	3Q	YTD
Same-store Customer Transactions	5.1%	4.5%	7.0%	5.5%
Average Customer Purchase	$8.22	$8.17	$8.35	$8.25

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