DOLLAR GENERAL CORP
Form S-1/A
September 25, 2009

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As filed with the Securities and Exchange Commission on September 25, 2009

Registration No. 333-161464

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1
TO

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Dollar General Corporation

(Exact name of registrant as specified in its charter)

Tennessee	**5331**	**61-0502302**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

100 Mission Ridge
Goodlettsville, Tennessee 37072
(615) 855-4000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Susan S. Lanigan, Esq.
Executive Vice President, General Counsel
Dollar General Corporation
100 Mission Ridge
Goodlettsville, Tennessee 37072
(615) 855-4000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

Joseph H. Kaufman, Esq. **Marni J. Lerner, Esq.** Simpson Thacher & Bartlett LLP 425 Lexington Avenue New York, New York 10017-3954 (212) 455-2000	**Gary Brown, Esq.** Baker, Donelson, Bearman, Caldwell & Berkowitz, PC Commerce Center Suite 1000 211 Commerce Street Nashville, Tennessee 37201 (615) 726-5600	**Valerie Ford Jacob, Esq.** **Paul D. Tropp, Esq.** Fried, Frank, Harris, Shriver & Jacobson LLP One New York Plaza New York, New York 10004 (212) 859-8000

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

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

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

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

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

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ý (Do not check if a smaller reporting company)	Smaller reporting company o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price(1)(2)**	**Amount of Registration Fee**
Common Stock, par value $.50 per share	$750,000,000	$41,850(3)

(1) Includes shares to be sold upon exercise of the underwriters' option. See "Underwriting."

(2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(3) Previously paid.

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

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

Subject to Completion. Dated September 25, 2009.

Shares

Common Stock
$ per share

We are offering shares of our common stock and the selling shareholders named in this prospectus are offering shares. We will not receive any proceeds from the sale of the shares by the selling shareholders.

This is an initial public offering of our common stock. Since July 2007 and prior to this offering, there has been no public market for our common stock. We currently expect the initial public offering price will be between $ and $ per share. We intend to apply to list the common stock on the New York Stock Exchange under the symbol "DG."

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 11 of this prospectus to read about factors you should consider before buying shares of our common stock.

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

	Per Share	Total
Initial price to public	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Dollar General Corporation	$	$
Proceeds, before expenses, to the selling shareholders	$	$

To the extent that the underwriters sell more than shares of common stock, the underwriters have the option to purchase up to an additional shares from the selling shareholders at the initial offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on or about , 2009.

Joint Book-Running Managers

Citi **Goldman, Sachs & Co.** **KKR**

BofA Merrill Lynch **J.P. Morgan**

Co-Managers

Barclays Capital **Wells Fargo Securities** **Deutsche Bank Securities** **HSBC**

Prospectus dated , 2009.

You should rely only on the information contained in this prospectus or in any free writing prospectus that we authorize be delivered to you. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We and the underwriters are not making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information in this prospectus is accurate only as of the date on the front cover, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, prospects, financial condition and results of operations may have changed since that date.

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PROSPECTUS SUMMARY

This summary highlights significant aspects of our business and this offering, but it is not complete and does not contain all of the information that you should consider before making your investment decision. You should carefully read the entire prospectus, including the information presented under the section entitled "Risk Factors" and the historical and pro forma financial data and related notes, before making an investment decision. This summary contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in the forward-looking statements as a result of certain factors, including those set forth in "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

Our Company

We are the largest discount retailer in the United States by number of stores, with 8,577 stores located in 35 states as of July 31, 2009, primarily 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 décor and domestics, and apparel. Our merchandise includes high quality national brands from leading manufacturers, as well as comparable quality private brands 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 (small store) locations. From 1968 through the end of 2008, we grew our store base from 215 in 13 states to 8,362 in 35 states and grew our annual sales from $40 million to $10.5 billion, which represents compound annual growth rates of 9.6% and 14.9%, respectively.

Our Business Model

Our compelling value and convenience proposition has driven our same-store sales growth regardless of economic conditions. Our small-box stores (typically 7,000 square feet) and our attractive store economics lead to strong returns on investment and, we believe, provide ample opportunity for growth. These elements combine for a profitable business model with wide appeal allowing us to be successful in varied markets. The fundamentals of our model are as follows:

> *Our value and convenience proposition:* Our proposition to consumers is: "*Save time. Save money. Every day!*" We deliver on that pledge with convenient locations, a time-saving shopping experience and everyday low prices on quality basic merchandise. Our well-situated neighborhood locations drive customer loyalty and trip frequency and make us an attractive alternative to large discount and other big box (large store) retail stores.
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> *Our consistent growth:* We are now in our 20th year of consecutive annual same-store sales growth. We believe this success is driven by our necessity-weighted product mix and the strength of our value and convenience proposition, both of which attract consumers in all economic environments. We expect this combination will continue to provide a foundation for profitable same-store sales growth.
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> *Our store economics:* Our store economics are based on low capital investment to open stores, rapid sales increases after opening, consistent sales volumes in mature stores and low ongoing operating costs, which together result in an attractive return on capital. Our new stores are typically cash flow positive in their first year, generally pay back capital in under two years, and, we believe, deliver attractive returns relative to our competitors.

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Our History

J.L. Turner founded our Company in 1939 as J.L. Turner and Son, Wholesale. We opened our first store in 1955, when we were incorporated as a Kentucky corporation under the name J.L. Turner & Son, Inc. We changed our name to Dollar General Corporation in 1968 and reincorporated 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. We are now a subsidiary of Buck Holdings, L.P., a Delaware limited partnership controlled by KKR. Our 2007 merger and the related financing transactions described herein are collectively referred to in this prospectus as the "Merger Transactions." See "Principal and Selling Shareholders" and "Description of Indebtedness."

Progress Since our 2007 Merger

Strengthening our management team has been one of our top priorities since our 2007 merger. In January 2008, we hired Richard W. Dreiling, who has 39 years of retail experience, to serve as our Chief Executive Officer. Including Mr. Dreiling, we have added or replaced eight executives at the Senior Vice President level or higher in our core merchandising and distribution functions and in key support roles including human resources, finance and information technology.

Ensuring superior execution of our operating priorities is one of our key strategic goals. Our operating priorities include: driving productive sales growth; increasing gross margins; leveraging process improvements and information technology to reduce costs; and strengthening and expanding Dollar General's culture of "serving others." Since our 2007 merger, our management team has focused on executing against these priorities, making a number of specific operational improvements in merchandising, private brand development, store operations, real estate and expense management. Examples of our progress since our 2007 merger include:

Merchandising

- Optimized our product assortment through rationalization of stock keeping units, or SKUs
- Improved product adjacencies and enhanced product presentation standards
- Introduced key new products and categories
- Implemented new markdown strategies
- Added new product fixtures

Private Brand

- Implemented new private branding strategy
- Improved quality standards and updated packaging
- Introduced approximately 600 net new private brand items

Store Operations

- Instituted a "model store" program
- Lowered store manager turnover
- Customized store hours
- Significantly reduced inventory shrink rate
- Further refined store work processes

Real Estate

Implemented more sophisticated store site selection

Enhanced our new real estate vetting processes

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- Improved our efforts in renegotiating lease terms and remodels and relocations

- Opened 207 new stores and remodeled or relocated 404 stores in 2008

Expense and Working Capital Management

- Instituted a process to mine for cost reduction

- Pursued a variety of cost-reducing distribution and transportation initiatives

- Implemented energy and waste management initiatives

- Improved inventory turns

These initiatives, along with more stringent business processes, have improved our operating and financial performance since our 2007 merger and we believe have laid the foundation for ongoing improvement. We generated strong sales growth of 10.1% in 2008, including annual same-store sales growth of 9.0%. For the first half of 2009, our total sales growth was 13.3%, including same-store sales growth of 10.8% following 7.8% same-store sales growth in the first half of 2008. These initiatives also allowed us to expand our gross profit margin to 29.3% in fiscal 2008, up from 27.3