

**DOLLAR GENERAL CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

*(In thousands, except per share amounts)*

	<u>February 2, 2018</u>	<u>February 3, 2017</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents . . . . .	\$ 267,441	\$ 187,915
Merchandise inventories . . . . .	3,609,025	3,258,785
Income taxes receivable . . . . .	108,265	11,050
Prepaid expenses and other current assets . . . . .	263,121	220,021
Total current assets . . . . .	<u>4,247,852</u>	<u>3,677,771</u>
Net property and equipment . . . . .	<u>2,701,282</u>	<u>2,434,456</u>
Goodwill . . . . .	<u>4,338,589</u>	<u>4,338,589</u>
Other intangible assets, net . . . . .	<u>1,200,428</u>	<u>1,200,659</u>
Other assets, net . . . . .	<u>28,760</u>	<u>20,823</u>
Total assets . . . . .	<u><u>\$ 12,516,911</u></u>	<u><u>\$ 11,672,298</u></u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term obligations . . . . .	\$ 401,345	\$ 500,950
Accounts payable . . . . .	2,009,771	1,557,596
Accrued expenses and other . . . . .	549,658	500,866
Income taxes payable . . . . .	4,104	63,393
Total current liabilities . . . . .	<u>2,964,878</u>	<u>2,622,805</u>
Long-term obligations . . . . .	<u>2,604,613</u>	<u>2,710,576</u>
Deferred income taxes . . . . .	<u>515,702</u>	<u>652,841</u>
Other liabilities . . . . .	<u>305,944</u>	<u>279,782</u>
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, 1,000 shares authorized . . . . .	—	—
Common stock; \$0.875 par value, 1,000,000 shares authorized, 268,733 and 275,212 shares issued and outstanding at February 2, 2018 and February 3, 2017, respectively . . . . .	235,141	240,811
Additional paid-in capital . . . . .	3,196,462	3,154,606
Retained earnings . . . . .	2,698,352	2,015,867
Accumulated other comprehensive loss . . . . .	<u>(4,181)</u>	<u>(4,990)</u>
Total shareholders' equity . . . . .	<u>6,125,774</u>	<u>5,406,294</u>
Total liabilities and shareholders' equity . . . . .	<u><u>\$ 12,516,911</u></u>	<u><u>\$ 11,672,298</u></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		
	February 2, 2018	February 3, 2017	January 29, 2016
Net sales . . . . .	\$ 23,470,967	\$ 21,986,598	\$ 20,368,562
Cost of goods sold . . . . .	16,249,608	15,203,960	14,062,471
Gross profit. . . . .	7,221,359	6,782,638	6,306,091
Selling, general and administrative expenses. . . . .	5,213,541	4,719,189	4,365,797
Operating profit . . . . .	2,007,818	2,063,449	1,940,294
Interest expense . . . . .	97,036	97,821	86,944
Other (income) expense. . . . .	3,502	—	326
Income before income taxes . . . . .	1,907,280	1,965,628	1,853,024
Income tax expense . . . . .	368,320	714,495	687,944
Net income . . . . .	<u>\$ 1,538,960</u>	<u>\$ 1,251,133</u>	<u>\$ 1,165,080</u>
Earnings per share:			
Basic . . . . .	\$ 5.64	\$ 4.45	\$ 3.96
Diluted . . . . .	\$ 5.63	\$ 4.43	\$ 3.95
Weighted average shares outstanding:			
Basic . . . . .	272,751	281,317	294,330
Diluted . . . . .	273,362	282,261	295,211
Dividends per share . . . . .	\$ 1.04	\$ 1.00	\$ 0.88

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

**DOLLAR GENERAL CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

*(In thousands)*

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

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

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

**DOLLAR GENERAL CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

*(In thousands)*

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

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