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DOLLAR GENERAL CORP
Form 11-K
December 28, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K
ANNUAL REPORT

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000
Commission File No.: 1-11421

Dollar General Corporation
401(k) Savings and Retirement Plan
(Full title of plan)

Dollar General Corporation
100 Mission Ridge
Goodlettsville, Tennessee 37072-2170
(Name of issuer of securities held pursuant to the plan
and address of principal executive office)

Report of Independent Certified Public Accountants

To the Participants and Plan Administrator of
Dollar General Corporation 401(k) Savings and Retirement Plan
Nashville, Tennessee

We have audited the accompanying statement of net assets available for benefits of Dollar General Corporation 401(k) Savings and Retirement Plan as of December 31, 2000, and the related statement of changes in net assets available for benefits for the year ended December 31, 2000. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The statement of net assets available for benefits of Dollar General Corporation 401(k) Savings and Retirement Plan as of December 31, 1999 was audited by other auditors, whose report dated May 12, 2000 expressed an unqualified opinion on the statement.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan at December

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31, 2000, and the changes in net assets available for benefits for the year ended December 31, 2000 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets Held for Investment Purposes at End of Year as of December 31, 2000 and Schedule of Reportable Transactions for the year ended December 31, 2000, are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2000 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Grant Thornton, LLP

Grant Thornton, LLP

Atlanta, Georgia

October 5, 2001

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Dollar General Corporation
401(k) Savings and Retirement Plan

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2000	1999
	----	----
ASSETS		
Investments, at fair value:		
Dollar General Corporation Stock Fund	\$33,791,218	\$30,666,749
Registered investment companies	30,092,838	25,648,346
Participant notes receivable	1,481,272	1,309,192
Real estate limited partnerships	383,963	515,303
Total investments	----- 65,749,291	----- 58,139,590
Receivables:		
Employer contributions	5,332,911	4,298,023
Participants' contributions	478,987	463,352
Total receivables	----- 5,811,898	----- 4,761,375
Cash	319,888	139,432
Total Assets	----- 71,881,077	----- 63,040,397
LIABILITIES		
Accrued expenses	72,481	--
Excess contributions payable	--	99,683
	-----	-----

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NET ASSETS AVAILABLE FOR BENEFITS	\$71,808,596	\$62,940,714
	=====	=====

The accompanying notes are an integral part of these statements.

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Dollar General Corporation
401(k) Savings and Retirement Plan

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2000

ADDITIONS TO NET ASSETS ATTRIBUTED TO:

Investment income:

Net appreciation in fair value of investments	\$ 2,279,848
Interest	267,350

Total investment income	2,547,198

Contributions:

Employers'	7,603,884
Participants'	5,194,744
Rollover	904,769

Total contributions	13,703,397

Total additions	16,250,595

DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:

Benefits paid to participants	7,195,017
Administrative expenses	187,696

Total deductions	7,382,713

Net increase	8,867,882

NET ASSETS AVAILABLE FOR BENEFITS:

Beginning of year	62,940,714

End of year	\$71,808,596
	=====

The accompanying notes are an integral part of this statement.

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Dollar General Corporation
401(k) Savings and Retirement Plan

NOTES TO FINANCIAL STATEMENTS

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December 31, 2000 and 1999

NOTE A - DESCRIPTION OF PLAN

The following brief description of the Dollar General Corporation 401(k) Savings and Retirement Plan ("the Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

1. General

The Plan is a defined contribution plan for all employees of Dollar General Corporation ("the Employer") who have completed one year and 1,000 hours of service and are age 21 or older. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

2. Contributions

The Plan allows the participants to make contributions from the participants' earnings in the form of deferred compensation to a retirement plan before income taxes are deducted. The contributions are invested, and income earned is not taxed to the participant until withdrawn from the Plan.

Participants may elect to contribute from 1% to 15% of pre-tax annual eligible compensation as defined in the Plan, subject to certain limitations under applicable federal law. Participants may also make rollover contributions to the Plan. The Employer has the option of matching up to 50% of the first 6% of eligible compensation contributed by the participants. The Employer matching contribution is invested as directed by the participant. The Employer matching contribution for the 2000 plan year was equal to 50% of the first 6% of eligible compensation contributed by the participants.

The Employer also has the option to make contributions to the Plan on behalf of all participants which shall be treated as Qualified Nonelective Employer Contributions ("QNEC") to the extent such contributions may be used to meet the nondiscrimination requirements of the Internal Revenue Code. The Employer may elect to have the first 1/2 of 1% of the QNEC be made in Company common stock or used to acquire Company common stock. The remaining QNEC is invested as directed by the participant. Included in Employer Contributions Receivable are \$5,136,101 and \$4,106,366 related to the QNEC at December 31, 2000 and 1999, respectively.

In addition to the matching and QNEC contributions described above, the Employer may contribute discretionary amounts from time to time as profit sharing

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Dollar General Corporation
401(k) Savings and Retirement Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2000 and 1999

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contributions. The profit sharing contribution is invested as directed by the participant. There were no profit sharing contributions for the 2000 Plan year.

3. Participants' Accounts

Each participant's account is credited with the participant's contributions and withdrawals, as applicable, and allocations of the Employer contributions and Plan earnings. Allocations are based on participant earnings or account balances, as defined. Plan expenses are allocated to participant accounts based on an equal per person basis. The balance of forfeited nonvested accounts was \$998,963 and \$596,774 at December 31, 2000 and 1999, respectively. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

4. Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in all Employer contributions and contributions made under the former Dollar General Corporation Retirement Plan, plus actual earnings thereon, is based on years of credited service. Participants are 40% vested after 4 years of credited service and 100% after 5 year of credited service. Participants are 100% vested in QNEC contributions at all times.

5. Participant Loans

Participants in the Plan may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loans are secured by 50% of the balance in the participant's account. Only one loan may be outstanding at a time.

Each loan bears interest at a rate commensurate with local prevailing rates as determined by the Plan Administrator, and must be repaid within 5 years from the date of the loan unless proceeds are used to acquire the principal residence of the participant borrower. Interest rates on outstanding loans range from 7.75% to 8.5% at December 31, 2000. Principal and interest are paid ratably through weekly or semi-monthly payroll deductions.

6. Payments of Benefits

On termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or monthly, quarterly, semi-annual or annual installments over a period not to exceed life expectancy, as long as the periodic payments are not less than \$50. The balance of the

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Dollar General Corporation
401(k) Savings and Retirement Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2000 and 1999

participant's account is automatically disbursed to the participant's beneficiary upon the participant's death.

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7. Forfeited Accounts

Forfeited balances of terminated participants' nonvested accounts are used to reduce future contributions of the Company. In 2000, employer contributions were reduced by \$129,117 from forfeited nonvested accounts.

8. Investment Options

Participants have the option to invest their contributions, rollover contributions and employer contributions in a variety of investment options. Except for the Dollar General Corporation Stock Fund, the funds are proprietary products of the American Funds Group. Participants may change their investment options at any time.

Participants may invest their account in minimum whole increments of 1% in any of the following options:

Dollar General Corporation Stock Fund - This fund is primarily comprised of Dollar General Corporation common stock with the remainder invested in a money market account.

The Income Fund of America - This fund seeks to provide current income and, secondarily, growth of capital through a flexible mix of equity and debt instruments. The fund may invest in stocks, bonds and other fixed-income securities in any proportion.

Washington Mutual Investors Fund - This fund seeks to provide current income and the opportunity for growth of principal. The fund invests in stock of U.S. companies that meet strict standards based on requirements originally established by the U.S. District Court for the District of Columbia for the investment of trust funds.

New Perspective Fund - This fund seeks to provide long-term growth of capital through investments all over the world, including the United States. The fund diversifies in blue chip companies here and abroad, focusing on opportunities generated by changes in global trade patterns and economic and political relationships. The fund's investments are in common stocks, convertibles, preferred stocks, bonds and cash.

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Dollar General Corporation
401(k) Savings and Retirement Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2000 and 1999

The Cash Management Trust of America - This fund seeks to provide income on cash reserves, while preserving capital and maintaining liquidity, through high-quality money market instruments.

The Bond Fund of America - This fund seeks to provide a high level of current income with preservation of capital. The fund invests in corporate debt securities, U.S. and other government securities, mortgage-related securities and cash, in which it must invest at least 60% of its assets in securities rated A or better at the time of purchase. The fund may

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invest up to 25% of assets in fixed-income securities of corporations and government entities outside the United States. Typically, the fund will invest in intermediate to long-term securities.

SMALLCAP World Fund - This fund seeks to provide long-term growth of capital by investing in the stocks of smaller companies in the United States and around the world. Normally, at least 65% of assets will be invested in equities of issuers located in at least three countries and typically having market capitalizations from \$50 million to 1.2 billion.

The New Economy Fund - This fund seeks long-term growth of capital by investing primarily in stocks of companies in the service and information area of the global economy, although a portion of its assets may be outside these areas. This fund may also hold cash or money market instruments.

The Growth Fund of America - This fund seeks long-term growth of capital through investments in a diversified portfolio of common stocks. The fund may invest up to 15% of its assets in securities of issuers outside the United States and up to 10% of its assets in lower quality debt securities.

9. Administrative Expenses

The participant's account absorbs the costs charged for originating loans. Fees and expenses associated with the providing of administrative and record keeping services by an external provider are paid by the Plan. The Employer pays all other expenses.

10. Plan Termination

Although it has not expressed any intent to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, all participant accounts will become fully vested and the assets will be distributed to participants or their beneficiaries.

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Dollar General Corporation
401(k) Savings and Retirement Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2000 and 1999

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements of the Plan are prepared under the accrual method of accounting.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 financial

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statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

3. Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. The shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held by the Plan at year end. The participant loans receivable are valued at cost which approximates fair value.

Purchases and sales of securities are recorded on a trade date basis. Gains or losses on the sale of securities are based on actual cost.

Dividend income is recorded on the dividend payable date. Interest income is recorded on the accrual basis.

4. Payment of Benefits

Benefits are recorded when paid.

5. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the current year presentation.

NOTE C - TAX STATUS

The Internal Revenue Service has determined and informed the company by a letter dated October 6, 1999, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC"). The Plan has been

Dollar General Corporation
401(k) Savings and Retirement Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2000 and 1999

amended since receiving the determination letter, and will be requesting a new determination letter prior to December 31, 2001.

NOTE D - INVESTMENTS

The Plan's investments are held by a trust fund. Investments which represent 5% or more of the Plan's net assets available for plan benefits are as follows:

Identity of Party Involved -----	Description of Assets -----	December 31,	
		2000 ----	1999 ----

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Dollar General Corporation	Dollar General Corporation Stock Fund	\$ 33,791,218*	\$30,666,749*
The American Funds Group	The Income Fund of America	11,944,395	10,427,701
The American Funds Group	Washington Mutual Investors Fund	6,238,895	5,192,125

* A portion is not participant-directed (see Note A-2)

NOTE E - NONPARTICIPANT-DIRECTED INVESTMENTS

A portion of the investment in the Dollar General Corporation Stock Fund is not participant-directed (see Note A-2). Information about the net assets and the significant components of the changes in net assets relating to the Dollar General Corporation Stock Fund is as follows:

	December 31,	
	1999	2000
	----	----
Net assets:		
Dollar General Corporation Stock Fund	\$ 33,791,218	\$ 30,666,749

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Dollar General Corporation
401(k) Savings and Retirement Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2000 and 1999

	Year ended December 31, 2000

Changes in Net Assets:	
Contributions	\$ 5,559,722
Net appreciation	1,254,840
Benefits paid to participants	(3,466,540)
Administrative expenses	(26,392)
Transfers to participant directed investments	(197,161)

	\$ 3,124,469
	=====

NOTE F - EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Capital Bank & Trust, the Plan's trustee, serves as the depository for Plan assets invested in The American Funds Group listing of mutual funds. Transactions with these funds qualify as party-in-interest transactions. Dollar General Corporation is the sponsor of the Plan. Transactions in the Dollar General Corporation Stock Fund qualify as

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party-in-interest transactions.

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Dollar General Corporation
401(k) Savings and Retirement Plan

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT END OF YEAR

December 31, 2000

(a)	(b)	(c)	(d)
-----	Identity of Issue, Borrower, Lessor, or Similar Party -----	Description of Investment including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value -----	() C
*	Dollar General Corporation Stock Fund	2,736,131 units	\$ 33,
*	The American Funds Group The Income Fund of America	749,335 units	
*	The American Funds Group Washington Mutual Investors Fund	214,912 units	
*	The American Funds Group New Perspective Fund	129,332 units	
*	The American Funds Group The Cash Management Trust of America	2,792,295 units	
*	The American Funds Group The Bond Fund of America	180,368 units	
*	The American Funds Group SMALLCAP World Fund	93,363 units	
*	The American Funds Group The Growth Fund of America	29,095 units	
*	The American Funds Group The New Economy Fund	14,381 units	
*	Participant notes receivable	Interest rates ranging from 7.75% to 8.5% and maturity dates ranging from 2001 to 2005	
	Related estate limited partnerships:		
*	Interchange City Associates, Ltd.	15.5 units	
*	Liquidity Fund Tax Exempt	15 units	
*	North Creek Associates	400 units	
*	Realty FD 85-1	200 units	
			----- \$ 33, =====

* Party-in-interest

** Cost omitted for participant directed investments

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401(k) Savings and Retirement Plan

SCHEDULE OF REPORTABLE TRANSACTIONS

December 31, 2000

(a) Identity of party involved -----	(b) Description of asset -----	(c) Purchase price -----	(d) Selling price -----	(e) Lease rental -----	(f) Expense insured with transaction -----	(g) Cos ass ---
Category (iii) - Series of transactions in excess of 5% of Plan assets:						
* Dollar General Corporation	Stock Fund	\$ 6,510,254	\$ --	\$ --	\$ --	\$ 6,510,
		\$ --	\$ 17,737,275	--	\$ --	\$ 17,739,

*Party-in-interest

There were no category (i), (ii) or (iv) reportable transactions during the Plan year ended December 31, 2000.

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The following is a complete listing of Exhibits filed or incorporated by reference as part of this annual report:

EXHIBITS

Exhibit -----	Description -----
23	Consent of Independent Auditors

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Administrator of the Dollar General Corporation 401(k) Savings and Retirement Plan has duly caused this Annual Report to be signed on its behalf by the undersigned hereunto duly authorized.

DOLLAR GENERAL CORPORATION
401(k) SAVINGS AND RETIREMENT PLAN

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Date: December 20, 2001

By: /s/ Melissa Buffington

Name: Melissa Buffington

Title: Chief Administrative Officer