EATON VANCE NEW YORK MUNICIPAL BOND FUND II
Form 425
October 12, 2018
Filed by Eaton Vance New York Municipal Bond Fund (Commission File No. 333-226306)

pursuant to Rule 425 under the Securities Act of 1933, as amended

and deemed filed pursuant to Rule 14a-6 under the Securities Exchange Act of 1934, as amended

Subject Company:

Eaton Vance New York Municipal Bond Fund II (Commission File No. 811-21218)

IMPORTANT NOTICE: WE NEED YOUR HELP

October 12, 2018

Dear Valued Shareholder,

We still need your help. The Special Meetings of Shareholders of Eaton Vance California Municipal Bond Fund II, Eaton Vance Massachusetts Municipal Bond Fund, Eaton Vance Michigan Municipal Bond Fund, Eaton Vance Michigan Municipal Income Trust and Eaton Vance New York Municipal Bond Fund (the "Funds"), were adjourned today until Thursday, November 15, 2018 to provide shareholders who have not yet cast their important proxy vote with more time to do so.

OUR RECORDS INDICATE THAT WE HAVE NOT YET

RECEIVED A PROXY VOTE FOR YOUR SHARES.

Please help us today by taking a moment to cast your vote. We need your proxy vote as soon as possible to allow us to proceed with important business of the Funds. The Boards of Trustees recommend that shareholders vote FOR the proposals.

Details of the Special Meetings are described in the proxy statements that have previously been sent to all shareholders. For more information, please refer to the proxy statement for your Fund(s), which can be found at https://funds.eatonvance.com/closed-end-fund-and-term-trust-documents.php. If you have any proxy-related questions or would like to cast your proxy vote by phone, please call 1-800-829-6554. Representatives are available Monday through Friday, 9 a.m. to 10 p.m. Eastern Time.

We very much appreciate your attention to this matter. We would not continue to contact you if the matter was not urgent. **Please support your Fund(s), and help us by casting your vote today!**

How do I vote?

We need your proxy vote as soon as possible to allow us to proceed with important business of the Funds. There are four convenient methods for casting your important proxy vote:

1. **Vote by Phone with a Representative:** You may cast your vote by telephone with a proxy representative by calling **toll-free 1-800-829-6554**. Representatives are available Monday through Friday, 9 a.m. to 10 p.m. Eastern Time.

2. **Vote by touch-tone phone:** You may cast your vote by telephone using an automated system by calling the **toll-free** number found on the enclosed proxy card(s).

3. **Vote online:** You may cast your vote by visiting the web address located on the enclosed proxy card(s) and following the instructions on the website.

4. **Vote by mail:** You may cast your vote by signing, dating and mailing the enclosed proxy card(s) in the **postage-prepaid** return envelope provided.

We would be very grateful if you would use any one of the voting methods listed above to ensure that your vote is recorded by November 15, 2018.

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SIZE=2> 58,803 58,302 60,431

Net sales per square foot(5)

$163 $164 $165 $180 $171 $188

Consumables sales

65.7% 66.7% 66.4% 69.3% 69.4% 71.3%

Seasonal sales

16.4% 15.4% 16.3% 14.6% 14.1% 13.7%

Home products sales

10.0% 9.2% 9.1% 8.2% 8.5% 7.6%

Apparel sales

7.9% 8.7% 8.2% 7.9% 8.1% 7.5%

Rent expense

$343.9 $150.2 $214.5 $389.6 $190.5 $206.3

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	Historical				
	Predecessor	Successor			
(amounts in millions)	February 2, 2007(1)	February 1, 2008(1)(2)	January 30, 2009	August 1, 2008	July 31, 2009
Balance Sheet Data (at period end):					
Cash and cash equivalents and short-term investments	$ 219.2	$ 119.8	$ 378.0	$ 261.6	$ 515.4
Total assets	3,040.5	8,656.4	8,889.2	8,909.8	9,139.9
Total long-term obligations	270.0	4,282.0	4,137.1	4,180.6	4,137.8
Total shareholders' equity	1,745.7	2,703.9	2,831.7	2,766.8	3,016.5

(1) Includes the effects of certain strategic merchandising and real estate initiatives that resulted in the closing of approximately 460 stores and changes in our inventory management model which resulted in greater inventory markdowns than in previous years.

(2) Includes the results of operations of Buck Acquisition Corp. for the period prior to its 2007 merger with and into Dollar General Corporation from March 6, 2007 (Buck's formation) through July 6, 2007 (reflecting the change in fair value of interest rate swaps), and the post-merger results of Dollar General Corporation for the period from July 7, 2007 through February 1, 2008.

(3) Because of our 2007 merger, our capital structure for periods before and after the merger is not comparable, and therefore we are presenting earnings per share information only for periods subsequent to our 2007 merger.

(4) Same-store sales have been calculated based upon stores that were open at least 13 full fiscal months and remained open at the end of the reporting period. If applicable, we exclude the sales in the 53rd week of a 53-week year from the same-store sales calculation.

(5) Net sales per square foot was calculated based on total sales for the preceding 12 months as of the ending date of the reporting period divided by the average selling square footage during the period, including the end of the fiscal year, the beginning of the fiscal year, and the end of each of our three interim fiscal quarters. For the period from February 3, 2007 through July 6, 2007, average selling square footage was calculated using the average of square footage as of July 6, 2007 and as of the end of each of the four preceding quarters.

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RISK FACTORS

An investment in our common stock involves risk. You should carefully consider the following risks as well as the other information included in this prospectus, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes, before investing in our common stock. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. However, the selected risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. In such a case, the trading price of the common stock could decline and you may lose all or part of your investment in our company.

Risks Related to Our Business

The fact that we have substantial debt could adversely affect our ability to raise additional capital to fund our operations and limit our ability to pursue our growth strategy or to react to changes in the economy or our industry.

We have substantial debt, including a $2.3 billion senior secured term loan facility which matures on July 6, 2014, $1.175 billion aggregate principal amount of 10.625% senior notes due 2015 and $655.9 million aggregate principal amount of 11.875% / 12.625% senior subordinated toggle notes due 2017. This debt could have important negative consequences to our business, including:

- increasing the difficulty of our ability to make payments on our outstanding debt;
- increasing our vulnerability to general economic and industry conditions because our debt payment obligations may limit our ability to use our cash to respond to or defend against changes in the industry or the economy;
- requiring a substantial portion of our cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities or make dividends;
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- limiting our ability to pursue our growth strategy; and
- placing us at a disadvantage compared to our competitors who are less highly leveraged and may be better able to use their cash flow to fund competitive responses to changing industry, market or economic conditions.

Our variable rate debt exposes us to interest rate risk which could adversely affect our cash flow.

The borrowings under the term loan facility and the senior secured asset-based revolving credit facility of up to $1.031 billion, subject to borrowing base availability, which matures July 6, 2013, which, together with the term loan facility, comprise our credit facilities, bear interest at variable rates and other debt we incur also could be variable-rate debt. If market interest rates increase, variable-rate debt will create higher debt service requirements, which could adversely affect our cash flow. While we have and may in the future enter into agreements limiting our exposure to higher interest rates, any such agreements may not offer complete protection from this risk.

Our debt agreements contain restrictions that may limit our flexibility in operating our business.

Our credit facilities and the indentures governing our notes contain various covenants that may limit our ability to engage in specified types of transactions. These covenants limit our and our restricted subsidiaries' ability to, among other things:

- incur additional indebtedness, issue disqualified stock or issue certain preferred stock;
- pay dividends and make certain distributions, investments and other restricted payments;
- create certain liens or encumbrances;
- sell assets;
- enter into transactions with our affiliates;
- limit the ability of restricted subsidiaries to make payments to us;
- merge, consolidate, sell or otherwise dispose of all or substantially all of our assets; and
- designate our subsidiaries as unrestricted subsidiaries.

A breach of any of these covenants could result in a default under the agreement governing such indebtedness. Upon our failure to maintain compliance with these covenants, the lenders could elect to declare all amounts outstanding thereunder to be immediately due and payable and terminate all commitments to extend further credit thereunder. If the lenders under such indebtedness accelerate the repayment of borrowings, we cannot assure you that we will have sufficient assets to repay those borrowings, as well as our other indebtedness, including our outstanding notes. We have pledged a significant portion of our assets as collateral under our credit facilities. If we were unable to repay those amounts, the lenders under our credit facilities could proceed against the collateral granted to them to secure that indebtedness. Additional borrowings under the senior secured asset-based revolving credit facility will, if excess availability under that facility is less than a certain amount, be subject to the satisfaction of a specified financial ratio. Accordingly, our ability to access the full availability under our senior secured asset-based revolving credit facility may be constrained. Our ability to meet this financial ratio can be affected by events beyond our control, and we cannot assure you that we will meet this ratio and other covenants.

The current recession and general economic factors may adversely affect our financial performance and other aspects of our business.

We believe that many of our customers are on fixed or low incomes and generally have limited discretionary spending dollars. A further slowdown in the economy or other economic conditions affecting disposable consumer income, such as increased unemployment levels, inflation, increases in fuel, other energy costs and interest rates, lack of available credit and further erosion in consumer confidence, may adversely affect our business by reducing those customers' spending or by causing them to shift their spending to products other than those sold by us or to products sold by us that are less profitable than other product choices, all of which could result in lower net sales, decreases in inventory turnover, greater markdowns on inventory, and a reduction in profitability due to lower margins. Many of those factors, as well as commodity rates, transportation costs, costs of labor, insurance and healthcare, foreign exchange rate fluctuations, lease costs, changes in other laws and regulations and other economic factors, also affect our cost of goods sold and our selling, general and administrative expenses, which may adversely affect our sales or profitability. We have limited or no ability to control such factors.

In addition, many of the factors discussed above, along with current adverse global economic conditions and uncertainties, the potential impact of the current recession, the potential for additional failures or realignments of financial institutions, and the related impact on available credit may affect us and our suppliers and other business partners, landlords, and customers in an adverse manner

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including, but not limited to, reducing access to liquid funds or credit (including through the loss of one or more financial institutions that are a part of our revolving credit facility), increasing the cost of credit, limiting our ability to manage interest rate risk, increasing the risk of bankruptcy of our suppliers, landlords or counterparties to or other financial institutions involved in our credit facilities and our derivative and other contracts, increasing the cost of goods to us, and other adverse consequences which we are unable to fully anticipate.

Our plans depend significantly on initiatives designed to increase sales and improve the efficiencies, costs and effectiveness of our operations, and failure to achieve or sustain these plans could affect our performance adversely.

We have had, and expect to continue to have, initiatives (such as those relating to marketing, merchandising, promotions, sourcing, shrink, private brand, store operations and real estate) in various stages of testing, evaluation, and implementation, upon which we expect to rely to continue to improve our results of operations and financial condition. These initiatives are inherently risky and uncertain, even when tested successfully, in their application to our business in general. It is possible that successful testing can result partially from resources and attention that cannot be duplicated in broader implementation, particularly in light of the diverse geographic locations of our stores and the fact that our field management is so decentralized. Testing and general implementation also can be affected by other risk factors described herein that reduce the results expected. Successful systemwide implementation relies on consistency of training, stability of workforce, ease of execution, and the absence of offsetting factors that can influence results adversely. Failure to achieve successful implementation of our initiatives or the cost of these initiatives exceeding management's estimates could adversely affect our results of operations and financial condition.

Risks associated with or faced by the domestic and foreign suppliers from whom our products are sourced could adversely affect our financial performance.

The products we sell are sourced from a wide variety of domestic and international suppliers. In fact, our largest supplier, The Procter & Gamble Company accounted for only 10% of our purchases in 2008. Our next largest supplier accounted for approximately 6% of our purchases in 2008. Nonetheless, if a supplier fails to deliver on key commitments, we could experience merchandise shortages that could lead to lost sales.

We directly imported approximately 10% of our purchases (measured at cost) in 2008, but many of our domestic vendors directly import their products or components of their products. Political and economic instability in the countries in which foreign suppliers are located, the financial instability of suppliers, suppliers' failure to meet our supplier standards, issues with labor practices of our suppliers or labor problems they may experience (such as strikes), the availability and cost of raw materials to suppliers, merchandise quality or safety issues, currency exchange rates, transport availability and cost, inflation, and other factors relating to the suppliers and the countries in which they are located or from which they import are beyond our control and could have negative implications for us. Because a substantial amount of our imported merchandise comes from China, a change in the Chinese currency or other policies could negatively impact our merchandise costs. In addition, the United States' foreign trade policies, tariffs and other impositions on imported goods, trade sanctions imposed on certain countries, the limitation on the importation of certain types of goods or of goods containing certain materials from other countries and other factors relating to foreign trade are beyond our control. Disruptions due to labor stoppages, strikes or slowdowns, or other disruptions involving our vendors or the transportation and handling industries also may negatively affect our ability to receive merchandise and thus may negatively affect sales. These and other factors affecting our suppliers and our access to products could adversely affect our financial performance. As we increase our imports of merchandise from foreign vendors, the risks associated with foreign imports will increase.

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Product liability and food safety claims could adversely affect our business, reputation and financial performance.

We may be subject to product liability claims from customers or penalties from government agencies relating to products, including food products, that are recalled, defective or otherwise harmful. Such claims may result from tampering by unauthorized third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, other agents, or residues introduced during the growing, storage, handling and transportation phases. All of our vendors and their products must comply with applicable product and food safety laws. We generally seek contractual indemnification and insurance coverage from our suppliers. However, if we do not have adequate insurance or contractual indemnification available, such claims could have a material adverse effect on our business, financial condition and results of operation. Our ability to obtain indemnification from foreign suppliers may be hindered by the manufacturers' lack of understanding of U.S. product liability or other laws, which may make it more likely that we be required to respond to claims or complaints from customers as if we were the manufacturer of the products. Even with adequate insurance and indemnification, such claims could significantly damage our reputation and consumer confidence in our products. Our litigation expenses could increase as well, which also could have a materially negative impact on our results of operations even if a product liability claim is unsuccessful or is not fully pursued.

Our private brands may not achieve or maintain broad market acceptance and increases the risks we face.

We have substantially increased the number of our private brand items, and the program is a sizable part of our future growth plans. We believe that our success in gaining and maintaining broad market acceptance of our private brands depends on many factors, including pricing, our costs, quality and customer perception. We may not achieve or maintain our expected sales for our private brands. As a result, our business, financial condition and results of operations could be materially and adversely affected.

We are subject to governmental regulations, procedures and requirements. A significant change in, or noncompliance with, these regulations could have a material adverse effect on our financial performance.

Our business is subject to numerous federal, state and local laws and regulations. We routinely incur costs in complying with these regulations. New laws or regulations or changes in existing laws and regulations, particularly those governing the sale of products, may require extensive system and operating changes that may be difficult to implement and could increase our cost of doing business. In addition, such changes or new laws may require the write off and disposal of existing product inventory, resulting in significant adverse financial impact to the Company. Untimely compliance or noncompliance with applicable regulations or untimely or incomplete execution of a required product recall can result in the imposition of penalties, including loss of licenses or significant fines or monetary penalties, in addition to reputational damage.

Litigation may adversely affect our business, financial condition and results of operations.

Our business is subject to the risk of litigation by employees, consumers, suppliers, competitors, shareholders, government agencies or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. The number of employment-related class actions filed each year has continued to increase, and recent changes in Federal law may cause claims to rise even more. The outcome of litigation, particularly class action lawsuits, regulatory actions and intellectual property claims, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to these lawsuits may remain unknown for substantial periods of time. In addition, certain of these lawsuits, if decided adversely to us or settled by us, may result in liability material to our financial statements as a whole or may negatively affect our operating results if changes to our business operation are required. The cost to defend future litigation may be significant. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation may adversely affect our business, financial condition and results of operations. See "Business Legal Proceedings" for further details regarding certain of these pending matters.

Failure to attract and retain qualified employees, particularly field, store and distribution center managers, while controlling labor costs, as well as other labor issues, could adversely affect our financial performance.

Our future growth and performance depends on our ability to attract, retain and motivate qualified employees, many of whom are in positions with historically high rates of turnover such as field managers and distribution center managers. Our ability to meet our labor needs, while controlling our labor costs, is subject to many external factors, including competition for and availability of qualified personnel in a given market, unemployment levels within those markets, prevailing wage rates, minimum wage laws, health and other insurance costs and changes in employment and labor legislation (including changes in the process for our employees to join a union) or other workplace regulation (including changes in entitlement programs such as health insurance and paid leave programs). To the extent a significant portion of our employee base unionizes, or attempts to unionize, our labor costs could increase. Our ability to pass along labor costs to our customers is constrained.

Our profitability may be negatively affected by inventory shrinkage.

We are subject to the risk of inventory loss and theft. We have experienced inventory shrinkage in the past, and we cannot assure you that incidences of inventory loss and theft will decrease in the future or that the measures we are taking will effectively address the problem of inventory shrinkage. Although some level of inventory shrinkage is a necessary and unavoidable cost of doing business, if we were to experience higher rates of inventory shrinkage or incur increased security costs to combat inventory theft, our financial condition could be affected adversely.

A significant disruption to our distribution network or to the timely receipt of inventory could adversely impact sales or increase our transportation costs, which would decrease our profits.

We rely on our ability to replenish depleted inventory in our stores through deliveries to our distribution centers from vendors and then from the distribution centers or direct ship vendors to our stores by various means of transportation, including shipments by sea and truck. Unexpected delays in those deliveries or increases in transportation costs (including through increased fuel costs) could significantly decrease our ability to make sales and earn profits. In addition, labor shortages in the transportation industry or long-term disruptions to the national and international transportation infrastructure that lead to delays or interruptions of deliveries could negatively affect our business.

Our cash flows from operations may be negatively affected if we are not successful in managing our inventory balances.

Efficient inventory management is a key component of our business success and profitability. To be successful, we must maintain sufficient inventory levels to meet our customers' demands without allowing those levels to increase to an extent such that the costs to store and hold the goods unduly impacts our financial results. If our buying decisions do not accurately predict customer trends or purchasing actions, we may have to take unanticipated markdowns to dispose of the excess inventory, which also can adversely impact our financials results. While our inventory turns have improved and we continue to focus on ways to reduce these risks, we cannot assure you that we will continue to be efficient and successful in our inventory management. If we are not successful in managing our inventory balances, our cash flows from operations may be negatively affected.

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Our planned future growth will be impeded, which would adversely affect sales, if we cannot open new stores on schedule.

Our growth is dependent on both increases in sales in existing stores and the ability to open profitable new stores. Increases in sales in existing stores are dependent on factors such as competition, merchandise selection, store operations and other factors discussed in these Risk Factors. Our ability to timely open new stores and to expand into additional market areas depends in part on the following factors: the availability of attractive store locations; the absence of occupancy delays; the ability to negotiate favorable lease terms; the ability to hire and train new personnel, especially store managers in a cost effective manner; the ability to identify customer demand in different geographic areas; general economic conditions; and the availability of sufficient funds for expansion. In addition, many of these factors affect our ability to successfully relocate stores. Many of these factors are beyond our control. In addition, our substantial debt, particularly combined with the recent tightening of the credit markets, has made it more difficult for our real estate developers to obtain loans for our build-to-suit stores and to locate investors for those properties after they have been developed. If this trend continues, it could materially adversely impact our ability to open build-to-suit stores in desirable locations.

Delays or failures in opening new stores, or achieving lower than expected sales in new stores, or drawing a greater than expected proportion of sales in new stores from existing stores, could materially adversely affect our growth and/or profitability. In addition, we may not anticipate all of the challenges imposed by the expansion of our operations and, as a result, may not meet our targets for opening new stores, remodeling or relocating stores or expanding profitably.

Some of our new stores may be located in areas where we have little or no meaningful experience. Those markets may have different competitive conditions, market conditions, consumer tastes and discretionary spending patterns than our existing markets, which may cause our new stores to be less successful than stores in our existing markets.

Some of our new stores will be located in areas where we have existing units. Although we have experience in these markets, increasing the number of locations in these markets may result in inadvertent over-saturation of markets and temporarily or permanently divert customers and sales from our existing stores, thereby adversely affecting our overall financial performance.

Because our business is seasonal to a certain extent, with the highest volume of net sales during the fourth quarter, adverse events during the fourth quarter could materially affect our financial statements as a whole.

We generally recognize our highest volume of net sales during the Christmas selling season, which occurs in the fourth quarter of our fiscal year. In anticipation of this holiday, we purchase substantial amounts of seasonal inventory and hire many temporary employees. An excess of seasonal merchandise inventory could result if our net sales during the Christmas selling season were to fall below either seasonal norms or expectations. If our fourth quarter sales results were substantially below expectations, our financial performance and operating results could be adversely affected by unanticipated markdowns, especially in seasonal merchandise. Lower than anticipated sales in the Christmas selling season would also negatively affect our ability to absorb the increased seasonal labor costs.

We face intense competition that could limit our growth opportunities and adversely impact our financial performance.

The retail business is highly competitive. We operate in the basic consumer packaged goods market, which is competitive with respect to price, store location, merchandise quality, assortment and presentation, in-stock consistency, and customer service. This competitive environment subjects us to the risk of adverse impact to our financial performance because of the lower prices, and thus the lower margins, required to maintain our competitive position. Also, companies operating in the basic consumer packaged goods market (due to customer demographics and other factors) may have limited ability to increase prices in response to increased costs (including, but not limited to, vendor price increases). This limitation may adversely affect our margins and financial performance. We compete for customers, employees, store sites, products and services and in other important aspects of our business with many other local, regional and national retailers. We compete with retailers operating discount, mass merchandise, outlet, warehouse, club, grocery, drug, convenience, variety and other specialty stores. Certain of our competitors have greater financial, distribution, marketing and other resources than we do and may be able to secure better arrangements with suppliers than we can. These other competitors compete in a variety of ways, including aggressive promotional activities, merchandise selection and availability, services offered to customers, location, store hours, in-store amenities and price. If we fail to respond effectively to competitive pressures and changes in the retail markets, it could adversely affect our financial performance.

Competition for customers has intensified in recent years as larger competitors have moved into, or increased their presence in, our geographic markets. We remain vulnerable to the marketing power and high level of consumer recognition of these larger competitors and to the risk that these competitors or others could venture into our industry in a significant way. Generally, we expect an increase in competition.

Natural disasters, unusually adverse weather conditions, pandemic outbreaks, terrorist acts, and global political events could cause permanent or temporary distribution center or store closures, impair our ability to purchase, receive or replenish inventory, or decrease customer traffic, all of which could result in lost sales and otherwise adversely affect our financial performance.

The occurrence of one or more natural disasters, such as hurricanes, fires, floods, and earthquakes, unusually adverse weather conditions, pandemic outbreaks, terrorist acts or disruptive global political events, such as civil unrest in countries in which our suppliers are located, or similar disruptions could adversely affect our operations and financial performance. To the extent these events result in the closure of one or more of our distribution centers or a significant number of stores or impact one or more of our key suppliers, our operations and financial performance could be materially adversely affected through an inability to make deliveries to our stores and through lost sales. In addition, these events could result in increases in fuel (or other energy) prices or a fuel shortage, delays in opening new stores, the temporary lack of an adequate work force in a market, the temporary or long-term disruption in the supply of products from some local and overseas suppliers, the temporary disruption in the transport of goods from overseas, delay in the delivery of goods to our distribution centers or stores, the temporary reduction in the availability of products in our stores and disruption to our information systems. These events also can have indirect consequences such as increases in the costs of insurance if they result in significant loss of property or other insurable damage.

Material damage to, or interruptions to, our information systems as a result of external factors, staffing shortages and difficulties in updating our existing software or developing or implementing new software could have a material adverse effect on our business or results of operations.

We depend on a variety of information technology systems for the efficient functioning of our business. Such systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches and natural disasters. Damage or interruption to our computer systems may require a significant investment to fix or replace them, and we may suffer interruptions in our operations in the interim. Any material interruptions may have a material adverse effect on our business or results of operations.

We also rely heavily on our information technology staff. If we cannot meet our staffing needs in this area, we may not be able to fulfill our technology initiatives while continuing to provide maintenance on existing systems. We rely on certain software vendors to maintain and periodically upgrade many of these systems so that they can continue to support our business. The software programs supporting many of our systems were licensed to us by independent software developers. The inability of these developers or us to continue to maintain and upgrade these information systems and software programs would disrupt or reduce the efficiency of our operations if we were unable to convert to alternate systems in an efficient and timely manner. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations.

Our current insurance program may expose us to unexpected costs and negatively affect our financial performance.

Our insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions that we believe are prudent based on the dispersion of our operations. However, there are types of losses we may incur but against which we cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of war, employee and certain other crime and some natural disasters. If we incur these losses and they are material, our business could suffer. Certain material events may result in sizable losses for the insurance industry and adversely impact the availability of adequate insurance coverage or result in excessive premium increases. To offset negative insurance market trends, we may elect to self-insure, accept higher deductibles or reduce the amount of coverage in response to these market changes. In addition, we self-insure a significant portion of expected losses under our workers' compensation, automobile liability, general liability and group health insurance programs. Unanticipated changes in any applicable actuarial assumptions and management estimates underlying our recorded liabilities for these losses, including expected increases in medical and indemnity costs, could result in materially different amounts of expense than expected under these programs, which could have a material adverse effect on our financial condition and results of operations. Although we continue to maintain property insurance for catastrophic events, we are effectively self-insured for property losses up to the amount of our deductibles. If we experience a greater number of these losses than we anticipate, our financial performance could be adversely affected.

If we fail to protect our brand name, competitors may adopt tradenames that dilute the value of our brand name.

We may be unable or unwilling to strictly enforce our trademark in each jurisdiction in which we do business. Also, we may not always be able to successfully enforce our trademarks against competitors, or against challenges by others. Our failure to successfully protect our trademarks could diminish the value and efficacy of our brand recognition, and could cause customer confusion, which could, in turn, adversely affect our sales and profitability.

Our success depends on our executive officers and other key personnel. If we lose key personnel or are unable to hire additional qualified personnel, our business may be harmed.

Our future success depends to a significant degree on the skills, experience and efforts of our executive officers and other key personnel. The loss of the services of any of our executive officers, particularly Richard W. Dreiling, our Chief Executive Officer, could have a material adverse effect on our operations. Our future success will also depend on our ability to attract and retain qualified personnel and a failure to attract and retain new qualified personnel could have an adverse effect on our operations. We do not currently maintain key person life insurance policies with respect to our executive officers or key personnel.

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We face risks related to protection of customers' credit card data.

In connection with credit card sales, we transmit confidential credit card information. Third parties may have the technology or know-how to breach the security of this customer information, and our security measures and those of our technology vendors may not effectively prohibit others from obtaining improper access to this information. Any security breach could expose us to risks of data loss, litigation and liability and could seriously disrupt our operations and any resulting negative publicity could significantly harm our reputation.

Risks Related to this Offering and Ownership of Our Common Stock

An active, liquid trading market for our common stock may not develop.

After our 2007 merger and prior to this offering, there has not been a public market for our common stock. We cannot predict the extent to which investor interest in our company will lead to the development of a trading market on the New York Stock Exchange or otherwise or how active and liquid that market may become. If an active and liquid trading market does not develop, you may have difficulty selling any of our common stock that you purchase. The initial public offering price for the shares will be determined by negotiations between us and the underwriters and may not be indicative of prices that will prevail in the open market following this offering. The market price of our common stock may decline below the initial offering price, and you may not be able to sell your shares of our common stock at or above the price you paid in this offering, or at all.

You will incur immediate and substantial dilution in the net tangible book value of the shares you purchase in this offering.

Prior investors have paid substantially less per share of our common stock than the price in this offering. The initial public offering price of our common stock is substantially higher than the net tangible book value per share of outstanding common stock prior to completion of the offering. Based on our net tangible book value as of July 31, 2009 and upon the issuance and sale of shares of common stock by us at an assumed initial public offering price of $ per share (the midpoint of the initial public offering price range indicated on the cover of this prospectus), if you purchase our common stock in this offering, you will pay more for your shares than the amounts paid by our existing shareholders for their shares and you will suffer immediate dilution of approximately $ per share in net tangible book value. We also have a large number of outstanding stock options to purchase common stock with exercise prices that are below the estimated initial public offering price of our common stock. To the extent that these options are exercised, you will experience further dilution. See "Dilution."

Our stock price may change significantly following the offering, and you could lose all or part of your investment as a result.

We and the underwriters will negotiate to determine the initial public offering price. You may not be able to resell your shares at or above the initial public offering price due to a number of factors such as those listed in " Risks Related to Our Business" and the following, some of which are beyond our control:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;
- announcements by us, our competitors or our vendors of significant contracts, acquisitions, joint marketing relationships, joint ventures or capital commitments;

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- announcements by third parties of significant claims or proceedings against us;
- increases in prices of raw materials for our products, fuel or our goods;
- future sales of our common stock; and
- general domestic and international economic conditions.

Furthermore, the stock market recently has experienced extreme volatility that in some cases has been unrelated or disproportionate to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our actual operating performance.

In the past, following periods of market volatility, shareholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

If we or our existing investors sell additional shares of our common stock after this offering, the market price of our common stock could decline.

The market price of our common stock could decline as a result of sales of a large number of shares of common stock in the market after this offering, or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. After the completion of this offering, we will have million shares of common stock outstanding. This number includes million shares being sold in this offering, which may be resold immediately in the public market.

We, our directors and executive officers, the selling shareholders and, through their investment in Buck Holdings, L.P., KKR, GS Capital Partners VI Fund, L.P., GSUIG, LLC and affiliated funds, which we refer to collectively as the GS Investors (affiliates of Goldman, Sachs & Co.), Citigroup Capital Partners II Employee Master Fund, L.P. and affiliated funds, which we refer to collectively as the Citi Private Equity Investors (affiliates of Citigroup Global Markets Inc.), certain investment advisory clients of Wellington Management Company, LLP, CPP Investment Board (USRE II) Inc., and other equity co-investors, which we refer to collectively as the "Investors," have agreed not to offer or sell, dispose of or hedge, directly or indirectly, any common stock without the permission of each of Citigroup Global Markets Inc., Goldman, Sachs & Co. and KKR Capital Markets LLC for a period of 180 days from the date of this prospectus, subject to certain exceptions and automatic extension in certain circumstances. In addition, pursuant to shareholders agreements, we have granted certain members of our management and other shareholders the right to cause us, in certain instances, at our expense, to file registration statements under the Securities Act of 1933, as amended (the "Securities Act") covering resales of our common stock held by them. These shares will represent approximately % of our outstanding common stock after this offering. These shares also may be sold pursuant to Rule 144 under the Securities Act, depending on their holding period and subject to restrictions in the case of shares held by persons deemed to be our affiliates. As restrictions on resale end or if these shareholders exercise their registration rights, the market price of our stock could decline if the holders of restricted shares sell them or are perceived by the market as intending to sell them. See "Certain Relationships and Related Party Transactions Relationships with the Investors Registration Rights Agreement" and "Shares Eligible for Future Sale."

As of July 31, 2009, 317,961,910 shares of our common stock were outstanding (1,733,327 of which are held by our employees and are subject to restrictions on transfer), 4,312,398 shares were issuable upon the exercise of outstanding vested stock options under our 2007 stock incentive plan, 9,107,143 shares were subject to outstanding unvested stock options under our 2007 stock incentive plan, and 1,504,697 shares were reserved for future grant under our 2007 stock incentive plan. Prior to the

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completion of this offering, our Board of Directors intends to increase the number of shares authorized under our 2007 stock incentive plan to 31.1 million. All shares held by employees, stock options and restricted stock granted under our stock incentive plans are subject to transfer restrictions that run for five years from the date of our 2007 merger or the employee's hire or promotion date, as applicable, unless such restrictions lapse in accordance with the terms of the management stockholder's agreements. In addition, in connection with this offering, we have agreed to waive these transfer restrictions on shares of our common stock held by our employees following the expiration of the 180 day restricted period under the underwriting agreement. See "Certain Relationships and Related Party Transactions Relationships with Management." Subject to the lapse of such transfer restrictions, these shares will first become eligible for resale 180 days after the date of this prospectus. Sales of a substantial number of shares of our common stock could cause the market price of our common stock to decline.

Because we have no current plans to pay cash dividends on our common stock for the foreseeable future, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.

We may retain future earnings, if any, for future operation, expansion and debt repayment and have no current plans to pay any cash dividends for the foreseeable future (other than the special dividend to be paid prior to this offering). Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our Board of Directors may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur, including our Credit Facilities and the indentures governing the notes. As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

Some provisions of Tennessee law and our governing documents could discourage a takeover that shareholders may consider favorable.

In addition to the Investors' ownership of a controlling percentage of our common stock, Tennessee law and provisions contained in our charter and bylaws as we expect them to be in effect upon completion of this offering could make it difficult for a third party to acquire us, even if doing so might be beneficial to our shareholders. For example, our charter authorizes our Board of Directors to determine the rights, preferences, privileges and restrictions of unissued preferred stock, without any vote or action by our shareholders. As a result, our Board of Directors could authorize and issue shares of preferred stock with voting or conversion rights that could adversely affect the voting or other rights of holders of our common stock or with other terms that could impede the completion of a merger, tender offer or other takeover attempt. In addition, as described under "Description of Capital Stock Tennessee Anti-Takeover Statutes" elsewhere in this prospectus, we are subject to certain provisions of Tennessee law that may discourage potential acquisition proposals and may delay, deter or prevent a change of control of our company, including through transactions, and, in particular, unsolicited transactions, that some or all of our shareholders might consider to be desirable. As a result, efforts by our shareholders to change the direction or management of our company may be unsuccessful.

The Investors will continue to have significant influence over us after this offering, including control over decisions that require the approval of shareholders, which could limit your ability to influence the outcome of key transactions, including a change of control.

We are controlled, and after this offering is completed will continue to be controlled, by the Investors. The Investors will have an indirect interest in Buck Holdings, L.P. of approximately % of our common stock (or % if the underwriters exercise their option to purchase additional shares in

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full) after the completion of this offering through their investment in Buck Holdings, L.P. In addition, the Investors will have the ability to elect our entire Board of Directors. As a result, the Investors will have control over our decisions to enter into any corporate transaction and the ability to prevent any transaction that requires shareholder approval regardless of whether others believe that the transaction is in our best interests. So long as the Investors continue to have an indirect interest in a majority of our outstanding common stock, they will have the ability to control the vote in any election of directors. In addition, pursuant to a shareholders agreement that we expect to enter into upon the consummation of this offering with Buck Holdings, L.P., KKR and the GS Investors, KKR will have a consent right over certain significant corporate actions. See "Certain Relationships and Related Party Transactions Relationships with the Investors Shareholders Agreement."

The Investors are also in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us. The Investors may also pursue acquisition opportunities that are complementary to our business and, as a result, those acquisition opportunities may not be available to us. So long as the Investors, or other funds controlled by or associated with the Investors, continue to indirectly own a significant amount of our outstanding common stock, even if such amount is less than 50%, the Investors will continue to be able to strongly influence or effectively control our decisions. The concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive shareholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our common stock.

We are a "controlled company" within the meaning of the New York Stock Exchange rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to shareholders of companies that are subject to such requirements.

After completion of this offering, the Investors will continue to control a majority of the voting power of our outstanding common stock. As a result, we are a "controlled company" within the meaning of the New York Stock Exchange corporate governance standards. Under these rules, a company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of the Board of Directors consist of independent directors;
- the requirement that we have a nominating/corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating/corporate governance and compensation committees.

Following this offering, we intend to utilize these exemptions. As a result, we will not have a majority of independent directors, our nominating/corporate governance committee and compensation committee will not consist entirely of independent directors and such committees will not be subject to annual performance evaluations. Accordingly, you will not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of the New York Stock Exchange.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements" within the meaning of the federal securities laws, including certain of the statements under "Prospectus Summary," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." You can identify forward-looking statements because they are not solely statements of historical fact or they contain words such as "believe," "expect," "may," "will," "should," "seek," "approximately," "intend," "plan," "estimate," "anticipate," "continue," "potential," "predict," "project" or similar expressions that concern our strategy, plans or intentions. For example, all statements we make relating to our estimated and projected earnings, revenues, costs, expenditures, cash flows, growth rates and financial results, our plans and objectives for future operations, growth or initiatives, strategies, or the expected outcome or impact of pending or threatened litigation are forward-looking statements. All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we expected, including:

- failure to successfully execute our growth strategy, including delays in store growth, difficulties executing sales and operating profit margin initiatives and inventory shrinkage reduction;
- the failure of our new store base to achieve sales and operating levels consistent with our expectations;
- risks and challenges in connection with sourcing merchandise from domestic and foreign vendors;
- our level of success in gaining and maintaining broad market acceptance of our private brands;
- unfavorable publicity or consumer perception of our products;
- our debt levels and restrictions in our debt agreements;
- economic conditions, including their effect on the financial and capital markets, our suppliers and business partners, employment levels, consumer demand, spending patterns, inflation and the cost of goods;
- levels of inventory shrinkage;
- seasonality of our business;
- increases in costs of fuel, or other energy, transportation or utilities costs and in the costs of labor, employment and health care;
- the impact of governmental laws and regulations and the outcomes of legal proceedings;
- disruptions in our supply chain;
- damage or interruption to our information systems;

changes in the competitive environment in our industry and the markets where we operate;

natural disasters, unusually adverse weather conditions, pandemic outbreaks, boycotts and geo-political events;

the incurrence of material uninsured losses or excessive insurance costs;

our failure to protect our brand name;

our loss of key personnel or our inability to hire additional qualified personnel; and

our failure to maintain effective internal controls.

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We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations ("cautionary statements") are disclosed under "Risk Factors" in this prospectus. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements as well as other cautionary statements that are made from time to time in our other SEC filings and public communications. You should evaluate all forward-looking statements made in this prospectus in the context of these risks and uncertainties.

We caution you that the important factors referenced above may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our operations in the way we expect. The forward-looking statements included in this prospectus are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

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USE OF PROCEEDS

We estimate that the net proceeds we will receive from the sale of shares of our common stock in this offering, after deducting underwriter discounts and commissions and estimated expenses payable by us, will be approximately $ million. This estimate assumes an initial public offering price of $ per share, the midpoint of the range set forth on the cover page of this prospectus. A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the net proceeds to us from this offering by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us. We will not receive any proceeds from the sale of shares of our common stock by the selling shareholders (including any shares sold by the selling shareholders pursuant to the underwriters' option to purchase additional shares).

We intend to use the anticipated net proceeds as follows: (1) $ million of the net proceeds will be applied to redeem $ million in aggregate principal amount of our 11.875%/12.625% senior subordinated toggle notes due 2017 (the "Senior Subordinated Notes") at a redemption price of 111.875% and (2) the remaining $ million of the net proceeds will be applied to redeem $ million in aggregate principal amount of our 10.625% senior notes due 2015 (the "Senior Notes", and, together with the Senior Subordinated Notes, the "Notes") at a redemption price of 110.625%. Each such redemption will be made pursuant to a provision of the applicable indenture that permits us to redeem up to 35% of the aggregate principal amount of such Notes with the net cash proceeds of certain equity offerings. In each case, we will pay accrued and unpaid interest on the Notes through the redemption date with cash generated from operations. To the extent we raise more proceeds in this offering, we will redeem additional Senior Notes. To the extent we raise less proceeds in this offering, we will reduce the amount of Senior Notes that will be redeemed.

As of the date hereof, there is approximately $1.175 billion aggregate principal amount of Senior Notes outstanding, which bear interest at a rate of 10.625% per annum and mature on July 15, 2015 and $655.9 million aggregate principal amount of Senior Subordinated Notes outstanding, which bear cash interest at a rate of 11.875% per annum and mature on July 15, 2017.

Affiliates of several of the underwriters hold the Notes, some of which may be retired with a portion of the net proceeds from this offering. As a result, some of the underwriters or their affiliates may receive part of the proceeds of the offering by reason of the redemption of Notes held by them. See "Underwriting."

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DIVIDEND POLICY

Prior to our 2007 merger, we declared a quarterly cash dividend in the amount of $0.05 per share payable on or before April 19, 2007 to common shareholders of record on April 5, 2007. We have not declared or paid recurring dividends since that date. However, on September 8, 2009, our Board of Directors declared a special dividend on our outstanding common stock of approximately $239.3 million in the aggregate. The special dividend was paid on September 11, 2009 to shareholders of record on September 8, 2009 with cash generated from operations. Following completion of the offering, we have no current plans to pay any cash dividends on our common stock for the foreseeable future and instead may retain earnings, if any, for future operation and expansion and debt repayment. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions and other factors that our Board of Directors may deem relevant. In addition, our ability to pay dividends is limited by covenants in our Credit Facilities and in the indentures governing the Notes. See "Description of Indebtedness" for restrictions on our ability to pay dividends.

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CAPITALIZATION

The following table sets forth our capitalization as of July 31, 2009:

on an actual basis; and

on an as adjusted basis to give effect to (1) the issuance of common stock in this offering and the application of proceeds from the offering as described in "Use of Proceeds" as if each had occurred on July 31, 2009, (2) the payment of a special dividend in an amount of approximately $239.3 million to our existing shareholders on September 11, 2009, (3) the 1 to 1.75 reverse stock split that we effected on October 12, 2009 and (4) the payment of approximately $64 million in fees under our monitoring agreement with KKR and Goldman, Sachs & Co. See "Certain Relationships and Related Party Transactions Relationships with the Investors Monitoring Agreement and Indemnity Agreement," "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources" and our condensed consolidated balance sheets as of July 31, 2009 and Note 10 thereto.

You should read this table in conjunction with "Use of Proceeds," "Selected Historical Financial and Other Data," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and notes thereto, included elsewhere in this prospectus.

	July 31, 2009	
	Actual	As Adjusted
	(in millions)	
Long-term obligations:		
Credit Facilities:		
Senior secured asset-based revolving credit facility	$	$
Senior secured term loan facility	2,300.0	
Senior notes, net of discount(1)	1,156.1	
Senior subordinated notes	655.9	
Senior notes due 2010	1.8	
Tax increment financing	14.5	
Capital lease obligations and other	9.5	
Total long-term obligations(1)	4,137.8	
Shareholders' equity:		
Preferred stock		
Common stock	278.2	
Additional paid-in capital	2,495.0	
Retained earnings	280.0	
Accumulated other comprehensive loss	(36.6)	
Total shareholders' equity(1)	3,016.5	
Total capitalization	$7,154.3	$

(1) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would (decrease) increase each of our senior notes and total long-term obligations and would increase (decrease) equity by $, $ and $, respectively, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us. To the extent we raise more proceeds in this offering, we will redeem additional Senior Notes. To the extent we raise less proceeds in this offering, we will reduce

the amount of Senior Notes that will be redeemed.

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The table set forth above is based on the number of shares of our common stock outstanding as of July 31, 2009. This table does not reflect:

- 13,419,541 shares of our common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of $8.72 per share as of July 31, 2009, 4,312,398 of which were then exercisable; and

- 1,504,697 shares of our common stock reserved for future grants under our 2007 Stock Incentive Plan. Prior to the completion of this offering, our Board of Directors intends to increase the number of shares authorized under our 2007 Stock Incentive Plan to 31.1 million.

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DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the net tangible book value per share of our common stock after this offering. Dilution results from the fact that the initial public offering price per share of common stock is substantially in excess of the net tangible book value per share of our common stock attributable to the existing shareholders for our presently outstanding shares of common stock. We calculate net tangible book value per share of our common stock by dividing the net tangible book value (total consolidated tangible assets less total consolidated liabilities) by the number of outstanding shares of our common stock.

Our net tangible book value as of July 31, 2009 was a deficit of $(2.6) billion, or $(8.21) per share of our common stock, based on 317,961,910 shares of our common stock outstanding immediately prior to the closing of this offering. Net tangible book value represents the amount of total tangible assets less total liabilities. Dilution is determined by subtracting net tangible book value per share of our common stock from the assumed initial public offering price per share of our common stock.

Without taking into account any other changes in such net tangible book value after July 31, 2009, after giving effect to the sale of shares of our common stock in this offering at an initial public offering price of $ per share of our common stock, less the underwriting discounts and commissions and the estimated offering expenses payable by us and the selling shareholder, our pro forma as adjusted net tangible book value at July 31, 2009 would have been $, or $ per share. This represents an immediate increase in net tangible book value of $ per share of our common stock to the existing shareholders and an immediate dilution in net tangible book value of $ per share of our common stock, to investors purchasing shares of our common stock in this offering. The following table illustrates such per share of our common stock dilution:

Assumed initial public offering price per share of our common stock	
Net tangible book value per share of our common stock as of July 31, 2009	
Pro forma net tangible book value per share of our common stock after giving effect to this offering	
Amount of dilution in net tangible book value per share of our common stock to new investors in this offering	

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share of our common stock would increase (decrease) our net tangible book value after giving to the offering by $ million, or by $ per share of our common stock, assuming no change to the number of shares of our common stock offered by us as set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and estimated expenses payable by us.

The following table summarizes, on a pro forma basis as of July 31, 2009, the total number of shares of our common stock purchased from us, the total cash consideration paid to us and the average price per share of our common stock paid by purchasers of such shares and by new investors purchasing shares of our common stock in this offering.

	Shares of our Common Stock Purchased		Total Consideration	Average Price	Per Share of our
	Number	Percent	Amount	Percent	Common Stock
Prior purchasers		%	$	%	$
New investors		%	$	%	$
Total		%	$	%	$

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If the underwriters were to fully exercise the underwriters' option to purchase additional shares of our common stock from the selling shareholder, the percentage of shares of our common stock held by existing shareholders who are directors, officers or affiliated persons would be %, and the percentage of shares of shares of our common stock held by new investors would be %.

To the extent that we grant options to our employees in the future, and those options are exercised or other issuances of shares of our common stock are made, there will be further dilution to new investors.

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SELECTED HISTORICAL FINANCIAL AND OTHER DATA

The following table sets forth selected consolidated financial and other data of Dollar General Corporation as of the dates and for the periods indicated. We derived the selected historical statement of operations data and statement of cash flows data for the fiscal years or periods, as applicable, ended January 30, 2009, February 1, 2008, July 6, 2007 and February 2, 2007, and balance sheet data as of January 30, 2009 and February 1, 2008, from our historical audited consolidated financial statements included elsewhere in this prospectus. We derived the selected historical statement of operations data and statement of cash flows data for the fiscal years ended February 3, 2006 and January 28, 2005 and balance sheet data as of February 2, 2007, February 3, 2006 and January 28, 2005 presented in this table from audited consolidated financial statements not included in this prospectus. We derived the consolidated selected financial data for the 26-week periods ended July 31, 2009 and August 1, 2008 from our unaudited condensed consolidated interim financial statements included elsewhere in this prospectus. We have prepared the unaudited condensed consolidated interim financial information set forth below on the same basis as our audited consolidated financial statements, except for the adoption of Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities*, *an amendment of FASB Statement No. 133*, and have included all adjustments, consisting only of normal recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for such periods. The interim results set forth below are not necessarily indicative of results for the fiscal year ending January 29, 2010 or for any other period.

On July 6, 2007, we completed a merger with Buck Acquisition Corp. ("Buck") and, as a result, we are a subsidiary of a Delaware limited partnership controlled by investment funds affiliated with KKR. As a result of our 2007 merger, the related purchase accounting adjustments, and a new basis of accounting beginning on July 7, 2007, the 2007 financial reporting periods presented below include the Predecessor period of the Company reflecting 22 weeks of operating results from February 3, 2007 to July 6, 2007 and 30 weeks of operating results for the Successor period, reflecting the 2007 merger from July 7, 2007 to February 1, 2008. Buck's results of operations for the period from March 6, 2007 to July 6, 2007 (prior to the 2007 merger on July 6, 2007) are also included in the consolidated financial statements for the 2007 Successor period described above, as a result of certain derivative financial instruments entered into by Buck prior to the merger. Other than these financial instruments, Buck had no assets, liabilities, or operations prior to the merger. The fiscal years presented from 2004 to 2006 reflect the Predecessor. Due to the significance of the 2007 merger and related transactions that occurred in 2007, the financial information for all Successor periods is not comparable to that of the Predecessor periods presented in the accompanying table.

Our historical results are not necessarily indicative of future operating results. The information set forth below should be read in conjunction with, and is qualified in its entirety by reference to, "Prospectus Summary Summary Historical and Pro Forma Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

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(amounts in millions, excluding number of stores, selling square feet, net sales per square foot and per share data)	Predecessor				Successor			
	Year Ended			February 3, 2007 through	March 6, 2007 through	Year Ended	26 Weeks Ended	
	January 28, 2005	February 3, 2006(1)	February 2, 2007(2)	July 6, 2007(2)	February 1, 2008(2)(3)	January 30, 2009	August 1, 2008	July 31, 2009
Statement of Operations Data:								
Net sales	$ 7,660.9	$ 8,582.2	$ 9,169.8	$ 3,923.8	$ 5,571.5	$ 10,457.7	$ 5,012.9	$ 5,681.8
Cost of goods sold	5,397.7	6,117.4	6,801.6	2,852.2	3,999.6	7,396.6	3,561.8	3,920.4
Gross profit	2,263.2	2,464.8	2,368.2	1,071.6	1,571.9	3,061.1	1,451.1	1,761.4
Selling, general and administrative expenses	1,706.2	1,903.0	2,119.9	960.9	1,324.5	2,448.6	1,197.2	1,303.3
Litigation settlement and related costs, net						32.0		
Transaction and related costs				101.4	1.2			
Operating profit	557.0	561.9	248.3	9.2	246.1	580.5	253.9	458.1
Interest income	(6.6)	(9.0)	(7.0)	(5.0)	(3.8)	(3.1)	(2.2)	(0.1)
Interest expense	28.8	26.2	34.9	10.3	252.9	391.9	200.3	179.2
Other (income) expense					3.6	(2.8)	0.6	(0.7)
Income (loss) before income taxes	534.8	544.6	220.4	4.0	(6.6)	194.4	55.2	279.7
Income tax expense (benefit)	190.6	194.5	82.4	12.0	(1.8)	86.2	21.6	103.1
Net income (loss)	$ 344.2	$ 350.2	$ 137.9	$ (8.0)	$ (4.8)	$ 108.2	$ 33.6	$ 176.6
Earnings (loss) per share(4):								
Basic					$ (0.02)	$ 0.34	$ 0.11	$ 0.56
Diluted					(0.02)	0.34	0.11	0.55
Weighted average shares(4):								
Basic					316.8	317.0	317.4	317.9
Diluted					316.8	317.5	317.9	318.9
Statement of Cash Flows Data:								
Net cash provided by (used in):								
Operating activities	$ 391.5	$ 555.5	$ 405.4	$ 201.9	$ 239.6	$ 575.2	$ 296.5	$ 243.9
Investing activities	(259.2)	(264.4)	(282.0)	(66.9)	(6,848.4)	(152.6)	(30.4)	(107.0)
Financing activities	(245.4)	(323.3)	(134.7)	25.3	6,709.0	(144.8)	(104.7)	0.5
Total capital expenditures	(288.3)	(284.1)	(261.5)	(56.2)	(83.6)	(205.5)	(80.1)	(107.3)
Other Financial and Operating Data:								
Same-store sales growth(5)	3.2%	2.2%	3.3%	2.6%	1.9%	9.0%	7.8%	10.8%
Same-store sales(5)	$ 6,589.0	$ 7,555.8	$ 8,327.2	$ 3,656.6	$ 5,264.2	$ 10,118.5	$ 4,830.1	$ 5,518.8
Number of stores included in same-store sales calculation	5,932	7,186	7,627	7,655	7,735	8,153	7,976	8,226
Number of stores (at period end)	7,320	7,929	8,229	8,205	8,194	8,362	8,308	8,577
Selling square feet (in thousands at period end)	50,015	54,753	57,299	57,379	57,376	58,803	58,302	60,431
Net sales per square foot(6)	$ 160	$ 160	$ 163	$ 164	$ 165	$ 180	$ 171	$ 188
Consumables sales	63.0%	65.3%	65.7%	66.7%	66.4%	69.3%	69.4%	71.3%
Seasonal sales	16.5%	15.7%	16.4%	15.4%	16.3%	14.6%	14.1%	13.7%

Home product sales	11.5%	10.6%	10.0%	9.2%	9.1%	8.2%	8.5%	7.6%
Apparel sales	9.0%	8.4%	7.9%	8.7%	8.2%	7.9%	8.1%	7.5%
Rent expense	$ 268.8	$ 312.3	$ 343.9	$ 150.2	$ 214.5	$ 389.6	$ 190.5	$ 206.3
Balance Sheet Data (at period end):								
Cash and cash equivalents and short-term investments	$ 275.8	$ 209.5	$ 219.2		$ 119.8	$ 378.0	$ 261.6	$ 515.4
Total assets	2,841.0	2,980.3	3,040.5		8,656.4	8,889.2	8,909.8	9,139.9
Total long-term obligations	271.3	278.7	270.0		4,282.0	4,137.1	4,180.6	4,137.8
Total shareholders' equity	1,684.5	1,720.8	1,745.7		2,703.9	2,831.7	2,766.8	3,016.5

(1) The fiscal year ended February 3, 2006 was comprised of 53 weeks.

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(2) Includes the effects of certain strategic merchandising and real estate initiatives that resulted in the closing of approximately 460 stores and changes in our inventory management model which resulted in greater inventory markdowns than in previous years.

(3) Includes the results of Buck Acquisition Corp. for the period prior to its 2007 merger with and into Dollar General Corporation from March 6, 2007 (Buck's formation) through July 6, 2007 and the post-merger results of Dollar General Corporation for the period from July 7, 2007 through February 1, 2008.

(4) Because of our 2007 merger, our capital structure for periods before and after the merger is not comparable, and therefore we are presenting earnings per share and weighted average share information only for periods subsequent to our 2007 merger. Similarly, dividends per share for the periods prior to the merger have not been presented, and we have not paid dividends for the periods presented since our 2007 merger.

(5) For fiscal periods ending after January 28, 2005, same-store sales have been calculated based upon stores that were open at least 13 full fiscal months and remained open at the end of the reporting period. For fiscal periods ending on or before January 28, 2005, same-store sales include stores that were open both at the end of the reporting period and at the beginning of the preceding fiscal year. We exclude the sales in the 53rd week of a 53-week year from the same-store sales calculation.

(6) Net sales per square foot was calculated based on total sales for the preceding 12 months as of the ending date of the reporting period divided by the average selling square footage during the period, including the end of the fiscal year, the beginning of the fiscal year, and the end of each of our three interim fiscal quarters. For the period from February 3, 2007 through July 6, 2007, average selling square footage was calculated using the average of square footage as of July 6, 2007 and as of the end of each of the four preceding quarters. For the fiscal year ended February 3, 2006, net sales per square foot was calculated based on 52 weeks' sales.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations with "Selected Historical Financial and Other Data" and the audited historical and unaudited interim financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including but not limited to those described in the "Risk Factors" section of this prospectus. Actual results may differ materially from those contained in any forward-looking statements. You should read "Special Note Regarding Forward-Looking Statements" and "Risk Factors."

Executive Overview

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 brand 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. We believe our convenient store format and broad selection of high quality products at compelling values have driven our substantial growth and financial success over the years.

On July 6, 2007, we completed a merger and, as a result, we are a subsidiary of Buck Holdings, L.P. ("Parent"), a Delaware limited partnership controlled by investment funds affiliated with Kohlberg Kravis Roberts & Co., L.P. (collectively, "KKR" or "Sponsor"). KKR, the GS Investors, the Citi Private Equity Investors, certain investment advisory clients of Wellington Management Company, LLP, CPP Investment Board (USRE II) Inc., and other equity co-investors (collectively, the "Investors") have an indirect interest in a substantial portion of our capital stock through their investment in Parent. The merger consideration was funded through the use of our available cash, cash equity contributions from the Investors, equity contributions of certain members of our management and certain debt financings discussed below under " Liquidity and Capital Resources."

The customers we serve are value-conscious, and Dollar General has always been intently focused on helping our customers make the most of their spending dollars. We believe our convenient store format and broad selection of high quality products at compelling values have driven our substantial growth and financial success over the years. Like other companies, we are operating in a very difficult economic environment. Consumers are facing heightened economic challenges, including fluctuating gasoline and energy costs, rising food costs, high rates of unemployment, and a continued weakness in housing and credit markets in 2008 and 2009, and the timetable for economic recovery is uncertain. Nonetheless, as a result of our long-term mission of serving the value-conscious customer, coupled with a vigorous focus on improving our operating and financial performance, our 2008 and year-to-date 2009 results have been strong, and we remain cautiously optimistic with regard to executing our operating priorities for the remainder of 2009.

Discussion of Operating Priorities. We have been keenly focused on executing the following four operating priorities which we defined at the beginning of 2008:

- Drive productive sales growth;
- Increase gross margins;

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- Leverage process improvements and information technology to reduce costs; and

- Strengthen and expand Dollar General's culture of "serving others."

Our first priority is driving productive sales growth by increasing shopper frequency and transaction amount and maximizing sales per square foot. We utilized numerous initiatives in 2008 and 2009 to enable productive sales growth. For example, we are defining and improving our store standards with a goal of developing a consistent look and feel across all stores. We expanded offerings of convenience foods and beverages, added new impulse racks at the checkout stands and expanded our store operating hours. To further improve space utilization, we have begun the process of raising the height of merchandise fixtures in our stores, starting with the food area. We also intend to increase sales growth by increasing our number of stores. We believe we have significant potential to increase our number of stores in new and existing markets, with a plan to open approximately 500 new stores in fiscal 2009 and to continue this growth into the future.

Our second priority is to increase gross profit through shrink reduction, distribution efficiencies, an improved pricing model, the expansion of private brand offerings and increased foreign sourcing. In 2008 and 2009, inventory shrink decreased as a result of several focused initiatives, including the elimination of packaway inventories from the stockrooms, the installation of additional security cameras, the implementation of exception-based shrink detection tools, and improved hiring practices and employee retention. Higher sales volumes have contributed to our ability to leverage transportation and distribution costs, and we were able to offset the impact of higher average fuel costs for 2008 through better trailer utilization, expansion of backhaul opportunities and improved fleet management. We reviewed and reset our consumables planograms, eliminating less productive items in order to add more productive ones. In this process, we reviewed our pricing strategy and worked diligently to minimize vendor cost increases. Some merchandise cost increases were unavoidable in 2008, but as a result of our improved pricing analysis tools, we were able to recoup a portion of these increases through pricing. We continue to focus on sales of private brand consumables, which generally have higher gross profit rates, while continuing to offer a wide variety of national brands in our efforts to offer the optimal mix of products to our customers. With regard to the expansion of foreign sourcing, we are still in the early stages of defining the objectives and building the team.

Our third priority is leveraging process improvements and information technology to reduce costs. We are committed as an organization to extract costs that do not affect the customer experience. Examples of cost reduction initiatives in 2008 and 2009 include recycling of cardboard, reduction of workers' compensation expense through a focus on safety and improvement of energy management in the stores through installation and monitoring of new equipment. With regard to information technology, we are focusing our resources on improving systems that are designed to enhance retail store operations and merchandising.

Our fourth priority is to strengthen and expand Dollar General's culture of serving others. For customers this means helping them "*Save Time. Save Money. Every Day*." For employees, this means creating an environment that attracts and retains key employees throughout the organization. For the public, this means giving back to our store communities.

Financial and operating highlights. For the 26 weeks ended July 31, 2009, our focus on our four priorities resulted in improved financial performance over the comparable 2008 period in each of our key financial metrics, as follows:

- Total sales increased 13.3% to $5.68 billion. Sales in same-stores increased 10.8%, driven by increases in customer traffic and average transaction amount. Average sales per square foot for all stores over the 52-week period ended July 31, 2009 were approximately $188, up from $171 for the comparable prior 52-week period ended August 1, 2008.

- Gross profit, as a percentage of sales, increased to 31.0%, compared to 28.9% in the 2008 period, as a result of higher average markups driven by our focused effort to reduce our merchandise purchase costs while maintaining our everyday low prices (including strategic changes we have made to the mix of merchandise, such as increasing private brand items which generally are associated with higher average markups), reduced transportation and distribution costs, continued improvement in our inventory shrink rate and a lower LIFO charge.

- SG&A, as a percentage of sales, was 22.9%, compared to 23.9% in the 2008 period. The improvement is attributable to leverage resulting from our significant sales increase.

- Inventory turnover improved to 5.1 times on a rolling four-quarter basis, compared to 5.0 times for the corresponding prior year period.

- We reported net income of $176.6 million, compared to net income of $33.6 million in the 2008 period.

We generated $243.9 million of cash from operating activities during the first two quarters of 2009; and as of July 31, 2009, we had a cash balance of $515.4 million. Through the 2009 second quarter, we opened 225 new stores, remodeled or relocated 213 stores, and closed 10 stores.

Our fiscal 2008 annual financial highlights included:

- A 10.1% total sales increase from 2007 and a 9.0% same-stores sales increase, driven by increases in customer traffic and average transaction amount. Average sales per square foot for all stores in 2008 were approximately $180, up from $165 in 2007. Sales increases of consumables products outpaced our more discretionary categories, likely the result of both our merchandising initiatives, which were more focused on consumables, and the negative effect of the economy on consumer discretionary spending.

- Gross profit, as a percentage of sales, was 29.3% in 2008. During the year, we made progress in reducing our inventory shrinkage and improving the efficiencies of our distribution and transportation processes as well as leveraging fixed distribution costs. Improvements in our pricing systems and processes also permitted us to make timelier price changes to compensate for unavoidable cost increases, and for the year, markdowns declined.

- SG&A, as a percentage of sales, for fiscal 2008 was 23.4%, compared to 23.8% in the 2007 Successor period and 24.5% in the 2007 Predecessor period. Our increased sales levels favorably affected SG&A, as a percentage of sales, in addition to a reduction in workers' compensation expense, resulting from safety initiatives implemented over the last several years, and reduced advertising expense. The 2007 Predecessor period included SG&A of $45.0 million, or 115 basis points, related to closing underperforming stores.

- Litigation expense of $32 million reflecting the settlement and related expenses, net of insurance proceeds, of a class action lawsuit filed as a result of our 2007 merger. We determined that the settlement was in our best interests to avoid costly and time consuming litigation.

- Interest expense of $391.9 million in 2008 relating primarily to interest on debt incurred to finance our 2007 merger. We repaid all borrowings under our revolving credit facility in the first quarter of 2008 and incurred no additional borrowings during the year. In January 2009, we further reduced our total long-term obligations by repurchasing $44.1 million of our Senior Subordinated Notes.

- Net income of $108.2 million, compared to a net loss of $4.8 million in the 2007 Successor period and a net loss of $8.0 million in the 2007 Predecessor period (each of the 2007 periods included significant costs related to the 2007 merger and other strategic initiatives as more fully described below in the comparison of results of operations for 2008 and 2007).

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Cash from operating activities of $575.2 million, a portion of which we used to invest in our stores and to reduce long-term obligations. At year end, our cash balance was $378 million.

Opening of 207 new stores, remodeling or relocating of 404 stores, and closing of 39 stores, resulting in a store count of 8,362 on January 30, 2009. In addition, we are pleased with the progress we made during the year in our efforts to better utilize existing square footage and to improve the appearance of our stores.

Outlook for 2009. We plan to continue to focus on our same four operating priorities for the remainder of the year. We intend to continue to refine and improve our store standards, focusing on achieving a consistent look and feel across the chain, and plan to measure customer satisfaction. We expect to complete the process of raising the height of our merchandise fixtures, allowing us to better utilize our store square footage. We will continue to focus on reducing inventory shrink by implementing additional analytical tools and expanding the utilization of surveillance equipment. We have identified additional opportunities to reduce labor and other costs in our distribution centers. In addition, we plan to continue to expand our private brand consumables offerings and to increase and upgrade our private brand merchandise in the home and seasonal categories. Most of our merchandising focus and the recent changes we have made have centered on items in our consumables category, which have demonstrated strong sales growth as a result. In 2009, we are bringing the same focus and intensity to our apparel, home and seasonal categories. We intend to make strides in expanding our foreign sourcing efforts and expect to begin seeing a greater impact from this initiative in late 2009.

With regard to leveraging information technology and process improvements to reduce costs, we will continue to focus on making improvements that benefit our merchandising and operations efforts, including projects such as pricing and profitability analysis, merchandise selection and allocation and labor scheduling. All of our store managers now have access to a back office computer, which improves reporting and communications with the stores and, consequently, will assist us in improving store productivity.

Finally, in 2009, we plan to open approximately 500 new stores within the 35 states in which we currently operate, and to remodel or relocate an additional 450 stores. With regard to planned new store openings, our criteria are based on numerous factors including, among other things, availability of appropriate sites, expected sales, lease terms, population demographics, competition, and the employment environment. We use various real estate site selection tools to determine target markets and optimum site locations within those markets. Our 2009 store expansion plans include expansion only within our existing markets. With respect to store relocations, we begin to evaluate a store for relocation opportunities approximately 18 months prior to the store's lease expiration using the same basic tools and criteria as those used for new stores. Remodels, which require a much smaller investment, are determined based on the need, the opportunity for sales improvement at the location and an expectation of a desirable return on investment. The majority of new store sites for 2009 have been identified and terms agreed to.

We expect to continue to face difficult economic issues in 2009 which will restrict our customers' ability to spend and, therefore, will challenge our efforts to increase sales and gross profit. We also believe that competitive pricing, promotions, and advertising will continue and are likely to increase if overall retail sales continue to decline. We remain committed to our operating model and to making improvements in our stores and our merchandise to better serve the needs of our customers.

As a result of this offering and the related transactions, we anticipate that we will incur significant charges in the accounting period in which such transactions are consummated, including charges relating to the redemption of our Senior Notes and Senior Subordinated Notes in the amount of $, fees associated with the termination of our monitoring agreement in the amount of $ and charges for the acceleration of vesting of certain share-based awards in the amount of $.

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Results of Operations

Accounting Periods. The following text contains references to years 2009, 2008, 2007, and 2006, which represent fiscal years ending or ended January 29, 2010, January 30, 2009, February 1, 2008, and February 2, 2007, respectively. Our fiscal year ends on the Friday closest to January 31. Fiscal years 2009, 2008 and 2006 were all 52-week accounting periods.

As discussed above, we completed a merger transaction on July 6, 2007, and therefore the 2007 presentation includes the 22-week Predecessor period of Dollar General Corporation through July 6, 2007, reflecting the historical basis of accounting prior to the 2007 merger, and a 30-week Successor period, reflecting the impact of the business combination and associated purchase price allocation of the merger of Dollar General Corporation and Buck Acquisition Corp. ("Buck"), from July 7, 2007 to February 1, 2008. Buck was formed on March 6, 2007, and its results of operations prior to the 2007 merger, related solely to interest rate swaps entered into in anticipation of the merger, are included in the 2007 Successor results of operations. Transactions relating to or resulting from the 2007 merger are discussed separately.

Seasonality. The nature of our business is seasonal to a certain extent. Primarily because of sales of holiday-related merchandise, sales in our fourth quarter (November, December and January) have historically been higher than sales achieved in each of the first three quarters of the fiscal year. Expenses and, to a greater extent, operating income vary by quarter. Results of a period shorter than a full year may not be indicative of results expected for the entire year. Furthermore, the seasonal nature of our business may affect comparisons between periods.

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The following table contains results of operations data for the 26-week periods ended July 31, 2009 and August 1, 2008, and the dollar and percentage variances among those periods:

	26 Weeks Ended		2009 vs. 2008	
(amounts in millions, except per share data)	**Jul. 31, 2009**	**Aug. 1, 2008**	**Amount change**	**% change**
Net sales by category:				
Consumables	$4,049.0	$3,476.9	$572.1	16.5%
% of net sales	*71.26%*	*69.36%*		
Seasonal	779.7	706.6	73.1	10.3
% of net sales	*13.72%*	*14.10%*		
Home products	429.1	424.0	5.0	1.2
% of net sales	*7.55%*	*8.46%*		
Apparel	424.0	405.3	18.7	4.6
% of net sales	*7.46%*	*8.08%*		
Net sales	$5,681.8	$5,012.9	$669.0	13.3%
Cost of goods sold	3,920.4	3,561.8	358.7	10.1
% of net sales	*69.00%*	*71.05%*		
Gross profit	1,761.4	1,451.1	310.3	21.4
% of net sales	*31.00%*	*28.95%*		
Selling, general and administrative expenses	1,303.3	1,197.2	106.1	8.9
% of net sales	*22.94%*	*23.88%*		
Operating profit	458.1	253.9	204.2	80.4
% of net sales	*8.06%*	*5.07%*		
Interest income	(0.1)	(2.2)	2.1	(95.0)
% of net sales	*(0.00)%*	*(0.04)%*		
Interest expense	179.2	200.3	(21.1)	(10.5)
% of net sales	*3.15%*	*4.00%*		
Other (income) expense	(0.7)	0.6	(1.3)	
% of net sales	*(0.01)%*	*0.01%*		
Income before income taxes	279.7	55.2	224.5	406.7
% of net sales	*4.92%*	*1.10%*		
Income taxes	103.1	21.6	81.6	378.2
% of net sales	*1.82%*	*0.43%*		
Net income	$ 176.6	$ 33.6	$143.0	425.1%
% of net sales	*3.11%*	*0.67%*		
Earnings per share:				
Basic	$ 0.56	$ 0.11	$ 0.45	409.1%
Diluted	0.55	0.11	0.44	400.0

Net Sales. The net sales increase in the 2009 year-to-date period reflects a same-store sales increase of 10.8% compared to the same period in 2008. For the 2009 quarter, there were 8,226 same-stores which accounted for sales of $5.52 billion. The remainder of the sales increase was attributable to new stores, partially offset by sales from closed stores.

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Gross Profit. The gross profit rate as a percentage of sales was 31.0% in the 2009 period compared to 28.9% in the 2008 period. Several factors contributed significantly to our gross profit rate expansion:

- Average markups increased as a result of our focus on lowering costs from our vendors, while maintaining our every day low prices, and changes we have made to the mix of merchandise, such as the increase in private brand items which generally represent higher gross profit rates.

- Distribution and transportation costs decreased as a result of lower fuel costs and improved efficiencies arising from changes in our distribution processes. In addition, higher sales volumes resulted in improved cost leverage.

- Inventory shrink as a percentage of sales declined.

- The estimated LIFO provision in the 2009 period was $0.5 million compared to a provision of $16.0 million in the 2008 period based on our 2009 year-to-date product cost trends compared to 2008 as discussed above and our current estimates for the 2009 fiscal year.

SG&A Expenses. SG&A decreased to 22.9% as a percentage of sales in the 2009 period from 23.9% in the 2008 period, a decrease of 94 basis points, primarily attributable to leverage attained from significantly higher net sales as discussed above. As a percentage of sales, waste management costs declined primarily as a result of cardboard recycling efforts, electricity, store payroll and occupancy costs decreased, and professional fees (primarily legal expenses) were lower in the 2009 period. In addition, workers' compensation costs and general liability insurance expense decreased as a result of our continued cost reduction and safety efforts. A noncash fixed asset impairment charge of approximately $5.0 million in the 2009 period and increased advertising costs partially offset improvements in SG&A. The overall 8.9% increase in SG&A expense in the 2009 period compared to the 2008 period is primarily the result of amounts required to operate new stores and to support increased same-store sales levels.

Interest Income. Interest income consists primarily of interest on investments. The decrease in interest income in the 2009 period compared to the 2008 period was the result of lower interest rates.

Interest Expense. The decrease in interest expense in the 2009 period from the 2008 period is due to lower interest rates on our variable rate debt, primarily on our term loan, and lower outstanding borrowings as the result of the repurchase of $44.1 million of the senior subordinated notes in the fourth quarter of 2008.

Income Taxes. The effective income tax rate for the 26-week period ended July 31, 2009 was 36.9% compared to a rate of 39.1% for the 26-week period ended August 1, 2008. Both periods included similar amounts of income tax-related interest, but because the 2009 pretax income was higher, the effective rate was impacted to a lesser degree. In addition, the 2009 period benefited from a reduction in a deferred tax valuation allowance related to state income tax credits that did not occur in 2008.

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Fiscal Year 2008, 2007 Successor and Predecessor Periods, and Fiscal Year 2006

The following table contains results of operations data for fiscal year 2008, the Successor and Predecessor periods in 2007, and fiscal year 2006.

	Successor		Predecessor	
(amounts in millions, except per share data)	**2008**	**2007(a)(c)**	**2007(b)(c)**	**2006(c)**
Net sales by category:				
Consumables	$ 7,248.4	$ 3,701.7	$ 2,615.1	$ 6,022.0
% of net sales	*69.31%*	*66.44%*	*66.65%*	*65.67%*
Seasonal	1,521.5	908.3	604.9	1,510.0
% of net sales	*14.55%*	*16.30%*	*15.42%*	*16.47%*
Home products	862.2	507.0	362.7	914.4
% of net sales	*8.24%*	*9.10%*	*9.24%*	*9.97%*
Apparel	825.6	454.4	341.0	723.5
% of net sales	*7.89%*	*8.16%*	*8.69%*	*7.89%*
Net sales	$ 10,457.7	$ 5,571.5	$ 3,923.8	$ 9,169.8
Cost of goods sold	7,396.6	3,999.6	2,852.2	6,801.6
% of net sales	*70.73%*	*71.79%*	*72.69%*	*74.17%*
Gross profit	3,061.1	1,571.9	1,071.6	2,368.2
% of net sales	*29.27%*	*28.21%*	*27.31%*	*25.83%*
Selling, general and administrative expenses	2,448.6	1,324.5	960.9	2,119.9
% of net sales	*23.41%*	*23.77%*	*24.49%*	*23.12%*
Litigation settlement and related costs, net	32.0			
% of net sales	*0.31%*			
Transaction and related costs		1.2	101.4	
% of net sales		*0.02%*	*2.58%*	
Operating profit	580.5	246.1	9.2	248.3
% of net sales	*5.55%*	*4.42%*	*0.24%*	*2.71%*
Interest income	(3.1)	(3.8)	(5.0)	(7.0)
% of net sales	*(0.03)%*	*(0.07)%*	*(0.13)%*	*(0.08)%*
Interest expense	391.9	252.9	10.3	34.9
% of net sales	*3.75%*	*4.54%*	*0.26%*	*0.38%*
Other (income) expense	(2.8)	3.6		
% of net sales	*(0.03)%*	*0.07%*		
Income (loss) before income taxes	194.4	(6.6)	4.0	220.4
% of net sales	*1.86%*	*(0.12)%*	*0.10%*	*2.40%*
Income taxes	86.2	(1.8)	12.0	82.4
% of net sales	*0.82%*	*(0.03)%*	*0.31%*	*0.90%*
Net income (loss)	$ 108.2	$ (4.8)	$ (8.0)	$ 137.9
% of net sales	*1.03%*	*(0.09)%*	*(0.20)%*	*1.50%*
Earnings per share(d)				
Basic	$ 0.34	$ (0.02)		
Diluted	0.34	(0.02)		

(a)

Includes the results of operations of Buck Acquisition Corp. for the period prior to its 2007 merger with and into Dollar General Corporation from March 6, 2007 (Buck's formation) through July 6, 2007 (reflecting the change in fair value of interest rate swaps), and the post-merger results of Dollar General Corporation for the period from July 7, 2007 through February 1, 2008.

(b) Includes the pre-merger results of Dollar General Corporation for the period from February 3, 2007 through July 6, 2007.

(c) Includes the effects of certain strategic merchandising and real estate initiatives that resulted in the closing of approximately 460 stores and changes in our inventory management model which resulted in greater inventory markdowns than in previous years.

(d) Because of our 2007 merger, our capital structure for periods before and after the merger is not comparable and therefore we are presenting earnings per share information only for periods subsequent to our 2007 merger.

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The following discussion of our financial performance also includes supplemental unaudited pro forma condensed consolidated financial information for fiscal years 2007 and 2006. Because our merger occurred during our 2007 second quarter, we believe this information aids in the comparison between the periods presented. The pro forma information does not purport to represent what our results of operations would have been had the 2007 merger and related transactions actually occurred at the beginning of the years indicated, and they do not purport to project our results of operations or financial condition for any future period. The following table contains results of operations data for 2008 compared to pro forma results of operations for fiscal years 2007 and 2006, and the dollar and percentage variances among those years. See " Unaudited Pro Forma Condensed Consolidated Financial Information" below.

				2008 vs. 2007		**2007 Pro Forma vs.**	
		Pro Forma		**Pro Forma**		**2006 Pro Forma**	
(amounts in millions)	**2008**	**2007**	**2006**	**$ change**	**% change**	**$ change**	**% change**
Net sales by category:							
Consumables	$ 7,248.4	$6,316.8	$6,022.0	$931.6	14.7%	$ 294.8	4.9%
% of net sales	69.31%	66.53%	65.67%				
Seasonal	1,521.5	1,513.2	1,510.0	8.2	0.5	3.2	0.2
% of net sales	14.55%	15.94%	16.47%				
Home products	862.2	869.8	914.4	(7.5)	(0.9)	(44.6)	(4.9)
% of net sales	8.24%	9.16%	9.97%				
Apparel	825.6	795.4	723.5	30.2	3.8	72.0	9.9
% of net sales	7.89%	8.38%	7.89%				
Net sales	$10,457.7	$9,495.2	$9,169.8	$962.4	10.1%	$ 325.4	3.5%
Cost of goods sold	7,396.6	6,852.5	6,803.1	544.1	7.9	49.3	0.7
% of net sales	70.73%	72.17%	74.19%				
Gross profit	3,061.1	2,642.8	2,366.7	418.3	15.8	276.1	11.7
% of net sales	29.27%	27.83%	25.81%				
Selling, general and administrative expenses	2,448.6	2,310.9	2,180.9	137.7	6.0	130.0	6.0
% of net sales	23.41%	24.34%	23.78%				
Litigation settlement and related costs, net	32.0			32.0			
% of net sales	0.31%						
Transaction and related costs		1.2		(1.2)		1.2	
% of net sales		0.01%					
Operating profit	580.5	330.6	185.7	249.9	75.6	144.9	78.0
% of net sales	5.55%	3.48%	2.03%				
Interest income	(3.1)	(8.8)	(7.0)	5.8	(65.4)	(1.8)	26.3
% of net sales	(0.03)%	(0.09)%	(0.08)%				
Interest expense	391.9	436.7	436.9	(44.8)	(10.3)	(0.2)	(0.0)
% of net sales	3.75%	4.60%	4.76%				
Other (income) expense	(2.8)	3.6		(6.4)		3.6	
% of net sales	(0.03)%	0.04%					
Income (loss) before income taxes	194.4	(100.9)	(244.2)	295.3		143.3	(58.7)
% of net sales	1.86%	(1.06)%	(2.66)%				
Income taxes	86.2	(42.9)	(88.0)	129.1		45.1	(51.2)
% of net sales	0.82%	(0.45)%	(0.96)%				
Net income (loss)	$ 108.2	$ (57.9)	$ (156.2)	$166.1	%	$ 98.2	(62.9)%
% of net sales	1.03%	(0.61)%	(1.70)%				

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Net Sales. The net sales increase in fiscal 2008 reflects a same-store sales increase of 9% compared to 2007. For the 2008 fiscal year, there were 8,153 same-stores which accounted for sales of $10.12 billion. There were no purchase accounting or other adjustments to net sales as a result of our 2007 merger, therefore, the 2007 net sales and other amounts presented related to 2007 net sales are calculated using the 2007 52-week fiscal year. The remainder of the increase in sales in fiscal 2008 was attributable to new stores, partially offset by sales from closed stores. The increase in consumables sales reflects the various initiatives implemented in 2008, including the impact of improved store standards, the expansion of convenience food and beverage offerings, improved utilization of square footage and extended store hours. The majority of our merchandising efforts in 2008 related to the consumables category, including planogram resets and increased emphasis on private brand products as further discussed above in the Executive Overview. Both the number of customer transactions and average transaction amount increased for the year, and we believe that our stores benefited to some degree from attracting new customers who are seeking value as a result of the current economic environment.

The net sales increase in 2007 primarily reflects a same-store sales increase of 1.9% for the 2007 Successor period and 2.6% for the Predecessor period compared to the same periods in 2006. For the 2007 Successor period, there were 7,735 same-stores (generating $5.26 billion of net sales) and for the 2007 Predecessor period there were 7,655 same-stores (generating $3.66 billion of net sales). Sales resulting from new store growth, including 170 new stores in the 2007 Successor period and 195 stores in the 2007 Predecessor period, were partially offset by the impact of store closings in the 2007 Predecessor and Successor periods and in 2006. Sales of consumables were 66.4% of total sales in the 2007 Successor period and 66.6% of total sales in the 2007 Predecessor period, compared to 65.7% of total sales in 2006, resulting from successful changes during the 2007 periods to our consumables merchandising mix. Sales of seasonal merchandise increased slightly in dollars but declined as a percentage of total sales in the 2007 periods compared to 2006. Apparel sales increased as a percentage of total sales in the 2007 periods compared to 2006, while home products sales decreased as a percentage of sales. To some extent, sales in these more discretionary categories were affected by our efforts to eliminate our inventory packaway strategy by the end of 2007 and to reduce overall inventory levels. In addition, we believe sales of seasonal merchandise, apparel and home products were negatively affected by continued economic pressures on our customers, particularly in the fourth quarter of 2007. The increase in same-store sales represents an increase in average customer purchase, offset by a slight decrease in customer traffic.

Of our four major merchandise categories, the consumables category has grown significantly over the past several years. Although this category generally has a lower gross profit rate than the other three categories, as discussed below, we have been able to increase our overall gross profit rate since our 2007 merger. Because of the impact of sales mix on gross profit, we continually review our merchandise mix and strive to adjust it when appropriate. Maintaining an appropriate sales mix is an integral part of achieving our gross profit and sales goals.

Gross Profit. The gross profit rate as a percentage of sales was 29.3% in 2008, compared to 28.2% in the 2007 Successor period, 27.3% in the 2007 Predecessor period, and 27.8% for pro forma 2007. Factors contributing to the increase in the 2008 gross profit rate include a lower inventory shrink rate; lower promotional markdowns; improved leverage on distribution and transportation costs; and improved markups related to changes resulting from the outcome of pricing analysis, our ability to react more quickly to product cost changes and diligent vendor negotiations. In January 2009, we marked down merchandise as the result of a change in the interpretation of the phthalates provision of the Consumer Product Safety Improvement Act of 2008 resulting in a charge of $8.6 million. Also in 2008, we faced increased commodity cost pressures mainly related to food and pet products which have been driven by rising fruit and vegetable prices and freight costs. Increases in petroleum, resin, metals, pulp and other raw material commodity driven costs also resulted in multiple product cost increases. Related to these commodity cost increases, we recorded a LIFO provision of $43.9 million in 2008, compared to the LIFO provision recorded in the 2007 Successor period of $6.1 million. We intend to address these commodity cost increases through negotiations with our vendors and by increasing retail prices as necessary. On a quarterly basis, we estimate the annual impact of commodity cost fluctuations based upon the best available information at that point in time.

The gross profit rate as a percentage of sales was 27.3% in the 2007 Predecessor period, 28.2% in the 2007 Successor period, and 27.8% in pro forma 2007, compared to 25.8% in 2006. Factors affecting the increase in the gross profit rate include: lower markdowns (markdowns in 2006 included significant markdowns and below cost adjustments relating to the move away from our packaway inventory strategy); and improved leverage on distribution and transportation costs driven by logistics efficiencies. The gross profit rate in the 2007 Successor period was greater than in the Predecessor period, in part due to the seasonality of our sales which generally result in greater sales of higher margin discretionary purchases in the fourth quarter. Offsetting the factors listed above was an increase in our shrink rate in the 2007 periods as compared to 2006 and a shift in the mix of sales to more consumables products which have relatively lower gross profit rates.

SG&A Expense. SG&A expense as a percentage of sales decreased to 23.4% in 2008, compared to 23.8% and 24.5% in the 2007 Successor and Predecessor periods, respectively. The more significant items resulting in the decrease in 2008 compared to the 2007 periods include: approximately $9.0 million and $45.0 million in the 2007 Successor and Predecessor periods, respectively (including $2.4 million and $4.1 million, respectively, also included in advertising costs discussed below) relating to the closing of stores and the elimination of our packaway inventory strategy; a $5.0 million gain in 2008, compared to a $12.0 million loss in the 2007 Successor period, relating to potential losses on distribution center leases; advertising costs of $27.8 million in 2008 compared to $23.6 million and $17.3 million in the 2007 Successor and Predecessor periods, respectively; and decreases in workers' compensation and other insurance-related costs compared to the 2007 periods. These decreases were partially offset by an increase in incentive compensation and related payroll taxes in 2008 compared to the 2007 periods due to improved overall financial performance, increased amortization of leasehold intangibles capitalized in connection with the revaluation of assets at the date of our 2007 merger and an increase in professional fees in 2008 compared to the 2007 periods primarily reflecting legal expenses related to shareholder litigation.

SG&A decreased to 23.4% of sales in 2008, compared to 24.3% of sales in pro forma 2007. The more significant items resulting in the decrease from the 2007 pro forma results include: $54.0 million of costs in pro forma 2007 SG&A relating to the closing of stores and the elimination of our packaway inventory strategy; a $5.0 million gain in 2008, compared to a $12.0 million loss in the 2007 pro forma period relating to possible losses on distribution center leases; and decreases in workers' compensation and other insurance-related costs in 2008 of $10.4 million compared to the 2007 pro forma period. These decreases were partially offset by an increase in incentive compensation and related payroll taxes of $42.0 million in 2008 compared to pro forma 2007 due to improved overall financial performance and an increase in professional fees in 2008 of $10.4 million compared to pro forma 2007 primarily reflecting legal expenses related to shareholder litigation.

SG&A expense increased as a percentage of sales to 23.8% in the 2007 Successor period and 24.5% in the 2007 Predecessor period from 23.1% in 2006. SG&A in the 2007 periods includes: $23.4 million in the 2007 Successor period related to amortization of leasehold intangibles capitalized in connection with the revaluation of assets at the date of our 2007 merger; $19.3 million and $7.6 million of administrative employee incentive compensation expense in the 2007 Successor and Predecessor periods, respectively, resulting from meeting certain financial targets, compared to $9.6 million of discretionary bonuses in 2006; approximately $9.0 million and $45.0 million of expenses in the 2007 Successor and Predecessor periods, respectively, relating to the closing of stores and the elimination of our packaway inventory strategy (compared to approximately $33 million in 2006) and an accrued loss of approximately $12.0 million in the 2007 Successor period relating to probable losses for certain distribution center leases. In addition, SG&A in the 2007 Successor period includes approximately $4.8 million of KKR-related consulting and monitoring fees. SG&A expense in 2006 was

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partially offset by insurance proceeds of $13.0 million received during the year related to losses incurred due to Hurricane Katrina.

On a pro forma basis, SG&A expense increased as a percentage of sales to 24.3% in 2007, compared to 23.8% in 2006. SG&A in the 2007 pro forma results compared to 2006 includes: $26.9 million of administrative employee incentive compensation expense in 2007 resulting from meeting certain financial targets, compared to $9.6 million of discretionary bonuses in 2006; approximately $54 million of expenses in 2007 relating to the closing of stores and the elimination of our packaway inventory strategy, compared to approximately $33 million in 2006; and an accrued loss of approximately $12.0 million in 2007 relating to probable losses for certain distribution center leases. SG&A expense in 2006 was partially offset by insurance proceeds of $13.0 million received during the year related to losses incurred due to Hurricane Katrina.

Litigation Settlement and Related Costs, Net. The $32.0 million in 2008 represents the settlement of a class action lawsuit filed in response to our 2007 merger, and includes a $40.0 million settlement and estimated expenses of $2.0 million, net of $10.0 million of insurance proceeds received in the fourth quarter of 2008.

Transaction and Related Costs. The $1.2 million and $101.4 million of expenses recorded in the 2007 Successor and Predecessor periods, respectively, reflect $1.2 million and $62.0 million, respectively, of expenses related to our 2007 merger, such as investment banking and legal fees as well as $39.4 million of compensation expense in the Predecessor period related to stock options, restricted stock and restricted stock units which were fully vested immediately prior to and as a result of our 2007 merger.

Interest Income. Interest income consists primarily of interest on investments. The decrease in interest income in 2008 compared to the 2007 periods was a result of lower interest rates, partially offset by higher investments. In the 2007 periods (primarily the 2007 Predecessor period) we had higher levels of cash and short-term investments on hand as compared to 2006.

Interest Expense. The significant increase in interest expense in 2008 and the 2007 Successor period subsequent to our 2007 merger is due to interest on long-term obligations incurred to finance the merger. See further discussion under " Liquidity and Capital Resources" below. We had outstanding variable-rate debt of $623 million and $787 million, after taking into consideration the impact of interest rate swaps, as of January 30, 2009 and February 1, 2008, respectively. The remainder of our outstanding indebtedness at January 30, 2009 and February 1, 2008 was fixed rate debt.

Interest expense in 2008 was less than 2007 pro forma interest expense due to lower borrowing amounts, specifically on the senior secured asset-based revolving credit facility and Senior Subordinated Notes, along with lower interest rates. Pro forma interest expense for both 2007 and 2006 was approximately $437 million.

Other (Income) Expense. In 2008, we recorded a gain of $3.8 million resulting from the repurchase of $44.1 million of our Senior Subordinated Notes, offset by expense of $1.0 million related to hedge ineffectiveness related to certain interest rate swaps.

During the 2007 Successor period, we recorded an unrealized loss of $4.1 million related to the change in the fair value of interest swaps prior to the designation of such swaps as cash flow hedges in October 2007, offset by earnings of $1.7 million under the contractual provisions of the swap agreements. Also during the 2007 Successor period, we recorded $6.2 million of expenses related to consent fees and other costs associated with a tender offer for certain notes payable maturing in June 2010 ("2010 Notes"). Approximately 99% of the 2010 Notes were retired as a result of the tender offer. The costs related to the tender of the 2010 Notes were partially offset by a $4.9 million gain in the 2007 Successor period resulting from the repurchase of $25.0 million of our Senior Subordinated Notes.

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Income Taxes. The effective income tax rates for 2008, the 2007 Successor and Predecessor periods and 2006 were an expense of 44.4%, a benefit of 26.9% and expense of 300.2%, and 37.4%, respectively.

The 2008 income tax rate is greater than the expected U.S. statutory tax rate of 35% principally due to the non-deductibility of the settlement and related expenses associated with our 2007 merger-related shareholder lawsuit.

The income tax rate for the Successor period ended February 1, 2008 is a benefit of 26.9%. This benefit is less than the expected U.S. statutory rate of 35% due to the incurrence of state income taxes in several of the group's subsidiaries that file their state income tax returns on a separate entity basis and the election to include, effective February 3, 2007, income tax related interest and penalties in the amount reported as income tax expense.

The income tax rate for the Predecessor period ended July 6, 2007 is an expense of 300.2%. This expense is higher than the expected U.S. statutory rate of 35% due principally to the non-deductibility of certain acquisition related expenses.

Off Balance Sheet Arrangements

We lease three of our distribution centers from lessors, which meet the definition of a Variable Interest Entity ("VIE") as described by Financial Accounting Standards Board ("FASB") Interpretation 46, *Consolidation of Variable Interest Entities* ("FIN 46"), as revised. One of these distribution centers has been recorded as a financing obligation whereby the property and equipment are reflected in our consolidated balance sheets. The land and buildings of the other two distribution centers have been recorded as operating leases in accordance with Statement of Financial Accounting Standards ("SFAS") No. 13, *Accounting for Leases*. We are not the primary beneficiary of these VIEs and, accordingly, have not included these entities in our consolidated financial statements. Other than the foregoing, we are not party to any off balance sheet arrangements.

Unaudited Pro Forma Condensed Consolidated Financial Information

The following supplemental unaudited pro forma condensed consolidated statements of operations data have been developed by applying pro forma adjustments to our historical consolidated statements of operations. We were acquired on July 6, 2007 through a merger accounted for as a reverse acquisition. Although we continued as the same legal entity after this merger, the accompanying unaudited pro forma condensed consolidated financial information is presented for the Predecessor and Successor relating to the periods preceding and succeeding the merger, respectively. As a result of our 2007 merger, we applied purchase accounting standards and a new basis of accounting effective July 7, 2007. The unaudited pro forma condensed consolidated statements of operations for the years ended February 1, 2008 and February 2, 2007 gives effect to the 2007 merger as if it had occurred on February 3, 2007 and February 4, 2006, respectively. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with this unaudited pro forma condensed consolidated financial information.

The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable under the circumstances. The unaudited pro forma condensed consolidated financial information is presented for supplemental informational purposes only, although we believe this information is useful in providing comparisons between years. The unaudited pro forma condensed consolidated financial information does not purport to represent what our results of operations would have been had our 2007 merger and related transactions actually occurred on the date indicated, and they do not purport to project our results of operations or financial condition for any future period. The unaudited pro forma condensed consolidated statements of operations should be read in conjunction with other sections of this Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as "Selected Historical Financial and

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Other Data" and our audited consolidated financial statements and related notes thereto appearing elsewhere in this prospectus. All pro forma adjustments and their underlying assumptions are described more fully in the notes to our unaudited pro forma condensed consolidated statements of operations.

	Fiscal Year Ended February 1, 2008			
(In thousands)	**Successor**	**Predecessor**	**Adjustments**	**Pro Forma**
Net sales	$5,571,493	$3,923,753	$	$9,495,246
Cost of goods sold	3,999,599	2,852,178	695 (a)	6,852,472
Gross profit	1,571,894	1,071,575	(695)	2,642,774
Selling, general and administrative expenses	1,324,508	960,930	25,461 (b)	2,310,899
Transaction and related costs	1,242	101,397	(101,397)(c)	1,242
Operating profit	246,144	9,248	75,241	330,633
Interest income	(3,799)	(5,046)		(8,845)
Interest expense	252,897	10,299	173,502 (d)	436,698
Other (income) expense	3,639			3,639
Income (loss) before income taxes	(6,593)	3,995	(98,261)	(100,859)
Income tax expense (benefit)	(1,775)	11,993	(53,138)(e)	(42,920)
Net loss	$ (4,818)	$ (7,998)	$ (45,123)	$ (57,939)

See notes to unaudited pro forma condensed consolidated statements of operations.

Fiscal Year Ended February 2, 2007