

**DOLLAR
GENERAL
CORPORATION**

100 MISSION RIDGE • GOODLETTSVILLE, TN 37072-2171 • PHONE 615.855.4000

September 10, 2007

The Honorable Bobby Rush
Chairman
United States House of Representatives
Subcommittee on Commerce, Trade and Consumer Protection
Committee on Energy and Commerce
Washington, DC 20515-6115

The Honorable Cliff Stearns
Ranking Member
United States House of Representatives
Subcommittee on Commerce, Trade and Consumer Protection
Committee on Energy and Commerce
Washington, DC 20515-6115

Dear Chairman Rush and Ranking Member Stearns:

Thank you for your August 22, 2007 letter concerning lead and children's products. As a national retailer, Dollar General shares your concern about these issues and looks forward to working cooperatively with you to seek solutions.

Dollar General has been in the retail business since 1955 and is a leading value discount retailer of quality general merchandise at everyday low prices. We serve the basic consumable needs of customers primarily in the low- and middle-income brackets and those on fixed incomes. We are headquartered in Goodlettsville, Tennessee and operate stores in thirty-five states. The traditional Dollar General store has, on average, approximately 6,900 square feet of selling space and generally serves customers who live within five miles of the store. Of our 8,260 stores operating as of March 2, 2007, approximately 4,750 serve communities with populations of 20,000 or less.

Through these conveniently located stores, we offer a focused assortment of basic consumable merchandise including health and beauty aids, packaged food and refrigerated products, home cleaning supplies, house-wares, stationery, seasonal goods, basic clothing and domestics. We sell quality private label and national brand products, purchased directly from

manufacturers such as Proctor and Gamble, Unilever, Johnson & Johnson etc., that appeal to a wide range of customers. While up to one-third of the products we sell are priced at around \$1, a majority of our products sell at higher and varying price points, many as high as \$50 or more. We are not a liquidator or "close-out" retailer; only 1.7% of our sales by dollar volume are of merchandise purchased on close-out basis, much of which is purchased directly from the name brand manufacturer.

The following information is being provided in response to your inquiry regarding our recent voluntary recall of metal key chains:

1. While the metal key chains it imports are not intended for use by children, Dollar General has nonetheless for years had an independent laboratory test them under 16 CFR 1303, which bans toys and other articles intended for use by children that bear "lead-containing" paint. Furthermore, in mid-2006, following Dollar General's having become aware of an incident reported by the press in which a youngster died after ingesting a component of a child's metal bracelet that was distributed as a give-away novelty item by an athletic wear company, Dollar General decided that it would go a step further. It began to have its imported metal key chains tested under the more stringent testing methodology set forth in the CPSC's Interim Enforcement Policy for Children's Metal Jewelry Containing Lead, again notwithstanding that Dollar General does not believe that these key chains are intended for use by children.

In early 2007, the CPSC contacted Dollar General and notified it that one style of its metal key chains had not passed the Children's Metal Jewelry test. That style had been imported in early 2006, a few months before Dollar General had switched to that testing methodology (the style had passed testing under the 16 CFR 1303 standards). Based on this notification, Dollar General decided to search for samples of "old styles" going back one year. We had all of these styles tested to the Children's Metal Jewelry standard. We identified two additional styles that did not pass and notified the CPSC of the results. Hence the recall in April, 2007 of three styles of key chains, totaling 396,000 items.

In addition to that recall, in September, 2005, Dollar General conducted a voluntary recall in cooperation with the CPSC of approximately 455,000 necklace and earring sets that Dollar General had imported, due to lead levels. Further, on August 24, 2007, Dollar General filed a Section 15(b) report with the CPSC regarding an additional 192,000 metal key chains. We are not aware of any other items imported by our Company with lead paint or lead content that exceed lawful safety standards.

2. Our testing of the key chains involved in the April 2007 recall included testing each of the metallic components of the key chains in accordance with the CPSC Metal Jewelry testing protocol, and showed levels ranging from less than 45 µg to as high as 44,700 µg in the acid extraction test.

3. Dollar General purchased two of the three styles of the recalled key chains from United Way Industries, Room 1506-06 15/F, Podium Plaza 5 Hanoi Rd., Kln Hong Kong, Hong Kong, and the third from Simcard Limited, Room 801 Houston Centre, 63 Mody Road, Tsim

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Sha Tsui Kowloon, Hong Kong. We understand that the items were manufactured by Enrich Industrial Ltd. Xialang Guanligu Chashan, Dongguan, China and Zhejiang Yiwu Huiyun Ornaments No. 5 Feature Industrial Area, Chengxi Town, Yiwu, China.

4. Dollar General's agreements with its import vendors provide that the vendors are prohibited from providing any product that violates any law or regulation of the United States or any state where Dollar General operates stores. The agreements also provide that the vendor is liable for any claims that a product that it supplied caused or could cause any injury. Further, the Company has, on several occasions, confirmed to our import vendors our requirements regarding lead. Our current requirements are more stringent than even the CPSC's Children's Metal Jewelry standard – we will not accept any children's product that contains a component with more than 600 parts per million of lead regardless of acid extraction test results.

5. Representative samples of metal key chains, toys and items other than toys intended for children and imported by the Company are subjected to laboratory testing for lead by an independent testing laboratory prior to shipment to the United States. The samples are selected randomly from production runs by an independent third party auditor. Authorization to ship the products will not be issued unless the products pass the testing.

6. See response to #1.

7. The Company conducted a voluntary, consumer level recall in cooperation with the CPSC. All aspects of the recall were discussed with and approved by the CPSC. At the retail recall level, the Company notified each of its stores about the recall and instructed store personnel to immediately remove the affected products from the shelves. This information was sent electronically and then followed up with written communication by mail. As a further precaution against inadvertent further sales, a register/point-of-sale block was immediately placed on the affected products.

At the consumer level, the Company sent each of its stores a color poster containing a picture of the recalled items, a toll-free number to call for more information, and an explanation of the recall. Each store was instructed to prominently display this poster in the front store window until at least October 2007. In addition, there is a notification posted on the Dollar General website that remains in place. There is also a notification on the CPSC website in English and in Spanish. Spanish-speaking customer service representatives are available at the toll-free number. These notifications were in addition to the joint press release issued by the CPSC and the Company.

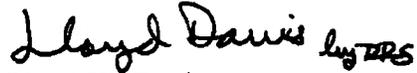
Any customer returning a recalled key chain is provided with a full refund.

8. Of the approximately 396,000 items involved in the recall, approximately 171,500 were never sold at retail. Additionally, approximately 27,500 of the remaining recalled items have been returned by our customers so far. Although we have received calls about the recall at the toll-free number, we have not received any reports, through any medium, of any injuries resulting from these key chains.

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We appreciate you allowing Dollar General to participate in this important discussion.
Please let me know if you need any additional information.

Sincerely,

Handwritten signature of Lloyd W. Davis in black ink, with the initials "LWD" written at the end of the signature.

Lloyd W. Davis
Senior Vice President
Global Supply Chain