

**FILED**

IN THE SIXTH CIRCUIT COURT FOR DAVIDSON COUNTY, TENNESSEE

IN RE DOLLAR GENERAL

OCT 16 2008

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RICHARD R. ROUCKER, Clerk  
By [Signature] Deputy

(Consolidated Action)

Judge Brothers

DEPOSITION TRANSCRIPT OF DAVID PERDUE TAKEN AUGUST 25, 2008 AND  
THE EXHIBITS THERETO

FILED UNDER SEAL PURSUANT TO PROTECTIVE ORDER OF THE COURT  
ENTERED IN MASTER DOCKET NO. 07MD1

**In The Matter Of:**

*Dollar General Corporation Shareholder Litigation*

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*David Perdue*  
*August 25, 2008*

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*Vowell & Jennings, Inc.*  
*214 Second Avenue North*  
*Suite 207*  
*Nashville, Tennessee 37201*  
*615-256-1935*

**VJ** V O W E L L  
AND J E N N I N G S

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IN THE SIXTH CIRCUIT  
FOR DAVIDSON COUNTY, TENNESSEE  
TWENTIETH JUDICIAL DISTRICT, AT NASHVILLE

IN RE )  
DOLLAR GENERAL CORPORATION )  
SHAREHOLDER LITIGATION )

CASE NO  
07-C-736

CONFIDENTIAL

This document relates to all  
litigation

VIDEOTAPE DEPOSITION OF  
DAVID PERDUE  
Taken on behalf of the Plaintiff  
August 25, 2008

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1 that -- that you need some further  
2 clarification  
3 And also, we need to make sure in order  
4 to get a clean record, aside from the squeaky  
5 chairs which will probably injure the record a  
6 little bit, but you need to wait for -- for me  
7 to finish asking my question before you answer,  
8 and I will -- I will endeavor to -- to wait for  
9 your answer before asking the question. And if  
10 I jump over your answer, I'm sure your counsel  
11 will object to that as well.  
12 And the other -- the other thing we need  
13 to make sure is that there's no nods or uh-huhs  
14 And we have a videographer here, but the  
15 transcript needs to be clean. So yes, no, you  
16 know, instead of saying uh-huh and nodding your  
17 head. Do you understand that?  
18 A. Uh-huh, I do.  
19 MR. RILEY: David, could we have an  
20 agreement that objection by one of us will serve  
21 as an objection for all of us?  
22 MR. WISSBROECKER: Well, there's  
23 four of you guys, so I was hoping for kind of a  
24 barber shop quartet effect, but we'll go with  
25 the objection.

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1 what the last number is. You can give me a  
2 second and find out.  
3 MR. KAZANOFF: You want to just call  
4 it Perdue 1A or something --  
5 MR. WISSBROECKER: Sure.  
6 MR. KAZANOFF -- if that works for  
7 everyone.  
8 MR. WISSBROECKER: That works for  
9 me.  
10 MR. KAZANOFF: Is that all right  
11 with everyone?  
12 MR. DIETZ: That's fine. Yeah, just  
13 to distinguish from the first record.  
14 MR. KAZANOFF: Because I think you  
15 did use Perdue.  
16 MR. WISSBROECKER: And in some of  
17 these -- all right. Well, one of these  
18 documents at least will be a repeat.  
19 BY MR. WISSBROECKER:  
20 Q. I'm going to hand the witness what we'll  
21 call Perdue 1A. And the court reporter's going  
22 to label that for you.  
23 A. Okay.  
24 Q. And this is just the definitive proxy of  
25 Dollar General (tendering)

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1 MR. KAZANOFF: We'll go with the  
2 objection.  
3 BY MR. WISSBROECKER:  
4 Q. All right. Mr. Perdue, it's -- it's been  
5 a while but I'm sure you -- you probably have  
6 some -- some recollection of a lot of details,  
7 but I'm just going to go over some of the  
8 general, kind of time frame for the acquisition  
9 of Dollar General by KKR just so we can -- we  
10 can kind of lay a foundation for what we're  
11 going to talk about today.  
12 Now, do you -- do you recall when the  
13 board of directors of Dollar General entered  
14 into a merger agreement with KKR?  
15 A. It was March of 2007, to the best of my  
16 recollection.  
17 Q. And do you -- what -- do you remember the  
18 exact date at all?  
19 A. No, I don't.  
20 Q. You know, I'm going to go ahead and give  
21 you what we'll mark as Perdue 1.  
22 MR. RILEY: Is that -- how did we  
23 number the previous deposition?  
24 MR. WISSBROECKER: We can start at  
25 -- if you guys want to start -- I don't recall

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1 (Exhibit No. 1A was marked.)  
2 BY MR. WISSBROECKER:  
3 Q. And Mr. Perdue, I'm giving you just so --  
4 for ease of reference for you -- I know it's  
5 been a while -- to make sure that, you know, if  
6 I'm asking about specific dates you can kind of  
7 get your head around --  
8 A. Okay.  
9 Q. -- where we are --  
10 A. Thank you.  
11 Q. -- in a timeline. You know, and although  
12 -- although we disagree that the -- that the  
13 proxy accurately reflects the acquisition of KKR  
14 by Dollar General, we'll go ahead and let you  
15 look at it.  
16 A. Uh-huh.  
17 Q. Now, so if you want to -- if you want to  
18 kind of thumb through the background and merger  
19 section which I believe begins on internal page  
20 -- Internal Page No. 15. And I believe if you  
21 go over to Page 17 it talks about the date that  
22 the -- the board agreed to enter into a merger  
23 agreement with KKR. You can read as little or  
24 as much of it as you want. I'm just kind of  
25 looking for a basic reference as far as dates

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1 go  
2 A Paragraph 4 on Page 17, it says that we  
3 entered into an agreement on March 11th, 2007  
4 Q Does that sound -- sound right to you?  
5 A Yeah, it does to me  
6 Q And at the point -- from that point  
7 forward, what was your -- what -- what were your  
8 responsibilities in connection with the  
9 acquisition of -- of Dollar General by KKR?  
10 MR. DIETZ Objection to the form  
11 It calls for a legal conclusion, but you may  
12 answer  
13 THE WITNESS Can you clarify that?  
14 I had two responsibilities I had -- one was  
15 operating the business And two was to assist  
16 in providing whatever information that KKR  
17 needed in its financial endeavors to close the  
18 transaction  
19 BY MR. WISSBROECKER.  
20 Q. And by "financial endeavors," what do --  
21 what do you mean by that?  
22 A Financing, raising equity, those two  
23 exercises  
24 Q So you -- part of your responsibilities  
25 were to assist KKR in raising financing and

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1 March and the closing date in July, I was still  
2 CEO and chairman.  
3 Q As of today, you are not the CEO of  
4 Dollar General?  
5 A. I am not  
6 Q Can you wait till I finish my question?  
7 A I apologize Sorry  
8 Q That's fine. You knew exactly where I  
9 was going, so that was an easy one  
10 A Sorry  
11 Q Do you recall exactly when you were told  
12 that you were not going to be the CEO of Dollar  
13 General any more?  
14 A. I don't recall the definitive date, no,  
15 but I think it was very -- it was very late in  
16 the process  
17 Q Let's see if you can maybe pin down some  
18 time.  
19 MR. WISSBROECKER We'll mark this  
20 as Perdue 2A  
21 (Exhibit No. 2A was marked )  
22 BY MR. WISSBROECKER  
23 Q Mr. Perdue, this is an e-mail dated April  
24 23rd, 2007 It's from Mike Calbert to Adnan  
25 Jones and Raj Agrawal

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1 equity in support of the transaction?  
2 A I would -- I would -- I'm sorry, but I  
3 wouldn't say assist I had no experience in  
4 doing that When they needed information about  
5 what we were going to do or whatever, I was to  
6 provide the people within the firm that could  
7 give them that information  
8 Q Now, did you -- do you participate in --  
9 in presentations to equity investors, potential  
10 equity investors or -- or financial investors?  
11 A I recall one presentation in New York I  
12 think it was the equity investors. I was not  
13 involved in any of the debt presentations  
14 Q So you were involved in just the one  
15 presentation that you recall?  
16 A. Yes  
17 Q Do you recall what date that was?  
18 A No, I don't  
19 Q Now, what was your -- your former  
20 position at Dollar General?  
21 A The former position? The only position I  
22 ever had there was chairman, CEO  
23 Q And you are no longer the -- the CEO of  
24 Dollar General, is that correct?  
25 A No, I was still CEO after March. Between

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1 A Uh-huh  
2 Q Subject line's "Perdue "  
3 A Right  
4 Q Have you seen this document before?  
5 A No, I haven't  
6 Q Let me ask you before -- before we get  
7 any further What documents did you review in  
8 preparation for your deposition today?  
9 A Well, we went through a number of new  
10 documents that had been provided, e-mails and so  
11 forth I reviewed parts of my transcript from  
12 my earlier deposition That was really it  
13 Q Did you review transcripts of any other  
14 depositions?  
15 A No  
16 Q You said there was some documents Those  
17 were just e-mail documents Is that all you  
18 looked at?  
19 A I think we might have looked at some of  
20 the record on my deposition, some of my  
21 testimony, but I don't recall any other  
22 documents  
23 Q And do you recall which e-mails you  
24 looked at?  
25 A Well, there were a few And these are



<p style="text-align: right;">Page 17</p> <p>1 not all inclusive at all, but the ones that I 2 think are -- that we looked at Friday was -- 3 there were a few from Mike Calvert to George 4 Roberts, internal e-mails at KKR 5 Q And do you recall the approximate dates 6 of those e-mails? 7 A No 8 Q Would it have been October/November 2006 9 or later on in the process? 10 MR DIETZ Objection 11 THE WITNESS Can I answer that? 12 MR DIETZ If you can 13 THE WITNESS You know, generally, I 14 would say it was in the third quarter ranging 15 maybe in the fourth quarter But mostly third 16 quarter of '06 17 BY MR WISSBROECKER: 18 Q Now, do you recall seeing any -- any 19 correspondence or e-mail correspondence from 20 Mike Calvert, or did you look at any during your 21 review session between -- that -- that were 22 dated in '07? 23 MR DIETZ Let me assert an 24 instruction here I want to advise the witness 25 to be extremely careful not to discuss anything</p>	<p style="text-align: right;">Page 18</p> <p>1 that was discussed between counsel in any of our 2 meetings at any point in time in this 3 litigation, including on the eve of this 4 deposition To the extent you can -- you can 5 recall specifically what documents you have 6 reviewed in preparation for your testimony, it's 7 fine for you to identify those documents 8 THE WITNESS Could you repeat the 9 question? I'm sorry 10 BY MR WISSBROECKER 11 Q Sure These documents that you reviewed 12 in preparation for your deposition today, you 13 said there were some e-mail communications from 14 Mr Calvert to Mr Roberts Were any of those 15 e-mails dated in 2007? 16 A I -- I don't recall 17 Q If you want to take a look at that e- 18 mail -- 19 A Uh-huh 20 Q -- we'll talk about it a little bit 21 A Okay (Pause ) 22 Q Have you had a chance to review -- 23 A I have 24 Q -- the e-mail? And let me preface any 25 questions in this general area by letting you</p>
<p style="text-align: right;">Page 19</p> <p>1 know that it's not our intention to ask any 2 questions that might be personally embarrassing 3 or anything along those lines We're just 4 trying to fix what was going on in the process, 5 and that's -- that's our -- that's our -- our 6 goal here 7 Now, do you recall the timing -- this is 8 dated April 23rd Do you see that up there? 9 A I do 10 Q Now, thinking back to what was going on 11 in the process, you said you'd -- you'd been 12 involved in some of the getting information to 13 some of the equity and financial people Do you 14 recall any specific event that took place around 15 this -- this time in connection with that? 16 A Around the April 23rd time? No, I do 17 not 18 Q Now, do you remember anything at all, any 19 events at all that were occurring right about 20 this time? 21 MR. RILEY Object to the form 22 BY MR WISSBROECKER 23 Q In connection with your role as a CEO of 24 Dollar General? 25 A I remember the equity presentation that</p>	<p style="text-align: right;">Page 20</p> <p>1 we had prepared for, and three or four of us 2 went to New York and made that presentation I 3 remember there was a lot of work being done by 4 our CFO and others, along with KKR, with regard 5 to their debt work that they were doing, seeking 6 financing for the transaction. And then, of 7 course, we were operating the business, 8 beginning to implement some of the things that 9 we had been discussing 10 Q Now, do you know if that equity 11 presentation took place before or after 12 April 23? 13 A I don't remember 14 Q Now, this e-mail discusses having a not- 15 going-forward-together conversation with you 16 Do you recall when that discussion took place? 17 A No, not specifically, no 18 Q And did you know at the time that -- that 19 -- I'm sorry, well, not at the time When that 20 discussion was had with you, did you know that 21 Mr. Bere and the lead director Mr Wilds knew 22 already that -- that KKR was going to have the 23 discussion with you? 24 MR. DIETZ Objection 25 THE WITNESS: I think in that</p>

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1 conversation Mike mentioned to me that he had  
2 had a conversation with David Wilds.  
3 BY MR. WISSBROECKER  
4 Q And what -- what did he tell you about  
5 that conversation?  
6 A Nothing. Just that he had notified David  
7 Wilds that KKR had reached that decision.  
8 Q And what else did -- did Mr. Calbert tell  
9 you during this not-going-forward-together  
10 conversation?  
11 A Well, it was a very brief conversation.  
12 It was just that they had decided that -- that  
13 -- not to go forward together with me as a CEO  
14 of their operation.  
15 Q And before Mr. Calbert had this  
16 conversation with you, had he given any  
17 indication that you were not going to remain  
18 part of the management team at Dollar General?  
19 A No.  
20 Q Now, this is April 23rd, so we don't know  
21 -- and we'll maybe get a document so we can pin  
22 down exactly if this took place before or after  
23 is that equity presentation in -- in New York.  
24 And we can show that to you so we can determine  
25 that. What was Mr. Calbert telling you about

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1 extent there are new documents that were not  
2 available in June of 2007 when his deposition  
3 was taken, it's fine to ask him about that, but  
4 I think we're going down a path that's already  
5 been covered, and I request that counsel move  
6 into new territory.  
7 THE WITNESS: Oh, can I make one  
8 comment?  
9 MR. DIETZ: Yes.  
10 THE WITNESS: I was committed to the  
11 turnaround at Dollar General. I came here for  
12 the long-term. When I came here in 2003, I did  
13 not anticipate anything like this. But I was  
14 very knowledgeable of what tends to happen to  
15 CEOs during these private equity buyouts. So I  
16 had my own opinion about what might or might not  
17 happen. I had no information from KKR or Mike  
18 Calbert about that.  
19 BY MR. WISSBROECKER  
20 Q What -- what was your opinion of what  
21 might happen?  
22 A Well, in most cases, the CEO is asked to  
23 leave.  
24 Q Is asked to leave?  
25 A Is asked to leave, yeah.

Page 22

1 your role going forward with the company at this  
2 point --  
3 A Until --  
4 Q -- until conversation?  
5 A Up until the conversation -- and I don't  
6 know the date of it -- up until the conversation  
7 when we had the not-going-forward-together  
8 conversation, we had had no conversation about  
9 my go-forward role.  
10 Q And -- and that is at any time during  
11 your -- in any conversation you'd had with  
12 Mr. Calbert at all?  
13 A At any time since the first time I met  
14 Mr. Roberts all the way through until we closed  
15 the deal, I had no conversation with Mike about  
16 any long-term -- my long-term relationship with  
17 KKR and Dollar General.  
18 Q At this point in time, did you -- were  
19 you hopeful that you would have a role with the  
20 company going forward?  
21 MR. DIETZ: I'm going to object at  
22 this point. Let me state for the record that  
23 this territory was covered in his previous  
24 deposition. He has given his sworn testimony  
25 about -- about this matter, and obviously to the

Page 24

1 Q And what -- did you have any specific  
2 examples in mind that -- that --  
3 A No.  
4 Q -- led you to that opinion?  
5 A No.  
6 Q So are -- are you saying that you  
7 expected that you would not be a part of the  
8 deal --  
9 A No, I had no expectation. We had no  
10 conversation about that.  
11 Q Can you wait until I finish my question?  
12 A. I apologize. Sorry.  
13 Q Now, you said that you were hopeful that  
14 -- well, you were committed to the turnaround at  
15 Dollar General. Did that involve pushing  
16 forward the Alpha -- Project Alpha?  
17 A Well, much before that. I mean, that was  
18 the latest big step. We had EZstore, Green Dot,  
19 I mean, a number of initiatives during my tenure  
20 there. And I saw a lot of potential in the  
21 company, and -- you know, but we had some heavy  
22 lifting to do, and we had done a good bit of  
23 heavy lifting.  
24 Q And so you -- you said you were committed  
25 to the turnaround. Did you think that that



<p style="text-align: right;">Page 25</p> <p>1 could only take place if Dollar General went 2 private, or did you anticipate that that could 3 take place with Dollar General's public company? 4 A Oh, I -- I had no doubt that it could 5 take place as a public company or a private 6 company 7 Q So even if the company went private, you 8 anticipated that the turnaround could occur in 9 Dollar General, is that correct? 10 A If I were involved, yes, to some degree 11 yes 12 Q And so you were committed to the 13 turnaround even if the company went private? 14 A Absolutely 15 MR WISSBROECKER. I'm going to mark 16 this as Perdue 3A 17 (Exhibit No 3A was marked ) 18 BY MR WISSBROECKER 19 Q Mr Perdue, these are some handwritten 20 notes form -- that were produced by Cal Turner 21 in this -- in this litigation And I'm just 22 interested in the first two pages, not the cover 23 page, but the next two pages If you want to 24 take a look through those, and I'll ask you some 25 questions about those And let me know when</p>	<p style="text-align: right;">Page 26</p> <p>1 you're done Thanks 2 A You want me to read these two pages? 3 Q You can read as much as you want or you 4 can skim through I'm just going to ask you 5 some questions about the content 6 A (Pause ) Okay 7 Q After reading these notes, does it 8 refresh your recollection as to when Mr Calbert 9 may have had a conversation with you about not 10 going forward, if it was before or after the 11 presentation that you made to the equity 12 investors in New York? 13 A I don't -- does this say when the equity 14 presentation was? I'm not -- I don't see it 15 Q Well, if you look at -- if you look at 16 the date up there, it's 4/17, which would be 17 prior to the last e-mail, which was March 23rd 18 -- 19 A Right 20 Q -- when the conversation hadn't happened 21 yet And then if you look halfway down the 22 page, there's an -- there's an arrow that goes 23 up But if you look at the Q, that says "DP 24 probably presented well " 25 MR RILEY Sorry What's the</p>
<p style="text-align: right;">Page 27</p> <p>1 question, David? 2 MR WISSBROECKER. The question was 3 whether or not this document refreshes his 4 recollection as to whether or not the 5 conversation Mr. Calbert had with him about not 6 going forward took place before or after the 7 equity presentation in New York City 8 MR KAZANOFF. I'm going to have to 9 object to the form of that 10 THE WITNESS. My answer is I -- I 11 have no recollection of it being before or after 12 the -- the not-go-forward conversation Doesn't 13 mean it couldn't have happened; I just don't 14 recall This -- I see what's written here, but 15 I just don't recall 16 BY MR WISSBROECKER. 17 Q Now, these are Cal Turner's notes, and I 18 would consider some of these comments somewhat 19 disparaging Did you have a conflict with 20 Mr Turner at all during this time period? 21 MR RILEY. Object to the form. 22 MR DIETZ. Objection. 23 THE WITNESS. I think conflict's a 24 strong word I think -- you know, we may have 25 had different opinions about strategy and things</p>	<p style="text-align: right;">Page 28</p> <p>1 like that, but we kept a very close relationship 2 all through this time. His role changed in the 3 company after the first two years When he was 4 an adviser to the company, he became an 5 outsider, and therefore we couldn't share with 6 him a lot of information I don't think he 7 liked that very much, but that was the reality 8 BY MR WISSBROECKER. 9 Q Now, did you know that -- that -- that 10 Mr Turner was perhaps trying to get KKR to hire 11 somebody else as the CEO instead of you at this 12 time? 13 A. No 14 MR DIETZ. Objection. 15 BY MR WISSBROECKER. 16 Q Had you ever had any conversations with 17 Mr. Turner or even Mr Wilds, perhaps, that led 18 you to believe Mr Turner was -- was not 19 convinced that you were the right person to go 20 forward? 21 A No 22 Q Let me ask you when -- when you learned 23 that Mr Bere was going to be named the interim 24 CEO, did that -- did that surprise you, or did 25 that seem like a natural fit for the interim CEO</p>

<p style="text-align: right;">Page 29</p> <p>1 position?</p> <p>2 A I supported it</p> <p>3 Q And did you first learn -- when did you</p> <p>4 -- or, sorry Let me start again</p> <p>5 When did you first learn that Mr Bere</p> <p>6 was going to be named the interim CEO?</p> <p>7 A I don't recall the specific date It was</p> <p>8 obviously after the not-going-forward</p> <p>9 conversation with -- with KKR and before the</p> <p>10 closing</p> <p>11 Q Okay So it wasn't something that</p> <p>12 Mr Calbert told you during that -- that same --</p> <p>13 A No</p> <p>14 Q -- not-going-forward conversation?</p> <p>15 A No</p> <p>16 Q Okay And at this time, I know -- I know</p> <p>17 we talked a little bit about what -- what your</p> <p>18 expectations were And at this point, you know</p> <p>19 it's a little bit earlier in time, so did you</p> <p>20 still have the expectation that you might be</p> <p>21 moving forward with the company at this point?</p> <p>22 MR DIETZ Objection</p> <p>23 MR KAZANOFF Objection to the</p> <p>24 form?</p> <p>25 THE WITNESS On the -- whenever the</p>	<p style="text-align: right;">Page 30</p> <p>1 conversation was on the do-not-go-forward,</p> <p>2 obviously, after that I had no hope that, you</p> <p>3 know, any of that would be turned around or they</p> <p>4 would reverse their decision, no</p> <p>5 BY MR WISSBROECKER</p> <p>6 Q Now, when you -- let's -- let's look at</p> <p>7 another document, maybe ask another question</p> <p>8 I'm going to show you a document which</p> <p>9 we'll -- we'll -- we'll label 4A, which is the</p> <p>10 deposition of Michael Calbert --</p> <p>11 A Uh-huh</p> <p>12 Q -- that was taken in July</p> <p>13 (Exhibit No 4A was marked )</p> <p>14 BY MR. WISSBROECKER</p> <p>15 Q. We're going to refer to this document</p> <p>16 maybe a couple of times, so keep it handy And</p> <p>17 obviously I'm not going to ask you to -- to read</p> <p>18 the whole thing this time Certainly Mr Riley</p> <p>19 who wants to get out of here as soon as possible</p> <p>20 doesn't want you to read the entire thing at</p> <p>21 this time</p> <p>22 MR RILEY You're right</p> <p>23 BY MR WISSBROECKER</p> <p>24 Q Now, at this point, I just wanted you to</p> <p>25 look at Pages 202 to 203 It's kind of easy</p>
<p style="text-align: right;">Page 31</p> <p>1 reference if you look at the bottom, it'll tell</p> <p>2 you --</p> <p>3 A Right</p> <p>4 Q -- which pages are on that particular?</p> <p>5 A 202 to 203?</p> <p>6 Q Yeah</p> <p>7 A Okay</p> <p>8 Q Now, obviously, you know, you can read as</p> <p>9 much of this as you want, but this is a</p> <p>10 discussion about the equity presentation that</p> <p>11 you made in New York City. So if you just want</p> <p>12 to read those two pages, and then I'll ask some</p> <p>13 questions about it</p> <p>14 A. (Pause ) I've read 202 and 203</p> <p>15 Q Now, does that kind of jog your memory as</p> <p>16 to -- to whether or not the -- the not-going-</p> <p>17 forward conversation took place after the equity</p> <p>18 presentation?</p> <p>19 A. No. I -- I just don't recall, I'm sorry</p> <p>20 Q. If you look down to -- well, it starts at</p> <p>21 Line 6 on Page 202 And the text reads, "At the</p> <p>22 time he made this presentation, David Perdue</p> <p>23 thought he was going to be CEO of Dollar</p> <p>24 General, didn't he?"</p> <p>25 And then there's some -- some back and</p>	<p style="text-align: right;">Page 32</p> <p>1 forth But the next -- the next relevant</p> <p>2 portion is 23 down when Calbert says, "I do</p> <p>3 recall at this point in time I had not talked to</p> <p>4 him, and we did not -- we did not tell -- we did</p> <p>5 not tell the equity investors "</p> <p>6 And then at the next question, "You --</p> <p>7 you had not talked to David?"</p> <p>8 "I had not talked to him I had</p> <p>9 not "</p> <p>10 MR RILEY Is there a question?</p> <p>11 MR KAZANOFF Yeah</p> <p>12 BY MR WISSBROECKER</p> <p>13 Q Do you see that exchange?</p> <p>14 A. I do</p> <p>15 Q Does that make more sense as to timing?</p> <p>16 Does that give you a better idea?</p> <p>17 MR KAZANOFF Object to the form of</p> <p>18 that</p> <p>19 MR DIETZ Objection</p> <p>20 BY MR WISSBROECKER</p> <p>21 Q. If it helps, you can go back to Page 201.</p> <p>22 There's a discussion that prefaces that. It</p> <p>23 starts with Line 6 on 201, or Line 7 where</p> <p>24 Mr Harns introduces the Dollar General</p> <p>25 Corporate Management Presentation, and talks a</p>

Page 33	Page 34
<p>1 little bit about that, that presentation in New 2 York 3 A Yes 4 Q Now, is it -- is it surprising to you 5 that -- that Mr Calbert would allow you to make 6 this presentation knowing that he'd already 7 decided not to go forward with you? 8 MR DIETZ Objection 9 MR RILEY. Objection to the form 10 MR KAZANOFF Objection 11 THE WITNESS I don't know what he 12 had decided at that point 13 BY MR. WISSBROECKER. 14 Q Well, I mean, if you look at what he says 15 there on Page 203 -- 16 A But I think that flies in the face -- 17 MR RILEY Is there a question on 18 the table? 19 MR KAZANOFF Yeah 20 BY MR. WISSBROECKER. 21 Q It says he hadn't talked to you yet 22 You're right, we haven't -- we haven't covered, 23 you know, exactly when -- when he had made that 24 decision We'll come back to some documents 25 there If you would prefer to have me put those</p>	<p>1 documents in front of you now, I will 2 A Well, I just don't recall the -- 3 MR RILEY What's the question? 4 MR KAZANOFF Yeah What's the 5 question? 6 MR WISSBROECKER Well, the 7 question is whether or not he's -- he's 8 surprised that Mr. Calbert would allow him to 9 make a presentation in front of equity investors 10 in New York City knowing that you weren't going 11 to be continuing on as the CEO 12 MR DIETZ Objection 13 MR RILEY And I object to the form 14 of that question 15 MR DIETZ Same objection 16 THE WITNESS, I don't -- I don't 17 know what he had decided or hadn't decided and 18 when he decided it I'm sorry 19 BY MR WISSBROECKER 20 Q That's fine Let's -- let's get to those 21 documents 22 So, you know, if we just look at the same 23 -- same exhibit If you look at Pages 196 to 24 197 If you -- starts down on Page 24 on Page 25 195 and runs over to about Page 9 on 196 But</p>
<p>1 read as much as you want 2 A Okay. (Pause ) 3 Okay I've read 196 and 197 4 Q Does that give you a better idea of when 5 Mr Calbert had made that decision? 6 A No 7 Q Well, we'll come back to that 8 A Okay 9 Q. If -- would it -- if that was, indeed, 10 true that Mr Calbert had made that decision to 11 -- to not go forward with you, would it have 12 been surprising for you to have known that he 13 let you present that for the equity investors? 14 MR. KAZANOFF Can I hear that 15 question back? 16 MR RILEY I just didn't -- 17 MR KAZANOFF Can I hear the 18 question back, please? 19 MR WISSBROECKER Well, let me 20 rephrase it. 21 BY MR WISSBROECKER: 22 Q Would it be surprising to you to learn 23 that Mr Calbert allowed you to present that -- 24 the information in the management presentation 25 to the equity investors in April knowing that he</p>	<p>1 was going to not go forward with you as the CEO? 2 MR KAZANOFF Object to the form 3 MR DIETZ Objection 4 THE WITNESS Would it have been 5 surprising to me? I have no frame of reference 6 to be surprised or not surprised I don't know 7 how they operate I don't know what -- as long 8 as they made it to the equity -- potential 9 equity investors other than what we made in the 10 presentation 11 BY MR. WISSBROECKER 12 Q Now, do you -- do you recall during that 13 presentation if -- if you were presented as the 14 CEO of Dollar General? 15 A I believe I was, yes 16 Q And as -- as someone who -- well, let's 17 -- let's -- let's ask a different question 18 Now, you're an investor in various 19 companies, yes or no? 20 A Yes 21 Q Now, as someone that is an investor in a 22 company now say, for instance, someone was 23 asking you to make an investment in Gaylord 24 Entertainment, would you -- would you want to 25 know who the relevant decision-makers were, the</p>

<p style="text-align: right;">Page 37</p> <p>1 CEO of that company going forward?  2 MR RILEY Object to the form  3 THE WITNESS: Can I answer it?  4 I think it is important to know  5 that I also think, though, that changes happen  6 periodically and people make changes including  7 CEO -- at the CEO level. But, you know, in this  8 case, I honestly don't know what was in Mike's  9 head. We made the presentation. We presented  10 the facts in good faith. I don't remember any  11 questions about the management team, who's in  12 charge, who's not in charge, what's the  13 organization going forward, et cetera, et  14 cetera.  15 BY MR WISSBROECKER.  16 Q But as -- as -- as an investor, if that  17 fact had been known and not explained to you,  18 then you would have been surprised to learn --  19 A I think it --  20 MR RILEY Objection to the form.  21 THE WITNESS. I think it's more  22 important to me to know the underlying facts. I  23 mean, most companies of this size are much --  24 it's much more important to know the situation  25 of the company rather than anyone -- any one</p>	<p style="text-align: right;">Page 38</p> <p>1 individual, including the CEO. I mean, I think  2 that this -- all these equations are much bigger  3 than any of the individual executives.  4 BY MR WISSBROECKER.  5 Q Do you remember meeting with John Wood  6 from Spencer Stuart in New York in April of  7 2007?  8 A I don't recall that.  9 MR WISSBROECKER: We'll mark this  10 Perdue 5A.  11 (Exhibit No. 5A was marked.)  12 BY MR WISSBROECKER.  13 Q This is the deposition transcript of John  14 S. Wood. And I'm mainly concerned about Pages  15 80 -- 80 through 87, if you want to look at that  16 discussion.  17 A 80 through 87?  18 Q Yes, sir.  19 A (Pause.) Okay. I've read 80 through 87.  20 Q Now, do you -- do you recall this meeting  21 with John Wood in New York City?  22 A Yes. I -- I don't recall the exact date  23 he intimates here. It's generally in April.  24 And we talked about the potential of using them  25 on a search for one executive, I don't recall</p>
<p style="text-align: right;">Page 39</p> <p>1 which executive position, to be candid.  2 Q Do you know -- was that -- was that a  3 high level executive? Was it someone in  4 management --  5 A It wasn't --  6 Q -- upper management?  7 A It wasn't one of my direct reports. I  8 would remember that.  9 Q So it wouldn't have been somebody like  10 Bere Buley's position or Challis Lowe's or  11 anyone like that?  12 A I don't recall it being any of my direct  13 reports.  14 Q Now, who -- who asked you to go to talk  15 to John Wood?  16 A Well, he was the retail guy for Spencer  17 Stuart. We had used someone at -- well, we'd  18 used several people. Thornsberry, Heidrick &amp;  19 Struggles, Russell Reynolds. And I think I had  20 a conversation with your HR people about it, and  21 we decided that we would -- we would talk to  22 him.  23 Q. Now, did you have a conversation with  24 Mike Calbert about going to talk to John Wood?  25 A. I don't recall</p>	<p style="text-align: right;">Page 40</p> <p>1 Q Well, what did you talk about with  2 Mr. Wood?  3 A I don't recall the specifics. This jogs  4 my memory that we were talking about a specific  5 potential -- we hadn't made a decision yet, but  6 that we were talking about a potential search.  7 Q Now, did you discuss at all your role  8 going forward with KKR?  9 A Not that I recall.  10 Q Now, would you say that from reading this  11 transcript, it appears that John Wood knew that  12 you were not going forward as the CEO at this  13 point?  14 MR DIETZ Objection to the form.  15 THE WITNESS I wouldn't know. I  16 don't know. I see what's written, but I don't  17 know who was involved.  18 BY MR WISSBROECKER.  19 Q Would it surprise you to find out that  20 John Wood knew that you were not going forward  21 as the CEO when you had this conversation?  22 MR DIETZ Objection.  23 THE WITNESS Well, I don't -- I  24 don't know that surprise is the word, but I -- I  25 think clearly in any of these transactions like</p>



<p style="text-align: right;">Page 41</p> <p>1 this, the top four or five or ten people of the 2 company are always evaluated very carefully and 3 maybe even in discussions with people in the 4 industry, in the search industry, are brought in 5 on -- you know, for various reasons to discuss 6 what they understand and so forth. But I have 7 no knowledge of the conversation between Mike 8 and John.</p> <p>9 BY MR. WISSBROECKER:</p> <p>10 Q Now, you've had a previous relationship 11 with Mr. Wood, is that correct?</p> <p>12 A No.</p> <p>13 Q You've never spoken to Mr. Wood before 14 this time?</p> <p>15 A I had spoken to him. He had -- he had 16 tried to introduce me to George Roberts back in 17 -- sometime in '06.</p> <p>18 Q Now, did you know that Mr. Wood had a 19 relationship with Mr. Calbert?</p> <p>20 MR. RILEY: Objection to the form. 21 MR. DIETZ: Object to the form. 22 THE WITNESS: No. 23 MR. RILEY: David, is this a good 24 time for a short break? 25 MR. WISSBROECKER: We can do that.</p>	<p style="text-align: right;">Page 42</p> <p>1 THE VIDEOGRAPHER: Wait. One 2 second. We are now going off the record. Time 3 on the video monitor is 11:31. 4 (Brief recess was observed.)</p> <p>5 THE VIDEOGRAPHER: We are now going 6 back onto the record. Time on the video monitor 7 is 11:41.</p> <p>8 BY MR. WISSBROECKER:</p> <p>9 Q Now Mr. Perdue, about this same time when 10 you had this conversation with Mr. Wood in New 11 York, were you having any discussions at all 12 with Mr. Calbert or anyone at KKR?</p> <p>13 A Yes. We met with Raj and his team. I 14 wouldn't even say meet with them. We were just 15 interacting during this interim period between 16 March and July, the closing. We had an 17 understanding with KKR that no material 18 decisions would be made without notifying them, 19 both in personnel or in -- senior personnel or 20 in any of the strategic decisions that -- that 21 could or would be made during that period of 22 time.</p> <p>23 But we -- yes, we were -- he visited 24 frequently. I wouldn't say weekly, but they 25 were there a lot during this period of time.</p>
<p style="text-align: right;">Page 43</p> <p>1 Q Were you in e-mail conversations with him 2 at all during this time?</p> <p>3 A I could have been.</p> <p>4 Q You talk to him on the phone?</p> <p>5 A Yeah, I'm sure. And when he was there in 6 person.</p> <p>7 Q How often do you -- would you say you 8 talked to him if you consider in-person visits, 9 phone conversations, e-mail communications?</p> <p>10 A It was mostly when he was there. I don't 11 remember a lot of telephone conversations. I'm 12 sure we had them, but it wasn't even weekly. I 13 think he was -- when he came, we would always 14 meet. And sometimes it was formal meetings. 15 Sometimes it was very casual, over lunch or 16 something like that. But it was always with 17 regard to what -- what was being done at the 18 time.</p> <p>19 Capstone was there doing some preliminary 20 work with regard to, as I recall, some of the 21 things that had been in the strategy that we 22 were putting forward they were reviewing and 23 looking at.</p> <p>24 Q Now, was Mr. Calbert in discussions with 25 anyone else at Dollar General about continuing</p>	<p style="text-align: right;">Page 44</p> <p>1 employment during this time period?</p> <p>2 A I know he had one meeting -- and I don't 3 recall the specific date -- with the senior 4 team. It was probably in that April/May time 5 frame. I know he met with all of my direct 6 reports. I'm unclear -- I don't remember if he 7 met with anyone else.</p> <p>8 Q Do you know if these meetings occurred 9 before or after you had the not-going-forward 10 conversation with Mr. Calbert?</p> <p>11 A No, I don't remember.</p> <p>12 Q So they could have -- could have occurred 13 before that conversation, correct?</p> <p>14 A Yeah.</p> <p>15 Q Now, you're seeing Mr. Calbert a lot, you 16 know, not maybe every week, but, you know, over 17 lunch. Is there any -- any time period where 18 you were one-on-one with Mr. Calbert?</p> <p>19 A I'm sure there were.</p> <p>20 MR. KAZANOFF: David, just so I 21 understand, are we still in the time period from 22 signing to closing? Is that the time period 23 we're focused on?</p> <p>24 MR. WISSBROECKER: Yeah, I don't 25 think that we've adjusted that. We're still --</p>



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1 THE WITNESS Yeah That's --  
 2 MR. KAZANOFF I just wanted to make  
 3 sure  
 4 THE WITNESS That's what I  
 5 understood  
 6 BY MR. WISSBROECKER  
 7 Q So you -- you may have had one or more or  
 8 probably did have one or more one-on-one  
 9 conversations with Mr. Calbert during this time  
 10 period?  
 11 A I think that's fair, but I think the  
 12 majority of them there were other people in the  
 13 room as well  
 14 Q At least one --  
 15 A Oh, yeah  
 16 Q -- conversation?  
 17 A Oh, yeah  
 18 Q And does this include the not-going-  
 19 forward conversation, or were there other  
 20 conversations where you were one-on-one with  
 21 Mr. Calbert?  
 22 A I don't recall specifically, but I think  
 23 that it would be very reasonable to think that  
 24 we had some one-on-one conversations both before  
 25 and after.

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1 opportunity with -- the transaction with KKR  
 2 with the board, did you tell the board that you  
 3 thought there might be a realistic possibility  
 4 that you would not be going forward with the  
 5 company?  
 6 A I don't recall  
 7 Q Do you recall what you told the board  
 8 about your -- your -- the chance that you would  
 9 be continuing on as the CEO?  
 10 A No (Pause)  
 11 Can I add one thing to that?  
 12 Q Yeah, sure  
 13 A I'm sorry After I was notified of this  
 14 conversation I probably wouldn't be going  
 15 forward, I was told in that conversation that  
 16 they had notified or had talked to David Wilds  
 17 So I did have a conversation with David Wilds  
 18 about it; specifically about, you know, the  
 19 transition and -- and what -- what my  
 20 responsibilities were and so forth But I did  
 21 have that conversation with him  
 22 Q Can you tell me what you talked about  
 23 during that conversation?  
 24 A I don't remember the specifics except --  
 25 and it was a -- I recall it was a very brief

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1 Q So there -- there -- there was maybe one  
 2 or more opportunities when Mr. Calbert could  
 3 have had a conversation with you about not going  
 4 forward before he did?  
 5 A Yes  
 6 Q And did it -- did it anger you at all or  
 7 did it upset you when you -- when he eventually  
 8 did have his conversation with you that it  
 9 hadn't occurred before then?  
 10 A I took a fatalistic view to this. I knew  
 11 this was a reality And when I advised the  
 12 board about trying to -- to run the process, I  
 13 knew this was a -- a very distinct possibility  
 14 So I was not surprised at all And no, I wasn't  
 15 angered We actually had dinner that night, as  
 16 I recall  
 17 Q Now, you said you -- you told the board  
 18 that this might be a possibility or you -- when  
 19 you told the board you thought it might be a  
 20 possibility, which one?  
 21 MR. DIETZ Objection  
 22 THE WITNESS. I'm -- I'm sorry. Can  
 23 you repeat that? I apologize  
 24 BY MR. WISSBROECKER.  
 25 Q You said when you discussed the

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1 conversation that I had had the conversation  
 2 with Mike Calbert, and that he confirmed he had  
 3 had the conversation We chatted very briefly  
 4 We both observed, as I recall, that this had  
 5 been a distinct possibility from the beginning  
 6 You know, it was probably not that big a  
 7 surprise  
 8 Q Now, Mr. Wilds was -- had some  
 9 affiliation with Mr. Turner, Cal Turner, is that  
 10 correct?  
 11 A That's correct  
 12 Q And at this time, you didn't know that --  
 13 that Mr. Turner had actually been -- been one of  
 14 the individuals that was looking -- having the  
 15 company go in a different direction as far as  
 16 CEOs, is that correct?  
 17 A No  
 18 MR. RILEY Objection to the form.  
 19 MR. KAZANOFF. Object to the form  
 20 BY MR. WISSBROECKER  
 21 Q And did that come up at all in this  
 22 conversation with Mr. Wilds?  
 23 A No, it did not  
 24 Q Now -- and I'm -- I'm trying not to get  
 25 into things we've talked about before, I think

<p style="text-align: right;">Page 49</p> <p>1 we'll be okay. You said that it was -- you 2 know, this was an outcome that you had kind of 3 thought this might occur the entire time. But 4 at the beginning of the process, the board 5 established some sort of a transaction committee 6 or a committee to consider a possible 7 transaction with KKR; is that correct? 8 MR KAZANOFF: Objection to the 9 form. 10 THE WITNESS: As I recall, we formed 11 a Strategic Planning Committee. 12 BY MR WISSBROECKER: 13 Q Uh-huh. 14 A It may -- it's in the record. I think it 15 was in my testimony last time, that we were 16 involved in another major transformational 17 project or initiative in the company, and there 18 were several things that we were doing at that 19 time that had strategic long-term implications, 20 so we formed a Strategic Planning Committee 21 sometime back in the fall of -- of '06. 22 Q Now, do you remember why, aside from, you 23 know, this Project Alpha thing that was going 24 on, why was that Strategic Planning Committee 25 developed or put together at that time?</p>	<p style="text-align: right;">Page 50</p> <p>1 A Well, it was -- there were several 2 reasons. One is we had a finance committee, we 3 had an audit committee. We felt like the 4 strategic planning issues that were arising out 5 of Alpha needed more attention, that was No. 1. 6 And No. 2, we had a meeting with KKR and 7 myself and David Wilds and Cal Turner in early 8 October, as I recall. Then we met with Denny 9 Bottorff. We were -- you know, this had raised 10 to a level of conversation that we felt like we 11 needed to get the whole board involved. Talked 12 to Dean Bottorff who was the chair of the 13 Governance Committee. And then on -- it was in 14 early October, I think it was a Sunday night 15 telephone call we had the board together. And 16 in there, the board decided that we needed to 17 have a Strategic Planning Committee to 18 specifically evaluate, you know, our going- 19 forward options. 20 Q Now, was there any discussion about 21 whether or not a Strategic Planning Committee or 22 some committee might be necessary because there 23 was some potential conflicts that you had in 24 connection with a possible transaction with KKR? 25 A I don't recall that at all being the --</p>
<p style="text-align: right;">Page 51</p> <p>1 you know, that -- I remember in that telephone 2 -- in that telephone board conversation, the 3 question was asked, "David, have you made a deal 4 with KKR?" 5 And the answer was unequivocally, "No." 6 I was asked a question, "Have you talked 7 about your compensation or anything?" 8 And the answer was, "No." 9 As a matter of fact, I emphatically 10 said that I was on the board's side of 11 evaluating any strategic opportunities, because 12 I -- I recognize the potential conflict of 13 interest. I was committed to the turnaround, 14 and I was committed to Dollar General. 15 Q You didn't tell the board that you would 16 be willing to entertain some -- some role in the 17 company going forward at that meeting, did you? 18 A No. Well, we -- I don't -- let me try to 19 clarify that question, or the -- the answer. 20 There was really nothing in that meeting talked 21 about. There was no transaction. There was -- 22 I mean, it was a -- it would have been 23 nonsensical to have asked me what my position 24 would have been long-term. They did ask had I 25 had a relationship with KKR, had we talked about</p>	<p style="text-align: right;">Page 52</p> <p>1 anything, et cetera, and my answer to that has 2 already been stated. 3 Q And that -- that date of that meeting 4 was? Do you recall? 5 A It was a Sunday night, so I'm thinking it 6 was October the 8th, somewhere in there. Is 7 that right? 8 Q I believe that's correct. October 8th? 9 A (Witness moves head up and down.) 10 Q Well, let's look at some of these board 11 minutes that were produced after your last 12 deposition. There's some notes that were taken 13 of these meetings. 14 MR WISSBROECKER: We'll label this 15 Perdue 6A? 16 (Exhibit No. 6A was marked.) 17 BY MR WISSBROECKER: 18 Q. These are handwritten minutes of the 19 board -- you know, various board meetings. But 20 actually the first one here is -- is the October 21 8th one, which we were just talking about. And 22 there's -- there's a lot of discussion in here 23 about some of the matters that we've just 24 generally spoke about. 25 And of course this discussion that we</p>

<p style="text-align: right;">Page 53</p> <p>1 just talked about that you had with the board  2 where you represented that there had been no  3 arrangements in place, there's a -- on page --  4 let me see Well, let's see Well, they're not  5 internally paginated, but if you look at the  6 Bates stamps numbers at the bottom, DG151396.  7 A Okay Okay  8 Q Then if you look over at the next page,  9 it says midway down the page, "Perdue." This is  10 a discussion about the potential transaction  11 with KKR Does that -- what were you telling  12 the board there? What does that --  13 A Well, I was just -- if I remember  14 correctly, I just said, "Look, this is a" -- I  15 was talking about my -- my own personal  16 objectivity in this situation  17 Q Uh-huh  18 A There was no -- first of all, I had no  19 predisposed or prearranged understanding with  20 KKR at all. Secondly, because of that, there  21 was no implication one way or the other There  22 was just no information about the management  23 team or me individually So this -- this on  24 Page 151397 is consistent with my recollection  25 Q You -- it says, "They would do it without</p>	<p style="text-align: right;">Page 54</p> <p>1 Cal Not clear whether they'd do it without  2 Perdue " Is that what you -- is that something  3 that you told the board?  4 A I don't remember I don't think I would  5 have couched it that way I think, you know --  6 I've already relayed what I did -- what I do  7 remember telling them  8 Q And if you look over on -- on 15401, the  9 second kind of entry there starts with Bottorff?  10 A Uh-huh  11 Q It says, "Not that simple Does Perdue  12 currently have a conflict? Lots of discussion "  13 Do you recall that discussion?  14 A Parts of it.  15 Q What -- what do you recall about that  16 discussion?  17 A I remember them talking about my role,  18 you know, whether or not I was going to take a  19 -- or have a prearranged deal with KKR that  20 would clearly just make us, the board, do it one  21 way versus -- what I was telling the board that  22 night was that I was clearly still in my role as  23 CEO and chairman of the board inside Dollar  24 General I would be with them and reacting to  25 any outside inquires, et cetera, et cetera. So</p>
<p style="text-align: right;">Page 55</p> <p>1 I was confirming with the board that I was not  2 interested in doing a management buyout or one  3 of those things We didn't get to that  4 terminology This just wasn't at that level  5 But with regard to responding to KKR, you know,  6 I think the board understood where I was from an  7 independent point of view  8 Q And there was a concern that -- you know,  9 obviously you explained to the board that there  10 was no arrangements existing at the time, but  11 was there a concern that -- that allowing you to  12 be a part of that the process directly as, you  13 know, kind of leading of the process might  14 create some potential conflicts?  15 A No, I don't remember that at all I  16 think what -- what we said was very  17 specifically, as I said earlier, that we had  18 this Project Alpha thing, really kind of  19 maturing at that point in time We had not made  20 any final decisions on that  21 Secondly, is this -- this inquiry from  22 KKR, and this -- as, you know, I've said  23 earlier, maybe it was the last deposition, there  24 was a lot of activity earlier that year  25 regarding the fear of a hostile move or</p>	<p style="text-align: right;">Page 56</p> <p>1 something else, and the board was concerned  2 about that But with regard to the formation of  3 the Strategic Planning Committee, I don't recall  4 being excluded from that, because I had a  5 conflict. It was just a board issue that we  6 felt, as we did with all the other committees,  7 that they needed to be an independent  8 membership  9 Q. And this next line that says, "I might  10 entertain. " -- it looks like a quote --  11 "automatically raises questions " Do you recall  12 making that statement?  13 A No, I don't I don't know what that -- I  14 don't know that that's attributable to me, and I  15 don't -- I don't remember what that entailed  16 Q Let's talk about where you were in the  17 process in February. That was before the merger  18 agreement was entered into, correct?  19 A February '07?  20 Q February '07  21 A Yes.  22 Q And at this time were you having any  23 direct contact with anyone at KKR?  24 A Yes This was during the due diligence  25 period I was in contact with TPG, KKR, Bain</p>



<p style="text-align: right;">Page 57</p> <p>1 and Blackstone</p> <p>2 Q So were you having any direct discussions</p> <p>3 with Mike Calbert at the time?</p> <p>4 A I'm sure we were We had various</p> <p>5 meetings set up where their team and our team</p> <p>6 got together and we talked about the data room</p> <p>7 I think the data room had something like 187,000</p> <p>8 documents in it And there were a lot of</p> <p>9 questions about Alpha. There were a lot of</p> <p>10 questions about the adjustment to EBITDA and so</p> <p>11 forth So we were in constant reaction mode to</p> <p>12 all four of these private equity firms</p> <p>13 Q Any other representatives at KKR you had</p> <p>14 contact with during this time?</p> <p>15 A Yeah, their full team, Raj and the other</p> <p>16 people Other people of -- I think Capstone was</p> <p>17 involved I'm sorry, Capstone was not involved;</p> <p>18 I apologize. That was prior to March, and</p> <p>19 Capstone, to my knowledge, was not involved yet</p> <p>20 Q And had anybody told you at this time</p> <p>21 that -- that there -- there was a chance that</p> <p>22 you may not be going forward with the company?</p> <p>23 A No</p> <p>24 Q Why don't you look at the Calbert</p> <p>25 transcript that I've handed you earlier I</p>	<p style="text-align: right;">Page 58</p> <p>1 believe it's 4A, Perdue 4A</p> <p>2 A Okay</p> <p>3 Q Page 151</p> <p>4 A (Pause ) Okay, I've read 151</p> <p>5 Q And actually, let me give you a point of</p> <p>6 reference Go up to Page 150</p> <p>7 A Yeah</p> <p>8 Q This is actually a discussion of an</p> <p>9 e-mail, and the date is around February 12th,</p> <p>10 February 13th Do you see that?</p> <p>11 A I do</p> <p>12 Q Now, between mid-February and when --</p> <p>13 when Mr Calbert had the not-going-forward</p> <p>14 conversation with you, you had some opportunity</p> <p>15 to -- to meet with Mr Calbert one-on-one,</p> <p>16 that's correct, right?</p> <p>17 A That's correct</p> <p>18 Q Do you see here at the bottom of 151</p> <p>19 where -- where it's -- Mr Calbert indicates</p> <p>20 that it was a strong contemplation that the</p> <p>21 company would not be going forward with you?</p> <p>22 A Yes</p> <p>23 Q Does it surprise you to learn that --</p> <p>24 that the -- Mr Calbert was having this</p> <p>25 contemplating not going forward with you so</p>
<p style="text-align: right;">Page 59</p> <p>1 early on in the process?</p> <p>2 MR KAZANOFF. Let me just make sure</p> <p>3 I hear the -- can I hear the question back?</p> <p>4 (Requested last question read back )</p> <p>5 MR KAZANOFF Objection to --</p> <p>6 object to the form</p> <p>7 THE WITNESS You know, this is very</p> <p>8 personal</p> <p>9 BY MR WISSBROECKER:</p> <p>10 Q I understand</p> <p>11 A. But it really wasn't that surprising I</p> <p>12 had to take a hard stance with Mike on a number</p> <p>13 of things over a fairly long period of time</p> <p>14 And again, with the normal heritage of the</p> <p>15 private equity world, I knew that it was a good</p> <p>16 possibility So no, it doesn't surprise me that</p> <p>17 he was thinking about that. I can see where he</p> <p>18 would have had -- I'm sure one of the things</p> <p>19 that he would have to be evaluating all through</p> <p>20 due diligence process is what about the</p> <p>21 management team So that he was contemplating</p> <p>22 it at that point, I think he had to be</p> <p>23 contemplating it That was part of his job</p> <p>24 Q Now, you say you had to take a hard</p> <p>25 stance with Mike on a number of issues?</p>	<p style="text-align: right;">Page 60</p> <p>1 A Right</p> <p>2 Q Did any conflicts ever arise between the</p> <p>3 two of you?</p> <p>4 A No, not really, but there were -- there</p> <p>5 were meetings and that sort of thing And to</p> <p>6 allocate our management team so that we could</p> <p>7 give everybody the -- an equal response to their</p> <p>8 questions from the data room, we were not always</p> <p>9 able to accommodate the schedules and the</p> <p>10 meetings and that sort of thing So I didn't</p> <p>11 leave that to my CFO I sort of took that</p> <p>12 mantra up and all of them, and we -- we probably</p> <p>13 had the same thing with Josh Beckenstein at Bain</p> <p>14 as well with regard to just how do we coordinate</p> <p>15 all of this due diligence</p> <p>16 Q Which -- did you get the sense that Mr</p> <p>17 Calbert was -- was pushing or asking for things</p> <p>18 that maybe you didn't feel comfortable providing</p> <p>19 him?</p> <p>20 A No, no I mean, I don't know what else</p> <p>21 we had in terms of they all had confidentiality</p> <p>22 agreements We had 187,000 documents There</p> <p>23 wasn't much -- there wasn't anything that --</p> <p>24 that I knew that wasn't in the data room,</p> <p>25 basically I mean, everything -- unless I had</p>

<p style="text-align: right;">Page 61</p> <p>1 an opinion or something. But all of the 2 reports, the financial projections, all of the 3 options that we had laid out were included 4 Q So what did this hard stance entail? I 5 mean, he got the information, so. 6 A Well, he was -- you know, Mike was very 7 aggressive, and -- and he would want the meeting 8 when he wanted it, and sometimes I would have to 9 say, "No." And I can't remember any specifics, 10 and that's the sort of thing. And I has some of 11 the same conversations with Josh Beckenstein as 12 well. 13 Q When did -- when did you first have to 14 take a hard stance with Mr. Calbert? 15 A I don't recall. It was sometime during 16 the due diligence process. 17 Q Was it before the board decided to go 18 forward with the process? 19 A No, it was after Bain and Blackstone and 20 TPG and KKR were chosen to do the detailed due 21 diligence. 22 Q And you had -- you had mentioned 23 something about equal access. Did you get the 24 sense that Mr. Calbert was trying to -- to gain 25 unequal access to some of this information?</p>	<p style="text-align: right;">Page 62</p> <p>1 A No, they -- they were just very 2 aggressive all -- you know, but -- but so was 3 Bain. I don't mean to intimate that Mike was 4 any more or less aggressive. But the answer to 5 question earlier was that this wasn't a total, 6 you know, anything you want we'll give you. We 7 had to work within the constraints of the due 8 diligence process. It was very tight with a lot 9 of people that were looking. You know, four 10 different private equity firms that -- that were 11 really very, very much engaged in the detailed 12 analysis. 13 Q Now, you -- you've mentioned a couple of 14 times that you didn't really have any exception, 15 that in a private equity deal that there would 16 be a continuing role for management. Now, did 17 you -- what did you base that on? 18 MR. KAZANOFF: Object to the form of 19 the question. 20 THE WITNESS: Just my general 21 knowledge of transactions like this that had 22 gone. And again, that was a very -- probably a 23 very small model, but that was -- that was 24 perception. 25 Now, having said that, I remember</p>
<p style="text-align: right;">Page 63</p> <p>1 talking to Mike specifically about each member 2 of the senior team and their pluses and minuses 3 and that sort of thing. Frankly, I'm gratified 4 that they kept most of them. And so we had, 5 during that due diligence process, during that 6 January, February and March time frame, we did 7 have with Raj and several other -- of the other 8 people we had those conversations. I had the 9 same conversation with, I think it was Michael 10 Jay and Josh Beckenstein of the other side. 11 Michael Jay is with Blackstone. 12 BY MR. WISSBROECKER. 13 Q So you had -- as part of the due 14 diligence process, Mike came to you and said, 15 "Look, what do you think of these particular" -- 16 A. How strong is the management team, yeah. 17 Q And did he -- did he ask you any 18 questions similar of yourself, how you viewed 19 your own performance? 20 A Not that I recall, no. 21 Q Did you suspect that he was asking those 22 questions of other people in order to get that 23 information? 24 A Oh, sure. That'd be very normal. And 25 I'm quite sure that the other guys were as well</p>	<p style="text-align: right;">Page 64</p> <p>1 Q Did you -- did you look at any other 2 transactions that KKR had been involved in to 3 kind of get a sense of how they operated and how 4 they did things? 5 A No, we really didn't have time. And, you 6 know, I knew a little bit about Michaels and 7 what had happened there with the team 8 Toys "R" Us was, you know, in the news. And part 9 of my role was trying to keep up with what was 10 going on in retail. I knew a little bit about 11 that, but that was all. 12 Q And do you know whether or not the 13 management teams in those situations were -- 14 were -- were kept on? 15 A Some were kept, some weren't. 16 Q Do you know whether or not the upper 17 level management was? 18 A Yeah, the CEOs were not. 19 Q And so that's -- is that your basis for 20 -- for assuming that they -- 21 A. Two of them. I mean, those were two that 22 were in retail. But you had Sears with Allen 23 Lacy a few years before. And there were other 24 examples where that had happened. 25 Q And you may have answered this before,</p>



<p style="text-align: right;">Page 65</p> <p>1 and if you have, then you can just -- just give 2 me a short answer You -- you were hopeful that 3 you would remain on as CEO, correct? 4 A. Yes 5 Q Now -- 6 MR WISSBROECKER We'll mark this 7 one as Perdue 7A. 8 THE WITNESS Okay 9 (Exhibit No 7A was marked ) 10 (Discussion off the record between 11 the court reporter and the witness ) 12 MR KAZANOFF David, one thing on 13 this, which is how we handled this e-mail when 14 it was used in Calbert's deposition. I think 15 there's on -- there's a reference to an 16 individual here who may still be in his current 17 position, and so we strive to not have his name 18 appear in the -- and I think we've designated 19 this whole transcript as confidential, but we've 20 made every effort to minimize that 21 MR WISSBROECKER That's -- I 22 don't, you know -- 23 MR KAZANOFF I'd ask you to try to 24 do the same thing because just for the record, 25 he's a nonparty at this point</p>	<p style="text-align: right;">Page 66</p> <p>1 MR WISSBROECKER Yeah, it's -- and 2 we'll stay away from that It's not a concern 3 of ours 4 THE WITNESS Okay, I've read this 5 BY MR WISSBROECKER 6 Q Now, this is an e-mail from Mike Calbert 7 to, you know, George Roberts and others -- 8 internal KKR guys 9 A Uh-huh 10 Q It appears to be a -- kind of a summary 11 of a conversation with Cal Turner Does that -- 12 does that sound right to you? 13 A Well, I would say -- the only add I would 14 say is if you take away -- some of this input is 15 coming from Stoney O' Bryant It looks like he 16 spent six hours with Stoney going around looking 17 at stores Stoney is a retired executive from 18 Dollar General that retired during my time there 19 and was encouraged by me to do so 20 Q So this was a -- it's a conversation with 21 Cal and Stoney, so one of the other two -- one 22 of those two individuals has taken the positions 23 here, a few takeaways, is that correct? 24 A That's correct 25 MR DIETZ Objection to form</p>
<p style="text-align: right;">Page 67</p> <p>1 MR KAZANOFF: Object to the form 2 BY MR WISSBROECKER. 3 Q Now, we talked earlier about -- about an 4 e-mail that -- that suggested that Cal Turner 5 was maybe one of the individuals that was not 6 wanting you to continue on Do you recall that 7 conversation? 8 A I do 9 Q Now, as you -- is this -- is this the 10 first time that -- as you sit here today, is 11 this the first time that you've learned that 12 information? 13 A Yes 14 Q Now, where was -- what was Cal Turner's 15 role in the process? This is -- this is mid 16 December Is this after the company's been -- 17 after the -- after the Strategic Planning 18 Committee or the board's authorized the sales 19 process? Do you recall? 20 A Well, I don't know that there was a sales 21 process. You know, in December -- here -- 22 here's my recollection The due diligence 23 process started in January with KKR and 24 Blackstone, TPG and KKR -- I'm sorry, Bain and 25 Blackstone, KR and TPG And the Strategic</p>	<p style="text-align: right;">Page 68</p> <p>1 Planning Committee was formed in October 2 sometime I can't speak to Cal's role during 3 that period of time I was not having 4 interaction with him about this 5 Q Now, he's -- he's not on the board, is 6 that correct? 7 A That's correct 8 Q But he does have kind of a quasi 9 representative on the board of Mr Wilds, is 10 that correct? 11 MR DIETZ Objection. 12 MR RILEY: Object to the form 13 THE WITNESS: I never looked at 14 David Wilds as a representative of Cal Turner's. 15 BY MR WISSBROECKER. 16 Q But they do have a relationship, correct? 17 A They have a relationship independent of 18 David's responsibility as the director of the 19 board 20 Q Now let's look back at the proxy real 21 quick as I actually don't recall myself when the 22 process started Now, if you look at Page 16 -- 23 A Of Mike Calbert's? 24 Q I'm sorry, of the proxy This is 1A 25 A I'm sorry Yeah Page what?</p>

<p style="text-align: right;">Page 69</p> <p>1 Q Page 16  2 A Yes Okay  3 Q There's a -- there's a couple of  4 paragraphs right from the top, the second and  5 third paragraph. At the end of the second  6 paragraph it states, "In early December 2006,  7 the company entered into confidentiality  8 agreements with private equity firms, including  9 KKR." And then --  10 A I'm sorry, I don't see that sentence, and  11 I'm on Page 16  12 Q Internal Page 16  13 MR. KAZANOFF: No, it's at the  14 bottom  15 MR. DIETZ: It's at the bottom of  16 the page  17 THE WITNESS: Oh  18 MR. DIETZ: The internal pagination,  19 so keep -- keep going over  20 THE WITNESS: Yeah, I didn't see  21 Where do you see the page number?  22 MR. DIETZ: Go to Page 17 at the  23 top, 27 of 41  24 THE WITNESS: Oh, sorry  25 MR. DIETZ: That's fine</p>	<p style="text-align: right;">Page 70</p> <p>1 BY MR. WISSBROECKER  2 Q Actually, Page 26 at the top  3 THE WITNESS: Oh, I see 16. I'm  4 sorry. Now I see it. I apologize  5 MR. DIETZ: Yeah  6 THE WITNESS: Okay  7 BY MR. WISSBROECKER  8 Q So does that refresh your recollection as  9 to when --  10 A It does, it does  11 Q So that was in early December 2006 when  12 the company started in earnest to do due  13 diligence?  14 A That's correct. So it was really  15 December, January, February and early March  16 Q So do you find it surprising that -- that  17 Mike Calbert's having conversations with Cal  18 Turner at this stage of the process?  19 MR. RILEY: Object to the form.  20 THE WITNESS: You know, I think  21 bigger issue is he -- he -- he was doing due  22 diligence with a retired executive that had been  23 with Cal for a long period of time. You know,  24 and I -- if I had been him, I probably would  25 have done the same thing. It just gets another</p>
<p style="text-align: right;">Page 71</p> <p>1 data point, another perspective. Am I surprised  2 he had a meeting with Cal? No. You know, I  3 just -- it's a large shareholder, ran the  4 company for a long time, his family is -- he's  5 part of the founding family, so from that  6 standpoint, I don't see that as outside his  7 bounds of inquiry, frankly, personally  8 BY MR. WISSBROECKER  9 Q Do you find it surprising that Cal is --  10 is discussing whether or not you're going to  11 have the role with the company as the CEO at  12 this point?  13 A. I'm disappointed because he's out of  14 touch, but am I surprised? No. I think Mike is  15 -- you know, Mike's touching the data points.  16 Q Now, let me ask you about the first --  17 the first takeaway, which is -- it reads,  18 "Perdue has created a very political, divisive  19 and autocratic management environment." I'm  20 sorry, this is in the e-mail. The e-mail  21 A Oh, sorry  22 Q 7A  23 A Yes Okay Right  24 THE VIDEOGRAPHER: Counselor, we  25 need to change tape</p>	<p style="text-align: right;">Page 72</p> <p>1 MR. WISSBROECKER: How many more  2 minutes do we have?  3 THE VIDEOGRAPHER: Two  4 MR. WISSBROECKER: Okay. Let's  5 change the tape.  6 THE VIDEOGRAPHER: We're now going  7 off the record. Time on the video monitor is  8 12:16  9 (Brief recess was observed.)  10 THE VIDEOGRAPHER: We're now coming  11 back onto the record with Tape No. 2. Time on  12 the individual monitor is 12:19  13 BY MR. WISSBROECKER:  14 Q Mr. Perdue, just before we changed tapes  15 I'd asked you about this first line here under  16 "A few takeaways." It's someone, either Cal or  17 Stoney saying that, you know, you had created "a  18 very political, divisive and autocratic  19 management environment." And I'm sure you don't  20 agree with that, but what do you think that  21 means?  22 MR. RILEY: Object to the form  23 MR. DIETZ: Object to the form  24 THE WITNESS: You know, I'm -- I'm  25 going to give you my answer. You know, this is</p>

<p style="text-align: right;">Page 73</p> <p>1 Cal, and I have no idea what Cal's talking about 2 here 3 BY MR WISSBROECKER 4 Q Do you think that he has any basis for 5 this, or is this something he's making up, or is 6 he talking to management? 7 A I really don't -- 8 MR RILEY. Object to the form 9 THE WITNESS I have no idea 10 BY MR WISSBROECKER. 11 Q Did you ever -- were you -- did you ever 12 hear that before about your performance? 13 A No 14 Q Did anyone -- 15 A Let me -- may I have add one thing? 16 Q Sure Yeah 17 A It was quite obvious to me, though, 18 because I kept meeting with Cal all through my 19 tenure at Dollar General, that Cal -- although 20 he might have been very political or politic 21 about -- or generally saying, it was very 22 obvious to me that he felt differently about the 23 strategy of the company than I did. He did not 24 like our move to a clearance strategy, which was 25 a basis -- one of the bases of Alpha. He didn't</p>	<p style="text-align: right;">Page 74</p> <p>1 like closing older stores. He didn't like 2 EZstore, even though it took a lot of pressure 3 off the store managers and ultimately reduced 4 turnover. And he certainly didn't like this big 5 move to get rid of inventory and the markdowns. 6 So those are -- those are strategic differences 7 that I know he and I had because we talked about 8 him. You know, and it wasn't just during this 9 period of time. This was an ongoing dialogue. 10 So does it surprise me? No. And had we 11 ever talked about this type of evaluation of it 12 where these words were not necessarily said, I 13 knew that he was not on the same page -- he and 14 I were not necessarily on the same page. But 15 that's fairly normal when you come into this 16 situation. 17 Q Now, did you -- did you ever get a sense 18 that -- that that kind of division, you know, as 19 for as your approach to the company, that that 20 -- that had given Cal the notion that -- that 21 you weren't an appropriate CEO for Dollar 22 General? 23 A I don't think it -- in my mind, anyway, 24 it never was raised to that level. But it 25 doesn't surprise me that it had</p>
<p style="text-align: right;">Page 75</p> <p>1 Q Now, going back to -- and we'll get into 2 some more of this later, but going back to your 3 initial conversations with KKR, was there a 4 comment made by Mr. Calbert or anyone that you 5 talked to that they were impressed with Dollar 6 general's management team? 7 A That they were impressed? 8 Q (Counsel moves head up and down.) 9 A I remember in the due diligence -- 10 MR RILEY Excuse me. What was the 11 answer to his question? I didn't understand 12 your question. 13 BY MR. WISSBROECKER. 14 Q Well, did you understand the question? 15 MR RILEY. I didn't hear it. Well, 16 he asked you to -- to clarify it for him, and 17 did you? 18 MR WISSBROECKER Well, he's 19 answering the question, so I think he's -- he's 20 clear to go forward at this point. 21 MR RILEY. Well, that's because you 22 nodded your head, but you didn't put anything on 23 the record. So I object to the question as 24 being unclear on the record as you laid out in 25 your initial rules.</p>	<p style="text-align: right;">Page 76</p> <p>1 THE WITNESS: Could you read -- I 2 apologize. Could you just read the first part 3 of the question back? I think that's -- I think 4 I understand. 5 BY MR WISSBROECKER 6 Q It's tough with a bunch of attorneys 7 A That's okay 8 Q Trying to have this conversation, and 9 they keep jumping in? 10 A. Well . 11 (Requested previous question read 12 back.) 13 THE WITNESS: In the initial 14 conversations the answer to that is no, because 15 there was no conversation about the management 16 team, and I don't see how Mike could have -- or 17 that KKR could have had an opinion. I do recall 18 during the due diligence process, I heard Mike 19 and Raj comment on the quality of the management 20 team. I also heard Josh Beckenstein make that 21 comment on more than one occasion as well. 22 BY MR. WISSBROECKER 23 Q Well, in your initial conversation with 24 KKR, why did they tell you that they were 25 interested in the company?</p>

<p style="text-align: right;">Page 77</p> <p>1 MR RILEY: Object to the form of 2 the question 3 THE WITNESS. In my initial 4 conversation with KKR, I don't remember them 5 making a statement that they were interested in 6 KKR 7 BY MR WISSBROECKER 8 Q Well, what did they tell you? Why -- why 9 were they -- why were they interested in KKR? 10 Did they tell you anything? 11 MR KAZANOFF. Objection. It's 12 turned around. Interested in Dollar General. 13 THE WITNESS. Why were they -- why 14 were they interested in Dollar General? In my 15 first meeting with KKR, I met -- I intended to 16 meet with George Roberts. I ended up meeting 17 with George and Mike Calbert who I did not know 18 at that time. And in that conversation, it was 19 really more about what's going on in the 20 environment, what's happening in the sector. 21 There was a lot of influx of credit money into 22 the private equity world. There was a lot of 23 activity. 24 We had had inquiries at Dollar 25 General. We had a hedge fund. We had two hedge</p>	<p style="text-align: right;">Page 78</p> <p>1 funds making noise. We had -- potentially had 2 heard that two other private equity firms were 3 gathering data, is the way it was represented to 4 us. And as part of this due diligence, I had 5 met with George Roberts. In that conversation, 6 George Roberts gave us -- gave me a very brief 7 overview of the sector. They had been watching 8 it for a -- for a time within the retail sector. 9 They had done other retail deals. They had 10 never moved in here because evaluations had 11 never been of an attractive nature to give them 12 any opportunity to do it. They felt like long- 13 term prospects of the sector were mixed. They 14 had mixed views on whether it would be a good 15 sector to get into or not, and that was pretty 16 much it. 17 It was a very basic conversation 18 about how private equity works. I asked him 19 about hedge funds, et cetera, et cetera. And as 20 I told the board later, you know, I found out 21 that, yes, there are people out there in the 22 community who have us on their, quote, white 23 boards. Not as targets but just people that 24 they are keeping up with. 25 BY MR WISSBROECKER</p>
<p style="text-align: right;">Page 79</p> <p>1 Q And was Mr. Cal Turner involved in that 2 conversation? 3 A No. 4 Q Was he not there? 5 A No. 6 Q Now, do you think that it was appropriate 7 for -- for Mr. Calbert to be looking to Cal 8 Turner for advice on whether or not you should 9 be continuing as the CEO in the company? 10 A In December? 11 MR. KAZANOFF. Object to the form. 12 THE WITNESS. I can give you my 13 answer on that. You know, if I had been someone 14 looking at the company doing due diligence, 15 which in December they were, I would have 16 reached out to various data points on the people 17 that I was going to use to effect this project. 18 And so, yeah, I think it was probably okay for 19 him to be doing that. 20 MR WISSBROECKER. Mark this as 21 Perdue 8A. 22 (Exhibit No. 8A was marked.) 23 THE WITNESS. (Pause.) Okay. 24 BY MR. WISSBROECKER. 25 Q Now, this is an e-mail from Mike Calbert</p>	<p style="text-align: right;">Page 80</p> <p>1 and George Roberts and others at KKR. The 2 subject's "Cal." It's dated November 19th, 3 2006. 4 A Uh-huh. 5 Q Now, from -- we just looked at the proxy 6 and determined that the due diligence process 7 really didn't start until early -- early 8 December, is that correct? 9 A Right. 10 Q. So these are some conversations that are 11 going on between Cal and the KKR people before 12 that; is that correct? 13 A. It was dated November 19th. 14 Q. Now, there is a -- the second paragraph 15 down referring to Cal, "He intimated that he 16 thought the board would approach him to come 17 back into the company (implying they would fire 18 Perdue)."  19 A. Uh-huh. 20 Q. Now, was there any discussion at the 21 board level that you recall about continuing on 22 as CEO, about you continuing on as CEO? 23 A. No. 24 Q. So where do you think that Cal may have 25 gotten his information from?</p>



Page 81	Page 82
<p>1 MR KAZANOFF. Object to the form  2 MR DIETZ. Objection to the form  3 MR RILEY. Object to the form  4 THE WITNESS: I really wouldn't  5 know  6 BY MR WISSBROECKER  7 Q Do you believe that Cal was --  8 A Let me say this  9 Q Sure  10 A This is a little nonsensical because Cal  11 couldn't come back into this company, not as a  12 director, not an as officer  13 Q Based on some prior arrangements he had  14 with the company?  15 A Based on some prior arrangements he had  16 with the SEC  17 Q With the SEC?  18 So what -- what -- what do you think his  19 motive is here?  20 MR DIETZ. Object to the form.  21 THE WITNESS: I really don't know  22 BY MR WISSBROECKER:  23 Q So he's -- he's suggesting to KKR that he  24 can come back into the company. Did Cal know  25 that he was not in a position to return to the</p>	<p>1 company?  2 A I --  3 MR DIETZ. Objection to the form  4 THE WITNESS: I can't -- I have no  5 idea what he's -- where he's going with this  6 BY MR WISSBROECKER  7 Q Now, the next paragraph starts out, "He  8 said Perdue continues to push his agenda for  9 going private." Is that a correct statement?  10 MR DIETZ. Objection to the form  11 THE WITNESS: Is it correct that Cal  12 said that?  13 BY MR WISSBROECKER:  14 Q Well, do you consider that statement by  15 Cal correct?  16 MR RILEY. Object to the form  17 THE WITNESS: Well, I had no agenda  18 for going private, as I've said before. So I  19 don't know whether Cal said this to Mike or not  20 BY MR WISSBROECKER:  21 Q And the next line discusses a "growing  22 discontent for his performance." Do you -- can  23 you point to a basis for that statement?  24 MR RILEY. Object to the form  25 THE WITNESS: No, I can't</p>
<p>1 BY MR WISSBROECKER  2 Q Did you -- were you hearing anything  3 internally from your management there was some  4 discontent about your performance?  5 A No. I have only a couple of incidents --  6 or not incidents but situations where I hadn't  7 promoted someone, you know, who thought they  8 should have been promoted and that sort of  9 thing, and they were at a very senior level  10 But no, there was nothing like this going on  11 between -- I was getting no feedback from the  12 board that would be consistent with this  13 Q Now, was there some concern that you  14 weren't around enough as a CEO?  15 A I never heard that; I never heard it from  16 anybody, and it can't be documented. I think I  17 know where it came from, but it's -- it's  18 totally frivolous  19 Q. Now, does it -- does it -- and I  20 understand you don't agree with a lot of the  21 representations in this e-mail, and -- is it --  22 does it seem strange to you that this  23 conversation is occurring before the due  24 diligence process starts?  25 MR. RILEY. Object to the form</p>	<p>1 MR DIETZ. Objection.  2 THE WITNESS: Well, I can't -- I'm  3 not in control of what Mike and Cal do. You  4 know, I was not aware they were having  5 conversations. Is it uncommon for a private  6 equity firm to have a conversation with a large  7 shareholder? I don't know  8 BY MR WISSBROECKER.  9 Q. Now, how many shares did Cal own?  10 A I -- I don't recall. It was -- ballpark --  11 collectively with the family, it was in -- it  12 was between 15 and 20 percent  13 Q So he's -- he's -- he's -- in some ways  14 he's an insider from his -- from his prior  15 connections with the company?  16 MR DIETZ. Objection to the form.  17 MR. RILEY. Object to the form.  18 MR KAZANOFF. Object to the form  19 BY MR WISSBROECKER:  20 Q Would you agree with that?  21 A No, I wouldn't  22 Q But he -- you know, he has got -- David  23 Wilds is on the board; is that correct?  24 A David Wilds is on the board  25 Q And then -- and then -- and David Wilds</p>



<p style="text-align: right;">Page 85</p> <p>1 does what for Mr -- for Mr Cal Turner?</p> <p>2 A Well, I'm not quite sure I think David</p> <p>3 runs the family -- he advises the family trust</p> <p>4 on investment management</p> <p>5 Q. So there is some connection between Mr.</p> <p>6 Turner and Mr Wilds?</p> <p>7 A I think there is a business connection,</p> <p>8 yes</p> <p>9 Q Now, does any of this information here</p> <p>10 strike you as -- as something that may be coming</p> <p>11 from a confidential source?</p> <p>12 MR DIETZ Object to the form</p> <p>13 THE WITNESS I -- I wouldn't know</p> <p>14 I don't know</p> <p>15 BY MR WISSBROECKER.</p> <p>16 Q. But if it -- if it wasn't coming from a</p> <p>17 confidential source within the company, then it</p> <p>18 would be completely without any basis, is that</p> <p>19 correct?</p> <p>20 MR DIETZ Object to the form</p> <p>21 THE WITNESS Well, yes. I mean,</p> <p>22 I'm not sure that it's not without basis</p> <p>23 BY MR WISSBROECKER</p> <p>24 Q But if it did have some basis -- and</p> <p>25 obviously you don't agree that it does -- but if</p>	<p style="text-align: right;">Page 86</p> <p>1 it did have some basis, it would have to be</p> <p>2 coming from someone within the company, is that</p> <p>3 correct?</p> <p>4 MR DIETZ Object.</p> <p>5 MR KAZANOFF Object to the form</p> <p>6 THE WITNESS Well, I -- I don't</p> <p>7 know Cal has a wide network of people, and he</p> <p>8 can speculate as well as anybody else I -- I</p> <p>9 just don't know how to answer that I think Cal</p> <p>10 thinks he knows a lot more than he knows at</p> <p>11 times, so I'm not -- I'm not ready to say, based</p> <p>12 on this, that he's had a confidential</p> <p>13 conversation that would lead him to these</p> <p>14 conclusions Cal makes up his mind about things</p> <p>15 without a lot of information sometimes</p> <p>16 BY MR WISSBROECKER</p> <p>17 Q Would it concern you if he was divulging</p> <p>18 confidential company information to KKR at this</p> <p>19 stage before the due diligence process was</p> <p>20 starting?</p> <p>21 A. Well, first of all, it would concern me</p> <p>22 if he had confidential information And</p> <p>23 secondly, yes, it would concern me if that were</p> <p>24 -- if that were true</p> <p>25 Q We'll do the lunch soon We're going to</p>
<p style="text-align: right;">Page 87</p> <p>1 go through one more document.</p> <p>2 A Okay</p> <p>3 MR WISSBROECKER. This is Perdue</p> <p>4 9A.</p> <p>5 (Exhibit No 9A was marked.)</p> <p>6 (Discussion off the record between</p> <p>7 the court reporter and the witness )</p> <p>8 THE WITNESS (Pause ) Okay I've</p> <p>9 read the document.</p> <p>10 BY MR WISSBROECKER.</p> <p>11 Q Now, the date of this document is -- is</p> <p>12 November 8th, 2006. It's an e-mail from Mike</p> <p>13 Calbert to George Roberts and Raj Agrawal and</p> <p>14 Joe Bubel and some people from KKR. It says,</p> <p>15 "George, I spoke with Cal Turner tonight "</p> <p>16 So does that -- in your view, does that</p> <p>17 -- does that mean that this e-mail reflects a</p> <p>18 conversation that occurred on November 8th of</p> <p>19 2006?</p> <p>20 MR RILEY. Object to the form</p> <p>21 MR DIETZ Object to the form</p> <p>22 THE WITNESS Well, if I read this,</p> <p>23 Mike is reporting to George that he's -- he's</p> <p>24 claiming he talked to Cal Turner that night I</p> <p>25 don't know if they talked or not</p>	<p style="text-align: right;">Page 88</p> <p>1 BY MR WISSBROECKER</p> <p>2 Q Now, the e-mail discusses a number of</p> <p>3 things. It says, "The board has formed a</p> <p>4 committee headed by Denny Bortoff" or Bortoff --</p> <p>5 I always get that wrong, and there's a process</p> <p>6 under way to evaluate the transaction, the</p> <p>7 board's retained Lehman and Lezard As of</p> <p>8 November 8th, 2006, does that appear to be some</p> <p>9 information that -- that may be confidential</p> <p>10 company information?</p> <p>11 MR. RILEY Object to the form</p> <p>12 THE WITNESS. Well, I don't -- I</p> <p>13 don't think so I think -- you know, the fact</p> <p>14 that we have investment bankers is -- is not</p> <p>15 confidential That's a public piece of</p> <p>16 information, at least with regard to Lehman and</p> <p>17 -- and Lezard I don't see anything untoward</p> <p>18 there But I can't represent whether it was</p> <p>19 said or not or how he -- how he purported to</p> <p>20 have had that information</p> <p>21 BY MR WISSBROECKER</p> <p>22 Q There was a public announcement about the</p> <p>23 formation of the committee and its composition?</p> <p>24 A. I don't recall</p> <p>25 Q Now, does Cal attend board meetings?</p>

<p style="text-align: right;">Page 89</p> <p>1 A No</p> <p>2 Q Has he ever? I mean, during the first --</p> <p>3 A Yeah, in the first -- the first -- he had</p> <p>4 an opportunity to in the first two years as an</p> <p>5 adviser of the company I don't think he ever</p> <p>6 did, obviously</p> <p>7 Q So -- so was Cal at the -- at the board</p> <p>8 meeting October 8th, 2006?</p> <p>9 A No, he was not</p> <p>10 Q So if he got this information, it had to</p> <p>11 be from someone that was there at the meeting,</p> <p>12 is that correct?</p> <p>13 MR RILEY Object to the form</p> <p>14 MR DIETZ Object to the form</p> <p>15 THE WITNESS I really don't know</p> <p>16 how he got this information</p> <p>17 BY MR WISSBROECKER</p> <p>18 Q Now, you -- later on it says, "Cal thinks</p> <p>19 the board isn't completely comfortable with the</p> <p>20 motive of Perdue " Do you know what he could</p> <p>21 have meant by "motive"?</p> <p>22 A No</p> <p>23 Q And it says, "Some of the board members</p> <p>24 think Perdue may not be in synch [sic] with his</p> <p>25 management team " Did you ever -- did any of</p>	<p style="text-align: right;">Page 90</p> <p>1 the board members ever tell you that, that they</p> <p>2 thought you weren't in sync with the management</p> <p>3 team?</p> <p>4 A No.</p> <p>5 Q Is that as of this time or up until</p> <p>6 you --</p> <p>7 A Up until I left</p> <p>8 Q And did you ever think that you were</p> <p>9 losing some credibility with the board?</p> <p>10 A No</p> <p>11 Q So you don't know where Cal got this</p> <p>12 information?</p> <p>13 A No, I don't</p> <p>14 MR WISSBROECKER: I think we can</p> <p>15 probably take your lunch break</p> <p>16 THE VIDEOGRAPHER. One second Hey</p> <p>17 We are now going off the record Time on the</p> <p>18 video monitor is 12.38.</p> <p>19 (Lunch recess was observed )</p> <p>20 THE VIDEOGRAPHER: We are now coming</p> <p>21 back onto the record Time on the video monitor</p> <p>22 is 13:19.</p> <p>23 BY MR WISSBROECKER:</p> <p>24 Q Mr. Perdue, if you'll look again at the</p> <p>25 Calbert deposition</p>
<p style="text-align: right;">Page 91</p> <p>1 A Which one is that?</p> <p>2 Q It's Exhibit 4A</p> <p>3 A 4? Yeah, I have it</p> <p>4 Q And I -- I just have a couple more</p> <p>5 questions about this issue, and again I</p> <p>6 apologize</p> <p>7 A That's</p> <p>8 Q Of course, I have to get into this area</p> <p>9 But I'm interested in 113 to 115.</p> <p>10 A. Should I read that now?</p> <p>11 Q Yeah</p> <p>12 A. (Pause ) Okay I've read 112, -13, -14</p> <p>13 and -15</p> <p>14 Q In this discussion, it's -- Mr Calbert's</p> <p>15 discussing some views that KKR had about you</p> <p>16 continuing on as CEO And it reflects that, at</p> <p>17 least in -- as late as -- or as early as</p> <p>18 December of 2006 that KKR was having these --</p> <p>19 these discussions, et cetera, is that correct?</p> <p>20 MR KAZANOFF Objection to the</p> <p>21 form David, I think that goes beyond at least</p> <p>22 stating what I've just read, but go ahead and</p> <p>23 ask the question if you want</p> <p>24 THE WITNESS Could you -- I'm</p> <p>25 sorry, could you repeat that?</p>	<p style="text-align: right;">Page 92</p> <p>1 BY MR WISSBROECKER:</p> <p>2 Q Well, if you look down at Page 113.</p> <p>3 A Right</p> <p>4 Q The discussion at Line 13 to Line 20-</p> <p>5 "You know as of mid-December 2006, had you or</p> <p>6 KKR come to the conclusion or started to think</p> <p>7 that David Perdue was not the right CEO for</p> <p>8 Dollar General?"</p> <p>9 A Right</p> <p>10 Q The answer is, "We had not come to that</p> <p>11 conclusion," but the thought had crossed their</p> <p>12 minds Do you see that discussion?</p> <p>13 A Yes, I do</p> <p>14 Q So would you confirm that -- that --</p> <p>15 that, right, at least some consideration by KKR</p> <p>16 that you would not be continuing on as the CEO</p> <p>17 in mid to late December?</p> <p>18 MR DIETZ. Object to the form</p> <p>19 MR RILEY: Object to the form</p> <p>20 THE WITNESS. This says that I had</p> <p>21 no information of that at the time.</p> <p>22 BY MR WISSBROECKER</p> <p>23 Q So no one --</p> <p>24 A Or since then</p> <p>25 Q So no one from KKR was expressing any</p>

<p style="text-align: right;">Page 93</p> <p>1 reservations with you as a -- as a potential --  2 A No, they weren't They were not  3 Q And as of -- and are you learning today  4 for the first time that there was some concern  5 in December of 2006 that you might not be  6 continuing on with the company?  7 A Yes, I am  8 MR. RILEY Object to the form  9 MR. KAZANOFF Object to the form  10 MR. DIETZ Objection  11 BY MR. WISSBROECKER  12 Q Now, if you look on the next page, Line 7  13 or Line 8 and 9  14 A On 114?  15 Q 114  16 A Uh-huh, right  17 Q It says that Cal had very strong views  18 that -- that David was the wrong CEO for the  19 business And just to confirm, had Cal ever  20 expressed that to you directly before?  21 A No But as I said earlier, I had -- this  22 doesn't totally surprise me I didn't -- I  23 would never have thought it would be very strong  24 views This is -- this is Mike relaying this.  25 But no</p>	<p style="text-align: right;">Page 94</p> <p>1 Q And were you -- were you having  2 discussions in this December period with Mike  3 Calbert at any stage?  4 A Sure, when they started the due diligence  5 process  6 Q So would you -- were you communicating  7 with him weekly or daily or how often?  8 A I think, in December, weekly is probably  9 a fair characterization  10 Q And you would have had the opportunity to  11 have this discussion with him had he raised the  12 issue, correct?  13 A Yes  14 Q Whether or not you were continuing on?  15 MR. RILEY Object to the form  16 THE WITNESS. That's correct  17 BY MR. WISSBROECKER  18 Q But that discussion never happened,  19 correct?  20 A That's correct  21 Q Now -- and I think this is the last one  22 that we'll discuss with this topic But if you  23 look on -- I think I need to give you this  24 (tendering)  25 MR. WISSBROECKER This will be 10A,</p>
<p style="text-align: right;">Page 95</p> <p>1 Perdue, 10A  2 (Exhibit No 10A was marked )  3 BY MR. WISSBROECKER  4 Q And this -- this is the transcript of the  5 deposition of Mr. Richard Thornburch  6 A Uh-huh.  7 Q And Mr. Thornburch -- Mr. Thornburch is a  8 -- a member of the board or was a member of the  9 board at Dollar General, is that correct?  10 A That's correct  11 Q Do you know when he started,  12 approximately?  13 A It was the second half of -- it was in  14 the third quarter of '06, I think  15 Q So would it be fair to say that he was on  16 -- a member of the board during the entire sales  17 process for Dollar General?  18 A Well, I think he was in that first  19 meeting in October, that's how I can answer  20 that I think he was -- you know, he was there  21 then  22 MR. KAZANOFF Let me interpose an  23 objection to describing it as a sales process.  24 MR. WISSBROECKER We also have had  25 that same objection</p>	<p style="text-align: right;">Page 96</p> <p>1 BY MR. WISSBROECKER  2 Q Now, you -- we looked at an e-mail from  3 Cal Turner right before the break where there  4 was some -- Calbert was relating a conversation  5 that he had with Cal, and Cal was saying that --  6 that he'd heard from certain members of the  7 board that -- that maybe you weren't the right  8 CEO And the conclusion of that was, well, we  9 didn't know where he got that information from  10 So what I want to have you do is look at Pages  11 82 through 89. It's a conversation or  12 discussion of this issue with Mr. Thornburch  13 A Okay To what, 87? I'm sorry  14 Q Eighty-nine  15 A (Pause.) Okay. I've read those pages  16 Q Now, how well do you know Mr. Thornburch?  17 A Not very well  18 Q How long have you known him?  19 A Since he joined the board  20 Q Have you ever had any conflicts with him?  21 A No  22 Q Have you ever had any personal  23 conversations or one-on-one conversations?  24 A No  25 Q You've never --</p>

<p style="text-align: right;">Page 97</p> <p>1 A Well, I take that back. In his -- he 2 came in for a day, and we gave him an 3 indoctrination into the business. And we met 4 with our CFO, our head of stores, our head of 5 merchandising, and I probably had a one-on-one 6 -- a brief one-on-one with him that day. 7 Q Now, what -- what did you discuss during 8 the one-on-one? 9 A I don't recall. 10 Q Did you discuss a potential of going 11 private with KKR? 12 A No. 13 Q Did you discuss the company generally or 14 anything specific that you can recall? 15 A It was just background of the company, 16 you know, a little bit about what you had done 17 in narrowing the stages of the turnaround, the 18 other big projects that we had done and that 19 sort of thing. That was it. 20 Q Now, do you know if this was before or 21 after the October 8th meeting? 22 A It would have been before. It was a very 23 brief meeting. He was on the way to the 24 airport. He did most of the talking, actually, 25 as I recall.</p>	<p style="text-align: right;">Page 98</p> <p>1 Q So this testimony about Mr. Thornburch 2 expresses some -- you know, he didn't think that 3 you were the right person for the job either, 4 apparently. 5 A (Witness moves head up and down.) 6 Q Now, did he ever tell this to you? 7 A No. 8 Q Did any member of the board ever say that 9 to you? 10 A No. 11 Q Now, how many -- do you -- is Dollar 12 General, was that your first job as a CEO? 13 A No. 14 Q Have you been on public boards before? 15 A Yes. 16 Q Are you currently a member of a board of 17 directors? 18 A Yes. 19 Q Now, in your experience, have you ever 20 had occasion to, as a member of the board of 21 directors, express an opinion about an upper- 22 level management individual like the CEO of a 23 company? 24 A Have I ever had the opportunity to do 25 that?</p>
<p style="text-align: right;">Page 99</p> <p>1 Q (Counsel moves head up and down.) 2 A In general terms, yes. 3 Q Now, was that negative or was that 4 positive commentary? 5 A It was -- as I recall, it was positive. 6 Q Now, if you -- if you had negative views 7 of a CEO, would you think it appropriate to 8 express those directly to the individual -- 9 A Yes. 10 Q -- in some form? 11 Now, you said that Mr. Thornburch was a 12 relatively new member of the board; is that 13 correct? 14 A Yeah. In fact, I -- I'm -- I'm not sure 15 when he came on, but it was -- it wasn't long 16 before the October meeting. It was, like I 17 said, time in the third quarter. 18 Q He seems to have formed an opinion rather 19 quickly. I don't know exactly what the timing 20 of this conversation was, but he apparently had 21 a conversation with the HR of the organization, 22 that's discussed on Page 88 of the transcript. 23 Do you know who that individual would be, the 24 head of HR? 25 A Uh-huh.</p>	<p style="text-align: right;">Page 100</p> <p>1 Q Who was that? 2 A I don't recall her name. 3 Q Is that Chaltis Lowe? 4 A Yes, it is. 5 Q Okay. Now, you also said earlier that 6 you'd never heard anyone from your -- your 7 immediate directs, at least, being dissatisfied 8 with your performance, is that correct? 9 A That's correct. 10 Q Now, does it -- does it -- obviously this 11 conversation comes as a surprise. Then the 12 conversation with the HR director where she 13 apparently related some discomfort with your -- 14 your role as a CEO. 15 A I wasn't aware of it. 16 Q Now, would you think it appropriate that 17 a member of the board of directors should be 18 discussing these issues with HR? 19 A Well, I think -- I don't know when he did 20 it, but during the -- the only time I think he 21 would have had an opportunity to do that was in 22 his indoctrination period. 23 Q Uh-huh. 24 A And I think that might have been the time 25 that that happened, and I don't see anything</p>



<p style="text-align: right;">Page 101</p> <p>1 untoward in that  2 Q. Now, would it -- would you have preferred  3 that -- that head of HR had this conversation  4 with you as opposed to a member of the board?  5 A. Well, I would have much preferred Dick  6 would have had that conversation with me. It  7 puts the HR person in a very bad position.  8 But, you know, if -- if Dick had some  9 concern, some specific certain concerns as he  10 lays out here, the proper thing would have been  11 to talk to the lead director and maybe me  12 directly.  13 Q. Now, by -- let's see. It says that he  14 had a conversation -- by Dick you mean Mr  15 Thornburgh?  16 A. Dick Thornburgh, yeah.  17 Q. Now, it says he had a conversation with  18 Mr. Bottorff. That's referred to on Page 83.  19 Do you see that -- that discussion?  20 A. Yes.  21 Q. Now, did Mr. Bottorff ever tell you that  22 he was dissatisfied with your work --  23 A. No.  24 Q. -- as a CEO?  25 A. No.</p>	<p style="text-align: right;">Page 102</p> <p>1 Q. If you look at the timing of this, it's  2 late fall, early winter. Apparently there was a  3 discussion. And where would that have been in  4 context of the sales process? Just -- just  5 beginning, correct?  6 MR. DIETZ. Objection to the form.  7 BY MR. WISSBROECKER.  8 Q. I'm sorry. As -- the going private with  9 KKR?  10 A. Well, I don't --  11 MR. KAZANOFF. Objection to form.  12 MR. DIETZ. Same objection.  13 MR. RILEY. Same objection.  14 THE WITNESS. Well, I don't know  15 when this happened.  16 BY MR. WISSBROECKER.  17 Q. Uh-huh.  18 A. I don't know when this conversation with  19 Bottorff happened, so I can't really kind of  20 relate where it was in the history of the fall  21 of '06 at Dollar General.  22 Q. Now, when did -- when did Mr. Bere become  23 the CFO?  24 A. Sometime in the same period of time,  25 third quarter, fourth quarter of '06.</p>
<p style="text-align: right;">Page 103</p> <p>1 MR. KAZANOFF. CFO, is that --  2 THE WITNESS. COO.  3 BY MR. WISSBROECKER:  4 Q. COO? Okay.  5 A. Yeah.  6 Q. He wasn't the CFO previously?  7 A. No.  8 Q. No?  9 A. That was -- David Bere was a member of  10 the board.  11 Q. That's Mr. Tehle.  12 A. Correct.  13 Q. I'm getting all the Dave's mixed up.  14 Now, at -- when -- when Mr. Bere was  15 named COO, was there any discussion about  16 whether or not he would assume the role of the  17 CEO?  18 A. No, not to my knowledge.  19 Q. So, no one on the board told you that --  20 that he may be a backstop, as -- as Mr.  21 Thornburgh says here, "Moving him from the board  22 to management to give us some options"?  23 A. Well, I -- no. I mean, that was never  24 discussed with me. But it's fairly common. One  25 of the reasons we had a COO position, I -- I</p>	<p style="text-align: right;">Page 104</p> <p>1 actually created that position when I first  2 arrived here. We hired one, and we lost him a  3 year later. Wal-Mart recruited that individual  4 away, and we had been searching for one ever  5 since then. So this was not a new-created -- a  6 newly-created position. It was one that we had  7 had, we had lost, we had been doing a search,  8 and that's really the background to David Bere  9 taking that position.  10 Q. But no one ever told you that -- that --  11 A. No.  12 Q. -- he was possibly --  13 A. I'm sorry.  14 Q. -- being put in that position to become  15 the CEO next?  16 A. No, that's correct.  17 Q. Now, would you have -- now, let me -- let  18 me ask you, what's your relationship with  19 Mr. Bottorff?  20 A. He's a close personal friend of mine.  21 Q. How long have you known him?  22 A. Since I joined Dollar General.  23 Q. And how long is that?  24 A. March/April of '03.  25 Q. Now, does it surprise you that -- that</p>



<p style="text-align: right;">Page 105</p> <p>1 Mr. Bottorff is having these conversations with 2 Mr. Thornburgh? 3 A. That he's having the conversations? No 4 I don't -- I don't know -- I can't reflect 5 whether Bottorff made this comment to Thornburgh 6 or not. 7 Q. Well, Mr. Thornburgh said it happened 8 Assuming it did, would you have expected Mr 9 Bottorff to relay that -- that conversation to 10 you or make that expression? 11 A. Well, I'll say it this way -- 12 MR. DIETZ. Objection to the form 13 THE WITNESS -- if Bottorff would 14 have been upset with me, I would have known it. 15 And that was his personality. He had -- we 16 hadn't -- he was chair of the Governance 17 Committee, so we had a lot of interaction. We 18 had a director under his chairmanship there, so 19 yeah. 20 BY MR. WISSBROECKER 21 Q. So you think that this -- that Mr. 22 Thornburgh might -- what he's stating here might 23 not have actually have happened? 24 A. No, I didn't say that. I just -- there's 25 no way I would know whether or not it happened.</p>	<p style="text-align: right;">Page 106</p> <p>1 Could Denny have had that opinion? Sure. I 2 just -- it would have been out of character. 3 Q. You would have expected him to tell you 4 if he had that opinion of you? 5 A. Would I have expected -- yeah, I would 6 have expected it. 7 Q. Well, let's -- let's switch gears for a 8 minute. I want to talk to you about your 9 initial discussions with John Wood at Spencer 10 Stuart. And this happened -- do you recall when 11 you first met with John Wood at Spencer Stuart? 12 A. When I met him was in, like we said 13 earlier this morning, in the spring/winter of -- 14 or no, spring of '07. 15 Q. '07 or '06? 16 A. '07. 17 Q. So you did not meet him until '07? 18 A. No. I had a telephone conversation with 19 him back in -- sometime in '06. 20 Q. Just a telephone conversation? 21 A. Yeah. 22 Q. Do you recall what you -- what the 23 substance of that conversation was, what the 24 reason for it was? 25 A. No, I -- I don't. I remember one of the</p>
<p style="text-align: right;">Page 107</p> <p>1 things discussed in there was he wanted to 2 introduce me to a couple people, one of whom was 3 -- was George Roberts. 4 Q. Now, what -- why did he want to introduce 5 you to George Roberts? 6 A. You know, I don't really know. I think 7 he -- it was one of those things that search -- 8 people in the search business do. They love to 9 develop networks and that sort of thing. But 10 that was the only thing I remember in that 11 conversation. 12 Q. Now, did he -- did he want to introduce 13 you to someone else? You said a couple of 14 people. 15 A. Yeah, I don't remember who they were, but 16 they were other, you know, potential candidates. 17 There might have been one person that we might 18 have looked at, you know, as a COO. I mean, I 19 had -- I had various conversations with people 20 in the search business during this period of 21 time. It was a well-known fact that we were 22 looking for a COO. We had retained a company to 23 do that. But I got calls on that periodically. 24 Q. So you think this conversation was in the 25 context of your search for a COO?</p>	<p style="text-align: right;">Page 108</p> <p>1 A. I don't recall that. 2 Q. Did he mention Mike Calbert during this 3 conversation? 4 A. Not that I recall. 5 Q. And this was a phone call. Did you 6 initiate it or did he initiate it? 7 A. You know, I really don't -- I don't -- I 8 don't recall that. 9 Q. Well, let me show you the transcript of 10 -- of the deposition of Mr. Wood. 11 A. Right. 12 MR. KAZANOFF. David, what number is 13 that? 14 MR. DIETZ: 5A. 15 MR. KAZANOFF: 5A? 16 MR. WISSBROECKER: 5A. 17 BY MR. WISSBROECKER: 18 Q. Now, if you look starting on -- I guess 19 if you want the whole history of it, you need to 20 start on Page 25, about Line 19. 21 A. How far does it go? 22 Q. Probably read over to -- to Page 35 for 23 now, and we'll see if we need to have you read 24 anything else. 25 A. Okay. (Pause.)</p>

<p style="text-align: right;">Page 109</p> <p>1 Q You -- actually, you can probably start 2 at Page 30 because we'll look at the e-mail 3 A I'm on 30 4 Q Okay 5 A (Pause ) Okay 6 Q Okay So this -- does this -- does this 7 -- 8 A It does 9 Q -- refresh your recollection? 10 A I remember Susan Heart now. Susan was 11 someone that worked in retail And again, I 12 think that conversation was the one that I was 13 referring to earlier when I said, John, we were 14 talking to her about maybe doing -- coming in 15 and helping us with the COO search It was -- 16 that was the specific purpose of that meeting. 17 And I'm not -- I'm still not clear as to whether 18 I originated that call or that was in a response 19 to her initiating it 20 Q Now, it looks like from here that it's a 21 -- that it's an in-person meeting 22 A Yeah, that's the other thing. As I 23 recall it was, so I would like to amend that 24 telephone -- it was in New York I'm confusing 25 that with the earlier -- the later meeting with</p>	<p style="text-align: right;">Page 110</p> <p>1 her There was one in '07 2 Q Now -- so you're talking to Ms. -- to Ms 3 Heart, and then John Wood down, pops into the 4 office and says, you know, "We" -- "You might 5 make a good fit for a CEO somewhere else," was 6 that how the conversation started? 7 A No 8 MR RILEY Object to the form 9 THE WITNESS Susan and I had been 10 talking about Dollar General -- 11 BY MR WISSBROECKER 12 Q Okay 13 A -- the entire breadth of the 14 conversation, as I recall And again, this is 15 several years ago. I honestly don't remember. 16 I remember talking to John in that period of 17 time I thought it was on the phone, but this 18 -- this does refresh my memory And he did come 19 in for a brief moment in there to give me 20 background as to their qualifications and what 21 they do in that Nothing was said about me 22 being a candidate for anything 23 Q Now, did he discuss whether or not it 24 would be a good idea for you to meet with George 25 Roberts or Mike Calbert or someone else in</p>
<p style="text-align: right;">Page 111</p> <p>1 private equity? 2 A You know, I don't -- I don't recall that 3 Can I add to that? 4 Q Sure. 5 A My memory says that somewhere in '06 he 6 was -- he called me, I didn't call him, and 7 wanted to introduce me to George That never 8 happened, but I remember him wanting to do that. 9 Q Well, let me show you an e-mail 10 MR. WISSBROECKER: We'll mark this 11 Perdue 11A 12 (Exhibit No 11A was marked ) 13 BY MR WISSBROECKER 14 Q And this is one of those long e-mail 15 strings, so I think it's probably most 16 appropriate to start on the back page and maybe 17 read that way, backwards 18 A (Pause ) I've read the document. 19 Q So if you go to the e-mail on the back 20 page, which is an e-mail dated April 21st, 2006, 21 it's an e-mail from -- from John Wood to you, 22 and it references that conversation in New York. 23 Does that refresh your recollection as to 24 whether there were private equity discussions at 25 all during that conversation?</p>	<p style="text-align: right;">Page 112</p> <p>1 A No, it doesn't I don't -- I don't 2 remember that I know that he wanted me to meet 3 George Roberts, but that's all I recall of it 4 Q Now if you look back at the Wood 5 deposition, that's a discussion Pages 34 through 6 37 It references Mr Wood's recollection of 7 that conversation. 8 A How far do you want to go? 9 Q Just to 37 10 A Okay 11 Q That's fine 12 A (Pause ) Okay 13 Q Does that -- does that help at all jar 14 your memory about what happened in that 15 conversation or what was said? 16 A You know, it -- it really doesn't I 17 mean, I remember the primary conversation about 18 our -- our situation at Dollar General with the 19 COO I remember the offer to meet George 20 Roberts I don't remember Mike -- I honestly 21 don't remember Mike Calbert I'm not saying it 22 didn't happen, I just don't remember it And 23 that's my recollection I don't remember any 24 specifics about private equity or anything else 25 At some point in this same time frame, a</p>

<p style="text-align: right;">Page 113</p> <p>1 personal friend of mine had wanted me to meet 2 George Roberts just as a -- more of a personal 3 favor to him than anything else. His name was 4 David Doorman. And there was a -- some kind of 5 an event out in San Francisco at some point in 6 time, and he said, you know, "I would like for 7 you to meet him." And there were several others 8 that he wanted me to -- not in private equity, 9 but other friends of his out there that he 10 wanted me to meet.</p> <p>11 Q Well, let's -- can we look at the -- back 12 to this No. 11, the e-mail string?</p> <p>13 A Uh-huh.</p> <p>14 Q The next e-mail up is on the next page, 15 and it's one from you replying to -- to John 16 Wood referencing that -- that you do want to 17 meet Mike. Do you see that --</p> <p>18 A I do.</p> <p>19 Q -- e-mail text?</p> <p>20 A I do.</p> <p>21 Q And it says that you have e-mailed each 22 other. Had you e-mailed Mike Calbert at that 23 point?</p> <p>24 A I could have, I just don't -- I don't 25 recall. I mean, it would sound reasonable that</p>	<p style="text-align: right;">Page 114</p> <p>1 I would have.</p> <p>2 Q Is that -- is that a document that you 3 would have saved if you had e-mailed Mike?</p> <p>4 A No, probably not.</p> <p>5 Q Wouldn't have it in your archives 6 anywhere?</p> <p>7 A Oh, I doubt it. It would have just been 8 to set a meeting up, but I -- again, this didn't 9 happen. In other words, there was no -- I was 10 -- I was being courteous to John Wood. I didn't 11 have a burning desire at that point to talk to 12 anybody in private equity. I had an interest in 13 David Doorman introducing me to friends and that 14 sort of thing, and that's -- that's always a 15 nice thing to do. But as a result of the 16 meeting in New York, I don't remember following 17 through with Mike in this period of time, and it 18 doesn't look like I did.</p> <p>19 Q So you mean that may not be an accurate 20 statement or you just don't remember if you 21 actually e-mailed Mike?</p> <p>22 A Well, I could -- I'm not -- I could have 23 e-mailed Mike. I'm not saying I didn't. That 24 would have been very reasonable to have done.</p> <p>25 Q But even though you really weren't that</p>
<p style="text-align: right;">Page 115</p> <p>1 interested in the private equity at the time, it 2 was still the intention to try to -- to meet 3 with him at some point, is that correct?</p> <p>4 A Oh, I was trying to be polite to John 5 Wood at the point. I hadn't made a real burning 6 decision. I said, "if I'm in the neighborhood, 7 I'll stop by and see him and we'll talk," et 8 cetera, et cetera. I may have mailed -- 9 e-mailed Mike. But again, with all the other 10 things going on at my desk, I'm not sure this 11 was a high priority.</p> <p>12 Q Can you explain the rest of that 13 sentence, then, the time -- you know, "We have 14 e-mailed each other but the time has not been 15 right for us to meet"?</p> <p>16 A Well, I think that has as much to -- to 17 say about schedules than anything else.</p> <p>18 Q But it says, "That'll" -- "that'll change 19 after our next board meeting."</p> <p>20 A Well, we had -- if I remember, we had 21 year-end going during this period of time. If 22 that's -- yeah, we had year-end going. I was -- 23 I was covered up in trying to get prepared for 24 the presentation to the board, et cetera, et 25 cetera. The way I made it here, it sounds like</p>	<p style="text-align: right;">Page 116</p> <p>1 is that my time would -- would free up after 2 that board meeting.</p> <p>3 Q And that once your time freed up, you 4 would -- you would intend to meet with him at 5 some point?</p> <p>6 A Yeah. I would -- I would meet with him. 7 I mean, I wouldn't call this a stall, by any 8 means, but I'm -- I'm just saying it's not a -- 9 not a priority.</p> <p>10 Q Now, the last sentence says, "I will 11 explain in more detail later." Did you ever --</p> <p>12 A No.</p> <p>13 Q -- explain to Mr. Wood --</p> <p>14 A Not to my knowledge. I don't remember 15 ever talking to him about -- about this again.</p> <p>16 Q And that would have been just an 17 explanation around timing, or was there 18 something else?</p> <p>19 A No. It was really about -- I didn't want 20 to be impolite and just blow off this referral, 21 but at the same time, we were -- I do remember 22 being covered up at that period of time every 23 year with preparing the year-end for the board.</p> <p>24 Q I guess we can skip forward to this June 25 5th e-mail that John Wood sends to you. It's on</p>

<p style="text-align: right;">Page 117</p> <p>1 the front page --</p> <p>2 A Uh-huh</p> <p>3 Q -- saying he's going to see Mike on</p> <p>4 Thursday, "and I know this will come up</p> <p>5 Anything for me to pass along?" Do you recall</p> <p>6 receiving that e-mail?</p> <p>7 A I do</p> <p>8 Q Do --</p> <p>9 A Well, I don't remember it I -- I can</p> <p>10 read it</p> <p>11 Q Sure And was there anything to pass</p> <p>12 along at that point?</p> <p>13 A About our meeting?</p> <p>14 Q Well, that you may have wanted to pass</p> <p>15 along to Mike Calbert</p> <p>16 A No I wasn't initiating meeting Mike</p> <p>17 Calbert This is something that John wanted me</p> <p>18 to do I'm being polite like to Mike -- or to</p> <p>19 John I just haven't been able to get it</p> <p>20 scheduled I even say, "You're not being a</p> <p>21 nudge," it's just -- I just don't have -- I</p> <p>22 don't have time to do it yet.</p> <p>23 Q So this is -- do you -- this is more of a</p> <p>24 KKR driven thing at this point? You didn't</p> <p>25 have --</p>	<p style="text-align: right;">Page 118</p> <p>1 A No I think it's really John just trying</p> <p>2 to make an introduction And I even relayed</p> <p>3 here what I just said earlier, and that is that,</p> <p>4 you know, I may have an opportunity to meet</p> <p>5 George Roberts</p> <p>6 Q And this was the introduction from Mr</p> <p>7 Doorman?</p> <p>8 A That's correct</p> <p>9 Q And did you ever meet with George at this</p> <p>10 point in June?</p> <p>11 A No</p> <p>12 Q Now, if you look at the very top e-mail,</p> <p>13 some information about Dollar General. And the</p> <p>14 last line is -- this is actually an e-mail from</p> <p>15 Mike Calbert to George Roberts. And it says,</p> <p>16 "John Wood at Spencer Stuart thinks David wants</p> <p>17 to do a public to private " Where would John</p> <p>18 Wood have gotten that information from?</p> <p>19 A I don't have an idea</p> <p>20 Q You didn't express to him at any time</p> <p>21 that you were interested in doing a take-private</p> <p>22 transaction --</p> <p>23 A No</p> <p>24 Q -- with KKR?</p> <p>25 A No Search firms have an incentive to --</p>
<p style="text-align: right;">Page 119</p> <p>1 I mean, they get a lot of work when management</p> <p>2 turns over in these acquisitions, if one were to</p> <p>3 ever happen But I don't recall ever having</p> <p>4 said anything to John Wood that I had an opinion</p> <p>5 about being public to private, I just don't</p> <p>6 recall that It doesn't sound like something I</p> <p>7 would have said to a search person</p> <p>8 Q Well, the -- the first part of this</p> <p>9 indicates that -- that KKR's done at least some</p> <p>10 -- some research on the company, that's just</p> <p>11 pulling up the out-of-finance page</p> <p>12 A Yeah</p> <p>13 Q So -- so apparently KKR has some interest</p> <p>14 in you at this point, wouldn't you say?</p> <p>15 MR KAZANOFF Object to the form</p> <p>16 MR DIETZ Object to the form</p> <p>17 THE WITNESS: I don't know what</p> <p>18 they're interested in. I would -- I read this</p> <p>19 as being a very common thing that people do who</p> <p>20 are investors in any industry or sector They</p> <p>21 know who the big players are We were the</p> <p>22 leading -- the largest player in our sector. So</p> <p>23 the doesn't surprise me</p> <p>24 BY MR. WISSBROECKER</p> <p>25 Q And not to get back into some of the</p>	<p style="text-align: right;">Page 120</p> <p>1 stuff we've talked about before, but at this</p> <p>2 time there was -- you had been having some</p> <p>3 peripheral conversation with other private</p> <p>4 equity firms, is that correct?</p> <p>5 A I don't believe in June we had I think</p> <p>6 it came after this Now, we had had -- and I</p> <p>7 may be wrong on this -- but I had a conversation</p> <p>8 in New York with Lee Cooperman with Omega And</p> <p>9 it was in this spring time frame It may have</p> <p>10 been before June 5 And we had some dialogue</p> <p>11 with a couple people in the investment banking</p> <p>12 world David Frank would be one So I -- you</p> <p>13 know, I don't remember having spoken with</p> <p>14 anybody in the private equity world</p> <p>15 Q Just investment bankers that --</p> <p>16 A Yeah --</p> <p>17 Q -- were facilitating?</p> <p>18 A -- primarily investment bankers, and the</p> <p>19 hedge fund that I mentioned who was out -- he</p> <p>20 was a 3 percent investor in Dollar General at</p> <p>21 that point</p> <p>22 Q So when is the first time that you</p> <p>23 actually discussed anything with a private</p> <p>24 equity firm?</p> <p>25 MR DIETZ Counsel, I believe we've</p>



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1 gone over this in his prior -- prior deposition  
 2 if you've got a new document to ask him about  
 3 There was extensive questioning from your  
 4 cocounsel about the discussions that -- that  
 5 moved into the fall and then became part of the  
 6 process  
 7 MR WISSBROECKER, I understand,  
 8 Counselor At this point, I'm just trying to --  
 9 it's been -- it's a long time since that  
 10 deposition, so I'm just trying to help Mr  
 11 Perdue along with some of the -- with some of  
 12 the timeline I'm not asking for any different  
 13 testimony  
 14 MR DIETZ Well, if -- if you have  
 15 a question or two to lay the foundation for a  
 16 new line of questioning based on a new document,  
 17 that's fine But if it's not another document,  
 18 I'm going to object to the line of questions.  
 19 BY MR WISSBROECKER  
 20 Q Okay Can you please answer?  
 21 A To my recollection, I made contact with  
 22 and I had been contacted by Jim Katzman who was  
 23 in the investment banking side of Goldman Sachs  
 24 I subsequently met with Adnan Jones and Jim  
 25 Katzman in New York I met with George Roberts,

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1 Q Now, as you started to have this  
 2 conversation with the private equity firms, did  
 3 you have an expectation that if a transaction  
 4 were to occur with one of them, that you would  
 5 have the opportunity to continue on as CEO with  
 6 the company as a -- as a private company?  
 7 A Well, I'll answer the question But also  
 8 during this period of time for the record, and  
 9 it was in my deposition as well, we also met  
 10 with private equity guys to get their  
 11 perspective on it And I had already talked to  
 12 one -- you know, I had already had a personal  
 13 meeting with Omega in the form of a meeting with  
 14 Lee Cooperman  
 15 You know, I had no -- we weren't talking  
 16 about a transaction at that point The issue of  
 17 me staying with the company or not being with  
 18 the company was not even an issue in my mind. I  
 19 was running an every-day company We were  
 20 trying to get some information about the  
 21 environment, and that it was  
 22 Q At this time, were you aware that in  
 23 private equity transactions, certain  
 24 transactions management continues on?  
 25 A No, it was not my understanding that

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1 and Mike Calbert happened to be in the meeting  
 2 And I met later -- or on that -- maybe on that  
 3 same trip, actually, with David Bonnerman, and a  
 4 young lady that runs his retail side  
 5 Q So would it be fair to say that there was  
 6 a certain amount of interest in Dollar General  
 7 private equity firms at this time?  
 8 A Well, I don't know how to quantify it or  
 9 to try to put a quantification on it What we  
 10 were doing, as I said in the -- in the last  
 11 deposition, we were trying to get some  
 12 information at a very high level in a very  
 13 general manner about how people were viewing our  
 14 sector, were they looking at the sector, were  
 15 they looking at Dollar General, and so forth  
 16 My impression was that they had a very  
 17 superficial understanding of Dollar General, a  
 18 little more specific understanding of the  
 19 sector But the conversation I had with George  
 20 Roberts in August, I think it was August of '06,  
 21 it was at a very high level, very general  
 22 George did most of the talking about the private  
 23 equity world and, you know, what was going on at  
 24 that point in time And that was -- that was  
 25 it, to my recollection

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1 that's the case  
 2 Q Well, what was your understanding?  
 3 A Well, my understanding was very limited  
 4 I had never been in a private equity  
 5 transaction The ones that were in the press,  
 6 particularly the ones that had happened that  
 7 year or the recent year, you know, I was aware  
 8 of the changes that were made in their  
 9 management team And as I said earlier, you  
 10 know, my understanding was that in -- in the  
 11 majority of cases, there were significant  
 12 changes made in the management team, as -- as  
 13 you would expect  
 14 Q Were you hopeful that if there was a  
 15 transaction with private equity that you would  
 16 have the opportunity to continue on as CEO?  
 17 MR KAZANOFF: Objection Asked and  
 18 answered  
 19 THE WITNESS: At the August meeting  
 20 with George Roberts?  
 21 BY MR WISSBROECKER:  
 22 Q (Counsel moves head up and down )  
 23 A Well, I -- I don't remember thinking  
 24 about that, to be quite honest It wasn't an  
 25 issue The conversation never got to that level

<p style="text-align: right;">Page 125</p> <p>1 of specificity that made me even think about it  2 MR WISSBROECKER. Mark this as 12B  3 or 12A Are we doing A or B?  4 THE COURT REPORTER. 12A.  5 (Exhibit No 12A was marked )  6 MR WISSBROECKER I'm just trying  7 to hurry through this so Pete can catch his  8 flight  9 MR KAZANOFF Oh, I'll be here  10 Thank you, though  11 THE WITNESS (Pause ) Okay I've  12 read the document  13 BY MR WISSBROECKER:  14 Q This is an e-mail from Mike Calbert to  15 George Roberts and others at KKR Subject line  16 is Dollar General It's dated August 17th,  17 2006, and reflects a -- a summary of a phone  18 call from Mr Perdue that -- that Mike had  19 received that morning 8/17/2006, this would be  20 after the meeting that you had in person with  21 George?  22 A Yeah, I think -- I think that's  23 appropriate. I think that -- while I don't  24 remember the specific date that I met with TTP  25 and -- and Goldman and KKR, but it's reasonable</p>	<p style="text-align: right;">Page 126</p> <p>1 to think that it was prior to 8/17  2 Q So at this point you'd had the meeting  3 with KKR and also with -- with the other private  4 equity firms that you've mentioned  5 And then the next line is, you know, "He  6 wants to wait until his board meeting week after  7 next 8/29 before he engages in due diligence"  8 Is that accurate?  9 MR DIETZ Objection to the form  10 THE WITNESS No I don't know what  11 Mike's talking about I know that Mike had, in  12 our original conversation out there at a very  13 high level, wanted to -- or it was in a  14 subsequent phone call I believe it was in a  15 subsequent phone call Actually wanted to get a  16 little more information that was a little more  17 specific to Dollar General If I remember  18 correctly, I was a little concerned about, you  19 know, they can get a lot of this stuff in the  20 public record If they want anything else, we  21 might have to do something a little more  22 specific like a confidentiality agreement I  23 don't remember talking about the board meeting  24 or anything else before he engages in due  25 diligence</p>
<p style="text-align: right;">Page 127</p> <p>1 BY MR WISSBROECKER.  2 Q But it -- I mean, there was a suggestion  3 at this meeting that they wanted to get at some  4 confidential company information, correct?  5 A Either in the meeting or I think it was  6 in a -- honestly, I think it was in a subsequent  7 phone call But I do recall that they wanted  8 that; they had requested that And I responded  9 with, aside from this, decided -- or responded  10 that we probably needed to have a CA in place if  11 they were to ever go on Now, subsequent to  12 that, we backed up from that fairly quickly. I  13 didn't think that it was appropriate to start  14 down that road with them Mike was being fairly  15 aggressive and was taking this a little beyond  16 the conversation that we had had in -- in August  17 out in their offices  18 Q So what -- you had mentioned earlier you  19 took a hard stance at various times throughout  20 the process Was this one of those points where  21 he seemed to be aggressive or taking an  22 aggressive stance with you?  23 MR KAZANOFF. Object to the form  24 THE WITNESS Well, it could be, but  25 that's not what I referred to earlier You</p>	<p style="text-align: right;">Page 128</p> <p>1 know, I was really talking about due diligence  2 period before when I said I had to take a strong  3 stance with Mike and Josh for that matter during  4 the due diligence process, since I was sort of  5 the point guy that had to manage the process  6 BY MR WISSBROECKER:  7 Q Now, earlier you -- you had talked about,  8 you know, really kind of cursory conversations  9 and you really hadn't thought one way or the  10 other about -- about which way to go with  11 private equity, and then you meet with KKR and  12 all of a sudden they're pushing you into, you  13 know, asking for the confidential company  14 information Did it feel like things were  15 moving just a little bit too fast at that point?  16 A I -- I think in retrospect that's a fair  17 assessment, and I think that the actions that we  18 took after that bear that out That was not  19 what we intended to do You can look at it in  20 -- in -- we were -- in retrospect, I think we  21 were a little naive to have that level of  22 conversation But it was really aggravated by  23 the point in the time There was -- there was a  24 feeding frenzy in private equity, there was a  25 lot of credit, a lot of debt being thrown at</p>

<p style="text-align: right;">Page 129</p> <p>1 them, a lot of financing, a lot of institutions 2 were putting equity with them. Had we had that 3 conversation a year or two before then, it might 4 not have reacted -- they might not have reacted 5 quite this way. But I think it's a fair 6 characterization to say that in August I was not 7 -- I had made a decision that I didn't feel 8 comfortable doing a confidentiality agreement 9 with them. And it happened shortly after this 10 -- this series of conversations. 11 And by the way, we -- we -- we were also 12 having conversations with particularly -- excuse 13 me -- Goldman. And had one or two that I 14 recall, I don't remember the specifics of it, 15 one with -- along with Bonderman and one with 16 his -- his retail personnel. Not so much about 17 we want to take a look or we want information or 18 anything else, but we were maintaining a 19 follow-up to the -- to the meetings that we had 20 had. 21 Q So you said you -- you didn't feel 22 comfortable. Was it -- did you feel like -- 23 like this was just a little too much too soon, 24 you -- 25 A Yeah, we had --</p>	<p style="text-align: right;">Page 130</p> <p>1 Q -- or you were of kind pushed into it? 2 A. Yeah. No, I think we had a very genuine 3 interest in understanding what was going on in 4 the marketplace. As it turns out, you know, we 5 got a response, but it was not what I 6 anticipated or -- or even the board anticipated, 7 and it was -- it was a little more than I had 8 expected, so we just -- we just slowed down. We 9 just stopped, you know, any kind of effort where 10 -- or any kind of request for more information, 11 et cetera. That's as -- as simple as I can put 12 it. 13 Q Is that what you mean by -- when you say 14 "we're getting in too deep" before the meeting? 15 A. Well, it could be -- 16 MR KAZANOFF Object to the form 17 MR DIETS Objection 18 MR RILEY Object to the form of 19 the question 20 THE WITNESS Yeah. I -- I -- those 21 aren't my words, so I don't know what he meant 22 by "too deep." But, you know, I do -- like I 23 said, just said, I -- I was not ready -- I felt 24 like they were pushing us into an area that I 25 wasn't comfortable</p>
<p style="text-align: right;">Page 131</p> <p>1 BY MR WISSBROECKER 2 Q But if -- if you did say that, it would 3 refer to being uncomfortable and kind of the 4 rush of the process, would that be accurate? 5 A Well, I think my testimony's pretty 6 clear. I don't know what too deep is. I think 7 moving too fast is a -- is a fairly accurate 8 characterization of what I felt. 9 Q And so did you -- did you -- did you 10 inform Mr. Calbert that there would be the 11 opportunity to do due diligence after the next 12 meeting, or did you make a representation either 13 way? 14 A I don't remember doing that, and it would 15 have -- it would have been out of character to 16 do that, and evidenced by the fact that we 17 didn't sign a confidentiality agreement with 18 them bears that out. 19 Q So there was no expectation on your part 20 that due diligence would commence after 8/29? 21 A No. 22 Q That expectation, apparently, on Mr. -- 23 Mr. Calbert's part? 24 A Right. 25 Q Now, there's a reference here to -- to</p>	<p style="text-align: right;">Page 132</p> <p>1 Cal Turner 2 A Uh-huh. 3 Q. And it says, You wanted us to know -- Mr. 4 Perdue wanted us to know that he now thinks he 5 played down the importance of bringing Turner on 6 side. You want to think through out to deal 7 with Cal and brought up having GRR, which I 8 believe refers to -- 9 A KR. 10 Q. -- George Roberts. Can you tell me about 11 that dynamic? 12 A I don't remember that at all in this 13 conversation. I don't know -- I'm not saying 14 that we didn't talk about Cal, but there was -- 15 it wasn't characterized this way as -- as bring 16 Turner on side. There was nothing -- there was 17 no transaction being discussed. Being on side 18 to what, I -- I don't have any way of knowing 19 what Mike was referring to here. 20 Q But as -- as a large shareholder, there 21 was going to be a transaction that would have to 22 be supported at some point by Mr. Turner, is 23 that correct? 24 A Well, I think that's reasonable, but we 25 hadn't gotten that level of conversation, in my</p>



<p style="text-align: right;">Page 133</p> <p>1 memory</p> <p>2 Q Could this, perhaps, have reflected a</p> <p>3 conversation that -- that Mr. Turner had outside</p> <p>4 your presence after the earlier meeting?</p> <p>5 MR. DIETZ: Objection to the form</p> <p>6 THE WITNESS: Well, I wouldn't have</p> <p>7 any knowledge of that. It would be possible,</p> <p>8 but I wouldn't have any knowledge of it.</p> <p>9 BY MR. WISSBROECKER:</p> <p>10 Q Now, in the earlier meeting, there was a</p> <p>11 point in time where Mr. Turner was -- was with</p> <p>12 Mr. Roberts and you were -- and in -- in the</p> <p>13 same meeting, is that correct? There was a</p> <p>14 plane flight from -- from New York to Denver,</p> <p>15 Mr. Turner got dropped off at the ski resort on</p> <p>16 their way out to San Francisco?</p> <p>17 A Yeah, that's a later --</p> <p>18 MR. DIETZ: Object to the form</p> <p>19 THE WITNESS: That's a later --</p> <p>20 that's at a later date</p> <p>21 BY MR. WISSBROECKER:</p> <p>22 Q So at this point, Cal Turner had or had</p> <p>23 not met with KKR?</p> <p>24 A I -- I don't know if he had met with him</p> <p>25 or not. But the meeting that you're talking</p>	<p style="text-align: right;">Page 134</p> <p>1 about, the flight at -- which I'm aware, that</p> <p>2 meeting I'm aware of had not taken place prior</p> <p>3 to October the 5th</p> <p>4 Q And that would have been your second</p> <p>5 meeting with KKR?</p> <p>6 A That's correct</p> <p>7 Q Now, what -- what do you --</p> <p>8 MR. WISSBROECKER: This will be</p> <p>9 Perdue 13A</p> <p>10 (Exhibit No. 13A was marked)</p> <p>11 THE WITNESS (Pause) Okay, I've</p> <p>12 read it</p> <p>13 BY MR. WISSBROECKER:</p> <p>14 Q Now, this is an e-mail to Mike Calbert</p> <p>15 and George Roberts and others at KKR dated</p> <p>16 September 20th, 2006, reflecting a summary of</p> <p>17 conversation that Mike had with you. Do you</p> <p>18 recall that conversation?</p> <p>19 A Not specifically. And it's a -- it's a</p> <p>20 -- just to correct the record, it's an e-mail</p> <p>21 from Mike Calbert to George Roberts.</p> <p>22 Q Now, in this e-mail it says that you had</p> <p>23 just left a meeting with your most influential</p> <p>24 board member. Who -- who would that be?</p> <p>25 A You know, I -- I don't know who he's</p>
<p style="text-align: right;">Page 135</p> <p>1 talking about. This is not -- this is not the</p> <p>2 way I would characterize or use a</p> <p>3 characterization to describe any of my board</p> <p>4 members. It's just language I don't -- I</p> <p>5 wouldn't have used. In fact, sitting here</p> <p>6 today, I don't know who my most influential</p> <p>7 board member was.</p> <p>8 Q Although it's not technically the lead</p> <p>9 director, so it's somebody else besides Mr.</p> <p>10 Wild, correct?</p> <p>11 A Well, that's what Mike is saying, and I</p> <p>12 -- again, I didn't write this. I don't know to</p> <p>13 whom he's referring.</p> <p>14 Q Okay. Do you -- do you recall having a</p> <p>15 conversation with a board member about engaging</p> <p>16 exclusively with KKR about this time?</p> <p>17 A No.</p> <p>18 Q So this is not an accurate reflection of</p> <p>19 your conversation?</p> <p>20 A Well, I don't remember the conversation</p> <p>21 specifically, but again, this is not in</p> <p>22 character with the way I recall the events</p> <p>23 happening back then. And there was no -- no</p> <p>24 talk of an exclusive, that I recall, any</p> <p>25 exclusive arrangement with KKR. I mean, they --</p>	<p style="text-align: right;">Page 136</p> <p>1 this is a characterization of words. These</p> <p>2 aren't my words, so I have no way of knowing</p> <p>3 what Mike meant by that.</p> <p>4 Q Now, let me ask you. Timing-wise, is</p> <p>5 this before or after your second in-person</p> <p>6 meeting with KKR?</p> <p>7 A This is -- September 20th is before the</p> <p>8 second meeting with KKR.</p> <p>9 Q And when -- when was that, just for the</p> <p>10 record, the second meeting?</p> <p>11 A October the 5th.</p> <p>12 Q So between the first meeting you had with</p> <p>13 KKR in August and the second in-person meeting</p> <p>14 you had with KKR, you obviously had a couple of</p> <p>15 phone conversations, at least two, with Mr.</p> <p>16 Calbert, is that correct?</p> <p>17 A I'm not sure. You know, I know it's very</p> <p>18 reasonable to say that we had conversations,</p> <p>19 because I remember the -- the one in August</p> <p>20 after meeting about the CA, I remember having a</p> <p>21 conversation about that. There were -- there</p> <p>22 might have been another one or two</p> <p>23 conversations. I think it's reasonable to</p> <p>24 reflect that.</p> <p>25 Q Okay. So between those two dates, what</p>



<p style="text-align: right;">Page 137</p> <p>1 -- did you have a conversation with any board 2 members? 3 A I feel -- well, I don't recall, 4 specifically It -- it would be very reasonable 5 to think that the lead director and I were 6 talking about several things leading up to a 7 board meeting We always talked about agenda 8 We talk about who would be involved in the 9 meeting, talked about where dinner would be the 10 night before, you know, those things 11 Q Anyone else besides the lead director? 12 A No 13 Q So this e-mail is inaccurate? 14 A Well, I -- you know, I don't know what -- 15 first of all, I don't know what Mike is 16 referring to I don't -- I didn't write it 17 It's not what was in my head about, you know, 18 certainly the Cal Turner conversation It looks 19 like a misrepresentation of some sort 20 Can I amend this? 21 Q Sure 22 A Just one -- I think it -- the last 23 sentence or the third -- yeah, the last sentence 24 of the first paragraph, though, is consistent 25 with a similar issue as the CA, was that it --</p>	<p style="text-align: right;">Page 138</p> <p>1 you know, I'm not saying it happened, but it -- 2 it would have been in character for Mike to be 3 probing And so from that standpoint, you know, 4 I can see Mike doing it I don't know if he had 5 had a conversation with Cal He certainly 6 didn't talk to me about it, that I recall 7 Q So you have no idea where he got this 8 idea of exclusive engagement with KKR? 9 A No, I don't And again, I think that's 10 -- you know, again, I'm a fairly polite person 11 In those conversations, I don't want to alienate 12 anybody because that's not consistent with my 13 responsibility with the company On the other 14 hand, I just don't know -- I can't give you my 15 input on his choice of words there 16 THE VIDEOGRAPHER Counselor, you 17 five minutes left on tape 18 MR WISSBROECKER Okay 19 BY MR WISSBROECKER 20 Q Now, if you look at the next sentence, it 21 says, "The director encouraged David" -- we 22 don't know who the director is -- but encouraged 23 you to review -- preview the idea with Cal 24 Turner We know who that is And one of the 25 director -- former CSFB director or banker, do</p>
<p style="text-align: right;">Page 139</p> <p>1 you know who that would have been? 2 A The only former -- the only former CSFB 3 banker was Dick Thornburgh 4 Q And it says, "David plans on having both 5 conversations over the next few days " Did you 6 ever have that conversation with Dick 7 Thornburgh? 8 A Not that I recall 9 MR WISSBROECKER We can go ahead 10 and take a break for a few minutes just so he 11 can change the tape and come back 12 THE VIDEOGRAPHER We are now going 13 off the record Time on the video monitor is 14 14 10 15 (Brief recess was observed ) 16 THE VIDEOGRAPHER We are now coming 17 onto the record, Tape No 3 Time on the video 18 monitor is 14 28 19 BY MR WISSBROECKER 20 Q Mr. Perdue, if you look back at 4A, which 21 is the deposition of Mr. Calbert, Pages 49 22 through 50 There's a discussion there about 23 the e-mail that we just talked about, about 24 Calbert's recollection of that e-mail 25 A How far do you want me to go?</p>	<p style="text-align: right;">Page 140</p> <p>1 Q. You know, actually, 49's fine. 2 A Okay 3 Q Now, if you look at Lines 13 through 21, 4 there's -- Mr. Calbert's talking about what his 5 recollection is of -- of that conversation And 6 it says that you were excited, and there 7 appeared to be some support for pursuing this as 8 one of the alternatives of the company Did you 9 inform -- did you tell that to Mr. Calbert, or 10 is that a misrepresentation? 11 A. Well, I don't -- I don't recall what was 12 -- I don't recall the phone call, and so I can't 13 speak to what Mike remembers from that I don't 14 -- and again, this -- when you're having a 15 polite conversation, you know, I'm not in -- in 16 the formal argument here, so I can't speak to 17 his characterization I don't recall supporting 18 this, whatever "this" is I mean, there was no 19 transaction at his point. There was no 20 conversation beyond what he originally wanted to 21 do This is September the 20th, and it was in 22 that period of time that he wanted to get a 23 little more nonpublic information. 24 Q So this was in the context of him being 25 somewhat aggressive about trying to get that</p>

<p style="text-align: right;">Page 141</p> <p>1 information from you?</p> <p>2 A I think that's a fair representation</p> <p>3 MR WISSBROECKER We'll mark this</p> <p>4 as Bere 14A</p> <p>5 MR DIETZ Perdue?</p> <p>6 MR WISSBROECKER Perdue, sorry</p> <p>7 It's all these Davids</p> <p>8 THE WITNESS Yeah, really</p> <p>9 MR. WISSBROECKER. That's probably</p> <p>10 because it was previously marked as Bere</p> <p>11 THE WITNESS (Pause ) Okay I've</p> <p>12 read it</p> <p>13 (Exhibit No 14A was marked )</p> <p>14 BY MR WISSBROECKER</p> <p>15 Q Now, this is a October 6th e-mail from</p> <p>16 Mike Calbert to George Robert and Raj Agrawal</p> <p>17 And it appears to be after the meeting that you</p> <p>18 had with KKR, is that correct?</p> <p>19 A That's correct</p> <p>20 Q So the meeting on 10/5, and this is an</p> <p>21 e-mail on 10/6 And you called Mike Calbert the</p> <p>22 next day, is that correct?</p> <p>23 A I returned his phone call, if I -- as I</p> <p>24 recall</p> <p>25 Q And you had, at this point, been in</p>	<p style="text-align: right;">Page 142</p> <p>1 discussions with David Wild and Denny Bottorff</p> <p>2 with the -- the meeting with KKR?</p> <p>3 MR DIETZ Objection to the form</p> <p>4 THE WITNESS. Yes On October 5th,</p> <p>5 we met George Roberts. Mike Calbert met with</p> <p>6 myself, David Wilds and Cal Turner. On October</p> <p>7 6th, if I remember, there was a second meeting</p> <p>8 between David Wilds and myself on October 5th</p> <p>9 And on October 6th, David Wilds and myself and</p> <p>10 Denny Bottorff had a -- had a meeting</p> <p>11 BY MR WISSBROECKER:</p> <p>12 Q And what did you discuss during that</p> <p>13 meeting?</p> <p>14 A. Well, we -- in the meeting on Thursday</p> <p>15 afternoon after our meeting with KKR, David</p> <p>16 Wilds and I decided that what they had disclosed</p> <p>17 in that meeting rose to a new level of interest</p> <p>18 to a point where we needed to present this</p> <p>19 information to the board so we can decide how to</p> <p>20 react to it The question was when we said yes</p> <p>21 or no or how we react to what they wanted to do</p> <p>22 On the meeting with Denny Bottorff, that</p> <p>23 meeting was held because he was the chair of</p> <p>24 Governance Committee, and we wanted to make sure</p> <p>25 that we were doing this from a governance point</p>
<p style="text-align: right;">Page 143</p> <p>1 of view in the proper manner, in which we agreed</p> <p>2 that the best thing to do would be to pull the</p> <p>3 full board together as soon as possible</p> <p>4 Q. You said based on what -- what KKR had</p> <p>5 disclosed you thought this rose to a new level</p> <p>6 of interest What exactly had they disclosed to</p> <p>7 you?</p> <p>8 A Well, in that meeting -- first of all, I</p> <p>9 thought they were going to come talk about high</p> <p>10 level private equity with Cal, and that's pretty</p> <p>11 much what happened But at the end of that,</p> <p>12 they represented that -- and this was stronger</p> <p>13 than what they had represented before -- in</p> <p>14 terms of getting a few pieces of information</p> <p>15 that I thought needed a confidentiality</p> <p>16 agreement. This rose to a new level that said</p> <p>17 we would like to -- as I recall And this I'm</p> <p>18 paraphrasing -- we would like to take a deeper</p> <p>19 look to see if, in fact, a valuation could be</p> <p>20 determined</p> <p>21 Q So that clued to you that -- that they</p> <p>22 were a little bit more interested than you had</p> <p>23 thought before or just impressed upon you even</p> <p>24 more their desire to get at confidential company</p> <p>25 information?</p>	<p style="text-align: right;">Page 144</p> <p>1 A. Yes This rose to a new level because</p> <p>2 this was the first time in my memory that they</p> <p>3 were talking about moving to a -- a valuation,</p> <p>4 if you will, or any -- any potential offer</p> <p>5 structure</p> <p>6 Q And then your concern was that you were</p> <p>7 going to get pushed too far along in the process</p> <p>8 before bringing it to the board, so you needed</p> <p>9 to go and talk to the board about it?</p> <p>10 A. Well, I wouldn't characterize it that</p> <p>11 way. I could just say basically that this --</p> <p>12 this conversation had gone on As I said, we</p> <p>13 might have been -- in retrospect, we might have</p> <p>14 been a little naive in going onto the market</p> <p>15 But I think our timing was miserable I mean,</p> <p>16 we were just -- they were so -- there was such a</p> <p>17 frenzy out there in their -- in their world that</p> <p>18 we really weren't aware of We were afraid of</p> <p>19 some of that because we heard some of the</p> <p>20 rumors, but we just didn't know about that And</p> <p>21 I think this rose to a level that it hadn't --</p> <p>22 the conversation had not been before And that</p> <p>23 -- that was, they were more specific about</p> <p>24 wanting information for the purpose of coming up</p> <p>25 with a potential valuation</p>

<p style="text-align: right;">Page 145</p> <p>1 Q And you mentioned the word "naive" Did 2 you, at this point, feel like maybe this had -- 3 this had gotten a little further along than you 4 had wanted it to at this point? 5 A Well, I had no intention when we 6 approached the private equity world or the 7 investment banking world to -- to ignite 8 anything at all, that was not our intent The 9 request for the first level of information was 10 sort of innocuous That wasn't too concerning, 11 although I was -- I was uncomfortable without a 12 CA This rose to a level of formality that I 13 felt like -- and David Wilds and I agreed It 14 wasn't just me David Wilds and I agreed that 15 we needed to get the board together The proper 16 thing to do, we felt, was to bring the chairman 17 of governance in, which was Denny Bottorff, and 18 so we did that 19 But I was very concerned that now because 20 of that specific request we were in a different 21 -- different phase, if you will, or a different 22 area that, A, I had very little experience in, 23 and B, it sounded to me a lot more experience 24 than, "Well, we just want to get a little more 25 information about you specifically" We already</p>	<p style="text-align: right;">Page 146</p> <p>1 know a little bit about this sector This was 2 -- this rose to a new level 3 Q Was this maybe another example of -- of 4 -- of kind of the aggressiveness that was -- was 5 in part of the process at this point? 6 MR KAZANOFF Objection to form 7 THE WITNESS Well, I -- I don't 8 know what their -- their motivation was Like I 9 said, I just felt like their conversation on 10 that Thursday, and David Wilds agreed with me, 11 that it -- it rose to a new level You know, I 12 had informed the board of my earlier 13 conversations with the private equity firms and 14 investment bankers David Wilds and I had 15 talked about it, and -- but this, again, was a 16 little more conversation, a little more 17 specific, and a little more direct And the 18 word "valuation," I think, is a key word that 19 sort of triggered that, "Hey, we need to put a 20 process in motion to -- to respond to them" 21 And I didn't know what that response would be 22 It could be simply, you know, We're not for 23 sale We're independent, et cetera, et cetera 24 BY MR WISSBROECKER 25 Q Now, I guess I'm -- I'm just trying to</p>
<p style="text-align: right;">Page 147</p> <p>1 separate out what -- what you've said here. 2 Now, putting to one side -- you know, putting to 3 one side whatever -- whatever their motivation 4 might be, because you don't know, and then 5 accepting the representation which you've made 6 several times is that, you know, you really had 7 to intention of going this way Now, having 8 caught yourself -- found yourself in this 9 position, did -- did you feel that that was as a 10 result of maybe aggressive behavior from KKR, or 11 maybe pushing you along quicker than you had 12 expected the process to occur? 13 MR. KAZANOFF: Can I hear the 14 question back? 15 (Requested last question read back.) 16 MR KAZANOFF: Objection to the 17 form. 18 MR DIETZ: Objection 19 THE WITNESS: My response is that I 20 really didn't have any anticipation of -- of 21 speed There was no speed going to an end, 22 that's the first I want to make clear It's all 23 about the verbiage But, you know, when we went 24 to the private equity and the investment 25 bankers, there was no hidden intent to go</p>	<p style="text-align: right;">Page 148</p> <p>1 anywhere Our intent was to defend ourselves, 2 frankly, and primarily from the hedge fund 3 environment that was so active at that point in 4 time in early and mid-'06. 5 I wouldn't -- I wouldn't 6 characterize it over aggressive for a private 7 equity firm. I was also having conversations 8 with Bonderman at TPG and -- and Josh 9 Beckenstein at -- at Bain I mean, they -- no, 10 I'm sorry, wrong names. Adrian Jones at Goldman 11 and David Bonderman at TPG during this time 12 Now, they hadn't come to us and 13 said, "We want to make a specific inquiry." KKR 14 did And when that happened, I just -- we all 15 felt that the right thing to do would be, Let's 16 get the board together Let's decide first how 17 to react to their request, because I -- I sure 18 couldn't do it And David Wilds and I both, 19 neither of us felt comfortable responding 20 without the full board's opinion 21 BY MR WISSBROECKER. 22 Q Was it a little faster than you expected 23 it to happen? 24 A Well, I never expected it to happen at 25 all, so I guess what I was trying to do was come</p>



<p style="text-align: right;">Page 149</p> <p>1 back and clarify I had no expectation because 2 I wasn't expecting to get the first request for 3 information, let alone this request 4 Q Now, this e-mail also says that -- 5 represents you as saying that "Denny is in favor 6 of the transaction" -- "in favor for the 7 transaction" I believe that's supposed to be 8 an "of" Does that -- does that refresh your 9 recollection or does that -- is that what you 10 recall having told Calbert? 11 A No I don't recall us discussing that, 12 candidly 13 Q Was Denny in favor of the transaction? 14 A At this point, I didn't know There was 15 no transaction discussed We didn't discuss in 16 the -- in the governance issue meeting with 17 Denny, I don't remember talking about the 18 potential for a specific transaction or 19 anybody's opinion about that, or even about 20 where I was in this In that meeting, I recall 21 us talking about process And if you know Denny 22 Bottorff, he's an exbanker That's what his -- 23 he runs his life around process He's one of 24 the best at that, and that's what he did is he 25 belabored, if you will, what we needed to do to</p>	<p style="text-align: right;">Page 150</p> <p>1 be -- to do the right thing 2 Q So this is -- this is a misrepresentation 3 of what you said? 4 A Well, I -- I don't know. 5 MR DIETZ Object to the form 6 THE WITNESS That's a strong word. 7 I can't speak to how Mike interpreted a 8 conversation But I just don't remember us 9 having a -- a poll, if you will, at that 10 governance conversation 11 BY MR WISSBROECKER 12 Q But you didn't tell him anything that 13 would have led him to believe that Denny was in 14 favor of this transaction? 15 A Not that I recall, no 16 Q So this is a -- sort of putting words in 17 your mouth as far as that issue goes? 18 A Well, I -- you know, again, this is not 19 my e-mail I don't know what Mike is hearing or 20 thinking in his verbiage, so I'm -- I'm really 21 not the one to comment on that I just don't 22 know 23 Q But from your recollection, nothing that 24 you -- you said would have led him to believe 25 that that's what you intended?</p>
<p style="text-align: right;">Page 151</p> <p>1 A What I'm testifying to is that I -- at 2 that point in time prior to the board meeting on 3 Sunday night, I had no idea where Denny Bottorff 4 was on this because this being a potential 5 transaction, we had not talked about a potential 6 transaction 7 Q And when you say the board meeting on 8 Sunday night, you're referring to the October 9 8 -- 10 A That's correct 11 Q -- board meeting? 12 Now, did you talk with Mike Calbert about 13 the need to get Dick Thornburgh on side? 14 A No, I don't recall that at all And that 15 -- that's out of character for me Denny -- 16 Dick was a brand-new director He was, you 17 know, Denny's friend, life-long friends, I 18 guess This would have been out of character 19 for me I just didn't know -- and it was so 20 early in the process, there was no discussion 21 about where anybody was in that -- in that 22 meeting on the 6th. 23 Q Now, was Dick Thornburgh aware as of 10/6 24 that you had been in discussions with KKR or 25 there had been some sort of a proposal or -- not</p>	<p style="text-align: right;">Page 152</p> <p>1 meeting -- informal looking for a valuation? 2 A To my knowledge, no 3 Q So there would be no basis for -- for the 4 assumption that Dick Thornburgh appears to not 5 be excited about the transaction? 6 A I just don't know I mean, I -- you 7 know, logic says that I don't know that he even 8 knew about it on the 6th of October I just 9 don't know 10 Q So did you -- do you recall mentioning 11 Dick Thornburgh's name at all during this 12 conversation with Mike Calbert? 13 A No 14 Q Now, did you and Mike discuss your pitch 15 to the board? 16 A Well, I don't know what Mike means by 17 "pitch." I -- I can -- I can hear Mike now. I 18 don't remember the specifics of the 19 conversation, but Mike was very much about 20 private equity story, and these are the 21 advantages I don't remember what "pitch" would 22 mean That's not my term, so I didn't -- I 23 didn't hear it that way. But I can see Mike, 24 you know, coaching me, if you will, from his 25 standpoint with regard to "Well, we've given you</p>



<p style="text-align: right;">Page 153</p> <p>1 this request. You know, here are the potential 2 benefits," or "Here's the story" or whatever. I 3 mean, I just don't remember the specifics of it. 4 But I could see Mike doing that. 5 Q. What coaching did he give you? 6 A. Well, in -- I don't remember 7 specifically, but in the conversation with Cal 8 that day, it was -- it was a conversation about 9 how private equity operated, you know, the 10 hostile nature wasn't as -- as hostile as 11 everybody may have thought. Which is one of the 12 reasons we went out to start with was to find 13 out -- when we heard this stuff about Apollo, we 14 heard it about service, what's going on. You 15 know, those sorts of general comments. 16 Q. The positive merit of the transaction, 17 what would you -- what did Mike ask you to tell 18 the board positively about the transaction? 19 A. I -- I don't recall. I'm not even saying 20 that he -- I said that, but I don't know what he 21 would have been telling me specifically about it 22 other than this is how private equity operates. 23 Q. What did you tell the board about the 24 transaction? 25 MR. RILEY: Object to the form.</p>	<p style="text-align: right;">Page 154</p> <p>1 THE WITNESS: Basically, I -- I 2 answered questions that night about several 3 things. But in terms of the transaction, that 4 was mostly done by David Wilds, as I recall, in 5 terms of reporting the conversation we had on 6 the 5th and then the subsequent we had with 7 Denny Bolteroff on the 6th. So I didn't really 8 present any story other than what David Wilds 9 was saying, that we have a request here from a 10 private equity firm to get detailed inside 11 information with the intent of coming up with a 12 preliminary -- quote -- preliminary valuation. 13 BY MR. WISSBROECKER: 14 Q. So did you -- did you tell the board 15 anything that Calbert had specifically told you 16 to tell the board or asked you to tell the 17 board? 18 A. No. 19 MR. DIETZ: Object to the form. 20 BY MR. WISSBROECKER: 21 Q. So when it says, "David and I went 22 through his pitch to the board again focusing on 23 the positive merits of the transaction," if that 24 took place, you did not carry out that -- 25 A. No.</p>
<p style="text-align: right;">Page 155</p> <p>1 Q. -- that charge? 2 A. No. 3 Q. Okay. So if we look at this -- this 4 e-mail and just kind of take a step back, you're 5 -- you're disputing a lot of the representations 6 that were made, whether or not it's an inaccurate 7 recall on Mike's part or maybe he misunderstood 8 what you said. Would you -- would you -- would 9 you say that it appears that -- that Mike has a 10 more favorable view of your view of the 11 transaction at this point? 12 A. Well, I -- I can't speak to his -- his 13 view. 14 Q. Right. 15 A. You know, I think this -- you know, I 16 don't know what Mike was -- was doing here, and 17 it's not consistent with my memory of where I 18 was in this -- at this point in time. And it's 19 not consistent, some of the things that are 20 attributed to me in terms of verbiage or 21 whatever just are -- are inconsistent with -- 22 with my demeanor and my, you know, the way I 23 conduct myself. You know, I can see some things 24 being fairly innocent with regard to pitch and 25 things like that. So I -- I think this is an</p>	<p style="text-align: right;">Page 156</p> <p>1 aggressive guy reporting into his boss. And 2 beyond that, I -- I don't know how to conjecture 3 this. These aren't my words. I just don't know 4 how to respond. 5 MR. DIETZ: I'm going to assert an 6 objection to the question. 7 BY MR. WISSBROECKER: 8 Q. So the sum total of your responses to 9 this e-mail is that it's just not accurate; is 10 that correct? 11 MR. DIETZ: Objection. 12 MR. RILEY: Object to the form. 13 THE WITNESS: You know, I don't know 14 what -- it's probably accurate of what Mike said 15 -- it's an e-mail, so Mike might have said this. 16 I just don't recall anything close to what this 17 is -- is saying, and therefore, I just can't 18 respond to, you know, the specifics of it, other 19 than some of these things are out of character 20 with -- with who I am. 21 BY MR. WISSBROECKER: 22 Q. Now, you said KKR is pushing for due 23 diligence, being aggressive about that. When -- 24 when did they get any confidential company 25 information?</p>

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1 A It wasn't until the Strategic Planning  
2 Committee and the board selected Bain,  
3 Blackstone, TPG and KKR to do the due diligence  
4 And I'm thinking, based on the earlier  
5 documents, that was in December  
6 Q So they didn't get anything from you, is  
7 that correct?  
8 A No, that's correct  
9 Q So if they got any confidential  
10 information, it had to come from somebody else?  
11 A They didn't get it from me  
12 Q Now, what's -- what's -- what's your view  
13 of Mike Calbert? What is your personal opinion  
14 of Mike Calbert at this point?  
15 A Mike and I are personal friends. I know  
16 that's surprising given the history here, but  
17 this is not just about Mike There's a --  
18 there's bigger story here in terms of just --  
19 just the normal thing that happens when a  
20 private equity buys a large firm I think Mike  
21 is a very capable young guy He's a -- he's a  
22 nice young guy, and he's ambitious, and, you  
23 know, he's -- he's looking out for the best  
24 interest of his investors  
25 Q Are you -- are you concerned that -- that

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1 point --  
2 Q Well, proposed transaction  
3 A -- being discussed. You know, what I --  
4 my opinion was -- frankly, I didn't know You  
5 know, we talked about it at the board that  
6 Sunday night on the 8th, and what we talked  
7 about was out fiduciary responsibility to our  
8 shareholders. If someone were willing to come  
9 in and pay a high price, is this something that  
10 we should investigate? So that was my demeanor.  
11 Q So you weren't going off to try to get  
12 support from other board members --  
13 A Not that I recall  
14 Q -- in the transaction?  
15 A You know, what I was concerned about was  
16 the process, trying to make sure we got the  
17 right process in place.  
18 MR. WISSBROECKER. This will be  
19 Perdue 15A  
20 (Exhibit No 15A was marked )  
21 MR. RILEY 15A?  
22 MR WISSBROECKER That's correct  
23 THE WITNESS (Pause ) Okay. I've  
24 read it.  
25 BY MR WISSBROECKER

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1 he was, maybe, less than forthright with you  
2 throughout this process?  
3 A You know, I honestly haven't thought  
4 about it this way I think -- you know, the way  
5 I look at it is very candidly I think Mike was  
6 doing the best that he thought for his  
7 investors and for his company and his career  
8 Q Would you have expected as a friend to  
9 have -- to have told you that they weren't going  
10 to keep you on as CEO?  
11 A Well, you know, disappoint and surprise  
12 are different emotions I think Mike ran the  
13 process from the due diligence point of view,  
14 and even in the management review's point of  
15 view, about as well as he could have been done,  
16 honestly I think -- I was disappointed  
17 personally that, you know, I may not have been  
18 given a chance to -- to rebut, if you will, some  
19 of the input that had come in But again, it  
20 was no big surprise to me because it was my  
21 understanding going in that this happens quite  
22 often  
23 Q So at this point, were you supportive of  
24 a -- of a transaction with KKR?  
25 A Well, there wasn't a transaction at this

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1 Q. This is an e-mail from Mike Calbert to  
2 George Roberts and others at KKR dated October  
3 9th, 2006 Now, this is -- this happened after  
4 the board meeting on 10/8/2006 Actually, it's  
5 a -- it's a report from -- from Mike to George  
6 about a conversation that he supposedly had with  
7 you It says, "I caught up with David this  
8 morning," and then there's some explanation of  
9 what happened at the board meeting Did you  
10 have this conversation with Mike Calbert?  
11 A I very well could have I don't recall  
12 whether I had a conversation with him that day  
13 or not, and I don't recall the specifics that  
14 he's outlined in here I will tell you that  
15 it's inconsistent that I would have given him  
16 any input about any director, frankly, because  
17 first of all, I don't personally remember Dick  
18 Thornburgh saying anything that night I  
19 remember Jim Robbins making the comment that he  
20 -- he thought the time was not right to consider  
21 something like this But, you know, I don't --  
22 I don't recall anything that Dick Thornburgh  
23 said in that meeting And -- and I certainly  
24 don't remember, you know, David Wilds and --  
25 and/or Denny either one having an opinion about

<p style="text-align: right;">Page 161</p> <p>1 a transaction stated in this -- in this meeting  2 Q And you had said just a few minutes ago  3 that you did not give KKR any confidential  4 company information prior to the confidentiality  5 agreement being introduced?  6 A. That's correct  7 Q So this information about -- about the  8 private goings-on at the board meeting, you  9 wouldn't have divulged this information to Mike  10 Calbert?  11 A Well, as I've explained to you the  12 answer's no I -- I didn't -- I mean, I don't  13 remember Dick Thornburgh saying anything in  14 there, or any opinion from David Wilds or Denny  15 about -- you know, again, this is not a  16 transaction we were discussing We were  17 discussing the process, really, mostly that  18 night about whether to entertain anything or  19 not And the conclusion was, you know, we're --  20 you know, we -- we have a proposal and we'll  21 take it under advisement but no decision is  22 being taken right now about that  23 Q So all this information in here is -- is  24 inaccurate, or at least the first paragraph?  25 A. Look, again, this is not my writing. I</p>	<p style="text-align: right;">Page 162</p> <p>1 didn't write this I'm not representing to  2 George anything in here I can't speak to how  3 Mike, you know, got this information. But it's  4 not a fair representation of what -- what I  5 would have shared with him  6 Q Where do you think that he would have  7 gotten this information if not from you?  8 A Oh, I don't --  9 MR DIETZ Object to the form.  10 THE WITNESS. I don't know I just  11 -- I don't recall, you know, any of the details  12 in that conversation I don't -- I just don't  13 have any idea where this could have come from  14 BY MR WISSBROECKER  15 Q Now, was there any concern expressed in  16 this meeting that you had spoken to KKR without  17 the board's expressed permission?  18 A Not that I recall  19 Q So do you remember Mr. Thornburgh  20 discussing that once the company announces it's  21 restructuring, the stock market will reward the  22 company with this pop in stock markets?  23 A No, I don't remember that at all  24 Q And you've already said David Wilds and  25 Danny Bottorff, you don't remember them leading</p>
<p style="text-align: right;">Page 163</p> <p>1 the charge for the transaction?  2 A Well, first of all, there was no charge,  3 to my recollection, of that board meeting  4 There was no move that supported or didn't  5 support a transaction, that I recall It was a  6 conversation mostly about process and how we'd  7 respond to the inquiry that had been brought in  8 Q Was there any view expressed in that  9 meeting that you and Mr. Wilds were conflicted?  10 A It could well have been I -- I think  11 there was a question put to me about, you know,  12 had I had a -- do I have a prior arrangement  13 with KKR I responded negatively And then  14 that's really the gist of my memory of that  15 Q And while this e-mail represents that you  16 were out -- off having one-on-one meetings with  17 directors to make your case, did you do that?  18 A No, not that I recall And I don't -- at  19 that point in time, there wasn't a case But I  20 don't recall going off on any one-on-one  21 meetings with -- with directors  22 Q So that's a misrepresentation of what was  23 actually occurring?  24 A. Well, you know, I don't know. We meet in  25 board meetings all the time We have other</p>	<p style="text-align: right;">Page 164</p> <p>1 conversations about committees I mean, I -- I  2 just -- I don't know how to respond to that  3 It's -- it's -- it's possible that, you know,  4 that I was talking to various people about  5 various things. Remember, we're -- we're trying  6 to get this project finalized and moving  7 forward, and we're trying to get the decisions  8 made so we can open up his markdown sales in the  9 holiday season which is rapidly closing in on us  10 here I mean, this is in October. This stuff  11 needs to be out on the street in November And  12 we're -- we're feverishly trying to implement  13 that during this period of time, too  14 So, you know, I can't rationalize where  15 that came from I'm just saying that I didn't  16 have any one-on-one meetings about, you know,  17 selling a case to the directors  18 Q Now, do you know who Andy Taussig is? We  19 probably --  20 A I do  21 Q -- covered this --  22 A Sorry  23 Q -- probably in the last deposition  24 Sorry  25 A Yes, I know who he is</p>



<p style="text-align: right;">Page 165</p> <p>1 Q Did you call and put a gag on him?</p> <p>2 A Not to my memory, and if you know -- if</p> <p>3 you know Andy Taussig, that's not something that</p> <p>4 -- that I would do</p> <p>5 Q Was there a concern that Mr. Taussig was</p> <p>6 talking to other private equity firms about a</p> <p>7 potential take-private of Dollar General?</p> <p>8 A No. The only concern I had was David</p> <p>9 Frank. David Frank works for CSFB, and during</p> <p>10 that general period of time -- and I'm not</p> <p>11 saying it was in this telephone conversation,</p> <p>12 but I do remember us having a conversation not</p> <p>13 with Mike Calbert, but a general concern that</p> <p>14 David Frank was trying to drum up interest from</p> <p>15 Apollo and Cerberus.</p> <p>16 Q And -- all right. Well, let's -- let's</p> <p>17 take a few-minute break.</p> <p>18 A. Okay.</p> <p>19 Q If you don't mind?</p> <p>20 A. Sure.</p> <p>21 Q So I can look at my notes.</p> <p>22 THE VIDEOGRAPHER: One second. We</p> <p>23 are now going off the record. The time on the</p> <p>24 video monitor is 15:00.</p> <p>25 (Brief recess was observed.)</p>	<p style="text-align: right;">Page 166</p> <p>1 THE VIDEOGRAPHER: We are now coming</p> <p>2 back onto the record. Time on the video monitor</p> <p>3 is 15:14.</p> <p>4 BY MR. WISSBROECKER:</p> <p>5 Q Mr. Perdue, I'm going to show you what</p> <p>6 we'll mark as Perdue 16A.</p> <p>7 (Exhibit No. 16A was marked.)</p> <p>8 THE WITNESS (Pause): Okay. I've</p> <p>9 read it. Sorry.</p> <p>10 BY MR. WISSBROECKER:</p> <p>11 Q Okay. Mr. Perdue, this is an e-mail from</p> <p>12 Mike Calbert to George Roberts and others at</p> <p>13 KKR, subject DG, dated November 9th, 2006. And</p> <p>14 it reflects -- purportedly reflects a</p> <p>15 conversation that Mike Calbert had with you</p> <p>16 right after -- right after, apparently, you got</p> <p>17 back from -- from seeing your cousin who was</p> <p>18 just elected governor of Georgia. It says you</p> <p>19 were upbeat about the progress you were making</p> <p>20 moving the board along. Is that something that</p> <p>21 you told Mr. Calbert?</p> <p>22 A. You know, I don't remember. You know,</p> <p>23 I'm -- I'm quite sure we could have had a</p> <p>24 conversation, but I don't recall the</p> <p>25 characterization that I was moving the board</p>
<p style="text-align: right;">Page 167</p> <p>1 along. We had a price list. We had a special</p> <p>2 -- or I'm sorry, a Strategic Planning Committee</p> <p>3 that was in charge of whatever process we were</p> <p>4 doing. A large part of that was evaluating</p> <p>5 Alpha, trying to get Alpha implementation going,</p> <p>6 and that sort of thing. So I don't recall, you</p> <p>7 know, representing that I was moving the board</p> <p>8. I think that would be an inaccurate -- from my</p> <p>9 point of view, I just don't recall me</p> <p>10 characterizing -- ever characterizing moving the</p> <p>11 board along on anything. At this point in time</p> <p>12 or even -- even two or three years prior to</p> <p>13 that. The board -- you just don't move boards</p> <p>14 along.</p> <p>15 Q And let me ask you, would -- the Dollar</p> <p>16 General board meetings or the meetings of the</p> <p>17 Strategic Planning Committee or the Special</p> <p>18 Committee here, I think it's referred to as,</p> <p>19 were those open to the public?</p> <p>20 A. No, to my knowledge.</p> <p>21 Q So were they -- were the events that took</p> <p>22 place in those meetings, were they publicly</p> <p>23 reported?</p> <p>24 A. Some were. You know, if it was -- for</p> <p>25 example, Lehman was retained as our investment</p>	<p style="text-align: right;">Page 168</p> <p>1 banker. You know, there was -- I think they put</p> <p>2 a public announcement out on that, actually. So</p> <p>3 there -- there were times when there were things</p> <p>4 of a public nature discussed in the board</p> <p>5 meetings. Of course, there were times -- things</p> <p>6 were not of a public nature discussed in board</p> <p>7 meetings.</p> <p>8 Q Would the special committee or special</p> <p>9 transaction committee --</p> <p>10 A. Special -- or Strategic Planning</p> <p>11 Committee. Sorry.</p> <p>12 Q Would their deliberations have been</p> <p>13 publicly reported, like the play-by-play of</p> <p>14 their consideration of potential buyers? Would</p> <p>15 that have been publicly reported?</p> <p>16 A. No.</p> <p>17 MR. RILEY: Object to the form of</p> <p>18 the question.</p> <p>19 BY MR. WISSBROECKER:</p> <p>20 Q Now, so -- if, indeed, someone was giving</p> <p>21 Mr. Calbert information about the progress the</p> <p>22 board was making or its Strategic Planning</p> <p>23 Committee making in its deliberations about the</p> <p>24 potential transaction of KKR, that -- that would</p> <p>25 have been confidential company information,</p>



<p style="text-align: right;">Page 169</p> <p>1 correct?</p> <p>2 MR DIETZ Objection</p> <p>3 THE WITNESS Well, I don't know</p> <p>4 what would have been said by -- you know, about</p> <p>5 it, so I don't know what would have been</p> <p>6 confidential or not -- I don't recall this</p> <p>7 specific conversation I was not in many of the</p> <p>8 strategic planning meetings I was involved in</p> <p>9 some of the presentations to them But in terms</p> <p>10 of their deliberations, I was not, you know,</p> <p>11 privy to that So it's -- it's inconsistent to</p> <p>12 think that I would be a source of primary</p> <p>13 information about the Strategic Planning</p> <p>14 Committee.</p> <p>15 BY MR WISSBROECKER</p> <p>16 Q Now, did you tell Mr Calbert that you</p> <p>17 thought the lead director -- that's David Wilds,</p> <p>18 right? Or, I'm sorry, the special committee</p> <p>19 Who would that have been at the time?</p> <p>20 MR RILEY Object to the form</p> <p>21 MR DIETZ Objection</p> <p>22 THE WITNESS The lead -- the</p> <p>23 chairman of the Strategic Planning Committee was</p> <p>24 Denny Boltorff</p> <p>25 BY MR WISSBROECKER</p>	<p style="text-align: right;">Page 170</p> <p>1 Q So did you tell Mike Calbert in this --</p> <p>2 on this -- in this conversation that you thought</p> <p>3 Denny Boltorff -- Boltorff was supportive of</p> <p>4 going private and believes it is the right</p> <p>5 solution for the company?</p> <p>6 A You know, I don't recall that, and it's</p> <p>7 inconsistent with my memory of that period of</p> <p>8 time because Denny is very -- as I said earlier,</p> <p>9 in earlier testimony, Denny is the most process-</p> <p>10 oriented person we have, and I don't -- I didn't</p> <p>11 hear him take a position in this until the very,</p> <p>12 very late days of February/March when we were</p> <p>13 moving to -- when we got a bid, basically He</p> <p>14 was not someone to talk about his position or</p> <p>15 his opinion regarding any potential transaction</p> <p>16 Q So this information that -- that</p> <p>17 Calbert's reporting to Roberts and others is</p> <p>18 inaccurate as -- I mean, you didn't tell him</p> <p>19 this, right?</p> <p>20 A I can only tell you what I remember, and</p> <p>21 I don't remember ever talking to Mike about</p> <p>22 these topics You know, I gave him updates with</p> <p>23 regard to what we were talking about He --</p> <p>24 they had wanted -- their request The only</p> <p>25 update I was giving was basically the board is</p>
<p style="text-align: right;">Page 171</p> <p>1 taking it under consideration We're</p> <p>2 independent We have a strategic plan We're</p> <p>3 working right now on the execution of that</p> <p>4 strategic plan And we had been publish -- they</p> <p>5 had been -- in the last quarterly update for the</p> <p>6 analyst at the Wall Street, we had disclosed a</p> <p>7 lot of what we were doing or considering about</p> <p>8 Alpha There was a good bit of -- as I recall,</p> <p>9 a good bit of conversation about the strategic</p> <p>10 plan, about what we were thinking about doing</p> <p>11 and so forth.</p> <p>12 Q But you weren't publicly disclosing your</p> <p>13 deliberations about potential transactions with</p> <p>14 private equity firms, correct?</p> <p>15 A Not that I recall</p> <p>16 Q And since you weren't someone that was</p> <p>17 disclosing confidential information to KKR at</p> <p>18 this point, this couldn't have been a</p> <p>19 conversation that you actually had with Mr</p> <p>20 Calbert at this point?</p> <p>21 MR RILEY Object to the form</p> <p>22 MR DIETZ Object to the form.</p> <p>23 THE WITNESS I certainly don't</p> <p>24 recall it Now, I'm not -- I can't get into</p> <p>25 what Mike was saying or representing or where he</p>	<p style="text-align: right;">Page 172</p> <p>1 got it or whatever I'm just representing that</p> <p>2 I -- this is out of character First of all,</p> <p>3 this information, I wouldn't have had I didn't</p> <p>4 know where Denny was at this point in time on</p> <p>5 November 9th, and I certainly didn't know in</p> <p>6 January or February where Denny was That's</p> <p>7 totally inconsistent And, you know, these</p> <p>8 representations are just inconsistent with what</p> <p>9 -- where my knowledge base was at this point in</p> <p>10 time</p> <p>11 BY MR WISSBROECKER.</p> <p>12 Q So you consider this e-mail inaccurate as</p> <p>13 compared to what actually happened during that</p> <p>14 conversation?</p> <p>15 A Well, it conflicts with my memory of --</p> <p>16 of what was going on at that point in time</p> <p>17 Q And do you -- do you think it -- you're</p> <p>18 just not remembering accurately, or are you --</p> <p>19 you certain that this is not what you told Mr.</p> <p>20 -- Mr Calbert?</p> <p>21 A Well, specifically about progress I'm</p> <p>22 making moving this board along, that -- that --</p> <p>23 that verbiage is not consistent with my normal</p> <p>24 vernacular. I just -- I don't think I've ever</p> <p>25 used the phrase "moving this board along on" any</p>

<p style="text-align: right;">Page 173</p> <p>1 topic, much less this topic with KKR  2 You know, "We're focused on understanding  3 their restructuring charge," well, I'm not sure  4 we were even talking about a restructuring  5 charge at that point in time. So there are some  6 inconsistencies in here, as I said, about Denny  7 as well. So all I can tell you is it's not  8 consistent with my memory of, you know, what was  9 -- where we were at that point in time, what was  10 going on.  11 Q. Did you ever get the sense that -- that  12 Mr. Calbert was unrealistic in his expectations  13 of what he hoped you to achieve for him on the  14 board?  15 MR. KAZANOFF. Object to the form.  16 THE WITNESS. Well, I never saw it  17 quite that way. It wasn't that I was -- that he  18 was expecting me to do anything with the board.  19 He never communicated that. I certainly didn't  20 understand it that way. And the time here is  21 evidence that, you know, for some six weeks or  22 four weeks, anyway, after our November -- our  23 October the 8th meeting with the board, that we  24 haven't really gotten to any kind of conclusion  25 in the Strategic Planning Committee.</p>	<p style="text-align: right;">Page 174</p> <p>1 Now, I think we told them at one  2 point that we were taking it under advisement  3 and it would be some time before any type of  4 response other than, "We're independent, and we  5 have a strategic plan and we're executing that  6 strategic plan." So that's my memory of kind of  7 what this time frame as being. I don't recall  8 Mike ever saying, "David I need you to do this,"  9 or "You do that," or anything like that.  10 BY MR. WISSBROECKER.  11 Q. After reading some of these e-mails, do  12 you get the sense that -- that maybe Mr. Calbert  13 was -- was -- was trying to use you to  14 manipulate the process with the board?  15 MR. RILEY. Objection to the form.  16 MR. DIETZ. Objection to the form.  17 THE WITNESS. Well, I don't know  18 what he was doing. I honestly can't speak to  19 that. I just don't -- you know, he's writing  20 these memos to George Roberts, not the board.  21 He's in the private equity business. He's in  22 the business of getting things done, so it's  23 pretty obvious that this guy's in the push mode.  24 We are in the process mode at Dollar General at  25 this point in time in November when the is</p>
<p style="text-align: right;">Page 175</p> <p>1 Strategic Planning Committee doing two things,  2 one, trying to evaluate -- from what I recall,  3 evaluate the impact of Alpha on our business in  4 our long-term value. And No. 2, trying to  5 decide how we were going to respond to this  6 request from KKR.  7 BY MR. WISSBROECKER.  8 Q. But it -- what's fairly clear is that you  9 have a different perspective of -- of what was  10 going on than Mr. Calbert?  11 A. I think that's fair. Sorry to interrupt  12 again.  13 Q. And when -- when did you -- was there a  14 period when you kind of went silent with Mr. --  15 Mr. Calbert as far as your communications? I  16 mean, between, let's say October 6th when the  17 board met -- you had met just a couple of days  18 before, but then afterwards there's a special  19 committee formed, and then the due diligence  20 process doesn't technically start until later on  21 down the road. Now, does that -- how often were  22 you communicating with Mr. Calbert during that  23 period of time?  24 MR. RILEY. Object to the form.  25 MR. DIETZ. Object to the form.</p>	<p style="text-align: right;">Page 176</p> <p>1 THE WITNESS. Well, I don't recall  2 specifically, but I -- I remember -- I think it  3 would be reasonable to have had a couple of  4 conversations just to, as I recall, him calling  5 and want an update on, you know, "When can we  6 expect a response out of you, that kind of  7 conversation." Because we -- we kind of let them  8 long, or left them hanging, if you will, after  9 that October the 5th meeting. And it -- it put  10 me in a pretty awkward position given that our  11 response was, you know, "We have a strategic  12 plan. We're trying to evaluate the impact on  13 the business on that right now." It's just a  14 tough time to respond to a request for any kind  15 of due diligence.  16 BY MR. WISSBROECKER.  17 Q. So if KKR was -- during this time period  18 if KKR was getting more information about the  19 company, it wasn't coming from you; is that  20 correct?  21 A. Well, I can't -- I don't know how to  22 respond specifically to what information, but I  23 -- I wasn't a source of any information to them  24 during that period of time other than, you know,  25 what is going on with the Project Alpha and</p>

<p style="text-align: right;">Page 177</p> <p>1 this, you know, restructuring -- not 2 restructuring, but the implementation of Alpha 3 Q And during this time period, Mr. Calbert 4 never told you that you may not be continuing as 5 CEO; is that correct? 6 A That's correct. And it just wasn't a 7 topic. 8 Q I'm going to show you a rather lengthy 9 document, but fortunately I'm just going to 10 focus on one page. 11 Now, do you recall off the top of your 12 head if you had a meeting with KKR people on the 13 12th of February 2007? 14 A Without looking at a calendar, I wouldn't 15 -- I wouldn't be surprised that we did. 16 MR WISSBROECKER I guess we'll 17 mark Perdue 17A 18 (Exhibit No. 17A was marked.) 19 BY MR WISSBROECKER. 20 Q Now, I'm just going to ask you to look at 21 a couple of pages beginning on KKR013480, if you 22 look at the -- 23 A Uh-huh. 24 Q -- Bates numbers. The Bates numbers are 25 at the bottom.</p>	<p style="text-align: right;">Page 178</p> <p>1 A 13480? 2 Q Yeah. 3 A Okay. 4 Q And this is -- this is a set of 5 handwritten notes from Raj Agrawal. 6 A I can't really read some of this, I'm 7 sorry. 8 Q Well, let's -- I'm going to refer you to 9 some -- some -- 10 A Okay. 11 Q -- specific points. 12 It says -- see at the top of the page it 13 says "2/12/07, David Perdue"? 14 A Right. 15 Q And there's topics. 2006 normalization, 16 the corporate headquarter lease, inventory 17 turns, shrink improvement. These are -- 18 A Right. 19 Q These are due diligence issues -- 20 A Right. 21 Q -- that would be discussing -- 22 A Right. 23 Q -- with KKR, correct? 24 A Yes, that's correct. 25 Q Okay. So as we move down the page,</p>
<p style="text-align: right;">Page 179</p> <p>1 here's a bullet point that says, "Overall 2 strategy." It says, "Dollar format concerns, 3 David; 5 &amp; Dime how to prevent, price and 4 convenience;" a lot of different issues. 5 And then if you look at -- at the next 6 page, there's a second bullet point down and 7 second line in that, "Up to 15,000-18,000 stores 8 potential." Do you see that line? 9 A I do. 10 Q Now, would that -- would that be based on 11 some internal Dollar General document? 12 A Not that I recall. I mean, we had 13 analyst reports, and there were several 14 estimates of the ultimate size of this sector. 15 At this point in time, we had a little over 16 8,000 stores. Family Dollar probably had 5,000. 17 And we had had analyst reports back in as early 18 as '03, during my first year, that estimated the 19 size of the market -- that our share of that 20 size market could be 15- to 20,000. 21 Later, we had, you know, more specific 22 things done that we saw done by people like IRI, 23 which is a market -- sort of a market research 24 house and that sort of thing. But I -- I don't 25 remember the specifics of it, but the general</p>	<p style="text-align: right;">Page 180</p> <p>1 tone that was the universe could absorb another 2 -- you know, that we could probably get up to 3 15- to 18,000 stores; that the sector was that 4 large. 5 There was some downside to that, and that 6 is this: That Tesco was coming into the market 7 at that time point in time. Tesco is a very 8 large, one of the -- one of the largest in 9 Europe -- sort of what I could call commodity 10 providers. We were primarily commodity 11 providers, such as everyday things that women 12 use in their house. Tesco was a grocer and 13 commodity provider, one of the best out there. 14 And we had heard as early as late '05, actually, 15 as I recall, that they were potentially coming 16 into this market. Now, they didn't come in 17 until '07. But in the '06 time period, we -- as 18 we talked about them in our strategic planning 19 conversations, that was always something that we 20 brought up to sort of temper this -- this 21 ultimate potential. We didn't know how big this 22 sector was in terms of our potential number of 23 stores. But we felt like that we had a good way 24 to go before we saturated the markets that we 25 were in. We were on in, at this time, probably</p>

<p style="text-align: right;">Page 181</p> <p>1 30 states, maybe 32 states. So there were 50  2 other states -- I mean, there were 18 other  3 states that we potentially could go to  4 Q So this is a conversation you had or  5 during the due diligence process you explained  6 to them exactly what you've explained to me just  7 now?  8 A I'm -- I'm not sure that I'm the one  9 explaining this. It says David Perdue, but I'm  10 not sure that I'm the only one in the meeting.  11 Q Do you recall that being discussed?  12 A I -- I don't recall, but it would be -- I  13 think this would be unusual that I would be the  14 only one in the room with this level of  15 specificity going on  16 Q Now, was there another study that was  17 done by a company called Clartas? Do you  18 remember that?  19 A I -- I -- I generally remember that, yes  20 Q Was that in line with this prior study?  21 A Yeah. I mean, all these things were  22 fairly consistent with that, as I recall  23 Q And Tesco is a -- is a dollar store, or  24 is it a high-end retail store?  25 A Well, it's a grocery store, and a lot of</p>	<p style="text-align: right;">Page 182</p> <p>1 their prices are very similar to our prices on  2 things like Tide and All and paper napkins and  3 paper towels, that sort of stuff. Very, very  4 similar to ours  5 Q And did you project that the same  6 customers would shop at Tesco --  7 A Yes  8 Q -- that would shop --  9 A Yes  10 Q -- at Dollar?  11 A Right  12 Q Were you given the opportunity to invest  13 any of your equity in the -- the take-private of  14 Dollar General?  15 A No. It was just never a topic, I just  16 Q Do you -- are you -- do you currently  17 have any investments in Dollar General?  18 A No  19 Q What -- what -- what's your current  20 occupation?  21 A I'm retired  22 Q Are you on any current boards?  23 A I am on two public boards and one private  24 board  25 Q Which boards are those?</p>
<p style="text-align: right;">Page 183</p> <p>1 A. Reliant Energy Corporation in Madison,  2 Wisconsin for utility. And Jo-Ann Corporation  3 in Cleveland, Ohio  4 Q. I think that's all we have, unless you  5 guys have some questions  6 MR. RILEY No, nothing from us  7 MR. DIETZ No questions  8 MR. WISSBROECKER. Thank you,  9 Mr. Perdue  10 THE WITNESS: Thank you. I  11 appreciate it.  12 THE VIDEOGRAPHER One minute. This  13 concludes the video deposition of David Perdue,  14 Volume 2. The number of tapes used was three.  15 We are now going off the record. Time on the  16 video monitor is 15:33.  17 FURTHER DEPONENT SAITH NOT  18  19  20  21  22  23  24  25</p>	<p style="text-align: right;">Page 184</p> <p>1 REPORTER'S CERTIFICATE  2 I certify that the witness in the  3 foregoing deposition  4 DAVID PERDUE,  5 was by me duly sworn to testify in the within-  6 entitled cause, that the said deposition was  7 taken at the time and place therein named; that  8 the testimony of said witness was reported by  9 me, a Shorthand Reporter and Notary Public of  10 the State of Tennessee authorized to administer  11 oaths and affirmations, and said testimony,  12 Pages 1 through 34 was thereafter transcribed  13 into typewriting  14 I further certify that I am not of  15 counsel or attorney for either or any of the  16 parties to said deposition, nor in any way  17 interested in the outcome of the cause named in  18 said deposition  19 IN WITNESS WHEREOF, I have hereunto set  20 my hand the 25th of August, 2008  21  22  23 Carissa L. Boone, Notary Public  24 State of Tennessee At Large  25</p>



