

FILED

IN THE SIXTH CIRCUIT COURT FOR DAVIDSON COUNTY, TENNESSEE

OCT 16 2008

IN RE DOLLAR GENERAL

)
 RICHARD M. HUGHES, Clerk
 By *[Signature]* Deputy
)
)

Master Docket No. 07MD1
(Consolidated Action)

Judge Brothers

**DEPOSITION TRANSCRIPT OF MICHAEL M. CALBERT AND THE EXHIBITS
THERE TO**

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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

---o0o---

Master Docket Case No. 07-C-736

-----X

In re DOLLAR GENERAL CORPORATION
SHAREHOLDER LITIGATION

-----X

This Document Relates to ALL ACTIONS.

-----X

CONFIDENTIAL

VIDEOTAPED DEPOSITION OF MICHAEL CALBERT

Thursday, July 10, 2008

<p style="text-align: right;">Page 2</p> <p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> <p style="text-align: center;">Videotaped Deposition of MICHAEL CALBERT, taken on behalf of Plaintiffs, at 2550 Hanover Street, Palo Alto, California, commencing at 8.35 a.m., Thursday, July 10, 2008, before ERIC GILLIAM, Certified Shorthand Reporter No. 3338.</p>	<p style="text-align: right;">Page 4</p> <p>1 APPEARANCES OF COUNSEL (CONTINUED) 2 3 For the individual defendants: 4 BASS BERRY & SIMS PLC 5 BY: MATTHEW M. CURLEY, ESQ. 6 315 Deadenck Street, Suite 2700 7 Nashville, Tennessee 37238-3001 8 Phone: 615-742-7790 9 Fax: 615-742-2868 10 E-Mail: mcurley@bassberry.com 11 12 Videographer: 13 CHRIS COTTON 14 VERITEXT REPORTING COMPANY 15 16 17 18 19 20 21 22 23 24 25</p>
<p style="text-align: right;">Page 3</p> <p>1 APPEARANCES OF COUNSEL 2 3 For Plaintiffs, 4 BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP 5 BY: JONATHAN HARRIS, ESQ. 6 1285 Avenue of the Americas 7 New York, New York 10019 8 Phone: 212-554-1590 9 Fax: 212-554-1444 10 E-Mail: jonathan@blbglaw.com 11 12 For Defendants DOLLAR GENERAL CORPORATION, 13 KOHLBERG KRAVIS ROBERTS & COMPANY, and the deponent. 14 SIMPSON THACHER & BARTLETT LLP 15 BY: PETER E. KAZANOFF, ESQ. 16 HEATHER L. SHAFFER, ESQ. 17 425 Lexington Avenue 18 New York, New York 10017-3954 19 Phone: 212-455-3538 20 Fax: 212-455-2502 21 E-Mail: pkazanoff@stblaw.com 22 hshaffer@stblaw.com 23 24 25</p>	<p style="text-align: right;">Page 5</p> <p>1 ---o0o--- 8 32 59AM 2 THE VIDEOGRAPHER Good morning 8 35 42AM 3 We are on the record at 8:35 a m , July 10, 8 35 44AM 4 2008. 8 35 49AM 5 My name is Chris Cotton, here with our 8:35:50AM 6 court reporter, Eric Gilliam We are here from 8:35:52AM 7 Vertext National Deposition Litigation Services at 8:35:56AM 8 the request of counsel for plaintiff 8 35 59AM 9 This deposition is being held at 2550 8 36 02AM 10 Hanover Street, in the city of Palo Alto, 8.36.06AM 11 California 8 36 08AM 12 The caption in this case is In Re Dollar 8 36.09AM 13 General Corporation Shareholder Litigation, Case No. 8.36 10AM 14 07-C-736. 8:36:14AM 15 This is the videotaped deposition of Mike 8:36:19AM 16 Calbert 8.36.20AM 17 Please note that audio and video recording 8 36 24AM 18 will take place unless all parties agree to go off 8 36:26AM 19 the record. 8 36 28AM 20 Microphones are sensitive and may pick up 8 36 29AM 21 whispers and private conversations 8:36:31AM 22 At this time the counsel and all present 8 36 34AM 23 will identify themselves for the record. 8.36.35AM 24 MR. HARRIS. Jonathan Harris of Bernstein 8 36 37AM 25 Litowitz Berger and Grossmann, representing the 8 36 38AM</p>

2 (Pages 2 to 5)

CONFIDENTIAL

Page 6		Page 8	
1	plaintiffs 8:36:39AM	1	agreement that objection by one defendant is for 8:38:15AM
2	MR KAZANOFF. Pete Kazanoff And I'm here 8:36:42AM	2	everyone, just to keep the record -- 8:38:18AM
3	with Heather Shaffer from Simpson Thacher & 8:36:43AM	3	MR HARRIS Perfect. 8:38:21AM
4	Bartlett, here representing the witness, KKR, and 8:36:45AM	4	MR KAZANOFF -- cleaner? 8:38:22AM
5	Dollar General. 8:36:50AM	5	MR. HARRIS Yup, that sounds good 8:38:22AM
6	MR CURLEY. Matthew Curley of Bass Berry 8:36:51AM	6	MR. KAZANOFF: Okay. 8:38:23AM
7	& Sims, representing the individual defendants 8:36:52AM	7	BY MR. HARRIS. 8:38:24AM
8	THE WITNESS And I'm Michael Calbert 8:36:59AM	8	Q Mr. Calbert, what's your current position? 8:38:24AM
9	THE VIDEOGRAPHER. Thank you. 8:37:00AM	9	A I'm a member of Kohlberg Kravis Roberts and 8:38:26AM
10	The witness will be sworn in, and we can 8:37:01AM	10	Company 8:38:30AM
11	proceed 8:37:16AM	11	Q All right. 8:38:30AM
12	8:37:16AM	12	Can we just refer to that as KK -- Kohlberg 8:38:37AM
13	MICHAEL CALBERT, 8:37:16AM	13	Kravis and Roberts as KKR for purposes of this 8:38:40AM
14	having been first duly sworn, was examined and 8:37:16AM	14	deposition? 8:38:43AM
15	testified as follows: 8:37:16AM	15	A Sure. 8:38:43AM
16	8:37:17AM	16	Q Okay. 8:38:44AM
17	EXAMINATION 8:37:17AM	17	Did there come a time that KKR acquired 8:38:44AM
18	BY MR HARRIS 8:37:17AM	18	Dollar General Corporation? 8:38:47AM
19	Q Good morning, Mr Calbert. We haven't met 8:37:18AM	19	A I'm sorry; your question? 8:38:49AM
20	before, have we? 8:37:20AM	20	Q Did there come a time that KKR acquired 8:38:51AM
21	A No, we haven't. 8:37:21AM	21	Dollar General Corporation? 8:38:53AM
22	Q All right 8:37:21AM	22	A Yes 8:38:55AM
23	Have you been deposed before? 8:37:21AM	23	Q All right. 8:38:55AM
24	A Yes, I have 8:37:23AM	24	And that was on March or approximately -- 8:38:55AM
25	Q All right 8:37:25AM	25	the deal to acquire the company was made 8:38:58AM
Page 7		Page 9	
1	So just go over the basic ground rules 8:37:25AM	1	approximately March 11th, 2007? 8:39:03AM
2	If you don't understand a question that I 8:37:27AM	2	MR KAZANOFF Objection to form 8:39:06AM
3	ask, please let me know 8:37:29AM	3	But go ahead. 8:39:07AM
4	A I will. 8:37:31AM	4	THE WITNESS Right 8:39:08AM
5	Q All right 8:37:32AM	5	BY MR. HARRIS: 8:39:08AM
6	If you answer a question and then you think 8:37:33AM	6	Q All right. 8:39:09AM
7	of something later that you would like to say to add 8:37:35AM	7	I'm going to show you what I'm going to 8:39:09AM
8	to it or clarify it, you will please let me know 8:37:38AM	8	mark as Calbert Exhibit 1 8:39:11AM
9	that? 8:37:41AM	9	(Calbert Exhibit 1 was marked for 8:39:40AM
10	A Okay. 8:37:41AM	10	identification by the court reporter.) 8:39:40AM
11	Q All right 8:37:42AM	11	BY MR. HARRIS. 8:39:44AM
12	If you want a break, you can have one -- 8:37:42AM	12	Q Calbert Exhibit 1 says up at the top, 8:39:45AM
13	A Thank you 8:37:46AM	13	"Dollar General transaction Q and A." It's a draft. 8:39:47AM
14	Q -- whenever you want it. 8:37:47AM	14	dated 3/11/07, 6:00 p.m. 8:39:50AM
15	I may ask a question, Mr. Kazanoff may 8:37:50AM	15	And there's a -- up at the top, it says in 8:39:54AM
16	object to form If he objects to form, I'll either 8:37:54AM	16	brackets, "has been approved by STB." 8:39:57AM
17	tell you you can go ahead and answer it or I'll 8:37:57AM	17	Have you seen this before? 8:39:59AM
18	engage in some dialogue with Mr. Kazanoff 8:38:00AM	18	A I don't recall seeing this document. 8:40:04AM
19	Okay? 8:38:05AM	19	Q Do you typically -- when KKR does a 8:40:07AM
20	A Sure 8:38:06AM	20	transaction, is there typically a sample question 8:40:09AM
21	Q And is there any reason that you can't 8:38:06AM	21	and answer prepared or reviewed by counsel -- 8:40:14AM
22	answer fully and truthfully my questions today? 8:38:09AM	22	MR KAZANOFF: Objection -- 8:40:18AM
23	A No. 8:38:11AM	23	BY MR HARRIS 8:40:18AM
24	Q All right. 8:38:12AM	24	Q -- or the press? 8:40:18AM
25	MR KAZANOFF Can we just have an 8:38:13AM	25	MR KAZANOFF: Objection to form 8:40:19AM

3 (Pages 6 to 9)

Page 10

1 You can go ahead and answer. 8:40:24AM
 2 THE WITNESS. Okay 8:40:26AM
 3 For media purposes, yes, it would be 8:40:27AM
 4 typical for us to put together a set of anticipated 8:40:30AM
 5 questions and answers. 8:40:33AM
 6 BY MR HARRIS 8:40:34AM
 7 Q Okay. 8:40:34AM
 8 STB, would that be Simpson Thacher and 8:40:36AM
 9 Bartlett? 8:40:40AM
 10 A Yes 8:40:40AM
 11 Q That's your counsel? 8:40:40AM
 12 A Correct. 8:40:42AM
 13 Q All right 8:40:43AM
 14 Can we look at Question No 1, which says, 8:40:43AM
 15 "Who initiated this investment idea and how did it 8:40:50AM
 16 come about? When did discussions begin?" 8:40:53AM
 17 I read that right? 8:40:57AM
 18 A Yes. 8:40:59AM
 19 Q And the answer says. 8:41:00AM
 20 "KKR has a long and successful track 8:41:02AM
 21 record in the retail sector, and we have 8:41:03AM
 22 been following Dollar General for several 8:41:08AM
 23 years. We believe the company has strong 8:41:08AM
 24 long-term value creation potential." 8:41:10AM
 25 And then the next paragraph says, "KKR's 8:41:13AM

Page 11

1 first contacts with the company were in December." 8:41:15AM
 2 Do you see that? 8:41:18AM
 3 A Mm-hmm. 8:41:19AM
 4 Q All right 8:41:19AM
 5 The part that says "KKR's first contacts 8:41:20AM
 6 with the company were in December," is that correct? 8:41:22AM
 7 A We had our first meeting with the board in 8:41:30AM
 8 December, yes. 8:41:32AM
 9 Q When were your first contacts with anyone 8:41:33AM
 10 from the company? 8:41:36AM
 11 A Anybody employed by the company? 8:41:36AM
 12 Q Yeah. 8:41:43AM
 13 A Would have been in the spring of '0 -- 8:41:44AM
 14 let's say '06 8:41:46AM
 15 Q Okay. And who would that have been with? 8:41:48AM
 16 A That would have been with David Perdue. 8:41:50AM
 17 Q Okay. And who was David Perdue? 8:41:53AM
 18 A He was the chief executive officer of 8:41:54AM
 19 Dollar General 8:41:57AM
 20 Q Was he a member of the board as well? 8:41:57AM
 21 A I believe so 8:41:59AM
 22 Q Okay. 8:41:59AM
 23 And how did those contacts -- how did that 8:42:00AM
 24 first contact come about? 8:42:03AM
 25 A The first contact with David was through an 8:42:07AM

Page 12

1 introduction from a gentleman by the name of David 8:42:11AM
 2 Dorman, who was a friend of David's and also a 8:42:14AM
 3 friend of one of my partners 8:42:17AM
 4 Q Okay 8:42:24AM
 5 And how did that come about? 8:42:25AM
 6 A I believe that David called one of my 8:42:26AM
 7 partners, David Dorman, and asked if we would be 8:42:28AM
 8 willing to sit down and meet David Perdue 8:42:30AM
 9 Q And who was David -- is it "Dorman" or -- 8:42:33AM
 10 A Dorman 8:42:36AM
 11 Q Dorman. 8:42:37AM
 12 A Yeah. 8:42:37AM
 13 Q Okay 8:42:38AM
 14 Who was David Dorman? 8:42:38AM
 15 A David was a CEO out in the Bay Area, 8:42:41AM
 16 formerly. 8:42:43AM
 17 Q Okay 8:42:44AM
 18 A And I think at the time was CEO of AT&T 8:42:44AM
 19 Q Okay 8:42:47AM
 20 And who did David Dorman call? 8:42:48AM
 21 A He called one of my partners, Jamie Greene 8:42:51AM
 22 Q Okay 8:42:53AM
 23 And why did Mr. Dorman think that 8:42:55AM
 24 Mr. Perdue would be interested in meeting with you 8:42:58AM
 25 all? 8:43:01AM

Page 13

1 MR. KAZANOFF. Objection to form. 8:43:02AM
 2 BY MR HARRIS 8:43:02AM
 3 Q You can go ahead 8:43:03AM
 4 A I -- I wasn't party to the conversation, so 8:43:04AM
 5 I'm not sure what he -- what he said to Jamie 8:43:05AM
 6 Q Did Jamie subsequently have a conversation 8:43:08AM
 7 with you? 8:43:10AM
 8 A Yeah 8:43:11AM
 9 Q All right 8:43:11AM
 10 And what was the substance of that 8:43:11AM
 11 conversation? 8:43:13AM
 12 A He mentioned that -- that Mr. Dorman had 8:43:14AM
 13 called, that David Perdue was going to be in the Bay 8:43:16AM
 14 Area, meeting other -- other people, and he'd like 8:43:20AM
 15 to sit down and -- and talk with us, "us" being KKR. 8:43:22AM
 16 Q Okay. And what happened next? 8:43:25AM
 17 A It was a meeting set up at our offices in 8:43:27AM
 18 Menlo Park, and we met with David 8:43:31AM
 19 Q Do you recall about when that was? 8:43:33AM
 20 A I think it was in the March time frame. So 8:43:35AM
 21 this would be March of '06, I believe. 8:43:39AM
 22 Q Okay. 8:43:41AM
 23 I'm going to show you an exhibit -- I'm 8:43:47AM
 24 just going to try to tie down the timing here. 8:43:48AM
 25 A Okay. 8:43:52AM

CONFIDENTIAL

<p style="text-align: right;">Page 14</p> <p>1 Q All right. 8:43:53AM 2 MR HARRIS We'll mark this as Calbert 8:44:21AM 3 Exhibit 2. 8:44:26AM 4 (Calbert Exhibit 2 was marked for 8:44:41AM 5 identification by the court reporter.) 8:44:41AM 6 BY MR HARRIS 8:44:42AM 7 Q This is an E-mail chain. 8:44:43AM 8 We'll be using lots of E-mail chains, I'm 8:44:45AM 9 sure you are familiar with them, but just -- just so 8:44:48AM 10 we, you know, get organized. And they read back to 8:44:50AM 11 front. So we're going to start with the last page. 8:44:53AM 12 A Okay. 8:44:57AM 13 Q All right. 8:44:57AM 14 Last page is an E-mail from -- the last 8:45:07AM 15 E-mail is dated April 21st, 2006 -- 8:45:12AM 16 A Okay. 8:45:19AM 17 Q -- it's from John Wood at Spencer Stuart -- 8:45:18AM 18 A Okay. 8:45:22AM 19 Q -- to David Perdue 8:45:22AM 20 A Mm-hmm 8:45:23AM 21 Q And it says, "David, I recently heard from 8:45:23AM 22 Mike Calbert at KKR that you guys never hooked up." 8:45:25AM 23 Why don't you just -- why don't you just -- 8:45:30AM 24 in fact, if you could just do me a favor, if you 8:45:31AM 25 could just look through the whole E-mail chain, and 8:45:33AM</p>	<p style="text-align: right;">Page 16</p> <p>1 had some conversations with David about private 8:46:58AM 2 equity and about what we do. And he said David was 8:47:02AM 3 interested in learning a little more about private 8:47:07AM 4 equity and would like to meet with us 8:47:10AM 5 Q Okay. And what was your response to that? 8:47:11AM 6 A I said I would -- I'd be happy to meet with 8:47:13AM 7 David. 8:47:17AM 8 Q Okay. 8:47:17AM 9 Were you familiar with Dollar General at 8:47:17AM 10 that time? 8:47:19AM 11 A Yes 8:47:20AM 12 Q Okay. And -- and in what way were you 8:47:23AM 13 familiar with Dollar General? 8:47:23AM 14 A Well, I'm the -- I'm the partner in charge 8:47:25AM 15 of our retail practice at KKR. And in that 8:47:26AM 16 capacity, I review, you know, all large public 8:47:31AM 17 retailers, stay abreast of what's happening with 8:47:34AM 18 trends, had looked at the company from the outside, 8:47:39AM 19 looked at public data. So I was aware of what they 8:47:42AM 20 did. 8:47:46AM 21 Q Okay 8:47:46AM 22 And had you had -- at that point in time, 8:47:46AM 23 had you had any contacts with anyone from management 8:47:48AM 24 or the board of Dollar General? 8:47:52AM 25 A At what time? 8:47:54AM</p>
<p style="text-align: right;">Page 15</p> <p>1 then we can discuss the timing 8:45:37AM 2 A Okay. Sure 8:45:41AM 3 Q There's also E-mails in this chain that 8:46:01AM 4 reference David Dorman 8:46:05AM 5 Okay. Who is John Wood? 8:46:06AM 6 A John Wood is an executive with Spencer 8:46:08AM 7 Stuart 8:46:11AM 8 Q Okay 8:46:12AM 9 And did John Wood attempt to, as well, 8:46:18AM 10 arrange a meeting with you and David Perdue in the 8:46:20AM 11 spring of 2006? 8:46:23AM 12 A Yes, he did. 8:46:24AM 13 Q All right. 8:46:25AM 14 Do you think that was before or after the 8:46:25AM 15 initial call from David Dorman for Jamie Greene? 8:46:27AM 16 A That was before. 8:46:32AM 17 Q That was before. Okay 8:46:32AM 18 A Correct. 8:46:34AM 19 Q So can you tell me what was your initial 8:46:34AM 20 contact with John Wood regarding David Perdue? 8:46:39AM 21 A Sure 8:46:43AM 22 John called me -- I don't recall the exact 8:46:44AM 23 time, but it would have been, you know, early '06 -- 8:46:47AM 24 and said that he had met David Perdue as he was 8:46:49AM 25 working on a -- on another assignment, and he had 8:46:54AM</p>	<p style="text-align: right;">Page 17</p> <p>1 Q At the time of your original conversation 8:47:56AM 2 with Jonathan Wood -- 8:47:58AM 3 A No 8:47:59AM 4 Q -- about David 8:47:59AM 5 Okay 8:48:00AM 6 A No, I had not 8:48:00AM 7 Q All right. 8:48:01AM 8 So what happened after your conversation 8:48:01AM 9 with John Wood? 8:48:06AM 10 A Well, as I recall, there was a series of 8:48:08AM 11 E-mails back and forth trying to get a meeting set 8:48:10AM 12 up with David Perdue and -- and myself, none of 8:48:12AM 13 which came together for various reasons, don't 8:48:18AM 14 recall exactly why. 8:48:22AM 15 Q Okay. 8:48:23AM 16 Can you see that the second E-mail in the 8:48:31AM 17 chain is from David Perdue to John Woods, dated 8:48:32AM 18 April 21st, 2006, and it says, "I do want to meet 8:48:35AM 19 Mike, and we have E-mailed each other, but the time 8:48:41AM 20 has not been right for us to meet?" 8:48:45AM 21 Do you recall having an E-mail exchange 8:48:46AM 22 with Mr. Perdue? 8:48:49AM 23 A Yeah. I do 8:48:51AM 24 Q All right. 8:48:52AM 25 I'm going to ask that those be produced 8:48:54AM</p>

5 (Pages 14 to 17)

Page 18

1 MR KAZANOFF Okay. We have your request. 8 48 56AM
 2 I'm not sure they haven't already been produced, but 8 48 58AM
 3 we'll -- we'll take your request. 8:49:01AM
 4 MR HARRIS Okay. 8 49 02AM
 5 Q And then if we flip forward to the -- to 8 49 10AM
 6 the second -- 8:49:13AM
 7 A I'm sorry, can I clarify? 8:49:18AM
 8 Q Sure. Go right ahead. 8 49 20AM
 9 A I don't recall ever sending David Perdue an 8:49:22AM
 10 E-mail until after the meeting, because I'm not sure 8 49 24AM
 11 I had any E-mail address I had no contact 8:49:27AM
 12 information. 8:49:29AM
 13 Q Okay 8:49:30AM
 14 A The first time I ever made any contact with 8:49:30AM
 15 David Perdue was in our office 8 49:33AM
 16 So -- 8 49 35AM
 17 Q Okay 8:49:36AM
 18 A -- I see this, I do recall a lot of E-mails 8:49:36AM
 19 back and forth, but I think that was all post 8:49:39AM
 20 meeting that we had in -- in Menlo Park 8:49:41AM
 21 Q Okay. Thank you I appreciate the 8 49 43AM
 22 clarification -- 8:49:47AM
 23 A Mm-hmm. 8 49:48AM
 24 Q -- what I was talking about before, so I 8 49 49AM
 25 appreciate it 8 49 50AM

Page 19

1 A Sorry 8 49 52AM
 2 MR KAZANOFF Okay. Do we still -- you 8 49 52AM
 3 still want us to search for these? 8:49:55AM
 4 I assume the request is sort of moot 8 49 56AM
 5 MR HARRIS That's fine 8:49:59AM
 6 MR KAZANOFF Thanks 8:50:00AM
 7 BY MR HARRIS 8 50:03AM
 8 Q If you jump forward to what is the second 8:50:04AM
 9 page of the document, which is KKRE 18, there's a 8 50 05AM
 10 series of E-mails about David Perdue going to the 8 50 14AM
 11 Grove in San Francisco and saying he was David 8 50:17AM
 12 Dorman's guest in his camp? 8:50:21AM
 13 A Correct 8 50 23AM
 14 Q And then if you -- if you flip forward to 8 50 24AM
 15 the first page, it -- it talks about -- there's an 8 50 27AM
 16 E-mail from you to John Wood where you say "I assume 8 50 31AM
 17 Dorman has agreed to make the introduction in any 8:50:36AM
 18 event, it sounds positive." 8 50 39AM
 19 And that's going to be an introduction with 8:50:41AM
 20 George. Would that be George Roberts? 8 50 42AM
 21 A That is correct. 8 50 46AM
 22 Q All right 8:50:46AM
 23 Do you know if that happened? 8:50:46AM
 24 A It did not happen 8 50 48AM
 25 Q Okay. 8 50 49AM

Page 20

1 Do you know why it didn't happen? 8 50 53AM
 2 A I don't I assume there were scheduling 8 50:55AM
 3 issues 8 50:57AM
 4 Q Okay 8 51 00AM
 5 And so then what -- what happened next? 8:51:00AM
 6 A I think the next interaction would have 8 51 04AM
 7 been the call from David Dorman to my partner, Jame 8 51 06AM
 8 Greene, and asking to schedule this face-to-face 8:51:09AM
 9 meeting 8 51 17AM
 10 Q All right. 8:51:18AM
 11 And did that face-to-face meeting take 8:51:18AM
 12 place? 8 51:20AM
 13 A It did 8 51 20AM
 14 Q And do you recall when that meeting was? 8 51 20AM
 15 A I don't know exact date, but it was in, you 8:51:26AM
 16 know, May, June 2006 time frame, I think 8:51:27AM
 17 Q I -- I'm not sure when that was So ... 8:51:32AM
 18 A Have to go back and try to piece it 8 51 34AM
 19 together 8:51:36AM
 20 MR. KAZANOFF You don't mind if I put the 8:51:37AM
 21 document you just showed him in front of him? 8 51 39AM
 22 MR HARRIS Not at all Just -- 8:51:41AM
 23 MR KAZANOFF: Okay 8:51:41AM
 24 MR HARRIS: Just trying to get the time 8:51:41AM
 25 frame. 8:51:43AM

Page 21

1 MR. KAZANOFF: I know. 8:51:44AM
 2 THE WITNESS. So it appears it would have 8:51:44AM
 3 been after June, it would have been July and maybe 8 51 47AM
 4 July-August '06 8 51 47AM
 5 BY MR. HARRIS. 8 51 48AM
 6 Q Okay 8 51 49AM
 7 And that meeting took place in -- at your 8 51 49AM
 8 office? 8 51 51AM
 9 A That's correct. 8:51:52AM
 10 Q And who attended that meeting? 8 51 53AM
 11 A Myself, my partner Jame Greene, and my 8 51:54AM
 12 partner George Roberts and David Perdue 8:51:57AM
 13 Q And how long did that meeting last? 8:52:00AM
 14 A Oh, approximately an hour and a half 8:52:02AM
 15 Q And what did you guys talk about at the 8:52:04AM
 16 meeting? 8 52 06AM
 17 A Well, we started with kind of what I would 8 52 07AM
 18 characterize as -- as Private Equity 101, you know, 8 52 10AM
 19 how does it work, how does a buyout work. 8:52:14AM
 20 David asked a lot of questions about 8 52 16AM
 21 transactions we had done in the past, how those 8 52 19AM
 22 transactions came together, how they were executed. 8:52:22AM
 23 So it was kind of the basic first meeting 8:52:26AM
 24 that we would have with a CEO who's thinking about 8 52:28AM
 25 different alternatives for his company. 8 52 32AM

Page 22

1 We also asked a lot of questions about 8 52 33AM
 2 Dollar General and -- you know, about how the 8 52 38AM
 3 business was performing, about his initiatives, what 8 52 41AM
 4 he wanted to do with the company 8 52 46AM
 5 And, you know, I think David was very 8 52 46AM
 6 careful to kind of stick to the script of what he 8 52 47AM
 7 had disclosed to the public 8 52 49AM
 8 He had -- I recall him making a comment in 8 52 51AM
 9 that meeting that, you know, he didn't want to 8 52 53AM
 10 disclose anything to us that, you know, wasn't 8 52 57AM
 11 public information, wasn't comfortable doing that, 8 52 59AM
 12 and we obviously didn't press him to do that 8 53 01AM
 13 Q And did David Perdue express to you a 8 53 05AM
 14 desire to be CEO of a private company? 8 53 07AM
 15 A No. The conversation was more around, you 8 53 13AM
 16 know, he had a lot of disruption in his business 8 53 15AM
 17 that he needed to take care of, and he was 8 53 18AM
 18 contemplating whether that would be better done as a 8 53 22AM
 19 private company 8 53 25AM
 20 He was contemplating how the public 8 53 27AM
 21 shareholders would deal with a company going through 8 53 30AM
 22 a period of disruption 8 53 34AM
 23 He was thinking through the benefits of 8 53 36AM
 24 delivering a premium to the shareholders today and 8 53 38AM
 25 going through that disruption as a private company 8 53 43AM

Page 23

1 But we never talked about him being a CEO 8 53 45AM
 2 or his role or anything like that 8 53 48AM
 3 Q When you spoke with John Wood about it, did 8 53 50AM
 4 John Wood tell you that he thought David might be 8 53 54AM
 5 interested in being CEO of a private company? 8 53 56AM
 6 A No John -- not that I recall 8 53 59AM
 7 I -- I do recall John telling me that David 8 54 01AM
 8 thought that -- that it may be easier to effect the 8 54 03AM
 9 change in the company as a private company than as a 8 54 08AM
 10 public company and his frustration with Wall Street 8 54 10AM
 11 and their understanding of what he was trying to 8 54 13AM
 12 accomplish 8 54 15AM
 13 Q What -- what is your understanding of what 8 54 16AM
 14 David Perdue had told his board in advance of his 8 54 18AM
 15 meeting with you and Mr. Roberts and Mr. Greene in 8 54 21AM
 16 San Francisco? 8 54 24AM
 17 A I -- 8 54 26AM
 18 MR. CURLEY. Objection to form 8 54 29AM
 19 THE WITNESS. I have no knowledge what 8 54 30AM
 20 he -- what he said to his board 8 54 30AM
 21 MR. HARRIS. What's the objection? 8 54 30AM
 22 MR. CURLEY. It assumes facts not in 8 54 32AM
 23 evidence, it's vague in terms of any category at 8 54 34AM
 24 all, what -- what he might have been talking about 8 54 36AM
 25 BY MR. HARRIS 8 54 38AM

Page 24

1 Q Do you know if Mr. Perdue had told his 8 54 38AM
 2 board that he would be meeting with KKR in San 8 54 40AM
 3 Francisco? 8 54 44AM
 4 A I have no knowledge what he told his board 8 54 45AM
 5 I would tell you that one of the things 8 54 49AM
 6 that we suggested to David, just given our 8 54 50AM
 7 experience in these situations, is that he should go 8 54 53AM
 8 talk to his board, and a CEO shouldn't get out in 8 54 56AM
 9 front of his board. We highly recommended that. 8 55 00AM
 10 Q Did you ask him if he had talked to his 8 55 03AM
 11 board already? 8 55 05AM
 12 A I don't recall asking him that. 8 55 06AM
 13 Q Okay. 8 55 19AM
 14 Is it your practice to ask CEOs you meet 8 55 19AM
 15 with whether they have, in fact, notified their 8 55 22AM
 16 board that they're meeting with you? 8 55 24AM
 17 A I wouldn't -- 8 55 25AM
 18 MR. KAZANOFF. Objection to form Not sure 8 55 27AM
 19 what you mean by "practice" 8 55 29AM
 20 BY MR. HARRIS. 8 55 30AM
 21 Q Is it your usual practice? 8 55 31AM
 22 MR. KAZANOFF. Same objection; same word. 8 55 33AM
 23 Go ahead. 8 55 34AM
 24 THE WITNESS. I mean, I wouldn't 8 55 35AM
 25 characterize it as a practice. I'm sure in some 8 55 36AM

Page 25

1 conversations we ask the status of conversations 8 55 39AM
 2 with the board, in others we don't. It kind of 8 55 43AM
 3 depends on what the purpose of the meeting is 8 55 45AM
 4 BY MR. HARRIS: 8 55 47AM
 5 Q Okay. 8 55 47AM
 6 It's a major event -- you would agree with 8 55 50AM
 7 me it's a major event in a company for a company to 8 55 51AM
 8 be taken private, correct? 8 55 56AM
 9 MR. KAZANOFF. Objection to form 8 55 58AM
 10 Go ahead -- 8 56 00AM
 11 BY MR. HARRIS. 8 56 01AM
 12 Q You can answer 8 56 01AM
 13 MR. KAZANOFF -- you can answer 8 56 01AM
 14 THE WITNESS. Sure, I would consider it a 8 56 02AM
 15 major event 8 56 03AM
 16 BY MR. HARRIS. 8 56 05AM
 17 Q All right. 8 56 05AM
 18 The type of event a board would like to 8 56 05AM
 19 know about? Would you agree with me on that? 8 56 07AM
 20 MR. KAZANOFF. Objection to form 8 56 10AM
 21 I can explain the objection, if you'd like 8 56 10AM
 22 MR. HARRIS: That's all right. 8 56 13AM
 23 MR. KAZANOFF. Okay 8 56 14AM
 24 THE WITNESS: I assume a board would know 8 56 15AM
 25 if the company was going to be taken private. 8 56 17AM

Page 26

1 BY MR. HARRIS. 8:56:19AM
 2 Q All right 8:56:19AM
 3 But you would -- when the CEO is initiating 8:56:19AM
 4 discussions that could lead to the company being 8:56:22AM
 5 taken private, that's the type of thing that a CEO 8:56:26AM
 6 ought to be informing his board of; you would agree 8:56:28AM
 7 with that, right? 8:56:32AM
 8 MR. KAZANOFF: Objection to form 8:56:33AM
 9 I think you're going off into a significant 8:56:34AM
 10 string of hypothetical questions. I think you 8:56:35AM
 11 should -- I suggest you bring it back to something 8:56:38AM
 12 that has something to do with this case. 8:56:40AM
 13 BY MR. HARRIS: 8:56:44AM
 14 Q You can answer 8:56:44AM
 15 A Yeah, I think it's -- depends on the nature 8:56:45AM
 16 of the call 8:56:47AM
 17 I think the C -- CEO's job is -- is to 8:56:47AM
 18 deliver value to the shareholders, and I assume, as 8:56:51AM
 19 a CEO, they're going to consider all the 8:56:54AM
 20 alternatives. Whether that warrants a discussion 8:56:56AM
 21 with the board I think depends on the level of 8:56:58AM
 22 conversation. 8:57:00AM
 23 Q Let's -- let's take a look at -- what 8:57:01AM
 24 exhibit are we up to? 8:57:06AM
 25 THE REPORTER: This will be three. 8:57:09AM

Page 27

1 (Calbert Exhibit 3 was marked for 8:57:26AM
 2 identification by the court reporter) 8:57:26AM
 3 THE WITNESS: Thank you. 8:57:27AM
 4 BY MR. HARRIS: 8:57:29AM
 5 Q This is another E-mail chain. 8:57:29AM
 6 The E-mail in the bottom is from you, dated 8:57:30AM
 7 August 13, 2006, to David Perdue at Dollar General, 8:57:33AM
 8 CC's to Jamie Greene, George Roberts, and yourself 8:57:37AM
 9 It says, "David; George, Jamie and I 8:57:41AM
 10 appreciate you stopping by for lunch on Friday." 8:57:46AM
 11 Is this -- is this -- do you think this is 8:57:49AM
 12 a reference to your initial meeting with Mr. Perdue? 8:57:51AM
 13 A Yes, it is. 8:57:54AM
 14 Q Okay 8:57:54AM
 15 So that meeting took place then -- I think 8:57:55AM
 16 we can put that down as Friday, August 10th, 2006? 8:57:59AM
 17 A That would be the 11th. 8:58:05AM
 18 Q The 11th. 8:58:07AM
 19 MR. KAZANOFF: I was going to -- I mean -- 8:58:07AM
 20 MR. HARRIS: Thank you 8:58:08AM
 21 MR. KAZANOFF: -- object right there 8:58:08AM
 22 MR. HARRIS: Okay. 8:58:09AM
 23 THE WITNESS: The 11th. 8:58:10AM
 24 BY MR. HARRIS: 8:58:11AM
 25 Q The 11th. All right 8:58:12AM

Page 28

1 It says 8:58:16AM
 2 "We all enjoyed meeting you and are 8:58:17AM
 3 excited about working together to see if 8:58:19AM
 4 we can be helpful to you in achieving 8:58:21AM
 5 your objectives." 8:58:23AM
 6 Do you recall what Mr. Perdue's express 8:58:24AM
 7 objectives were? 8:58:27AM
 8 A I don't recall specific objectives, no 8:58:29AM
 9 Q And then if you look down the E-mail, you 8:58:36AM
 10 ask Mr. Perdue for a bunch of information about the 8:58:38AM
 11 company, is that correct? 8:58:43AM
 12 A That is correct. 8:58:46AM
 13 Q Okay. 8:58:46AM
 14 What do you view your job as at this point 8:58:47AM
 15 in dealing with Mr. Perdue? 8:58:50AM
 16 MR. KAZANOFF: Objection to form 8:58:52AM
 17 Go ahead and answer 8:58:55AM
 18 THE WITNESS: Me personally? 8:58:56AM
 19 BY MR. HARRIS: 8:58:56AM
 20 Q Yes. 8:58:57AM
 21 A You know, I -- I am the partner and 8:58:57AM
 22 responsible for retail, and if this were a 8:59:02AM
 23 transaction going forward, I would be the partner 8:59:04AM
 24 responsible for this transaction. 8:59:06AM
 25 Q Okay 8:59:08AM

Page 29

1 So at -- so at this point, following your 8:59:09AM
 2 conversation with Mr. Perdue, you're interested 8:59:10AM
 3 enough in the transaction to be -- potential 8:59:13AM
 4 transaction to be requesting additional information? 8:59:16AM
 5 A I don't know that that was the case. This 8:59:19AM
 6 is in response to how we left the meeting. 8:59:20AM
 7 Q Would it be fair to characterize this as -- 8:59:24AM
 8 as you guys left the meeting with there would be 8:59:25AM
 9 next steps? 8:59:29AM
 10 A That is correct. 8:59:30AM
 11 Q All right. And what would those next steps 8:59:31AM
 12 be? 8:59:32AM
 13 A David Perdue asked if we were going to 8:59:34AM
 14 start to do some diligence on the company, what 8:59:37AM
 15 would be the four or five, six things that we would 8:59:40AM
 16 want to start with. 8:59:43AM
 17 And I told him I would follow up in an 8:59:45AM
 18 E-mail. And that's the substance of this E-mail. 8:59:48AM
 19 Q All right. 8:59:50AM
 20 And the next E-mail is between -- you 8:59:50AM
 21 copied this E-mail to Raj Agrawal? Did I get his 8:59:53AM
 22 name right? 8:59:58AM
 23 A That is correct. 8:59:59AM
 24 Q And who is Mr. -- is that a "Mister"? 8:59:59AM
 25 A Yes 9:00:01AM

Page 30

1 Q Who is Mr. Agrawal? 9 00 02AM
 2 A At the time he was a principal -- 9 00 04AM
 3 Q Okay. 9:00:07AM
 4 A -- at KKR 9.00.07AM
 5 Q Okay And what is he now? 9 00 07AM
 6 A He's a director. 9 00:08AM
 7 Q Okay. 9.00.09AM
 8 Does he work in your retail group? 9 00 09AM
 9 A He does 9:00:11AM
 10 MR HARRIS Mark this as Calbert 9 00 43AM
 11 Exhibit 4. 9 00:45AM
 12 (Calbert Exhibit 4 was marked for 9.00:46AM
 13 identification by the court reporter) 9:00.46AM
 14 THE WITNESS. Thank you 9 00:48AM
 15 THE REPORTER Sure 9.00.54AM
 16 BY MR HARRIS 9.00.55AM
 17 Q This is an E-mail from yourself to 9:00:55AM
 18 Mr Roberts, Mr Greene, with a copy to Mr. Agrawal 9 00:57AM
 19 and Sanjay Morey 9 01:01AM
 20 Who is Mr. Morey? 9.01.03AM
 21 A At the time, Mr. Morey was a principal at 9 01:04AM
 22 KKR 9.01.07AM
 23 Q And what is he currently? 9.01.08AM
 24 A He's a director at KKR 9:01:10AM
 25 Q All right 9 01:12AM

Page 31

1 Does he work in the retail group? 9 01.12AM
 2 A Yes, he does 9 01:14AM
 3 Q All right. 9:01 15AM
 4 And what is Mr. Greene's position? 9 01:15AM
 5 A Mr. Greene is one of my partners that is in 9 01 17AM
 6 charge of the technology group. 9:01:19AM
 7 Q And Mr Roberts, what is your relationship 9.01:22AM
 8 with Mr. Roberts? 9:01:28AM
 9 A Mr Roberts is one of my partners, he's one 9 01 30AM
 10 of the founding partners of the firm. 9 01 32AM
 11 Q And do you -- in the context of the Dollar 9 01 34AM
 12 General deal, what was your relationship with 9.01:39AM
 13 Mr Roberts? 9 01:42AM
 14 A Mr Roberts is one of my partners, in the 9.01.44AM
 15 context of any transaction, I keep him up-to-date on 9 01 48AM
 16 what's happening 9:01:53AM
 17 Q So let's go through this E-mail 9.01.55AM
 18 "We received a call from" -- this is an 9 02 00AM
 19 E-mail that you're sending to your partners and your 9 02:02AM
 20 associates reporting on a call that you had with 9.02:07AM
 21 Mr Perdue that morning, is that correct? 9 02.11AM
 22 A That is correct 9.02.13AM
 23 Q And you recall sending this E-mail? 9:02:13AM
 24 A I do 9 02 16AM
 25 Q All right. 9 02.17AM

Page 32

1 Do you recall the call with Mr Perdue? 9.02.18AM
 2 A Vaguely. 9 02 21AM
 3 Q All right. 9:02:27AM
 4 So Mr. Perdue said he had three messages 9 02 28AM
 5 The first message is that "He repeated has 9.02.31AM
 6 met with TPG," paren, "Bondeman, and Goldman PIA," 9.02 34AM
 7 paren, "Adnan Jones, and that he wants to pursue a 9 02 38AM
 8 transaction exclusively with us " 9 02 41AM
 9 A Mm-hmm 9 02 43AM
 10 Q What is your understanding of why 9 02 44AM
 11 Mr Perdue wanted to pursue a transaction 9 02 45AM
 12 exclusively with KKR? 9 02 49AM
 13 MR KAZANOFF Objection to form 9 02 50AM
 14 You can answer. 9 02 53AM
 15 BY MR HARRIS: 9 02 54AM
 16 Q You can answer 9 02 54AM
 17 A I mean, I don't -- I don't know David's 9 02:55AM
 18 motives 9 02 57AM
 19 I think the way he expressed this to me is 9 02 58AM
 20 I really like you guys, and I want to do the deal 9 03 01AM
 21 with you. 9 03 03AM
 22 So I think he was out interviewing multiple 9 03 04AM
 23 private equity firms, and he wanted -- he wanted to 9 03 06AM
 24 do the deal with somebody he liked 9 03 08AM
 25 Q The next message is. 9 03 16AM

Page 33

1 "He wants to wait until after his 9 03 17AM
 2 board meeting week after next," paren, 9 03 19AM
 3 "8/29," close paren, "before he engages 9 03 20AM
 4 in due diligence He is concerned he 9:03:27AM
 5 will get in," quote, "too deep," close 9 03.27AM
 6 quote, "before the meeting and feel 9 03 29AM
 7 compelled to tell the board " 9 03.32AM
 8 Did I read that correctly? 9.03 33AM
 9 A Mm-hmm. 9 03:34AM
 10 Q What did you mean by that? 9 03.35AM
 11 A Well, we had urged David Perdue to notify 9 03 36AM
 12 his board of what he wanted to do here. And I 9 03 39AM
 13 think -- my recollection is he went back and talked 9 03 44AM
 14 to a board member or multiple board members, but did 9:03:47AM
 15 not discuss this with the full board 9 03 49AM
 16 Q In fact, what Mr -- the message from 9 03 51AM
 17 Mr Perdue is that he's not going to tell his board, 9:03 53AM
 18 correct? 9 03 57AM
 19 MR KAZANOFF. Objection to form I think 9:03 58AM
 20 you're taking liberties with the document. 9 04:00AM
 21 But go ahead 9 04.03AM
 22 THE WITNESS No, it was my understanding 9 04 05AM
 23 of the message here that he wanted to notify his 9 04 06AM
 24 board on August 29th That was why he wanted to -- 9 04 08AM
 25 to stop 9 04 12AM

Page 34

1 BY MR. HARRIS 9:04:18AM
 2 Q Well, he says -- he -- he wants to wait 9:04:19AM
 3 until after his board meeting week after next, 8/29, 9:04:22AM
 4 before he engages in due diligence 9:04:26AM
 5 A Mm-hmm 9:04:29AM
 6 Q "He is concerned he will get in too deep 9:04:29AM
 7 before the meeting and feel compelled to tell the 9:04:31AM
 8 board." 9:04:34AM
 9 A Mm-hmm 9:04:34AM
 10 Q What he's saying here is "I do not want to 9:04:34AM
 11 tell the board at the 8/29 meeting," correct? 9:04:36AM
 12 MR. KAZANOFF Jon, I have-- I'm going to 9:04:40AM
 13 try to stay as far out of objection as possible 9:04:42AM
 14 But one, you're characterizing an E-mail Mr. Calbert 9:04:45AM
 15 wrote 9:04:49AM
 16 MR. HARRIS Right. 9:04:49AM
 17 MR. KAZANOFF: These are not -- this is not 9:04:49AM
 18 an E-mail Mr. Perdue wrote 9:04:50AM
 19 And second, I think you're mistating the 9:04:53AM
 20 document 9:04:56AM
 21 MR. HARRIS All right. 9:04:56AM
 22 MR. KAZANOFF If you want to hear the 9:04:56AM
 23 question back -- or you want to rephrase the 9:04:57AM
 24 question? 9:04:59AM
 25 THE WITNESS Yeah, can you rephrase, 9:05:00AM

Page 35

1 please? 9:05:01AM
 2 MR. HARRIS: Can you just repeat the 9:05:01AM
 3 question? 9:05:01AM
 4 MR. KAZANOFF If you don't understand -- 9:05:01AM
 5 BY MR. HARRIS: 9:05:01AM
 6 Q Just go ahead and answer my question 9:05:01AM
 7 MR. KAZANOFF If you understand it If 9:05:01AM
 8 you don't understand it, don't 9:05:01AM
 9 (Record read as follows. 9:05:01AM
 10 "What he is saying here, 'I do not
 11 want to tell the board at the 8/29
 12 meeting,' correct?")
 13 THE WITNESS: My -- my understanding of 9:05:16AM
 14 Point No. 2 here, just a bit of background here, the 9:05:17AM
 15 prior E-mail we talked about, the fact that we would 9:05:22AM
 16 share a confidentiality agreement, which David 9:05:26AM
 17 Perdue did send to me, when David called at this 9:05:26AM
 18 point he said, "Stop, I don't want you to sign the 9:05:33AM
 19 confi, I don't want to see any information, I want 9:05:35AM
 20 to go talk to my board on the 29th. I don't want to 9:05:38AM
 21 go to my board and tell them that we've signed a 9:05:40AM
 22 confi already, we've gotten in too deep, I want to 9:05:43AM
 23 make sure my board's aligned." 9:05:47AM
 24 That's my understanding of the message he 9:05:48AM
 25 delivered 9:05:50AM

Page 36

1 BY MR. HARRIS: 9:05:51AM
 2 Q That is completely at odds, you understand, 9:05:51AM
 3 with the words that he is concerned he will get in 9:05:52AM
 4 too deep before the meeting and feel compelled to 9:05:55AM
 5 tell the board? 9:05:58AM
 6 MR. KAZANOFF. Jon, if -- you -- you are 9:06:00AM
 7 entitled to ask questions of the witness, you're not 9:06:00AM
 8 entitled to argue with the witness So if you want 9:06:02AM
 9 to ask a question, I suggest you phrase it as a 9:06:05AM
 10 question. 9:06:07AM
 11 MR. HARRIS: I did 9:06:08AM
 12 MR. KAZANOFF I don't believe you did 9:06:09AM
 13 MR. HARRIS. Can you repeat it? 9:06:26AM
 14 (Record read as follows 9:06:27AM
 15 "That is completely at odds, you
 16 understand, with the words that he is
 17 concerned he will be in too deep before
 18 the meeting and feel compelled to tell
 19 the board?")
 20 MR. KAZANOFF: Yeah, I -- I think that's a 9:06:27AM
 21 highly inappropriate question. 9:06:28AM
 22 If you have an answer to whatever that was 9:06:30AM
 23 that came out of counsel's mouth, you can offer it. 9:06:32AM
 24 If you don't ... 9:06:35AM
 25 THE WITNESS I'm sorry, I don't understand 9:06:36AM

Page 37

1 the question. If you could try again 9:06:37AM
 2 BY MR. HARRIS 9:06:39AM
 3 Q Well, let's -- let's parse through this 9:06:39AM
 4 A Okay 9:06:40AM
 5 Q All right He wants to wait until after 9:06:40AM
 6 his board meeting, week after next, 8/29, before he 9:06:42AM
 7 engages in due diligence, correct? 9:06:45AM
 8 A Yes That's what I said here 9:06:49AM
 9 Q All right 9:06:50AM
 10 "He is concerned he will get in too 9:06:50AM
 11 deep before the meeting and feel 9:06:52AM
 12 compelled to tell the board " 9:06:55AM
 13 A Correct. 9:06:58AM
 14 Q What did you mean when you wrote that? 9:06:58AM
 15 A He doesn't want to engage in due diligence 9:07:00AM
 16 until after the August 29th meeting 9:07:02AM
 17 Q Because? 9:07:05AM
 18 A He wants to go tell his board. 9:07:06AM
 19 Q Well -- the next sentence says, "This would 9:07:09AM
 20 give us between 8/29 and end of November, next board 9:07:13AM
 21 meeting, to do our work " 9:07:17AM
 22 A Mm-hmm 9:07:18AM
 23 Q What did you mean by that? 9:07:19AM
 24 A It's my understanding that David wanted to 9:07:21AM
 25 have some point of view on what a going-private 9:07:27AM

CONFIDENTIAL

<p style="text-align: right;">Page 42</p> <p>1 needs board's blessing," in quotes 9:12:43AM 2 "Meeting this Tuesday/Wednesday with key 9:12:45AM 3 board members." 9:12:48AM 4 And then "David Wilds," slash, "Turner 9:12:51AM 5 money " 9:12:54AM 6 Next line, "James Clayton, X banker " 9:12:54AM 7 Q All night 9:13:04AM 8 You, in fact, don't know whether Mr. Perdue 9:13:04AM 9 got the board's blessing, do you? 9:13:06AM 10 A I don't. 9:13:09AM 11 Q All night. 9:13:09AM 12 And you never -- you never asked Mr. Perdue 9:13:10AM 13 to follow up on that, did you? 9:13:13AM 14 A Not to my recollection 9:13:16AM 15 Q Do you know if Mr. Roberts asked Mr. Perdue 9:13:16AM 16 to follow up on that? 9:13:21AM 17 A Not to my recollection 9:13:22AM 18 Q Do you know if anyone from KKR asked 9:13:22AM 19 Mr. Perdue to follow up on that? 9:13:24AM 20 A Not to my recollection 9:13:26AM 21 MR. KAZANOFF: What's the "that" in that 9:13:27AM 22 question? 9:13:27AM 23 MR. HARRIS: Whether he got the board's 9:13:28AM 24 blessing for discussions with KKR 9:13:30AM 25 Q You understood what the "that" was? 9:13:33AM</p>	<p style="text-align: right;">Page 44</p> <p>1 you produced them, just this exhibit, Calbert No. 5? 9:14:25AM 2 A So this would have been part of a diary 9:14:31AM 3 book that I keep on everything that I'm working on. 9:14:33AM 4 Q It's one -- one diary book with -- 9:14:36AM 5 A That is correct. 9:14:37AM 6 Q -- with all matters you're working on? 9:14:38AM 7 A That is correct 9:14:40AM 8 Q This would be an excerpt from that diary 9:14:41AM 9 book? 9:14:44AM 10 A That would be correct 9:14:44AM 11 Q I'll ask you, you know, at -- at the break, 9:14:46AM 12 if you and your counsel can look through this And 9:14:49AM 13 if there's anything not related to Dollar General, 9:14:51AM 14 just let me know, and we'll deal with it. 9:14:54AM 15 MR. KAZANOFF: We will 9:14:58AM 16 There may not be We will, though 9:15:00AM 17 BY MR. HARRIS. 9:15:07AM 18 Q Can you tell me if you recall what happened 9:15:08AM 19 next? 9:15:09AM 20 Well, let -- let me strike that question. 9:15:12AM 21 A Thank you 9:15:14AM 22 MR. HARRIS: Calbert 6. 9:15:38AM 23 (Calbert Exhibit 6 was marked for 9:15:41AM 24 identification by the court reporter.) 9:15:41AM 25 THE WITNESS. Thank you. 9:15:43AM</p>
<p style="text-align: right;">Page 43</p> <p>1 A Yes 9:13:36AM 2 Q Okay 9:13:37AM 3 MR. KAZANOFF: There may be in this 9:13:39AM 4 document material that isn't related to this 9:13:40AM 5 transaction. If there is, we'll -- we'll ask for 9:13:44AM 6 the copies back and substitute and remove the things 9:13:50AM 7 that aren't related to this transaction 9:13:54AM 8 MR. HARRIS: I will represent that from my 9:13:56AM 9 reading of this document, it appears to be related 9:13:57AM 10 to Dollar General. 9:13:59AM 11 MR. KAZANOFF: It may be I'd like to take 9:14:01AM 12 a look at it, though, and just -- if there's things 9:14:02AM 13 in here that may not have -- be related to this 9:14:04AM 14 transaction. But we'll talk. 9:14:07AM 15 BY MR. HARRIS. 9:14:09AM 16 Q Do you keep -- do you keep a pad for -- for 9:14:09AM 17 each deal or -- 9:14:10AM 18 A No 9:14:14AM 19 Q -- thing that you're working on? 9:14:14AM 20 A No, I don't. 9:14:16AM 21 Q Okay 9:14:17AM 22 Did you produce these documents in -- in 9:14:20AM 23 this litigation? 9:14:21AM 24 A Yes, I did. 9:14:22AM 25 Q Do you recall what form they were in when 9:14:23AM</p>	<p style="text-align: right;">Page 45</p> <p>1 BY MR. HARRIS. 9:15:43AM 2 Q Another E-mail chain. The one on the 9:15:44AM 3 bottom is from Mike Calbert to George Roberts, dated 9:15:45AM 4 Tuesday August 29th, 2006. 9:15:51AM 5 It's responding -- actually, I'm sorry, the 9:15:54AM 6 one on the bottom is an E-mail from George Roberts 9:15:56AM 7 to you. 9:15:58AM 8 Says, "Subject, "any word on Dollar 9:15:59AM 9 General " 9:16:00AM 10 And then you respond 9:16:01AM 11 "David Perdue has a board meeting 9:16:02AM 12 this week, tomorrow I think. I will give 9:16:04AM 13 him a ring. I have had several 9:16:05AM 14 conversations with him to help prepare 9:16:08AM 15 him for his pitch " 9:16:15AM 16 A Mm-hmm, 9:16:16AM 17 Q What did you mean by that? 9:16:17AM 18 A I recall having a few phone conversations 9:16:18AM 19 with David where he continued to ask questions 9:16:21AM 20 around how does a buyout work, what would the 9:16:23AM 21 company have to go through, what does due diligence 9:16:26AM 22 look like, how long would it be, you know, what are 9:16:29AM 23 the merits of -- of executing our strategy in the 9:16:31AM 24 private -- just general questions about going 9:16:35AM 25 private that I answered for him in preparation for 9:16:37AM</p>

12 (Pages 42 to 45)

Page 46

1 this meeting. 9 16 40AM
 2 Q When -- when you use the word "pitch," do 9.16.42AM
 3 you generally use that in the context of somebody 9.16.46AM
 4 trying to sell something? 9:16 49AM
 5 A No. It was more, you know, his 9:16:51AM
 6 conversation with the board. 9 16:52AM
 7 He was going to go to the board and say 9:16.53AM
 8 "Look, I think this is a viable alternative " 9 16 55AM
 9 "Pitch" is probably not that appropriate of 9:16 57AM
 10 a term, but it's one I used in the E-mail 9 17 00AM
 11 Q It's an appropriate term, though, would I 9 17 03AM
 12 be correct, if he was pitching the board on doing 9:17:04AM
 13 the deal with KKR? 9 17 06AM
 14 A Well, it was my understand -- 9 17.10AM
 15 MR. KAZANOFF. Objection to form 9 17 11AM
 16 Go ahead 9 17:12AM
 17 THE WITNESS It's my understanding that 9.17:13AM
 18 the subject of the board meeting was to talk about 9 17 14AM
 19 going private as an alternative. It was not my 9:17:16AM
 20 understanding this was about KKR or that he was 9 17 19AM
 21 selling us or the idea, but he wanted his board to 9:17:21AM
 22 consider this as an option to executing their 9.17.26AM
 23 strategy 9:17:28AM
 24 BY MR. HARRIS 9.17.28AM
 25 Q All right 9.17.29AM

Page 47

1 Do -- do you know -- we've already covered, 9:17:29AM
 2 you did not follow up with Mr. Perdue and find out 9 17:33AM
 3 if, in fact, he spoke to his board about the 9.17 37AM
 4 going-private transaction at this meeting; is that 9 17:41AM
 5 correct? 9:17.43AM
 6 A I think your -- I think the earlier 9:17:45AM
 7 question was whether, you know, I specifically asked 9 17 46AM
 8 him 9.17.49AM
 9 Now, I had conversations with him later on 9 17 51AM
 10 that led me to conclude he had talked to some board 9 17.54AM
 11 members, potentially the whole board, but I didn't 9 17 57AM
 12 call him to follow up to see that he had talked to 9:17:58AM
 13 his board, which I think is what you were getting 9-18:01AM
 14 at. 9 18.03AM
 15 Q Okay 9 18 03AM
 16 The next message is from Mr. Roberts to 9.18 04AM
 17 you And it says, "Good OCS training for u " 9 18 06AM
 18 Do you know what Mr Roberts means by 9:18 13AM
 19 "OCS"? 9-18 15AM
 20 MR. KAZANOFF. Objection to form 9 18.21AM
 21 You can answer if you know 9.18.21AM
 22 THE WITNESS I'm sorry, I don't 9 18 27AM
 23 I actually think this might be dealing with 9 18:28AM
 24 another matter up here in the header of his E-mail 9 18 31AM
 25 But I'm not sure what "OCS" stands for 9.18 40AM

Page 48

1 BY MR. HARRIS 9 18 43AM
 2 Q All right 9.18.43AM
 3 What happened -- do you recall what was the 9.18.49AM
 4 next thing that you did with respect to Dollar 9 18:50AM
 5 General? 9 18 53AM
 6 A No, I don't recall the specific next 9 18 54AM
 7 interaction 9-18:57AM
 8 THE REPORTER. This is seven 9 18 57AM
 9 (Calbert Exhibit 7 was marked for 9.19 27AM
 10 identification by the court reporter.) 9 19 27AM
 11 THE WITNESS: Thank you 9 19 30AM
 12 THE REPORTER: Sure. 9 19 30AM
 13 BY MR. HARRIS. 9-19:34AM
 14 Q Calbert No. 7 is an E-mail from you to 9-19 35AM
 15 Mr Roberts with Mr Morey, Mr Agrawal and Henry 9 19:38AM
 16 Kravis copied on it 9 19 43AM
 17 And it starts, "George, I had a good 9-19:49AM
 18 conversation with David Perdue last night." 9 19 51AM
 19 And it goes on to be about your 9.19.54AM
 20 conversation 9 19 55AM
 21 Do you recall why you copied Mr. Kravis on 9 19 56AM
 22 this E-mail? 9 19:59AM
 23 A Again, as -- as -- as I do on a number of 9 20:00AM
 24 matters, I -- I tend to keep our family partners 9.20 03AM
 25 up-to-date on all the transactions I work on. 9-20:05AM

Page 49

1 Q Okay. 9-20 14AM
 2 It says: 9 20 18AM
 3 "I had a good conversation with David 9 20 18AM
 4 Perdue last night He had just left a 9-20:20AM
 5 meeting with his," quote, "most 9.20.24AM
 6 influential board member," close quote, 9 20 25AM
 7 paren, "not technically lead director," 9.20:29AM
 8 close paren, "who was very supportive of 9 20:31AM
 9 him engaging exclusively with us " 9 20.34AM
 10 Can you tell us what you recall about your 9 20 38AM
 11 conversation with David Perdue on that point? 9-20 40AM
 12 A Yeah. 9.20.42AM
 13 I think, you know, David called and was 9-20:42AM
 14 excited that he had had this conversation and that 9 20 45AM
 15 there appeared to be some support for pursuing this 9 20 49AM
 16 as one of the alternatives for the company 9.20.52AM
 17 And the director -- David had recommended 9 20 54AM
 18 that he work with us to kind of flesh out whether 9-20:58AM
 19 this was a good alternative for the shareholders 9 21 01AM
 20 And the board member, according to David, expressed 9-21 03AM
 21 support in doing that 9 21:08AM
 22 Q Do you know who that director was? 9 21 12AM
 23 A I'm not exactly sure 9 21 13AM
 24 Q This says that 9.21 21AM
 25 "The director encouraged David to 9 21 21AM

CONFIDENTIAL

<p style="text-align: right;">Page 38</p> <p>1 transaction would look like, what it would mean 9 07 30AM 2 for -- for value to shareholders by this next board 9 07 33AM 3 meeting, the November board meeting 9 07.35AM 4 Q Are you aware of whether Mr. Perdue, in 9-07-37AM 5 fact, told his board at the 8/29 board meeting? 9.07.39AM 6 A I'm not aware 9 07 43AM 7 Q Would it surprise you to learn that he did 9 07 44AM 8 not? 9 07 45AM 9 MR. KAZANOFF: Objection to form. 9:07-46AM 10 THE WITNESS: I -- I'm just not aware of 9 07 47AM 11 anything he told his board. I wasn't in the board 9 07 50AM 12 meeting. 9 07 52AM 13 BY MR. HARRIS 9:07-52AM 14 Q In fact, isn't it true he did not want to 9.07 52AM 15 tell his board at the 8/29 meeting and he felt that 9:07 54AM 16 if he signed a confidentiality agreement with KKR 9.07.59AM 17 prior to then that he would be compelled to tell his 9 08 02AM 18 board? 9 08 05AM 19 MR. KAZANOFF: Objection to form. 9:08-07AM 20 I mean, that's -- if you have an answer to 9 08.07AM 21 that, go ahead. But it's -- it's an improper 9 08 09AM 22 question, and I think counsel knows it's an improper 9.08.12AM 23 question 9 08 15AM 24 THE WITNESS: I had no knowledge then, I 9-08-15AM 25 have no knowledge now that David Perdue didn't want 9 08 17AM</p>	<p style="text-align: right;">Page 40</p> <p>1 BY MR. HARRIS: 9 09 12AM 2 Q And whether David Perdue fulfilled his 9.09.12AM 3 fiduciary responsibilities by notifying his board is 9:09 14AM 4 his problem and not yours? 9 09:17AM 5 MR. KAZANOFF: Objection to form. It's 9 09:19AM 6 another -- it's another that calls for a legal 9.09 19AM 7 conclusion 9:09:22AM 8 If you have an answer, go ahead 9 09:23AM 9 THE WITNESS: I didn't feel that it was our 9 09 24AM 10 responsibility to go communicate with his board 9:09:25AM 11 BY MR. HARRIS: 9 09 29AM 12 Q So if David Perdue wanted to not tell his 9:09:29AM 13 board about his contacts with KKR, that was not your 9 09 34AM 14 problem? 9:09 36AM 15 MR. KAZANOFF: Objection to form. It's 9:09-38AM 16 another inappropriate hypothetical question. 9 09 39AM 17 If you have a response, go ahead. 9 09 42AM 18 THE WITNESS: I didn't think it was my 9 09 44AM 19 responsibility to notify his board that I had had a 9 09 46AM 20 meeting with the CEO 9:09.48AM 21 MR. HARRIS: Pete, I'm going to ask you to 9:09:50AM 22 limit your objections to form -- 9 09 51AM 23 MR. KAZANOFF. I -- I'm -- I'm -- 9:09 52AM 24 MR. HARRIS -- to objections to form 9:09 53AM 25 MR. KAZANOFF: I'm going to ask you to try 9 09.55AM</p>
<p style="text-align: right;">Page 39</p> <p>1 to tell his board. 9 08.19AM 2 My understanding was, as we had recommended 9:08-20AM 3 to David, that he wanted to get his board members on 9 08.24AM 4 side before we started to do due diligence, before 9 08 27AM 5 we executed a confidentiality agreement 9 08 30AM 6 BY MR. HARRIS: 9 08-36AM 7 Q What steps did you take to find out whether 9.08.36AM 8 David Perdue spoke to his board at the 8/29 meeting? 9 08 38AM 9 A I took no steps 9.08.42AM 10 Q Did you care? 9 08 43AM 11 A No. Wasn't -- no 9 08.44AM 12 Q Your job was to get the best possible deal 9 08 45AM 13 for KKR? 9 08 49AM 14 A No, but it -- you know, it's not my 9 08-50AM 15 responsibility to -- to interact with his board at 9 08 53AM 16 this point. It's his. 9 08.56AM 17 Q That's David Perdue's responsibility? 9 08-57AM 18 A Sure 9 09 00AM 19 Q Whether David -- David Perdue has fiduciary 9 09 00AM 20 responsibilities to his shareholders, correct? 9 09 03AM 21 MR. KAZANOFF. Objection to the form, calls 9.09.05AM 22 for a legal conclusion 9.09.06AM 23 If you have an answer, good ahead 9:09-07AM 24 THE WITNESS. I think CEOs do have a 9 09 09AM 25 fiduciary responsibility 9:09-11AM</p>	<p style="text-align: right;">Page 41</p> <p>1 to bring your questions back into the realm of 9 09 56AM 2 questions you ask a witness at a deposition. I'll 9 09 59AM 3 make my objections as I see fit 9.10.01AM 4 BY MR. HARRIS 9-10-51AM 5 Q Did you agree to hold off on entering into 9 10 51AM 6 a confidentiality agreement until after the 8/29 9 10 53AM 7 board meeting? 9 10 57AM 8 A Yes, I did. 9 10-58AM 9 MR. HARRIS: Going to show you what we are 9-11-27AM 10 going to mark as Calbert No. 5 9.11.27AM 11 (Calbert Exhibit 5 was marked for 9 11 47AM 12 identification by the court reporter) 9.11.47AM 13 BY MR. HARRIS 9 11 51AM 14 Q These are handwritten notes; say at the top 9.11.51AM 15 "Dollar General," next to it, the first page, is 9 11-53AM 16 "8-21-06." 9 11.55AM 17 Are these are notes? 9 12.01AM 18 A Yes, they are 9:12 02AM 19 Q All right. 9:12.03AM 20 Says -- can you read for me the first 9 12 15AM 21 paragraph on the first page, which is KKR 017019? 9:12 24AM 22 A Says: 9:12-34AM 23 "David Perdue," slash, "CEO/charman, 9:12 35AM 24 now thinking going approaching board next 9 12-37AM 25 week," parentheses, "Tuesday. Feels he 9 12.39AM</p>

11 (Pages 38 to 41)

CONFIDENTIAL

<p style="text-align: right;">Page 50</p> <p>1 preview the idea with Cal Turner, family 9:21:23AM 2 owns roughly 17 percent, and one other 9:21:27AM 3 director, former CSFB banker David 9:21:30AM 4 plans on having both conversations over 9:21:37AM 5 the next few days * 9:21:40AM 6 Do you recall whether those -- do you know 9:21:44AM 7 if those conversations took place? 9:21:46AM 8 A I don't know specifically. I do recall 9:21:48AM 9 David telling me that he had conversations, but I 9:21:51AM 10 didn't attend. 9:21:53AM 11 Q Conversations with whom? 9:21:54AM 12 A With the former CSFB banker and 9:21:56AM 13 subsequently with Cal Turner. 9:22:01AM 14 Q Okay 9:22:03AM 15 Would you be surprised to learn that when 9:22:20AM 16 the former CSFB banker learned of Mr. Perdue's 9:22:23AM 17 conversations with KKR, that he was shocked that 9:22:28AM 18 those had not been disclosed to the board? 9:22:31AM 19 MR. KAZANOFF. Objection to form. 9:22:34AM 20 THE WITNESS I'm sorry, is the question 9:22:36AM 21 would I be surprised? 9:22:37AM 22 MR. KAZANOFF: Yeah. 9:22:39AM 23 THE WITNESS. No, I wouldn't be surprised. 9:22:39AM 24 BY MR. HARRIS. 9:22:42AM 25 Q That's pretty understandable, that he would 9:22:43AM</p>	<p style="text-align: right;">Page 52</p> <p>1 BY MR. HARRIS 9:23:38AM 2 Q As of 9/20/2006, based on your 9:23:39AM 3 conversations with Mr. Perdue, did you understand 9:23:43AM 4 that Mr. Perdue believed that he would be CEO of the 9:23:46AM 5 private company in the event of a sale to KKR? 9:23:50AM 6 A Interestingly enough, I had no 9:23:55AM 7 conversations with David Perdue about being CEO of 9:23:56AM 8 the company until after the signing of the 9:23:59AM 9 transaction. 9:24:01AM 10 So at this point, I had no conversations, 9:24:02AM 11 nor did I have any conversations until after we 9:24:04AM 12 signed the transaction. 9:24:07AM 13 Q So even though you were introduced to 9:24:09AM 14 Mr. Perdue through an executive recruiter, you had 9:24:11AM 15 no conversations with Mr. Perdue about his role in 9:24:21AM 16 the company following a potential acquisition by KKR 9:24:27AM 17 until after that acquisition agreement had been 9:24:32AM 18 signed? 9:24:38AM 19 A That is correct 9:24:38AM 20 Q Do you think Mr. Perdue believed that he 9:24:51AM 21 would be CEO of the company following KKR 9:24:52AM 22 acquisition? 9:24:57AM 23 MR. KAZANOFF. Objection to form 9:24:58AM 24 If you have an answer, go ahead. 9:24:58AM 25 THE WITNESS: I have no idea what he 9:25:00AM</p>
<p style="text-align: right;">Page 51</p> <p>1 be shocked they hadn't been disclosed to the board, 9:22:45AM 2 correct? 9:22:48AM 3 MR. KAZANOFF. Objection to form 9:22:49AM 4 Go ahead. 9:22:51AM 5 THE WITNESS I -- listen, I think it would 9:22:51AM 6 not be -- it would not be unusual for a director to 9:22:53AM 7 want those conversations disclosed 9:22:56AM 8 BY MR. HARRIS 9:22:59AM 9 Q By the former CSFB banker, do you 9:22:59AM 10 understand that to be a gentleman named Dick 9:23:03AM 11 Thornburgh? 9:23:07AM 12 A Yes, I do. 9:23:09AM 13 Q Okay 9:23:14AM 14 Did you understand at this time in your 9:23:14AM 15 conversations with David Perdue that he believed he 9:23:16AM 16 would be CE -- that if the company were sold to KKR, 9:23:19AM 17 that he would be CEO of the private company? 9:23:23AM 18 MR. KAZANOFF. Can I hear that back again? 9:23:27AM 19 MR. HARRIS I'll -- I'll redo it 9:23:28AM 20 MR. KAZANOFF. Okay 9:23:29AM 21 BY MR. HARRIS: 9:23:29AM 22 Q All right. As of that time, based on your 9:23:30AM 23 conversations with David Perdue -- 9:23:31AM 24 MR. KAZANOFF. "Time" is -- that's what I 9:23:33AM 25 was -- 9:23:35AM</p>	<p style="text-align: right;">Page 53</p> <p>1 believed. He never discussed with me his role until 9:25:01AM 2 after we signed the transaction. 9:25:08AM 3 BY MR. HARRIS. 9:25:10AM 4 Q Did he discuss it with anyone else at KKR, 9:25:10AM 5 to the best of your knowledge? 9:25:12AM 6 A To my knowledge, he did not. 9:25:14AM 7 Q Is that usual in your experience? 9:25:25AM 8 A I'm sorry; did you ask if that was usual or 9:25:28AM 9 unusual? 9:25:31AM 10 Q You can take it either way. 9:25:32AM 11 MR. KAZANOFF. Objection to form either 9:25:34AM 12 way. 9:25:36AM 13 But if you have an answer, why don't you 9:25:36AM 14 make it clear what objectionable question you're 9:25:38AM 15 answering. If you're answering. 9:25:41AM 16 THE WITNESS I do think it's unusual. 9:25:43AM 17 MR. HARRIS. This is Calbert -- 9:26:06AM 18 THE REPORTER. Eight. 9:26:08AM 19 MR. HARRIS. -- 8. 9:26:09AM 20 (Calbert Exhibit 8 was marked for 9:26:09AM 21 identification by the court reporter.) 9:26:09AM 22 BY MR. HARRIS: 9:26:18AM 23 Q Calbert 7 is an E-mail dated September 20, 9:26:19AM 24 2006, that you sent at 5:59 a.m. I don't know if 9:26:24AM 25 that's 5:59 a.m. California time or New York time. 9:26:30AM</p>

14 (Pages 50 to 53)

Page 54

1 I don't know whose E-mail this was produced from 9:26:32AM
 2 Then Calbert 8, the E-mail on the bottom, 9:26:39AM
 3 it's the first E-mail in the chain, is an E-mail 9:26:41AM
 4 from yourself to Mr Perdue, also September 20th, 9:26:44AM
 5 sent at 3 02. 9:26:51AM
 6 It says 9:26:55AM
 7 "David, it was great catching up 9:26:56AM
 8 yesterday It sounds like things are 9:26:58AM
 9 going well. I wanted to let you know 9:26:59AM
 10 George and I are flying to Florida next 9:27:01AM
 11 Thursday, can easily stop by for a 9:27:04AM
 12 meeting if appropriate " 9:27:06AM
 13 That's George Roberts, George? 9:27:07AM
 14 A Yes, that's correct. 9:27:09AM
 15 Q All right 9:27:10AM
 16 How involved was Mr -- I mean, Mr -- let 9:27:10AM
 17 me strike that question 9:27:12AM
 18 I believe you testified before -- and 9:27:24AM
 19 correct me if I'm wrong -- that you kept -- your 9:27:25AM
 20 relationship with Mr Roberts on this transaction -- 9:27:28AM
 21 that Mr. Roberts is one of the founding partners of 9:27:30AM
 22 KKR and that you kept him involved in all your 9:27:34AM
 23 transactions; is that correct? 9:27:36AM
 24 A I believe that I said I -- I kept him 9:27:38AM
 25 up-to-date. 9:27:40AM

Page 55

1 Q Up-to-date 9:27:40AM
 2 In fact, Mr Roberts played an active role 9:27:41AM
 3 in the Dollar General transaction; is that correct? 9:27:43AM
 4 MR. KAZANOFF: Objection to form. 9:27:48AM
 5 But go ahead, you can answer it if you can 9:27:49AM
 6 THE WITNESS I thought in this particular 9:27:51AM
 7 situation, it would be a good idea to ask George 9:27:52AM
 8 Roberts to meet with the founding family of this 9:27:54AM
 9 business 9:27:59AM
 10 Other than his normal role sitting on the 9:27:59AM
 11 investment committee and being the founding partner 9:28:01AM
 12 of the firm, that was principally his -- his, quote, 9:28:04AM
 13 role in this transaction 9:28:07AM
 14 BY MR. HARRIS. 9:28:09AM
 15 Q And why did you think that would be a good 9:28:09AM
 16 idea, to have him meet with a member of the founding 9:28:11AM
 17 family of Dollar General? 9:28:14AM
 18 A David Perdue had expressed a number of 9:28:15AM
 19 issues he had with the Turner family. And it 9:28:19AM
 20 started in the initial conversations, he didn't want 9:28:23AM
 21 to include them in the dialogue about the 9:28:26AM
 22 transaction 9:28:28AM
 23 And then, as we read earlier, he then 9:28:28AM
 24 changed his mind and said, I think it's important 9:28:29AM
 25 for you to walk the family through the transaction. 9:28:33AM

Page 56

1 And as I do on a number of family owned or 9:28:36AM
 2 family controlled or family involved situations like 9:28:39AM
 3 this, I think it's helpful to have somebody like a 9:28:43AM
 4 George Roberts, you know, who's 20 years older than 9:28:47AM
 5 I am, whose name is on the door, who has been doing 9:28:52AM
 6 this for 32 years, to sit across the table from the 9:28:54AM
 7 founder of a company and answer questions 9:28:57AM
 8 Q Did you go ahead and have a meeting with 9:29:04AM
 9 Mr Roberts and Mr Turner? 9:29:09AM
 10 A Not on the 28th. 9:29:13AM
 11 Q Do you recall when that meeting was? 9:29:15AM
 12 A I believe it was in October Exact date, I 9:29:17AM
 13 don't recall 9:29:19AM
 14 Q Let's see if we can pin that down 9:29:21AM
 15 Calbert 9 9:29:48AM
 16 (Calbert Exhibit 9 was marked for 9:29:51AM
 17 identification by the court reporter.) 9:29:51AM
 18 BY MR. HARRIS 9:29:53AM
 19 Q Calbert 9 is another E-mail chain 9:29:54AM
 20 The one on the bottom is from yourself to 9:29:58AM
 21 Mr. Perdue. It's Thursday, October 5th, 2006 9:30:00AM
 22 "David, we thought today's meeting 9:30:04AM
 23 went very well I hope you did too. We 9:30:06AM
 24 had a good visit with Cal on the plane " 9:30:08AM
 25 And it goes on from there. 9:30:11AM

Page 57

1 Is that -- is that E-mail in reference to a 9:30:15AM
 2 meeting that you and Mr Roberts had with Mr. Perdue 9:30:17AM
 3 and Mr. Turner? 9:30:21AM
 4 A Yes, it is. 9:30:24AM
 5 Q All right. The meeting took place on 9:30:25AM
 6 October 5th, 2006? 9:30:26AM
 7 A I believe that's correct. 9:30:28AM
 8 Q All right 9:30:31AM
 9 Who attended that meeting? 9:30:32AM
 10 A Myself, David Perdue, Cal Turner, David 9:30:35AM
 11 Wilds, and George Roberts 9:30:40AM
 12 Q Who is David Wilds? 9:30:42AM
 13 A It was my understanding that David Wilds 9:30:43AM
 14 was responsible for the Turners' family office, if 9:30:46AM
 15 you will, investing the Turner money. 9:30:50AM
 16 Q Okay. And he's also a Dollar General board 9:30:52AM
 17 member, is that right? 9:30:55AM
 18 A Yes, he is 9:30:56AM
 19 Q And how long -- 9:30:58AM
 20 MR. KAZANOFF: Former board member, 9:31:00AM
 21 correct? 9:31:02AM
 22 MR. HARRIS: Former board member 9:31:03AM
 23 MR. KAZANOFF: Can we agree on that? 9:31:05AM
 24 MR. HARRIS: We're clear on that 9:31:06AM
 25 MR. KAZANOFF: Okay 9:31:08AM

CONFIDENTIAL

Page 58		Page 60			
1	BY MR HARRIS	9:31:08AM	1	end?	9:33:01AM
2	Q Where was that meeting?	9:31:08AM	2	MR KAZANOFF I'm going to object once the	9:33:03AM
3	A It was held in a bank office in Nashville	9:31:10AM	3	question is asked.	9:33:04AM
4	I -- I don't recall which bank	9:31:12AM	4	MR HARRIS: No, I meant can you just let	9:33:05AM
5	Q And how long was that meeting?	9:31:14AM	5	me finish my question before you object.	9:33:07AM
6	A Approximately hour and a half, two hours	9:31:18AM	6	MR. KAZANOFF Oh, I'm sorry I thought	9:33:08AM
7	Q All right.	9:31:20AM	7	you were done	9:33:09AM
8	And can you tell me what you all discussed?	9:31:20AM	8	MR HARRIS: No.	9:33:10AM
9	A Yes	9:31:23AM	9	Q That was -- in your judgment, that was	9:33:12AM
10	So the purpose of the meeting was to walk	9:31:24AM	10	Mr. Perdue's responsibility, to keep his board	9:33:15AM
11	Cal through what a going-private transaction looks	9:31:28AM	11	appropriately informed; is that correct?	9:33:19AM
12	like, how it -- how it comes together, what it means	9:31:31AM	12	MR KAZANOFF Is that the --	9:33:23AM
13	for shareholders, for employees, for -- for current	9:31:36AM	13	MR HARRIS: That's the question	9:33:24AM
14	board members	9:31:41AM	14	MR. KAZANOFF And the objection is,	9:33:24AM
15	We walked through a couple of examples of	9:31:42AM	15	objection to form and calls for a legal conclusion	9:33:25AM
16	prior transactions that we've done We walked	9:31:47AM	16	If you have an answer, go ahead.	9:33:29AM
17	through the history of the firm George talked	9:31:50AM	17	THE WITNESS: I -- I don't know -- I don't	9:33:31AM
18	about the founding of the firm, principles of the	9:31:53AM	18	know what the expectations were of David Perdue's	9:33:34AM
19	firm, importance of our culture.	9:31:56AM	19	board I wasn't on the board, I didn't attend board	9:33:35AM
20	Cal talked about the founding of Dollar	9:32:00AM	20	meetings.	9:33:37AM
21	General, the importance of culture, the alignment of	9:32:02AM	21	I can answer the question relative to a	9:33:38AM
22	our cultures.	9:32:06AM	22	hypothetical CEO, but as it relates to David and his	9:33:41AM
23	Talked a little bit about process, if the	9:32:08AM	23	relationships with the board, I don't -- I don't	9:33:46AM
24	board wanted to do this, how would you guys move	9:32:11AM	24	feel qualified to answer that question	9:33:47AM
25	forward, what would you -- what would you -- what	9:32:13AM	25	BY MR HARRIS:	9:33:49AM
Page 59		Page 61			
1	exactly would you do	9:32:15AM	1	Q Wasn't your problem?	9:33:50AM
2	And it was kind of a	9:32:18AM	2	MR KAZANOFF Objection to form, same	9:33:51AM
3	getting-to-know-Cal-Turner meeting.	9:32:20AM	3	objections.	9:33:51AM
4	Q Other than David Wilds, do you know if any	9:32:23AM	4	BY MR. HARRIS.	9:33:53AM
5	Dollar General board members had been informed that	9:32:25AM	5	Q You can answer	9:33:53AM
6	you and Mr. Roberts would be meeting with Mr. Perdue	9:32:28AM	6	A Okay.	9:33:54AM
7	and Mr. Turner and Mr. Wilds?	9:32:32AM	7	I'm not sure, back in October, that I	9:33:54AM
8	A I don't know	9:32:34AM	8	deemed there was a problem	9:33:57AM
9	Q Did you ask?	9:32:34AM	9	Q It wasn't your issue?	9:34:02AM
10	A I don't recall asking	9:32:36AM	10	MR KAZANOFF. Objection; form	9:34:04AM
11	Q Did you care?	9:32:38AM	11	THE WITNESS: I didn't feel a sense of	9:34:04AM
12	MR. KAZANOFF. Objection to form.	9:32:39AM	12	responsibility to follow up with the board members	9:34:06AM
13	THE WITNESS: I didn't think it was my	9:32:40AM	13	to tell them I had had a meeting	9:34:07AM
14	responsibility to -- to follow up on whether board	9:32:42AM	14	BY MR. HARRIS:	9:34:09AM
15	members were aware of the meeting	9:32:45AM	15	Q Okay.	9:34:11AM
16	BY MR HARRIS	9:32:46AM	16	After the meeting with -- on October 5th	9:34:18AM
17	Q That's Mr. Perdue's responsibility, am I	9:32:46AM	17	with Mr. Perdue, Mr. Turner, and Mr. Wilds, did	9:34:21AM
18	correct, to keep his board properly informed --	9:32:48AM	18	Mr. Turner then accompany you on your plane	9:34:26AM
19	MR. KAZANOFF Objection to form --	9:32:52AM	19	somewhere?	9:34:30AM
20	BY MR HARRIS	9:32:54AM	20	A Yes, he did.	9:34:30AM
21	Q -- in your judgment?	9:32:54AM	21	Q All right. And can you tell me about that?	9:34:31AM
22	MR. KAZANOFF Objection to form, calls for	9:32:56AM	22	A So in the conversation during the -- during	9:34:38AM
23	a legal conclusion	9:32:57AM	23	the meeting, somehow -- I don't recall exactly -- it	9:34:39AM
24	MR HARRIS I'm going to ask that once	9:32:58AM	24	came up that Cal was leaving that day to go to his	9:34:42AM
25	again without -- can you just object once at the	9:32:59AM	25	vacation home in Colorado	9:34:45AM

16 (Pages 58 to 61)

Page 62

1 And I don't recall if George offered or 9:34:47AM
 2 whether Cal asked, but somehow the -- the 9:34:50AM
 3 hitch-a-ride theme came up, and so Cal ended up 9:34:51AM
 4 riding back with us 9:34:56AM
 5 And I should clarify, it's not my plane 9:34:57AM
 6 Q Whose plane is it? 9:35:04AM
 7 A It's George's plane 9:35:07AM
 8 Q And so Mr. Turner, yourself, and 9:35:10AM
 9 Mr. Roberts rode on the -- Mr. Roberts's plane to 9:35:13AM
 10 Colorado -- 9:35:17AM
 11 A Correct 9:35:19AM
 12 Q -- together? 9:35:19AM
 13 Was there anyone else on the plane? 9:35:20AM
 14 A Just attendants. No -- nobody, just flight 9:35:21AM
 15 attendants. 9:35:24AM
 16 Q And pilots? 9:35:25AM
 17 A And pilots, fortunately. 9:35:26AM
 18 MR. KAZANOFF That's a good thing to have. 9:35:30AM
 19 BY MR. HARRIS 9:35:31AM
 20 Q And what did you discuss during that 9:35:31AM
 21 flight? 9:35:37AM
 22 A I would say -- you know, I'm sure we 9:35:37AM
 23 discussed a lot of things. 9:35:39AM
 24 What stuck with me from that plane ride 9:35:40AM
 25 was, you know, Cal wanting to make sure we 9:35:43AM

Page 63

1 understood the culture of the company, his emotional 9:35:49AM
 2 connection to the company, wanting us to make sure 9:35:52AM
 3 that we understood his perspective on what happened 9:35:57AM
 4 during the 2003 SEC restatement and his role and 9:35:59AM
 5 involvement, i.e., you know, he felt like he was -- 9:36:05AM
 6 he was handled unfairly in that situation. He 9:36:08AM
 7 wanted to get that point out 9:36:11AM
 8 He also wanted to make sure we understood 9:36:14AM
 9 that he had lost confidence in David Perdue as CEO 9:36:16AM
 10 of the company, and that he felt a great deal of 9:36:22AM
 11 regret and remorse because he had hired David 9:36:24AM
 12 Perdue. He wanted to make sure we understood that 9:36:28AM
 13 he wasn't the only one that had issues with David 9:36:30AM
 14 And then I -- I think I recall talking 9:36:33AM
 15 about, you know, what -- what he wanted to do. And 9:36:36AM
 16 he was a -- a bit of a confused man on exactly what 9:36:41AM
 17 he wanted to do, whether he wanted to just, you 9:36:45AM
 18 know -- you know, make sure the company was in good 9:36:48AM
 19 hands and ride off into the sunset, whether he 9:36:52AM
 20 wanted to get back engaged in the company, et 9:36:56AM
 21 cetera 9:36:57AM
 22 And then I also remember him talking a lot 9:36:58AM
 23 about how he enjoyed this whole kind of courting 9:37:00AM
 24 process with multiple private equity firms 9:37:03AM
 25 And he made sure we knew that he had been 9:37:06AM

Page 64

1 to David Bonderman's house and he had been talking 9:37:08AM
 2 to Blackstone and TP -- and Bain and -- just to make 9:37:11AM
 3 sure we knew that there were plenty of parties that 9:37:15AM
 4 were courting him and how good it felt for him to be 9:37:18AM
 5 courted again. 9:37:20AM
 6 Q From KKR's perspective, am I correct, you 9:37:24AM
 7 were interested in a process where KKR would be the 9:37:27AM
 8 exclusive bidder for Dollar General, is that right? 9:37:31AM
 9 MR. KAZANOFF Objection to form. 9:37:34AM
 10 THE WITNESS I think -- you know, I think 9:37:36AM
 11 our perspective was we wanted to work with 9:37:37AM
 12 management team and the board to take this company 9:37:40AM
 13 private. I don't think that our interest hinged on 9:37:43AM
 14 whether this was exclusive or not 9:37:46AM
 15 BY MR. HARRIS 9:37:51AM
 16 Q But you would prefer an ex- -- you, KKR, 9:37:51AM
 17 would prefer an exclusive process, isn't that right? 9:37:54AM
 18 MR. KAZANOFF Objection to form. 9:38:01AM
 19 THE WITNESS. If you are asking me to -- to 9:38:03AM
 20 take a hypothetical of buying a company with no 9:38:04AM
 21 competition or, as was the case here, multiple 9:38:07AM
 22 parties bidding, sure, I would pick the one with no 9:38:11AM
 23 competition 9:38:14AM
 24 But it was clear at this point that there 9:38:15AM
 25 were multiple parties. 9:38:16AM

Page 65

1 MR. HARRIS. Calbert 10 9:38:55AM
 2 (Calbert Exhibit 10 was marked for 9:38:56AM
 3 identification by the court reporter.) 9:38:56AM
 4 THE WITNESS. Thanks. 9:38:56AM
 5 BY MR. HARRIS: 9:39:05AM
 6 Q Do you recall -- I'm showing you what's 9:39:05AM
 7 been marked Exhibit Calbert 10, which is an E-mail 9:39:07AM
 8 from yourself to Mr. Roberts and Mr. Agrawal on 9:39:09AM
 9 October 6th, which is the day after the meeting we 9:39:12AM
 10 just discussed with Mr. Turner and Mr. Perdue. And 9:39:16AM
 11 it references a phone call you had with Mr. Perdue. 9:39:20AM
 12 I'm just going to ask you to read it. 9:39:24AM
 13 MR. KAZANOFF You want him to just read it 9:39:26AM
 14 to himself? 9:39:28AM
 15 MR. HARRIS Just want him to read it -- 9:39:30AM
 16 MR. KAZANOFF: Yeah 9:39:31AM
 17 MR. HARRIS -- to himself first -- 9:39:32AM
 18 MR. KAZANOFF. All right. 9:39:33AM
 19 MR. HARRIS -- while I get a glass of 9:39:33AM
 20 water 9:39:34AM
 21 MR. KAZANOFF. Yeah, Jon, I was going to 9:39:34AM
 22 say, after we finish up with this document, if we 9:39:35AM
 23 could take a two-minute -- 9:39:37AM
 24 MR. HARRIS. Let's take it right now 9:39:38AM
 25 MR. KAZANOFF: Okay. Want to? 9:39:40AM

Page 66

1 MR HARRIS. Sure. 9:39:40AM
 2 MR KAZANOFF Just take two We'll keep 9:39:40AM
 3 this quick 9:39:40AM
 4 THE VIDEOGRAPHER: We are now going off the 9:39:41AM
 5 record, the time is approximately 9:39 a m 9:39:42AM
 6 (Recess taken) 9:39:47AM
 7 THE VIDEOGRAPHER Okay. Just a moment 9:46:05AM
 8 We are now going back on the record, the 9:46:19AM
 9 time is approximately 9:46 a m 9:46:21AM
 10 BY MR HARRIS 9:46:28AM
 11 Q Looking at Calbert 10, which is an E-mail 9:46:28AM
 12 from yourself to George Roberts and Raj Agrawal 9:46:31AM
 13 relaying a phone conversation you had with David 9:46:35AM
 14 Perdue on October 6th, 2006, is that a correct 9:46:39AM
 15 description of the document? 9:46:45AM
 16 A Yes, it would be. 9:46:46AM
 17 Q Do you recall the phone conversation with 9:46:47AM
 18 Mr. Perdue? 9:46:51AM
 19 A Yeah Yes, I do 9:46:52AM
 20 Q All right 9:46:55AM
 21 It says -- about fourth line down, it says- 9:47:10AM
 22 "David Wild, lead director, is 9:47:23AM
 23 requesting a board meeting Sunday night 9:47:26AM
 24 during which he wants to disclose the 9:47:28AM
 25 conversation with KKR, form a special 9:47:30AM

Page 67

1 committee, and recommend we be allowed to 9:47:32AM
 2 begin our due diligence " 9:47:34AM
 3 And then it goes on, says 9:47:37AM
 4 "Wachtell will be on call and 9:47:39AM
 5 representing the company Perdue and 9:47:40AM
 6 Wild spoke with Denny Bottorff, board 9:47:43AM
 7 member and head of governance committee, 9:47:46AM
 8 today and according to Perdue, Denny is 9:47:48AM
 9 in favor of the transaction." 9:47:50AM
 10 I assume you meant "of" the transaction. 9:47:52AM
 11 A Sorry about that. 9:47:54AM
 12 Q That's all right. 9:47:56AM
 13 Can you tell me what you and Mr Perdue 9:47:56AM
 14 spoke about about Mr Bottorff and if you recall 9:47:59AM
 15 anything beyond what's here in the E-mail? 9:48:03AM
 16 A I don't 9:48:06AM
 17 I mean, this is basically the summary of 9:48:06AM
 18 the call I don't remember any other details about 9:48:08AM
 19 Denny "Perdue " 9:48:11AM
 20 This was basically Perdue saying, you know, 9:48:12AM
 21 here's what we're doing, and, you know, David wants 9:48:16AM
 22 us to do this board call and 9:48:19AM
 23 Q Do you think it was appropriate that 9:48:20AM
 24 Mr Perdue should be telling you which of his board 9:48:21AM
 25 members were in favor of the transaction or not? 9:48:24AM

Page 68

1 MR. KAZANOFF Objection to form 9:48:27AM
 2 THE WITNESS: I'm sorry, the question was 9:48:34AM
 3 do I think it's appropriate? 9:48:35AM
 4 BY MR HARRIS 9:48:37AM
 5 Q Yeah 9:48:37AM
 6 A I don't think it's unusual. 9:48:37AM
 7 Q All right 9:48:39AM
 8 Do you think it was appropriate? 9:48:39AM
 9 MR KAZANOFF Same objection 9:48:41AM
 10 THE WITNESS- Again, I mean, I -- you know, 9:48:42AM
 11 I can answer the question about a hypothetical CEO. 9:48:42AM
 12 I don't know what Perdue's responsibilities were or 9:48:45AM
 13 what the expectations were of this board. 9:48:48AM
 14 BY MR HARRIS: 9:48:50AM
 15 Q Let's answer the question about Mr. Perdue. 9:48:50AM
 16 Mr Perdue's fiduciary responsibilities are 9:48:53AM
 17 to his shareholders, correct? 9:48:57AM
 18 MR KAZANOFF: Objection to form, calls for 9:48:59AM
 19 a legal conclusion. 9:49:00AM
 20 You can answer 9:49:00AM
 21 THE WITNESS My judgment would be yes 9:49:01AM
 22 BY MR. HARRIS. 9:49:02AM
 23 Q And ordinarily, as well, board 9:49:02AM
 24 deliberations are something that's kept confidential 9:49:08AM
 25 from outsiders, is that not correct? 9:49:11AM

Page 69

1 MR KAZANOFF: Objection to form. 9:49:13AM
 2 THE WITNESS My judgment would be yes. 9:49:16AM
 3 BY MR. HARRIS. 9:49:17AM
 4 Q In fact, a CEO and board member would have 9:49:18AM
 5 duties of confidentiality, correct? 9:49:23AM
 6 MR KAZANOFF: Same objection, in addition, 9:49:25AM
 7 calls for a legal conclusion 9:49:26AM
 8 THE WITNESS. My judgment would be yes 9:49:30AM
 9 BY MR HARRIS 9:49:31AM
 10 Q And Mr Perdue is, in fact, sharing with 9:49:31AM
 11 you that he believes Mr Bottorff is in favor of the 9:49:33AM
 12 transaction; is that correct? 9:49:37AM
 13 A Well, I should clarify. 9:49:39AM
 14 You know, I say in favor of "the 9:49:41AM
 15 transaction." I think the intent of this is that 9:49:43AM
 16 Mr. Bottorff is in favor of exploring this as an 9:49:45AM
 17 opportunity. There was no transaction at this 9:49:49AM
 18 point. 9:49:51AM
 19 Q He -- but Mr Perdue is disclosing to you 9:49:51AM
 20 that he thinks Mr Bottorff is in favor of exploring 9:49:53AM
 21 the transaction? 9:49:57AM
 22 A That is correct 9:50:00AM
 23 Q And you don't know if Mr Perdue had 9:50:01AM
 24 permission from Mr Bottorff to disclose that 9:50:04AM
 25 information to you, do you? 9:50:07AM

<p style="text-align: right;">Page 70</p> <p>1 A I do not. 9 50 08AM</p> <p>2 Q All right 9 50 09AM</p> <p>3 And then we go on, and the E-mail talks 9 50 09AM</p> <p>4 about Dick Thornburgh 9.50.10AM</p> <p>5 And it says. 9 50 12AM</p> <p>6 "Dick Thornburgh appears not to be 9:50:13AM</p> <p>7 excited about the transaction David and 9.50:15AM</p> <p>8 spoke about the need to get him on side." 9:50:18AM</p> <p>9 What did you mean by that? 9:50 21AM</p> <p>10 A Again, if you go all the way back to the 9:50:24AM</p> <p>11 first meeting we had with David, we told David that 9.50.26AM</p> <p>12 he needed to -- to make sure his directors were 9:50:29AM</p> <p>13 supportive of him exploring this transaction, that 9 50.33AM</p> <p>14 he didn't need to get too out in front. 9:50:35AM</p> <p>15 And what I'm suggesting here is that I said 9.50:37AM</p> <p>16 to David, look, you need to make sure that you have 9 50:39AM</p> <p>17 the support to explore this. 9 50 42AM</p> <p>18 And I used the word "transaction," which is 9 50 44AM</p> <p>19 not accurate here. It's really getting these guys 9 50 46AM</p> <p>20 supporting him exploring this as a potential 9 50 50AM</p> <p>21 alternative to deliver value to shareholders 9:50 51AM</p> <p>22 Q You actually used the word "on side," 9 50 54AM</p> <p>23 right? 9 50 57AM</p> <p>24 A I did, yeah 9 50 57AM</p> <p>25 Q Okay. 9.50.58AM</p>	<p style="text-align: right;">Page 72</p> <p>1 in due diligence, which is where all of this was 9:51.32AM</p> <p>2 headed 9 51:35AM</p> <p>3 Q And so Mr. Perdue also disclosed to you 9 51 37AM</p> <p>4 that Mr. Thornburgh appeared not to be excited about 9 51 39AM</p> <p>5 the transaction; is that right? 9:51.43AM</p> <p>6 A That's correct. 9 51 44AM</p> <p>7 Q And you don't know if he had 9:51:45AM</p> <p>8 Mr. Thornburgh's permission to do that, do you? 9 51 46AM</p> <p>9 A I don't 9 51:49AM</p> <p>10 Q You don't know if he had the board's 9 51 50AM</p> <p>11 permission, do you, to disclose to you confidential 9:51 51AM</p> <p>12 board discussions? 9.51.54AM</p> <p>13 MR. KAZANOFF: Objection -- 9 51 56AM</p> <p>14 THE WITNESS: I do not. 9 51 59AM</p> <p>15 MR. KAZANOFF: -- to form 9 52 00AM</p> <p>16 THE REPORTER: I'm sorry; the answer? 9 52 00AM</p> <p>17 THE WITNESS: I do not. 9 52.00AM</p> <p>18 BY MR. HARRIS 9 52 00AM</p> <p>19 Q What's your responsibility at this point in 9.52.01AM</p> <p>20 time in dealing with Mr. Perdue? 9:52 02AM</p> <p>21 MR. KAZANOFF: Objection to form. 9.52.05AM</p> <p>22 I'm going to let him answer that question, 9:52:06AM</p> <p>23 but we -- we really are going down a path of 9 52.07AM</p> <p>24 hypothetical legal conclusion questions. 9 52 09AM</p> <p>25 But if you have an answer, go ahead 9 52 16AM</p>
<p style="text-align: right;">Page 71</p> <p>1 And then you used the word "pitch" again -- 9:50.58AM</p> <p>2 A Mm-hmm. 9.51.00AM</p> <p>3 Q -- "David and I went through his pitch to 9:51:00AM</p> <p>4 the board again, focusing -- 9:51:05AM</p> <p>5 A Mm-hmm. 9:51:05AM</p> <p>6 Q -- "on the positive merits of the 9.51:05AM</p> <p>7 transaction." 9:51 05AM</p> <p>8 A Right 9:51:05AM</p> <p>9 Q That is David Perdue selling the 9:51:07AM</p> <p>10 transaction to the board, is that not right? 9:51:09AM</p> <p>11 MR. CURLEY. Well, there's no -- 9 51:11AM</p> <p>12 MR. KAZANOFF: Objection to form. 9.51:12AM</p> <p>13 THE WITNESS. I'm sorry 9 51 13AM</p> <p>14 MR. KAZANOFF: Go ahead. 9:51:14AM</p> <p>15 THE WITNESS. There's no transaction. It's 9.51.15AM</p> <p>16 selling the idea of exploring a going-private 9:51:16AM</p> <p>17 transaction. That's obviously not as accurate in my 9.51.18AM</p> <p>18 wording here, but that -- 9:51 22AM</p> <p>19 BY MR. HARRIS 9:51:23AM</p> <p>20 Q Selling -- 9:51 23AM</p> <p>21 A -- that's it. 9.51.23AM</p> <p>22 Q Selling a potential transaction with KKR to 9:51:24AM</p> <p>23 the board? 9:51:27AM</p> <p>24 A Well, there was no potential transaction. 9:51:27AM</p> <p>25 Selling the idea of exploring it, engaging 9:51:29AM</p>	<p style="text-align: right;">Page 73</p> <p>1 MR. HARRIS. I'm asking what is his 9 52 17AM</p> <p>2 business responsibility at that point 9 52 19AM</p> <p>3 Q What is your responsibility as a member of 9.52 21AM</p> <p>4 KKR in dealing with Mr. Perdue at that point in 9 52 23AM</p> <p>5 time? 9.52.25AM</p> <p>6 A My responsibility as a member of KKR and 9.52 25AM</p> <p>7 head of our retail group is to source potential 9 52 28AM</p> <p>8 transactions, to execute those transactions, and to 9 52 32AM</p> <p>9 manage our portfolio of -- of -- of companies that 9 52 35AM</p> <p>10 we own. And -- and that's what I'm doing here 9 52 39AM</p> <p>11 Q And by -- what you're doing here is you're 9 52:44AM</p> <p>12 doing what I think you called sourcing a 9 52 47AM</p> <p>13 transaction? 9 52 49AM</p> <p>14 A That's correct. 9 52 51AM</p> <p>15 Q And how did -- and what's involved in 9 52 51AM</p> <p>16 sourcing a transaction? 9:52 57AM</p> <p>17 A It can take on many different forms, but it 9.52.58AM</p> <p>18 starts with identifying sectors that we want to 9 53 00AM</p> <p>19 invest in, companies that we think we can create 9:53:03AM</p> <p>20 value that will be long -- good long-term 9 53 07AM</p> <p>21 investments, working with the management teams and 9 53.10AM</p> <p>22 the boards of those companies to -- to determine 9 53 12AM</p> <p>23 whether a transaction is a viable option for their 9 53 16AM</p> <p>24 shareholders. 9 53 19AM</p> <p>25 MR. KAZANOFF: Can we just pause for a 9 53 21AM</p>

Page 74

1 second? 9:53:22AM
 2 We -- you know, given the hypothetical 9:53:22AM
 3 general nature of some of these questions, we'll 9:53:25AM
 4 designate the whole transcript confidential 9:53:27AM
 5 MR. HARRIS: That's fine. 9:53:29AM
 6 MR. KAZANOFF: And we'll go back afterwards 9:53:30AM
 7 and see what can be public. 9:53:31AM
 8 MR. HARRIS: However the confidentiality 9:53:33AM
 9 agreement works 9:53:39AM
 10 MR. KAZANOFF: Right. I think it provides 9:53:40AM
 11 for us to designate it, and then we will work 9:53:41AM
 12 through the issues 9:53:44AM
 13 MR. HARRIS: We'll follow the procedures 9:53:45AM
 14 Q Showing you what the reporter is going to 9:54:14AM
 15 mark as Calbert Exhibit 11 9:54:16AM
 16 (Calbert Exhibit 11 was marked for 9:54:30AM
 17 identification by the court reporter.) 9:54:30AM
 18 BY MR. HARRIS: 9:54:37AM
 19 Q You can just take a minute and read it 9:54:38AM
 20 first, and then I'm going to ask you questions about 9:54:40AM
 21 it 9:54:44AM
 22 And you can just let me know when you're 9:55:15AM
 23 done 9:55:17AM
 24 A Okay 9:55:28AM
 25 Q All right. 9:55:30AM

Page 75

1 It's another -- it's an E-mail, October 9, 9:55:31AM
 2 2006, from yourself to George Roberts and Raj 9:55:34AM
 3 Agrawal 9:55:36AM
 4 It starts with "George, I caught up with 9:55:37AM
 5 David this morning," and then it recounts your call 9:55:39AM
 6 with Mr. Perdue. 9:55:44AM
 7 Do you recall sending this E-mail to 9:55:45AM
 8 Mr. Roberts? 9:55:46AM
 9 A Yes 9:55:47AM
 10 MR. KAZANOFF: Objection to form. 9:55:48AM
 11 Go ahead 9:55:48AM
 12 BY MR. HARRIS: 9:55:50AM
 13 Q Do you recall your conversation with 9:55:52AM
 14 Mr. Perdue? 9:55:53AM
 15 A Yes, I do 9:55:55AM
 16 Q All right 9:55:58AM
 17 Does this E-mail accurately reflect that 9:55:59AM
 18 conversation with Mr. Perdue to the best of your 9:56:01AM
 19 recollection? 9:56:03AM
 20 A As best I can recall 9:56:04AM
 21 Q All right 9:56:05AM
 22 And so it says 9:56:07AM
 23 "I caught up with Dave this morning. 9:56:08AM
 24 He said the board call last night was 9:56:09AM
 25 controversial, with two directors, 9:56:12AM

Page 76

1 Thornburgh and one other, expressing 9:56:14AM
 2 views that going private wasn't the right 9:56:16AM
 3 course of action." 9:56:18AM
 4 Once again, am I correct, Mr. Perdue is 9:56:25AM
 5 providing you with information on the Dollar General 9:56:26AM
 6 board meetings? Is that correct? 9:56:29AM
 7 A This was him providing me with a summary of 9:56:33AM
 8 a call that took place, correct 9:56:37AM
 9 Q Was a -- which the call was a board 9:56:39AM
 10 meeting? 9:56:40AM
 11 A I assume it was, because he -- he told me 9:56:41AM
 12 it was. 9:56:42AM
 13 Q Okay. 9:56:43AM
 14 And then if you skip about half -- if you 9:56:48AM
 15 skip to the third paragraph -- oh, let's just stick 9:56:50AM
 16 on the -- on the first -- at the end of the first 9:56:57AM
 17 paragraph, there's kind of what looks like supposed 9:57:00AM
 18 to be a second paragraph, but there's no lines 9:57:03AM
 19 skipped. It starts with the words "there also." 9:57:07AM
 20 A Mm-hmm 9:57:09AM
 21 Q Do you see that? 9:57:09AM
 22 A I do. 9:57:10AM
 23 Q "There were also views expressed that 9:57:10AM
 24 Perdue and Wilds are conflicted, and our meeting 9:57:12AM
 25 Thursday was inappropriate." 9:57:15AM

Page 77

1 Do you recall writing that? 9:57:20AM
 2 A I do recall writing it. 9:57:22AM
 3 Q What did you think at the time? 9:57:26AM
 4 MR. KAZANOFF: I'm sorry? 9:57:26AM
 5 BY MR. HARRIS: 9:57:26AM
 6 Q What did you think about it at the time? 9:57:26AM
 7 MR. KAZANOFF: Think about what he wrote or 9:57:27AM
 8 think about -- 9:57:29AM
 9 BY MR. HARRIS: 9:57:30AM
 10 Q Did you think about whether the meeting was 9:57:30AM
 11 inappropriate? 9:57:34AM
 12 A I don't know that I thought about the 9:57:35AM
 13 appropriateness of the meeting 9:57:36AM
 14 This sentence is a summary of what David is 9:57:39AM
 15 telling me was expressed in this -- in this call. 9:57:41AM
 16 Q Whether the meeting was inappropriate is 9:57:44AM
 17 not your problem? 9:57:46AM
 18 MR. KAZANOFF: Objection to form 9:57:47AM
 19 THE WITNESS: I'm not sure I understand 9:57:49AM
 20 your question or can respond to your question 9:57:50AM
 21 BY MR. HARRIS: 9:57:52AM
 22 Q Was that not your -- did you think the 9:57:52AM
 23 meeting was inappropriate? 9:57:54AM
 24 A No, I did not think the meeting was 9:57:56AM
 25 inappropriate. 9:57:58AM

Page 78

1 Q In other words -- 9 57 59AM
 2 A I -- I have lots of meetings like this 9 57 59AM
 3 This is not an unusual meeting 9.58 01AM
 4 Q A meeting with the CEO of a company without 9 58:06AM
 5 knowledge of the board is not inappropriate to you? 9:58:09AM
 6 MR KAZANOFF Objection to form, misstates 9 58 15AM
 7 the record 9.58 16AM
 8 THE WITNESS. I said it's not unusual 9 58 17AM
 9 BY MR. HARRIS 9 58 20AM
 10 Q Okay. 9:58:20AM
 11 Then we go down to third -- now the actual 9:58:24AM
 12 paragraph is offset by a space on the page. 9.58 29AM
 13 It says, "Perdue is off " 9 58 31AM
 14 Do you see that? 9 58:33AM
 15 A I do 9:58 34AM
 16 Q "Perdue is off having one-on-one meetings 9.58:34AM
 17 with directors to make his case. He said 9 58 38AM
 18 that Cal, Wilds, and Denny all want to do 9 58 41AM
 19 the transaction." 9 58:43AM
 20 That would be a transaction with KKR, 9 58 45AM
 21 correct? 9 58 50AM
 22 A Not specifically That would be a 9.58.51AM
 23 going-private transaction. 9 58:52AM
 24 Q Did you believe that at this time 9 59:00AM
 25 Mr Perdue was having back-channel discussions with 9:59 01AM

Page 79

1 other private equity firms? 9 59:05AM
 2 A Absolute -- 9 59 07AM
 3 MR KAZANOFF Objection to form, the 9 59 07AM
 4 characterization. 9 59 08AM
 5 But go ahead 9.59 09AM
 6 THE WITNESS Absolutely Yeah 9:59:11AM
 7 BY MR HARRIS 9 59 14AM
 8 Q Let's go down 9.59 14AM
 9 "I shared with Perdue that I had 9.59:16AM
 10 received from CSFB over the weekend -- "a 9:59:18AM
 11 call from CSFB over the weekend telling 9:59 22AM
 12 me Lehman and Goldman were hired to sell 9:59:25AM
 13 the company and Bain was doing a lot of 9:59 27AM
 14 work to get ready." 9:59:29AM
 15 What did you mean by that? 9 59 33AM
 16 A I had received a call from a banker at CSFB 9:59:37AM
 17 who works with KKR telling me kind of market gossip 9 59 40AM
 18 of things he's hearing on Wall Street 9:59 45AM
 19 It's not an unusual call -- I get these all 9.59.48AM
 20 the time -- and what I say in the sentence is 9:59 51AM
 21 basically what he told me 9 59:55AM
 22 Q And then. 9 59:56AM
 23 "Perdue told me he had a message from 9 59 57AM
 24 Carne Wheeler, TPG, on his desk. This 9 59:59AM
 25 opportunity is starting to get a lot of 10:00:03AM

Page 80

1 attention. Perdue was going to call and 10 00 05AM
 2 put a" quote, unquote, "gag on Taussig at 10.00 07AM
 3 Lehman " 10:00:09AM
 4 Did I read that right? 10 00 10AM
 5 A Correct 10.00.11AM
 6 Q Who is Taussig at Lehman? 10 00:12AM
 7 A Taussig is a banker at Lehman that I 10:00.14AM
 8 believe the company had -- had -- had hired in some 10 00 17AM
 9 capacity 10 00:23AM
 10 Q Why would Perdue be putting a gag on 10 00 24AM
 11 Taussig at Lehman? 10.00.29AM
 12 A Well, I think he -- I think he concluded 10:00:31AM
 13 that Taussig was the one that had told somebody that 10 00:34AM
 14 he had been hired to sell the company So this 10 00.41AM
 15 rumor that was relayed to me, I think he -- he 10 00 44AM
 16 concluded was coming out of Taussig 10 00 46AM
 17 Q Was it your understanding Lehman had not 10 00 49AM
 18 been hired? 10 00 51AM
 19 A I knew that Lehman had been hired I don't 10 00 52AM
 20 know if I knew at this point or not, but at some 10 00 54AM
 21 point I was aware that -- that they were hired. 10:00 57AM
 22 Q Why would David Perdue be telling you that 10 00 59AM
 23 he's placing a gag on a banker that Dollar General 10 01 02AM
 24 has hired? 10.01.07AM
 25 MR. KAZANOFF: Objection to form 10 01:07AM

Page 81

1 If you can answer that question. 10.01.08AM
 2 THE WITNESS. Yeah I mean -- 10:01:09AM
 3 MR KAZANOFF: I think it calls -- gets you 10:01:09AM
 4 inside someone else's head 10 01.10AM
 5 Go ahead. 10 01:12AM
 6 THE WITNESS: I don't know why, but Perdue 10.01 12AM
 7 expressed frustration that he was concerned that 10.01:14AM
 8 leaks were getting out on the street and, for 10:01 17AM
 9 whatever reason, concluded that the only one that 10 01:21AM
 10 was in a position to have leaked it would have been 10:01:23AM
 11 Lehman. 10 01 28AM
 12 BY MR HARRIS: 10 01 28AM
 13 Q Or maybe himself, given that he's talking 10:01:28AM
 14 with you in a back channel, right? 10 01 31AM
 15 MR. KAZANOFF. Objection to form. 10:01.34AM
 16 I -- is that a question you want him to 10 01 35AM
 17 answer? Because I think it's objectionable on 10 01 36AM
 18 multiple levels 10.01 38AM
 19 BY MR. HARRIS. 10:01:39AM
 20 Q You can answer it. 10 01 39AM
 21 A I don't -- I don't have any answer to that 10 01 40AM
 22 Q "He" -- I'm reading the next sentence here 10:01.42AM
 23 A Mm-hmm 10 01.47AM
 24 Q "He continues to tell me he is the only 10 01 47AM
 25 firm he is speaking with." 10 01:52AM

CONFIDENTIAL

<p style="text-align: right;">Page 82</p> <p>1 There's an awful lot of "he's" in that 10:01:53AM 2 A Yeah, probably should have used spell check 10:01:56AM 3 on that 10:01:58AM 4 I think what I intended to say is that 10:01:58AM 5 Perdue, as he did on multiple occasions, told us 10:02:00AM 6 that we were the only firm -- we, KKR -- were the 10:02:05AM 7 only firm that he was in dialogue with -- 10:02:08AM 8 Q That would be -- 10:02:10AM 9 A -- which subsequently and probably even at 10:02:10AM 10 this point, I knew not to be accurate. 10:02:13AM 11 Q So you didn't believe him? 10:02:24AM 12 A No, I didn't believe him 10:02:25AM 13 Q Did you believe him when he said he was 10:02:27AM 14 going to put a gag on Taussig? 10:02:29AM 15 A I'm not sure I thought anything about that 10:02:31AM 16 comment. 10:02:33AM 17 Q You were just relaying scuttlebutt from 10:02:39AM 18 Mr. Perdue to Mr. Roberts in this E-mail? 10:02:43AM 19 A That's correct 10:02:46AM 20 Q Some of that scuttlebutt is confidential 10:02:48AM 21 board communications, correct? 10:02:50AM 22 MR. KAZANOFF. Objection to form. 10:02:51AM 23 THE WITNESS I'm not qualified to answer 10:02:54AM 24 what's -- what's confidential or not 10:02:56AM 25 MR. KAZANOFF. And Jon, I think you have a 10:02:58AM</p>	<p style="text-align: right;">Page 84</p> <p>1 A I recall that this was basically the 10:04:54AM 2 board's canned response to any interested parties 10:04:56AM 3 Q Was that the response to you? 10:05:01AM 4 A I mean, I don't -- I don't recall if there 10:05:09AM 5 was a different response to us. 10:05:10AM 6 Q "Perdue" -- I'm going to continue reading 10:05:21AM 7 the E-mail. 10:05:23AM 8 "Perdue doesn't think the BOD" -- is that 10:05:24AM 9 board of directors? -- 10:05:26AM 10 A That's correct 10:05:28AM 11 Q -- "will do anything before 11/3 board 10:05:28AM 12 meeting, when he will outline the 10:05:32AM 13 restructuring plan. We went through the 10:05:34AM 14 BOD identifying for and against. I 10:05:36AM 15 encouraged him to get two directors to be 10:05:38AM 16 his advocates for the transaction." 10:05:41AM 17 What transaction are you referring to 10:05:45AM 18 there? 10:05:47AM 19 A The word "transaction" in most of these 10:05:48AM 20 E-mails refers to taking the company private 10:05:50AM 21 Q That's a transaction with KKR taking the 10:05:52AM 22 company private, correct? 10:05:54AM 23 A No, a going -- going-private transaction. 10:05:55AM 24 Q You wouldn't encourage him to get two 10:06:06AM 25 directors to be his advocates for a transaction with 10:06:08AM</p>
<p style="text-align: right;">Page 83</p> <p>1 deposition scheduled of Mr. Perdue for the end of 10:02:59AM 2 this month. And I suggest you use your time with 10:03:02AM 3 Mr. Calbert to ask him questions about things that 10:03:06AM 4 he knows rather than trying to get in the head of an 10:03:09AM 5 individual that I believe you are getting a 10:03:13AM 6 deposition of 10:03:15AM 7 MR. HARRIS. I appreciate that 10:03:25AM 8 Q Going to show you what the market -- what 10:03:49AM 9 the reporter is going to mark as Calbert 12. 10:03:50AM 10 MR. KAZANOFF. We'll live 10:03:54AM 11 MR. HARRIS. I appear to be one short on 10:03:54AM 12 Calbert 12 10:03:54AM 13 (Calbert Exhibit 12 was marked for 10:04:08AM 14 identification by the court reporter.) 10:04:08AM 15 BY MR. HARRIS 10:04:11AM 16 Q Calbert 12 is another E-mail chain that 10:04:12AM 17 starts on October 11th at the bottom from George 10:04:14AM 18 Roberts to you, "Any updates on CM or DG." 10:04:17AM 19 And then you respond on the same day 10:04:22AM 20 "Spoke with Perdue, never caught up 10:04:27AM 21 with Wilds. The board of directors gave 10:04:30AM 22 him a message to deliver to other 10:04:35AM 23 bidders. Pursuing strategic plan, not 10:04:37AM 24 looking at anything else." 10:04:39AM 25 What did you understand that to mean? 10:04:43AM</p>	<p style="text-align: right;">Page 85</p> <p>1 one of your competitors, would you? 10:06:13AM 2 A This was about a conversation relating to 10:06:16AM 3 taking the company private. There wasn't any 10:06:18AM 4 discussion about with whom, multiple parties, one 10:06:22AM 5 party 10:06:23AM 6 Q Your interest is in having him take it 10:06:24AM 7 private with KKR, correct? 10:06:27AM 8 MR. KAZANOFF. Objection to form 10:06:29AM 9 THE WITNESS. My interest is in 10:06:30AM 10 participating in taking a company private -- 10:06:31AM 11 BY MR. HARRIS. 10:06:34AM 12 Q And that -- 10:06:34AM 13 A -- whether that's with multiple parties or 10:06:33AM 14 by myself 10:06:35AM 15 Q And that's what you mean when say the 10:06:36AM 16 transaction, right? 10:06:38AM 17 MR. KAZANOFF. Jon, I'm going -- I'm going 10:06:39AM 18 to object. I think you don't -- you don't like his 10:06:39AM 19 answer to a question, and now you're -- you're re -- 10:06:42AM 20 you're characterizing it in a way that's just 10:06:44AM 21 incorrect with what he said 10:06:48AM 22 BY MR. HARRIS 10:06:50AM 23 Q You can answer 10:06:50AM 24 A That's not what I meant 10:06:51AM 25 Q What did you mean? 10:06:53AM</p>

22 (Pages 82 to 85)

Page 86

1 A I meant it going-private transaction. 10:06:54AM
 2 Q Then it says, "He doesn't think a letter 10:06:58AM
 3 should be sent until after Sunday night's board 10:07:00AM
 4 call " 10:07:04AM
 5 What letter does he mean? 10:07:04AM
 6 A I had asked David if he thought it would be 10:07:05AM
 7 appropriate for us to formalize our interest in 10:07:09AM
 8 working with the board to take the company private 10:07:12AM
 9 in the form of a letter. 10:07:15AM
 10 Q And he says don't send the letter until 10:07:24AM
 11 after Sunday night's board call, is that correct? 10:07:27AM
 12 A Correct 10:07:32AM
 13 Q Do you know why? 10:07:33AM
 14 A No, I didn't 10:07:33AM
 15 Q He's giving you strategic advice here, 10:07:38AM
 16 right? 10:07:41AM
 17 MR KAZANOFF Objection to form 10:07:41AM
 18 THE WITNESS. No, I think he's answering 10:07:42AM
 19 the question I asked him, which is, is it 10:07:43AM
 20 appropriate? 10:07:46AM
 21 BY MR HARRIS 10:07:46AM
 22 Q And he went through the BOD identifying for 10:07:46AM
 23 and against; he is identifying for you individual 10:07:48AM
 24 directors who are for or against a transaction, 10:07:51AM
 25 correct? 10:07:55AM

Page 87

1 A No, for or against exploring the 10:07:57AM
 2 opportunity to take the company private 10:07:59AM
 3 Q That's not actually exploring the 10:08:08AM
 4 opportunity to take the company private, that's not 10:08:09AM
 5 the words you used in this E-mail, is it? 10:08:11AM
 6 A No, it's not. 10:08:13AM
 7 Q Okay. 10:08:14AM
 8 And Mr. Perdue did go through -- did he go 10:08:14AM
 9 through these director by director and identify each 10:08:17AM
 10 director and which ones he thought was for and which 10:08:20AM
 11 ones he thought was against? 10:08:23AM
 12 A I believe that was correct. Or against 10:08:25AM
 13 exploring a -- a going private. 10:08:28AM
 14 MR HARRIS The reporter needs a break. 10:08:33AM
 15 MR KAZANOFF. Okay 10:08:35AM
 16 THE VIDEOGRAPHER This is the end of 10:08:39AM
 17 Tape 1 in the deposition of Mike Calbert on 10:08:40AM
 18 July 10th, 2008. 10:08:43AM
 19 We are now going off the record; the time 10:08:45AM
 20 is approximately 10:08 a.m. 10:08:47AM
 21 (Recess taken) 10:08:50AM
 22 THE VIDEOGRAPHER This is the beginning of 10:13:14AM
 23 Tape 2 in the deposition of Mike Calbert on 10:13:17AM
 24 July 10th, 2008 10:13:18AM
 25 The time is approximately 10:13 a.m.; we 10:13:19AM

Page 88

1 are now on the record. 10:13:21AM
 2 BY MR. HARRIS 10:13:26AM
 3 Q Mr. Calbert, you understand the general 10:13:26AM
 4 nature of the action against KKR in this case? 10:13:28AM
 5 A Yes. 10:13:32AM
 6 MR KAZANOFF. Let me ask you -- I don't 10:13:32AM
 7 think Mr. Harris is going to get into this, but 10:13:36AM
 8 obviously he's not asking for any legal advice that 10:13:40AM
 9 your lawyers have given you 10:13:43AM
 10 THE WITNESS: No. 10:13:45AM
 11 BY MR. HARRIS 10:13:45AM
 12 Q You understand that the general nature of 10:13:46AM
 13 the claims are that KKR -- the allegation is that 10:13:47AM
 14 KKR aided and abetted breaches of fiduciary duty by 10:13:51AM
 15 members of the Dollar General board, including 10:13:57AM
 16 Mr. Perdue, in the course of this transaction? 10:14:00AM
 17 MR KAZANOFF: It's a yes-or-no question. 10:14:03AM
 18 BY MR. HARRIS. 10:14:05AM
 19 Q This is "yes" or "no " 10:14:05AM
 20 A Yes. 10:14:06AM
 21 Q Okay 10:14:06AM
 22 Going to mark Calbert -- 10:14:11AM
 23 THE REPORTER. 13 10:14:13AM
 24 MR HARRIS: -- 13. 10:14:13AM
 25 (Calbert Exhibit 13 was marked for 10:14:32AM

Page 89

1 identification by the court reporter.) 10:14:32AM
 2 BY MR. HARRIS 10:14:39AM
 3 Q Calbert 13 appears to be a draft letter to 10:14:40AM
 4 Mr. Perdue from KKR. It's KKRE 16318 to 16319. 10:14:43AM
 5 It's just dated October blank, 2006 10:14:52AM
 6 Have you seen this before? 10:14:55AM
 7 A Yes 10:15:01AM
 8 Q Do -- do you recall drafting this letter? 10:15:02AM
 9 A Yes, I do. 10:15:04AM
 10 Q All right 10:15:05AM
 11 What was the purpose of this letter? 10:15:05AM
 12 A At the time we were contemplating sending 10:15:11AM
 13 the board a more formalized written letter of 10:15:13AM
 14 interest and working with the board to take the 10:15:19AM
 15 company private 10:15:21AM
 16 Q Did you send it? 10:15:23AM
 17 A No, we did not 10:15:24AM
 18 Q Do you recall why? 10:15:25AM
 19 A Well, I think a combination of David Perdue 10:15:28AM
 20 suggesting that it wouldn't be helpful and just, you 10:15:32AM
 21 know, the ongoing dialogue led us to conclude that 10:15:37AM
 22 it was not going to be helpful 10:15:41AM
 23 Q Is this the letter that Mr. Perdue is 10:15:42AM
 24 referring to in the Cal- -- in the immediately prior 10:15:45AM
 25 exhibit, Calbert 12, where you wrote, "He doesn't 10:15:49AM

Page 90

1 think a letter should be sent until after Sunday 10 15:53AM
 2 night's board call? 10 15 55AM
 3 A I believe that's correct. 10 15 57AM
 4 Q And in fact, you never -- did you ever send 10 15 58AM
 5 this letter? 10 16:00AM
 6 A I did not 10 16:00AM
 7 Q Was that as a result of a further 10:16:04AM
 8 conversation with Mr. Perdue? 10:16:08AM
 9 A As -- as I just answered, it was a 10 16 09AM
 10 combination of David telling us it wasn't 10:16:12AM
 11 appropriate and then, as events unfolded, we also 10 16:14AM
 12 concluded that it wouldn't be helpful. 10:16:18AM
 13 Q Do you recall why you concluded it wouldn't 10:16 20AM
 14 be helpful? 10:16:21AM
 15 A Well, I think that -- you know, I think 10:16 22AM
 16 that letters like this can -- can alarm a board, can 10 16 25AM
 17 be perceived as aggressive, hostile, and that wasn't 10 16:30AM
 18 our intent 10 16 37AM
 19 And I think we concluded that we were 10 16:37AM
 20 better off to let the board run the process and let 10:16:39AM
 21 the board come back to us 10:16:42AM
 22 Q Can you look at the second page of the 10:16:43AM
 23 letter 10 16:45AM
 24 And in the second full paragraph, there's a 10:16:45AM
 25 sentence that says -- first sentence says: 10 16 49AM

Page 91

1 "We have reviewed this opportunity 10 16:51AM
 2 with our internal investment committee 10:16 52AM
 3 and received all necessary approvals to 10 16 55AM
 4 submit this preliminary indication of 10 16 56AM
 5 interest." 10:17:00AM
 6 Do you recall when you first reviewed 10 17 03AM
 7 Dollar General with the investment committee? 10:17 06AM
 8 A I don't. 10:17:09AM
 9 Q And how does -- how does that process work? 10 17:09AM
 10 A Well, we have an investment committee 10:17 15AM
 11 comprised of partners of mine around the world 10:17:21AM
 12 I, as the partner responsible for the 10 17 25AM
 13 Dollar General opportunity, would work with my team 10 17 27AM
 14 to put together a deck that would summarize the 10:17:30AM
 15 opportunity 10 17:31AM
 16 We would go in and meet with the investment 10:17:32AM
 17 committee before we spent a significant amount of 10 17 33AM
 18 time or external resources on an opportunity to make 10:17:36AM
 19 sure everybody was supportive. 10 17 40AM
 20 And then as the process unfolds, as this 10:17 42AM
 21 one did, with formal due diligence and milestones, 10:17 45AM
 22 we would go back to the committee to review our -- 10 17.52AM
 23 our progress 10:17 53AM
 24 Q So you get a -- in effect, you get a -- 10:17:55AM
 25 this says you got a -- necessary approvals to submit 10:17 57AM

Page 92

1 a preliminary indication of interest 10:18 00AM
 2 Is that any type of formal vote, or is that 10 18 02AM
 3 just people say, you know, go ahead, and we think 10 18:04AM
 4 looks good enough for you guys to keep moving on the 10 18 05AM
 5 project? 10 18 10AM
 6 A More the latter. 10 18 10AM
 7 Q Okay 10:18 11AM
 8 And there would be a deck prepared for 10:18:11AM
 9 that, a PowerPoint deck or something, usually, for 10 18 13AM
 10 that committee meeting? 10 18 18AM
 11 A In most cases, correct. 10:18:20AM
 12 MR. HARRIS: Let's mark Calbert 14 10 18 37AM
 13 (Calbert Exhibit 14 was marked for 10 18 52AM
 14 identification by the court reporter) 10:18:52AM
 15 BY MR. HARRIS 10 19 00AM
 16 Q It's another E-mail. And again, I'm going 10 19 00AM
 17 to ask you to just take a minute and read it. And 10 19 02AM
 18 if you could let me know when you are done with it 10 19 05AM
 19 It's an E-mail from yourself to George 10 19 07AM
 20 Roberts, Mr. Agrawal, and a Joe Bubel -- Bubel? -- 10 19 09AM
 21 A Bubel 10 19 15AM
 22 Q -- dated November 8th, 2006. "Subject 10:19:15AM
 23 DG " 10:19:15AM
 24 A Okay. 10 19 57AM
 25 Q This E-mail, you are relating -- who is Joe 10 19 58AM

Page 93

1 Bubel? 10:20:01AM
 2 A Joe Bubel was an associate at KKR at the 10:20 03AM
 3 time. 10:20:09AM
 4 Q And what is Mr. Bubel now? 10 20:09AM
 5 A As of tomorrow, Joe is finishing up his 10 20 09AM
 6 associate program and leaving the firm 10:20:12AM
 7 Q Okay 10 20 14AM
 8 Did he work on the Dollar General 10:20 15AM
 9 transaction with you? 10:20 17AM
 10 A Yes, he did. 10:20:18AM
 11 Q Was it -- were yourself, Mr. Agrawal, and 10 20 20AM
 12 Mr. Bubel the primary KKR team working on the 10:20 22AM
 13 transaction? 10 20 25AM
 14 A Yes, we were 10 20 26AM
 15 Q And then Mr. Roberts pitched in 10:20:27AM
 16 periodically? 10 20 29AM
 17 MR. KAZANOFF. Objection to form 10:20:30AM
 18 THE WITNESS: Again, you know, I keep 10 20 31AM
 19 George Roberts up-to-date on all the transactions 10:20 32AM
 20 I'm working on I wouldn't say that he was a part 10:20:35AM
 21 of the deal team. 10 20 37AM
 22 BY MR. HARRIS: 10:20:39AM
 23 Q But -- but Mr. Roberts' involvement -- I 10:20:39AM
 24 don't want to go back over -- spend a lot of time 10 20 41AM
 25 going back over. Mr. Roberts' involvement was more 10:20:43AM

Page 94

1 than just being kept up-to-date in this particular 10 20 48AM
 2 transaction? 10 20 50AM
 3 A As I said earlier, he had this meeting with 10 20 51AM
 4 Mr. Turner and had a couple of phone calls with 10 20 53AM
 5 Mr. Turner, but other than that, he had no 10.20.56AM
 6 incremental role as a deal partner than he would on 10 21 01AM
 7 any other deals that the firm would do around the 10-21 03AM
 8 world 10 21 06AM
 9 Q He was also present at your first meeting 10-21-06AM
 10 with Mr. Perdue, right? 10.21-08AM
 11 A He was, correct. 10-21 09AM
 12 Q I'm going to ask you some questions about 10 21-13AM
 13 this. 10-21 15AM
 14 This E-mail discusses a conversation you 10 21 18AM
 15 had with Cal Turner -- 10-21:19AM
 16 A That is correct 10.21:22AM
 17 Q -- correct? 10-21 23AM
 18 Second line is "The 'board' has form" -- 10 21-23AM
 19 board has formed a committee headed by Denny 10 21.24AM
 20 Bortoff, paren, "Cal's buddy " 10:21-27AM
 21 What did you know about Mr. Turner's 10 21.31AM
 22 relationship with Mr. Bortoff? 10.21 36AM
 23 A This was basically Cal's words, Cal telling 10 21 39AM
 24 me that the committee was headed by Denny, and 10 21.41AM
 25 Denny's my buddy Denny's a buddy of mine or 10 21 44AM

Page 95

1 something along those lines 10 21 46AM
 2 Q All right 10-21 47AM
 3 Skip down a couple lines, sixth line down 10-21-48AM
 4 "Cal thinks the board isn't completely 10:21.53AM
 5 comfortable with the motive of Perdue." 10 21.54AM
 6 A Mm-hmm. 10.21:57AM
 7 Q Can you tell me about that conversation? 10-21:58AM
 8 A I think that's pretty much what he said to 10 21 59AM
 9 me, that there were people questioning, you know, 10 22.01AM
 10 what was the motive, you know, in the context of the 10:22:03AM
 11 alternatives the companies -- company had to deliver 10 22 05AM
 12 value to the shareholders, why was this one that 10 22 09AM
 13 Perdue seemed to prefer over other alternatives 10-22 13AM
 14 Q And next line -- next two lines says: 10.22 16AM
 15 "He said the comment has been made a 10-22:19AM
 16 few times that there wasn't any mention 10 22:20AM
 17 of the shareholders in the proposal 10.22.22AM
 18 Perdue made " 10-22 25AM
 19 Was there any further discussion about that 10 22:32AM
 20 between yourself and Mr. Turner? 10-22-34AM
 21 A No I mean, that's almost an exact quote 10-22 37AM
 22 of Cal And I think it was a bit of exaggeration on 10 22 40AM
 23 his part around -- around Perdue 10 22 43AM
 24 Q Is it fair to say that the concern is the 10 22 45AM
 25 board is thinking that -- is concerned that 10 22.48AM

Page 96

1 Mr. Perdue is more concerned with his own personal 10 22-48AM
 2 self-interest than with the interests of the 10 22 51AM
 3 shareholders? 10.22 54AM
 4 MR. KAZANOFF Objection 10:22:56AM
 5 Is that -- are you asking him whether he 10-22:56AM
 6 thought that or whether Cal said that? Or -- I 10 22 58AM
 7 don't understand the question 10.23.00AM
 8 BY MR. HARRIS 10 23-03AM
 9 Q Would it be fair to say that your takeaway 10 23 03AM
 10 from the conversation with Mr. Turner was that the 10 23.05AM
 11 board was concerned that Mr. Perdue was more 10 23:09AM
 12 interested in his own personal interests than the 10 23 14AM
 13 interests of the shareholders? 10.23.16AM
 14 A My takeaway from the conversation is pretty 10-23.20AM
 15 consistent with the E-mail, that Cal said the board 10-23-22AM
 16 wasn't completely comfortable with his motives, and 10 23 24AM
 17 then this comment around shareholders. 10-23-28AM
 18 So I think there was concern about why this 10 23 30AM
 19 was the alternative that Perdue seemed to prefer 10.23.32AM
 20 Q And was -- was it your takeaway that the 10 23-35AM
 21 concern was that Mr. Perdue was self-interested? 10.23.38AM
 22 MR. KAZANOFF. Calls for a legal 10:23-42AM
 23 conclusion, but -- 10 23 43AM
 24 MR. HARRIS- Not a legal conclusion. I'm 10 23.44AM
 25 not asking a legal question. 10-23 46AM

Page 97

1 MR. KAZANOFF You're not using it as a 10 23 47AM
 2 legal term? 10 23 49AM
 3 MR. HARRIS I am not 10.23.49AM
 4 MR. KAZANOFF: Okay. 10-23-51AM
 5 THE WITNESS I think the board was -- I 10:23.51AM
 6 think it was unclear to the board why this was the 10.23 52AM
 7 preferred option for Perdue I don't know why it 10 23-54AM
 8 was unclear to the board, I'm not sure what their 10.23.56AM
 9 concerns were, but there was a level of concern that 10 23.59AM
 10 Cal was sharing with me here. 10-24-02AM
 11 BY MR. HARRIS 10 24 03AM
 12 Q All right. 10 24 03AM
 13 And the -- and your takeaway was -- is it 10 24-03AM
 14 fair to say your takeaway was that the board was 10.24 06AM
 15 concerned that Mr. Perdue was not motivated by the 10:24:08AM
 16 best interests of the shareholders? 10 24.12AM
 17 A No, that was not my takeaway My takeaway 10 24 14AM
 18 was there was uncertainty as to what his motives 10 24 17AM
 19 were 10 24 20AM
 20 Q Mr. Turner explicitly told you -- you 10-24-23AM
 21 recall Mr. Turner telling you that Perdue made a 10 24.27AM
 22 presentation or proposal and didn't mention the 10 24 29AM
 23 shareholders? 10 24 44AM
 24 A I do 10-24-46AM
 25 Q Okay. 10 24.46AM

Page 98

1 Calbert 20, please 10:25:28AM
 2 MR. KAZANOFF 15 10:25:29AM
 3 THE REPORTER. 20? 15 10:25:29AM
 4 MR. KAZANOFF 15. 10:25:29AM
 5 THE REPORTER Next in order would be 15 10:25:29AM
 6 (Calbert Exhibit 15 was marked for 10:25:29AM
 7 identification by the court reporter.) 10:25:29AM
 8 THE WITNESS. Thanks 10:25:36AM
 9 THE REPORTER Sure 10:25:36AM
 10 BY MR. HARRIS 10:25:37AM
 11 Q Calbert 15 is an E-mail from yourself to 10:25:38AM
 12 George Roberts, copying Mr. Agrawal and Bubel, dated 10:25:40AM
 13 November 9, 2006. It was the next day after Exhibit 10:25:45AM
 14 Calbert 14 10:25:53AM
 15 And it's a -- am I correct, it recounts a 10:25:53AM
 16 conversation you had with David Perdue? 10:25:59AM
 17 A That is correct. 10:26:04AM
 18 Q It says, "I finally caught up with Perdue 10:26:06AM
 19 last night. David apologized profusely for being 10:26:08AM
 20 difficult to reach." 10:26:12AM
 21 Is that right? 10:26:13AM
 22 A That is correct. 10:26:14AM
 23 Q Why would Perdue apologize to you for being 10:26:14AM
 24 difficult to reach? 10:26:18AM
 25 MR. KAZANOFF Objection 10:26:19AM

Page 99

1 If you know 10:26:20AM
 2 THE WITNESS: I -- I don't know why he was 10:26:24AM
 3 apologetic. I do recall having left several 10:26:25AM
 4 messages for him that weren't returned 10:26:29AM
 5 BY MR. HARRIS. 10:26:32AM
 6 Q He doesn't work for you, right? 10:26:32AM
 7 A No 10:26:34AM
 8 Q He doesn't work with you, right? 10:26:34AM
 9 A No 10:26:36AM
 10 I assume it's a general courtesy 10:26:36AM
 11 Q He had no obligation to return your calls, 10:26:39AM
 12 right? 10:26:41AM
 13 MR. KAZANOFF: Objection to form 10:26:41AM
 14 BY MR. HARRIS: 10:26:42AM
 15 Q He had no obligation to return your calls, 10:26:42AM
 16 right? 10:26:45AM
 17 MR. KAZANOFF: Obligation? 10:26:46AM
 18 MR. HARRIS: Yeah 10:26:47AM
 19 Q He had no obligation to return your calls, 10:26:47AM
 20 right? 10:26:49AM
 21 MR. KAZANOFF: Objection -- 10:26:54AM
 22 THE WITNESS. Other than general courtesy, 10:26:57AM
 23 no 10:26:58AM
 24 MR. KAZANOFF -- to form 10:26:58AM
 25 THE REPORTER. I didn't get the objection. 10:26:58AM

Page 100

1 MR. KAZANOFF I just said, "Objection to 10:26:58AM
 2 form " 10:26:58AM
 3 BY MR. HARRIS 10:26:59AM
 4 Q Okay Go to the next paragraph 10:26:59AM
 5 "David was upbeat about the progress he was 10:27:02AM
 6 making moving his board along " 10:27:04AM
 7 A Min-hmm 10:27:07AM
 8 Q What did you mean by that? 10:27:07AM
 9 A David at this point said that he had met 10:27:09AM
 10 with several board members and walked them through 10:27:11AM
 11 the alternatives that the company had to deliver 10:27:14AM
 12 shareholder value, one of which was going private, 10:27:18AM
 13 and he felt good about the fact that people 10:27:21AM
 14 understood that this was -- this was a viable option 10:27:26AM
 15 relative to their go-forward strategy 10:27:28AM
 16 Q Then it says, "the board is initially 10:27:38AM
 17 focused on understanding the restructuring charge 10:27:40AM
 18 and how the stock would trade post-announcement " 10:27:43AM
 19 Is that right? 10:27:46AM
 20 A That is correct. 10:27:46AM
 21 Q That's something David Perdue told you 10:27:47AM
 22 about what his board was focused on, is that right? 10:27:49AM
 23 A That is correct. 10:27:53AM
 24 Q That seemed appropriate to you? 10:27:56AM
 25 MR. KAZANOFF Objection to form 10:27:59AM

Page 101

1 THE WITNESS. I'm not sure I thought about 10:28:01AM
 2 the appropriateness or lack of appropriateness of 10:28:02AM
 3 that comment at the time 10:28:08AM
 4 BY MR. HARRIS 10:28:09AM
 5 Q Perdue is your guy on the inside, right? 10:28:10AM
 6 So -- 10:28:12AM
 7 MR. KAZANOFF: Jon -- 10:28:12AM
 8 BY MR. HARRIS: 10:28:12AM
 9 Q -- he's feeding you information, right? 10:28:12AM
 10 MR. KAZANOFF: Objection to form. 10:28:14AM
 11 Jon, I -- I would ask you to rephrase that 10:28:14AM
 12 question. I think you're putting on some sort of 10:28:17AM
 13 prosecutorial hat, which is inappropriate in this 10:28:20AM
 14 case. 10:28:24AM
 15 If you want to stick by that question, I 10:28:24AM
 16 will let him answer it. But if you continue to ask 10:28:26AM
 17 him questions like that, we won't proceed 10:28:29AM
 18 So go ahead. You can -- he'll answer that, 10:28:32AM
 19 or you can rephrase. But I'm telling you now, 10:28:34AM
 20 that's inappropriate 10:28:36AM
 21 MR. HARRIS: Okay. I'll talk -- talk to 10:28:39AM
 22 you about that at the break. Why don't we do that 10:28:40AM
 23 MR. KAZANOFF. Well, you -- you can -- 10:28:42AM
 24 MR. HARRIS. I'll talk to you about it at 10:28:43AM
 25 the break 10:28:44AM

CONFIDENTIAL

Page 102			Page 104		
1	MR. KAZANOFF: Okay	10:28:45AM	1	A Mm-hmm.	10 31 34AM
2	MR. HARRIS: I'll hold it off for now	10:28:46AM	2	Q Does that refresh your recollection that	10 31 35AM
3	Let's do Perdue 16	10 29 17AM	3	what that was referring to was moving his board	10 31 36AM
4	THE REPORTER: How about Calbert	10:29:40AM	4	along towards a going-private transaction?	10 31 38AM
5	MR. HARRIS: I'm sorry Calbert 16	10 29 40AM	5	A I think the way I responded to that is I	10 31 41AM
6	(Calbert Exhibit 16 was marked for	10:29:40AM	6	recall David telling me he was reviewing the going	10 31 43AM
7	identification by the court reporter)	10 29 40AM	7	private amongst other alternatives to create	10:31:46AM
8	THE WITNESS: Thank you	10:29:40AM	8	shareholder value, and he was pleased with the	10.31.49AM
9	THE REPORTER: Sure	10.29.40AM	9	progress he was making with his board understanding	10 31 51AM
10	BY MR. HARRIS:	10 29 48AM	10	that that was a viable option	10 31 53AM
11	Q This is a E-mail that same day -- ooops, I'm	10 30 01AM	11	I believe that's what I said	10 31 54AM
12	sorry It's an E-mail November 19th, 2006. That's	10.30:07AM	12	Q And then you conclude this E-mail with "I	10 32 04AM
13	ten days later It's yourself to Mr. Roberts,	10:30:10AM	13	think I should give Perdue" -- "also give Perdue a	10:32:06AM
14	Mr. Agrawal, and Mr. Bubel.	10.30:12AM	14	ring and see what I can learn "	10 32 08AM
15	It's reporting on the conversation you had	10 30 15AM	15	Is that right?	10:32:10AM
16	with Mr. Turner today, right? Or that day?	10 30 17AM	16	A That is correct	10 32 11AM
17	A That is correct	10.30.20AM	17	Q Do you recall if you gave him a call?	10 32 12AM
18	Q All right.	10:30:21AM	18	A I don't recall	10 32 14AM
19	Mr. Turner is not a board member at this	10.30:25AM	19	Q Okay.	10 32 15AM
20	point, is that right?	10:30:28AM	20	Let's mark Calbert 17.	10:32:43AM
21	A That was my understanding.	10 30 29AM	21	MR. KAZANOFF: Send the rest of those our	10 32 45AM
22	Q Shareholder?	10 30 30AM	22	way.	10 32 45AM
23	A Yes.	10:30:31AM	23	THE REPORTER: Sorry I thought it was	10 32 45AM
24	Q Large -- he's a large shareholder?	10.30:31AM	24	just one big fat one.	10.32:45AM
25	A His family is a large shareholder, correct.	10.30.35AM	25	MR. KAZANOFF: No, I think he meant to hand	10.32.45AM
Page 103			Page 105		
1	Q All right.	10:30:39AM	1	the rest to us	10.32.45AM
2	The third paragraph down says "he" --	10 30 54AM	2	THE REPORTER: Yeah.	10 32 45AM
3	that's Mr. Turner, correct?	10:30:56AM	3	MR. HARRIS: Sorry about that.	10:33:19AM
4	A Third paragraph?	10.30:59AM	4	THE WITNESS: Thanks.	10 33 19AM
5	Q Third paragraph down?	10:31:00AM	5	THE REPORTER: Sure.	10 33 19AM
6	A Yes	10 31 02AM	6	BY MR. HARRIS	10:33:28AM
7	Q "He said Perdue continues to push his	10:31:02AM	7	Q It's -- Calbert 17 is titled "KKR	10 33 28AM
8	agenda for going private "	10 31 05AM	8	Presentation to Dollar General, December 8, 2006."	10 33 32AM
9	Is that correct?	10 31 07AM	9	It's a big document, KKRE 22850 to 876.	10 33 34AM
10	A That is correct.	10:31:08AM	10	A I believe I have a different document.	10:33:43AM
11	Q It's your understanding at this time that	10 31 08AM	11	MR. KAZANOFF: Yeah	10 33 46AM
12	Mr. Perdue was pushing an agenda for going private	10.31:11AM	12	MR. HARRIS: I handed out the wrong	10:33:46AM
13	with the board?	10 31 15AM	13	document	10.33.49AM
14	A These are -- these are Cal's words. I	10 31 16AM	14	MR. KAZANOFF: Want us to just hold on to	10:33:52AM
15	didn't attend any board meetings I -- I'm not sure	10:31:17AM	15	these?	10 33 53AM
16	I'm qualified to answer whether he was pushing an	10 31 20AM	16	MR. HARRIS: Not going to use that. I	10 33 53AM
17	agenda.	10.31:22AM	17	don't think I'm going to use that	10.34.37AM
18	Q I see	10:31:23AM	18	MR. KAZANOFF: Okay.	10:34:37AM
19	Go back and look at No 15, please --	10 31 23AM	19	Want to just ignore that we had Calbert 17	10 34 37AM
20	A Mm-hmm.	10:31:26AM	20	then?	10:34:37AM
21	Q -- the prior exhibit	10:31:25AM	21	THE REPORTER: Hand me back the original,	10 34 39AM
22	A Mm-hmm.	10.31.28AM	22	I'll scribble out the..	10:34:39AM
23	Q Says, We talked about "David was upbeat	10 31 29AM	23	MR. KAZANOFF: Okay.	10.34.39AM
24	about the progress he is making moving his board	10 31.32AM	24	THE REPORTER: Thanks	10 34 39AM
25	along."	10.31.34AM	25	MR. HARRIS: Sorry about that	10:34.39AM

27 (Pages 102 to 105)

CONFIDENTIAL

<p style="text-align: right;">Page 106</p> <p>1 (Calbert Exhibit 17 was marked for 10 34 39AM 2 identification by the court reporter.) 10 34 39AM 3 THE REPORTER. This is the new 17 10 34 39AM 4 BY MR. HARRIS. 10:34:39AM 5 Q All right Do you now have the document 10 34 40AM 6 titled "KKR presentation to Dollar General, 10 34 41AM 7 December 8th, 2006"? 10:34:43AM 8 A I do 10:34:45AM 9 Q All right 10 34 45AM 10 Do you recall seeing this document before? 10 34 46AM 11 A Let me flip through it, please 10 34 48AM 12 Q Go ahead Take -- whenever I hand you 10 34:49AM 13 documents of multiple pages, feel free -- feel free 10 34 53AM 14 to take as much time as you like looking through it 10:34:55AM 15 A Yes, I do recall seeing this document 10.35.06AM 16 Q Did you prepare this document? 10:35 14AM 17 A I was -- I was part of the team that 10 35 15AM 18 prepared this, correct 10 35 18AM 19 Q Mr. Agrawal and -- you -- you prepared this 10 35 20AM 20 along with Mr. Agrawal and Mr. -- 10 35 24AM 21 A Yes, I did 10 35:26AM 22 Q -- Bube? Or -- 10:35 26AM 23 A Yeah 10 35 27AM 24 Q -- more likely, they prepared it and you 10.35.27AM 25 reviewed it? 10:35 29AM</p>	<p style="text-align: right;">Page 108</p> <p>1 A Yes, that's correct 10 36 30AM 2 Q And do you remember when that -- roughly 10 36 31AM 3 when that -- was that meeting on December 8th? 10:36:32AM 4 A I believe it was 10 36 34AM 5 Q Okay. 10 36:35AM 6 And do you recall where that meeting was? 10:36:35AM 7 A It was in New York I believe it was held 10 36 37AM 8 at the offices of Lazard. Or Wachtell One of 10 36 39AM 9 those two. Sorry. 10 36:45AM 10 Q And do you recall who attended? 10 36 46AM 11 A From the company? From the board or -- 10 36 48AM 12 Q Well, let's start with KKR 10 36 51AM 13 A Yes It would have been Raj, Joe, myself, 10:36 53AM 14 and George 10:36:56AM 15 Q Okay. 10:36:57AM 16 Do you recall who attended from KKR -- 10:37:03AM 17 from -- strike that 10 37.07AM 18 Do you recall who attended from Dollar 10:37:08AM 19 General? 10:37:10AM 20 A I don't recall all of them, but I believe 10:37:13AM 21 Denny was there, Barbara Bowles, I believe it is 10:37:17AM 22 I don't recall any management at the 10 37 24AM 23 meeting. 10 37:25AM 24 And I recall a couple of other directors, 10:37.26AM 25 but I don't -- I don't recall who they were 10 37 30AM</p>
<p style="text-align: right;">Page 107</p> <p>1 A Well, I do need to give them some credit. 10 35:30AM 2 MR. KAZANOFF We're going to -- well. 10 35 38AM 3 THE WITNESS. Yes. We -- we prepared it 10:35:39AM 4 together. 10 35 41AM 5 BY MR. HARRIS. 10:35:44AM 6 Q Do you recall why you prepared this 10:35 44AM 7 document? 10 35.45AM 8 A I do recall. 10:35:46AM 9 Q All right Can you tell me about that? 10.35.47AM 10 A I can 10 35 49AM 11 So we had a meeting scheduled with a 10 35 51AM 12 committee of the board of Dollar General during 10:35:54AM 13 which we were going to introduce ourselves, talk 10:35:59AM 14 about our experience, talk a little bit about the 10:36:02AM 15 work that we had done to date for Dollar General. 10 36 04AM 16 Q Is this the first time that you were having 10 36 08AM 17 a formal -- you meaning KKR -- having a formal 10:36 12AM 18 meeting with the members of the board of Dollar 10:36 16AM 19 General? 10:36.18AM 20 A With a -- a subset of members of the board, 10 36 19AM 21 yes. Correct 10.36 22AM 22 Q Okay. 10:36:22AM 23 And was that with the quote, unquote, 10:36.22AM 24 strategic planning committee of the board of Dollar 10 36 25AM 25 General? 10 36 30AM</p>	<p style="text-align: right;">Page 109</p> <p>1 Q Was Mr. Thornburgh there? 10 37 32AM 2 A I think he might have been, but I'm not 10 37 33AM 3 certain. 10 37:35AM 4 Q And was Mr. Perdue there? 10 37 36AM 5 A I don't think so 10:37 38AM 6 Q And were there bankers there? 10 37:44AM 7 A Yes 10 37 46AM 8 So there were a couple of representatives 10 37:47AM 9 from Lazard, no representatives from Lehman, and 10:37:49AM 10 then there would have been, you know, more 10 37.52AM 11 representatives from Wachtell than probably were 10.37.54AM 12 needed for the meeting. 10 37 57AM 13 Q What was your understanding of the purpose 10:38 05AM 14 of the meeting? 10:38:06AM 15 A I believe the way the meeting was 10 38:09AM 16 originally described to me was that the strategic 10 38 11AM 17 planning committee was considering multiple 10.38 15AM 18 opportunities to deliver value to shareholders, and 10 38 17AM 19 in that context they wanted to meet with multiple 10 38 22AM 20 private equity firms and understand what a 10 38:24AM 21 going-private transaction would look like, what the 10 38 29AM 22 company would have to go through to prepare for it. 10 38 32AM 23 I don't recall whether they asked for any 10 38 33AM 24 view on value, but it's my understanding they wanted 10 38 37AM 25 to get to know us, and they wanted to understand 10 38 40AM</p>

28 (Pages 106 to 109)

CONFIDENTIAL

<p style="text-align: right;">Page 110</p> <p>1 what that option would be to compare to other 10:38:43AM 2 options they had available 10:38:46AM 3 Q Did you tell them the -- did -- did you 10:38:54AM 4 present -- at this meeting, did you present this 10:38:57AM 5 deck? 10:39:01AM 6 A I presented parts of this deck, yes 10:39:01AM 7 Q Okay 10:39:03AM 8 Were you aware of whether they were -- they10:39:05AM 9 being Dollar General and their bankers and 10:39:09AM 10 lawyers -- were meeting with any other private 10:39:14AM 11 equity firms on or about December 8, 2006? 10:39:15AM 12 A Yes, I was aware of that 10:39:18AM 13 Q And who do you believe they met with? 10:39:21AM 14 A I do believe they met with Bain Capital, 10:39:22AM 15 for sure, and I think at the time I thought they had10:39:23AM 16 also met with TPG 10:39:26AM 17 Q Is that because they told you that? 10:39:35AM 18 A I think sometime during the meeting or 10:39:41AM 19 before or after the meeting, one of the bankers said10:39:43AM 20 something to one of our guys that kind of let on 10:39:46AM 21 that Bain had already met with them. 10:39:51AM 22 Q Is it fair -- is it fair to characterize 10:40:00AM 23 this meeting as your pitch for why Dollar General 10:40:02AM 24 should do a going-private transaction with KKR? 10:40:04AM 25 A No, I wouldn't agree with that. 10:40:09AM</p>	<p style="text-align: right;">Page 112</p> <p>1 conversation in this meeting. 10:41:12AM 2 Q How long was the meeting, roughly? 10:41:17AM 3 A Roughly two hours, hour and a half, two 10:41:19AM 4 hours. 10:41:21AM 5 Q And when you left the meeting, what was the10:41:22AM 6 next step that you -- what did you understand to be 10:41:24AM 7 the next step? 10:41:27AM 8 A I think we were told that the board was 10:41:28AM 9 going to deliberate on what the options were and get10:41:30AM 10 back to us I don't think there was anything more 10:41:32AM 11 definitive than -- than that 10:41:34AM 12 Q Okay 10:41:36AM 13 At this point in time, had you had ac- -- 10:41:53AM 14 do you recall if you, meaning KKR, had had access to10:41:55AM 15 confidential Dollar General information at this 10:42:00AM 16 point? 10:42:02AM 17 A We had not 10:42:02AM 18 We didn't receive any confidential 10:42:03AM 19 information until the board kicked off a formal 10:42:05AM 20 process and we signed a confidentiality agreement. 10:42:07AM 21 Q So when is the -- do you recall, when is 10:42:10AM 22 the first time you signed a confidentiality 10:42:12AM 23 agreement with Dollar General? 10:42:14AM 24 A I don't know exactly, but I think it was 10:42:17AM 25 like in January. 10:42:19AM</p>
<p style="text-align: right;">Page 111</p> <p>1 Q All right. How would you characterize it? 10:40:10AM 2 A I would characterize it as a meeting for us10:40:12AM 3 to explain to the board what a going-private 10:40:15AM 4 transaction entails, what our role would be in that 10:40:16AM 5 transaction, introduce ourselves and our firm and 10:40:20AM 6 how we operate, who we are 10:40:23AM 7 But I don't think I had enough data at that10:40:25AM 8 point to be able to try to convince the committee 10:40:28AM 9 that it was the right alternative I -- I didn't 10:40:31AM 10 have a point of view at that -- at that session 10:40:34AM 11 Q Did you tell the committee that you had 10:40:37AM 12 been in contact with David Perdue since the spring 10:40:38AM 13 of 2006? 10:40:42AM 14 A I don't recall 10:40:44AM 15 MR. KAZANOFF: Objection to form I think 10:40:44AM 16 that misstates the record. 10:40:45AM 17 BY MR. HARRIS: 10:40:48AM 18 Q Did -- did you -- did you tell the 10:40:49AM 19 committee that you had been in contact with David 10:40:52AM 20 Perdue since the summer of 2006? 10:40:55AM 21 A I don't recall telling them. 10:41:00AM 22 Q You don't recall telling them one way or 10:41:02AM 23 the other, or you don't believe that you told them? 10:41:04AM 24 A I don't recall telling them, I don't recall10:41:08AM 25 them asking, I don't recall it being a subject of 10:41:10AM</p>	<p style="text-align: right;">Page 113</p> <p>1 Q Okay 10:42:19AM 2 A End of December, January time frame. 10:42:20AM 3 MR. HARRIS. Can we take a break and go off10:43:00AM 4 the record for one minute? 10:43:02AM 5 MR. KAZANOFF Yeah 10:43:04AM 6 THE VIDEOGRAPHER We are now going off the10:43:05AM 7 record; it is approximately 10:43 a m. 10:43:05AM 8 (Recess taken) 10:43:11AM 9 THE VIDEOGRAPHER We're now going back on 10:49:00AM 10 the record, the time is approximately 10:49 a m 10:49:01AM 11 BY MR. HARRIS. 10:49:04AM 12 Q Okay 10:49:05AM 13 You know, as -- as of mid-December 2006, 10:49:12AM 14 had you or KKR come to the conclusion or started to 10:49:16AM 15 think that David Perdue was not the right CEO for 10:49:20AM 16 Dollar General? 10:49:26AM 17 A We had not come to the conclusion in 10:49:27AM 18 mid-December. 10:49:29AM 19 Q Had the thought crossed your minds? 10:49:31AM 20 A Yes 10:49:39AM 21 Q Okay 10:49:39AM 22 And did there come a time when you had a --10:49:39AM 23 in mid-December when you had a conversation with Cal10:49:40AM 24 Turner about potentially meeting with somebody else 10:49:44AM 25 who would be a good CEO candidate, without giving me10:49:47AM</p>

29 (Pages 110 to 113)

CONFIDENTIAL

<p style="text-align: right;">Page 114</p> <p>1 the fella's name, please? 10:49:51AM 2 A I -- I did have a conversation. I don't 10:49:54AM 3 recall whether it was in the December time frame 10:49:55AM 4 But that's -- I would not be surprised if it were in 10:49:57AM 5 December. 10:50:00AM 6 Q All right 10:50:01AM 7 And what was Cal Turner's view on that? 10:50:01AM 8 A Cal was -- Cal had very strong views that 10:50:08AM 9 David was the wrong CEO for the business 10:50:13AM 10 Cal had met with a number of individuals. 10:50:17AM 11 And he had one in particular that he had been 10:50:20AM 12 spending a lot of time with talking about the 10:50:24AM 13 opportunity. 10:50:27AM 14 Q Okay. 10:50:28AM 15 And did there come a time when you met with 10:50:29AM 16 any of the potential CEO candidates that Cal Turner 10:50:45AM 17 was interested in? 10:50:51AM 18 A Yes. 10:50:52AM 19 Q Okay And would that have been in the 10:50:52AM 20 December-January time frame, do you recall? 10:50:55AM 21 A I actually think it was -- might have been 10:50:59AM 22 a bit later, because I recall being in the middle of 10:51:03AM 23 our due diligence exercise when I had the meeting 10:51:05AM 24 So maybe it was -- it wasn't December I 10:51:10AM 25 think it would have been more January-February time 10:51:12AM</p>	<p style="text-align: right;">Page 116</p> <p>1 A Thank you 10:53:00AM 2 MR. HARRIS What are we up to? 10:53:14AM 3 THE REPORTER. This would be 18 10:53:15AM 4 MR. HARRIS Okay. 10:53:17AM 5 THE REPORTER. Thanks 10:53:33AM 6 (Calbert Exhibit 18 was marked for 10:53:33AM 7 identification by the court reporter.) 10:53:33AM 8 THE WITNESS Thank you. 10:53:34AM 9 THE REPORTER. Sure 10:53:34AM 10 BY MR. HARRIS 10:53:43AM 11 Q I'm showing you what's been marked as 10:53:43AM 12 Calbert 18 10:53:45AM 13 It appears to be a draft letter sent -- 10:53:46AM 14 MR. KAZANOFF Let me state that I don't 10:53:51AM 15 know if I have any objections to this, but this is 10:53:53AM 16 a -- what appears to be a Simpson Thatcher black 10:53:55AM 17 lining 10:54:01AM 18 That's our STB drive there. 10:54:03AM 19 So I don't know if any of this conveys 10:54:07AM 20 legal advice. I -- I suggest, if it's okay with 10:54:09AM 21 you, we proceed as long as we have an understanding 10:54:12AM 22 that there's no waiver 10:54:15AM 23 MR. HARRIS I -- I think that's fine. 10:54:17AM 24 MR. KAZANOFF. I don't think -- 10:54:19AM 25 MR. HARRIS I don't think there's any 10:54:19AM</p>
<p style="text-align: right;">Page 115</p> <p>1 frame. 10:51:15AM 2 Q Okay 10:51:15AM 3 And so in that time frame, you were -- you 10:51:19AM 4 meaning KKR -- considering the thought that David 10:51:22AM 5 Perdue might be replaced as CEO of this company? 10:51:26AM 6 A I would say during that time frame -- and 10:51:31AM 7 assume you mean December-January, right? -- 10:51:33AM 8 Q Right, right. 10:51:36AM 9 A -- we were in kind of an evaluation phase 10:51:38AM 10 of David and the management team. 10:51:40AM 11 And we had concerns, like we typically do 10:51:41AM 12 in a situation like this, about, you know, him as 10:51:46AM 13 a -- as a manager But we hadn't reached a 10:51:50AM 14 conclusion at this point. 10:51:52AM 15 Q Did you talk -- during that time frame, 10:51:54AM 16 December-January, did you talk about that with David 10:51:56AM 17 Perdue? 10:52:00AM 18 A No 10:52:01AM 19 Q All right. 10:52:01AM 20 A No. 10:52:04AM 21 I had no discussions with David about his 10:52:05AM 22 role, his management style, his compensation, 10:52:08AM 23 anything, until after we signed the transaction. 10:52:12AM 24 Q I know it looks like I'm taking time here, 10:52:55AM 25 but I'm actually skipping some things So 10:52:56AM</p>	<p style="text-align: right;">Page 117</p> <p>1 legal advice in here 10:54:20AM 2 MR. KAZANOFF, I don't care -- and I'm 10:54:22AM 3 happy to proceed, but I just want to make it clear 10:54:22AM 4 that we don't have a -- 10:54:25AM 5 MR. HARRIS I agree. No waiver 10:54:27AM 6 MR. KAZANOFF: Okay 10:54:29AM 7 BY MR. HARRIS: 10:54:29AM 8 Q It's dated December 19th, 2006, it's to 10:54:30AM 9 Charles Ward III and Michael Wilkerson of Lazard 10:54:32AM 10 from KKR, KKRE0218899 to 902 10:54:38AM 11 Do you recall drafting this letter? 10:54:52AM 12 A I do. 10:54:53AM 13 Q All right 10:54:58AM 14 And do you recall the purpose of drafting 10:54:59AM 15 this letter? 10:55:01AM 16 A I do 10:55:01AM 17 Q And what was that? 10:55:02AM 18 A This was in response to a request from 10:55:03AM 19 Lazard for us to -- in response to a formal letter 10:55:05AM 20 from Lazard asking us to give them an indication of 10:55:09AM 21 preliminary value based on the limited work that we 10:55:16AM 22 had done to date for a potential going-private 10:55:18AM 23 transaction 10:55:20AM 24 Q Okay 10:55:22AM 25 This is a draft letter. Do you recall if a 10:55:26AM</p>

30 (Pages 114 to 117)

CONFIDENTIAL

<p style="text-align: right;">Page 118</p> <p>1 letter was sent to Lazard? 10:55:28AM</p> <p>2 A Yes I do recall. And yes -- yes, there 10:55:30AM</p> <p>3 was 10:55:32AM</p> <p>4 Q All right 10:55:33AM</p> <p>5 My guess is we have that letter, I would 10:55:36AM</p> <p>6 think 10:55:39AM</p> <p>7 MR. KAZANOFF It's been produced. 10:55:41AM</p> <p>8 BY MR. HARRIS 10:55:44AM</p> <p>9 Q And when you send a letter of preliminary 10:55:45AM</p> <p>10 interest, what do you mean by that? 10:55:49AM</p> <p>11 A It's a nonbinding letter of interest, 10:55:55AM</p> <p>12 meaning this isn't a contract, it's our 10:55:58AM</p> <p>13 communication to the board at the request of their 10:56:00AM</p> <p>14 advisers, what we think a per-share value of the 10:56:02AM</p> <p>15 company would be in a going-private transaction at 10:56:07AM</p> <p>16 the completion of our due diligence 10:56:10AM</p> <p>17 Gives the board an early indication of kind 10:56:13AM</p> <p>18 of the value that the private equity firms involved 10:56:16AM</p> <p>19 in the process would ascribe to the -- to the 10:56:21AM</p> <p>20 company 10:56:25AM</p> <p>21 Q You're not bound to make an offer at this 10:56:26AM</p> <p>22 point? 10:56:29AM</p> <p>23 A No 10:56:29AM</p> <p>24 Q Is it -- is it after you send this letter 10:56:30AM</p> <p>25 that you get access to the confidential information, 10:56:31AM</p>	<p style="text-align: right;">Page 120</p> <p>1 The team could be 30, 40 people involved in 10:57:36AM</p> <p>2 a process 10:57:39AM</p> <p>3 Q And is that to look at data or to talk to 10:57:41AM</p> <p>4 people or both? 10:57:43AM</p> <p>5 A It's principally data, although advisers 10:57:45AM</p> <p>6 are involved in all the meetings we have with the 10:57:49AM</p> <p>7 management team 10:57:51AM</p> <p>8 Q Okay So is this an accurate description 10:57:52AM</p> <p>9 or fair description of the process Dollar General 10:57:55AM</p> <p>10 and its advisers accumulate a lot of information, 10:57:58AM</p> <p>11 pieces of paper, they have some computer files and 10:58:02AM</p> <p>12 have a room somewhere where KKR people and KKR's 10:58:06AM</p> <p>13 consultants can then go look at the stuff? 10:58:11AM</p> <p>14 A Yeah, although today it's all done 10:58:14AM</p> <p>15 electronically So the room is basically a virtual 10:58:18AM</p> <p>16 room Advisers access that data on line And then 10:58:20AM</p> <p>17 we have follow-up face-to-face meetings with -- you 10:58:23AM</p> <p>18 know, accountants have meetings with their 10:58:26AM</p> <p>19 accounting people and legal with their legal and 10:58:28AM</p> <p>20 that 10:58:29AM</p> <p>21 Q All right 10:58:30AM</p> <p>22 A Kind of the general process. 10:58:32AM</p> <p>23 MR. HARRIS Let's mark this as Calbert 19 10:58:54AM</p> <p>24 THE WITNESS Just one point of 10:59:00AM</p> <p>25 clarification -- 10:59:00AM</p>
<p style="text-align: right;">Page 119</p> <p>1 is your memory? 10:56:37AM</p> <p>2 MR. KAZANOFF. Objection to form 10:56:40AM</p> <p>3 But go ahead 10:56:40AM</p> <p>4 THE WITNESS I think the way this process 10:56:42AM</p> <p>5 worked is we had a meeting with management team 10:56:44AM</p> <p>6 where they reviewed their plans -- 10:56:46AM</p> <p>7 BY MR. HARRIS 10:56:48AM</p> <p>8 Q Okay. 10:56:48AM</p> <p>9 A -- and some of that information I would 10:56:48AM</p> <p>10 deem confidential -- but had not opened up a due 10:56:50AM</p> <p>11 diligence process with the remainder of -- of the 10:56:54AM</p> <p>12 confidential information 10:56:58AM</p> <p>13 Q When a due diligence -- when the due 10:57:00AM</p> <p>14 diligence process is opened up, what does that 10:57:02AM</p> <p>15 entail? 10:57:07AM</p> <p>16 A Typically entails opening up a data room -- 10:57:08AM</p> <p>17 Q Okay 10:57:12AM</p> <p>18 A -- with a lot of very detailed specific 10:57:12AM</p> <p>19 data about the company 10:57:15AM</p> <p>20 Q And does KKR send a large team of people to 10:57:16AM</p> <p>21 that data room? 10:57:19AM</p> <p>22 A We send a team larger than we probably 10:57:19AM</p> <p>23 should of accountants and attorneys and consultants 10:57:24AM</p> <p>24 and CEOs that we -- that we have relationships with, 10:57:29AM</p> <p>25 all focused on specific areas of due diligence 10:57:33AM</p>	<p style="text-align: right;">Page 121</p> <p>1 BY MR. HARRIS 10:59:01AM</p> <p>2 Q Sure 10:59:02AM</p> <p>3 A -- just for the record 10:59:02AM</p> <p>4 I'm not certain that this letter was post a 10:59:03AM</p> <p>5 management meeting or prior to a management meeting 10:59:05AM</p> <p>6 The typical process is post the first 10:59:07AM</p> <p>7 management meeting I'm just not sure and 10:59:12AM</p> <p>8 particularly looking at the date, I'm not sure 10:59:13AM</p> <p>9 whether we had a meeting with management team before 10:59:15AM</p> <p>10 or after this letter was sent 10:59:17AM</p> <p>11 Q Do -- do you recall -- either before or 10:59:19AM</p> <p>12 after the letter, do you recall a meeting with 10:59:21AM</p> <p>13 the -- initial meeting with the management team? 10:59:24AM</p> <p>14 A Yes, I do 10:59:26AM</p> <p>15 Q And who attended that from KKR? 10:59:27AM</p> <p>16 A Would have been myself, Raj, Joe, and then 10:59:30AM</p> <p>17 a lot of advisers. 10:59:35AM</p> <p>18 Q And on the Dollar General side, who would 10:59:38AM</p> <p>19 attend that type of meeting? 10:59:41AM</p> <p>20 A It was their entire senior management team, 10:59:43AM</p> <p>21 CEO, CFO, president, head of merchandising, head of 10:59:46AM</p> <p>22 stores, legal There were probably six or seven of 10:59:50AM</p> <p>23 the key I think what they call their executive 10:59:53AM</p> <p>24 committee 10:59:56AM</p> <p>25 Q That meeting was in Nashville? 10:59:57AM</p>

31 (Pages 118 to 121)

CONFIDENTIAL

Page 122			Page 124		
1	A	No, it was in New York 10 59 59AM	1		board meeting tomorrow. Cal expects a 11:01:55AM
2	Q	That meeting was in New York? 11 00 01AM	2		decision to be made on moving forward 11 01-57AM
3	A	Correct. 11:00:03AM	3		He said he thinks the board will do the," 11 01 58AM
4	Q	That is, I believe, after the December 8 11.00 04AM	4		quote, "right thing " 11.02.02AM
5		KKR presentation to Dollar General? 11:00.13AM	5		What did you understand him to mean by the 11:02:03AM
6	A	Correct. 11:00:15AM	6		right thing? 11 02 04AM
7	Q	That's Exhibit 17? 11 00 15AM	7	A	That's an exact quote from Cal 11 02 05AM
8	A	Correct 11 00 17AM	8	Q	Okay Did you have an understanding of 11 02 07AM
9	Q	Okay 11 00 22AM	9		what he meant? 11 02.09AM
10		Do you know if the management team had 11 00 23AM	10	A	Listen, I -- if you know Cal, then the 11 02 11AM
11		similar meetings -- do you know if the Dollar 11:00 23AM	11		answer is no, I had no clear understanding of what 11 02:13AM
12		General management team had similar meetings with 11 00.25AM	12		he meant. 11:02:16AM
13		other private equity firms? 11:00:28AM	13	Q	And then it goes on and says, next 11 02 20AM
14	A	No, my -- it was my understanding they did 11:00 30AM	14		paragraph, "Perdue is still in the dark " 11 02 23AM
15	Q	Do you know who? 11 00 32AM	15	A	Mm-hmm 11 02.27AM
16	A	It's my understanding Ben -- 11:00:33AM	16	Q	About what? 11:02 28AM
17	Q	Okay 11.00.34AM	17	A	It is quite clear at this point that the 11:02:28AM
18	A	-- and Blackstone 11 00 34AM	18		board has complete control of this process and 11:02:30AM
19	Q	And during that management meeting, are you 11 00 42AM	19		Perdue has no knowledge of what's going on He's 11 02 33AM
20		presenting to the management or is the management 11 00 44AM	20		completely out of the loop He doesn't know about 11 02 37AM
21		presenting to you? 11:00:46AM	21		what the board is deliberating or how they are going 11:02:39AM
22	A	The management is presenting to us 11:00:46AM	22		to run this process. He was taken out of it 11:02:42AM
23	Q	And what are they presenting in general? 11 00 53AM	23	Q	Is that Perdue telling you he's in the 11.02.57AM
24	A	Basically their business plan, where 11 00 55AM	24		dark? 11:02:59AM
25		they've been, where they're taking the company, and 11:00 57AM	25	A	This is a conclusion I reached after 11 03 01AM
Page 123			Page 125		
1		of general projections 11 01 01AM	1		talking to Perdue. 11 03 03AM
2		It's similar to a rating agency-type 11 01 05AM	2	Q	Okay 11 03.05AM
3		meeting. 11 01 08AM	3	A	And also talking to Cal separately 11 03.06AM
4	Q	All right. 11 01:08AM	4	Q	Perdue -- I mean, Perdue was at the 11 03 09AM
5		Let's do Cal -- Calbert 19. 11 01.09AM	5		management meeting you just described. So Perdue 11 03:13AM
6	THE REPORTER	Twenty 11:01.28AM	6		knows that -- 11 03 17AM
7	MR. HARRIS	Twenty? 11 01 28AM	7	MR. KAZANOFF	Objection, I think you've 11:03:18AM
8	THE REPORTER	Oh, no, I'm sorry. 11 01 28AM	8		got the bring messed up. 11:03:19AM
9	MR. HARRIS	Never did 19 11.01.28AM	9	MR. HARRIS	I don't -- I don't know if I 11 03 21AM
10		(Calbert Exhibit 19 was marked for 11 01:30AM	10		do I may have the bring messed up 11 03 23AM
11		identification by the court reporter.) 11.01 30AM	11	Q	There was a management meeting that we just 11:03:25AM
12	THE WITNESS.	Thanks 11:01:30AM	12		discussed where the management presented to you? 11 03 27AM
13	THE REPORTER	Sure 11 01 30AM	13	A	Yes 11:03:29AM
14	BY MR. HARRIS	11.01 30AM	14	Q	Perdue was at that meeting, right? 11 03 30AM
15	Q	This is a -- we're into 2007 here 11:01:31AM	15	A	That's correct 11 03 32AM
16		This is January 4th, 2007. This E-mail 11 01 36AM	16	Q	That's sometime in December -- 11.03.33AM
17		from yourself to Mr. Roberts and Mr. Kravis, 11 01 38AM	17	A	Well, what I said, and I think -- 11 03:35AM
18		reporting on conversations you had with Mr. Turner 11 01.41AM	18	Q	Okay 11 03 35AM
19		and Mr. Perdue. 11 01 45AM	19	A	I think I've confused you, actually 11 03 36AM
20		Is that right? 11:01.47AM	20	Q	Okay 11 03 37AM
21	A	That is correct. 11.01:48AM	21	A	What I said is a normal process is a 11 03 38AM
22	Q	Do you recall sending this E-mail? 11 01 49AM	22		management meeting, then we submit that preliminary 11 03.39AM
23	A	I do 11 01 50AM	23		indication. 11 03.42AM
24	Q	It says 11 01:53AM	24	Q	Okay 11:03:43AM
25		"The company is having an in-person 11:01:54AM	25	A	In reality, I think this process was just 11 03:43AM

32 (Pages 122 to 125)

CONFIDENTIAL

Page 130

1 letter to Lazard, you understood the board to be 11:08:45AM
 2 interested in exploring a going-private transaction; 11:08:50AM
 3 is that right? 11:08:55AM
 4 MR. KAZANOFF: Objection to form. 11:08:57AM
 5 THE WITNESS: My recollection is that the 11:08:58AM
 6 board wanted to explore, and part of the process of 11:08:59AM
 7 exploring or making the decision to explore is to 11:09:04AM
 8 understand what would be the range of values from me 11:09:06AM
 9 and -- and other private equity firms. 11:09:13AM
 10 BY MR. HARRIS: 11:09:15AM
 11 Q So when -- when you sent this E-mail on -- 11:09:15AM
 12 Calbert 20 on January 6, 2007, in effect what the 11:09:18AM
 13 board is saying is we are going to continue, 11:09:22AM
 14 exploring -- 11:09:24AM

Page 132

1 2007. 11:11:13AM
 2 Says, "I spoke with TPG, and they are 11:11:15AM
 3 excited to join our group." 11:11:18AM
 4 Is that the -- do you recall sending this 11:11:22AM
 5 E-mail? 11:11:23AM
 6 A Yes. 11:11:23AM
 7 Q All right. 11:11:24AM
 8 Do you recall your conversation with TPG 11:11:25AM
 9 referenced in the E-mail? 11:11:26AM
 10 A Yes. 11:11:28AM
 11 Q All right. 11:11:28AM
 12 Do you recall who you spoke with from TPG? 11:11:29AM
 13 A Had multiple conversations that resulted in 11:11:32AM
 14 this E-mail. My principal conversations were with 11:11:35AM

CONFIDENTIAL

Page 126

1 the opposite. I sent -- I think we sent the letter 11:03:45AM
 2 in, and I think the meeting was later in January. 11:03:48AM
 3 Q Because you don't think you'd had the 11:03:51AM
 4 management meeting at the time -- 11:03:53AM
 5 A I don't think so. That's why I -- 11:03:53AM
 6 Q -- you sent this E-mail? 11:03:53AM
 7 A No. That's why I raised -- 11:03:55AM
 8 Q All right. 11:03:56AM
 9 A -- the point of clarification, is I think 11:03:56AM
 10 that that's the way this played out -- 11:03:57AM
 11 Q Okay. 11:03:59AM
 12 A -- the preliminary indication first and the 11:03:59AM
 13 management meeting later in January. 11:04:01AM
 14 Q Okay. 11:04:02AM
 15 A I think -- we can verify that, but I think 11:04:03AM
 16 that's the way this one worked. 11:04:05AM
 17 Q Perdue knew you had sent a preliminary 11:04:07AM
 18 indication of interest, right? 11:04:09AM
 19 A I don't know -- I didn't know at the time, 11:04:11AM
 20 I'm not certain at this point that he knew that 11:04:13AM
 21 Lazard had solicited the letters of indication. 11:04:15AM
 22 Q Okay. 11:04:21AM
 23 Let's mark Calbert 20. 11:05:15AM
 24 (Calbert Exhibit 20 was marked for 11:05:18AM
 25 identification by the court reporter.) 11:05:18AM

Page 128

1 THE WITNESS: Yeah, I missed something 11:06:28AM
 2 MR. KAZANOFF: The first word, there was a 11:06:29AM
 3 word that didn't come clear. Maybe you want to read 11:06:31AM
 4 it off the record or -- 11:06:32AM
 5 MR. HARRIS: I -- I'll ask it again. 11:06:32AM
 6 MR. KAZANOFF: Okay. 11:06:34AM
 7 BY MR. HARRIS: 11:06:34AM
 8 Q Okay So it would it be fair to say that 11:06:35AM
 9 at this point -- strike that. 11:06:37AM
 10 Let me just try again 11:06:44AM
 11 Would it be fair to say that at this point 11:06:45AM
 12 in time, January 6, 2007, you now understand that 11:06:47AM
 13 the board has made a decision to move forward as a 11:06:54AM
 14 board to authorize exploring a going-private 11:07:01AM
 15 transaction? 11:07:05AM
 16 A That's what Cal had told me. 11:07:07AM
 17 Q Right. So it's not that the board intends 11:07:09AM
 18 to do a going-private transaction at this point? 11:07:15AM
 19 A No. There's no transaction to do at this 11:07:18AM
 20 point. 11:07:26AM
 21 Q Okay 11:07:26AM
 22 Some point in -- in mid-December, if you 11:07:48AM
 23 look at Calbert 18 -- I know that's not the final, 11:07:50AM
 24 for which I apologize, but at some point in mid -- 11:07:54AM
 25 mid or late December, you send a letter to Lazard 11:07:57AM

Page 127

1 THE WITNESS: Thank you 11:05:19AM
 2 THE REPORTER: Sure. 11:05:19AM
 3 BY MR. HARRIS: 11:05:19AM
 4 Q This is an E-mail from yourself to 11:05:19AM
 5 Mr. Roberts, Kravis, Agrawal, Bubei and Morey -- 11:05:22AM
 6 A Mm-hmm. 11:05:32AM
 7 Q -- on the 6th of 2007. 11:05:33AM
 8 And it says, "I received a voicemail from 11:05:44AM
 9 Cal saying the board had made the decision to move 11:05:46AM
 10 forward." 11:05:48AM
 11 A Mm-hmm 11:05:49AM
 12 Q Do you recall sending this E-mail? 11:05:50AM
 13 A Yes, I do. 11:05:52AM
 14 Q All right. 11:05:53AM
 15 Has moved forward with what? 11:05:56AM
 16 A Moved forward with exploring a 11:05:59AM
 17 going-private transaction 11:06:01AM
 18 Q Okay. 11:06:02AM
 19 So at this point, would it be fair to 11:06:05AM
 20 characterize it that you realized that the strategic 11:06:09AM
 21 planning committee of the board or the full board 11:06:12AM
 22 has authorized an exploration of a going-private 11:06:14AM
 23 transaction with KKR? 11:06:23AM
 24 MR. KAZANOFF: Hold on one second. I 11:06:26AM
 25 didn't -- I just didn't hear the first -- 11:06:27AM

Page 129

1 saying, you know, this is a preliminary offer. 11:08:04AM
 2 Had Lazard requested such a letter from 11:08:09AM
 3 you? 11:08:11AM
 4 A Yes. 11:08:12AM
 5 MR. KAZANOFF: Objection to form. I think 11:08:12AM
 6 that mischaracterizes what -- 11:08:14AM
 7 MR. HARRIS: You don't like the word 11:08:14AM
 8 "offer"? 11:08:16AM
 9 MR. KAZANOFF: It's not a -- yeah. 11:08:17AM
 10 MR. HARRIS: Okay 11:08:17AM
 11 Q It's a preliminary indication of interest? 11:08:18AM
 12 A That is correct. 11:08:20AM
 13 Q All right 11:08:20AM
 14 Had Lazard solicited that from you? 11:08:21AM
 15 MR. KAZANOFF: Asked and answered 11:08:23AM
 16 BY MR. HARRIS: 11:08:25AM
 17 Q I'm sorry; I didn't hear the answer 11:08:25AM
 18 A Yes, they had, in a formal letter. 11:08:27AM
 19 Q So at that point -- Lazard had been hired, 11:08:28AM
 20 am I correct, by the board of Dollar General, right? 11:08:31AM
 21 A I assume that they had been hired. They 11:08:36AM
 22 had reached out to us on behalf of the board or the 11:08:38AM
 23 company or the -- the committee, I'm not certain 11:08:42AM
 24 which. 11:08:43AM
 25 Q So at least as of the time you sent the 11:08:43AM

CONFIDENTIAL

<p style="text-align: right;">Page 134</p> <p>1 MR. KAZANOFF: She, right? 11:13:21AM 2 THE WITNESS: Yes 11:13:23AM 3 MR. HARRIS: No, Mr. Coslet 11:13:23AM 4 MR. KAZANOFF: Oh, Mr. Coslet, Bruce 11:13:26AM 5 Coslet 11:13:26AM 6 MR. HARRIS: Bruce Coslet 11:13:28AM 7 MR. KAZANOFF: You're dating yourself, Jon 11:13:28AM 8 MR. HARRIS: He was a bad coach. 11:13:30AM 9 Q And -- and -- and -- so then what changed 11:13:38AM 10 between those -- that initial conversation in -- 11:13:43AM 11 sometime in December with Mr. Coslet and this 11:13:45AM 12 conversation in, on, or about January 12th, where 11:13:49AM 13 you are now talking to them about joining together? 11:13:53AM 14 A Yeah, I think that obviously our -- our 11:14:01AM 15 thinking around the opportunity had evolved. 11:14:02AM 16 Obviously, we thought at this point that 11:14:05AM 17 this was something that the board was going to 11:14:07AM 18 consider 11:14:10AM 19 We had also learned that Bain had partnered 11:14:12AM 20 up with Blackstone 11:14:14AM 21 And we thought, you know, given that the 11:14:17AM 22 equity check was going to be in excess of 11:14:18AM 23 \$2 billion, that it would be helpful to have a 11:14:21AM 24 partner who also was excited about the opportunity 11:14:25AM 25 that we wanted to work with 11:14:31AM</p>	<p style="text-align: right;">Page 136</p> <p>1 Q Okay 11:15:25AM 2 A I'm sorry, that's not accurate 11:15:42AM 3 Somebody, it was either Perdue or Cal, had 11:15:49AM 4 mentioned Goldman Sachs PIA to me or -- before this 11:15:52AM 5 date, that there had been some conversations with 11:15:56AM 6 Goldman Sachs 11:15:59AM 7 Q Goldman Sachs wound up playing a maternal 11:16:04AM 8 role in the transaction under which KKR acquired 11:16:06AM 9 Dollar General; isn't that right? 11:16:14AM 10 MR. KAZANOFF: Objection to the word 11:16:16AM 11 "maternal" 11:16:17AM 12 But go ahead 11:16:17AM 13 THE WITNESS: Subsequent to signing the 11:16:18AM 14 transaction up, we agreed to bring the Goldman Sachs 11:16:19AM 15 group into the equity, and Goldman Sachs committed 11:16:25AM 16 on the financing. 11:16:28AM 17 BY MR. HARRIS 11:16:31AM 18 Q Okay. Well, I'll talk about that later 11:16:31AM 19 A Okay. 11:16:40AM 20 Q All right 11:16:40AM 21 (Calbert Exhibit 22 was marked for 11:17:06AM 22 identification by the court reporter.) 11:17:06AM 23 THE WITNESS: Thanks 11:17:08AM 24 THE REPORTER: Sure 11:17:08AM 25 BY MR. HARRIS 11:17:08AM</p>
<p style="text-align: right;">Page 135</p> <p>1 Q Okay. 11:14:32AM 2 At this point in time what is your 11:14:36AM 3 understanding of the landscape of private equity 11:14:37AM 4 firms interested in potentially doing a deal with 11:14:50AM 5 Dollar General? 11:14:53AM 6 MR. KAZANOFF: Objection to form 11:14:55AM 7 If you can answer, go ahead. 11:14:56AM 8 MR. HARRIS: He doesn't like my word 11:14:57AM 9 "landscape." 11:14:58AM 10 THE WITNESS: I mean, I have no idea who 11:14:59AM 11 all was interested or -- 11:15:00AM 12 BY MR. HARRIS 11:15:01AM 13 Q Well, you were -- you were thinking of -- 11:15:01AM 14 you, meaning KKR, were thinking of teaming up with 11:15:03AM 15 TPG? 11:15:06AM 16 A Correct. 11:15:07AM 17 Q Bain was -- was thinking of or had teamed 11:15:07AM 18 up with Blackstone? 11:15:10AM 19 A At this point it was our understanding they 11:15:12AM 20 had formally partnered up with Blackstone. 11:15:14AM 21 Q Okay 11:15:16AM 22 And do you know if any other private equity 11:15:17AM 23 firms had been asked to take a look at this deal? 11:15:21AM 24 A No. No, I didn't -- I didn't have any 11:15:23AM 25 knowledge of other firms involved 11:15:24AM</p>	<p style="text-align: right;">Page 137</p> <p>1 Q Showing you what's been marked as 11:17:08AM 2 Calbert 22, it's an E-mail chain. Top E-mail on the 11:17:10AM 3 first page is from yourself to Jonathan Coslet, 11:17:14AM 4 Carrie Wheeler, Mr. Agrawal and Bubel, dated 11:17:17AM 5 January 14, 2007. 11:17:21AM 6 Do you recall sending this E-mail? 11:17:28AM 7 A Yes, I do 11:17:29AM 8 Q All right. 11:17:30AM 9 This is about a -- it's about working 11:17:30AM 10 together with TPG on a Dollar General transaction, 11:17:35AM 11 is that correct? 11:17:40AM 12 A That is correct. 11:17:41AM 13 Q It's about trying to also maybe schedule a 11:17:42AM 14 meeting with David Perdue? 11:17:46AM 15 A This clears up the mystery of the 11:17:50AM 16 management meeting 11:17:52AM 17 Q This -- okay. 11:17:53AM 18 A This is the management meeting that we're 11:17:54AM 19 referring to 11:17:56AM 20 Q All right 11:17:57AM 21 A This would be our first meeting with the 11:17:59AM 22 management team 11:18:00AM 23 Q And you say, "I have no issue with you 11:18:12AM 24 bringing Gary." 11:18:16AM 25 That's Mr. Gary Kuzn? 11:18:17AM</p>

35 (Pages 134 to 137)

CONFIDENTIAL

Page 138			Page 140		
1	A	Correct. 11:18:20AM	1	A	Yes, that's correct 11:21:05AM
2	Q	Who was he? 11:18:21AM	2	Q	All right. 11:21:05AM
3	A	Gary Kusin is a former CEO of a video 11:18:23AM	3		And Mr. Roberts told you he ran into 11:21:05AM
4		retailer that we worked with together on the 11:18:29AM	4		Mr. Perdue at AT&T? 11:21:07AM
5		Michael's process as kind of a consultant for us, 11:18:39AM	5	A	Correct. 11:21:09AM
6		and he subsequently went to work for TPG as kind of 11:18:42AM	6	Q	All right 11:21:09AM
7		an operating partner 11:18:45AM	7		And there was no substance to the 11:21:09AM
8	Q	And then you say, "Just make sure he 11:18:47AM	8		conversation? 11:21:11AM
9		doesn't dominate the meeting or piss off Perdue " 11:18:49AM	9	A	That is correct. 11:21:12AM
10	A	Right 11:18:52AM	10	Q	Okay 11:21:13AM
11	Q	Is Gary particularly obnoxious? 11:18:53AM	11		Can we go off the record again for a 11:21:52AM
12		MR. KAZANOFF: Objection -- 11:18:55AM	12		second? 11:21:53AM
13		BY MR. HARRIS 11:18:55AM	13		THE VIDEOGRAPHER: We are now going off the 11:21:56AM
14	Q	You don't need to answer that -- 11:18:55AM	14		record at 11:22 a.m. 11:21:57AM
15		MR. KAZANOFF: -- not a question. 11:18:56AM	15		(Discussion off the record) 11:22:00AM
16		BY MR. HARRIS 11:18:57AM	16		THE VIDEOGRAPHER: We are now going back on 11:22:38AM
17	Q	Did you have a concern about Perdue at that 11:18:57AM	17		record at 11:22 a.m. 11:22:40AM
18		point? 11:19:01AM	18		BY MR. HARRIS: 11:22:43AM
19	A	No, I had a concern about Gary 11:19:01AM	19	Q	As of early February 2007, do you recall 11:22:43AM
20	Q	Okay. 11:19:09AM	20		having a view as to the manner in which Dollar 11:22:48AM
21		Do you recall -- can I just show this to 11:19:19AM	21		General was operating its business under 11:22:54AM
22		you in advance? Because I'm -- I'm not interested 11:19:21AM	22		then-current management? 11:22:56AM
23		in the bottom part of it, which is the same issue 11:19:24AM	23	A	Yeah, I do 11:22:57AM
24		that we talked about before 11:19:27AM	24		You know, we had started to develop a view 11:23:00AM
25		MR. KAZANOFF: Okay 11:19:29AM	25		that, you know, some of the more sophisticated 11:23:03AM
Page 139			Page 141		
1		This is the -- the CEO candidate -- 11:19:29AM	1		retail disciplines that we had been able to effect 11:23:08AM
2		MR. HARRIS: Can we just go off the record 11:19:32AM	2		in other portfolio companies were not present at 11:23:11AM
3		for one second? 11:19:33AM	3		Dollar General that we thought would, over the long 11:23:14AM
4		MR. KAZANOFF: Yeah 11:19:35AM	4		term, improve financial performance 11:23:16AM
5		THE VIDEOGRAPHER: We are now going off the 11:19:36AM	5	Q	Do you ever recall referring to that as 11:23:24AM
6		record; the time is approximately 11:19 a.m. 11:19:37AM	6		Dollar General basically needing a Retailing 101? 11:23:28AM
7		(Discussion off the record) 11:20:04AM	7	A	I probably did 11:23:32AM
8		THE VIDEOGRAPHER: We are now going back on 11:20:12AM	8	Q	All right And are these things -- what -- 11:23:35AM
9		the record, the time is now 11:20 a.m. 11:20:14AM	9		what types of things are these? You don't have to 11:23:40AM
10		BY MR. HARRIS 11:20:20AM	10		list them all, but -- 11:23:43AM
11	Q	Do you recall if there came a time in early 11:20:21AM	11	A	Yeah, no, that's fine 11:23:44AM
12		February when George Roberts met with David Perdue? 11:20:22AM	12		I mean, they're, you know, some of the same 11:23:45AM
13	A	No, I don't. 11:20:33AM	13		practices that we've put in place at companies like 11:23:47AM
14	Q	Do -- do you have any memory of whether -- 11:20:34AM	14		Toys R Us or Shoppers Drug Mart You know, detailed 11:23:49AM
15		George Roberts or David Perdue at ATT golf 11:20:35AM	15		analytics around pricing, you know, rigorous review 11:23:52AM
16		tournament? 11:20:42AM	16		on real estate, locations, lease renewals, et 11:23:58AM
17	A	My recollection is they bumped into each 11:20:43AM	17		cetera, understanding profitability of the 11:24:03AM
18		other on the driving range, but there was no 11:20:45AM	18		assortment in making informed decisions. 11:24:05AM
19		meeting 11:20:48AM	19		A lot of it's around building fact-based 11:24:08AM
20	Q	Okay. 11:20:48AM	20		decision making to get better results 11:24:11AM
21		Do you know if they talked about the 11:20:49AM	21	Q	Okay 11:24:13AM
22		transaction at all? 11:20:50AM	22		Those also include sourcing goods from 11:24:14AM
23	A	My recollection is they did not 11:20:51AM	23		overseas? 11:24:16AM
24	Q	And your recollection is from talking to 11:21:03AM	24	A	Correct 11:24:17AM
25		Mr. Roberts about it, I presume 11:21:04AM	25	Q	Also include more private label? 11:24:18AM

36 (Pages 138 to 141)

Page 142

1 A That is correct. 11:24:21AM
 2 Q Is -- is there any of -- of those things 11:24:22AM
 3 that Dollar General could not have done as a public 11:24:24AM
 4 company? 11:24:28AM
 5 A I guess if they had the expertise and the 11:24:29AM
 6 willingness and a lot of time, I'm sure they could 11:24:33AM
 7 have improved on all those areas we talked about 11:24:39AM
 8 Q Okay 11:24:43AM
 9 Let me show you what I'm going to mark as 11:25:08AM
 10 the next exhibit, which is -- 11:25:11AM
 11 THE REPORTER. 23. 11:25:14AM
 12 MR HARRIS -- 23 11:25:14AM
 13 Q And I'm showing you this -- we'll go 11:25:19AM
 14 through it just for the purpose of trying to set a 11:25:21AM
 15 date. 11:25:24AM
 16 (Calbert Exhibit 23 was marked for 11:25:38AM
 17 identification by the court reporter) 11:25:38AM
 18 THE WITNESS Thanks 11:25:39AM
 19 THE REPORTER Sure 11:25:39AM
 20 BY MR. HARRIS: 11:25:44AM
 21 Q This is an E-mail chain. 11:25:44AM
 22 The first E-mail is from Gary Kusan, dated 11:25:46AM
 23 2/8/2007, to a whole bunch of people The document 11:25:50AM
 24 number is KKRE 73014 to 16 11:25:53AM
 25 I'm going to ask you to look at the second 11:25:58AM

Page 143

1 E-mail, which -- the bottom E-mail in the first 11:26:02AM
 2 page, which is an E-mail from Carrie Wheeler to a 11:26:05AM
 3 bunch of people, including yourself. 11:26:08AM
 4 That is dated February 7th, which is a 11:26:13AM
 5 Wednesday 11:26:17AM
 6 A Okay. 11:26:20AM
 7 Q All right. 11:26:20AM
 8 And then the next -- next -- flip over to 11:26:21AM
 9 the next page. 11:26:29AM
 10 A Okay. 11:26:30AM
 11 Q The second line says, "I know we have 11:26:31AM
 12 Perdue in town on Monday," which is the -- which 11:26:33AM
 13 would be Monday, February 12th 11:26:36AM
 14 Did I get that right, Pete? 11:26:43AM
 15 MR. KAZANOFF Monday, February -- yeah, I 11:26:50AM
 16 think that's right. 11:26:52AM
 17 MR HARRIS All right. 11:26:52AM
 18 MR KAZANOFF And that would be -- I think 11:26:52AM
 19 February 12th was a Monday. 11:26:54AM
 20 MR HARRIS: All right 11:26:57AM
 21 Q Is that the -- is that the management -- is 11:26:57AM
 22 that the management meeting, or is that a different 11:26:59AM
 23 meeting, do you know? 11:27:01AM
 24 The management meeting is -- I'm just a 11:27:03AM
 25 little confused, then 11:27:06AM

Page 144

1 A Yeah, I'm sorry, I think I might have done 11:27:07AM
 2 that to you 11:27:09AM
 3 No, the management meeting was earlier than 11:27:10AM
 4 that. It would have been in Jan -- mid-January. 11:27:12AM
 5 Q Okay 11:27:14AM
 6 That's the first meeting -- that's the one 11:27:16AM
 7 from Calbert 22? 11:27:20AM
 8 A Yes. Yes. 11:27:23AM
 9 So it would have been this meeting on 11:27:26AM
 10 Friday So it would have been Friday, January -- 11:27:28AM
 11 like January 19th -- 11:27:37AM
 12 Q Okay 11:27:39AM
 13 A -- if that's right 11:27:39AM
 14 Q And so then you're having a follow-up 11:27:40AM
 15 meeting with Perdue on February 12th? 11:27:41AM
 16 A Yeah. 11:27:44AM
 17 Honestly, I don't recall having a meeting 11:27:45AM
 18 with Perdue out in the Bay Area in February 11:27:46AM
 19 Q Well, she -- she says "in town." Where is 11:27:53AM
 20 Carrie Wheeler? 11:27:55AM
 21 A She's in San Francisco 11:27:58AM
 22 Q All right. 11:28:01AM
 23 I also want to show you your -- let me show 11:28:02AM
 24 you your handwritten notes. 11:28:04AM
 25 A Okay. 11:28:05AM

Page 145

1 Q That was earlier 11:28:06AM
 2 MR. KAZANOFF I think Calbert 5 11:28:24AM
 3 THE WITNESS Okay 11:28:25AM
 4 BY MR HARRIS 11:28:27AM
 5 Q Okay 11:28:27AM
 6 If you go to the fifth page -- 11:28:28AM
 7 A Mm-hmm 11:28:35AM
 8 Q -- which is KKR 017023, the fifth page of 11:28:35AM
 9 Calbert 5 -- 11:28:42AM
 10 A Sure 11:28:44AM
 11 Q -- your handwritten notes 11:28:45AM
 12 I think at the top it says, "Meeting with 11:28:45AM
 13 Perdue, 2/12/07", is that right? 11:28:49AM
 14 A Okay 11:28:53AM
 15 Q Can you just -- so -- I don't know if it 11:28:54AM
 16 does or it doesn't, does it refresh your 11:28:56AM
 17 recollection at all? 11:28:58AM
 18 A I think the -- I think the meeting actually 11:29:00AM
 19 took place in Nashville 11:29:02AM
 20 Q Okay. 11:29:06AM
 21 All right. And was that a meeting between 11:29:07AM
 22 yourself, TPG, and David Perdue? 11:29:09AM
 23 A Every -- no It would have been a broader 11:29:14AM
 24 management team, it would not have been Perdue I 11:29:18AM
 25 mean, I reference one of his management teams here, 11:29:21AM

CONFIDENTIAL

<p style="text-align: right;">Page 146</p> <p>1 a woman by the name of Victoria 11:29:23AM 2 Q Okay 11:29:25AM 3 Can you -- can you read your notes to the 11:29:25AM 4 record for the 2/12/07 meeting? 11:29:27AM 5 A I'll give it the best shot I -- I have 11:29:31AM 6 So "Meeting with Perdue," I say "private 11:29:33AM 7 label," dash, "Victoria," she's the woman that was 11:29:35AM 8 in charge of private label 11:29:38AM 9 I recall being impressed with her in this 11:29:39AM 10 meeting. I wrote her name down. 11:29:41AM 11 "Dollar Store model, strongest growth. 11:29:44AM 12 Families with income greater than 50,000 " 11:29:46AM 13 So the point is somebody in the management 11:29:52AM 14 team thought the growth opportunity was to broaden 11:29:55AM 15 the appeal to families with more income 11:29:57AM 16 "Price," slash, "convenience," just a point 11:30:00AM 17 I'm making that that's the strength of -- that's the 11:30:04AM 18 focus of the model 11:30:06AM 19 "New strategy, localize, five to six 11:30:08AM 20 prototypes, smaller urban boxes." 11:30:11AM 21 So there was a whole discussion about 11:30:16AM 22 different prototypes for different markets, urban 11:30:18AM 23 versus rural, smaller versus bigger 11:30:21AM 24 Then I say, "Biggest issue with 1.1 million 11:30:23AM 25 per store," that references revenue, "can't afford 11:30:26AM</p>	<p style="text-align: right;">Page 148</p> <p>1 Q Okay 11:31:42AM 2 A -- it would have been Raj, Joe, myself from 11:31:42AM 3 KKR, it would have been Came, Jonathan Coslet, and 11:31:45AM 4 Gary Kusun from TPG, as well as some younger guys, 11:31:49AM 5 and I don't recall their name, and then there would 11:31:52AM 6 have been advisers there on our behalf 11:31:55AM 7 Q Advisers meaning? 11:31:57AM 8 A We would have had somebody from Deloitte 11:31:59AM 9 there, we would have had somebody from McKinsey 11:32:02AM 10 there. That's probably it. 11:32:05AM 11 Q And then from the Dollar General side, they 11:32:08AM 12 would have had their -- 11:32:11AM 13 A This meeting had -- 11:32:13AM 14 Q -- management team? 11:32:13AM 15 A -- even a broader management team than the 11:32:13AM 16 other meeting that we confused the date on 11:32:15AM 17 Q Okay. 11:32:18AM 18 A So this would have been the next level 11:32:18AM 19 down 11:32:19AM 20 So they had the senior management team that 11:32:20AM 21 I referenced earlier -- 11:32:22AM 22 Q Okay 11:32:23AM 23 A -- and then they had the majority of the 11:32:23AM 24 kind of next -- next layer down 11:32:24AM 25 Q And this would have been kind of an all-day 11:32:26AM</p>
<p style="text-align: right;">Page 147</p> <p>1 labor " 11:30:30AM 2 So the comment was made unless we can get 11:30:30AM 3 more productivity out of the box, the inflation and 11:30:34AM 4 labor every year is eating up our margin 11:30:37AM 5 Next line, "40 percent of products can be 11:30:40AM 6 cross stocked," that references the supply chain 11:30:41AM 7 opportunity. 11:30:46AM 8 "230 average stem miles round trip " 11:30:47AM 9 That's how many miles -- their average 11:30:52AM 10 miles for deliveries to their stores cost in miles 11:30:54AM 11 And then I say "rural," slash, "new store 11:30:58AM 12 opportunity, 20,000," I mark it out and then say 11:31:00AM 13 "15,000." And I don't recall who said that 11:31:02AM 14 Q That would be that there'd be an 11:31:07AM 15 opportunity for 15,000 new stores or up to 15,000 11:31:08AM 16 stores, do you recall? 11:31:12AM 17 A I don't recall, but I would assume it would 11:31:17AM 18 be up to 11:31:19AM 19 Q Okay. 11:31:20AM 20 And just -- just to finish this meeting 11:31:29AM 21 off, you attended, do you recall who else attended 11:31:31AM 22 from KKR? 11:31:36AM 23 A Yes. If this is the meeting that I'm 11:31:37AM 24 thinking of that was held in Nashville at the 11:31:39AM 25 hotel -- 11:31:41AM</p>	<p style="text-align: right;">Page 149</p> <p>1 or lengthy meeting where you guys really drilled 11:32:29AM 2 down on some things about the business? 11:32:31AM 3 A That's correct. 11:32:33AM 4 Q Okay 11:33:12AM 5 Do you need a break? 11:33:33AM 6 A I'm fine 11:33:35AM 7 Q Okay. 11:33:35AM 8 We're making good pace here. 11:33:37AM 9 A Thanks 11:33:39AM 10 (Calbert Exhibit 24 was marked for 11:33:57AM 11 identification by the court reporter) 11:33:57AM 12 MR. HARRIS. What's the exhibit number? 11:33:58AM 13 THE REPORTER: 24 11:34:03AM 14 BY MR. HARRIS 11:34:03AM 15 Q This is -- showing you what's been marked 11:34:03AM 16 as Calbert Exhibit 24, which is an E-mail from 11:34:10AM 17 yourself to Mr. Roberts and Mr. Kravis in response 11:34:16AM 18 to a George Roberts how-is-it-going E-mail. 11:34:21AM 19 Mr. Robert's not a man of long E-mails, is 11:34:26AM 20 he? 11:34:30AM 21 A No, but frequent. 11:34:30AM 22 Q And it says -- it's February 17th, 2007. 11:34:35AM 23 It says, "George" -- it starts off with 11:34:40AM 24 "George, overall, we had a 11:34:44AM 25 constructive day and a half There's 11:34:46AM</p>

38 (Pages 146 to 149)

Page 150

1 lots of opportunity here Every key 11:34:49AM
 2 initiative we discussed they were," 11:34:50AM
 3 quote, "just getting started on." 11:34:52AM
 4 This is in reference to the February 12th 11:34:54AM
 5 meeting we were just -- 11:34:58AM
 6 A Correct 11:35:00AM
 7 Q -- discussing? 11:35:00AM
 8 A That is correct. 11:35:01AM
 9 Q Okay 11:35:01AM
 10 So in fact, the meeting probably took 11:35:03AM
 11 February 12th and February -- part of February 13th? 11:35:05AM
 12 A I believe that's right. 11:35:08AM
 13 Q All right. 11:35:09AM
 14 It says, "I've sent Glenn Murphy some 11:35:12AM
 15 material to review " 11:35:15AM
 16 Who is Glenn Murphy? 11:35:16AM
 17 A Glen Murphy was formerly the CEO of 11:35:18AM
 18 Shoppers Drug Mart, which was a buyout that we did 11:35:23AM
 19 in 2000 And at this point in time, he's left 11:35:26AM
 20 Shoppers, he's working with us informally as a 11:35:29AM
 21 consultant 11:35:32AM
 22 Q Okay. 11:35:33AM
 23 And you would be sending him material to 11:35:36AM
 24 review so he could help you evaluate the 11:35:38AM
 25 opportunity? 11:35:40AM

Page 151

1 A That is correct. 11:35:41AM
 2 Q Okay 11:35:42AM
 3 Next paragraph is, "It is clear that both 11:35:45AM
 4 Perdue and Cal need to go for us to get these 11:35:49AM
 5 initiatives done " 11:35:56AM
 6 So is it correct that at this point in 11:36:01AM
 7 time, you had decided that Perdue would not be the 11:36:02AM
 8 CEO -- 11:36:06AM
 9 A No 11:36:07AM
 10 Q -- if you acquired the company? 11:36:07AM
 11 A No That's not correct 11:36:08AM
 12 Q That's not correct? 11:36:09AM
 13 A That's not correct. 11:36:10AM
 14 Q What would be correct? 11:36:11AM
 15 A I was pretty frustrated at this point with 11:36:12AM
 16 Perdue and lack of answers and the conflicts between 11:36:14AM
 17 Perdue and Cal, but I had -- I didn't -- I had not 11:36:17AM
 18 made the decision to fire Perdue until after we 11:36:21AM
 19 signed the transaction. 11:36:25AM
 20 Q But you were -- you were contemplating -- 11:36:26AM
 21 A At this point -- 11:36:28AM
 22 Q -- possibly firing Perdue? 11:36:28AM
 23 A At this point, there was strong 11:36:29AM
 24 contemplation 11:36:31AM
 25 Q All right. 11:36:32AM

Page 152

1 And you were talking to other people who 11:36:32AM
 2 might be potential CEO candidates? 11:36:35AM
 3 A Not at this point 11:36:40AM
 4 I had some conversations with Glenn around 11:36:41AM
 5 if we decide to let Perdue go, would you consider a 11:36:44AM
 6 transition role 11:36:47AM
 7 Q Okay 11:36:49AM
 8 A But I don't -- and this other reference 11:36:49AM
 9 Q The other person? 11:36:52AM
 10 A I think those were the only two kind of 11:36:52AM
 11 conversations around this issue that I had 11:36:54AM
 12 Q Okay 11:36:56AM
 13 And then -- and then you say, "I would like 11:36:57AM
 14 to chat with you about how we navigate through this 11:37:00AM
 15 land mine." 11:37:03AM
 16 A Mm-hmm. 11:37:04AM
 17 Q The "you" being George Roberts? 11:37:07AM
 18 A Correct. 11:37:10AM
 19 Q And did you chat with Mr. Roberts about 11:37:10AM
 20 this? 11:37:11AM
 21 A Frequently. 11:37:12AM
 22 Q All right. 11:37:13AM
 23 A On this particular issue. 11:37:13AM
 24 Q And what was Mr. Roberts' view? 11:37:14AM
 25 A Well, the issue I'm referencing here is the 11:37:17AM

Page 153

1 whole tension between Cal and Perdue 11:37:20AM
 2 Q Okay. 11:37:21AM
 3 A And whether it was appropriate and helpful 11:37:22AM
 4 to have Cal play some role if we were to own this 11:37:25AM
 5 company and how whether Perdue continued on or 11:37:31AM
 6 didn't continue on played into that -- to that 11:37:34AM
 7 dynamic. 11:37:38AM
 8 Q Okay. 11:37:38AM
 9 You did not tell Mr Perdue that you were 11:37:45AM
 10 thinking of maybe not having him be CEO, continuing 11:37:48AM
 11 on? 11:37:48AM
 12 MR. KAZANOFF At this time? 11:37:50AM
 13 MR HARRIS At this time 11:37:50AM
 14 THE WITNESS I had no discussions with him 11:37:50AM
 15 on this until after we signed the deal 11:37:52AM
 16 BY MR HARRIS 11:37:53AM
 17 Q Okay. 11:37:54AM
 18 Let me just go back to this E-mail, 11:38:34AM
 19 Calbert -- what's the number? 11:38:42AM
 20 MR KAZANOFF 24. 11:38:44AM
 21 MR HARRIS 24 I wrote my fours just 11:38:45AM
 22 like nines So it's not good for me 11:38:46AM
 23 Q It -- it says at the second-to-last 11:38:49AM
 24 paragraph, "We are coming to the IC Thursday " 11:38:50AM
 25 A Mm-hmm 11:38:55AM

CONFIDENTIAL

Page 154		Page 156	
1	Q An upcoming investment committee meeting -- 11:38:58AM	1	Q Is that right? 11 42 01AM
2	A Correct. 11 39 00AM	2	A Mm-hmm. 11 42 02AM
3	Q -- is that right? 11:39:00AM	3	Q Do you know, is this the first time that 11 42 02AM
4	A Correct. 11 39 00AM	4	you discussed a price with the investment committee, 11.42 04AM
5	Q Okay. 11 39 01AM	5	or how does that work? 11 42 06AM
6	A Internal investment committee meeting. 11 39 03AM	6	A No, this wasn't the first time 11 42 08AM
7	Q Internal investment committee meeting. 11.39 06AM	7	Q How does that process work? 11 42 17AM
8	I have Thursday would be -- I don't know, 11:39:09AM	8	A Well, generally, each meeting that we have 11 42 19AM
9	sometime in mid to late February. 11 39 12AM	9	with our investment committee, we talk about kind of 11 42.20AM
10	I have a document which I'm going to hand 11.39 14AM	10	a range of value, we talk about our assumptions, 11 42 22AM
11	out, Calbert 25, KKRE0104792 to 809, which is 11 39:22AM	11	what are we getting more conviction around, what are 11 42 25AM
12	"Investment Committee Update" for Project Franklin, 11 39 48AM	12	we getting more concerned. And so these numbers 11 42 30AM
13	dated March 5th, 2007 11:39:51AM	13	will move around up until the final bid day. 11 42 32AM
14	(Calbert Exhibit 25 was marked for 11:40:09AM	14	Q Okay 11 42 39AM
15	identification by the court reporter) 11:40:09AM	15	And this presentation presents a -- a 11 42 39AM
16	BY MR. HARRIS. 11.40 14AM	16	series of financial models and your projections for 11 42 44AM
17	Q Project Franklin, was that a code name you 11 40:14AM	17	Dollar General as a private company, is that 11 42.52AM
18	were using for Dollar General? 11 40 17AM	18	correct? 11 42 57AM
19	A That's correct. 11:40:20AM	19	MR. KAZANOFF. Did -- I'm sorry, did you 11 43 00AM
20	Q Also Project Washington? 11:40:21AM	20	say "projections"? 11 43 02AM
21	A What's -- I'm sorry? 11.40:22AM	21	BY MR. HARRIS. 11:43 04AM
22	Q Did you also use Project Washington? 11 40 22AM	22	Q Projections for Dollar General as a private 11 43 08AM
23	A Not that I'm aware of 11 40 25AM	23	company 11 43 12AM
24	Q Project Buck? 11 40 29AM	24	A Yeah, it -- yeah 11:43:12AM
25	A Not that I'm aware of 11 40:31AM	25	So it contains -- should have a couple of 11.43.13AM
Page 155		Page 157	
1	Q All right 11 40:32AM	1	different cases that are, you know, kind of 11 43 15AM
2	A I mean, possibly 11:40:32AM	2	evolving -- evolving models. 11 43 22AM
3	Q Okay 11 40:35AM	3	Q And based on your base case, you are saying 11 43 28AM
4	Are you aware of any other code names? 11 40:37AM	4	in -- in this executive summary page, you're saying 11 43 33AM
5	A Not that I'm aware of 11 40 42AM	5	we think we can get returns, you know, between 19 to 11 43 35AM
6	Q Okay. 11 40 44AM	6	22 percent if we pay 22 to \$23 a share, is that a 11 43 38AM
7	Is this a presentation -- have you seen 11 40:45AM	7	proper way to characterize that? 11 43 44AM
8	this investment committee update before? 11:40:47AM	8	MR. KAZANOFF He's referring to the 11 43.52AM
9	A Yes, I have 11 40 52AM	9	executive summary -- 11 43 53AM
10	Q Is this something that you put together 11:40:52AM	10	MR. HARRIS. Yes 11 43 53AM
11	along with Mr. Bubel and Mr. Agrawal? 11 40 54AM	11	MR. KAZANOFF -- which you are obviously 11.43 55AM
12	A Yes, I did. 11:40 57AM	12	free to look at whatever you want to look at in the 11 43 55AM
13	Q All right. 11:40:58AM	13	document. 11 43.58AM
14	What was the purpose of this presentation? 11:41 00AM	14	BY MR. HARRIS 11 43 58AM
15	A This was one of multiple updates to our 11 41 03AM	15	Q Sure Take -- you are free to take as much 11 43 59AM
16	investment committee of the progress that we were 11:41:08AM	16	time as you want to review the document 11 44 00AM
17	making on our due diligence and our views on a 11 41 11AM	17	A Yeah Thanks 11 44 25AM
18	potential going-private transaction. 11.41 16AM	18	Yeah So -- right 11 44 26AM
19	Q And if you look at the second page, the one 11:41.38AM	19	So the executive summary is -- is 11 44 27AM
20	titled "Executive Summary," KKRE104793, under the 11 41 39AM	20	summarizing it, based on the current set of 11 44 32AM
21	third bullet point, "Revised Base Case," it says 11 41 46AM	21	assumptions that we are using, the current capital 11 44 35AM
22	"Current base case net returns range 11:41.49AM	22	structure that we're using. Our model would tell us 11 44 37AM
23	from 19.3 percent to 22.2 percent at a 11.41 51AM	23	that we could generate a return in this 19.3 to 11 44 40AM
24	purchase price of 22 to \$23 per share." 11 41 55AM	24	22.2 percent range at this purchase price 11.44.45AM
25	A Mm-hmm 11:41 58AM	25	Q And is -- and is that range 19.3 to 11 44 48AM

40 (Pages 154 to 157)

Page 158

1 22 percent, is that the type of range that KKR looks
 2 for when it does a going-private transaction? 11:44:50AM
 3 MR. KAZANOFF: Objection to form 11:45:01AM
 4 MR. HARRIS: What's your objection? 11:45:01AM
 5 MR. KAZANOFF: Well, I don't think it's -- 11:45:02AM
 6 I think it's inappropriate to ask him about what 11:45:02AM
 7 KKR's goals are. You can ask him about something 11:45:06AM
 8 specific to here 11:45:09AM
 9 BY MR. HARRIS 11:45:10AM
 10 Q You can answer. 11:45:10AM
 11 A You know, I think on this particular 11:45:11AM
 12 situation -- and every -- every investment's 11:45:12AM
 13 different -- given the risk/reward, the amount of 11:45:15AM
 14 work necessary to hit these projections, you know, 11:45:18AM
 15 it was my view that we needed to get to kind of a 11:45:20AM
 16 high teens, low 20's-type return. 11:45:23AM
 17 Q Okay 11:45:26AM
 18 A On a risk/reward basis 11:45:26AM
 19 Q Okay 11:45:28AM
 20 And then if you -- on the executive 11:45:31AM
 21 summary, "Process Update," the third bullet says. 11:45:34AM
 22 "TPG likes the business and the 11:45:44AM
 23 opportunity quite a bit, they are likely 11:45:45AM
 24 willing to pay 21 to \$22 per share and 11:45:49AM
 25 are uncertain whether they will get 11:45:54AM

Page 159

1 higher. Our models are similar in terms 11:45:56AM
 2 of margins and costs, but TPG is more 11:45:58AM
 3 conservative regarding comps growth 11:46:00AM
 4 Have not explicitly modeled the benefit 11:46:03AM
 5 of remodels and relocations * 11:46:06AM
 6 All right. What does that mean, they have 11:46:08AM
 7 not explicitly modeled the benefit of remodels and 11:46:10AM
 8 relocations? 11:46:13AM
 9 A I think they took a more conservative view 11:46:13AM
 10 on the impact of investing capital in remodels and 11:46:16AM
 11 relocations than we did. 11:46:20AM
 12 I think their view was remodel and 11:46:21AM
 13 relocation is kind of a necessary evil, but you're 11:46:23AM
 14 not going to get incremental revenue growth from it 11:46:25AM
 15 Q That's remodeling stores -- 11:46:29AM
 16 A Mm-hmm 11:46:32AM
 17 Q -- and relocating stores -- 11:46:32AM
 18 A Mm-hmm. 11:46:33AM
 19 Q -- to better locations? 11:46:33AM
 20 A Correct 11:46:34AM
 21 Q Okay 11:46:39AM
 22 And then the next thing says, "We are" -- 11:46:40AM
 23 next bullet point says, "We are developing a short 11:46:41AM
 24 list of executives we could install at the company." 11:46:42AM
 25 A Mm-hmm 11:46:44AM

Page 160

1 Q Is that referring to the possibility that 11:46:44AM
 2 you might be replacing Mr. Perdue? 11:46:46AM
 3 A That is correct. 11:46:48AM
 4 Q All right. 11:46:49AM
 5 And then if you turn to page -- the third 11:47:01AM
 6 page of the presentation, KKRED104794, that's 11:47:07AM
 7 titled, "Investment Highlights and Risks * 11:47:18AM
 8 Do you have that page? 11:47:20AM
 9 A Yes, I do. 11:47:21AM
 10 Q All right. 11:47:22AM
 11 On the left-hand side is the investment 11:47:22AM
 12 highlights, and on the right-hand side are the key 11:47:24AM
 13 risks; is that right? 11:47:28AM
 14 A Correct. 11:47:30AM
 15 Q All right. 11:47:30AM
 16 MR. KAZANOFF: Did you say left and right? 11:47:30AM
 17 I think you might have missed it. I think you got 11:47:32AM
 18 it -- 11:47:32AM
 19 BY MR. HARRIS 11:47:34AM
 20 Q One side is investment highlights, and one 11:47:34AM
 21 side is key risks, right? 11:47:38AM
 22 A That is also correct. 11:47:42AM
 23 Q Okay. 11:47:42AM
 24 Under "Investment Highlights," the last 11:47:42AM
 25 bullet point is "Large and growing addressable 11:47:47AM

Page 161

1 market"; is that right? 11:47:50AM
 2 A Mm-hmm, correct. 11:47:51AM
 3 Q All right. 11:47:52AM
 4 Says, "One of the few" -- "One of few 11:47:53AM
 5 retail concepts growing in penetration." 11:47:55AM
 6 What does that mean? 11:48:05AM
 7 A If you look at some of the independent 11:48:07AM
 8 data, this point actually comes from a group called 11:48:09AM
 9 Retail Forward 11:48:10AM
 10 And their conclusion studying the industry 11:48:11AM
 11 is that there are more people that are -- are trying 11:48:13AM
 12 this concept. So we're penetrating -- this -- this 11:48:14AM
 13 Dollar Store concept is penetrating more families 11:48:18AM
 14 each year or has historically penetrated more 11:48:21AM
 15 families each year, whereas most retail concepts, 11:48:25AM
 16 the penetration -- penetration is flat. 11:48:28AM
 17 Q Just the word "penetration," that means 11:48:31AM
 18 more retail families are visiting the store -- 11:48:33AM
 19 shopping at the stores? 11:48:34AM
 20 A That had not shopped at it before 11:48:35AM
 21 Q That's a percentage -- that's some kind of 11:48:37AM
 22 percentage basis? 11:48:38AM
 23 A Exactly. 11:48:40AM
 24 Q Okay. 11:48:40AM
 25 We have another break for the tape 11:48:41AM

CONFIDENTIAL

<p style="text-align: right;">Page 162</p> <p>1 THE VIDEOGRAPHER This is the end of 11:48:44AM 2 Tape 2 in the deposition of Mike Calbert taken on 11 48 45AM 3 July 10th, 2008 11 48 48AM 4 We are now going off the record; the time 11 48 49AM 5 is approximately 11.48 a.m. 11:48:51AM 6 (Discussion off the record.) 11:48:56AM 7 (Recess taken.) 11:56 20AM 8 THE VIDEOGRAPHER: Okay. This is the 11 56 57AM 9 beginning of Tape 3 of the deposition of Mike 11:56:58AM 10 Calbert, taken on July 10th, 2008. 11 57:00AM 11 The time is approximately 11:57 a.m., and 11:57:04AM 12 we are now on the record. 11:57:06AM 13 BY MR. HARRIS: 11:57 09AM 14 Q Mr. Calbert, I want to kind of keep asking 11:57 09AM 15 you some questions here about Calbert 25, which is 11 57 13AM 16 the investment committee update, March 5th, 2007. 11:57:15AM 17 On that third page, KKRE 104794, on the 11 57:20AM 18 column under "Investment Highlights," we were 11:57:27AM 19 talking about the bullet point, "Large and growing 11 57:30AM 20 addressable market " 11:57 33AM 21 The second bullet point is "A 40 BN" -- is 11:57 37AM 22 that billion? -- 11:57:43AM 23 A Correct. 11:57:46AM 24 Q -- "industry whose top ten players have 11:57:46AM 25 grown by a 9 1" compound -- "9 1 percent CAGR" -- is 11:57:49AM</p>	<p style="text-align: right;">Page 164</p> <p>1 But we asked the question, "Is this format 11:59 00AM 2 saturated?" 11:59:03AM 3 So they ran some analytics to say, you 11:59:03AM 4 know, if you're successful in growing the margin of 11:59:06AM 5 this business, the four-wall EBITDA margin -- so, 11 59 08AM 6 you know, we think of -- of profitability at the 11 59 14AM 7 store level, and then you have corporate costs and 11 59 17AM 8 then you have corporate profitability. So just the 11 59 19AM 9 four-wall EBITDA level. 11 59 22AM 10 If, instead of margins coming down as they 11 59 25AM 11 had been, if you can increase margins by 200 basis 11 59 25AM 12 points and you'll accept a 20 percent internal rate 11 59 28AM 13 of return, you can -- we think you can build "X" 11:59 33AM 14 number of stores throughout the country. And I 11:59:36AM 15 forgot what the number is, but this indicates that 11:59 38AM 16 we could double the base, store base 11 59:40AM 17 Q Okay 11:59 42AM 18 And that's consistent with what Mr -- had 11 59:42AM 19 been discussed at the February 12th meeting -- 11:59:45AM 20 management meeting where you had notes talking about 11:59:47AM 21 15,000 stores? 11 59 50AM 22 MR. KAZANOFF Objection to form. 11 59 56AM 23 THE WITNESS Yeah, I don't -- I don't 11:59:57AM 24 recall having a lot of discussion about -- about how 11 59 58AM 25 many stores. And it was -- it was clear they didn't 11 59 59AM</p>
<p style="text-align: right;">Page 163</p> <p>1 that compound annual growth rate? -- 11:57:52AM 2 A Correct. 11 57 56AM 3 Q -- "since 2000 " 11:57:56AM 4 That fits with your first bullet point, is 11 58 02AM 5 that right, that this is a -- this is an industry 11 58:04AM 6 that's still growing? 11:58 06AM 7 A Correct, it is still growing 11:58 09AM 8 Q Okay 11:58:10AM 9 Then the next bullet point says, 11:58 11AM 10 "Potential to up to double the 11 58 13AM 11 company's number of stores from 8300 11 58:14AM 12 today while maintaining 20 percent IRRs 11:58:19AM 13 at the four-wall EBITDA level " 11:58:23AM 14 Would you explain that? 11 58 33AM 15 A Yeah 11 58 34AM 16 So, you know, part of our assessment of any 11 58:34AM 17 retail buyout is what's the saturation point 11:58:36AM 18 And there -- there were a lot of analyst 11:58:38AM 19 reports on this particular company that they had 11 58:40AM 20 reached -- with 8300 stores, they had reached 11 58 42AM 21 saturation 11:58:44AM 22 So we did some work with one of our 11 58 44AM 23 advisers -- actually, it's a company that -- that we 11:58:48AM 24 own through our joint venture with Excel It's the 11 58 52AM 25 first time we've worked with them on diligence 11:58:55AM</p>	<p style="text-align: right;">Page 165</p> <p>1 have a lot of data around how many stores they could 12:00:02PM 2 build So I'm not sure this is really the same -- 12:00 05PM 3 this is -- this is essentially our due diligence. 12:00:08PM 4 This is our point, not from the management meeting 12:00:11PM 5 BY MR. HARRIS: 12 00 16PM 6 Q The February 12th thing, that's the 12:00 17PM 7 management saying 15,000 stores, this is you hiring 12:00:19PM 8 somebody to do an analysis and saying hey, I -- we 12 00:26PM 9 think if these things happen, we could have double 12 00 28PM 10 the number of stores? 12:00:33PM 11 MR. KAZANOFF. Jon, I think you -- you're 12 00 34PM 12 misstating his testimony. 12 00 35PM 13 MR. HARRIS I'm -- I'm asking -- I'm 12:00:37PM 14 asking him his testimony. 12:00:37PM 15 THE WITNESS Yeah, I think the point -- 12:00:39PM 16 the point of my notes on the 15,000 -- 12 00:39PM 17 BY MR. HARRIS: 12:00 40PM 18 Q Okay 12 00:41PM 19 A -- I don't recall exactly what the origin 12 00 41PM 20 of that was, what exactly we were talking about 12 00 43PM 21 But that -- those were notes from the management 12 00:45PM 22 meeting 12 00 47PM 23 This I do recall, because this is a 12 00 47PM 24 discrete -- discrete work stream that we did to do 12 00:49PM 25 our own analysis on saturation 12 00 54PM</p>

42 (Pages 162 to 165)

Page 166

1 Q Okay 12:00:57PM
 2 Saturation is the number of stores that a
 3 retailer can have in the country? Or what is 12:00:59PM
 4 saturation? 12:01:02PM
 5 A So saturation to us would be, you know, 12:01:03PM
 6 that level of stores that you can build out across 12:01:04PM
 7 the country, including new markets, and get 12:01:08PM
 8 acceptable returns. 12:01:14PM
 9 Q Okay 12:01:15PM
 10 A Once you've hit that, you don't get 12:01:16PM
 11 acceptable returns. 12:01:18PM
 12 Q On new stores? 12:01:19PM
 13 A On new stores. 12:01:20PM
 14 Q You continue to get acceptable returns on 12:01:21PM
 15 your existing stores? 12:01:24PM
 16 A Although once you've hit saturation, then 12:01:25PM
 17 you start to cannibalize returns on existing stores 12:01:27PM
 18 So over -- returns on new stores, returns on 12:01:31PM
 19 existing stores come down after saturation. 12:01:32PM
 20 Q You don't want to build -- if you build 12:01:35PM
 21 stores past the saturation point, then you are 12:01:37PM
 22 cannibalizing your existing stores; is that right? 12:01:40PM
 23 A Yes, but I would put a finer point on it. 12:01:47PM
 24 Q Okay. 12:01:49PM
 25 A You can still cannibalize existing stores 12:01:49PM

Page 167

1 and get acceptable returns on both new stores and 12:01:52PM
 2 existing stores. But then you hit a point at which 12:01:55PM
 3 both returns are unacceptable 12:01:59PM
 4 Q Okay 12:02:01PM
 5 I'm going to hand you what will be marked 12:03:08PM
 6 as Calbert 26. 12:03:10PM
 7 (Calbert Exhibit 26 was marked for 12:03:28PM
 8 identification by the court reporter.) 12:03:28PM
 9 BY MR. HARRIS. 12:03:29PM
 10 Q Why don't you take a minute and flip 12:03:29PM
 11 through it. It's "Investment Committee Update, 12:03:31PM
 12 Project Franklin, March 8th, 2007," KKRE 10550 to 12:03:33PM
 13 561 12:03:45PM
 14 If you could, just let me know after you 12:04:25PM
 15 flip through it 12:04:29PM
 16 A Okay 12:04:30PM
 17 Q All right. This is just three days after 12:04:30PM
 18 your March 5 update. 12:04:39PM
 19 Were there two separate updates, or do you 12:04:41PM
 20 recall? 12:04:44PM
 21 A Yes, I believe there was 12:04:44PM
 22 Q All right. Is that -- and why would there 12:04:45PM
 23 have been two updates so close together? 12:04:46PM
 24 A Well, because -- the primary reason is 12:04:48PM
 25 we're getting close to the final bid date -- 12:04:50PM

Page 168

1 Q Okay. 12:04:53PM
 2 A -- and we're trying to get through findings 12:04:53PM
 3 with the committee as they kind of come in 12:04:56PM
 4 Q Do you need a formal vote from the 12:04:58PM
 5 committee, the investment committee, to make an 12:05:02PM
 6 offer? 12:05:05PM
 7 A No, you -- no. No. You asked the question 12:05:05PM
 8 earlier, and -- and it was -- it's basically we 12:05:11PM
 9 agree on what we are going to do in the room 12:05:14PM
 10 There's no formal vote. 12:05:17PM
 11 There's a lot of deliberation 12:05:19PM
 12 Q A lot of deliberation 12:05:20PM
 13 So the -- you don't need to give me all the 12:05:20PM
 14 names; the investment committee is composed of a 12:05:22PM
 15 subset of KKR partners? Or -- 12:05:28PM
 16 A Exactly 12:05:29PM
 17 Q So it's not all the partners? 12:05:30PM
 18 A That's correct 12:05:32PM
 19 Q All right. So there's a subset of partners 12:05:33PM
 20 then 12:05:33PM
 21 And -- and -- and are you a member of the 12:05:34PM
 22 investment committee? 12:05:35PM
 23 A I am not 12:05:36PM
 24 Q You are not. Okay 12:05:36PM
 25 So you are presenting to the investment 12:05:37PM

Page 169

1 committee -- 12:05:39PM
 2 A That is correct -- 12:05:43PM
 3 Q -- in effect? 12:05:43PM
 4 A -- Mm-hmm 12:05:43PM
 5 Q And on March 8 -- let -- let's go back to 12:05:44PM
 6 March 5th, Calbert Exhibit 25 12:05:48PM
 7 Is this in the context of is this a -- is 12:06:01PM
 8 there a regular weekly, daily meeting, or is this a 12:06:01PM
 9 Dollar General meeting? 12:06:03PM
 10 A Twice a week, multiple items on the agenda 12:06:04PM
 11 Q Okay. 12:06:07PM
 12 And KKR members, deal members that are 12:06:08PM
 13 working on various deals, present as to the status 12:06:13PM
 14 of what is going on? 12:06:16PM
 15 A That is correct. 12:06:17PM
 16 Q All right 12:06:17PM
 17 And so on March 5th, do you make the 12:06:20PM
 18 presentation, or do Mr. Agrawal or Mr. Bubei 12:06:24PM
 19 participate? 12:06:28PM
 20 A We all participate. 12:06:28PM
 21 Q Okay 12:06:30PM
 22 A And in this particular case, I recall this 12:06:31PM
 23 meeting, the primary focus was actually to get one 12:06:33PM
 24 of our advisers to call into this meeting and talk 12:06:35PM
 25 about some of the operational issues, less focus -- 12:06:40PM

CONFIDENTIAL

<p style="text-align: right;">Page 170</p> <p>1 you know, which is a different focus than this 12:06:42PM 2 meeting 12:06:45PM 3 MR. KAZANOFF: Why don't you say which 12:06:47PM 4 meeting 12:06:47PM 5 BY MR. HARRIS: 12:06:47PM 6 Q Which -- which meeting -- 12:06:47PM 7 MR. KAZANOFF: Which meeting is the -- the 12:06:48PM 8 adviser one? 12:06:48PM 9 THE WITNESS. So the March 5th meeting -- 12:06:50PM 10 BY MR. HARRIS 12:06:51PM 11 Q Okay. 12:06:52PM 12 A -- Exhibit 25, the primary focus was Glenn 12:06:52PM 13 Murphy calling in. And we go through a number of 12:06:54PM 14 the operational observations he had and get his 12:06:57PM 15 assessment of the situation 12:07:00PM 16 So that was more operationally focused 12:07:04PM 17 The March 8th meeting is more focused on 12:07:07PM 18 returns, financing, and at what price should we 12:07:09PM 19 bid -- submit for our final bid 12:07:13PM 20 BY MR. HARRIS 12:07:16PM 21 Q Okay 12:07:16PM 22 And on the -- let's stick with the 12:07:17PM 23 March 5th meeting first. 12:07:19PM 24 Are you -- you are present just for the 12:07:20PM 25 companies that you are presenting on, or are you 12:07:23PM</p>	<p style="text-align: right;">Page 172</p> <p>1 meeting -- 12:08:20PM 2 Q Okay. 12:08:21PM 3 A -- explicitly or implicitly 12:08:21PM 4 You decide you're going to continue to work 12:08:23PM 5 on something or somebody is going to raise an issue 12:08:25PM 6 that you then have to go follow up on 12:08:28PM 7 Q Okay. 12:08:30PM 8 Was there discussion on the March 5th, 12:08:30PM 9 2007, meeting about the price to be paid? 12:08:32PM 10 A The only -- the discussion around the price 12:08:36PM 11 was really a lot of debate about -- about the 12:08:38PM 12 multiple, about how high the price was that we were 12:08:46PM 13 modeling 12:08:49PM 14 Q The multiple to what? 12:08:50PM 15 A So we think of buyouts in a number of ways. 12:08:51PM 16 The principal -- When we say "multiple," principally 12:08:54PM 17 we look at the LTM EBITDA multiple. So the multiple 12:08:56PM 18 of enterprise value to the last 12 months' EBITDA 12:09:02PM 19 relative to -- to other retail buyouts to other 12:09:06PM 20 companies we could buy 12:09:09PM 21 And we were in the stratosphere in this 12:09:10PM 22 particular case, and that -- that elicited a lot of 12:09:12PM 23 debate. 12:09:17PM 24 Q Okay. 12:09:18PM 25 And it was your -- it was your view at 12:09:18PM</p>
<p style="text-align: right;">Page 171</p> <p>1 present for the whole meeting? 12:07:25PM 2 A I typically attend the investment committee 12:07:27PM 3 for anything that's retail or consumer related, 12:07:29PM 4 whether it's my opportunity or one of my partners in 12:07:34PM 5 Europe or Asia, but the rest of the opportunities I 12:07:36PM 6 don't sit through 12:07:39PM 7 Q Okay. 12:07:40PM 8 And at the March 5th meeting, the 12:07:40PM 9 investment committee doesn't have to vote at 12:07:42PM 10 anything, you're giving them an update? 12:07:44PM 11 A That is correct. 12:07:47PM 12 Q They're not -- they're not -- 12:07:47PM 13 MR. KAZANOFF: I think he said they don't 12:07:49PM 14 vote. 12:07:50PM 15 BY MR. HARRIS 12:07:51PM 16 Q They're not making any type of decision, 12:07:51PM 17 they are just listening to an update on March 5th? 12:07:54PM 18 A The decision at March 5th is really a 12:07:57PM 19 decision about what else do we need to do from the 12:08:00PM 20 diligence standpoint, do we want to continue to 12:08:03PM 21 pursue this opportunity, what's going to be our 12:08:07PM 22 bidding strategy. 12:08:11PM 23 So, in effect, you know, the -- there's 12:08:11PM 24 always something that is decided in the investment 12:08:14PM 25 committee -- in every investment committee 12:08:18PM</p>	<p style="text-align: right;">Page 173</p> <p>1 this -- at this 22, \$23 price, that you could get a 12:09:22PM 2 return in this 19 to 22 percent range even with the 12:09:26PM 3 high EBITDA multiple? 12:09:33PM 4 A In this particular iteration of the 12:09:35PM 5 model -- 12:09:36PM 6 Q Right 12:09:37PM 7 A -- and I think it will change in the next 12:09:37PM 8 meeting -- the numbers would tell you that, you 12:09:39PM 9 know, on a -- not adjusted for risk, the absolute 12:09:42PM 10 numbers would say 19.3 to 22.2 at a 22 to 23 share 12:09:46PM 11 price. 12:09:52PM 12 Q When you say "not adjusted for risk," what 12:09:52PM 13 do you mean by that? 12:09:54PM 14 A Well, as I said earlier, we think of 12:09:55PM 15 returns on a risk-adjusted basis. How much risk is 12:09:56PM 16 in this relative to buying a utility company, as an 12:10:00PM 17 example. Right. 12:10:03PM 18 So an investor would look at returns 12:10:04PM 19 differently in a utility than a retailer that has an 12:10:08PM 20 enormous amount of work to do to hit these type of 12:10:13PM 21 projections 12:10:16PM 22 Q You are talking execution risk? 12:10:16PM 23 A Execution, financing risk 12:10:19PM 24 This particular deal has more financing 12:10:21PM 25 risk than any other retail buyout that we've done in 12:10:23PM</p>

44 (Pages 170 to 173)

CONFIDENTIAL

<p style="text-align: right;">Page 174</p> <p>1 32 years 12:10:27PM</p> <p>2 Q What do you mean by financing risk? 12:10:27PM</p> <p>3 A At the time that we were getting 12:10:29PM</p> <p>4 commitments for this deal, we were at the absolute 12:10:30PM</p> <p>5 peak of the financing markets. And so we were 12:10:33PM</p> <p>6 offered a capital structure or a financing at 12:10:35PM</p> <p>7 roughly 7.6 times EBITDA, which, you know, 12:10:37PM</p> <p>8 traditional retail buyout is three and a half, four 12:10:45PM</p> <p>9 times 12:10:48PM</p> <p>10 So we're talking three more turns of 12:10:48PM</p> <p>11 leverage that the banks were willing to underwrite 12:10:50PM</p> <p>12 that allows us to get to this type of multiple to 12:10:52PM</p> <p>13 pay for the company. 12:10:55PM</p> <p>14 But that's risk. We have to pay that debt 12:10:55PM</p> <p>15 back. That impairs cash flow. So that adds an 12:10:59PM</p> <p>16 element of risk, as does the operational 12:11:02PM</p> <p>17 initiatives 12:11:04PM</p> <p>18 Q Were you, when you were using the seven 12:11:12PM</p> <p>19 point -- I -- 12:11:14PM</p> <p>20 A Six 12:11:14PM</p> <p>21 Q -- you're talking about that's a leverage 12:11:14PM</p> <p>22 multiple? 12:11:16PM</p> <p>23 A Leverage multiple on EBITDA. So how 12:11:17PM</p> <p>24 many -- how many -- how many times the EBITDA are 12:11:20PM</p> <p>25 you getting leverage 12:11:21PM</p>	<p style="text-align: right;">Page 176</p> <p>1 for this company, right, because we have -- we -- we 12:12:37PM</p> <p>2 have more debt, in this particular case the return 12:12:38PM</p> <p>3 on the debt is capped at five percent after tax -- 12:12:40PM</p> <p>4 Q Right 12:12:44PM</p> <p>5 A -- the additional value goes to the equity 12:12:43PM</p> <p>6 So we can pay the type of price we paid here because 12:12:46PM</p> <p>7 we had this capital structure 12:12:49PM</p> <p>8 Q I -- I think I'm understanding you 12:12:52PM</p> <p>9 A Let me put it another way 12:12:54PM</p> <p>10 Q Okay. 12:12:55PM</p> <p>11 A If this were a normal capital structure -- 12:12:56PM</p> <p>12 Q Okay 12:12:58PM</p> <p>13 A -- four times debt -- 12:12:58PM</p> <p>14 Q Okay. 12:12:59PM</p> <p>15 A -- we couldn't have paid more than \$18 for 12:12:59PM</p> <p>16 this company. We paid 22 because we got this type 12:13:02PM</p> <p>17 of financing -- 12:13:05PM</p> <p>18 Q Okay 12:13:06PM</p> <p>19 A -- in this type of market. 12:13:06PM</p> <p>20 Q Okay. 12:13:07PM</p> <p>21 So you got a lot of debt at a cheap price, 12:13:08PM</p> <p>22 in effect -- 12:13:21PM</p> <p>23 A Correct 12:13:22PM</p> <p>24 Q -- which enabled you to do the deal? 12:13:22PM</p> <p>25 A Correct 12:13:25PM</p>
<p style="text-align: right;">Page 175</p> <p>1 So in this particular case -- I'm happy to 12:11:22PM</p> <p>2 walk you through the exact numbers. 12:11:25PM</p> <p>3 Q Yeah, could you, please? 12:11:26PM</p> <p>4 A Yup. 12:11:28PM</p> <p>5 So if you look at Page 9 on Exhibit 25, 12:11:39PM</p> <p>6 this particular model was run at, looks like, 7.75 12:11:42PM</p> <p>7 times. So I'm looking at Page 9, 4.985 billion of 12:11:51PM</p> <p>8 debt 12:11:56PM</p> <p>9 Q Okay 12:11:58PM</p> <p>10 A Okay 12:11:59PM</p> <p>11 The -- the LTM EBITDA should be about 640 12:12:00PM</p> <p>12 Q Okay 12:12:04PM</p> <p>13 A So there is 7.75 times 640 of debt on this 12:12:04PM</p> <p>14 company. That's 7.75 times. In a normal market, 12:12:09PM</p> <p>15 it's four 12:12:17PM</p> <p>16 Q Okay. So you would either need to put in 12:12:18PM</p> <p>17 more equity or not be able to do the deal? 12:12:21PM</p> <p>18 A No 12:12:24PM</p> <p>19 Q In a normal market. 12:12:24PM</p> <p>20 A No 12:12:25PM</p> <p>21 What this does for us -- you know -- 12:12:26PM</p> <p>22 Q Okay 12:12:29PM</p> <p>23 A -- why -- why would we accept this? 12:12:29PM</p> <p>24 Q Okay 12:12:30PM</p> <p>25 A This then allows us to pay 11 times EBITDA 12:12:31PM</p>	<p style="text-align: right;">Page 177</p> <p>1 Q Okay 12:13:26PM</p> <p>2 And then on the 8th, you have your 12:13:40PM</p> <p>3 follow-up meeting with the investment committee -- 12:13:44PM</p> <p>4 A Correct. 12:13:46PM</p> <p>5 Q -- follow-up meeting of the next -- 12:13:46PM</p> <p>6 probably the next meeting of the investment 12:13:46PM</p> <p>7 committee -- 12:13:49PM</p> <p>8 A Mm-hmm. 12:13:49PM</p> <p>9 Q -- in effect 12:13:50PM</p> <p>10 And what was the focus of that meeting? 12:13:54PM</p> <p>11 A So the focus at that meeting was to decide 12:14:01PM</p> <p>12 how we were going to bid for the company. So -- 12:14:06PM</p> <p>13 two -- twofold. 12:14:08PM</p> <p>14 One is to inform the committee that we now 12:14:09PM</p> <p>15 have final financing commitments from Goldman Sachs. 12:14:11PM</p> <p>16 And at this -- at this point they have committed 12:14:17PM</p> <p>17 this 7.6 times financing package that we just walked 12:14:19PM</p> <p>18 through 12:14:23PM</p> <p>19 So we have a conversation around what does 12:14:28PM</p> <p>20 that mean and how do we feel about that type of 12:14:30PM</p> <p>21 leverage and the risk that we're putting in the 12:14:32PM</p> <p>22 deal, what's happening in the financing markets, 12:14:34PM</p> <p>23 right, because keep in mind, this was the absolute 12:14:37PM</p> <p>24 peak of commitments, but we still had to go out and 12:14:39PM</p> <p>25 syndicate the debt 12:14:45PM</p>

45 (Pages 174 to 177)

Page 178

1 So there was a lot of discussion around 12:14:45PM
 2 well, what happens if Goldman commits to this -- 12:14:47PM
 3 Q Okay 12:14:50PM
 4 A -- and we can't syndicate it 12:14:50PM
 5 Q Is that not Goldman's problem? 12:14:52PM
 6 A Contractually, legally, though I'm not an 12:14:54PM
 7 attorney -- 12:14:57PM
 8 Q Right 12:14:57PM
 9 A -- we have a -- we have a binding 12:14:57PM
 10 commitment. 12:14:59PM
 11 Q Okay 12:15:00PM
 12 A But we also have to turn around and work 12:15:00PM
 13 with Goldman for another 32 years 12:15:03PM
 14 Q Okay 12:15:05PM
 15 A So, you know, we felt a joint 12:15:06PM
 16 responsibility to get -- you know, to get the debt 12:15:07PM
 17 syndicated 12:15:12PM
 18 Q Okay 12:15:15PM
 19 And then on Page 2 of the March 8th 12:15:18PM
 20 presentation is a heading, "Equity Partner " 12:15:27PM
 21 A Mm-hmm 12:15:30PM
 22 Q "We continue to work closely with TPG and 12:15:30PM
 23 have comparable base case assumptions. 12:15:34PM
 24 It is our expectation they will have a 12:15:36PM
 25 difficult time getting above \$22 a 12:15:40PM

Page 179

1 share." 12:15:42PM
 2 A Mm-hmm 12:15:43PM
 3 Q "They are saving final price talk 12:15:43PM
 4 discussion until later this week." 12:15:45PM
 5 A Correct 12:15:47PM
 6 Q Right? 12:15:47PM
 7 And is that -- is -- was TP -- why was TPG 12:15:47PM
 8 having trouble getting above \$22 per share? Was 12:15:50PM
 9 that what we talked about before with the 12:15:53PM
 10 relocations and the remodels? 12:15:55PM
 11 A No, I -- I wouldn't say that -- I think 12:16:03PM
 12 that was one of many issues. 12:16:04PM
 13 I would say at kind of the macro level, as 12:16:04PM
 14 they assessed risk/return, risk/reward, I think they 12:16:06PM
 15 thought anything -- depending on which person in the 12:16:09PM
 16 firm, the feedback we were getting is anything above 12:16:11PM
 17 21, we're not getting paid for the risk and the work 12:16:15PM
 18 that we're going to have to put into it 12:16:18PM
 19 Some people would say anything above 22, 12:16:20PM
 20 right at -- you know, I don't want to say exactly 12:16:22PM
 21 what their breaking point was, but they were 12:16:23PM
 22 communicating to us that if you feel like you need 12:16:26PM
 23 to go above 22 to win, we're probably not going to 12:16:29PM
 24 get there. 12:16:35PM
 25 We were communicating to our committee, 12:16:35PM

Page 180

1 this is a very competitive process, we're hearing 12:16:37PM
 2 that Bain and Blackstone are running hard at this 12:16:41PM
 3 asset. Bain and Blackstone had beat us and TPG on 12:16:41PM
 4 Michael's down the home stretch by whatever, 50 12:16:41PM
 5 cents, a dollar a share. And we were communicating 12:16:41PM
 6 to our committee, we may have to go past a level 12:16:42PM
 7 that is comfortable for us to finally win this 12:16:42PM
 8 asset, but we want to buy this company 12:16:57PM
 9 Q Okay. 12:17:00PM
 10 All right. And -- and why -- why did you 12:17:05PM
 11 want to buy the -- you know, what was it about 12:17:05PM
 12 Dollar General that made you want to buy the 12:17:07PM
 13 company? 12:17:09PM
 14 A You know, what we're charged to do for 12:17:10PM
 15 investors is to create long-term value for them 12:17:12PM
 16 And in retail, you know -- you know, in 12:17:16PM
 17 creating long-term value in retail, I've had the 12:17:22PM
 18 most success with situations where I can come in and 12:17:25PM
 19 improve the operations of the business. 12:17:27PM
 20 And we felt like we had a lot of levers 12:17:33PM
 21 here that with a lot of work and capital and 12:17:36PM
 22 intensity and -- and resources, we could improve 12:17:38PM
 23 this business long term. 12:17:41PM
 24 And so I thought it would be a good 12:17:42PM
 25 investment that would allow us, on a risk-adjusted 12:17:43PM

Page 181

1 basis, to give a good return back to our limited 12:17:46PM
 2 partners over time 12:17:49PM
 3 Q And you're -- I assume that this is 12:17:50PM
 4 correct, that you're comparing this to the universe 12:17:52PM
 5 of other retail opportunities available at the time, 12:17:55PM
 6 is that right? 12:18:00PM
 7 MR. KAZANOFF: Objection to form 12:18:02PM
 8 MR. HARRIS: Are we good? 12:18:11PM
 9 Q My question was, you're not looking at 12:18:12PM
 10 Dollar General in a vacuum, you're looking at the 12:18:15PM
 11 universe of potential retail deals available at any 12:18:19PM
 12 given time; is that right? 12:18:25PM
 13 A I think it's a firm we're looking at, you 12:18:26PM
 14 know, all of the entire realm of investment 12:18:29PM
 15 opportunities on a risk-adjusted basis to say where 12:18:31PM
 16 should we deploy capital. 12:18:35PM
 17 Q And that -- 12:18:36PM
 18 A Some of those are retail, some of those 12:18:36PM
 19 industrial. It can be anything 12:18:38PM
 20 Q And that would be the same for TPG and for 12:18:42PM
 21 Bain and for Blackstone? 12:18:45PM
 22 MR. KAZANOFF: Objection to form 12:18:47PM
 23 THE WITNESS: I mean, I don't know 12:18:48PM
 24 BY MR. HARRIS 12:18:49PM
 25 Q Presumably? 12:18:50PM

CONFIDENTIAL

<p style="text-align: right;">Page 182</p> <p>1 MR KAZANOFF: Objection to form 12:18:51PM 2 MR HARRIS: Well -- 12:18:51PM 3 MR KAZANOFF: You're asking him to crawl 12:18:54PM 4 inside the head of other buyout firms? 12:18:55PM 5 MR HARRIS: No I was asking him to 12:18:58PM 6 discuss how the buyout industry worked 12:18:59PM 7 MR. KAZANOFF: Okay Same objection 12:19:04PM 8 BY MR. HARRIS. 12:19:22PM 9 Q And -- and were -- were any conclusions 12:19:22PM 10 reached at the March -- any conclusions or decisions 12:19:24PM 11 reached by the investment committee at the March 8th 12:19:27PM 12 meeting? 12:19:30PM 13 A Yes 12:19:34PM 14 Q Okay 12:19:34PM 15 A After a lot of debate, we -- we, with the 12:19:35PM 16 committee, decided that we would -- we would bid 12:19:40PM 17 this somewhere in the 21 to \$22 a share range based 12:19:45PM 18 on how things played out over the next 24 hours. 12:19:50PM 19 Q And what would you expect to play out over 12:19:55PM 20 the next 24 hours? 12:19:58PM 21 A Well, I think, you know, finalizing, you 12:19:59PM 22 know, all the financing, finalizing the model, 12:20:01PM 23 making sure we didn't have any errors in any of our 12:20:06PM 24 assumptions, conversations with our partner, TPG, 12:20:09PM 25 night. If TPG came back at 22, that says a 12:20:13PM</p>	<p style="text-align: right;">Page 184</p> <p>1 21 -- 20 -- 21 to 22 price 12:21:36PM 2 There were two of my partners that thought 12:21:39PM 3 we were massively overpaying, that we were taking on 12:21:41PM 4 way too much financing risk at 7 6 times, and this 12:21:44PM 5 company wasn't worth 11 times 12:21:48PM 6 So part of the debate here was okay, that's 12:21:51PM 7 your point of view, we all have other people that 12:21:53PM 8 think that this would be a good investment. How do 12:21:57PM 9 we get to a price that we're willing to pay? 12:21:59PM 10 And I would say in this particular meeting, 12:22:01PM 11 23 was completely off the table And I would have 12:22:04PM 12 had to have gone back to the investment committee if 12:22:07PM 13 I thought it took 23 to win this process 12:22:10PM 14 But in the end, I think people said, 12:22:12PM 15 begrudgingly, I don't like it at 22, but I'll go 12:22:14PM 16 along with the group 12:22:19PM 17 Q So is it fair to say that you had, at that 12:22:20PM 18 meeting on March 8th, approval from the group to go 12:22:23PM 19 ahead with a bid up to \$22? 12:22:26PM 20 A Up to 22 12:22:28PM 21 Q Up to 22 12:22:30PM 22 You did not have approval to go beyond \$22? 12:22:30PM 23 A I didn't. 12:22:32PM 24 Q If you wanted to go beyond \$22, you would 12:22:33PM 25 have to come back to them and there would be another 12:22:36PM</p>
<p style="text-align: right;">Page 183</p> <p>1 different implication on how we would think about 12:20:17PM 2 if it came back at 20 or 21. We had to have those 12:20:19PM 3 conversations 12:20:22PM 4 We had to understand from Lazard what is 12:20:22PM 5 the process here, are you asking us for our final 12:20:26PM 6 bid or are you asking us for first of three final 12:20:29PM 7 bids? Right? 12:20:31PM 8 So, you know, some of this is a bit of an 12:20:32PM 9 art to try to understand what exactly we're being 12:20:33PM 10 asked to do 12:20:39PM 11 Q When is the investment committee meeting? 12:20:40PM 12 Is that -- is that at the same time? Is it in the 12:20:42PM 13 morning, every -- twice a week or -- 12:20:42PM 14 A Monday and Thursday mornings. 12:20:43PM 15 Q Monday and Thursday mornings 12:20:45PM 16 A Mm-hmm. 12:20:47PM 17 Q Okay 12:20:51PM 18 And you were also considering a -- at the 12:21:08PM 19 meeting on March 8th, a -- and at March 5th, a price 12:21:10PM 20 up to \$23 12:21:16PM 21 A I think at March -- let me just -- 12:21:24PM 22 Q Okay, 12:21:26PM 23 A -- start by saying that one -- one of -- 12:21:26PM 24 one of the issues that we were dealing with on 12:21:28PM 25 March 8th is that there was not consensus around a 12:21:31PM</p>	<p style="text-align: right;">Page 185</p> <p>1 discussion? 12:22:38PM 2 A That is correct 12:22:38PM 3 Q Okay 12:22:39PM 4 Now, are you aware that a bid letter was 12:22:55PM 5 drafted that had -- it -- and I don't believe it was 12:22:57PM 6 submitted, but -- in fact, pretty confident it was 12:23:04PM 7 not -- there was a draft bid letter drafted with a 12:23:08PM 8 \$23 price in it? 12:23:13PM 9 A Yes, I am. 12:23:15PM 10 Q All right How did that come about? 12:23:16PM 11 A When -- when you get down to the last 24 12:23:17PM 12 hours of a final bid process, there's a lot of stuff 12:23:18PM 13 flying around 12:23:23PM 14 And part of what I always do in every one 12:23:24PM 15 of these situations is I have multiple bid letters 12:23:26PM 16 drafted ready to go So if something changes at 12:23:30PM 17 3.00 a m , I don't have to try to go wake up an 12:23:33PM 18 assistant in Palo Alto and have her drive to the 12:23:36PM 19 office to change a bid letter. 12:23:39PM 20 I've done that every time I've bid a 12:23:41PM 21 company. So 12:23:43PM 22 So I had -- I probably had three or four 12:23:44PM 23 bid letters ready to go until we made our final 12:23:47PM 24 decision what we were going to bid 12:23:50PM 25 Q All right 12:23:52PM</p>

47 (Pages 182 to 185)

Page 186

1 Just ask that you produce all of those 12 23:53PM
 2 You may have 12 23:54PM
 3 MR. KAZANOFF I think we've produced 12:23:55PM
 4 everything we have 12:23:56PM
 5 MR. HARRIS I'm sure you have, I'm just 12 23:58PM
 6 going to ask if you haven't, to go ahead and do it 12 23 59PM
 7 MR. KAZANOFF. I'm tell -- I'm telling you, 12 24 01PM
 8 we've done -- we've done what we can do -- 12:24:01PM
 9 MR. HARRIS Okay, 12:24:04PM
 10 MR. KAZANOFF -- we reviewed the files, we 12 24:03PM
 11 responded to your requests 12:24 05PM
 12 BY MR. HARRIS 12 24 06PM
 13 Q Do you know why Mr. Agrawal would have been 12 24 06PM
 14 working on the evening of March 8th on a analysis of 12 24:21PM
 15 what was the right equity commitment amount for a 12 24 24PM
 16 \$23 transaction? 12 24 28PM
 17 A No, I don't 12 24 33PM
 18 Q All right 12:24:34PM
 19 I'm going to show you this E-mail. You're 12:24:34PM
 20 not on the E-mail I usually try not to show people 12:24:40PM
 21 E-mails they are not on, but maybe it will refresh 12 25 04PM
 22 your recollection 12:25 06PM
 23 That's Calbert 2- -- 12 25 08PM
 24 THE REPORTER: Seven 12:25 10PM
 25 MR. HARRIS, -- -, 12 25:10PM

Page 187

1 (Calbert Exhibit 27 was marked for 12 25 10PM
 2 identification by the court reporter) 12:25:10PM
 3 THE WITNESS. Thanks. 12 25:10PM
 4 BY MR. HARRIS: 12 25:11PM
 5 Q Calbert 27 is an E-mail -- it's an E-mail 12:25:11PM
 6 chain between Mr. Agrawal and Mr. Bubel, 3/8/2007, 12 25:13PM
 7 9 53 p m. And the subject is "Re. Dollar General 12 25 19PM
 8 bid letter." 12:25:26PM
 9 And Mr. Agrawal says to Mr. Bubel, "Can you 12:25:27PM
 10 also tell me what the right equity commitment amount 12:25:29PM
 11 is for a \$23 transaction?" 12:25:34PM
 12 Does that refresh your recollection -- 12 25 41PM
 13 A No 12:25:43PM
 14 Q -- in any way? 12:25:43PM
 15 A I would just be -- I'd be speculating. 12:25 43PM
 16 MR. KAZANOFF I don't want you to 12 25:45PM
 17 speculate unless Mr. Harris asks you to speculate. 12:25 46PM
 18 BY MR. HARRIS. 12:25:50PM
 19 Q No If it doesn't refresh, it doesn't 12 25 51PM
 20 refresh 12:25 53PM
 21 A No. 12 25 54PM
 22 Q Okay 12:25:54PM
 23 A I know I wasn't working on a \$23 12:25:55PM
 24 transaction on Thursday night, I can assure you 12:25:57PM
 25 that 12:26:00PM

Page 188

1 Q All right 12 26:18PM
 2 Mark this as Calbert 28. 12:26 18PM
 3 (Calbert Exhibit 28 was marked for 12 26:40PM
 4 identification by the court reporter) 12:26:40PM
 5 BY MR. HARRIS: 12:26:42PM
 6 Q Calbert 28 is a letter, draft -- doesn't 12:26:43PM
 7 say "draft," but I will represent it's not signed --12:26:45PM
 8 dated March 8, 2007, from KKR to Lazard. 12 26:49PM
 9 Have you seen this before? 12:26:57PM
 10 A Yes, I have. 12:26 58PM
 11 Q All right. And what is this letter? 12:26:59PM
 12 A This would be one of the draft final bid 12:27:04PM
 13 letters that we had standing by. 12:27:08PM
 14 Q Okay 12 27:19PM
 15 And under "Pnce" -- call your attention to 12:27:19PM
 16 "Pnce," which is on the first page of the letter, 12:27:19PM
 17 KK -- the letter is KKRE 7467 to 70. So I call your 12:27:19PM
 18 attention to the first page, which is KKRE 7467. 12:27:28PM
 19 And it says. 12 27 32PM
 20 "Pnce. We are prepared to acquire 12:27 32PM
 21 100 percent of the company's outstanding 12:27:35PM
 22 common stock for \$23 per share in cash " 12:27:36PM
 23 This is -- you're saying you would have had 12:27:41PM
 24 multiples of these -- 12:27 43PM
 25 A Yes. 12:27:45PM

Page 189

1 Q -- letters at different prices and -- 12 27 46PM
 2 A That's correct. 12 27 48PM
 3 Q Would there be different terms? 12 27 48PM
 4 A No. It just would have been a different 12 27 50PM
 5 price per share 12:27:53PM
 6 Q Okay 12 27 54PM
 7 A That's the -- that should be the only 12 27 55PM
 8 difference in the letters that we had standing by 12 27 56PM
 9 Q Okay 12:27 58PM
 10 This would be, I think, a good time to take 12 28 11PM
 11 a break It's 12 30 and -- 12 28:13PM
 12 MR. KAZANOFF Okay 12 28 17PM
 13 MR. HARRIS. Take a short break 12 28 18PM
 14 MR. KAZANOFF. Yeah. We can do it, I 12 28 19PM
 15 think, really quickly 12:28:19PM
 16 MR. HARRIS: I'm just going to eat my 12:28:19PM
 17 sandwich 12 28 19PM
 18 MR. KAZANOFF Yeah 12 28 19PM
 19 THE VIDEOGRAPHER We are now going off the 12:28:21PM
 20 record, the time is approximately 12 28 p.m. 12:28 22PM
 21 (Lunch recess taken from 12.28 p m. 12 29 10PM
 22 to 12 53 p m) 12:29 10PM
 23 THE VIDEOGRAPHER Okay We're now going 12 53 12PM
 24 back on the record, the time is approximately 12 53 32PM
 25 12 53 p m 12 53 35PM

CONFIDENTIAL

Page 190		Page 192			
1	MR HARRIS: All right.	12:53:39PM	1	A No, I don't	12:55:58PM
2	Q Mr. Calbert, after you submitted your \$22 a share bid letter, what happened next?	12:53:43PM	2	Q Okay.	12:56:22PM
3	A In terms of the process?	12:53:52PM	3	Mark --	12:56:22PM
4	Q Yeah.	12:53:54PM	4	THE REPORTER 29	12:56:23PM
5	A I think the first call I received was from counsel at Simpson Thacher that they had received a call from "Rach" -- Wachtell putting them on notice that they wanted to try to work through contract issues over the weekend.	12:53:54PM 12:53:59PM 12:54:03PM 12:54:05PM 12:54:07PM	5	MR HARRIS -- Calbert 29.	12:56:23PM
6	Q Okay	12:54:09PM	6	(Calbert Exhibit 29 was marked for identification by the court reporter)	12:56:24PM
7	And did anyone from Dollar General try to negotiate a higher price?	12:54:11PM	7	THE WITNESS Thanks	12:56:24PM
8	A Nobody from Dollar General called me on the final bid	12:54:14PM 12:54:19PM 12:54:22PM	8	BY MR HARRIS	12:56:25PM
9	Q Did anyone from any of their bankers or advisers try to negotiate a higher price --	12:54:25PM 12:54:29PM	9	Q It's an E-mail chain from Alex -- well, you're at the top, from Mike Calbert to Raj Agrawal.	12:56:25PM 12:56:27PM
10	A No	12:54:32PM	10	A Mm-hmm.	12:56:31PM
11	Q -- to your knowledge?	12:54:32PM	11	Q The one below that is from Alex Navab to you, dated March 12th, 2007.	12:56:32PM 12:56:36PM
12	No?	12:54:33PM	12	A Okay.	12:56:39PM
13	A No	12:54:33PM	13	Q And he says -- Mr. Navab says "Are we feeling lonely at the altar here? Where did Bain and Blackstone end up on price? TPG? Don't worry, this was a solid deal at 23 and even better at 22."	12:56:39PM 12:56:43PM 12:56:44PM 12:56:49PM 12:56:52PM 12:56:55PM
14	Q Okay.	12:54:33PM	14	A Mm-hmm.	12:56:55PM
15	Did you enter into a merger agreement on or about March 11th?	12:54:34PM 12:54:44PM	15	Q Do you recall receiving this E-mail?	12:56:56PM
16	A Yes, I did	12:54:45PM	16	A I do	12:56:57PM
17			17	Q All right.	12:56:58PM
Page 191		Page 193			
1	Q All right.	12:54:46PM	1	Do you think it accurately reflects Mr. Navab's opinion?	12:57:04PM 12:57:05PM
2	There were people on the investment committee who would have been willing to go up to \$23 a share?	12:54:55PM 12:54:56PM 12:54:58PM	2	A I -- I think Alex -- my recollection of this E-mail is Alex trying to make me feel better that we had just committed to over \$2 billion of equity and TPG had fallen away, and I was very nervous at the time.	12:57:08PM 12:57:09PM 12:57:12PM 12:57:18PM 12:57:21PM
3	A I -- I don't -- I don't know. I don't know. The committee decided that they were not supportive of going higher than \$22 a share.	12:54:59PM 12:55:00PM 12:55:06PM	3	Q You were nervous about what?	12:57:22PM
4	Q I mean, the committee approved going up to \$22 a share?	12:55:08PM 12:55:11PM	4	A I was nervous that we had paid a very full price, we had underwritten a lot of equity, and at this point we felt -- at this point, TPG had basically fallen away from the deal over price.	12:57:23PM 12:57:26PM 12:57:29PM 12:57:34PM
5	A That is correct.	12:55:12PM	5	Q When did TPG fall away?	12:57:37PM
6	Q All right	12:55:13PM	6	A Before we submitted our final indication	12:57:41PM
7	Alex -- who is Alex Navab?	12:55:14PM	7	Q TPG fell away sometime between the morning of March 8th and when you submitted your letter on March 8th; is that right?	12:57:41PM 12:57:45PM 12:57:48PM
8	A He is one of my partners in New York	12:55:19PM	8	MR KAZANOFF: Objection to form	12:57:50PM
9	Q Okay. And what was his impression of the deal at the time?	12:55:21PM 12:55:21PM 12:55:25PM	9	BY MR HARRIS.	12:57:54PM
10	A I think Alex liked the opportunity. I think he thought there was a lot we could do with the company	12:55:26PM 12:55:29PM 12:55:31PM	10	Q Is that right?	12:57:54PM
11	And he was one -- he was a partner that was supportive of our final bid	12:55:33PM 12:55:37PM	11	Well, let's go back	12:57:55PM
12	Q Okay	12:55:48PM	12	If we look at Calbert 26, which is March 8th, Page 2 says, "We continue to work closely with TPG"	12:57:55PM 12:58:00PM 12:58:03PM
13	So do you recall receiving an E-mail from Mr. Navab where he said he thought it was a solid deal at 23?	12:55:50PM 12:55:52PM 12:55:57PM	13	I believe the bid letters -- I don't have	12:58:04PM

49 (Pages 190 to 193)

Page 194

1 the final bid letter I believe it was submitted on 12:58:07PM
 2 or about March 8th. I -- I can't confirm that. 12:58:11PM
 3 A Yeah, I actually think the bid letter was 12:58:14PM
 4 submitted on Friday the 9th -- 12:58:17PM
 5 Q Okay 12:58:19PM
 6 A -- and TPG fell away late on the 8th Over 12:58:18PM
 7 price. 12:58:23PM
 8 Q Okay. 12:58:25PM
 9 After TPG fell away, did you go back to the 12:58:25PM
 10 investment committee? 12:58:30PM
 11 A I think I had phone calls with the members, 12:58:31PM
 12 because at that point they were scattered. 12:58:33PM
 13 Q Okay. 12:58:37PM
 14 A So I didn't go to a formal committee 12:58:37PM
 15 meeting 12:58:39PM
 16 And I said, "Here's the situation, they 12:58:39PM
 17 could have gotten to 20 to \$21 a share, but they 12:58:43PM
 18 can't -- they can't get their committee over \$21 a 12:58:46PM
 19 share. And I'd like to go in at the high end of our 12:58:50PM
 20 range." 12:58:54PM
 21 Because I thought Bain was -- was going to 12:58:54PM
 22 bid very strong here, and I didn't want to lose this 12:58:56PM
 23 one to Bain. 12:58:59PM
 24 Q Is it correct that the members of the TPG 12:59:00PM
 25 deal team liked the deal, but that there were 12:59:04PM

Page 195

1 members of the TPG investment committee who were 12:59:06PM
 2 skittish? Is -- 12:59:09PM
 3 MR. KAZANOFF Objection to form 12:59:11PM
 4 BY MR. HARRIS 12:59:12PM
 5 Q -- that right? 12:59:12PM
 6 If you know 12:59:13PM
 7 A I -- I think it -- it's not unusual for the 12:59:13PM
 8 deal team to be more aggressive on a deal They 12:59:17PM
 9 have been working on it for a long time, they want 12:59:20PM
 10 to get the deal done, they want fruits of their 12:59:22PM
 11 labor, and it had been characterized to me that the 12:59:26PM
 12 deal team liked the deal at 22 12:59:29PM
 13 Q Okay. 12:59:31PM
 14 So after TPG fell away, you had discussions 12:59:32PM
 15 with members of the investment committee? 12:59:38PM
 16 A Correct. 12:59:41PM
 17 Q And a decision was made to go ahead with a 12:59:41PM
 18 bid at up to \$22 a share; is that right? 12:59:47PM
 19 A It was actually we decided to put our best 12:59:50PM
 20 and final forward and see if we could win it at 22 12:59:53PM
 21 Q Okay 12:59:55PM
 22 A We decided that we -- we had one shot, 12:59:56PM
 23 let's put our best in and see if we can do it 12:59:59PM
 24 Q When did you make a decision to replace 1:00:27PM
 25 David -- when did you make a final decision to 1:00:33PM

Page 196

1 replace David Perdue as CEO of Dollar General? 1:00:35PM
 2 A I don't know the exact date, but after we 1:00:41PM
 3 signed the deal up, I flew down with my team and we 1:00:45PM
 4 had a series of meetings with the management team, 1:00:47PM
 5 with the broader organization, and it -- it was 1:00:50PM
 6 some -- it was sometime shortly after that, after I 1:00:55PM
 7 observed him in these meetings and I got a chance to 1:01:01PM
 8 talk openly with the rest of the management team 1:01:03PM
 9 about -- about their relationship. 1:01:05PM
 10 Q And what was your view at that time of 1:01:11PM
 11 David Bere? 1:01:14PM
 12 A I didn't have a real view of David Bere. I 1:01:16PM
 13 had one interaction with David Bere before we signed 1:01:19PM
 14 the deal up And it was the management meeting at 1:01:24PM
 15 the hotel that we talked about earlier, where he 1:01:28PM
 16 said a few things about some of the alpha 1:01:30PM
 17 initiatives, I think 1:01:33PM
 18 And my impression at the time was not a 1:01:34PM
 19 retailer, seems like a good guy, not really sure why 1:01:37PM
 20 he's here, you know, why he had made the -- why the 1:01:40PM
 21 board had put him into the company 1:01:41PM
 22 But I had no further discussions with him 1:01:44PM
 23 until after we signed the deal up 1:01:48PM
 24 Q And then what was your impression of Dave 1:01:50PM
 25 Bere after the deal was signed up? 1:01:52PM

Page 197

1 A I -- I observed him in some of these 1:01:54PM
 2 meetings, and I thought this was a guy that, you 1:01:56PM
 3 know, appears to be organized, good manager, listens 1:01:58PM
 4 to people 1:02:05PM
 5 You know, people tended to gravitate 1:02:06PM
 6 towards him You know, I think they had a better -- 1:02:08PM
 7 you know, good relationship with Dave. 1:02:10PM
 8 So he was a competent manager, but he -- he 1:02:14PM
 9 wasn't a retailer So, you know, that was -- 1:02:15PM
 10 that -- those were my impressions. 1:02:17PM
 11 Q Did you interview David Bere for the CEO 1:02:18PM
 12 job? 1:02:21PM
 13 A Not at that point 1:02:21PM
 14 I mean, when we -- when I -- when I decided 1:02:22PM
 15 that we were not going to go forward with David 1:02:25PM
 16 Perdue, I told David Perdue that I'd like to sit 1:02:28PM
 17 down with Bere and talk to him about a transition 1:02:31PM
 18 role. Because I needed somebody 1:02:36PM
 19 And I think David Perdue asked me to give 1:02:37PM
 20 him a week to try to get everything organized before 1:02:40PM
 21 I sat down with Bere, and he wanted to talk with 1:02:43PM
 22 Bere directly 1:02:46PM
 23 So after that, I sat down with Bere and 1:02:47PM
 24 talked to him about serving as our interim CEO. And 1:02:49PM
 25 it was -- it was my intent to kick off a search for 1:03:02PM

CONFIDENTIAL

Page 198		Page 200	
1	a full-time CEO.	1	hasn't been made already
2	Q Did you consider David Bere for the	2	MR. KAZANOFF. We have looked for
3	permanent CEO position?	3	everything related to this
4	A Yes, I did. I told him he would be a	4	MR. HARRIS. Okay
5	candidate --	5	MR. KAZANOFF. So if we had it, you have
6	Q Okay.	6	it
7	A -- I would evaluate him alongside every	7	MR. HARRIS. Okay
8	other candidate	8	MR. KAZANOFF. And you may very well have
9	Q You retained Spencer Stuart for the search	9	it.
10	for a new CEO; is that right?	10	You've also sent a document request to
11	A That is correct.	11	Spencer Stuart --
12	Q And -- and you retained them in mid-March?	12	MR. HARRIS. Spencer Stuart
13	A I think that's about -- about right.	13	MR. KAZANOFF. -- so --
14	Q And that point, you had decided that Perdue	14	MR. HARRIS. I got it. All right
15	would not be CEO of the company?	15	MR. KAZANOFF. -- I think you've gotten
16	A I had already communicated to David before	16	your discovery
17	I retained Spencer Stuart.	17	MR. HARRIS. All right
18	Q You communicated to David Perdue before	18	Q So then do you recall that in -- in -- in
19	you --	19	April of 2007, that there was a presentation made to
20	A Yes --	20	potential equity investors in Dollar General at
21	Q -- retained Spencer Stuart?	21	which David Perdue participated?
22	A -- that we would not be going forward with	22	A Yes, I do recall that
23	him, correct	23	Q All right.
24	MR. HARRIS. Mark Calbert --	24	Mark this as Calbert --
25	THE REPORTER. 30	25	THE REPORTER. 31
Page 199		Page 201	
1	MR. HARRIS. 30?	1	MR. HARRIS. -- 31.
2	THE REPORTER. Yeah	2	MR. KAZANOFF. Do you want to send those
3	(Calbert Exhibit 30 was marked for	3	over here?
4	identification by the court reporter.)	4	(Calbert Exhibit 31 was marked for
5	BY MR. HARRIS.	5	identification by the court reporter.)
6	Q Calbert 30 is KKR 015716 to 25, dated	6	BY MR. HARRIS:
7	March 19, 2007, from Spencer Stuart to you, correct?	7	Q It's titled "Dollar General Corporation,
8	A Yes, it is	8	Management Presentation, April 2007."
9	Q Is this the retainer letter for Spencer	9	It's KKR 789 to 824
10	Stuart?	10	A Okay
11	MR. KAZANOFF. You note it's not signed,	11	Q Is this the presentation that was made to
12	correct?	12	potential equity investors?
13	MR. HARRIS. I note it's not signed.	13	A Yes, it was
14	THE WITNESS: Yeah, this appears to be the	14	Q All right. Where was that presentation
15	letter.	15	made?
16	BY MR. HARRIS:	16	A In New York
17	Q This is an unsigned version of the retainer	17	Q All right
18	letter?	18	And do you recall where the meeting was
19	A Yeah	19	held?
20	I mean -- I mean, honestly, I would have to	20	A There were two meetings. One was at the
21	look at the one I executed. I don't know if this is	21	Mendian Hotel, and the other I think was in one of
22	exactly in the form. But I did execute a letter	22	the CitiBank offices, although I'm not certain
23	similar to that	23	Q And you presented at this meeting; is that
24	Q Okay	24	right?
25	Call for the production of that if it	25	A I introduced the management team on the

51 (Pages 198 to 201)

CONFIDENTIAL

<p style="text-align: right;">Page 202</p> <p>1 transaction, and they made the rest of the 1:07:40PM 2 presentaton 1:07:43PM 3 Q David Perdue presented? 1:07:43PM 4 A Yes, he did. 1:07:45PM 5 Q All right 1:07:45PM 6 At the time he made this presentaton, 1:07:46PM 7 David Perdue thought he was going to be CEO of 1:07:47PM 8 Dollar General, didn't he? 1:07:52PM 9 MR. CURLEY. Object to the form. 1:07:53PM 10 THE WITNESS I don't know what he thought 1:07:55PM 11 BY MR. HARRIS. 1:07:56PM 12 Q You hadn't told him yet he was not going to 1:07:57PM 13 be CEO of Dollar General? 1:07:59PM 14 A I apologize Yes, I had told him at this 1:08:01PM 15 point. 1:08:02PM 16 Q You believe you had told him at this point? 1:08:03PM 17 A I do believe that. 1:08:05PM 18 Q Did you tell the equity investors? 1:08:07PM 19 A I don't recall at what point; at some 1:08:20PM 20 point, we told the equity investors that Dave Bere 1:08:22PM 21 was going to be our interim CEO I don't recall the 1:08:24PM 22 exact sequencing of this. 1:08:28PM 23 And I'm sorry, do -- I do recall at this 1:08:45PM 24 point in time I had not talked to him, and we did 1:08:48PM 25 not tell -- we did not tell the equity investors 1:08:50PM</p>	<p style="text-align: right;">Page 204</p> <p>1 Q Okay. 1:09:49PM 2 Show you Calbert 32. 1:10:35PM 3 (Calbert Exhibit 32 was marked for 1:10:38PM 4 identification by the court reporter) 1:10:38PM 5 BY MR. HARRIS: 1:10:39PM 6 Q Calbert 32 is an E-mail, April 18th, 2007, 1:10:41PM 7 from you to George Roberts re David Perdue 1:10:43PM 8 It starts with an E-mail from a Jenna 1:10:50PM 9 Parker to George Roberts, David Perdue, which is 1:10:55PM 10 forwarded to you 1:11:00PM 11 A Mm-hmm. 1:11:01PM 12 Q And then you say "Not sure why he is 1:11:02PM 13 calling." 1:11:04PM 14 And then the second paragraph 1:11:04PM 15 "I'm planning on having the 1:11:05PM 16 not-moving-forward conversation with 1:11:08PM 17 you" -- "the not-moving-forward-with-you 1:11:10PM 18 conversation next week " 1:11:15PM 19 A Okay. Correct. 1:11:18PM 20 Q Right? 1:11:19PM 21 A Mm-hmm 1:11:19PM 22 Q "It would be helpful if you could touch 1:11:19PM 23 base with him and see what is on his mind." 1:11:21PM 24 A Mm-hmm 1:11:23PM 25 Q Do you know if Mr. Roberts touched base 1:11:27PM</p>
<p style="text-align: right;">Page 203</p> <p>1 Q You -- you had not talked to David -- 1:08:55PM 2 A I had not talked to him -- I had not -- 1:08:57PM 3 Q Okay 1:08:58PM 4 A -- told him at this point 1:08:58PM 5 Q So at this point in time, he still believed 1:08:59PM 6 he would -- as far as you know, he believed he was 1:09:01PM 7 going to be CEO of Dollar General? 1:09:04PM 8 MR. KAZANOFF Objection to form 1:09:07PM 9 BY MR. HARRIS: 1:09:08PM 10 Q You can answer 1:09:08PM 11 A I had not told him that he was not going to 1:09:09PM 12 be 1:09:11PM 13 Q Had -- had anyone else told him? 1:09:12PM 14 A No 1:09:13PM 15 Q Okay 1:09:14PM 16 A Nobody on my team. 1:09:13PM 17 Q All right 1:09:16PM 18 In fact, did there come a time when you did 1:09:31PM 19 have the conversaton with him? 1:09:33PM 20 A Yes. 1:09:35PM 21 Q Okay Do you recall when that was? 1:09:36PM 22 A I recall it was after this meeting. 1:09:38PM 23 Q Okay. 1:09:40PM 24 A And I recall it was in Nashville, but I 1:09:43PM 25 don't recall the exact date. 1:09:47PM</p>	<p style="text-align: right;">Page 205</p> <p>1 with him? 1:11:28PM 2 A He did 1:11:28PM 3 Q All right And what was on Mr. Perdue's 1:11:29PM 4 mind? 1:11:31PM 5 A David was calling to tell George how well 1:11:31PM 6 everything was going, how he thought George -- KKR 1:11:34PM 7 had made a good investment, he liked working with 1:11:39PM 8 us, he had just not touched base -- he had not 1:11:42PM 9 talked to George post the signing of the 1:11:48PM 10 transaction 1:11:49PM 11 Q In this E-mail you say, "To my knowledge, 1:11:50PM 12 he has no clue " 1:11:52PM 13 A Mm-hmm 1:11:54PM 14 Q And what did you mean by that? 1:11:55PM 15 A That he -- at -- at the time I wrote this, 1:11:56PM 16 I didn't think he knew that we had -- that we were 1:11:58PM 17 making the decision not to move forward with him as 1:12:01PM 18 our CEO 1:12:04PM 19 Q Okay 1:12:04PM 20 Okay As far as you knew, no one had told 1:12:05PM 21 him as of this time? 1:12:07PM 22 A I know nobody had told him -- 1:12:09PM 23 Q Okay. 1:12:11PM 24 A -- nobody from KKR 1:12:11PM 25 Q Did there -- did you have a conversation 1:12:20PM</p>

52 (Pages 202 to 205)

CONFIDENTIAL

<p style="text-align: right;">Page 206</p> <p>1 with Mr. Perdue shortly thereafter where you 1 12:25PM 2 terminated him? 1:12:28PM 3 A Yes 1 12 28PM 4 Q All right. And where was that 1 12 28PM 5 conversation? 1:12:31PM 6 A It was in his office in Nashville 1:12:31PM 7 Q And how did that conversation go? 1:12:33PM 8 A You know, those conversations never go 1:12:35PM 9 well. They are difficult conversations to have. 1 12 37PM 10 I think he was -- you know, I think there 1 12 45PM 11 was some element of surprise, but mostly 1:12:47PM 12 disappointment. 1 12:49PM 13 He wanted to talk about how we were going 1:12:56PM 14 to -- to make the announcement and a lot of 1 12:59PM 15 questions around kind of saving face, asked about 1 13 02PM 16 the transition and asked what I intended to do to 1 13 05PM 17 fill the position 1:13:07PM 18 Q Okay 1:13:09PM 19 Did you say anything else -- anything else 1 13 21PM 20 you can recall about that conversation? 1:13:23PM 21 A No 1 13 41PM 22 You know, I mean, it -- these conversations 1 13 41PM 23 are -- are always awkward. And, you know, he made 1:13:43PM 24 some reference, almost kind of a defensive comment 1:13:46PM 25 that said well, you know, I kind of been thinking 1:13 50PM</p>	<p style="text-align: right;">Page 208</p> <p>1 in this transaction go? 1:16:22PM 2 MR. KAZANOFF: Objection to form. 1:16 28PM 3 But if you can answer that, it's a -- 1:16:29PM 4 somewhat of a general question 1:16:31PM 5 THE WITNESS: Yeah 1 16:33PM 6 Can you be more specific? 1 16 33PM 7 BY MR. HARRIS: 1 16 34PM 8 Q Well, you know, did -- were you able to 1 16 34PM 9 successfully syndicate all the equity that you 1:16:35PM 10 wanted to? 1 16 39PM 11 A Yes. Ultimately, we syndicated the equity 1 16 40PM 12 we wanted to. 1:16 43PM 13 Q Okay. And was the equity, in fact, 1 16 44PM 14 oversubscribed? 1:16:45PM 15 A I'm not sure it was oversubscribed. I -- I 1:16:47PM 16 think we syndicated the amount that we wanted to 1 16 50PM 17 syndicate. I don't recall having a lot of 1 16 54PM 18 conversations to cut people back. So. 1 16:56PM 19 Q Now, did Goldman Sachs wind up taking a 1 16 59PM 20 piece of the equity? 1:17:03PM 21 A They did. 1 17 04PM 22 Q Is that their PIA group? 1 17 05PM 23 A That's correct. 1:17 06PM 24 Q What does "PIA" stand for? 1:17:07PM 25 A Principal Investment -- I don't know what 1 17:13PM</p>
<p style="text-align: right;">Page 207</p> <p>1 about doing other things anyway, almost to -- almost 1:13:53PM 2 to blunt the fact that we had decided not to go 1:13 55PM 3 forward with him, which I thought was kind of an odd 1:13 58PM 4 comment to make 1 14:02PM 5 Q Okay 1 14:03PM 6 When did Mr. Perdue leave the company? 1:14 03PM 7 A Well, technically, after we closed the 1:14:08PM 8 transaction, so early July 1 14 12PM 9 Q Okay 1 14 29PM 10 Just going to take a minute and see what of 1:14 45PM 11 this I want to do 1:14:53PM 12 I'm sure Pete will appreciate that. 1:14:54PM 13 MR. KAZANOFF: So will my witness. 1 14 56PM 14 BY MR. HARRIS 1:15:42PM 15 Q We talked some before about that KKR takes 1:15 42PM 16 a -- there's a debt piece and an equity piece in a 1 15 51PM 17 deal like this, right? 1:15:54PM 18 A Correct. 1 15 56PM 19 Q All right 1:15 56PM 20 And then on the equity piece, that's not 1 15:57PM 21 just KKR investing all of its money, that -- that 1 16:03PM 22 piece is syndicated out, correct? 1:16:06PM 23 A In this transaction, that's correct 1:16:08PM 24 Q Okay 1:16:11PM 25 And how did the syndication of the equity 1:16 12PM</p>	<p style="text-align: right;">Page 209</p> <p>1 the "A" is 1:17:14PM 2 Q Okay. 1:17:14PM 3 And they were a potential -- you thought at 1:17:14PM 4 one point they were a potential bidder for Dollar 1 17:16PM 5 General? 1:17 19PM 6 A That's what we were told, yes 1:17:19PM 7 Q All right. 1:17:21PM 8 And how big a piece of the equity piece did 1 17 21PM 9 they wind up taking? 1:17 25PM 10 A I think in the aggregate, 600 million 1:17:26PM 11 Q So they took a -- roughly a quarter of it? 1 17 29PM 12 A Roughly. 1:17:33PM 13 Q And then does Goldman syndicate that out to 1 17:33PM 14 its clients, do you know? 1 17:36PM 15 A I think they held all of that. 1:17:37PM 16 Q Okay. 1:17:39PM 17 Did there come a time when Goldman came 1 18 16PM 18 back and asked for additional equity? 1:18:18PM 19 A Yes 1:18 21PM 20 Q And did you all -- did KKR grant Goldman 1:18:22PM 21 the additional equity? 1 18:31PM 22 A Yeah, I believe we gave them or allocated 1:18:32PM 23 to them 100 million of additional equity on top of 1:18:35PM 24 the original 500 to get them to 600 in total. 1:18:37PM 25 Q Okay 1:18:43PM</p>

53 (Pages 206 to 209)

CONFIDENTIAL

<p style="text-align: right;">Page 210</p> <p>1 George Roberts didn't want to give them the 1 19 00PM 2 extra equity? 1 19 07PM 3 A I don't know that George didn't want to 1:19 08PM 4 give them extra equity, I think he wanted to make 1:19:09PM 5 sure that, you know, all of our limited partners who 1:19:13PM 6 wanted to invest, that we were able to allocate 1.19.15PM 7 them their -- the share that they wanted or the 1:19 18PM 8 amount that they wanted. 1:19:20PM 9 Q How does that work? 1:19:24PM 10 A Well -- 1.19.24PM 11 MR. KAZANOFF. Objection to -- objection to 1:19:24PM 12 form 1 19 24PM 13 You want to ask him this transaction? 1:19:24PM 14 I think it's inappropriate as sort of a KKR 1 19.26PM 15 business practice question. 1:19:29PM 16 But if you want to ask in terms of this 1:19:31PM 17 question -- of this transaction . 1.19 33PM 18 BY MR. HARRIS: 1 19:34PM 19 Q How does that work in this transaction? 1 19:35PM 20 A So we have a number of limited partners 1.19.37PM 21 that have expressed interest in investing in our 1:19 40PM 22 transactions in addition to the capital that they 1:19:46PM 23 invest through their commitment to our fund 1.19 47PM 24 And on a transaction by transaction basis, 1 19 50PM 25 we go back to them and say here's the transaction, 1 19 52PM</p>	<p style="text-align: right;">Page 212</p> <p>1 In this transaction, we did that 1.20 46PM 2 Q All right 1 20 46PM 3 And you had limiteds who were interested in 1:20 46PM 4 taking a piece of this deal? 1:20 49PM 5 A That's correct. 1 20 51PM 6 Q All right. 1:20.51PM 7 And then you also allocated a portion of 1 20 51PM 8 the equity to Goldman? 1:20 53PM 9 A Correct 1:20:55PM 10 Q All right. 1.20 56PM 11 In fact, you gave Goldman more than you had 1.21.09PM 12 originally been planning to give Goldman because 1 21 12PM 13 they wanted more? 1 21.15PM 14 A Yeah 1 21:17PM 15 And we -- we also had a hole to fill, we 1.21.17PM 16 also had additional equity that we needed to 1:21:19PM 17 syndicate when they came back to us. 1 21 22PM 18 Q Okay. 1 21 23PM 19 And so all the equity got successfully 1:21:24PM 20 syndicated? 1.21.27PM 21 MR. KAZANOFF Objection to form All the 1:21:28PM 22 equity? 1.21.28PM 23 MR. HARRIS: All the equity 1 21 30PM 24 MR. KAZANOFF. All the equity they wanted 1:21:32PM 25 to syndicate? 1.21:33PM</p>
<p style="text-align: right;">Page 211</p> <p>1 we have "X" amount of capital available, do your 1 19 54PM 2 diligence and let us know if you have any interest 1 19 59PM 3 in investing 1:20:02PM 4 So in terms of syndicating equity, those -- 1 20.03PM 5 you know, our limited partners are really the first 1:20.06PM 6 parties that we turn to 1 20:08PM 7 Q So you have a tranche that has been 1 20 10PM 8 committed to KKR, and -- and that's a fund you've -- 1.20.16PM 9 KKR has raised -- 1 20 18PM 10 A That's correct 1:20 22PM 11 Q -- at some point in time? 1 20 22PM 12 And -- and KKR puts that money in its 1 20:23PM 13 equity? 1 20 25PM 14 A That's correct. 1.20 29PM 15 Q All right And that's money from limited 1:20:30PM 16 partners, it could be some money from KKR members or 1:20 31PM 17 other people or -- 1 20 35PM 18 A That's correct 1 20 36PM 19 Q All right 1:20 38PM 20 Then in addition, you go to some of your 1:20:38PM 21 limiteds and say hey, would you like to also take a 1:20:39PM 22 piece of this deal separately -- 1 20.42PM 23 A Mm-hmm. In this -- 1 20 43PM 24 Q -- separate from the funds? 1:20 43PM 25 A Yes 1:20 45PM</p>	<p style="text-align: right;">Page 213</p> <p>1 MR. HARRIS: Yes. 1:21:35PM 2 MR. KAZANOFF Yes Okay 1:21:35PM 3 MR. HARRIS: He understood what I meant 1 21 36PM 4 MR. KAZANOFF: Want the record to be clear. 1.21:38PM 5 BY MR. HARRIS: 1 22 16PM 6 Q We talked some before about the -- the 1.22.17PM 7 number of stores that Dollar General -- you used the 1:22:20PM 8 word "saturation point" -- 1 22 55PM 9 A Mm-hmm 1 22 56PM 10 Q -- hit a saturation point. 1 22 58PM 11 What is the next exhibit? 1 23 18PM 12 THE REPORTER. 33. 1 23:21PM 13 BY MR. HARRIS: 1:23:22PM 14 Q Show you what will be marked as Calbert 1.23:22PM 15 Exhibit 33. 1.23 27PM 16 (Calbert Exhibit 33 was marked for 1 23 28PM 17 identification by the court reporter) 1:23:28PM 18 THE WITNESS Thank you. 1:23 45PM 19 BY MR. HARRIS: 1:23.45PM 20 Q February 26th, 2007, date on the document, 1 23 45PM 21 "Project Franklin Final Analytical Report," on the 1 23 49PM 22 letterhead of a group, APT, Bates No DG 157743 to 1:23:54PM 23 827 1:24:12PM 24 Is this the report you were talking to me 1 24 14PM 25 about? 1 24:16PM</p>

54 (Pages 210 to 213)

CONFIDENTIAL

Page 214		Page 216	
1	Do you recognize this document?	1	This is the analysis that you were talking
2	A Yes, I do.	2	to me about before?
3	Q All right	3	A Yes
4	Is this the report you were talking about	4	Q All right. So you're talking within the
5	before about that you commissioned a report on --	5	four walls of the stores?
6	A Yes.	6	A Mm-hmm --
7	Q -- how many stores could be built?	7	Q Okay.
8	MR. KAZANOFF Objection to form.	8	A -- correct
9	THE WITNESS Now, this -- so this is	9	Q And that's a base case analysis.
10	basically the saturation analysis --	10	In fact, there's a -- also a more
11	BY MR. HARRIS:	11	aggressive analysis, as well.
12	Q Okay.	12	Do you recall that?
13	A -- that I referred to earlier.	13	A I do.
14	Q And is that what APT does?	14	Q All right.
15	A APT basically does analytical-type studies	15	If you could flip to DG 157823, which is
16	of all different things, different industries,	16	all the way near the back.
17	different companies, different issues	17	A Okay.
18	The -- you know, the -- the -- the thrust	18	MR. HARRIS: You got that?
19	of their -- of their company is using analytics to	19	THE REPORTER: Mm-hmm.
20	drive decision.	20	MR. HARRIS: All right
21	Q Okay So it's not -- they're not purely	21	Q And that's the "New Site Opportunities:
22	focused on the retail industry?	22	Upside case"?
23	A No.	23	A Mm-hmm.
24	Nor are they retail real estate experts.	24	Q "In the upside case, there's an opportunity
25	Q Okay	25	to build 11,000 new sites"?
Page 215		Page 217	
1	APT, would they work for, you know, any --	1	A Mm-hmm
2	do they work only for KKR, or would they work for	2	Q Is that right?
3	anyone?	3	A I do -- I see that, yes.
4	A They'd work for anyone	4	Q And that's based on the same type of
5	Q Dollar General, without a transaction with	5	analysis, it's -- it's the four walls of -- of the
6	KKR, could have called up APT and said "We'd like	6	stores?"
7	you to do this study for us"?	7	A Right Mm-hmm.
8	A That's correct.	8	I mean, this -- the upside case assumes
9	Q All right	9	that we -- that we improve margins by 200 basis
10	If you flip -- these pages are -- if you	10	points, I believe, and that -- the 11,000 this
11	use the Bates number, which is in the lower	11	references assumes that our cap ex is 260,000
12	right-hand corner, if you flip to DG 157747 --	12	You see, if it's 100,000 more, it's -- you
13	THE REPORTER I'm sorry, just give me the	13	know, it's obviously less.
14	number again, the Bates again. "DG" --	14	Q Okay
15	MR. HARRIS DG 157747	15	A Those are the kind of parameters they were
16	THE REPORTER Thank you	16	working with
17	BY MR. HARRIS.	17	Q So the base case is there's not a margin
18	Q It's titled "New site Opportunities Base	18	improvement?"
19	Case"	19	A Right
20	A Mm-hmm	20	Q And the upside case --
21	Q It says	21	A Nor continued degradation. It's basically
22	"Assuming 310K cap ex, the base case	22	flat margin case.
23	suggests an opportunity to build	23	Q As -- as Dollar General was doing as a
24	approximately 7,000 new sites at a	24	public company?
25	20 percent IRR hurdle rate."	25	MR. KAZANOFF Objection to form

55 (Pages 214 to 217)

CONFIDENTIAL

<p style="text-align: right;">Page 218</p> <p>1 THE WITNESS. No In fact, their margins 1 28 07PM 2 had decreased significantly over the cut -- two 1 28 08PM 3 years leading up to the deal 1:28:12PM 4 BY MR HARRIS 1 28.13PM 5 Q The base -- the base case is there's no 1 28 13PM 6 margin improvement? 1 28 15PM 7 A That is correct. 1 28 19PM 8 Q The upside case is KKR comes in and, with 1 28 19PM 9 new management, you're able to improve the margins 1:28:22PM 10 at Dollar General? 1.28.25PM 11 A I mean, I don't know if they made any 1 28 26PM 12 assumption about management, but the case is 200 1 28 28PM 13 basis points improved margin, what would the numbers 1 28 31PM 14 tell us 1.28.35PM 15 Q Okay 1 28 35PM 16 I show you what I'm going mark as 1:29 40PM 17 Calbert -- 1.29 45PM 18 THE REPORTER: 34 1.29 47PM 19 MR HARRIS -- 34 1.29 47PM 20 (Calbert Exhibit 34 was marked for 1:30:07PM 21 identification by the court reporter.) 1.30.07PM 22 BY MR HARRIS 1 30 15PM 23 Q All right 1 30:17PM 24 This is an investment committee update, 1:30:17PM 25 Project Franklin, February 22, 2007 1.30 19PM</p>	<p style="text-align: right;">Page 220</p> <p>1 What does that mean, that you've asked by 1:31:31PM 2 an approximate 40 percent haircut factor? 1.31:31PM 3 A So the improvement opportunities we are 1:31.36PM 4 talking about here are principally the work done by 1 31 38PM 5 the McKinsey group. And in their analysis, if you 1 31 41PM 6 just add up every opportunity that they identified, 1 31.44PM 7 it came up to somewhere over 500 basis points 1.31.46PM 8 So we've gone through and done our own 1:31:50PM 9 work, and we've assessed that a more appropriate 1.31 51PM 10 number to use in our base case at this point -- this 1:31:54PM 11 is early in the process -- was a number less than 1 31 57PM 12 500 basis points, this 40 percent haircut 1 32.02PM 13 Q So it's 300 basis points. 1 32 06PM 14 A 300 basis points 1:32:08PM 15 Q Okay 1 32:09PM 16 And you say, "At \$22 per share, our 1 32 09PM 17 expected net returns are 17.1 percent IRR over five 1 32 10PM 18 years " 1:32:15PM 19 What do you mean by 17.1 percent IRR over 1 32 16PM 20 five years? 1:32 19PM 21 A So the way that we think about returns are 1 32 20PM 22 basically what type of return are we giving our 1 32.22PM 23 limited partners back at the end of the investment, 1:32:24PM 24 based on the money that they put up, net of whatever 1:32:27PM 25 our -- our profit participation is 1.32.30PM</p>
<p style="text-align: right;">Page 219</p> <p>1 So it's not a -- do you recall -- it is 1.30 22PM 2 another one of these presentations that you and your 1.30.26PM 3 team made to the investment committee? 1:30:30PM 4 A That is correct 1.30 32PM 5 Q And do you recall this document? 1:30:32PM 6 A I do 1:30:34PM 7 Q All right 1 30 35PM 8 If you could flip to the third page, 1:30 36PM 9 please 1:30:39PM 10 MR KAZANOFF: Third page? 1 30 40PM 11 MR HARRIS Third page. 1 30:42PM 12 Q The documents -- the Bates numbers of the 1 30 43PM 13 document are KKRE0216229 to 256 1:30 45PM 14 I'm asking you to flip to the third page, 1 30:53PM 15 which is Bates numbered 0216231. 1.30.55PM 16 A Okay 1:31:03PM 17 Q All right 1:31:03PM 18 The third bullet point is "Base Case 1 31 05PM 19 Projections." 1:31:08PM 20 A Mm-hmm 1 31 10PM 21 Q And it says, "In our base case, we've 1 31 13PM 22 asked by an approximate 40 percent haircut factor 1:31:18PM 23 over 500 BPS" -- is that basis points? -- 1 31.22PM 24 A Correct 1 31:25PM 25 Q -- "of identified improvement potential." 1:31 25PM</p>	<p style="text-align: right;">Page 221</p> <p>1 Q Okay. 1:32:35PM 2 A So they would be earning 17.1 percent on 1:32:36PM 3 their capital 1 32 39PM 4 Q That's your -- the -- the investors in your 1:32 40PM 5 fund? 1 32 43PM 6 A In our fund, correct. 1:32:43PM 7 Q Would that also be your limiteds who also 1:32 45PM 8 just invested in this deal? 1 32.47PM 9 A Depends on the terms that they invested on 1.32 48PM 10 a invest 1 32:51PM 11 Q On a invest, the terms might be a little 1 32:51PM 12 different -- 1 32 54PM 13 A That's correct 1:32:54PM 14 Q -- than the terms of the investment in the 1 32:55PM 15 fund? 1 32 56PM 16 A That is correct 1.32.57PM 17 Q All right. 1.32.57PM 18 And then you say "over five years, assuming 1:32:57PM 19 an exit multiple of 8.5 times EBITDA." 1 33.00PM 20 A Mm-hmm. 1 33 05PM 21 Q What does that mean? 1:33 05PM 22 A So in this particular case, we ended up 1.33 11PM 23 paying 11 times EBITDA for that That was the value 1:33:14PM 24 that we paid for this company 1.33 17PM 25 We are assuming in our base case that we 1 33 19PM</p>

56 (Pages 218 to 221)

CONFIDENTIAL

<p style="text-align: right;">Page 222</p> <p>1 are going to lose value, because we don't assume 1:33:21PM 2 we'll -- we could ever sell this company for 11 1:33:23PM 3 times. In fact, we assume we could sell it for 1:33:26PM 4 eight and a half times after all of this 1:33:29PM 5 improvement 1:33:31PM 6 And that eight and a half comes from where 1:33:32PM 7 these type of companies typically trade 1:33:35PM 8 Q Your -- so this assumption -- just if I got 1:33:37PM 9 this right -- you're assuming that if you were to 1:33:39PM 10 exit in five years -- is that a rational assumption? 1:33:41PM 11 Is that -- 1:33:46PM 12 A It is a rational assumption. 1:33:46PM 13 Q Okay. 1:33:46PM 14 -- that you would then be able to -- do you 1:33:46PM 15 think you would be able to exit roughly 8.5 EBITDA? 1:33:47PM 16 A Exactly 1:33:53PM 17 Q Okay. 1:33:53PM 18 And that would give your investors and your 1:33:54PM 19 fund a 17.1 percent IRR? 1:33:56PM 20 A That's correct 1:33:59PM 21 Q Okay 1:34:00PM 22 And that's all assuming your base case? 1:34:08PM 23 A That is correct 1:34:10PM 24 Q Okay. 1:34:11PM 25 A At this point in time 1:34:11PM</p>	<p style="text-align: right;">Page 224</p> <p>1 chain is KKR and company deal, slash, retainer fees. 1:36:11PM 2 A Okay 1:36:16PM 3 Q All right. 1:36:17PM 4 And if you look at the bottom E-mail on the 1:36:18PM 5 first page, which is KKRE 74662 -- 1:36:20PM 6 A Mm-hmm 1:36:28PM 7 Q -- an E-mail from Mr. Agrawal to you. 1:36:28PM 8 A Mm-hmm. 1:36:34PM 9 Q And the second sentence says, "One percent 1:36:35PM 10 of TEV" -- is that total enterprise value? 1:36:37PM 11 A Yes, it is. 1:36:42PM 12 Q -- "would give us approximately 77 million 1:36:43PM 13 in Dollar General, while four percent of equity 1:36:44PM 14 would give us approximately 110 million." 1:36:47PM 15 All right. So is this a fee that KKR is 1:36:51PM 16 taking from the deal? 1:36:53PM 17 A So -- 1:36:56PM 18 Q Or -- or -- what is this? 1:36:56PM 19 A So this is a transaction fee that would -- 1:36:58PM 20 would be a -- be a part of the uses of proceeds in 1:37:01PM 21 the transaction 1:37:06PM 22 So there are sources, and then the uses 1:37:08PM 23 And part of the uses would be a transaction fee 1:37:10PM 24 Q You have all the sources, you have the 1:37:16PM 25 debt, you have the equity -- 1:37:18PM</p>
<p style="text-align: right;">Page 223</p> <p>1 Q Got it 1:34:15PM 2 I want to talk to you about fees that were 1:34:58PM 3 paid in connection with this transaction 1:35:00PM 4 A Okay. 1:35:03PM 5 Q All right? 1:35:03PM 6 Does KKR take a fee from the transaction? 1:35:03PM 7 A I'm sorry, "from" the transaction? 1:35:06PM 8 Q Yeah. Maybe I'm not asking the question 1:35:08PM 9 right. 1:35:10PM 10 Why -- why don't I show you the document, 1:35:11PM 11 and then -- 1:35:12PM 12 A Okay 1:35:13PM 13 MR. KAZANOFF: Okay. 1:35:13PM 14 MR. HARRIS: Calbert -- 1:35:47PM 15 THE REPORTER: 35 1:35:48PM 16 (Calbert Exhibit 35 was marked for 1:35:48PM 17 identification by the court reporter.) 1:35:48PM 18 THE WITNESS: Thanks 1:35:49PM 19 THE REPORTER: Sure. 1:35:49PM 20 BY MR. HARRIS 1:35:49PM 21 Q This Calbert 35 is another E-mail train 1:35:49PM 22 The one on the top is from you to Raj Agrawal and 1:35:51PM 23 Joe Babel -- Babel, sent 3/25/2007 1:35:58PM 24 If you could just skim through it 1:36:04PM 25 The -- the title of it is -- the whole 1:36:06PM</p>	<p style="text-align: right;">Page 225</p> <p>1 A Correct 1:37:20PM 2 Q -- right? 1:37:20PM 3 And then you gotta -- you gotta pay 1:37:21PM 4 people -- 1:37:22PM 5 A Right. 1:37:23PM 6 Q -- you gotta pay lawyers, you gotta pay the 1:37:23PM 7 shareholders. 1:37:24PM 8 And then KKR -- although they are the 1:37:25PM 9 acquirer, KKR takes a fee? 1:37:28PM 10 A That's correct 1:37:31PM 11 Q Is that KKR, the fund, that takes a fee, or 1:37:32PM 12 is that KKR -- the management entity of KKR that 1:37:36PM 13 takes the fee? 1:37:40PM 14 MR. KAZANOFF: Objection to form 1:37:41PM 15 BY MR. HARRIS 1:37:42PM 16 Q Do the limiteds share in this fee? 1:37:42PM 17 A Yes, they do. 1:37:45PM 18 Q Limited investors in the KKR fund share in 1:37:47PM 19 the fee? 1:37:50PM 20 A Yes, they do 1:37:51PM 21 Q Not the limiteds who separately invest? 1:37:51PM 22 A That is correct. 1:37:54PM 23 Q Okay 1:37:55PM 24 And then you say up at the top, in the 1:38:07PM 25 first E-mail, "Good problem to deal with I'm 1:38:07PM</p>

57 (Pages 222 to 225)

CONFIDENTIAL

<p style="text-align: right;">Page 226</p> <p>1 concerned about perceptions * 1:38:07PM</p> <p>2 A Mm-hmm 1:38:07PM</p> <p>3 Q What are the perceptions that you were 1:38:08PM</p> <p>4 concerned about? 1:38:08PM</p> <p>5 A Well, if you -- if you skip down to the 1:38:10PM</p> <p>6 bottom here, Raj is recommending a fee in the 1:38:10PM</p> <p>7 \$110 million range. And I just -- my per -- I'm 1:38:13PM</p> <p>8 concerned that that's too high, basically. 1:38:15PM</p> <p>9 Q Okay. 1:38:18PM</p> <p>10 A You know, in my mind, as I look at -- at 1:38:23PM</p> <p>11 market-based fees for these type of transactions, I 1:38:26PM</p> <p>12 don't like the perception of charging the highest 1:38:29PM</p> <p>13 that the marked charges, which is kind of what he's 1:38:32PM</p> <p>14 recommending at the bottom 1:38:35PM</p> <p>15 Q Okay 1:38:37PM</p> <p>16 What was Lehman's role -- how would you 1:38:52PM</p> <p>17 describe Lehman's role in the transaction? 1:38:54PM</p> <p>18 A Lehman provided staple financing for the 1:38:57PM</p> <p>19 multiple bidders, and -- and that's basically it. I 1:39:06PM</p> <p>20 mean, they didn't play any other role for us 1:39:08PM</p> <p>21 Q Did Lehman -- you would -- is it fair to 1:39:12PM</p> <p>22 say Lehman was a sell-side adviser to the company? 1:39:15PM</p> <p>23 A I think that Lehman had a sell-side role to 1:39:24PM</p> <p>24 the company up until a certain point, and then the 1:39:27PM</p> <p>25 process was managed by Lazard 1:39:29PM</p>	<p style="text-align: right;">Page 228</p> <p>1 contract that Lehman had with the company, not us 1:40:34PM</p> <p>2 And it was -- it -- it was over interpretation of 1:40:36PM</p> <p>3 the contract 1:40:37PM</p> <p>4 Q Okay. Let me show you -- 36? -- what will 1:40:38PM</p> <p>5 be 36 1:40:43PM</p> <p>6 (Calbert Exhibit 36 was marked for 1:41:04PM</p> <p>7 identification by the court reporter.) 1:41:04PM</p> <p>8 THE WITNESS Thank you 1:41:05PM</p> <p>9 THE REPORTER Sure 1:41:05PM</p> <p>10 BY MR. HARRIS- 1:41:05PM</p> <p>11 Q This is an investment company -- investment 1:41:06PM</p> <p>12 committee update titled "DG-Lehman M&A Fee Dispute, 1:41:11PM</p> <p>13 August 8, 2007," KKRE0216655 to 56 1:41:17PM</p> <p>14 Did you prepare this document? 1:41:23PM</p> <p>15 A With my team, yes 1:41:25PM</p> <p>16 Q All right. 1:41:36PM</p> <p>17 And the first bullet point says 1:41:36PM</p> <p>18 "We are in a continuing dispute with 1:41:38PM</p> <p>19 Lehman over the level of M&A fees payable 1:41:40PM</p> <p>20 to them by the company in exchange for 1:41:44PM</p> <p>21 their sell-side M&A role in the Dollar 1:41:44PM</p> <p>22 General transaction " 1:41:47PM</p> <p>23 Is that right? 1:41:48PM</p> <p>24 A Yes, that's correct. 1:41:49PM</p> <p>25 Q Is that what happens here is that KKR, as 1:41:50PM</p>
<p style="text-align: right;">Page 227</p> <p>1 So all of the meetings we went to Lehman 1:39:31PM</p> <p>2 was not a part of, Lazard took control of the 1:39:35PM</p> <p>3 process 1:39:39PM</p> <p>4 Q And did Lehman have any role that you know 1:39:41PM</p> <p>5 of in directing David Perdue to call KKR way back in 1:39:44PM</p> <p>6 the -- 1:39:47PM</p> <p>7 A No 1:39:48PM</p> <p>8 Q -- spring of 2006? 1:39:48PM</p> <p>9 A No 1:39:48PM</p> <p>10 Q Do you know that Lehman said they did? 1:39:49PM</p> <p>11 A I do 1:39:51PM</p> <p>12 Q You don't -- you don't credit that? 1:39:51PM</p> <p>13 A No 1:39:52PM</p> <p>14 Q Okay. 1:39:53PM</p> <p>15 A I never received a call from David Perdue 1:39:55PM</p> <p>16 who said "I just spoke with Lehman, they said call 1:39:57PM</p> <p>17 you." 1:40:01PM</p> <p>18 So no. 1:40:01PM</p> <p>19 Q You wound up having a fee dispute with -- 1:40:02PM</p> <p>20 with Lehman Brothers? 1:40:04PM</p> <p>21 A That is correct. 1:40:05PM</p> <p>22 Q All right 1:40:06PM</p> <p>23 That fee dispute would be that Lehman 1:40:28PM</p> <p>24 wanted more fees? 1:40:31PM</p> <p>25 A So the dispute was about -- around a 1:40:32PM</p>	<p style="text-align: right;">Page 229</p> <p>1 the acquirer, picks up the obligation to pay Lehman, 1:41:52PM</p> <p>2 whatever that may be? 1:41:55PM</p> <p>3 A No 1:41:57PM</p> <p>4 So the company has to pay their M&A fees 1:41:57PM</p> <p>5 Q Okay 1:42:01PM</p> <p>6 A We got involved because we owned the 1:42:01PM</p> <p>7 company at this point 1:42:03PM</p> <p>8 Q All right. So -- 1:42:05PM</p> <p>9 A But we, KKR, don't pay it. The company 1:42:05PM</p> <p>10 pays it. 1:42:08PM</p> <p>11 Q The company pays it. But you, KKR, now own 1:42:09PM</p> <p>12 the company 1:42:12PM</p> <p>13 A That's correct 1:42:13PM</p> <p>14 Q So you are involved in the decision over 1:42:13PM</p> <p>15 whether to pay. 1:42:15PM</p> <p>16 A That's correct 1:42:16PM</p> <p>17 Q Okay 1:42:16PM</p> <p>18 And then the third bullet point says 1:42:21PM</p> <p>19 "Lehman believes it is due an 1:42:25PM</p> <p>20 additional 10.4 million, for a total 1:42:27PM</p> <p>21 32.9 million in M&A fees " 1:42:29PM</p> <p>22 A Mm-hmm. 1:42:34PM</p> <p>23 Q Correct? 1:42:33PM</p> <p>24 A Mm-hmm 1:42:34PM</p> <p>25 Q "Lehman's main contention is that 1:42:35PM</p>

58 (Pages 226 to 229)

CONFIDENTIAL

<p style="text-align: right;">Page 230</p> <p>1 since it did not," quote, "make money' 1:42:37PM 2 on the financing, the deduction of 1:42:39PM 3 financing fees is not appropriate, a 1:42:43PM 4 \$9.1 million swing " 1:42:45PM 5 What was that about? 1:42:47PM 6 A So -- this is somewhat complicated 1:42:48PM 7 But it's my understanding when the board 1:42:51PM 8 decided that they wanted Lazard to run the sell 1:42:52PM 9 process, they had a contract with Lehman that they 1:42:57PM 10 had to negotiate -- renegotiate, because Lehman had 1:43:01PM 11 the contract to sell the company, and they wanted 1:43:03PM 12 Lazard to run the process. 1:43:05PM 13 So they redid the contract and said, "You 1:43:07PM 14 can provide staple financing, but there's going to 1:43:09PM 15 be a deduction up to a maximum of 10 million from 1:43:14PM 16 your M&A fee based on whatever fees you're paid on 1:43:18PM 17 financing " 1:43:21PM 18 That's the first part 1:43:22PM 19 Second part is, if -- if you recall, the 1:43:24PM 20 financing commitments for this deal were done at the 1:43:26PM 21 peak of the market. And ultimately, this financing 1:43:29PM 22 could not get sold on the terms and conditions that 1:43:32PM 23 were committed. That's what got us to the \$22 a 1:43:35PM 24 share, if you remember the conversation 1:43:38PM 25 And so the banks essentially had to sell 1:43:40PM</p>	<p style="text-align: right;">Page 232</p> <p>1 company paid them a fee. The fact they used the fee 1:44:30PM 2 to offset the loss on the debt, that wasn't 1:44:33PM 3 contemplated in the agreement, and the spirit of the 1:44:37PM 4 agreement was that they would offset their M&A fee 1:44:40PM 5 by the fees that we paid them 1:44:45PM 6 How they used those fees, that was their -- 1:44:47PM 7 their decision 1:44:48PM 8 Q And the next sentence says. 1:44:49PM 9 "There is also a disagreement on the 1:44:52PM 10 calculation of enterprise value, which 1:44:55PM 11 Lehman contends should not deduct excess 1:44:57PM 12 cash from the calculation, a \$1.3 million 1:45:00PM 13 swing " 1:45:01PM 14 What is that about? 1:45:03PM 15 A It's just a calculation issue 1:45:05PM 16 It's 1 -- I mean, it's 1.3, it's not a big 1:45:06PM 17 deal, but basically, how do you treat cash at the 1:45:09PM 18 company when you calculate enterprise value, right, 1:45:12PM 19 do you deduct it from debt to get to a net debt 1:45:13PM 20 number? And I think their contention was equity 1:45:17PM 21 value plus debt, forget about any cash 1:45:21PM 22 Q There was cash on the -- excess cash on the 1:45:24PM 23 balance sheet when you bought the company. 1:45:25PM 24 A Yeah. All companies have that. Right 1:45:27PM 25 All companies have excess cash. And the 1:45:29PM</p>
<p style="text-align: right;">Page 231</p> <p>1 the debt off their balance sheet at a discount to 1:43:42PM 2 move it through the market. So they lost money on 1:43:46PM 3 the deal. 1:43:48PM 4 So if they had a dollar debt at par, they 1:43:48PM 5 were selling it at 75 cents, 80 cents, 82 cents. 1:43:50PM 6 So even though Lehman was paid a financing 1:43:54PM 7 fee, Lehman looked at the profitability of the trade 1:43:58PM 8 and said, well, I had to basically eat that fee to 1:44:01PM 9 be able to move this debt, so effectively, I didn't 1:44:04PM 10 really get paid the fee. I didn't make money -- 1:44:09PM 11 Q Okay 1:44:12PM 12 A -- on the financing, I lost money on the 1:44:12PM 13 financing. 1:44:14PM 14 Q Okay 1:44:14PM 15 MR. KAZANOFF. You -- were you done with 1:44:15PM 16 your answer? 1:44:16PM 17 You're done? Okay 1:44:18PM 18 I didn't know if he was or he wasn't. 1:44:18PM 19 THE WITNESS Yeah. 1:44:20PM 20 MR. KAZANOFF Okay 1:44:23PM 21 BY MR. HARRIS. 1:44:24PM 22 Q Your contention is the fact that they lost 1:44:24PM 23 money is -- is their problem? 1:44:26PM 24 A Yeah 1:44:27PM 25 They took the underwriting risk, the 1:44:28PM</p>	<p style="text-align: right;">Page 233</p> <p>1 question is, do you use gross debt or net debt, debt 1:45:32PM 2 net of the cash on the balance sheet 1:45:36PM 3 Q So you guys were doing a calculation for 1:46:00PM 4 Lehman where you said, Hey, the company had "X" 1:46:02PM 5 dollars of excess cash on the balance sheet that 1:46:05PM 6 shouldn't get factored into the calculation for your 1:46:08PM 7 fee? 1:46:10PM 8 A Other way around 1:46:15PM 9 So we deducted it to get to the net debt, 1:46:16PM 10 they excluded it. They didn't -- they didn't 1:46:18PM 11 consider the cash on the balance sheet. So they got 1:46:19PM 12 a higher number, because they got a gross debt 1:46:23PM 13 number. So they got a higher enterprise value and a 1:46:26PM 14 higher fee 1:46:31PM 15 And we said, Wait a minute, the debt should 1:46:32PM 16 be net, lower debt, lower enterprise value, lower 1:46:34PM 17 fee 1:46:38PM 18 Q Okay 1:46:39PM 19 Am I right there's about -- there was about 1:46:39PM 20 70 million of excess cash on the balance sheet? 1:46:40PM 21 A I don't -- I don't recall. It might be in 1:46:43PM 22 here, but I don't recall 1:46:44PM 23 Q Okay. 1:46:45PM 24 Let me show you something 1:46:46PM 25 That's not it. 1:47:18PM</p>

59 (Pages 230 to 233)

CONFIDENTIAL

Page 234			Page 235		
1	Calbert --	1:47:19PM	1	A No.	1:49:24PM
2	THE REPORTER: 37	1:47:19PM	2	The only hes -- the only pause here is	1:49:24PM
3	MR. HARRIS: -- 37.	1:47:19PM	3	there may be different measurement dates, but this	1:49:27PM
4	Yeah, I'm almost done here.	1:47:19PM	4	cash on the balance sheet is the same That's the	1:49:31PM
5	MR. KAZANOFF: Okay.	1:47:19PM	5	same theory that led to the dispute	1:49:34PM
6	MR. HARRIS: I'll be done in less than half	1:47:19PM	6	Q Okay	1:49:36PM
7	an hour.	1:47:19PM	7	We need to take a two-minute break to	1:49:37PM
8	MR. KAZANOFF: Okay.	1:47:19PM	8	change the tape	1:49:39PM
9	THE REPORTER: Counsel, there's two	1:47:19PM	9	MR. KAZANOFF: Okay.	1:49:41PM
10	documents here? Is that --	1:47:19PM	10	MR. HARRIS: I'm -- I have half an hour	1:49:42PM
11	MR. HARRIS: Yeah, it's fine, because they	1:47:19PM	11	left, so you'll be able to make your plane	1:49:45PM
12	go together.	1:47:19PM	12	MR. KAZANOFF: Gonna be tight.	1:49:49PM
13	THE REPORTER: Okay	1:47:19PM	13	THE VIDEOGRAPHER: This concludes Tape 3 of	1:49:51PM
14	MR. HARRIS: It's one document.	1:47:19PM	14	the deposition of Mike Calbert on July 10th, 2008	1:49:52PM
15	(Calbert Exhibit 37 was marked for	1:47:19PM	15	The time is approximately 1:50 p.m., we are	1:49:57PM
16	identification by the court reporter.)	1:47:19PM	16	now off the record	1:50:00PM
17	MR. HARRIS: I'll just ask my question, and	1:48:09PM	17	(Recess taken.)	1:50:02PM
18	then we'll take a quick break.	1:48:09PM	18	THE VIDEOGRAPHER: This is the beginning of	1:54:55PM
19	Q If you just look at -- this is Calbert	1:48:10PM	19	Tape 4 in the deposition of Mike Calbert on	1:54:57PM
20	3- --	1:48:14PM	20	July 10th, 2008	1:55:00PM
21	THE REPORTER: Seven.	1:48:15PM	21	The time is approximately 1:55 p.m., and we	1:55:03PM
22	BY MR. HARRIS:	1:48:15PM	22	are now back on the record.	1:55:06PM
23	Q -- 37.	1:48:15PM	23	BY MR. HARRIS:	1:55:08PM
24	A Okay.	1:48:19PM	24	Q Mr. Calbert, did some senior executives at	1:55:09PM
25	Q That's a prepared financial Q and A for	1:48:19PM	25	Dollar General recently leave the company?	1:55:12PM
Page 235			Page 237		
1	Mr. Bere and a David Tehle.	1:48:26PM	1	A Yes, they did.	1:55:15PM
2	A Correct.	1:48:29PM	2	Q All right.	1:55:15PM
3	Q Is Tehle the CFO of Dollar General?	1:48:29PM	3	And that would be Wayne Gibson?	1:55:16PM
4	Correct?	1:48:32PM	4	A Correct	1:55:20PM
5	A Yeah, that is correct	1:48:33PM	5	Q Chalis Lowe?	1:55:21PM
6	Q All right	1:48:33PM	6	A Chalis is in the process of leaving the	1:55:23PM
7	If you look at the second page of this	1:48:33PM	7	company, but she's still employed today.	1:55:26PM
8	exhibit, under "Key Financial Questions," at DG	1:48:36PM	8	Q Some -- somebody else, whose name I can't	1:55:28PM
9	162409, under Point 3, the question is, "How much	1:48:41PM	9	remember	1:55:30PM
10	liquidity headroom do you have?"	1:48:47PM	10	A Beryl Buley.	1:55:31PM
11	Do you see that?	1:48:49PM	11	Q Beryl Buley.	1:55:33PM
12	A I do	1:48:50PM	12	Did -- is that Mr. Buley or Mrs.?	1:55:34PM
13	Q And then the answer under Point A, ends	1:48:51PM	13	A Mr.	1:55:39PM
14	with "plus approximately 70 million of excess cash	1:48:55PM	14	Q Mr. Buley.	1:55:39PM
15	on the balance sheet at close."	1:48:59PM	15	Were Mr. Buley and Mr. Gibson entitled to	1:55:44PM
16	A Mm-hmm	1:49:01PM	16	have their interest in the private company valued at	1:55:46PM
17	Q Does that seem right to you?	1:49:02PM	17	fair market value as part of their leaving?	1:55:51PM
18	A Yeah That's what this says, correct	1:49:03PM	18	A I know that as a part of the management	1:55:59PM
19	Q Okay.	1:49:05PM	19	equity plan, they had the right to unwind their	1:56:01PM
20	And that's -- that's the excess cash	1:49:06PM	20	transaction in the first -- I think it was 12	1:56:03PM
21	that -- that's the cash on the balance sheet that	1:49:09PM	21	months -- because I was asking them to -- to invest	1:56:06PM
22	figures into the Lehman fee dispute?	1:49:14PM	22	when they didn't know who the CEO was going to be.	1:56:09PM
23	A That is correct. That is correct	1:49:20PM	23	So I think it was actually at cost.	1:56:13PM
24	Q Is there any other cash that figures in --	1:49:21PM	24	Q Okay. So there was no fair market value	1:56:15PM
25	that you know of that figures into the --	1:49:22PM	25	analysis done that -- that you're aware of?	1:56:18PM

60 (Pages 234 to 237)

CONFIDENTIAL

Page 238		Page 240		
1	A No, not that I'm aware of.	1:56:21PM	1 A Yes, beginning of July.	1 58 56PM
2	Q Okay.	1:56:24PM	2 Q Okay. So this is a couple months after	1 58 57PM
3	If there was one done, I'd like it to be	1 56:24PM	3 it's closed?	1 58 59PM
4	produced.	1 56:27PM	4 A That's correct	1:59 00PM
5	MR. KAZANOFF: A fair market value analysis	1:56 28PM	5 Q Okay.	1 59 02PM
6	for leaving --	1:56:29PM	6 Can you flip, please, to Page 8 in the	1 59 02PM
7	MR. HARRIS: In connection -- in connection	1:56:30PM	7 document, which is Bates No 19206?	1 59 05PM
8	with Buley and -- and --	1:56 31PM	8 A Okay.	1:59:09PM
9	MR. KAZANOFF: Okay.	1:56:33PM	9 Q It's a performance update	1:59:10PM
10	MR. HARRIS: -- Gibson leaving.	1 56:33PM	10 A Mm-hmm	1 59 12PM
11	If there wasn't one, there wasn't one.	1:56:34PM	11 Q It's Dollar General's -- first line,	1:59 14PM
12	MR. KAZANOFF: We'll get back to you on it.	1:56:36PM	12 "Dollar General's YTD" -- that's year to date? --	1:59:16PM
13	MR. HARRIS. All right.	1:56:37PM	13 A Correct.	1:59 19PM
14	Q How is the company doing now?	1:56:38PM	14 Q -- "adjusted EBITDA is currently above	1:59:19PM
15	A We missed our base case plan in '07 by a	1:56:41PM	15 budget, well above last year, and is ahead of the	1:59:22PM
16	little, I think 8 million, somewhere in that -- in	1:56:51PM	16 KKR base case."	1 59:25PM
17	that range.	1:56:56PM	17 A Correct	1 59 27PM
18	So, you know, first year was just shy of	1:56:57PM	18 Q You said it ended the year a little below	1 59 27PM
19	target, but not a big mess.	1:57:00PM	19 the base case?	1:59 29PM
20	We had a good first quarter.	1:57:02PM	20 A I'm sorry, below plan	1:59:30PM
21	And we're, you know, one month into the	1 57 04PM	21 Q What's the difference?	1:59:32PM
22	second quarter.	1:57:06PM	22 A So there's the KKR base case that we	1 59 33PM
23	Q Okay.	1:57:07PM	23 underwrote internally, projections we underwrote,	1:59:37PM
24	Okay Mark Calbert --	1:57:37PM	24 and then the company had a plan that they adopted	1:59:41PM
25	THE REPORTER 38	1:57:39PM	25 Q The plan is more aggressive than the base	1 59 44PM
Page 239		Page 241		
1	MR. HARRIS: -- 38.	1:57:39PM	1 case?	1 59 46PM
2	THE REPORTER Thanks	1 57 39PM	2 A The plan was more aggressive than the base	1:59:47PM
3	(Calbert Exhibit 38 was marked for	1 57 57PM	3 case, that is correct.	1:59 50PM
4	identification by the court reporter)	1 57:57PM	4 Q So the company ended -- did the company end	1:59:51PM
5	THE WITNESS. Thanks.	1:57 57PM	5 2007 ahead or behind the KKR base case?	1:59:54PM
6	THE REPORTER: Sure.	1:57:57PM	6 A I'm sorry, ahead of the base case, behind	1 59 58PM
7	BY MR. HARRIS	1 58 05PM	7 plan.	2 00:00PM
8	Q Marked as Calbert 38, a document titled	1 58 05PM	8 Q Okay	2:00:01PM
9	"100 Day Plan, Dollar General, September 12, 2007."	1 58 07PM	9 How much ahead of the base case, do you	2:00:07PM
10	It's Bates No KKR 19199 to 19230.	1 58:11PM	10 know?	2 00 09PM
11	Do you recognize this document?	1 58:20PM	11 MR. KAZANOFF: During the end of the year,	2 00 12PM
12	A Yes, I do	1:58:21PM	12 not this document.	2 00 14PM
13	Q All right What is this document?	1 58 22PM	13 MR. HARRIS: As of the year 2007.	2:00:14PM
14	A This is a document that was prepared by the	1 58 23PM	14 MR. KAZANOFF Not this document?	2 00:16PM
15	deal team for our portfolio management committee,	1:58:25PM	15 MR. HARRIS Not this document	2 00:17PM
16	It's entitled "100 Day Plan," it's essentially what	1 58 28PM	16 THE WITNESS I think it was in the range	2 00 22PM
17	we plan -- what we, the KKR group, plan to get	1:58:31PM	17 of 20 million, but I'm not sure exactly	2 00 23PM
18	accomplished in the first 100 days	1:58 34PM	18 BY MR. HARRIS:	2 00 26PM
19	(Interruption in the proceedings)	1 58:36PM	19 Q 20 million in adjusted EBITDA?	2 00 26PM
20	THE WITNESS Excuse me.	1 58 36PM	20 A Right	2 00 33PM
21	Turn this off	1:58:43PM	21 Q Okay	2 00 33PM
22	BY MR. HARRIS.	1:58 43PM	22 Then the next bullet is, "The company has	2 00 34PM
23	Q So this is -- the deal closed -- KKR's	1 58 49PM	23 generated significant amounts of cash above the KKR	2:00:36PM
24	acquisition of Dollar General closed in the summer	1 58 52PM	24 base case since signing."	2:00:39PM
25	of '07?	1 58 55PM	25 A Mm-hmm.	2 00 40PM

61 (Pages 238 to 241)

CONFIDENTIAL

Page 242		Page 244	
1	Q What is the difference between cash and adjusted EBITDA?	2:00:41PM	2 02:24PM
2		2:00:44PM	2:02:24PM
3	A In this case, it's changes in working capital	2:00:47PM	2:02:25PM
4		2:00:50PM	2:02:26PM
5	Q Okay	2:00:50PM	2:02:30PM
6	A So the plan that the company had announced publicly, called alpha, where they were liquidating state inventory that generated cash, that didn't flow through EBITDA because it brought their inventory levels down	2:00:52PM 2:00:57PM 2:01:00PM 2:01:03PM	2:02:34PM 2:02:37PM 2:02:57PM
7			
8	Q And in terms of cash, was the company above or below base case at the end of the year?	2:01:05PM	2:03:03PM
9		2:01:07PM	2:03:03PM
10	A Cash, they were above	2:01:10PM	2:03:05PM
11	Q And in --	2:01:13PM	2:03:07PM
12	A Cash generation --	2:01:13PM	2:03:08PM
13	Q And in terms --	2:01:14PM	2:03:08PM
14	A -- they were above	2:01:14PM	2:03:11PM
15	Q -- of the plan, was it above or below?	2:01:15PM	2:03:13PM
16	A I think the cash generation was -- was also above the plan	2:01:17PM 2:01:20PM	2:03:17PM 2:03:18PM
17			2:03:18PM
18	Q At the end of --	2:01:24PM	2:03:21PM
19	A At the end of the year.	2:01:27PM	2:03:24PM
20	Q -- 2007?	2:01:28PM	2:03:24PM
21	A Correct	2:01:28PM	2:03:27PM
22	Q Okay	2:01:28PM	2:03:34PM
23			2:03:35PM
24			2:03:37PM
25			
Page 243		Page 245	
1	MR. KAZANOFF: Just to be clear, we're talking -- you're talking fiscal year 2007.	2:01:29PM	2:03:39PM
2		2:01:32PM	2:03:40PM
3	THE WITNESS: Yes, correct	2:01:32PM	2:03:44PM
4	BY MR. HARRIS:	2:01:33PM	2:03:44PM
5	Q Their fiscal year ends --	2:01:33PM	2:03:47PM
6	A January January '08.	2:01:35PM	2:03:47PM
7	Q January 31, '08, or --	2:01:39PM	2:03:47PM
8	A I think it's either -- I think it's the last Saturday -- it's a complicated -- it's a 52/53-week year. So I think it's the last Saturday of January.	2:01:41PM 2:01:44PM 2:01:49PM	2:03:49PM 2:03:49PM
9			2:03:51PM
10	Q Okay.	2:01:50PM	2:03:54PM
11	And Dollar General is performing very well in 2008, is that correct?	2:01:53PM	2:03:55PM
12		2:02:02PM	2:03:56PM
13	MR. KAZANOFF: Objection to form	2:02:06PM	2:03:57PM
14	BY MR. HARRIS:	2:02:07PM	2:04:21PM
15	Q How would you characterize their performance in 2008?	2:02:08PM	2:06:25PM
16		2:02:10PM	2:06:26PM
17	A I would say that the first-quarter performance was above plan	2:02:11PM 2:02:13PM	2:06:30PM
18	Q Okay	2:02:15PM	2:06:32PM
19	And that's above -- is the plan above the base case for 2008 as well?	2:02:16PM 2:02:20PM	2:06:35PM
20			2:06:37PM
21	A Yes	2:02:21PM	2:06:42PM
22	Q Okay. So if it's above plan, it's above	2:02:21PM	2:06:49PM
23			2:06:53PM
24			2:06:55PM
25			2:07:00PM

62 (Pages 242 to 245)

Page 246

1 court reporter so that the final record reflects the 2:07:03PM
 2 redacted page 2:07:06PM
 3 MR. HARRIS And that's fine 2:07:07PM
 4 MR. KAZANOFF. And we will ask if folks can 2:07:09PM
 5 send us back copies of this page or destroy them, 2:07:10PM
 6 either is fine 2:07:14PM
 7 MR. HARRIS Happy to 2:07:16PM
 8 MR. KAZANOFF: Okay. 2:07:17PM
 9 Thank you very much 2:07:17PM
 10 THE VIDEOGRAPHER: Okay 2:07:19PM
 11 This concludes our deposition today on 2:07:19PM
 12 July 10th, 2008, of Mike Calbert, which consists of 2:07:22PM
 13 four tapes 2:07:28PM
 14 We are now off the record 2:07:28PM
 15
 16
 17
 18 (Continued on following page
 19 to allow for Jurat)
 20
 21
 22
 23
 24
 25

Page 247

1 (Discussion off the record.) 2:07:43PM
 2 THE REPORTER: Counsel, do you want a copy 2:07:43PM
 3 of the transcript? 2:07:44PM
 4 MR. CURLEY: Yes. 2:07:46PM
 5 (Time noted 4:07 p m) 2:07:46PM
 6 2:07:46PM
 7
 8
 9
 10
 11
 12
 13 _____
 14 MICHAEL CALBERT
 15
 16 Subscribed and sworn to before me
 17 this day of , 2008
 18
 19
 20 _____
 21 NOTARY PUBLIC
 22
 23
 24
 25

Page 248

1 STATE OF CALIFORNIA)
 2 : SS
 3 COUNTY OF SAN FRANCISCO)
 4
 5 I, ERIC GILLIAM, CSR NO. 3338, a
 6 Certified Shorthand Reporter of the State of California,
 7 do hereby certify:
 8 That the foregoing proceedings were
 9 taken before me at the time and place herein set
 10 forth; that any witnesses in the foregoing
 11 proceedings, prior to testifying, were placed under
 12 oath; that a verbatim record of the proceedings was
 13 made by me using machine shorthand which was
 14 thereafter transcribed under my direction, further,
 15 that the foregoing is an accurate transcription
 16 thereof.
 17 I further certify that I am neither
 18 financially interested in the action nor a relative or
 19 employee of any attorney or any of the parties.
 20 IN WITNESS WHEREOF, I have this date
 21 subscribed my name.
 22
 23 Dated: July 15, 2008.
 24
 25 _____
 ERIC GILLIAM, CSR NO 3338

Page 249

1 I N D E X
 2 THURSDAY, July 10, 2008
 3
 4 WITNESS EXAMINATION
 5 MICHAEL CALBERT
 6 BY MR. HARRIS 6
 7 DEPOSITION EXHIBITS
 8 MICHAEL CALBERT
 9 Thursday, July 10, 2008
 10 NUMBER DESCRIPTION IDENTIFIED
 11 1 Document entitled, "Dollar General 9
 12 transaction Q and A," bearing Production
 13 Nos. KKRE0158138 through KKRE0158141
 14 2 E-mail chain bearing Production Nos. 14
 15 KKRE0000017 through KKRE0000020
 16 3 E-mail chain bearing Production Nos. 27
 17 KKRE0243101 through KKRE0243102
 18 4 E-mail from Mike Calbert to George 30
 19 Roberts, Jamie Greene, bearing
 20 Production No. KKRE0015990
 21 5 Handwritten notes bearing Production 41
 22 Nos. KKR 017019 through KKR 017026;
 23 redacted version submitted
 24 post-deposition marked and attached
 25

CONFIDENTIAL

Page 250				Page 252			
DEPOSITION EXHIBITS (Continued)				DEPOSITION EXHIBITS (Continued)			
MICHAEL CALBERT				MICHAEL CALBERT			
Thursday, July 10, 2008				Thursday, July 10, 2008			
NUMBER	DESCRIPTION	IDENTIFIED		NUMBER	DESCRIPTION	IDENTIFIED	
6	E-mail chain, bearing Production No. KKRE000037	44		20	E-mail from Mike Calbert to Messrs Roberts, Kravis, Agrawal, Bubel and Morey, bearing Production No. KKRE0019150	126	
7	E-mail from Mike Calbert to George Roberts, bearing Production No. KKRE0015305	48		21	E-mail from Mike Calbert to Raj Agrawal, Joe Bubel, bearing Production No. KKRE0019419	131K	
8	E-mail chain bearing Production No. KKRE0000041	53		22	E-mail chain bearing Production No. KKRE0141756 through KKRE0141757	136	
9	E-mail chain bearing Production No. KKRE0000089	56		23	E-mail chain bearing Production Nos. KKRE0073014 through KKRE0073016	142	
10	E-mail from Mike Calbert to George Roberts, Raj Agrawal, bearing Production No. KKRE0000093	65		24	E-mail chain bearing Production Nos. KKRE0000397 through KKRE0000398	149	
11	E-mail from Mike Calbert to George Roberts, bearing Production No. KKRE0016077	74		25	Document entitled, "Investment Committee Update, Project Franklin, March 5, 2007," bearing Production Nos. KKRE0104792 through KKRE0104809	154	
12	E-mail chain, bearing Production No. KKRE0016279	83		26	Document entitled, "Investment Committee Update, Project Franklin, March 8, 2007," bearing Production Nos. KKRE0105550 through KKRE0105561	167	
13	Letter to David Perdue from Michael M. Calbert, bearing Production Nos. KKRE0016318 and KKRE0016319	88					
Page 251				Page 253			
DEPOSITION EXHIBITS (Continued)				DEPOSITION EXHIBITS (Continued)			
MICHAEL CALBERT				MICHAEL CALBERT			
Thursday, July 10, 2008				Thursday, July 10, 2008			
NUMBER	DESCRIPTION	IDENTIFIED		NUMBER	DESCRIPTION	IDENTIFIED	
14	E-mail from Mike Calbert to George Roberts, bearing Production No. KKRE0016461	92		27	E-mail chain bearing Production No. KKRE0007462	187	
15	E-mail from Mike Calbert to George Roberts, bearing Production No. KKRE0016462	98		28	Letter dated 3/8/07 from KKR to Lazard, bearing Production Nos. KKRE0007467 through KKRE0007470	188	
16	E-mail from Mike Calbert to George Roberts, bearing Production No. KKRE0081623	102		29	E-mail chain bearing Production Nos. KKRE0058228 through KKRE0058230	192	
17	Document entitled, "KKR Presentation to Dollar General, December 8, 2006," bearing Production Nos. KKRE0222850 through KKRE0222876	106		30	Letter from Spencer Stuart to Michael Calbert, bearing Production Nos. KKR 015716 KKR 015725	199	
18	Letter to Charles Ward III and Michael Wilkerson from Michael M. Calbert, bearing Production Nos. KKRE0218899 through KKRE0218902	116		31	Document entitled, "Dollar General Corporation, Management Presentation, April 2007," bearing Production Nos. KKR 789 through KKR 824	201	
19	E-mail bearing Production No. KKRE0000106	123		32	E-mail chain bearing Production No. KKRE0001465	204	
				33	Document entitled, "Project Franklin: Final Analytical Report," bearing Production Nos. DG 157743 through DG 157827	213	

64 (Pages 250 to 253)

1 DEPOSITION EXHIBITS (Continued)

2 MICHAEL CALBERT

3 Thursday, July 10, 2008

4 NUMBER	DESCRIPTION	IDENTIFIED
5 34	Document entitled, "Investment Committee Update, Project Franklin, February 22, 2007," bearing Production Nos. KKRE0216229 through KKRE0216256	218
9 35	E-mail chain bearing Production Nos. KKRE0074662 through KKRE0074663	223
11 36	Document entitled, "Investment Committee Update, DG-Lehman M&A Fee Dispute, August 8, 2007," bearing Production Nos. KKRE0216655 through KKRE0216657	228
15 37	E-mail from Raj Agrawal to David Bere, David Tehle, with attachment, bearing Production Nos. DG 162408 through DG 162414	234
19 38	Document entitled, "100 Day Plan, Dollar General, September 12, 2007," bearing Production Nos. KKR 0019199 through KKR 0019230	239
23		
24		
25		