

IN THE SIXTH CIRCUIT COURT FOR DAVIDSON COUNTY, TENNESSEE

IN RE DOLLAR GENERAL

)
)
FILED
)

OCT 1 4 2008

Master Docket No. 07MD1

(Consolidated Action)

Judge Brothers

RICHARD R. HOOKER, Clerk
By *[Signature]* Deputy

**DEPOSITION TRANSCRIPT OF RICHARD THORNBURGH AND THE EXHIBITS
THERE TO**

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

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IN THE SIXTH CIRCUIT COURT FOR
DAVIDSON COUNTY, TENNESSEE
TWENTIETH JUDICIAL DISTRICT, AT NASHVILLE
Master Docket Case No. 07-C-736

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In re DOLLAR GENERAL CORPORATION
SHAREHOLDER LITIGATION

-----x

This Document Relates to:

ALL ACTIONS

-----x

May 21, 2008
9:43 a.m.

Videotaped Deposition of RICHARD
THORNBURGH, taken by Plaintiffs, pursuant
to Notice, held at the offices of Simpson
Thacher & Bartlett, LLP, 425 Lexington
Avenue, New York, New York, before Todd
DeSimone, a Registered Professional
Reporter and Notary Public of the State of
New York.

Page 2	Page 4
<p>1 2 APPEARANCES 3 BERNSTEIN LITOWITZ BERGER & GROSSMANN LLP 4 1285 Avenue of the Americas 5 New York, New York 10019 6 Attorneys for Plaintiffs 7 BY KATHERINE H. SINDERSON, ESQ. 8 katherine@blbglaw.com 9 JONATHAN HARRIS, ESQ. 10 jonathan@blbglaw.com 11 12 SIMPSON, THACHER & BARTLETT, LLP 13 425 Lexington Avenue 14 New York, New York 10117 15 Attorneys for Dollar General 16 Corporation and Kohlberg, Kravis 17 Roberts & Company 18 BY PETER E. KAZANOFF, ESQ. 19 pekazanoff@stbblaw.com 20 21 BASS, BERRY & SIMS PLC 22 AndSouth Center 23 315 Deadend Street 24 Suite 2700 25 Nashville, Tennessee 37238 26 Attorneys for the Individual 27 Defendants 28 BY WALLACE W. DIETZ, ESQ. 29 wdietz@bassberry.com 30 MEREDITH MALLARD THOMPSON, ESQ. 31 meredith@bassberry.com 32 33 ALSO PRESENT 34 RACHEL WEISS, Summer Associate, Simpson 35 Thacher & Bartlett 36 37 DEVERELL WHITE, Videographer</p>	<p>1 THORNBURGH 2 Sims. We represent the individual 09:44:30AM 3 defendants, including Mr Thornburgh 09:44:32AM 4 MR. KAZANOFF I'm Pete 09:44:33AM 5 Kazanoff from Simpson Thacher & Bartlett. 09:44:34AM 6 I have one of my summer interns with me, 09:44:35AM 7 Rachel Weiss. We represent Kohlberg 09:44:38AM 8 Kravis & Roberts and Dollar General 09:44:41AM 9 Corporation 09:44:43AM 10 * * * 11 RICHARD THORNBURGH, 12 called as a witness, having been first 13 duly sworn, was examined and testified 14 as follows 15 EXAMINATION BY MS. SINDERSON: 09:44:54AM 16 Q Good morning, Mr Thornburgh 09:44:54AM 17 You just heard me, I'm Kabe Sinderson. 09:44:55AM 18 I'm with Bernstein Litowitz Berger & 09:44:59AM 19 Grossmann. 09:45:00AM 20 Will you please state your full 09:45:00AM 21 name for the record, please 09:45:02AM 22 A Richard Edward Thornburgh 09:45:03AM 23 Q Could you state your home 09:45:05AM 24 address, please 09:45:06AM 25 A. 925 Park Avenue, New York, New 09:45:07AM</p>
<p>1 2 THE VIDEOGRAPHER We are on 09:43:27AM 3 the record. Today's date is May 21, 2008 09:43:28AM 4 The time on the video monitor is 9:43 a.m. 09:43:31AM 5 This is the beginning of tape 09:43:35AM 6 one in the videotaped deposition of 09:43:37AM 7 Richard Thornburgh in the case of In Re 09:43:39AM 8 Dollar General Corporation Shareholder 09:43:42AM 9 Litigation, Master Docket No. 07-C-736 09:43:47AM 10 This case is filed in the Sixth Circuit 09:43:51AM 11 Court for Davidson County, Tennessee, 20th 09:43:54AM 12 Judicial District at Nashville. We are 09:43:59AM 13 here in the offices of Simpson Thacher & 09:44:01AM 14 Bartlett, located at 425 Lexington Avenue, 09:44:04AM 15 New York, New York. 09:44:07AM 16 My name is Deverell Write. I 09:44:08AM 17 represent Veritext Reporting Company 09:44:11AM 18 At this time, will counsel 09:44:13AM 19 please state their appearances. 09:44:14AM 20 MS. SINDERSON Kabe Sinderson 09:44:16AM 21 for the plaintiffs, and Jon Harris, both 09:44:17AM 22 of the firm Bernstein Litowitz Berger & 09:44:21AM 23 Grossmann. 09:44:23AM 24 MR. DIETZ I'm Wally Dietz, 09:44:24AM 25 with Meredith Thompson, of Bass Berry & 09:44:27AM</p>	<p>1 2 THORNBURGH 3 York, 10028. 09:45:09AM 4 Q And your business address, 09:45:10AM 5 please. 09:45:11AM 6 A 717 Fifth Avenue, 24th Floor, 09:45:12AM 7 10022 09:45:15AM 8 Q. I think we covered that you 09:45:18AM 9 have done several depositions, but we will 09:45:19AM 10 cover the ground rules real quick here 09:45:21AM 11 Our conversation is going to be 09:45:24AM 12 transcribed by the court reporter here 09:45:26AM 13 Please provide verbal responses so that 09:45:28AM 14 everybody can hear. And obviously the 09:45:30AM 15 court reporter can't transcribe nods or 09:45:33AM 16 shakes of the head, so please say yes or 09:45:35AM 17 no 09:45:37AM 18 If I ask you a question today 09:45:38AM 19 that you don't understand, please let me 09:45:39AM 20 know immediately, and I will try and 09:45:41AM 21 rephrase or clarify so that you do 09:45:43AM 22 understand. If you could let me finish my 09:45:45AM 23 questions, I will let you finish your 09:45:48AM 24 answers before moving on to the next 09:45:50AM 25 question. 09:45:52AM If you need a break at any time 09:45:52AM</p>

2 (Pages 2 to 5)

Page 6

1 THORNBURGH

2 today, just let me know, that will be 09:45:54AM

3 fine, but I ask that you respond to the 09:45:56AM

4 question that is pending at the time 09:45:57AM

5 And if at any point today you 09:45:59AM

6 need to return to an earlier question and 09:46:01AM

7 an earlier answer to clarify your answer, 09:46:04AM

8 add something additional, just let me know 09:46:07AM

9 and we will do that right away. 09:46:09AM

10 MR. DIETZ. Katie, may we also 09:46:11AM

11 have the agreement that an objection by 09:46:12AM

12 any defense counsel counts for all defense 09:46:14AM

13 counsel? 09:46:15AM

14 MS SINDERSON That's fine 09:46:16AM

15 Q Mr Thornburgh, have you ever 09:46:18AM

16 been deposed before? 09:46:20AM

17 A Yes, I have 09:46:21AM

18 Q. And how many times? 09:46:22AM

19 A. Three or four. 09:46:24AM

20 Q Could you describe the general 09:46:27AM

21 nature of each of those times. What was 09:46:28AM

22 the lawsuit pending? 09:46:31AM

23 A An employment litigation and 09:46:33AM

24 one securities litigation or two which is 09:46:37AM

25 so far back, I couldn't give you any 09:46:40AM

Page 7

1 THORNBURGH

2 color 09:46:44AM

3 Q. Okay. And have you ever 09:46:44AM

4 testified at trial? 09:46:45AM

5 A. No. 09:46:47AM

6 Q. Mr. Thornburgh, did you prepare 09:46:49AM

7 for your deposition today? 09:46:51AM

8 A. What do you mean by "prepare"? 09:46:55AM

9 Q. Did you meet with your counsel? 09:46:56AM

10 A. Yes 09:46:57AM

11 Q. Was anybody else present while 09:46:59AM

12 you met with your counsel? 09:47:00AM

13 A. No 09:47:01AM

14 Q. How long did you meet with your 09:47:02AM

15 counsel? 09:47:05AM

16 A. A couple of hours 09:47:06AM

17 Q. Did your counsel show you any 09:47:08AM

18 documents? 09:47:12AM

19 A. Yes. 09:47:12AM

20 Q. Did you look at any documents 09:47:15AM

21 outside the presence of your counsel today 09:47:17AM

22 to prepare for today's deposition? 09:47:19AM

23 A. Yes 09:47:21AM

24 Q. What were they? 09:47:22AM

25 A. Well, the documents, you know, 09:47:23AM

Page 8

1 THORNBURGH

2 the minutes of the board meetings, the 09:47:26AM

3 proxy material, that kind of stuff. 09:47:29AM

4 Q. So the minutes of every board 09:47:31AM

5 meeting that you attended or every board 09:47:33AM

6 meeting -- could you give me a little 09:47:37AM

7 more? 09:47:38AM

8 A. Just minutes of board meetings 09:47:38AM

9 Yeah, minutes of board meetings. 09:47:41AM

10 Q. When did you look at those? 09:47:42AM

11 A. Monday night 09:47:44AM

12 Q. What were you looking for when 09:47:45AM

13 you were reviewing those documents? 09:47:47AM

14 A. Not much. Just reading the 09:47:51AM

15 documents 09:47:53AM

16 Q. Just reading, just refreshing 09:47:53AM

17 your recollection of the events? 09:47:56AM

18 A. Uh-huh 09:47:57AM

19 Q. We are going to look at a 09:47:57AM

20 series of documents today. If you see any 09:47:59AM

21 document that you reviewed Monday night or 09:48:01AM

22 in preparation for this deposition, I ask 09:48:05AM

23 that you just let me know that you 09:48:06AM

24 reviewed that 09:48:08AM

25 Did you speak with anybody 09:48:09AM

Page 9

1 THORNBURGH

2 besides your counsel in preparation for 09:48:10AM

3 today's deposition? 09:48:12AM

4 A. No 09:48:13AM

5 Q. Have you spoken with any of the 09:48:18AM

6 other individuals deposed in this 09:48:20AM

7 litigation? 09:48:21AM

8 A. Spoken to them? 09:48:22AM

9 Q. Since their deposition 09:48:24AM

10 A. Since their deposition, yes 09:48:26AM

11 Q. Did you speak to them about 09:48:28AM

12 their deposition? 09:48:29AM

13 A. No 09:48:30AM

14 Q. We are going to discuss Dollar 09:48:33AM

15 General in just a few minutes, but I would 09:48:35AM

16 like to ask you a few questions about your 09:48:37AM

17 background beforehand 09:48:39AM

18 Mr. Thornburgh, could you 09:48:40AM

19 please describe your educational 09:48:42AM

20 background after your graduation from high 09:48:43AM

21 school 09:48:46AM

22 A. We can't talk about high 09:48:47AM

23 school? High school was fun 09:48:49AM

24 University of Cincinnati BBA 09:48:51AM

25 cum laude in finance, graduated in 1974. 09:48:53AM

3 (Pages 6 to 9)

Page 10	Page 12
<p>1 THORNBURGH</p> <p>2 Harvard Business School, graduated in 09 48:56AM</p> <p>3 1976 09 49 00AM</p> <p>4 Q. What was your degree from 09 49 00AM</p> <p>5 Harvard Business School? 09 49 02AM</p> <p>6 A Just an MBA in business 09:49 03AM</p> <p>7 Q. And you didn't attend any other 09 49 08AM</p> <p>8 schools other than University of 09:49-10AM</p> <p>9 Cincinnati or Harvard Business School? 09:49 13AM</p> <p>10 A No 09 49-14AM</p> <p>11 Q Do you or did you ever have any 09:49 16AM</p> <p>12 sort of professional designation, like a 09:49 17AM</p> <p>13 CPA or any other degree? 09 49 20AM</p> <p>14 A. No I passed -- designations, 09 49-22AM</p> <p>15 securities exams. 09 49:26AM</p> <p>16 Q. Which ones? 09 49-27AM</p> <p>17 A Series 7, Series 60 something, 09:49 29AM</p> <p>18 and Series 20 something 09:49:32AM</p> <p>19 Q And prior to your present 09:49 35AM</p> <p>20 position, could you tell me about your 09 49 38AM</p> <p>21 employment history. 09:49:39AM</p> <p>22 A Sure 09:49 41AM</p> <p>23 Summer of 1975, I was a summer 09:49-42AM</p> <p>24 associate in the Investment Banking 09:49 45AM</p> <p>25 Department of the First Boston 09:49:46AM</p>	<p>1 THORNBURGH</p> <p>2 Global Financial Institutions Group for 09 50 55AM</p> <p>3 First Boston for about four or five years 09:51 00AM</p> <p>4 In 1985, I was appointed chief 09:51:02AM</p> <p>5 financial administrative officer of the 09 51 07AM</p> <p>6 First Boston -- of CS First Boston I did 09 51 09AM</p> <p>7 that for about 18 months. In January of 09 51:12AM</p> <p>8 '97, I moved to Zurich, Switzerland to 09:51 16AM</p> <p>9 become the chief financial officer of 09 51:19AM</p> <p>10 Credit Suisse Group and joined the 09 51:23AM</p> <p>11 executive board of Credit Suisse Group, 09 51 24AM</p> <p>12 which I sat on for ten years. I was the 09 51 26AM</p> <p>13 CFO of Credit Suisse Group for about three 09 51:30AM</p> <p>14 years I came back to Credit Suisse First 09 51 33AM</p> <p>15 Boston to be the vice chairman of the 09:51 36AM</p> <p>16 executive board and responsible for all 09 51 38AM</p> <p>17 non-revenue producing areas, including 09 51 41AM</p> <p>18 e-commerce The CFO reported to me during 09:51:46AM</p> <p>19 that period of time 09 51 49AM</p> <p>20 In about 2003 -- 2004, I became 09 51 51AM</p> <p>21 chief risk officer, Credit Suisse Group, 09 51:57AM</p> <p>22 which I did for 18 months, based in New 09:52 00AM</p> <p>23 York and traveling to Switzerland I 09:52 02AM</p> <p>24 guess that was 2003 Then the summer of 09 52 07AM</p> <p>25 2004, I was appointed an executive vice 09 52 12AM</p>
Page 11	Page 13
<p>1 THORNBURGH</p> <p>2 Corporation. I joined full time the First 09:49 47AM</p> <p>3 Boston Corporation in the Investment 09 49-51AM</p> <p>4 Banking Department in August of 1976 I 09 49 52AM</p> <p>5 was a generalist associate for about two 09 49 59AM</p> <p>6 and a half years and then did a rotation 09:50:01AM</p> <p>7 through Capital Markets for about nine 09 50 04AM</p> <p>8 months. I went back as an associate in 09 50 07AM</p> <p>9 the Investment Banking Department and 09 50-08AM</p> <p>10 started to specialize in financial 09 50 10AM</p> <p>11 services. 09:50:14AM</p> <p>12 In early 1986 -- in early 1987, 09:50 14AM</p> <p>13 I went out to run the Los Angeles office 09:50:18AM</p> <p>14 of the First Boston Corporation, which was 09 50 20AM</p> <p>15 responsible for generalist investment 09:50:24AM</p> <p>16 banking, financial institutions investment 09 50:26AM</p> <p>17 banking, mortgage investment banking, M&A, 09 50 28AM</p> <p>18 and some oversight of the securities 09 50 32AM</p> <p>19 operations 09 50:35AM</p> <p>20 I was there for approximately 09:50:35AM</p> <p>21 two and a half years, then came back to 09 50 37AM</p> <p>22 New York to be head of the Depository 09 50 43AM</p> <p>23 Institutions Group within Investment 09 50:47AM</p> <p>24 Banking, primarily spending time on 09:50 50AM</p> <p>25 capital raising and M&A activity. Ran the 09:50:51AM</p>	<p>1 THORNBURGH</p> <p>2 chairman of Credit Suisse First Boston, 09:52:16AM</p> <p>3 where I was responsible for a variety of 09:52:18AM</p> <p>4 different activities. And my last 09 52:22AM</p> <p>5 responsibility was to restructure the 09:52:24AM</p> <p>6 Credit Suisse Group, which I did in the 09:52 27AM</p> <p>7 course of 2005 09 52 28AM</p> <p>8 I was chairman of the 09:52:30AM</p> <p>9 Securities Industry Association in -- I 09:52 32AM</p> <p>10 guess November of 2004 to November of 09:52:40AM</p> <p>11 2005, and I sat on the Executive Board -- 09:52:42AM</p> <p>12 Executive Committee of the Securities 09:52:44AM</p> <p>13 Industry Association for a six-year 09:52:46AM</p> <p>14 period, you know, 2000 to 2005. 09:52:47AM</p> <p>15 Q. You clearly have a lot of 09:52:53AM</p> <p>16 background in mergers and acquisitions. 09:52:56AM</p> <p>17 Were you involved in taking 09 52 57AM</p> <p>18 public companies private during any point 09:52:58AM</p> <p>19 in perhaps the last 20 years? 09 53:02AM</p> <p>20 MS. SINDERSON: We are going to 09:53 13AM</p> <p>21 take a short break for the videographer 09 53 15AM</p> <p>22 THE VIDEOGRAPHER. The time on 09 53:17AM</p> <p>23 the video monitor is 9 53 a.m We are off 09:53 18AM</p> <p>24 the record 09:53:22AM</p> <p>25 (Discussion off the record.) 09 54:08AM</p>

4 (Pages 10 to 13)

<p style="text-align: right;">Page 14</p> <p>1 THORNBURGH</p> <p>2 THE VIDEOGRAPHER. We are back 09:54:08AM</p> <p>3 on the record. The time on the video 09:54:16AM</p> <p>4 monitor is 9:54 a m 09:54:19AM</p> <p>5 MS SINDERSON I had a 09:54:21AM</p> <p>6 question pending at the time Could you 09:54:22AM</p> <p>7 read back the last question. 09:54:23AM</p> <p>8 (The record was read) 09:54:34AM</p> <p>9 A From May of 1989 until May of 09:54:40AM</p> <p>10 1995, I sat on the Investment Banking 09:54:44AM</p> <p>11 Committee -- fairness -- Investment 09:54:50AM</p> <p>12 Banking Committee of Credit Suisse First 09:54:53AM</p> <p>13 Boston, which reviewed all fairness 09:54:55AM</p> <p>14 opinions for all M&A transactions, 09:54:57AM</p> <p>15 reviewed all high-yield financings and 09:54:59AM</p> <p>16 reviewed the suitability of all IPOs. 09:55:02AM</p> <p>17 So I would say I had a fair 09:55:08AM</p> <p>18 amount of exposure to taking companies 09:55:12AM</p> <p>19 private from the standpoint of granting 09:55:14AM</p> <p>20 fairness opinions and that kind of stuff 09:55:19AM</p> <p>21 Q. In that function, did the team 09:55:22AM</p> <p>22 produce a fairness opinion at Credit 09:55:24AM</p> <p>23 Suisse and then the board would review it 09:55:26AM</p> <p>24 before rendering it? 09:55:28AM</p> <p>25 A. Yes 09:55:29AM</p>	<p style="text-align: right;">Page 16</p> <p>1 THORNBURGH</p> <p>2 employed? 09:56:25AM</p> <p>3 A The official name is Corsair 09:56:30AM</p> <p>4 Investments LLC. The short name is 09:56:34AM</p> <p>5 Corsair Capital 09:56:37AM</p> <p>6 Q. What are your responsibilities 09:56:37AM</p> <p>7 at Corsair? 09:56:39AM</p> <p>8 A I'm one of five partners at 09:56:40AM</p> <p>9 Corsair, and my responsibilities include 09:56:43AM</p> <p>10 relations with our investors, serving on 09:56:48AM</p> <p>11 boards of directors for our portfolio 09:56:51AM</p> <p>12 companies, reviewing potential 09:56:55AM</p> <p>13 investments, working on potential 09:56:59AM</p> <p>14 investments, and I guess kibbitzing about 09:57:04AM</p> <p>15 our own strategy. 09:57:07AM</p> <p>16 Q You said part of your 09:57:08AM</p> <p>17 responsibilities are to serve on the 09:57:10AM</p> <p>18 boards of directors of your portfolio 09:57:11AM</p> <p>19 companies 09:57:13AM</p> <p>20 Which public companies do you 09:57:14AM</p> <p>21 currently serve on the board of? 09:57:16AM</p> <p>22 A. National City Corporation, 09:57:17AM</p> <p>23 NewStar Financial, and Credit Suisse 09:57:21AM</p> <p>24 Group. 09:57:25AM</p> <p>25 Q Do you currently serve as a 09:57:25AM</p>
<p style="text-align: right;">Page 15</p> <p>1 THORNBURGH</p> <p>2 In the process, the team would 09:55:31AM</p> <p>3 bring valuations to the committee and they 09:55:35AM</p> <p>4 would bring process to the committee, and 09:55:39AM</p> <p>5 the committee would review process and 09:55:42AM</p> <p>6 valuation and then would review the 09:55:45AM</p> <p>7 opinion as drafted by counsel or as 09:55:48AM</p> <p>8 drafted by the team, and would, you know, 09:55:50AM</p> <p>9 agree to the issuance of the fairness 09:55:55AM</p> <p>10 opinion. 09:55:57AM</p> <p>11 Q. And how long would that process 09:55:57AM</p> <p>12 take between bringing the fairness opinion 09:55:59AM</p> <p>13 and all the process materials to you and 09:56:01AM</p> <p>14 the board agreeing to the issuance? 09:56:03AM</p> <p>15 A. There is no set period of time. 09:56:05AM</p> <p>16 It could be a six-month process It could 09:56:08AM</p> <p>17 be a three week process 09:56:11AM</p> <p>18 Q But three weeks was sort of on 09:56:13AM</p> <p>19 the low end of that process? 09:56:15AM</p> <p>20 A. I can't -- I don't think you 09:56:16AM</p> <p>21 can generalize on that 09:56:17AM</p> <p>22 Q Mr. Thornburgh, are you 09:56:20AM</p> <p>23 presently employed? 09:56:22AM</p> <p>24 A Yes 09:56:23AM</p> <p>25 Q Where are you presently 09:56:24AM</p>	<p style="text-align: right;">Page 17</p> <p>1 THORNBURGH</p> <p>2 director of any private companies? 09:57:27AM</p> <p>3 A Yes. 09:57:28AM</p> <p>4 Q Which are those? 09:57:29AM</p> <p>5 A Sparta Insurance. 09:57:30AM</p> <p>6 Q When did you become the 09:57:36AM</p> <p>7 director of National City? 09:57:38AM</p> <p>8 A Two or three weeks ago. 09:57:43AM</p> <p>9 Q And NewStar? 09:57:45AM</p> <p>10 A. December of 2006 09:57:48AM</p> <p>11 Q. And the Credit Suisse Group? 09:57:52AM</p> <p>12 A May of 2006. 09:57:55AM</p> <p>13 Q And have you served as a 09:58:02AM</p> <p>14 director of any public companies in the 09:58:03AM</p> <p>15 past, prior to I guess Credit Suisse 09:58:05AM</p> <p>16 Group, besides Dollar General? 09:58:09AM</p> <p>17 A. No. 09:58:12AM</p> <p>18 Q Mr Thornburgh, before the sale 09:58:16AM</p> <p>19 of Dollar General to KKR, you were a 09:58:19AM</p> <p>20 member of the board of directors of Dollar 09:58:21AM</p> <p>21 General, correct? 09:58:23AM</p> <p>22 A. Correct. 09:58:23AM</p> <p>23 Q Just to clarify, from now on 09:58:24AM</p> <p>24 whenever I use the general word "board," 09:58:26AM</p> <p>25 I'm referring to the board of directors of 09:58:28AM</p>

5 (Pages 14 to 17)

Page 18

1 THORNBURGH

2 Dollar General 09:58:30AM

3 When did you join the board? 09:58:31AM

4 A I think July of 2006 09:58:35AM

5 Q How did that come about? 09:58:40AM

6 A I was asked by the chairman of 09:58:44AM

7 the Governance and Nominating Committee, 09:58:47AM

8 Dennis Bottorff, whether I would consider 09:58:51AM

9 doing that. I think he originally spoke 09:58:55AM

10 to me in November or December of 2005. 09:58:57AM

11 I met with David Wilds, the 09:58:58AM

12 lead director of the company, and met with 09:59:02AM

13 David Perdue, the CEO 09:59:04AM

14 Q When did you meet with 09:59:05AM

15 Mr. Wilds? 09:59:08AM

16 A Sometime in the spring of 2006. 09:59:08AM

17 Q And did you meet with 09:59:10AM

18 Mr. Perdue at the same time? 09:59:12AM

19 A No, separately 09:59:12AM

20 Q When did you meet with 09:59:14AM

21 Mr. Perdue? 09:59:15AM

22 A Spring of 2006 09:59:16AM

23 Q And you testified that other 09:59:19AM

24 than the three directorships earlier, you 09:59:23AM

25 had not been a board member prior to this, 09:59:28AM

Page 19

1 THORNBURGH

2 so this was the first time you were a 09:59:31AM

3 board member of a public company? 09:59:33AM

4 A I may have been a board member 09:59:38AM

5 of Charter House for a month or two after 09:59:44AM

6 it went public. 09:59:50AM

7 Q And when was that? 09:59:52AM

8 A. That would have been 1989. 09:59:59AM

9 Q. And why did Mr. Bottorff ask 10:00:04AM

10 you to join the board? 10:00:08AM

11 MR. DIETZ: Objection to form. 10:00:10AM

12 A I think Denny asked me to join 10:00:15AM

13 the board for a couple of reasons. One is 10:00:18AM

14 as his investment banker, through the 10:00:22AM

15 course of the '80s and early '90s, he 10:00:24AM

16 always thought I put the company and the 10:00:27AM

17 shareholders first and didn't give him 10:00:30AM

18 advice just to do transactions. 10:00:33AM

19 So he thought that I was a 10:00:34AM

20 level-headed, straight-shooter kind of 10:00:36AM

21 advisor who took the long-term point of 10:00:39AM

22 view. So I guess he trusted my corporate 10:00:42AM

23 finance investment banking skills, said 10:00:46AM

24 that the company was at a crossroads from 10:00:48AM

25 a strategic standpoint, and since I had 10:00:50AM

Page 20

1 THORNBURGH

2 actually advised on mergers and 10:00:53AM

3 acquisitions, and had, as a manager, an 10:00:57AM

4 executive of Credit Suisse, actually 10:01:00AM

5 implemented mergers and acquisitions, 10:01:03AM

6 thought that my skill set would be helpful 10:01:04AM

7 to the board as they considered the 10:01:06AM

8 balance between corporate strategy, 10:01:10AM

9 growth, and depth of the management team 10:01:14AM

10 to implement transactions, thought that 10:01:17AM

11 that expertise would be helpful to the 10:01:19AM

12 board 10:01:21AM

13 Q So in November or December of 10:01:22AM

14 '05, when Mr. Bottorff approached you 10:01:24AM

15 about joining the board, the possibility 10:01:30AM

16 of a merger or acquisition with Dollar 10:01:31AM

17 General was something he raised with you? 10:01:33AM

18 A Uh-huh. Excuse me, that's a 10:01:35AM

19 yes 10:01:41AM

20 Q. Did you have a social 10:01:45AM

21 relationship with any of the other members 10:01:46AM

22 of the board before you joined? 10:01:47AM

23 A. No 10:01:49AM

24 Q. Returning to the conversation 10:01:52AM

25 with Mr. Bottorff in November/December of 10:01:53AM

Page 21

1 THORNBURGH

2 '05, can you tell me a little bit more 10:01:56AM

3 about that conversation, what he said? 10:01:58AM

4 A. I think the only thing to add 10:02:03AM

5 is that he thought that Dollar General had 10:02:05AM

6 an opportunity to consolidate in the 10:02:08AM

7 industry, and, you know, that there would 10:02:11AM

8 be consolidation, and that a potential, 10:02:12AM

9 you know, merger, an equal-size merger was 10:02:15AM

10 a possibility. 10:02:21AM

11 Q. Did he say with which companies 10:02:22AM

12 or give any more detail about that? 10:02:25AM

13 A. I can't recall. 10:02:29AM

14 Q. Beyond your business 10:02:36AM

15 relationship with Mr. Bottorff, did you 10:02:39AM

16 have -- I'm sorry, did you have a business 10:02:41AM

17 relationship with any other members of the 10:02:44AM

18 board? 10:02:45AM

19 A. Me personally, no 10:02:45AM

20 Q. You personally. Did Credit 10:02:47AM

21 Suisse have, or First Boston? 10:02:49AM

22 A. Yes 10:02:51AM

23 Q. Which other members of the 10:02:51AM

24 board? 10:02:53AM

25 A. Credit Suisse had been -- had 10:02:53AM

6 (Pages 18 to 21)

Page 22

1 THORNBURGH

2 lent the company money a couple of years 10 02 57AM

3 before that and I think might have been 10-03 03AM

4 viewed as one of the company's investment 10-03-08AM

5 bankers. 10.03.16AM

6 Q Was that loan still outstanding 10 03 16AM

7 when you joined the board? 10-03 18AM

8 A No. 10.03 22AM

9 Q Before you attended your 10 03.26AM

10 first -- 10 03 28AM

11 A. Credit Suisse had a financial 10 03 31AM

12 advisory retainer with the company, and 10 03 37AM

13 you will have to check, which might have 10.03 43AM

14 expired in the fall of 2005. 10.03.48AM

15 Q. Pursuant to that retainer, what 10:03:56AM

16 did Credit Suisse do for the company? 10-03 59AM

17 A. General financial advisory 10 04:01AM

18 work. 10:04.02AM

19 Q Did they advise on strategic 10 04 02AM

20 plans? 10.04 04AM

21 A. What did Credit Suisse do for 10 04:05AM

22 the company under the letter? 10 04-06AM

23 Q Yes 10 04-08AM

24 A. I don't know. 10.04.08AM

25 Q. Were you involved in those? 10-04 09AM

Page 23

1 THORNBURGH

2 A No 10.04 11AM

3 Q. Did you know the people at 10:04-12AM

4 Credit Suisse who were involved in working 10 04.14AM

5 with Dollar General? 10.04 16AM

6 A. Yes. 10-04:17AM

7 Q And who were those people? 10 04 18AM

8 A Andy Taussig, and there is 10 04-20AM

9 another guy who I can't remember. 10.04:29AM

10 Q Before you attended your first 10 04 34AM

11 board meeting, did anybody at Dollar 10 04:36AM

12 General send you any documents to review? 10:04-37AM

13 A I don't know. 10.04:48AM

14 Q. Did you personally review any 10:04 53AM

15 documents concerning Dollar General before 10-04-55AM

16 joining the board, any analyst reports, 10 04:57AM

17 things like that? 10.04.59AM

18 A. I read the 10-K and read some 10.05 03AM

19 research reports. I couldn't tell you 10 05 09AM

20 which ones. 10 05-11AM

21 Q. Did you have any discussions 10:05-14AM

22 with anybody about Dollar General's 10 05.16AM

23 business, for example, Andy Taussig or 10 05:17AM

24 anybody else, before joining the board? 10 05:20AM

25 A. I spoke to the chairman of 10 05 22AM

Page 24

1 THORNBURGH

2 Credit Suisse Group to make sure that 10 05 24AM

3 there wasn't an issue in joining the 10.05 26AM

4 board 10 05 28AM

5 Q And who is that? 10-05 29AM

6 A Walter Kieholz 10 05 30AM

7 I spoke to my partners, Nick 10 05.36AM

8 Paumgarten and Ignacio Javanti, to make 10-05 40AM

9 sure there were no issues And I spoke to 10.05:43AM

10 the CEO of the Investment Banking Business 10:05 51AM

11 Unit of Credit Suisse, Brady Dugan. 10 05 55AM

12 Q Why did you speak to Mr. Dugan? 10:06:00AM

13 A. Again, to make sure there were 10:06:03AM

14 no, you know, issues 10 06 04AM

15 Q In each of these conversations, 10:06 08AM

16 did the conversation solely revolve around 10:06-10AM

17 if there were conflicts? 10.06 13AM

18 A Yes 10 06 16AM

19 Q You didn't discuss anything 10-06-17AM

20 else about Dollar General besides 10 06.18AM

21 conflicts? 10 06 21AM

22 A No. 10 06:21AM

23 Q Before you attended your first 10 06 23AM

24 board meeting, did you have any opinions 10 06-25AM

25 about improving the business? 10-06:27AM

Page 25

1 THORNBURGH

2 A No. 10 06:30AM

3 Q You came in as a blank slate? 10:06 32AM

4 A Yeah. 10 06 34AM

5 Q. Did you have any opinions about 10.06:40AM

6 the business of Dollar General, in 10:06 41AM

7 general, beyond improvements? 10-06.44AM

8 A No 10:06 48AM

9 Q What was your understanding of 10 06 48AM

10 the SEC investigation of the company in 10:06:49AM

11 the early part of this decade, before 10:06:51AM

12 joining the board? 10:06 53AM

13 A. My recollection is there was an 10 06-58AM

14 accounting issue around inventory. 10:07:01AM

15 Q. You had had no other 10:07.06AM

16 understanding? Did you investigate that 10-07 07AM

17 before you joined the board? 10-07 09AM

18 A I did 10 07:10AM

19 Q How did you investigate that? 10-07:12AM

20 A I think I asked questions -- I 10:07 13AM

21 believe I asked questions 10 07:15AM

22 Q Who did you ask these questions 10 07 16AM

23 of? 10 07 19AM

24 A David Wilds, Bottorff, Perdue. 10:07-19AM

25 Q When did you ask them these 10.07.26AM

7 (Pages 22 to 25)

<p style="text-align: right;">Page 26</p> <p>1 THORNBURGH</p> <p>2 questions? 10:07:28AM</p> <p>3 A Prior to -- you know, in that 10:07:30AM</p> <p>4 period of time, spring of I guess 2006 10:07:33AM</p> <p>5 Q You testified that you met with 10:07:46AM</p> <p>6 Mr Wilds and Mr Perdue in the spring of 10:07:52AM</p> <p>7 '06 and you asked questions about the CEO 10:07:54AM</p> <p>8 investigation 10:07:58AM</p> <p>9 A SEC investigation 10:07:58AM</p> <p>10 Q I'm sorry, SEC investigation 10:07:59AM</p> <p>11 Could you tell me a little bit 10:08:01AM</p> <p>12 more about those conversations When were 10:08:03AM</p> <p>13 those conversations? Can you pin them 10:08:06AM</p> <p>14 down a little bit more? 10:08:08AM</p> <p>15 A No 10:08:12AM</p> <p>16 Q And what kinds of questions 10:08:15AM</p> <p>17 were you asking? 10:08:17AM</p> <p>18 A Background behind the -- 10:08:21AM</p> <p>19 background behind the SEC issues, whether 10:08:26AM</p> <p>20 it had been settled, what the 10:08:28AM</p> <p>21 understanding with the SEC was going 10:08:30AM</p> <p>22 forward, the nature of the relationship of 10:08:33AM</p> <p>23 the accounting firm, their individual 10:08:36AM</p> <p>24 involvement in it. 10:08:42AM</p> <p>25 Q And what were -- can you tell 10:08:44AM</p>	<p style="text-align: right;">Page 28</p> <p>1 THORNBURGH</p> <p>2 whatever the phrase is 10:09:42AM</p> <p>3 Q Forward-looking statement? 10:09:43AM</p> <p>4 A Now you got it 10:09:44AM</p> <p>5 Q Do you recall when the 10:09:47AM</p> <p>6 settlement was that began that two-year 10:09:49AM</p> <p>7 period? 10:09:51AM</p> <p>8 A No. 10:09:51AM</p> <p>9 Q Was that, the lack of the 10:09:55AM</p> <p>10 benefit of the safe harbor, was that an 10:09:58AM</p> <p>11 issue while you were on the board? 10:10:01AM</p> <p>12 A Yes 10:10:03AM</p> <p>13 Q How so? 10:10:07AM</p> <p>14 A. My recollection is that it 10:10:08AM</p> <p>15 restricted the ability when making 10:10:18AM</p> <p>16 earnings statements and making 10:10:24AM</p> <p>17 presentations to the analyst community 10:10:27AM</p> <p>18 around the content and using the safe 10:10:31AM</p> <p>19 harbor benefit. 10:10:36AM</p> <p>20 Q. Was that discussed while you 10:10:41AM</p> <p>21 were on the board? 10:10:42AM</p> <p>22 A Yes 10:10:43AM</p> <p>23 Q Was that a major issue while 10:10:44AM</p> <p>24 you were on the board? 10:10:46AM</p> <p>25 A. Can you define "major"? 10:10:47AM</p>
<p style="text-align: right;">Page 27</p> <p>1 THORNBURGH</p> <p>2 me what their responses were, what they 10:08:46AM</p> <p>3 told you? 10:08:48AM</p> <p>4 A No. 10:08:48AM</p> <p>5 Q You don't remember Did they 10:08:48AM</p> <p>6 tell you what their involvement in the -- 10:08:50AM</p> <p>7 A Yes 10:08:55AM</p> <p>8 Q What was their involvement? 10:08:55AM</p> <p>9 A Perdue wasn't around, to my 10:08:56AM</p> <p>10 recollection, and Denny had just joined 10:09:00AM</p> <p>11 the board And I presume -- that's what I 10:09:04AM</p> <p>12 can recall 10:09:10AM</p> <p>13 Q What was your understanding of 10:09:13AM</p> <p>14 the settlement with the SEC, what was the 10:09:16AM</p> <p>15 implications for the company going 10:09:19AM</p> <p>16 forward? 10:09:21AM</p> <p>17 A I believe that for a two-year 10:09:21AM</p> <p>18 period they didn't have a benefit of a 10:09:24AM</p> <p>19 safe harbor. 10:09:28AM</p> <p>20 Q And what was that two-year 10:09:28AM</p> <p>21 period? 10:09:30AM</p> <p>22 A I think for a two-year period 10:09:30AM</p> <p>23 from the settlement going forward, that 10:09:32AM</p> <p>24 they couldn't rely on the safe harbor 10:09:34AM</p> <p>25 around earnings estimates and forward -- 10:09:39AM</p>	<p style="text-align: right;">Page 29</p> <p>1 THORNBURGH</p> <p>2 Q What is your understanding of 10:10:49AM</p> <p>3 "major"? Was it discussed often? 10:10:52AM</p> <p>4 A. I think it was discussed within 10:10:53AM</p> <p>5 the context of earnings announcements and 10:10:55AM</p> <p>6 Project Alpha 10:10:59AM</p> <p>7 Q. Was this considered a barrier 10:11:03AM</p> <p>8 to conveying to the analyst community the 10:11:08AM</p> <p>9 details of Project Alpha? 10:11:11AM</p> <p>10 A I think it was viewed as a 10:11:13AM</p> <p>11 restriction around communications of 10:11:15AM</p> <p>12 management as it related to financial 10:11:19AM</p> <p>13 performance in any context 10:11:21AM</p> <p>14 Q. When you had your conversations 10:11:45AM</p> <p>15 with Mr. Wilds, Mr. Bottorff and 10:11:47AM</p> <p>16 Mr Perdue, did you only ask questions 10:11:50AM</p> <p>17 about the SEC investigation? 10:11:51AM</p> <p>18 A. No. I asked questions around 10:11:53AM</p> <p>19 strategy, outlook for the business, what 10:11:58AM</p> <p>20 they were looking for as it related, from 10:12:02AM</p> <p>21 me, as a director, talked about golf, 10:12:05AM</p> <p>22 talked about people we knew. 10:12:10AM</p> <p>23 Q And that's all? 10:12:12AM</p> <p>24 A. That's what I can recall 10:12:14AM</p> <p>25 Q. What did they tell you about 10:12:15AM</p>

8 (Pages 26 to 29)

Page 30

1 THORNBURGH

2 the strategy for the company? 10 12:17AM

3 A The company was at a crossroads 10 12:24AM

4 and had an opportunity to potentially 10:12 27AM

5 consolidate other dollar stores 10 12:34AM

6 Q Did they raise with you what 10:12 39AM

7 became Project Alpha? 10 12:43AM

8 A. No 10 12:44AM

9 Q Did they raise with you the 10 12:49AM

10 possibility of taking the company private? 10 12:51AM

11 A. There were discussions around 10:12:54AM

12 that that was an option, as well as, you 10:12 56AM

13 know, buying or merging 10 12 59AM

14 Q Could you tell me about those 10:13:01AM

15 discussions? 10 13 02AM

16 A Just that that is something 10 13 03AM

17 that, you know, was on -- could be on the 10:13:04AM

18 horizon 10 13 08AM

19 Q. Did Mr. Perdue bring that up to 10:13:09AM

20 you? 10:13:14AM

21 A I think all three Within the 10:13 15AM

22 context of a strategic discussion, it is 10 13 17AM

23 not uncommon -- my recollection is it is 10:13:19AM

24 not uncommon to talk about acquiring, 10:13:23AM

25 selling, going private. 10:13:27AM

Page 31

1 THORNBURGH

2 Q. When you say "selling," do you 10:13:31AM

3 mean to another dollar store? 10:13 36AM

4 A That is the same thing as a 10:13 38AM

5 merger. It depends where we are. There 10 13 40AM

6 were no concrete plans to do anything. 10:13:46AM

7 These were the issues that the board would 10 13 48AM

8 have to, with management, wrestle with. 10:13:50AM

9 Q When you say they talked about 10:13:55AM

10 the outlook for the business, what were 10:13:56AM

11 those conversations about? 10:13:59AM

12 A I would say fairly optimistic, 10:14:02AM

13 basically people were feeling good around 10:14:06AM

14 the business 10:14:11AM

15 Q. You said this occurred in the 10:14:13AM

16 spring of '06. 10:14:15AM

17 In the spring of '06, that was 10 14 16AM

18 during, to my recollection, and tell me if 10 14:19AM

19 you agree, that was during a serious drop 10:14:21AM

20 in the share price for Dollar General; is 10:14:24AM

21 that correct? 10 14 28AM

22 A. I had the discussions prior 10:14:29AM

23 to -- I think the stock, when I originally 10:14 34AM

24 had discussions, was around \$18 or \$19 10 14:36AM

25 Q Before we move on to look at 10:14:49AM

Page 32

1 THORNBURGH

2 any of these documents, we are going to 10:14 52AM

3 look at some board minutes, I'm just going 10 14 55AM

4 to ask you a couple of questions about the 10 14:57AM

5 way the meeting minutes were finalized 10 14 59AM

6 Was a final draft of the 10 15 01AM

7 meeting minutes circulated to each board 10 15:03AM

8 member? 10:15 06AM

9 A. Boy, I can't -- I don't know 10 15 07AM

10 Q. Did you have to sign the 10:15 10AM

11 minutes before they were finalized? 10:15 11AM

12 A. We all signed off -- we all 10:15 15AM

13 signed off on the minutes, you know 10 15:18AM

14 Q Did that occur during a meeting 10:15 20AM

15 or outside of a meeting? 10 15 21AM

16 A The Compliance -- the Finance 10 15:25AM

17 Committee and the Strategic Planning 10 15:32AM

18 Committee, or whatever that was called, I 10:15:34AM

19 think we did that, you know, by e-mail. 10 15:35AM

20 Then board minutes would 10 15:41AM

21 typically be in the advance book, and you 10 15 43AM

22 would look at that, and when you got to 10:15:47AM

23 the board meeting, then you give your 10 15 50AM

24 comments on it. 10:15 51AM

25 Q. We are going to look at some 10:15:55AM

Page 33

1 THORNBURGH

2 board minutes today 10:15 57AM

3 If the meeting secretary -- the 10:15:58AM

4 meeting's secretary has their signature at 10 16 00AM

5 the end of the board minutes, does that 10 16:02AM

6 indicate to you that those are the final 10 16:06AM

7 minutes? 10 16:08AM

8 A I would presume so, yes. 10 16 08AM

9 Q. Do you remember when you 10 16:11AM

10 attended your first board meeting? 10:16 12AM

11 A. Blackberry Farms in July of 10 16:15AM

12 2006. 10:16 20AM

13 Q And who was there? 10:16 22AM

14 A. The board as well as other 10:16:24AM

15 members of management. 10:16:27AM

16 Q Do you remember which members 10:16 28AM

17 of management? 10:16:29AM

18 A No. 10:16 30AM

19 Q. Do you remember what was 10:16:35AM

20 discussed at that meeting? 10:16 36AM

21 A The strategy for the company 10:16:38AM

22 and a review of the performance 10 16:42AM

23 Q. Were the strategic alternatives 10 16:51AM

24 for Dollar General discussed at that 10 16:54AM

25 meeting? 10 16 56AM

9 (Pages 30 to 33)

Page 34	Page 36
<p>1 THORNBURGH</p> <p>2 A No, I think a potential 10:16:56AM</p> <p>3 Project Alpha was discussed 10:16:58AM</p> <p>4 Q And this was the first time you 10:17:01AM</p> <p>5 heard of Project Alpha? 10:17:03AM</p> <p>6 A Yes 10:17:04AM</p> <p>7 Q To your understanding, was this 10:17:06AM</p> <p>8 the first time this had been presented to 10:17:08AM</p> <p>9 the board? 10:17:10AM</p> <p>10 A To the board, yes 10:17:13AM</p> <p>11 Q So the independent directors of 10:17:17AM</p> <p>12 Dollar General, this was the first time 10:17:19AM</p> <p>13 they had heard of Project Alpha? 10:17:21AM</p> <p>14 A No, I think the Finance 10:17:22AM</p> <p>15 Committee might have had a presentation 10:17:24AM</p> <p>16 Q So this was the first time you 10:17:37AM</p> <p>17 understood that Dollar General might be 10:17:39AM</p> <p>18 pursuing strategic alternatives beyond 10:17:41AM</p> <p>19 those discussed in the spring of '06? 10:17:43AM</p> <p>20 A Yeah, right. 10:17:45AM</p> <p>21 MS. SINDERSON: I would like to 10:17:51AM</p> <p>22 mark as Thornburgh Exhibit 1 a document 10:17:52AM</p> <p>23 Bates numbered DG 149934 through 35. 10:17:56AM</p> <p>24 (Thornburgh Exhibit 1 marked 10:18:03AM</p> <p>25 for identification) 10:18:16AM</p>	<p>1 THORNBURGH</p> <p>2 you attended? 10:23:14AM</p> <p>3 A Of the board, that's correct 10:23:15AM</p> <p>4 Q Did you attend a meeting of a 10:23:17AM</p> <p>5 committee prior to this? 10:23:19AM</p> <p>6 A No 10:23:21AM</p> <p>7 Q So the meetings that you just 10:23:24AM</p> <p>8 implied that you attended otherwise, were 10:23:27AM</p> <p>9 those just one-on-one meetings that we 10:23:30AM</p> <p>10 discussed earlier? 10:23:32AM</p> <p>11 A That's correct 10:23:33AM</p> <p>12 Q If you look on internal page 2, 10:23:34AM</p> <p>13 DG 149935, do you see where it discusses 10:23:39AM</p> <p>14 the events that took place on Tuesday, 10:23:43AM</p> <p>15 July 25th? 10:23:45AM</p> <p>16 A Yes 10:23:48AM</p> <p>17 Q What do you remember about 10:23:50AM</p> <p>18 Mr. Perdue's presentation? 10:23:52AM</p> <p>19 A I don't have an impression of 10:24:22AM</p> <p>20 Mr. Perdue's presentation 10:24:23AM</p> <p>21 Q Do you recall if he reported on 10:24:32AM</p> <p>22 any discussions with any private equity 10:24:34AM</p> <p>23 groups or investment banks regarding their 10:24:37AM</p> <p>24 interest in Dollar General? 10:24:39AM</p> <p>25 A Yes 10:24:40AM</p>
Page 35	Page 37
<p>1 THORNBURGH</p> <p>2 THE WITNESS: I would like to 10:18:17AM</p> <p>3 pause to get a muffin 10:18:18AM</p> <p>4 THE VIDEOGRAPHER: The time on 10:18:21AM</p> <p>5 the video monitor is 10:18 a m. We are 10:18:22AM</p> <p>6 off the record 10:18:25AM</p> <p>7 (Recess taken) 10:22:32AM</p> <p>8 THE VIDEOGRAPHER: We are back 10:22:35AM</p> <p>9 on the record The time on the video 10:22:35AM</p> <p>10 monitor is 10:22 a m 10:22:37AM</p> <p>11 BY MS. SINDERSON: 10:22:41AM</p> <p>12 Q Mr. Thornburgh, have you seen 10:22:41AM</p> <p>13 Thornburgh Exhibit 1 before? 10:22:44AM</p> <p>14 A Yes. 10:22:46AM</p> <p>15 Q When did you see it? 10:22:46AM</p> <p>16 A I saw it whenever we approved 10:22:49AM</p> <p>17 the minutes of the meeting, which I 10:22:52AM</p> <p>18 presume might have been -- whenever we 10:22:54AM</p> <p>19 approved the minutes of the meeting And 10:22:56AM</p> <p>20 then I noticed it in the book of materials 10:22:58AM</p> <p>21 that I mentioned I reviewed on Monday 10:23:02AM</p> <p>22 Q So you attended this meeting, 10:23:09AM</p> <p>23 correct? 10:23:12AM</p> <p>24 A I did. 10:23:12AM</p> <p>25 Q And this was the first meeting 10:23:13AM</p>	<p>1 THORNBURGH</p> <p>2 Q What do you recall about that? 10:24:40AM</p> <p>3 A I think he mentioned he had had 10:24:45AM</p> <p>4 a presentation by Goldman Sachs about the 10:24:48AM</p> <p>5 state of the LBO market, and I believe it 10:24:53AM</p> <p>6 was at this point that he mentioned 10:25:00AM</p> <p>7 receiving phone calls from a couple of 10:25:03AM</p> <p>8 private equity firms. 10:25:04AM</p> <p>9 Q Do you recall which private 10:25:06AM</p> <p>10 equity firms? 10:25:08AM</p> <p>11 A KKR, Goldman Sachs, and TPG 10:25:10AM</p> <p>12 Q Did he report that when Goldman 10:25:18AM</p> <p>13 Sachs made its presentation on the LBO 10:25:21AM</p> <p>14 market in general, that they raised 10:25:23AM</p> <p>15 specific possibilities for Dollar General 10:25:26AM</p> <p>16 during that presentation? 10:25:29AM</p> <p>17 MR. KAZANOFF: Objection to 10:25:32AM</p> <p>18 form 10:25:33AM</p> <p>19 MS. SINDERSON: What's your 10:25:35AM</p> <p>20 objection? 10:25:36AM</p> <p>21 MR. KAZANOFF I think it was 10:25:37AM</p> <p>22 compound 10:25:38AM</p> <p>23 A Pardon me? What's the 10:25:43AM</p> <p>24 question? Can you repeat it? 10:25:45AM</p> <p>25 Q Did Mr. Perdue report that when 10:25:46AM</p>

10 (Pages 34 to 37)

Page 38	Page 40
<p>1 THORNBURGH</p> <p>2 Goldman Sachs made its presentation to the 10 25 48AM 3 board regarding the LBO market, that they 10 25 50AM 4 raised any possibilities about Dollar 10 25 53AM 5 General? 10 25 56AM</p> <p>6 A Goldman Sachs did not make a 10:25 56AM 7 presentation to the board. They made a 10:25 58AM 8 presentation to the Finance Committee I 10 26 00AM 9 believe what I'm referencing is a separate 10 26 05AM 10 meeting that Goldman Sachs had with David 10 26 08AM 11 on the subject. 10 26 11AM</p> <p>12 Q Did he report if it was the 10 26 15AM 13 same individuals for both meetings? 10 26 17AM</p> <p>14 A I can't recall 10 26 21AM</p> <p>15 Q Are you aware if it was the 10 26 23AM 16 same individuals? 10:26 24AM</p> <p>17 A I'm clueless 10 26 25AM</p> <p>18 Q If you look at the top of page 10:26 27AM 19 2, where it says "There followed 10:26:30AM 20 discussion concerning analysis around the 10:26:33AM 21 committee's consideration of 10 26 34AM 22 Mr. Thornburgh's independence and the 10:26 36AM 23 other matters recommended by the 10 26:38AM 24 committee " 10 26 40AM 25 Was there a specific concern 10 26 40AM</p>	<p>1 THORNBURGH</p> <p>2 (Thornburgh Exhibit 2 marked 10:27 53AM 3 for identification) 10 27 54AM</p> <p>4 Q. If you could please turn to 10:28 26AM 5 DG_BK 000798, please 10 28 30AM</p> <p>6 You testified earlier, was this 10:28 50AM 7 the first time you had seen these kinds of 10 28 52AM 8 financial projections? 10 28:54AM</p> <p>9 A Mine is 98 happens to be the 10 28 56AM 10 cover page. 10 28 59AM</p> <p>11 Q If you want to turn one page 10 29 00AM 12 forward It is more generally about these 10 29 02AM 13 projections here. 10 29 04AM</p> <p>14 I'm just asking, is this the 10:29 05AM 15 first time you had seen these sorts of 10 29 06AM 16 financial projections? 10 29 08AM</p> <p>17 A. That's correct. 10 29 09AM</p> <p>18 Q Do you know if management had 10:29 10AM 19 the assistance of an investment bank in 10 29 12AM 20 preparing these projections? 10 29 14AM</p> <p>21 A No, I don't know. 10:29 17AM</p> <p>22 Q Do you know how management 10:29 29AM 23 prepared these projections? 10 29 31AM</p> <p>24 A. No 10 29 37AM</p> <p>25 Q Did you ask any questions at 10 29 39AM</p>
Page 39	Page 41
<p>1 THORNBURGH</p> <p>2 about your independence? 10 26 44AM</p> <p>3 A No. I think there is a New 10 26 45AM 4 York Stock Exchange requirement as to what 10 26:47AM 5 qualifies one as an independent director, 10 26 49AM 6 it relates to I think percentage of 10 26 52AM 7 revenues and assets and business 10 26 53AM 8 relationship, and I filled out a lengthy 10:26:57AM 9 form, and I believe it came out I was 10 27 01AM 10 independent. 10 27 05AM</p> <p>11 Q. Do you recall anything further 10 27 06AM 12 about the meeting with Goldman Sachs? Not 10 27 07AM 13 the Finance Committee meeting, the meeting 10 27 11AM 14 with Mr. Perdue. 10:27:13AM</p> <p>15 A No. 10:27 14AM</p> <p>16 Q Do you recall anything further 10:27 16AM 17 about what he said about the meeting with 10:27:18AM 18 KKR? 10 27 23AM</p> <p>19 MR KAZANOFF Objection to 10 27 23AM 20 form. 10 27 25AM</p> <p>21 A No 10:27 25AM</p> <p>22 MS SINDERSON I would like to 10 27 35AM 23 introduce as Thornburgh Exhibit 2 a 10 27 36AM 24 document Bates stamped DG_BK 000789 10 27 41AM 25 through 815 10:27 51AM</p>	<p>1 THORNBURGH</p> <p>2 the time about these projections? 10:29 40AM</p> <p>3 A No 10 29 47AM</p> <p>4 Q Do you recall any others asking 10 29 48AM 5 any questions at the time? 10 29 50AM</p> <p>6 A Yeah 10:29 51AM</p> <p>7 Q Do you recall what those 10 29 52AM 8 questions were? 10:29 53AM</p> <p>9 A Challenges around shrink, 10 29:54AM 10 challenges around margins, mark-downs I 10 29 59AM 11 think I asked a question around the 10 30 19AM 12 interest rate in terms of -- I asked 10:30 21AM 13 questions around the covenants, of the 10 30 26AM 14 terms of the bank covenants 10:30:27AM</p> <p>15 Q. You can put that to the side 10:30:39AM 16 for now. 10:30 41AM</p> <p>17 MS SINDERSON I would like to 10 30 46AM 18 mark as Thornburgh Exhibit 3 a document 10 30 47AM 19 Bates numbered DG 149759 through 760 10 30 52AM 20 (Thornburgh Exhibit 3 marked 10 30 59AM 21 for identification) 10 31 01AM</p> <p>22 MS. SINDERSON. I would also 10:31 34AM 23 like to mark as Thornburgh Exhibit 4 a 10 31 35AM 24 document Bates numbered DG 149762 through 10 31 37AM 25 940 10:31 48AM</p>

11 (Pages 38 to 41)

Page 42

1 THORNBURGH
 2 (Thornburgh Exhibit 4 marked 10:31:48AM
 3 for identification) 10:32:02AM
 4 MS. SINDERSON Thornburgh 10:32:02AM
 5 Exhibit 3 is the August 28, 2006 Finance 10:32:03AM
 6 Committee of the board of directors of 10:32:07AM
 7 Dollar General Corporation minutes 10:32:09AM
 8 Q Mr Thornburgh, did you attend 10:32:11AM
 9 this meeting? 10:32:13AM
 10 A I did by telephone 10:32:14AM
 11 Q And if you look on internal 10:32:17AM
 12 page 2, you see Christine L. Connolly's 10:32:19AM
 13 signature there Does that indicate to 10:32:22AM
 14 you that these minutes were finalized? 10:32:23AM
 15 A That would be my presumption, 10:32:27AM
 16 yes. 10:32:29AM
 17 Q How often did Mr. Perdue attend 10:32:34AM
 18 the Finance Committee meetings? 10:32:36AM
 19 A I wouldn't have a clue, since 10:32:40AM
 20 this was my first meeting 10:32:43AM
 21 Q Throughout your tenure at 10:32:45AM
 22 Dollar General, how often did Mr Perdue 10:32:47AM
 23 attend the Finance Committee meetings? 10:32:49AM
 24 A I can't recall 10:32:54AM
 25 Q. Was it more than once? 10:32:59AM

Page 43

1 THORNBURGH
 2 A. I don't know. I presume it is 10:33:01AM
 3 in the minutes 10:33:06AM
 4 Q If you turn to Thornburgh 10:33:09AM
 5 Exhibit 4, which is a Lehman Brothers 10:33:11AM
 6 presentation entitled "Strategic 10:33:16AM
 7 Considerations," dated August 28, 2006 10:33:18AM
 8 A. Uh-huh 10:33:21AM
 9 Q What is this presentation? 10:33:23AM
 10 A. You want me to go through it 10:33:28AM
 11 and tell you what it is? 10:33:29AM
 12 Q. Just in general, why were they 10:33:31AM
 13 making this presentation to the board? 10:33:34AM
 14 A. The background on this date of 10:33:35AM
 15 the retailing market, the background on 10:33:38AM
 16 the M&A market, perspective on the stock 10:33:40AM
 17 of Dollar General, and a general sense of 10:33:44AM
 18 what the company might be worth on a 10:33:49AM
 19 present value term relative to its stock 10:33:55AM
 20 price 10:33:58AM
 21 Q. Did you receive this 10:33:58AM
 22 presentation? 10:34:03AM
 23 A I was in Hong Kong. I don't 10:34:06AM
 24 know whether I did or not I presume I 10:34:13AM
 25 got some of it 10:34:16AM

Page 44

1 THORNBURGH
 2 Q You presume you got some of it 10:34:17AM
 3 before the meeting or after the meeting? 10:34:19AM
 4 A I don't know 10:34:36AM
 5 Q So you don't recall if you 10:34:38AM
 6 viewed it at the same time that you were 10:34:39AM
 7 listening from Hong Kong? 10:34:41AM
 8 A That's correct 10:34:42AM
 9 Q Why did Lehman Brothers make 10:34:44AM
 10 this presentation? 10:34:46AM
 11 A I think it was an outgrowth of 10:34:50AM
 12 the strategic planning discussion that we, 10:34:53AM
 13 you know, get an investment banker's 10:34:59AM
 14 perspective of what is going on. 10:35:01AM
 15 I do recall talking to David 10:35:02AM
 16 Tehle during the course of the Blackberry 10:35:06AM
 17 Farm meetings that the company ought to 10:35:10AM
 18 retain an investment banker and it ought 10:35:12AM
 19 to be someone that management felt 10:35:16AM
 20 comfortable with 10:35:19AM
 21 Q. This conversation with Tehle 10:35:25AM
 22 during the July meeting of the board, 10:35:28AM
 23 could you tell me more about that 10:35:30AM
 24 conversation? 10:35:33AM
 25 A Well, I was sitting outside of 10:35:33AM

Page 45

1 THORNBURGH
 2 the room, outside, and there were trees 10:35:35AM
 3 all around, and we had a casual 10:35:38AM
 4 conversation around Andy Taussig, Lehman 10:35:41AM
 5 Brothers, Goldman Sachs, Credit Suisse, 10:35:43AM
 6 and my point of view that you should hire 10:35:46AM
 7 someone you have confidence in. 10:35:49AM
 8 Q Why should they hire such an 10:35:54AM
 9 investment bank at that time? 10:35:56AM
 10 A Because they needed some work 10:35:58AM
 11 to get done and they would like some 10:36:00AM
 12 perspectives, and they should have someone 10:36:03AM
 13 working for them rather than just people 10:36:05AM
 14 casually coming by and making 10:36:08AM
 15 presentations 10:36:12AM
 16 Q Your advice is that they should 10:36:12AM
 17 have an investment bank that management 10:36:13AM
 18 trusted? 10:36:16AM
 19 A Well, what I said, that David 10:36:16AM
 20 had confidence in, David Tehle, the CFO. 10:36:19AM
 21 Q And what was it that you 10:36:28AM
 22 anticipated that such an investment bank 10:36:30AM
 23 could provide to the company? 10:36:31AM
 24 A A perspective on the capital 10:36:35AM
 25 markets, perspective on how the company is 10:36:38AM

12 (Pages 42 to 45)

Page 46	Page 48
<p>1 THORNBURGH</p> <p>2 viewed by the capital markets, advice as 10:36:40AM</p> <p>3 regards to rating agencies in terms of 10:36:43AM</p> <p>4 debt ratings, perspective around the 10:36:45AM</p> <p>5 mergers and acquisitions market, a 10:36:52AM</p> <p>6 strategic point of view. That kind of 10:36:57AM</p> <p>7 stuff 10:37:00AM</p> <p>8 Q Do you think every company 10:37:01AM</p> <p>9 should have an investment bank on retainer 10:37:02AM</p> <p>10 to provide this advice? 10:37:04AM</p> <p>11 MR KAZANOFF Objection 10:37:06AM</p> <p>12 A. I did it for a living, so how 10:37:08AM</p> <p>13 could I not think that they shouldn't have 10:37:11AM</p> <p>14 a relationship? I did it for 20 something 10:37:13AM</p> <p>15 years and I was damn good at it. So I 10:37:15AM</p> <p>16 think yes, absolutely. Law firms, too. 10:37:19AM</p> <p>17 Q So there was nothing special 10:37:22AM</p> <p>18 about Dollar General's circumstances at 10:37:24AM</p> <p>19 that time? 10:37:28AM</p> <p>20 A No. 10:37:28AM</p> <p>21 Q So this presentation, is it 10:37:35AM</p> <p>22 your understanding that they asked Lehman 10:37:37AM</p> <p>23 Brothers to come in and make this 10:37:38AM</p> <p>24 presentation? 10:37:40AM</p> <p>25 A Yes 10:37:40AM</p>	<p>1 THORNBURGH</p> <p>2 presentation? 10:38:42AM</p> <p>3 A No, I don't. 10:38:43AM</p> <p>4 Q Do you recall if they asked any 10:38:46AM</p> <p>5 questions about the presentation? 10:38:48AM</p> <p>6 A I know I asked some questions 10:38:51AM</p> <p>7 I can't remember what they were 10:38:53AM</p> <p>8 Q Do you recall what your 10:39:04AM</p> <p>9 reaction to the presentation overall was? 10:39:05AM</p> <p>10 A No, other than any valuation -- 10:39:09AM</p> <p>11 I think I did make a comment that any 10:39:24AM</p> <p>12 valuation analysis was preliminary and not 10:39:27AM</p> <p>13 had the benefit of using the company's 10:39:30AM</p> <p>14 numbers. I think they were all done 10:39:32AM</p> <p>15 outside, and that should not -- this was 10:39:34AM</p> <p>16 not a formal valuation per se 10:39:37AM</p> <p>17 Q So your understanding was that 10:39:40AM</p> <p>18 Lehman had not been given any non-public 10:39:42AM</p> <p>19 information? 10:39:46AM</p> <p>20 A That's correct. 10:39:46AM</p> <p>21 Q If you could turn to internal 10:39:51AM</p> <p>22 page 26, Bates numbered DG 149792. The 10:39:54AM</p> <p>23 page is titled "Preliminary Discounted 10:40:01AM</p> <p>24 Cash Flow Summary." 10:40:04AM</p> <p>25 Do you recall if the committee 10:40:06AM</p>
Page 47	Page 49
<p>1 THORNBURGH</p> <p>2 Q The Goldman Sachs presentation 10:37:40AM</p> <p>3 we discussed earlier, was it your 10:37:46AM</p> <p>4 understanding that they asked Goldman to 10:37:47AM</p> <p>5 come in to make that presentation? 10:37:49AM</p> <p>6 A I don't know. The board, you 10:37:51AM</p> <p>7 know -- I don't know. 10:37:54AM</p> <p>8 Q Do you know if Lehman Brothers 10:37:57AM</p> <p>9 was retained at the time that they came in 10:37:59AM</p> <p>10 to make this presentation? 10:38:00AM</p> <p>11 A You mean at that specific date? 10:38:09AM</p> <p>12 I don't know 10:38:11AM</p> <p>13 Q And by "retained," I don't mean 10:38:13AM</p> <p>14 a formal retainer. Do you know if it was 10:38:14AM</p> <p>15 anticipated that they would be retained by 10:38:17AM</p> <p>16 the company? 10:38:18AM</p> <p>17 A. I think that's a fair -- 10:38:19AM</p> <p>18 "anticipation" is a good word. 10:38:22AM</p> <p>19 Q. So you were listening 10:38:29AM</p> <p>20 telephonically while this meeting was 10:38:31AM</p> <p>21 going on and you don't know if you had the 10:38:33AM</p> <p>22 presentation in front of you 10:38:35AM</p> <p>23 Do you remember what the 10:38:36AM</p> <p>24 board's reaction to the presentation was, 10:38:37AM</p> <p>25 or the committee's reaction to the 10:38:40AM</p>	<p>1 THORNBURGH</p> <p>2 asked any questions about this analysis? 10:40:07AM</p> <p>3 A If the who asked any questions? 10:40:14AM</p> <p>4 Q If the committee asked Lehman 10:40:15AM</p> <p>5 any questions 10:40:17AM</p> <p>6 A You know, I don't know 10:40:18AM</p> <p>7 Q Do you recall any discussion of 10:40:24AM</p> <p>8 that analysis? 10:40:25AM</p> <p>9 A Do I recall whether there was 10:40:30AM</p> <p>10 discussion or any of the contents of the 10:40:32AM</p> <p>11 discussion? 10:40:34AM</p> <p>12 Q. Do you recall if there was 10:40:34AM</p> <p>13 discussion? 10:40:36AM</p> <p>14 A. I recall there was discussion. 10:40:36AM</p> <p>15 Q. Do you recall what the content 10:40:38AM</p> <p>16 of the discussion was? 10:40:39AM</p> <p>17 A No, I don't. 10:40:40AM</p> <p>18 Q If you could turn to internal 10:40:44AM</p> <p>19 page 30 of the Lehman Brothers 10:40:47AM</p> <p>20 presentation, Bates numbered DG 149798 10:40:52AM</p> <p>21 What is this analysis? 10:41:04AM</p> <p>22 A. I would say it is not an 10:41:12AM</p> <p>23 analysis. I guess it is a commentary, a 10:41:13AM</p> <p>24 schematic of what some tactical or 10:41:19AM</p> <p>25 strategic alternatives might be available 10:41:24AM</p>

13 (Pages 46 to 49)

<p style="text-align: right;">Page 50</p> <p>1 THORNBURGH</p> <p>2 to the company. 10:41:24AM</p> <p>3 Q And listed here, we have status 10:41:26AM</p> <p>4 quo, leveraged alternatives, 10:41:28AM</p> <p>5 acquisition/merger, and sale of company. 10:41:33AM</p> <p>6 The sale of company is subsetting to 10:41:35AM</p> <p>7 strategic buyer or financial buyer 10:41:38AM</p> <p>8 Was this your understanding of 10:41:40AM</p> <p>9 the strategic alternatives available to 10:41:41AM</p> <p>10 the company at that time? 10:41:43AM</p> <p>11 A I think there is missing one, 10:41:50AM</p> <p>12 which would be the Project Alpha, which I 10:41:52AM</p> <p>13 don't believe -- well, Project Alpha, or 10:41:57AM</p> <p>14 the concept of Project Alpha is missing 10:41:59AM</p> <p>15 from this 10:42:03AM</p> <p>16 Q And your understanding was that 10:42:08AM</p> <p>17 Lehman was not aware of Project Alpha at 10:42:11AM</p> <p>18 that time? 10:42:13AM</p> <p>19 A That's my understanding, that's 10:42:13AM</p> <p>20 correct 10:42:22AM</p> <p>21 Q Do you recall any questions 10:42:27AM</p> <p>22 about this page -- 10:42:28AM</p> <p>23 A. No 10:42:30AM</p> <p>24 Q -- as part of the presentation? 10:42:31AM</p> <p>25 Do you recall any of the 10:42:32AM</p>	<p style="text-align: right;">Page 52</p> <p>1 THORNBURGH</p> <p>2 Q Do you recall anything about 10:44:02AM</p> <p>3 that discussion after Lehman Brothers were 10:44:03AM</p> <p>4 excused from the meeting? 10:44:05AM</p> <p>5 A Yeah. I think I -- I think I 10:44:07AM</p> <p>6 might have been a little surprised that he 10:44:12AM</p> <p>7 had actually had discussions subsequent to 10:44:15AM</p> <p>8 the July meeting with three people, well, 10:44:18AM</p> <p>9 two people, at least, TPG, KKR 10:44:25AM</p> <p>10 I guess I was surprised that he 10:44:27AM</p> <p>11 had actually, since July, gone and 10:44:30AM</p> <p>12 actually spoken to the LBO firms, because 10:44:32AM</p> <p>13 I thought, you know, that he was told not 10:44:39AM</p> <p>14 to do that 10:44:41AM</p> <p>15 Q Your understanding was that 10:44:43AM</p> <p>16 Mr. Perdue was told not to pursue these 10:44:44AM</p> <p>17 options after the July meeting? 10:44:47AM</p> <p>18 A. Let me rephrase that I guess 10:44:51AM</p> <p>19 I was shocked that he had not informed the 10:44:53AM</p> <p>20 board that he was going to go do that 10:44:55AM</p> <p>21 Q So your understanding was that 10:44:58AM</p> <p>22 the board had not instructed Mr. Perdue to 10:44:59AM</p> <p>23 go and talk to these? 10:45:01AM</p> <p>24 A. That's correct 10:45:04AM</p> <p>25 Q And do you recall what you said 10:45:07AM</p>
<p style="text-align: right;">Page 51</p> <p>1 THORNBURGH</p> <p>2 content of the discussion of this part of 10:42:33AM</p> <p>3 the presentation? 10:42:37AM</p> <p>4 A No 10:42:37AM</p> <p>5 Q So in the board minutes, 10:42:49AM</p> <p>6 Thornburgh Exhibit 3, I believe, on page 2 10:42:53AM</p> <p>7 where it says "Mr. Perdue then led a 10:42:56AM</p> <p>8 discussion regarding the various strategic 10:42:58AM</p> <p>9 considerations," you don't recall that 10:43:01AM</p> <p>10 discussion at all? 10:43:03AM</p> <p>11 MR. KAZANOFF: These are the 10:43:04AM</p> <p>12 committee minutes. 10:43:05AM</p> <p>13 MS. SINDERSON: The committee 10:43:06AM</p> <p>14 minutes. 10:43:07AM</p> <p>15 A Where are we? Where does it 10:43:13AM</p> <p>16 say that? 10:43:16AM</p> <p>17 Q On page 2, the second full 10:43:17AM</p> <p>18 paragraph 10:43:22AM</p> <p>19 A I actually don't see where 10:43:36AM</p> <p>20 Mr. Perdue led a -- 10:43:39AM</p> <p>21 Q Let me double-check 10:43:42AM</p> <p>22 The August 28th, if you look in 10:43:44AM</p> <p>23 the second full paragraph on the second 10:43:47AM</p> <p>24 page, the second sentence 10:43:52AM</p> <p>25 A Oh, okay, right Yes, okay 10:43:55AM</p>	<p style="text-align: right;">Page 53</p> <p>1 THORNBURGH</p> <p>2 when you expressed your surprise? 10:45:08AM</p> <p>3 A I think I asked him "Who did 10:45:11AM</p> <p>4 you specifically speak to?" 10:45:12AM</p> <p>5 Q. And what did he say? 10:45:15AM</p> <p>6 A. I remember KKR and TPG. I 10:45:17AM</p> <p>7 don't know if there was a third one, 10:45:20AM</p> <p>8 Apollo, or something like that. 10:45:23AM</p> <p>9 Q. What else did he report about 10:45:24AM</p> <p>10 these meetings? 10:45:26AM</p> <p>11 A. That he had conversations -- I 10:45:26AM</p> <p>12 can't remember, other than he said he had 10:45:30AM</p> <p>13 conversations with people, and I asked 10:45:32AM</p> <p>14 specifically "Who did you meet with?" 10:45:35AM</p> <p>15 Q Did any of the other committee 10:45:39AM</p> <p>16 members ask Mr. Perdue about that? 10:45:41AM</p> <p>17 A I can't recall 10:45:43AM</p> <p>18 Q. If you look on the same page, 10:46:03AM</p> <p>19 internal page 2, where it says "A thorough 10:46:05AM</p> <p>20 discussion followed regarding various 10:46:09AM</p> <p>21 operational issues," do you recall what 10:46:11AM</p> <p>22 that discussion was about? 10:46:13AM</p> <p>23 A. No 10:46:14AM</p> <p>24 Q And if you look on Section 3, 10:46:15AM</p> <p>25 "Private Session," also on internal page 10:46:17AM</p>

14 (Pages 50 to 53)

<p style="text-align: right;">Page 54</p> <p>1 THORNBURGH</p> <p>2 Q. do you recall this discussion of 10:46:19AM</p> <p>3 Project Alpha? 10:46:33AM</p> <p>4 A No 10:46:40AM</p> <p>5 Q Returning to the discussion 10:46:46AM</p> <p>6 with Mr. Perdue regarding his meetings 10:46:47AM</p> <p>7 with TPG, KKR, and possibly Apollo, did 10:46:51AM</p> <p>8 the committee give Mr. Perdue any 10:46:55AM</p> <p>9 instructions on how to follow up with 10:46:57AM</p> <p>10 these contacts? 10:47:00AM</p> <p>11 A I can't recall. 10:47:08AM</p> <p>12 Q You testified that you were 10:47:17AM</p> <p>13 surprised that he had discussions after 10:47:18AM</p> <p>14 the July meeting because the board had not 10:47:20AM</p> <p>15 instructed 10:47:23AM</p> <p>16 Do you recall if you raised the 10:47:24AM</p> <p>17 possibility that the board should instruct 10:47:27AM</p> <p>18 Mr. Perdue one way or the other? 10:47:29AM</p> <p>19 A Rephrase - state the question 10:47:37AM</p> <p>20 again 10:47:38AM</p> <p>21 Q Do you recall if you raised in 10:47:39AM</p> <p>22 this meeting whether the board should 10:47:41AM</p> <p>23 instruct Mr. Perdue to pursue other 10:47:43AM</p> <p>24 contacts? 10:47:49AM</p> <p>25 MR. KAZANOFF: Objection to 10:47:49AM</p>	<p style="text-align: right;">Page 56</p> <p>1 THORNBURGH</p> <p>2 Q. What were you in his office 10:49:12AM</p> <p>3 for? 10:49:16AM</p> <p>4 A I think my orientation I 10:49:16AM</p> <p>5 think I was down for my orientation trip 10:49:19AM</p> <p>6 Q And this was in September Do 10:49:22AM</p> <p>7 you recall the date? 10:49:23AM</p> <p>8 A No It was either - sorry, it 10:49:24AM</p> <p>9 was either August - no, I don't know 10:49:28AM</p> <p>10 Q Was this your first meeting you 10:49:31AM</p> <p>11 attended in Nashville? 10:49:35AM</p> <p>12 A It was the first time I had 10:49:38AM</p> <p>13 actually been to the headquarters. 10:49:39AM</p> <p>14 MS. SINDERSON. I would like to 10:50:15AM</p> <p>15 mark as Thornburgh Exhibit 5 a document 10:50:18AM</p> <p>16 Bates numbered DG 149936 through 940, 10:50:22AM</p> <p>17 which are the meeting minutes of the 10:50:35AM</p> <p>18 August 29, 2006 board of directors of 10:50:37AM</p> <p>19 Dollar General Corporation 10:50:40AM</p> <p>20 (Thornburgh Exhibit 5 marked 10:50:52AM</p> <p>21 for identification) 10:50:54AM</p> <p>22 Q Just as a preliminary matter, 10:50:54AM</p> <p>23 if you turn to internal page 5, DG 149940, 10:50:56AM</p> <p>24 you see Christine Connolly's signature 10:51:01AM</p> <p>25 there 10:51:03AM</p>
<p style="text-align: right;">Page 55</p> <p>1 THORNBURGH</p> <p>2 form. 10:47:49AM</p> <p>3 A I don't recall my making a 10:47:54AM</p> <p>4 statement one way or the other. 10:47:55AM</p> <p>5 Q. Did you talk to Mr. Perdue 10:48:16AM</p> <p>6 about these discussions outside of the 10:48:18AM</p> <p>7 meeting? 10:48:26AM</p> <p>8 A. Did I talk to Mr. Perdue about 10:48:26AM</p> <p>9 these discussions outside of the meeting? 10:48:28AM</p> <p>10 Q Did you talk to Mr. Perdue 10:48:32AM</p> <p>11 about his discussions with TPG outside of 10:48:33AM</p> <p>12 this meeting? 10:48:37AM</p> <p>13 A. In any time frame? 10:48:38AM</p> <p>14 Q. Yes. 10:48:40AM</p> <p>15 A. We had a generic conversation 10:48:44AM</p> <p>16 about going private, yes 10:48:48AM</p> <p>17 Q Do you recall when that 10:48:50AM</p> <p>18 conversation was? 10:48:52AM</p> <p>19 A I think September 10:48:53AM</p> <p>20 Q And how was that conversation 10:48:58AM</p> <p>21 initiated? 10:49:00AM</p> <p>22 A I was in his office, and he 10:49:01AM</p> <p>23 said he wanted to talk to me about the 10:49:03AM</p> <p>24 subject, and my recollection is he never 10:49:07AM</p> <p>25 got around to the subject. 10:49:09AM</p>	<p style="text-align: right;">Page 57</p> <p>1 THORNBURGH</p> <p>2 Does that indicate to you that 10:51:03AM</p> <p>3 these are the final minutes? 10:51:05AM</p> <p>4 A Yes, ma'am, it does. 10:51:06AM</p> <p>5 Q And you attended this meeting, 10:51:11AM</p> <p>6 correct? 10:51:15AM</p> <p>7 A I did. I'm not sure I attended 10:51:15AM</p> <p>8 all of it It was either this or the 10:51:18AM</p> <p>9 Finance Committee, one of them, I didn't 10:51:23AM</p> <p>10 sit in for the whole thing. 10:51:24AM</p> <p>11 Q You attended this meeting by 10:51:28AM</p> <p>12 telephone? 10:51:31AM</p> <p>13 A Yes. I was in Hong Kong, a big 10:51:31AM</p> <p>14 12-hour time difference, maybe 13-hour 10:51:36AM</p> <p>15 time difference 10:51:39AM</p> <p>16 Yes, you will see on page 4, 10:51:43AM</p> <p>17 "The directors Thornburgh and Dickson left 10:51:45AM</p> <p>18 the meeting at the conclusion of the 10:51:48AM</p> <p>19 session " 10:51:50AM</p> <p>20 Q. You left the meeting right 10:51:50AM</p> <p>21 before the management update? 10:51:52AM</p> <p>22 A. Yeah 10:51:54AM</p> <p>23 Q. So you didn't get any of the 10:51:54AM</p> <p>24 management update there 10:51:56AM</p> <p>25 Do you recall if you had been 10:51:57AM</p>

15 (Pages 54 to 57)

Page 58	Page 60
<p>1 THORNBURGH</p> <p>2 provided with the materials regarding the 10:51:58AM</p> <p>3 management update? 10:52:00AM</p> <p>4 A You know, I don't recall 10:52:08AM</p> <p>5 Q If you could turn to internal 10:52:22AM</p> <p>6 page 3, DG 149938. This is the end of the 10:52:23AM</p> <p>7 Finance Committee meeting report. 10:52:38AM</p> <p>8 Do you see the first full 10:52:41AM</p> <p>9 paragraph on internal page 3? 10:52:43AM</p> <p>10 A You mean where it says 10:52:46AM</p> <p>11 "Mr Thornburgh emphasized that Lehman 10:52:48AM</p> <p>12 Brothers had not performed any due 10:52:50AM</p> <p>13 diligence on the preliminary valuation 10:52:51AM</p> <p>14 scenarios"? 10:52:53AM</p> <p>15 Q Right after that, where it 10:52:53AM</p> <p>16 says. "Ms. Bowles then reported that 10:52:55AM</p> <p>17 management had reviewed the status of 10:52:57AM</p> <p>18 Project Alpha She noted that the 10:52:58AM</p> <p>19 committee would be closely monitoring the 10:52:59AM</p> <p>20 progress of Project Alpha as it moves 10:53:01AM</p> <p>21 forward " 10:53:03AM</p> <p>22 A Right. 10:53:04AM</p> <p>23 Q Do you recall a discussion of 10:53:04AM</p> <p>24 how the committee would be monitoring the 10:53:05AM</p> <p>25 progress of Project Alpha? 10:53:07AM</p>	<p>1 THORNBURGH</p> <p>2 procedures put into place to help the 10:54:09AM</p> <p>3 management button down Project Alpha? 10:54:13AM</p> <p>4 A The involvement of the lead 10:54:26AM</p> <p>5 director with the management team gained 10:54:29AM</p> <p>6 periodic updates outside of the board 10:54:32AM</p> <p>7 meeting, and the various committee chairs, 10:54:35AM</p> <p>8 I think Mr Bottorff through the 10:54:39AM</p> <p>9 Nominating and Corporate Governance 10:54:43AM</p> <p>10 Committee and the Compensation Committee, 10:54:46AM</p> <p>11 had periodic meetings with management 10:54:48AM</p> <p>12 where they asked for updates outside of 10:54:49AM</p> <p>13 the regularly-scheduled board meetings 10:54:51AM</p> <p>14 Q. When you say "the involvement 10:54:54AM</p> <p>15 of lead director," is that Mr Wilds? 10:54:56AM</p> <p>16 A Yes 10:54:59AM</p> <p>17 Q. And you say Mr Bottorff in his 10:55:02AM</p> <p>18 function of the chair of the Nominating 10:55:04AM</p> <p>19 and Corporate Governance Committee 10:55:06AM</p> <p>20 What role would the Nominating 10:55:09AM</p> <p>21 and Corporate Governance Committee have in 10:55:11AM</p> <p>22 Project Alpha? 10:55:14AM</p> <p>23 A I think the point that the 10:55:14AM</p> <p>24 board members of the various committees 10:55:16AM</p> <p>25 were interacting with the company off 10:55:17AM</p>
Page 59	Page 61
<p>1 THORNBURGH</p> <p>2 A Yeah I think that we would 10:53:08AM</p> <p>3 want periodic reports, because the general 10:53:11AM</p> <p>4 sense was this was not buttoned down by 10:53:16AM</p> <p>5 any sense of the imagination 10:53:20AM</p> <p>6 Q What do you mean by "buttoned 10:53:22AM</p> <p>7 down"? 10:53:30AM</p> <p>8 A In your business you guys are 10:53:30AM</p> <p>9 used to being very precise, right, lawyers 10:53:32AM</p> <p>10 tend to be pretty precise? 10:53:35AM</p> <p>11 Q. We try it. 10:53:37AM</p> <p>12 A This was not very precise 10:53:38AM</p> <p>13 Q. How did you reach that opinion? 10:53:40AM</p> <p>14 A. By challenging and asking 10:53:42AM</p> <p>15 questions of the management team, it was 10:53:43AM</p> <p>16 pretty clear that they did not have the 10:53:45AM</p> <p>17 project well under control 10:53:48AM</p> <p>18 Q. Had the board voted on Project 10:53:52AM</p> <p>19 Alpha at this time? 10:53:54AM</p> <p>20 A. I don't know. 10:53:55AM</p> <p>21 Q. How often did the Finance 10:53:59AM</p> <p>22 Committee expect to receive these periodic 10:54:01AM</p> <p>23 reports? 10:54:04AM</p> <p>24 A. I can't recall. 10:54:05AM</p> <p>25 Q Do you recall if there were any 10:54:08AM</p>	<p>1 THORNBURGH</p> <p>2 cycle of the board meetings was an 10:55:19AM</p> <p>3 informal way to get updates on the 10:55:22AM</p> <p>4 progress of Project Alpha 10:55:24AM</p> <p>5 Q Did you yourself get involved 10:55:29AM</p> <p>6 in the administration of Project Alpha? 10:55:30AM</p> <p>7 A. No. 10:55:33AM</p> <p>8 Q Do you recall that the Finance 10:55:43AM</p> <p>9 Committee actually did receive periodic 10:55:44AM</p> <p>10 reports? 10:55:47AM</p> <p>11 A Yes. 10:55:47AM</p> <p>12 Q. And that only occurred at the 10:55:53AM</p> <p>13 Finance Committee meetings or outside of 10:55:55AM</p> <p>14 the meetings? 10:55:56AM</p> <p>15 A. In the meetings 10:55:57AM</p> <p>16 Q. If you could turn to internal 10:56:15AM</p> <p>17 page 4, Bates number DG 149939 10:56:17AM</p> <p>18 Do you see the section that is 10:56:23AM</p> <p>19 titled "IV - Strategic Discussions/CEO 10:56:28AM</p> <p>20 Update"? 10:56:31AM</p> <p>21 A Yes, I do. 10:56:31AM</p> <p>22 Q. Do you recall Mr Perdue's 10:56:34AM</p> <p>23 report here? 10:56:37AM</p> <p>24 A. The question again? 10:57:21AM</p> <p>25 Q Do you recall Mr. Perdue's 10:57:22AM</p>

16 (Pages 58 to 61)

Page 62

1 THORNBURGH

2 report? 10:57:24AM

3 A No 10:57:33AM

4 Q Do you recall his summary of 10:57:34AM

5 his discussions with certain investment 10:57:35AM

6 bankers and private equity firms? 10:57:37AM

7 A No. 10:57:41AM

8 Q Do you recall if this was a 10:57:41AM

9 different discussion than -- or a 10:57:44AM

10 different report than that rendered in the 10:57:46AM

11 Finance Committee the day before? 10:57:47AM

12 A. My recollection would be it 10:57:53AM

13 would be the same. 10:57:55AM

14 Q. So it would be the same report 10:58:01AM

15 that he had had conversations with KKR, 10:58:02AM

16 TPG, and possibly Apollo? 10:58:06AM

17 A I don't want to speculate. My 10:58:09AM

18 guess is he actually used the name in the 10:58:11AM

19 discussion rather than the previous 10:58:15AM

20 meeting. 10:58:17AM

21 Q. I'm sorry, when you say "rather 10:58:18AM

22 than in the previous meeting," he had not 10:58:19AM

23 given the names in the previous meeting? 10:58:21AM

24 A. You may recall in my previous 10:58:23AM

25 answer I asked him the names of the 10:58:25AM

Page 63

1 THORNBURGH

2 private equity firms, and he proffered 10:58:27AM

3 them up. 10:58:28AM

4 Q So nobody had to ask him for 10:58:29AM

5 the names in this meeting? 10:58:31AM

6 A That's my recollection 10:58:32AM

7 Q Do you recall if you asked any 10:58:32AM

8 questions? 10:58:35AM

9 A No, I don't 10:58:35AM

10 Q. Do you recall if any of the 10:58:36AM

11 other board members asked questions? 10:58:37AM

12 A. No 10:58:39AM

13 Q. So your only recollection of 10:58:46AM

14 this report is that it was different from 10:58:59AM

15 the previous day's report and that he 10:59:00AM

16 actually offered the names? 10:59:02AM

17 A That's my recollection 10:59:03AM

18 Q. Were you surprised that he 10:59:05AM

19 offered the names? 10:59:07AM

20 A. No 10:59:07AM

21 Q. At this time, were you aware of 10:59:18AM

22 any contacts with any other private equity 10:59:20AM

23 firms other than those reported by 10:59:22AM

24 Mr. Perdue? 10:59:26AM

25 A At this time? 10:59:26AM

Page 64

1 THORNBURGH

2 Q Uh-huh 10:59:26AM

3 A I believe -- could you ask the 10:59:28AM

4 question again 10:59:36AM

5 Q Were you aware of any contacts 10:59:37AM

6 with other private equity firms other than 10:59:39AM

7 those reported by Mr. Perdue? 10:59:41AM

8 A No 10:59:44AM

9 Q Did you become aware of any 10:59:48AM

10 other contacts with other private equity 10:59:50AM

11 firms other than those reported by 10:59:52AM

12 Mr. Perdue? 11:00:02AM

13 MR DIETZ, Objection What 11:00:03AM

14 time frame are we talking about here? 11:00:04AM

15 MS SINDERSON Did he become 11:00:06AM

16 aware between August 29th, 2006 and today, 11:00:07AM

17 that prior to August 29th Mr. Perdue had 11:00:14AM

18 had contacts with private equity firms. 11:00:17AM

19 A Other than the ones mentioned? 11:00:19AM

20 Q Other than the ones mentioned 11:00:20AM

21 A No 11:00:22AM

22 Q What was your personal view of 11:00:45AM

23 Mr. Perdue pursuing conversations with 11:00:47AM

24 these private equity firms? 11:00:49AM

25 A. The tone of my question the day 11:00:51AM

Page 65

1 THORNBURGH

2 before implied a certain surprise that the 11:00:54AM

3 CEO had not followed appropriate protocol 11:00:58AM

4 in letting the board know that he was 11:01:02AM

5 pursuing discussions about selling the 11:01:04AM

6 company without briefing the board 11:01:06AM

7 beforehand. 11:01:11AM

8 Q So it was your understanding 11:01:11AM

9 that the CEO should request permission or 11:01:13AM

10 notify the board before making these 11:01:15AM

11 contacts? 11:01:20AM

12 A It is my belief that the CEO 11:01:20AM

13 should do that. 11:01:25AM

14 Q. So would you be surprised to 11:01:28AM

15 learn that Mr. Perdue believed he was 11:01:30AM

16 acting under instructions from the board? 11:01:34AM

17 Did anybody notify you that he was acting 11:01:38AM

18 under instructions from the board? 11:01:40AM

19 MR KAZANOFF Objection to 11:01:43AM

20 form 11:01:43AM

21 A Repeat the question again 11:01:47AM

22 Q. When you expressed your 11:01:48AM

23 surprise that he had been making these 11:01:50AM

24 contacts with private equity firms, did 11:01:51AM

25 any of the other board members tell you or 11:01:53AM

17 (Pages 62 to 65)

<p style="text-align: right;">Page 66</p> <p>1 THORNBURGH</p> <p>2 committee members tell you that the board 11 01:56AM</p> <p>3 had instructed Mr. Perdue? 11 01:59AM</p> <p>4 A. No 11 02:00AM</p> <p>5 Q. When Mr. Perdue was making 11:02:05AM</p> <p>6 these reports regarding his contacts with 11:02:07AM</p> <p>7 private equity firms, did he give an 11:02:09AM</p> <p>8 opinion as to the appropriate plan for the 11 02:12AM</p> <p>9 company? 11 02:18AM</p> <p>10 A. Do you have children? 11 02:30AM</p> <p>11 Q. No 11:02:31AM</p> <p>12 A. Parents oftentimes have 11 02:34AM</p> <p>13 discussions with their children, and by 11 02:37AM</p> <p>14 the nature of the discussion, give 11:02:39AM</p> <p>15 opinions. It is not like reading the New 11:02:47AM</p> <p>16 York Times. 11 02:50AM</p> <p>17 Mr. Perdue let it be known that 11 02:50AM</p> <p>18 he thought achieving the financial and 11 02:52AM</p> <p>19 business objectives of the company might 11 02:55AM</p> <p>20 be better accomplished as a private 11 02:58AM</p> <p>21 company 11 03:06AM</p> <p>22 Q. Do you recall anything 11 03:06AM</p> <p>23 specifically that he said that gave that 11:03:07AM</p> <p>24 impression, or was that your overall 11:03:11AM</p> <p>25 impression? 11:03:13AM</p>	<p style="text-align: right;">Page 68</p> <p>1 THORNBURGH</p> <p>2 off the record. This ends tape number 11:04:29AM</p> <p>3 one 11 04:31AM</p> <p>4 (Recess taken) 11 15:58AM</p> <p>5 THE VIDEOGRAPHER: We are back 11 15:58AM</p> <p>6 on the record. The time on the video 11 15:59AM</p> <p>7 monitor is 11 15 a.m. This starts tape 11 16:01AM</p> <p>8 number two 11 16:05AM</p> <p>9 BY MS. SINDERSON 11 16:07AM</p> <p>10 Q. Mr. Thornburgh, we are still on 11 16:07AM</p> <p>11 I believe it is Thornburgh Exhibit 5, 11 16:10AM</p> <p>12 which is the August 29, 2006 minutes from 11 16:12AM</p> <p>13 the meeting of the board of directors. I 11 16:15AM</p> <p>14 just have one question 11:16:18AM</p> <p>15 If you look on internal page 5, 11 16:19AM</p> <p>16 DG 149940, where it says "The board 11 16:22AM</p> <p>17 requested that management provide monthly 11:16:25AM</p> <p>18 forecast updates," did that occur? 11:16:28AM</p> <p>19 A. I don't know 11 16:47AM</p> <p>20 Q. You don't know if they provided 11 16:55AM</p> <p>21 monthly forecast updates to the entire 11:16:57AM</p> <p>22 board? 11 17:01AM</p> <p>23 A. I don't know. 11 17:02AM</p> <p>24 Q. I had asked you earlier what 11:17:06AM</p> <p>25 you thought about Mr. Perdue's performance 11 17:08AM</p>
<p style="text-align: right;">Page 67</p> <p>1 THORNBURGH</p> <p>2 A. That general stream of 11 03:13AM</p> <p>3 statement 11 03:18AM</p> <p>4 Q. What was your impression of 11:03:39AM</p> <p>5 Mr. Perdue at that time? 11:03:40AM</p> <p>6 MR. KAZANOFF: Objection to 11 03:44AM</p> <p>7 form. 11:03:44AM</p> <p>8 A. That this process needed to be 11 03:49AM</p> <p>9 reigned in, that there needed to be -- you 11 03:52AM</p> <p>10 know, that the guy needed to get reigned 11:03:55AM</p> <p>11 in. 11:03:59AM</p> <p>12 Q. And by "this process," you mean 11:04:00AM</p> <p>13 his contacts with private equity firms? 11:04:01AM</p> <p>14 A. Yes. 11:04:03AM</p> <p>15 Q. What did you think of him as a 11:04:05AM</p> <p>16 CEO in general, what was your general 11:04:08AM</p> <p>17 impression? 11:04:10AM</p> <p>18 A. When? 11 04:10AM</p> <p>19 Q. At this time. 11:04:11AM</p> <p>20 A. He still was an open book 11:04:14AM</p> <p>21 MS. SINDERSON: I think this is 11:04:20AM</p> <p>22 a good time to take a break to change the 11:04:21AM</p> <p>23 video. 11 04:23AM</p> <p>24 THE VIDEOGRAPHER: The time on 11:04:25AM</p> <p>25 the video monitor is 11 04 a.m. We are 11:04:25AM</p>	<p style="text-align: right;">Page 69</p> <p>1 THORNBURGH</p> <p>2 as a CEO, and you said that he was still 11 17:10AM</p> <p>3 an open book. 11:17:14AM</p> <p>4 A. As of August 29 was your 11:17:16AM</p> <p>5 question 11:17:18AM</p> <p>6 Q. Correct. Do you recall what 11:17:18AM</p> <p>7 the board thought of Mr. Perdue's 11:17:20AM</p> <p>8 performance at that time? 11 17:23AM</p> <p>9 MR. KAZANOFF: Objection to 11:17:24AM</p> <p>10 form. 11:17:24AM</p> <p>11 THE WITNESS: I'm supposed to 11:17:26AM</p> <p>12 answer that, though, right? 11:17:27AM</p> <p>13 MR. KAZANOFF: Yes, unless you 11:17:29AM</p> <p>14 are instructed not to. 11:17:30AM</p> <p>15 A. I think there were varying 11:17:31AM</p> <p>16 levels of -- varying levels of 11:17:39AM</p> <p>17 satisfaction with his performance. 11:17:44AM</p> <p>18 Q. Do you recall what gave you 11:17:49AM</p> <p>19 this impression of varying levels? 11:17:51AM</p> <p>20 A. By language, conversations with 11:17:56AM</p> <p>21 directors. 11 17:59AM</p> <p>22 Q. Were there any directors that 11:17:59AM</p> <p>23 were dissatisfied with Mr. Perdue's 11:18:02AM</p> <p>24 performance? 11:18:06AM</p> <p>25 A. I would say I think the 11:18:06AM</p>

18 (Pages 66 to 69)

Page 70

1 THORNBURGH

2 Compensation Committee people were a 11 18:11AM
 3 little surprised on how he dealt with his 11 18:13AM
 4 compensation 11:18 16AM

5 Q How so? 11 18 16AM

6 A They thought he was asking for 11 18 21AM
 7 a little bit too much 11:18.23AM

8 Q How did you reach that 11 18 29AM
 9 conclusion? 11.18 32AM

10 A Conversations with committee 11.18:32AM
 11 members 11 18 34AM

12 Q Do you recall which committee 11 18 34AM
 13 members? 11.18.36AM

14 A. I think Mr. Bottorff I think 11 18:39AM
 15 I had a conversation with Mr. Wilds, who 11:18 42AM
 16 may not have been on the committee Those 11 18:46AM
 17 two in particular 11.18.48AM

18 Q. Why did they think that he was 11 18 49AM
 19 asking for too much? 11 18:51AM

20 A You have to ask them. 11:18.52AM

21 Q You don't recall that from your 11:18:54AM
 22 conversations with them? 11:18 55AM

23 A Here was a company that hadn't 11.19.01AM
 24 made any of its projections for the period 11 19 02AM
 25 in which he was the CEO, and he was asking 11 19:04AM

Page 71

1 THORNBURGH

2 for a pay raise, and the stock price had 11 19 06AM
 3 not performed 11 19 09AM

4 Q Do you recall at this time that 11:19:13AM
 5 the board approved a renegotiation of 11:19 15AM
 6 Mr. Perdue's employment contract? 11.19.18AM

7 A I do recall that there was an 11 19 20AM
 8 approval at some point of his contract, 11 19 21AM
 9 that's correct. 11 19 24AM

10 Q Do you recall the changes that 11:19 30AM
 11 were made to his contract? 11.19:32AM

12 A I do not recall the specific 11:19 35AM
 13 changes that were made to his contract. I 11:19 38AM
 14 think it was an extension, is my 11:19:42AM
 15 recollection, rather than a new contract. 11:19 45AM

16 MS SINDERSON I would like to 11 20:02AM
 17 mark as Thornburgh Exhibit 6 a document 11:20:03AM
 18 Bates stamped DG 149941 through 953, which 11:20:09AM
 19 is an action by unanimous written consent 11:20 16AM
 20 of the board of directors of Dollar 11:20 19AM
 21 General Corporation. 11.20.20AM
 22 (Thornburgh Exhibit 6 marked 11 20 30AM
 23 for identification) 11 20:32AM

24 MS SINDERSON I would also 11 20 39AM
 25 like to mark as Thornburgh Exhibit 7 a 11 20 40AM

Page 72

1 THORNBURGH

2 document Bates stamped DG 149954, which is 11 20.42AM
 3 a document entitled "Summary of Matenal 11 20 49AM
 4 Terms - Amended and Restated Employment 11 20 51AM
 5 Agreement with David A. Perdue " 11 20 53AM
 6 (Thornburgh Exhibit 7 marked 11:21:10AM
 7 for identification.) 11.21 11AM

8 Q Mr. Thornburgh, if you look at 11 21 15AM
 9 Thornburgh Exhibit 7, the summary of 11:21:18AM
 10 material terms, you see the changes that 11 21 20AM
 11 were made to Mr. Perdue's contract, is 11.21 24AM
 12 that correct? 11:21 28AM

13 A. I don't know if they are 11 21:32AM
 14 changes, but they are certainly material 11 21 34AM
 15 terms of the contract. 11.21 36AM

16 Q. And, for example, as you said, 11 21 38AM
 17 they are extending his contract term from 11 21 41AM
 18 March 31, 2007 to March 31, 2008 11:21 43AM

19 A Uh-huh. 11:21 46AM

20 Q Did you have an understanding 11 21 47AM
 21 of the length of his employment contract 11:21 48AM
 22 prior to this amendment? 11:21:50AM

23 A. My recollection is that he had 11:21.54AM
 24 a three-year contract 11:21 55AM

25 Q And the next bullet point says 11:22:00AM

Page 73

1 THORNBURGH

2 that they increased his base salary to 11 22.01AM
 3 \$1.1 million from current \$1 million base 11:22:05AM
 4 salary; is that correct? 11.22:09AM

5 A Yes 11 22:11AM

6 Q. And the next bullet point was 11 22 12AM
 7 to conform the change in control 11 22:14AM
 8 definitional provisions generally to those 11 22.17AM
 9 approved for the remaining officer group 11 22 19AM
 10 in March 2006, specifically removing the 11 22 20AM
 11 Turner family exclusion from the 11:22.23AM
 12 definition, is that correct? 11:22 26AM

13 A. Uh-huh. Yes, that's correct. 11:22:27AM

14 Q. Do you recall any discussion of 11:22:29AM
 15 why the Turner family was removed from the 11 22.31AM
 16 definition of change in control? 11 22:34AM

17 A To make it consistent with the 11 22:38AM
 18 other management team that he had brought 11.22:40AM
 19 on board. 11.22 43AM

20 Q Do you recall why the Turner 11:22 44AM
 21 family exclusion was in the original 11.22.49AM
 22 definition? 11 22 51AM

23 A. No 11 22 51AM

24 Q Do you recall any discussion 11.22:52AM
 25 around that? 11:22 53AM

19 (Pages 70 to 73)

Page 74	Page 76
<p>1 THORNBURGH</p> <p>2 A. I recall there was discussion 11:23 01AM</p> <p>3 around it I can't tell you what the 11 23 03AM</p> <p>4 content of the discussion was 11 23 04AM</p> <p>5 MS SINDERSON. I would like to 11 23:15AM</p> <p>6 mark as Thornburgh Exhibit 8 a document 11.23 16AM</p> <p>7 Bates stamped DG 001076 through 1119 11 23 27AM</p> <p>8 (Thornburgh Exhibit 8 marked 11 23:53AM</p> <p>9 for identification) 11 23 54AM</p> <p>10 Q Mr. Thornburgh, do you recall 11-24-01AM</p> <p>11 the effect the different definition of 11.24 03AM</p> <p>12 change in control had on Mr. Perdue's 11 24 05AM</p> <p>13 contract? 11 24 07AM</p> <p>14 A Pardon me? 11 24 08AM</p> <p>15 Q. Do you recall what effects the 11 24:09AM</p> <p>16 change in definition of change in control 11:24 12AM</p> <p>17 had on Mr. Perdue's contract? 11.24 14AM</p> <p>18 A. No, I don't 11 24 16AM</p> <p>19 Q If you look on internal page 11 24 20AM</p> <p>20 A-15, page Bates stamped DG 001093 -- 11.24 23AM</p> <p>21 actually, just to return to the front 11:24 41AM</p> <p>22 page. You can hold on to that. 11 24 44AM</p> <p>23 This document is entitled 11.24 46AM</p> <p>24 "Action by unanimous written consent by 11:24.47AM</p> <p>25 the board of directors of Dollar General 11 24 51AM</p>	<p>1 THORNBURGH</p> <p>2 prior contract? 11 25.55AM</p> <p>3 A That would be correct 11 25 57AM</p> <p>4 Q And, Mr. Thornburgh, if you 11 26:22AM</p> <p>5 turn to internal page A-2, does that make 11 26 24AM</p> <p>6 it clear that this is a draft amended and 11 26 35AM</p> <p>7 restated employment agreement made and 11 26.38AM</p> <p>8 entered into by and between Dollar General 11 26:43AM</p> <p>9 Corporation and David A. Perdue? 11 26 45AM</p> <p>10 MR. KAZANOFF Let me object to 11:26 47AM</p> <p>11 the form 11-26 49AM</p> <p>12 I can repeat the objection if 11-26 51AM</p> <p>13 the questions are going to be about what 11.26.53AM</p> <p>14 this document is, because I don't think 11:26 56AM</p> <p>15 you've laid any foundation that he had 11:26 59AM</p> <p>16 anything to do with the document. If we 11:27:00AM</p> <p>17 can have that as a standing objection 11 27 03AM</p> <p>18 while you are asking questions about this, 11:27 05AM</p> <p>19 it won't interrupt your questions 11:27-07AM</p> <p>20 MS SINDERSON. So your 11:27.09AM</p> <p>21 objection is to foundation? 11:27 10AM</p> <p>22 MR. KAZANOFF. Yes 11 27 13AM</p> <p>23 Q We are still looking at page 11 27.17AM</p> <p>24 A-2 Have you ever seen this document 11 27 22AM</p> <p>25 before? 11 27 28AM</p>
Page 75	Page 77
<p>1 THORNBURGH</p> <p>2 Corporation." 11 24 53AM</p> <p>3 As you glance through it, do 11:24 53AM</p> <p>4 you see this is a draft document? 11 24 57AM</p> <p>5 A I can't make a comment on 11:25-05AM</p> <p>6 whether it is a draft or an execution 11 25 08AM</p> <p>7 document I have no idea what it is 11.25 13AM</p> <p>8 Q If you turn to the page that I 11 25 17AM</p> <p>9 referenced earlier, internal page A-15, DG 11:25 18AM</p> <p>10 001093, is it your understanding that 11:25:21AM</p> <p>11 these -- the indications, for example, 11:25 28AM</p> <p>12 this whole paragraph in the middle of the 11 25 30AM</p> <p>13 page, is double underlined? 11:25:33AM</p> <p>14 A. Right. 11 25 34AM</p> <p>15 Q. And the first two words under 11 25-35AM</p> <p>16 "Effect of Change in Control," "defined 11 25 35AM</p> <p>17 terms" is crossed out. 11 25-35AM</p> <p>18 Do you understand that to be a 11 25 40AM</p> <p>19 change from a prior draft? 11 25 42AM</p> <p>20 MR. KAZANOFF. Objection to 11.25 45AM</p> <p>21 form. 11 25:46AM</p> <p>22 A That would be my interpretation 11:25-48AM</p> <p>23 of what the lines would mean 11:25 50AM</p> <p>24 Q Would your interpretation of 11 25 52AM</p> <p>25 the double underline be additions to the 11:25.53AM</p>	<p>1 THORNBURGH</p> <p>2 A I can't recall. 11:27:28AM</p> <p>3 Q. So you don't recall if this 11:27 32AM</p> <p>4 document was provided to the board before? 11.27:33AM</p> <p>5 A Well, since we don't know what 11:27:37AM</p> <p>6 this document is, as to this particular 11:27 39AM</p> <p>7 sheet of paper, I can't help you 11:27-43AM</p> <p>8 Q So you've never seen this 11:27-46AM</p> <p>9 document before and it was not provided to 11:27 48AM</p> <p>10 the board as far as you are aware? 11 27.50AM</p> <p>11 MR. DIETZ. Objection. 11:27.52AM</p> <p>12 MR. KAZANOFF: Objection. 11:27:53AM</p> <p>13 Misstates his testimony 11:27:54AM</p> <p>14 A. This document, out of context, 11:27:58AM</p> <p>15 I cannot comment on 11:28 01AM</p> <p>16 Q. Okay. 11:28:04AM</p> <p>17 Well, if we return to the front 11.28 04AM</p> <p>18 page, where it says "Action by unanimous 11:28.07AM</p> <p>19 written consent of the board of directors 11:28.09AM</p> <p>20 of Dollar General." 11:28.11AM</p> <p>21 A Is it signed? 11 28 12AM</p> <p>22 Q It is not signed Is it 11:28-13AM</p> <p>23 signed? 11:28.15AM</p> <p>24 A Pardon me? 11:28:15AM</p> <p>25 Q. Is it signed? If you look on 11:28.16AM</p>

20 (Pages 74 to 77)

Page 78

1 THORNBURGH

2 page 3, is it signed? 11:28:19AM

3 A It doesn't appear to be signed 11:28:20AM

4 Q Were you involved at all in the 11:28:41AM

5 discussions of amending Mr. Perdue's 11:28:45AM

6 employment agreement? 11:28:46AM

7 A Yes, I was 11:28:47AM

8 Q Were you provided drafts of the 11:28:49AM

9 amendments? 11:28:53AM

10 A Yes, I was. I didn't staple 11:28:53AM

11 mine upside-down, though. I would have 11:28:57AM

12 kept mine so I could read it. 11:28:59AM

13 Q Were the drafts that you were 11:29:06AM

14 provided similar to this draft? 11:29:08AM

15 A I presume so. 11:29:15AM

16 Q When you say you presume so, 11:29:28AM

17 does that mean you don't have a specific 11:29:31AM

18 memory of the documents you were provided? 11:29:34AM

19 A I can recall looking at 11:29:35AM

20 documents, commenting on documents, and 11:29:39AM

21 discussing documents. 11:29:42AM

22 Q Do you recall what your 11:29:42AM

23 comments were? 11:29:44AM

24 A I do know that I caught one or 11:29:45AM

25 two things which I relayed to Mr. Bottorff 11:29:47AM

Page 79

1 THORNBURGH

2 which were helpful to the corporation and 11:29:53AM

3 the shareholders in saving money. 11:29:56AM

4 Q Do you recall what those things 11:29:59AM

5 were? 11:30:00AM

6 A No. 11:30:00AM

7 Q Were you a member of the 11:30:03AM

8 Compensation Committee at this time? 11:30:05AM

9 A No, I wasn't. 11:30:05AM

10 Q Do you know if the entire board 11:30:09AM

11 was involved in reviewing drafts of 11:30:11AM

12 Mr. Perdue's employment agreement? 11:30:14AM

13 A Yes. The company had an open 11:30:16AM

14 committee policy. So if anybody wanted to 11:30:18AM

15 partake in any given committee, they could 11:30:22AM

16 partake. 11:30:27AM

17 Q And you decided to partake in 11:30:27AM

18 the Compensation Committee's review of the 11:30:28AM

19 drafts? 11:30:31AM

20 A As a board member, yes. They 11:30:32AM

21 were sent to me, so I read them. 11:30:33AM

22 Q Do you recall your impression 11:31:02AM

23 at the time of why the board was giving 11:31:04AM

24 Mr. Perdue a new contract? 11:31:08AM

25 A Because Mr. Perdue was pushing 11:31:13AM

Page 80

1 THORNBURGH

2 for it, and we didn't want to, you know, 11:31:16AM

3 be negotiating a contract right before it 11:31:21AM

4 was up. Generally you try to get these 11:31:24AM

5 things taken out a fair amount of time 11:31:28AM

6 ahead. 11:31:35AM

7 Q Do you recall the change in 11:31:41AM

8 definition of change in control? 11:31:44AM

9 A No. 11:32:01AM

10 Q So you don't recall the change 11:32:01AM

11 in exclusions from change in control. 11:32:04AM

12 removing the exclusion from the definition 11:32:08AM

13 of change in control, "The ownership or an 11:32:10AM

14 acquisition by Cal Turner, James Steven 11:32:14AM

15 Turner, or a member or members of his or 11:32:16AM

16 their immediate family, or any trust, 11:32:17AM

17 partnership, foundation or similar entity 11:32:20AM

18 for the exclusive benefit of any such 11:32:22AM

19 persons?" 11:32:25AM

20 A I do recall that. 11:32:26AM

21 Q What do you recall about that? 11:32:27AM

22 A I recall that it got taken out 11:32:29AM

23 to make it consistent with the other 11:32:31AM

24 change in control contracts that they 11:32:33AM

25 recently hired senior executives, brought 11:32:36AM

Page 81

1 THORNBURGH

2 on board, to make them parallel. 11:32:39AM

3 Q But do you recall any 11:32:46AM

4 conversation about why that was taken out 11:32:48AM

5 of the senior executives' contracts? 11:32:51AM

6 MR. KAZANOFF: Objection. 11:32:55AM

7 A I recall why it was taken out. 11:33:01AM

8 of Mr. Perdue's contract. It wouldn't 11:33:03AM

9 have been taken out of the other senior 11:33:04AM

10 executives' contracts, because they were 11:33:07AM

11 new and their contracts didn't have it in 11:33:08AM

12 it. So if they didn't have it in it, they 11:33:11AM

13 couldn't be taken out. 11:33:11AM

14 Q So there was no specific 11:33:12AM

15 discussion that you recall regarding the 11:33:14AM

16 change in definition of change in control 11:33:16AM

17 except to make it conform to the senior 11:33:18AM

18 executives' contracts? 11:33:21AM

19 A Right. That's my recollection. 11:33:22AM

20 Q Do you recall in the discussion 11:33:36AM

21 of renewing Mr. Perdue's contract of 11:33:38AM

22 whether there was discussion among the 11:33:40AM

23 board of whether Mr. Perdue was the 11:33:44AM

24 appropriate CEO of the company? 11:33:46AM

25 A Say the question again. 11:33:53AM

21 (Pages 78 to 81)

Page 82

1 THORNBURGH

2 Q Do you recall in the context of 11:33:54AM
3 discussion of renewal of Mr. Perdue's 11:33:57AM
4 contract whether anybody on the board 11:34:00AM
5 expressed any opinions as to whether 11:34:03AM
6 Mr. Perdue was the appropriate CEO of the 11:34:05AM
7 company going forward? 11:34:07AM

8 A I don't recall any discussions 11:34:14AM
9 about whether he was the appropriate CEO 11:34:17AM

10 Q Was there any discussion of not 11:34:19AM
11 renewing Mr. Perdue's contract at all? 11:34:22AM

12 A. No. You are talking about at 11:34:29AM
13 this time, right? 11:34:30AM

14 Q. At this time. 11:34:31AM

15 A That's correct. 11:34:32AM

16 Q Do you recall a discussion 11:34:33AM
17 later on of not renewing Mr. Perdue's 11:34:35AM
18 contract? 11:34:39AM

19 A Yes. 11:34:39AM

20 Q When did that discussion occur? 11:34:41AM

21 A. Late fall/early winter. 11:34:44AM

22 Q That's late fall/early winter 11:34:49AM
23 of 2006? 11:34:51AM

24 A Yes. 11:34:55AM

25 Q And this is after Mr. Perdue's 11:35:02AM

Page 83

1 THORNBURGH

2 contract had been renewed? 11:35:05AM

3 A That's correct. 11:35:06AM

4 Q. Through 2008? 11:35:07AM

5 A. That's correct 11:35:08AM

6 Q Do you recall the context of 11:35:08AM
7 those discussions? 11:35:09AM

8 A. Yes 11:35:11AM

9 Q. Could you relate the context of 11:35:12AM
10 those discussions 11:35:16AM

11 A. Perhaps he wasn't the person to 11:35:16AM
12 implement Project Alpha. 11:35:19AM

13 Q. Do you recall who said that? 11:35:20AM

14 A Me 11:35:26AM

15 Q And who did you say that to? 11:35:34AM

16 A. Mr. Bottorff 11:35:36AM

17 Q. What was Mr. Bottorff's 11:35:39AM
18 response? 11:35:41AM

19 A. He concurred 11:35:41AM

20 Q Did he say anything other than 11:35:45AM
21 "I concur"? 11:35:47AM

22 A We suggested as a backstop 11:35:49AM
23 putting Mr. Bere in, moving him from the 11:35:52AM
24 board to management to give us some 11:35:55AM
25 options. 11:36:01AM

Page 84

1 THORNBURGH

2 Q Did you have these discussions 11:36:01AM
3 with anybody other than Mr. Bottorff? 11:36:04AM

4 A Mr. Ward of Lazard and Mr. 11:36:19AM
5 Herlihy of Wachtell Lipton Rosen & Katz 11:36:38AM
6 LLP 11:36:43AM

7 MR. KAZANOFF I don't know if 11:36:43AM
8 they are an LLP 11:36:44AM

9 THE WITNESS: You are not 11:36:46AM
10 allowed to talk 11:36:47AM

11 MR. KAZANOFF I'm sorry I'm 11:36:48AM
12 just defending the organization 11:36:49AM

13 Q Going back to your initial 11:36:54AM
14 conversation with Mr. Bottorff, what was 11:36:55AM
15 your impression that led you -- what was 11:36:58AM
16 your impression of Mr. Perdue that he was 11:37:00AM
17 not the person to implement Project Alpha? 11:37:02AM
18 What was your impression of Mr. Perdue at 11:37:05AM
19 that time? 11:37:08AM

20 MR. KAZANOFF. Can I hear that 11:37:08AM
21 question back 11:37:09AM

22 (The record was read.) 11:37:24AM

23 MR. KAZANOFF I think that 11:37:26AM
24 misstates his testimony slightly 11:37:28AM

25 THE WITNESS Am I supposed to 11:37:31AM

Page 85

1 THORNBURGH

2 answer? What am I supposed to do? 11:37:32AM

3 MR. KAZANOFF Unless Mr. Dietz 11:37:35AM
4 instructs you not to 11:37:36AM

5 Q Was it your testimony earlier 11:37:37AM
6 that you had stated the opinion that 11:37:38AM
7 Mr. Perdue was not the person to implement 11:37:41AM
8 Project Alpha? 11:37:43AM

9 A May not be the person May not 11:37:44AM
10 be the person 11:37:46AM

11 Do other people get to read my 11:37:52AM
12 deposition? 11:37:54AM

13 I was concerned that David was 11:37:59AM
14 not a hands-on enough manager for the 11:38:01AM
15 challenges facing the company and was 11:38:06AM
16 somewhat concerned that he was someone who 11:38:10AM
17 was quite interested in the trappings of 11:38:14AM
18 being a CEO, but didn't want to take the 11:38:16AM
19 responsibility of being a CEO I found 11:38:19AM
20 him unprepared and shooting from the hip 11:38:21AM
21 on a number of occasions. You know, it 11:38:24AM
22 troubled me 11:38:30AM

23 Q Could you recall what 11:38:35AM
24 specifically about Mr. Perdue's 11:38:36AM
25 performance led you to this impression? 11:38:38AM

22 (Pages 82 to 85)

Page 86	Page 88
<p>1 THORNBURGH</p> <p>2 A I just said he was unprepared 11 38 39AM</p> <p>3 from meetings, he shot from the hip, 11 38 41AM</p> <p>4 changed his -- you know, and was 11:38:47AM</p> <p>5 frequently absent from the office 11 38 54AM</p> <p>6 Q Do you recall the instances in 11 38 56AM</p> <p>7 which he was, quote, shooting from the 11 38 59AM</p> <p>8 hip? 11 39:02AM</p> <p>9 A Well, it started off in 11 39 02AM</p> <p>10 Blackberry Farm and continued until the 11 39 06AM</p> <p>11 company was sold 11 39 07AM</p> <p>12 Q Could you explain those 11 39 09AM</p> <p>13 instances? 11 39 12AM</p> <p>14 A Let's go back to the 11 39:19AM</p> <p>15 buttoned-down comment. Some CEOs are 11 39 23AM</p> <p>16 natural leaders. Some CEOs are great 11 39:26AM</p> <p>17 operating managers. Some CEOs have great 11 39 30AM</p> <p>18 vision. Some CEOs have a very sound grasp 11 39 35AM</p> <p>19 of the foundation of the everyday 11 39:42AM</p> <p>20 activities of their business. 11:39:43AM</p> <p>21 To my liking, Mr. Perdue did 11 39 44AM</p> <p>22 not have the grasp of the operation of the 11:39 47AM</p> <p>23 company he was leading in a fashion that 11:39 50AM</p> <p>24 he needed to to be the most effective CEO. 11 39 53AM</p> <p>25 And I did not find that he was the most 11 39 57AM</p>	<p>1 THORNBURGH</p> <p>2 THE WITNESS Let's go off the 11 40 48AM</p> <p>3 record and talk about it 11:40 50AM</p> <p>4 THE VIDEOGRAPHER: The time on 11 40 54AM</p> <p>5 the video monitor is 11 40 a m We are 11 40:55AM</p> <p>6 off the record 11:40 58AM</p> <p>7 (Discussion off the record) 11 42 17AM</p> <p>8 THE VIDEOGRAPHER We are back 11:42 42AM</p> <p>9 on the record. The time on the video 11 42 43AM</p> <p>10 monitor is 11 42 a m 11:42 45AM</p> <p>11 MR. DIETZ For the record, I 11 42 49AM</p> <p>12 have instructed the witness not to discuss 11 42:50AM</p> <p>13 his private communications with Susan 11 42 53AM</p> <p>14 Lanigan to the extent they are 11 42 55AM</p> <p>15 attorney-client privileged. 11 42 56AM</p> <p>16 MS. SINDERSON: Can we read 11 42 57AM</p> <p>17 back the original question. 11 42 58AM</p> <p>18 (The record was read) 11 43 24AM</p> <p>19 A So I had lunch with the head of 11 43:24AM</p> <p>20 HR of the organization, whereupon she 11 43 28AM</p> <p>21 expressed some concern that a number of 11:43 33AM</p> <p>22 members of the management team were afraid 11:43:37AM</p> <p>23 that David was not going to be given the 11:43 39AM</p> <p>24 opportunity by the board to implement 11:43 42AM</p> <p>25 Project Alpha because they had a lack of 11 43:45AM</p>
Page 87	Page 89
<p>1 THORNBURGH</p> <p>2 effective leader of the people around the 11 39 59AM</p> <p>3 table 11 40:03AM</p> <p>4 Q Do you recall anything 11 40:03AM</p> <p>5 specifically between August 29th, when 11 40:05AM</p> <p>6 Mr. Perdue was still an open book to you, 11:40 07AM</p> <p>7 and the discussion you had with 11:40 09AM</p> <p>8 Mr. Bottorff that Mr. Perdue may not be 11 40:12AM</p> <p>9 the person to implement Project Alpha that 11 40:13AM</p> <p>10 led you to that impression? 11:40:16AM</p> <p>11 A. I had lunch with the chief 11:40 17AM</p> <p>12 legal counsel, the inside general counsel, 11:40:21AM</p> <p>13 and I had lunch with the head of HR, where 11:40:23AM</p> <p>14 they expressed to me, during my 11:40:27AM</p> <p>15 orientation session, that they were 11:40:31AM</p> <p>16 afraid -- 11 40 32AM</p> <p>17 MR. DIETZ: I'm going to ask 11 40:33AM</p> <p>18 the witness not to disclose his 11:40 34AM</p> <p>19 communications with legal counsel to the 11:40:36AM</p> <p>20 extent it was attorney-client privileged 11:40:38AM</p> <p>21 communication. 11 40:40AM</p> <p>22 THE WITNESS Okay 11:40:41AM</p> <p>23 MR. KAZANOFF. If you need to 11:40 45AM</p> <p>24 go off the record and talk about it, you 11 40:47AM</p> <p>25 should. 11:40:48AM</p>	<p>1 THORNBURGH</p> <p>2 confidence in him 11 43:48AM</p> <p>3 Q The members of management had a 11:43 49AM</p> <p>4 lack of confidence in him? 11:43:51AM</p> <p>5 A That the board had a lack of 11 43:53AM</p> <p>6 confidence in him 11 43 54AM</p> <p>7 Q. And her opinion was that the 11:43:56AM</p> <p>8 head -- or the members of management were 11:43:59AM</p> <p>9 concerned that Mr. Perdue would not be 11 44:01AM</p> <p>10 able to implement Project Alpha because 11 44 03AM</p> <p>11 the board had a lack of confidence in him? 11 44 05AM</p> <p>12 A Remember we had this 11:44:08AM</p> <p>13 conversation about children, and sometimes 11:44 11AM</p> <p>14 when a parent discusses with a child, they 11:44:12AM</p> <p>15 give an opinion 11:44:14AM</p> <p>16 So what I took away from that 11 44:15AM</p> <p>17 session was the management team's lack of 11 44 18AM</p> <p>18 confidence in their leader, which gets 11:44:21AM</p> <p>19 back to my comment about he wasn't leading 11 44 22AM</p> <p>20 the organization, and the fact that they 11 44:25AM</p> <p>21 felt, some members of management, that the 11:44:27AM</p> <p>22 board would pull the record 11 44 34AM</p> <p>23 Q What do you mean by that? 11 44 36AM</p> <p>24 A. Ask him to step down 11:44:38AM</p> <p>25 Q Did she give anything specific 11 44:44AM</p>

23 (Pages 86 to 89)

Page 90

1 THORNBURGH
 2 regarding why they would think that the 11:44:47AM
 3 board would ask him to step down? 11:44:51AM
 4 A General performance of the 11:44:55AM
 5 company 11:45:00AM
 6 Q. You said you had a lunch with 11:45:10AM
 7 inside legal counsel, and I understand you 11:45:12AM
 8 are not going to testify to anything that 11:45:15AM
 9 is attorney-client privileged 11:45:18AM
 10 Can you testify to anything 11:45:19AM
 11 else regarding that conversation, when 11:45:20AM
 12 that conversation was? 11:45:26AM
 13 MR. DIETZ Is the question 11:45:30AM
 14 when was that conversation? 11:45:31AM
 15 Q When was that conversation with 11:45:32AM
 16 your inside legal counsel? 11:45:33AM
 17 MR. DIETZ You can tell when 11:45:35AM
 18 it happened, where it happened, but just 11:45:37AM
 19 don't go into the content of the 11:45:40AM
 20 communication 11:45:42AM
 21 A It was lunch in Nashville 11:45:44AM
 22 during my orientation session, whenever 11:45:46AM
 23 that was, which, by reading the minutes, 11:45:48AM
 24 which you have given to me, must have been 11:45:53AM
 25 in September, because it wasn't August, 11:45:56AM

Page 91

1 THORNBURGH
 2 because the board record shows that I had 11:45:58AM
 3 yet to have my orientation as of the board 11:46:00AM
 4 meeting on August 29th 11:46:03AM
 5 MS SINDERSON Wally, are you 11:46:17AM
 6 taking the position that the entire 11:46:18AM
 7 conversation between Mr. Thornburgh and 11:46:20AM
 8 the inside legal counsel is subject to 11:46:22AM
 9 attorney-client privilege? 11:46:24AM
 10 MR. DIETZ I don't know yet 11:46:25AM
 11 MS SINDERSON Can we explore 11:46:29AM
 12 the conversation further? 11:46:30AM
 13 MR. DIETZ: If you want to ask 11:46:32AM
 14 him what topics were discussed generally, 11:46:33AM
 15 that communication, that would be fine, as 11:46:37AM
 16 long as he doesn't go into the content. 11:46:39AM
 17 But I do believe that the 11:46:41AM
 18 communication between the general counsel 11:46:44AM
 19 of the company and a new board member 11:46:45AM
 20 concerning issues before the board, that 11:46:48AM
 21 all of those communications are 11:46:50AM
 22 privileged. 11:46:52AM
 23 MS SINDERSON. Okay. 11:46:52AM
 24 Q Mr. Thornburgh, what topics did 11:46:53AM
 25 you discuss with your inside legal counsel 11:46:55AM

Page 92

1 THORNBURGH
 2 at that lunch? 11:46:56AM
 3 A The neighborhood the restaurant 11:47:03AM
 4 was in, the restaurant, how was my 11:47:07AM
 5 orientation session going, how was the CEO 11:47:09AM
 6 doing I think that's about it 11:47:24AM
 7 Q And do you recall that the 11:47:26AM
 8 performance of the CEO was before the 11:47:28AM
 9 board at that time? 11:47:30AM
 10 A. That subject was not before the 11:47:34AM
 11 board at that time. 11:47:36AM
 12 Q Did you ask her to give you 11:47:40AM
 13 more information about the performance of 11:47:42AM
 14 the CEO? 11:47:43AM
 15 A I can't recall 11:47:48AM
 16 Q Do you recall that she 11:47:50AM
 17 voluntarily conveyed the information about 11:47:52AM
 18 the performance of the CEO? 11:47:53AM
 19 A The question was -- I didn't 11:47:59AM
 20 ask the question I did not ask for 11:48:00AM
 21 opinions, nor did I ask questions. I was 11:48:04AM
 22 a recipient of the conversation 11:48:06AM
 23 MS SINDERSON: You are taking 11:48:16AM
 24 the position that the entire discussion 11:48:17AM
 25 regarding the performance of the CEO is 11:48:18AM

Page 93

1 THORNBURGH
 2 off-limits as attorney-client privileged? 11:48:20AM
 3 MR. DIETZ Yes. I also think 11:48:23AM
 4 you have the ability to obtain similar 11:48:24AM
 5 information from other sources. 11:48:26AM
 6 Q. Let's move on 11:48:30AM
 7 Mr. Thornburgh, do you recall 11:48:31AM
 8 the board meeting where Mr. Perdue 11:48:33AM
 9 disclosed a meeting between Mr. Perdue, 11:48:35AM
 10 Cal Turner, Jr., and Mr. Wilds and KKR? 11:48:39AM
 11 A. I do 11:48:43AM
 12 Q. You do? 11:48:44AM
 13 A I do. 11:48:45AM
 14 Q. Excellent. What's your 11:48:45AM
 15 recollection from that meeting? 11:48:47AM
 16 A. Well, I was out at the Hotel 11:48:47AM
 17 Bel Air, where I injured my back, which 11:48:54AM
 18 led to back surgery a week later So I 11:48:57AM
 19 remember that meeting extremely well 11:48:59AM
 20 Q. Had you injured your back at 11:49:01AM
 21 that point, or did that occur after? 11:49:02AM
 22 A The back was quite sore I 11:49:04AM
 23 think it probably happened in the next 11:49:07AM
 24 day 11:49:12AM
 25 Q. What's your recollection from 11:49:12AM

24 (Pages 90 to 93)

Page 94

1 THORNBURGH

2 the actual meeting? 11:49:13AM

3 A That we had a telephone call 11:49:16AM

4 I was sitting in a chair and I was on the 11:49:20AM

5 phone. 11:49:26AM

6 Q Do you recall what was 11:49:27AM

7 discussed at the meeting? 11:49:28AM

8 A. It was discussed in the meeting 11:49:29AM

9 that David and David -- a lot of Davids in 11:49:30AM

10 this crew of folks -- had met with a 11:49:35AM

11 representative of KKR and Cal Turner to 11:49:37AM

12 talk about taking the company private. 11:49:40AM

13 Q Do you recall Mr. Perdue's 11:49:45AM

14 report on the meeting with KKR? 11:49:47AM

15 A No I mean, I can't -- no 11:50:02AM

16 Q. Do you recall the board's 11:50:08AM

17 discussion of the meeting with KKR? 11:50:10AM

18 A. I think we discussed about 11:50:14AM

19 process going forward. 11:50:16AM

20 Q Did anybody ask him questions 11:50:18AM

21 about the meeting? 11:50:20AM

22 A Yes, but I can't remember who 11:50:25AM

23 or the substance of it 11:50:28AM

24 Q What was your reaction to 11:50:30AM

25 hearing that Mr. Perdue had met with KKR? 11:50:32AM

Page 95

1 THORNBURGH

2 A I don't recall 11:50:37AM

3 Q Do you recall if you said 11:50:54AM

4 anything during this meeting? 11:50:56AM

5 A I'm sure I did 11:51:01AM

6 Q. But you don't recall exactly 11:51:03AM

7 what you said? 11:51:04AM

8 A No I do remember a 11:51:08AM

9 conversation around process and what the 11:51:10AM

10 process would be going forward. And I do 11:51:11AM

11 recall that we decided not to give them 11:51:13AM

12 any information 11:51:15AM

13 I think there was -- they had 11:51:17AM

14 requested the ability to come inside the 11:51:19AM

15 organization I think our reaction to 11:51:21AM

16 that was no Our reaction was that we 11:51:24AM

17 needed to have a process to deal with 11:51:29AM

18 this -- how to deal with the situation 11:51:31AM

19 going forward 11:51:34AM

20 Q. Were you surprised that yet 11:51:36AM

21 again Mr. Perdue had a meeting with a 11:51:38AM

22 private equity firm without informing the 11:51:40AM

23 board first? 11:51:42AM

24 MR DIETZ Objection 11:51:43AM

25 MS SINDERSON. What's your 11:51:45AM

Page 96

1 THORNBURGH

2 objection? 11:51:46AM

3 MR DIETZ Foundation to the 11:51:47AM

4 question about not informing the board 11:51:47AM

5 Q. Had Mr. Perdue informed the 11:51:51AM

6 board before meeting with KKR? 11:51:54AM

7 A Not to my knowledge 11:51:56AM

8 Q Were you surprised at this time 11:51:59AM

9 that Mr. Perdue had met with KKR without 11:52:01AM

10 informing the board beforehand? 11:52:04AM

11 MR DIETZ: Objection. 11:52:06AM

12 A. I was surprised we were having 11:52:09AM

13 a telephonic board meeting on the subject 11:52:11AM

14 Q Why were you surprised? 11:52:14AM

15 A. Well, I wasn't -- I went out to 11:52:19AM

16 California to go see a school with my kid. 11:52:22AM

17 I didn't anticipate that I would be on a 11:52:25AM

18 telephonic board meeting talking about 11:52:27AM

19 David Perdue meeting with KKR and Cal 11:52:29AM

20 Turner That was not something that was 11:52:32AM

21 on my schedule of things to talk about, to 11:52:34AM

22 do 11:52:40AM

23 Q So you did not anticipate that 11:52:41AM

24 Mr. Perdue would be meeting with Cal 11:52:42AM

25 Turner, David Wilds and KKR? 11:52:44AM

Page 97

1 THORNBURGH

2 A That's correct. 11:52:47AM

3 Q. Do you think it was appropriate 11:52:54AM

4 that Mr. Perdue met with KKR at that time? 11:52:57AM

5 MR. KAZANOFF: Objection to 11:53:00AM

6 form. 11:53:00AM

7 A. You know, I don't -- I don't 11:53:01AM

8 think it is inappropriate to have 11:53:08AM

9 meetings. It is whether one makes 11:53:13AM

10 commitments at meetings that becomes 11:53:16AM

11 inappropriate. 11:53:24AM

12 Q Earlier you had said I believe 11:53:25AM

13 that it was your belief that CEOs should 11:53:27AM

14 inform the board before meeting with 11:53:30AM

15 private equity firms. 11:53:33AM

16 A. No. I think what I said is if 11:53:36AM

17 you are going to go have conversations 11:53:37AM

18 about selling the company, broad 11:53:40AM

19 conversations about selling the company, 11:53:41AM

20 that you should inform the board. 11:53:42AM

21 Q. Is it your belief that 11:53:45AM

22 Mr. Perdue should have informed the board 11:53:47AM

23 before having this meeting? 11:53:49AM

24 A. He took the lead director with 11:53:51AM

25 him From that standpoint, the board was 11:53:53AM

25 (Pages 94 to 97)

Page 98

1 THORNBURGH

2 informed 11:53:57AM

3 Q Does Mr. Wilds have a business 11:53:59AM

4 association with Cal Turner, Jr? 11:54:03AM

5 A You would have to ask 11:54:06AM

6 Mr Wilds 11:54:07AM

7 Q. Are you aware of Mr. Wilds 11:54:08AM

8 having a business association with 11:54:09AM

9 Mr Turner? 11:54:12AM

10 A He may manage some of his 11:54:12AM

11 money 11:54:19AM

12 Q. And Mr Wilds attended this 11:54:19AM

13 meeting with KKR as presiding director of 11:54:21AM

14 Dollar General? 11:54:25AM

15 A. Yes 11:54:25AM

16 Q And not as money manager for 11:54:25AM

17 Mr. Turner? 11:54:27AM

18 A That's my understanding 11:54:28AM

19 Q. Do you recall whether any of 11:54:37AM

20 the other board members questioned 11:54:38AM

21 Mr Perdue about this meeting? 11:54:40AM

22 A You mean during the phone call? 11:54:42AM

23 Q. Uh-huh 11:54:43AM

24 A. I can't recall 11:54:51AM

25 Q Do you recall whether any of 11:54:53AM

Page 99

1 THORNBURGH

2 the board members questioned Mr Wilds 11:54:54AM

3 about the meeting during this phone call? 11:54:57AM

4 A I can't really -- I can't shed 11:55:01AM

5 much light on it. 11:55:05AM

6 Q. Do you recall whether any of 11:55:06AM

7 the board members questioned Mr Perdue 11:55:07AM

8 outside of this telephonic call? 11:55:10AM

9 A. I think -- well, no. I can't 11:55:15AM

10 recall 11:55:28AM

11 Q. Do you recall whether any of 11:55:28AM

12 the board members questioned Mr. Wilds 11:55:30AM

13 outside of this call? 11:55:32AM

14 A Before or after? 11:55:34AM

15 Q. Before or after. 11:55:36AM

16 A. What I recall is afterwards we 11:55:42AM

17 set up a process to deal with this event. 11:55:44AM

18 Q So do you recall if any of the 11:55:53AM

19 board members had questioned Mr Wilds 11:55:55AM

20 about the meeting with KKR before or after 11:55:57AM

21 the call? 11:55:59AM

22 A No 11:56:00AM

23 Q So your recollection from the 11:56:06AM

24 October 8th, 2006 meeting is that 11:56:08AM

25 Mr. Perdue made his report and then the 11:56:11AM

Page 100

1 THORNBURGH

2 board set up a process; is that correct? 11:56:13AM

3 A. Yes 11:56:15AM

4 Q You don't recall any question 11:56:16AM

5 regarding the meeting? 11:56:18AM

6 A. There was discussion about the 11:56:21AM

7 meeting, but I don't recall the 11:56:23AM

8 particulars about the discussion. 11:56:24AM

9 Q. Do you recall the general sense 11:56:31AM

10 of the discussion regarding the meeting? 11:56:33AM

11 MR KAZANOFF: Objection His 11:56:37AM

12 general sense? 11:56:39AM

13 Q You 11:56:40AM

14 A My general sense? 11:56:41AM

15 Q. Your general sense 11:56:42AM

16 A. I think the general sense was 11:56:46AM

17 this was not the right time to have 11:56:47AM

18 someone come in and do due diligence on 11:56:50AM

19 the company, that the company wasn't for 11:56:52AM

20 sale, and the conversation should be shut 11:56:54AM

21 down That was my recollection 11:56:57AM

22 Q. That was your recollection of 11:56:58AM

23 your impression or of the overall tenor? 11:57:01AM

24 A Both. 11:57:04AM

25 Q. Why was that your sense that 11:57:20AM

Page 101

1 THORNBURGH

2 the conversation should be shut down? 11:57:24AM

3 A. Because the board hadn't made 11:57:27AM

4 the determination whether the company was 11:57:29AM

5 for sale or not. 11:57:31AM

6 We were in the midst of Project 11:57:32AM

7 Alpha to restructure the company and 11:57:36AM

8 weren't in the process -- the strategic 11:57:41AM

9 discussion at the board level at that 11:57:44AM

10 point in time was not about selling the 11:57:46AM

11 company or merging with someone It was 11:57:48AM

12 about Project Alpha That's the path that 11:57:50AM

13 we were on. 11:57:53AM

14 Q. So your opinion was that the 11:57:54AM

15 conversation should be shut down until the 11:57:56AM

16 board had decided that the company was for 11:57:59AM

17 sale? 11:58:04AM

18 A My sense is that the 11:58:05AM

19 conversation should be shut down and not 11:58:07AM

20 encouraged until the board and management 11:58:09AM

21 figured out what path they wanted to go 11:58:10AM

22 down 11:58:12AM

23 But to have an independent, 11:58:13AM

24 unilateral company come in and do due 11:58:15AM

25 diligence out of context was not the best 11:58:18AM

26 (Pages 98 to 101)

	Page 102		Page 104
1	THORNBURGH	1	THORNBURGH
2	way to maximize the value for the company 11:58:22AM	2	Mr. Perdue did not facilitate a 12:00:51PM
3	or was not the best way to run the show 11:58:24AM	3	conversation between the company and 12:00:55PM
4	MS. SINDERSON I would like to 11:58:34AM	4	representatives of any of the other 12:00:56PM
5	introduce an exhibit that has been 11:58:37AM	5	private equity firms, is that correct? 12:00:58PM
6	previously marked Bottorff 1 It is Bates 11:58:39AM	6	A. You mean facilitating a 12:01:01PM
7	numbered DG 15060 through 62. 11:58:43AM	7	conversation with Mr. Wilds? 12:01:03PM
8	Q Bottorff 1 is minutes from the 11:59:03AM	8	Q Mr. Wilds, Mr. Perdue and Cal 12:01:05PM
9	meeting of the board of directors of 11:59:04AM	9	Turner, Jr. 12:01:08PM
10	Dollar General Corporation dated October 11:59:06AM	10	A You mean with any other firm? 12:01:09PM
11	8, 2006. 11:59:08AM	11	Q. Correct. 12:01:10PM
12	Mr. Thornburgh, are these the 11:59:14AM	12	A. Not to my knowledge 12:01:11PM
13	minutes from the meeting we have been 11:59:16AM	13	Q Did Mr. Perdue explain why he 12:01:13PM
14	discussing? 11:59:17AM	14	facilitated a conversation? 12:01:17PM
15	A. Yes 11:59:18AM	15	A. I can't remember 12:01:22PM
16	Q. Could you read the first two 11:59:33AM	16	Q And do you recall whether 12:01:26PM
17	paragraphs on the first page under 11:59:34AM	17	anybody asked him whether he -- 12:01:27PM
18	"Summary Of Events " 11:59:36AM	18	A No, I can't recall that 12:01:30PM
19	"Mr. Perdue reminded the board 11:59:37AM	19	Q Do you recall whether 12:01:35PM
20	that he has been contacted on several 11:59:39AM	20	Mr. Perdue explained why he didn't pursue 12:01:37PM
21	occasions over the last few months by 11:59:41AM	21	any contacts with these other groups? 12:01:38PM
22	bankers and investment firms regarding 11:59:43AM	22	A No, I cannot recall that 12:01:42PM
23	potential interest in Dollar General as an 11:59:45AM	23	Q Do you recall at the meeting 12:01:48PM
24	acquisition target. He noted that he had 11:59:47AM	24	whether any of the other board members 12:01:50PM
25	discussed these contacts with the board at 11:59:49AM	25	asked Mr. Perdue why he did not meet with 12:01:51PM
	Page 103		Page 105
1	THORNBURGH	1	THORNBURGH
2	its last meeting in August and that two 11:59:50AM	2	with the other groups? 12:01:54PM
3	investment banking firms had recently 11:59:53AM	3	A I don't recall that 12:01:55PM
4	presented to the Finance Committee a 11:59:55AM	4	Q Outside of the meeting, are you 12:01:58PM
5	summary of Dollar General's current 11:59:56AM	5	aware of any board members asking 12:01:59PM
6	position in the market and the state of 11:59:58AM	6	Mr. Perdue why he didn't pursue contacts 12:02:01PM
7	the retail M&A market generally. He 11:59:59AM	7	with the other groups? 12:02:03PM
8	explained that since that time, he has 12:00:02PM	8	A No 12:02:05PM
9	received additional contacts from other 12:00:07PM	9	Q. If you turn to internal page 2, 12:02:12PM
10	firms " 12:00:09PM	10	DG 150602, in the third full paragraph, it 12:02:15PM
11	Do you recall the groups with 12:00:09PM	11	reads "Mr. Bottorff reminded the board 12:02:26PM
12	whom Mr. Perdue had made additional 12:00:10PM	12	that it had previously adopted a policy to 12:02:28PM
13	contact? 12:00:17PM	13	be followed in the event of an unsolicited 12:02:30PM
14	A. You mean who else had called 12:00:17PM	14	contact from a potential suitor. 12:02:33PM
15	Mr. Perdue? 12:00:19PM	15	Ms. Lanigan summarized the terms of the 12:02:35PM
16	Q. Correct. 12:00:21PM	16	policy, noting that it contemplated 12:02:37PM
17	A No 12:00:22PM	17	establishing a working group comprised of 12:02:38PM
18	Q It goes on to say, in the next 12:00:31PM	18	the CEO and the entire board." 12:02:39PM
19	paragraph, "Mr. Perdue explained that he 12:00:33PM	19	And do you see in the next 12:02:44PM
20	has taken no position with any of these 12:00:35PM	20	paragraph, "Mr. Bottorff said that, in his 12:02:47PM
21	firms, but that he did facilitate a 12:00:37PM	21	view, the existing policy was impractical 12:02:48PM
22	conversation among representatives of 12:00:40PM	22	in this instance for two reasons. First, 12:02:51PM
23	Kohlberg Kravis & Roberts ("KKR"), 12:00:42PM	23	the entire board is likely too large to be 12:02:52PM
24	Mr. Perdue, Mr. Wilds (in his capacity as 12:00:44PM	24	effective in efficiently addressing what 12:02:55PM
25	presiding director), and Cal Turner, Jr. " 12:00:47PM	25	may be a rapidly developing situation, and, 12:02:55PM

27 (Pages 102 to 105)

<p style="text-align: right;">Page 106</p> <p>1 THORNBURGH</p> <p>2 second, given the circumstances in this 12 02 58PM</p> <p>3 case, it does not seem appropriate to 12 03 00PM</p> <p>4 include Mr. Perdue or Mr. Wilds in the 12 03 02PM</p> <p>5 working group." 12 03 05PM</p> <p>6 Could you explain what the 12:03:05PM</p> <p>7 circumstances in this case were that 12 03 07PM</p> <p>8 mandated changing the policy? 12 03 10PM</p> <p>9 A Yeah. You don't want the CEO 12 03 12PM</p> <p>10 involved if it looks like the CEO is going 12 03 15PM</p> <p>11 to be part of the buying group 12 03 17PM</p> <p>12 Q. Why did it look like Mr. Perdue 12:03:20PM</p> <p>13 would be part of the buying group? 12 03.23PM</p> <p>14 A Because he facilitated the 12 03 24PM</p> <p>15 conversations with KKR. 12 03.26PM</p> <p>16 Q Is that the only thing that led 12 03 27PM</p> <p>17 you to believe he would be part of the 12 03:29PM</p> <p>18 buying group? 12:03:31PM</p> <p>19 A I think his behavior the 12 03 31PM</p> <p>20 previous four or five months suggested 12 03 33PM</p> <p>21 that Mr. Perdue was looking to line his 12 03.35PM</p> <p>22 pockets with money as opposed to maybe 12 03.37PM</p> <p>23 doing the right thing for the company 12 03 39PM</p> <p>24 Q Was there anything special 12 03 43PM</p> <p>25 about the circumstances in this case with 12:03:45PM</p>	<p style="text-align: right;">Page 106</p> <p>1 THORNBURGH</p> <p>2 saying anything about that subject? 12 04.50PM</p> <p>3 A You mean about whether Cal said 12:04:52PM</p> <p>4 "Yes, I will be part of it or not"? I 12 04 53PM</p> <p>5 don't know what the response was on that 12 04 57PM</p> <p>6 Q And if you look in the next 12 05 04PM</p> <p>7 paragraph, it says "Mr. Perdue intended 12 05 05PM</p> <p>8 the board that he has made no agreement 12 05:07PM</p> <p>9 with KKR and that he has not discussed any 12 05 09PM</p> <p>10 arrangement with KKR. He noted that he 12 05 12PM</p> <p>11 saw compelling reasons for and against the 12:05 14PM</p> <p>12 consideration of an offer, but that the 12:05:15PM</p> <p>13 ultimate decision will determine the terms 12 05 17PM</p> <p>14 and circumstances of any offer " 12 05:18PM</p> <p>15 Did you believe Mr. Perdue when 12:05 24PM</p> <p>16 he said he had made no agreement with KKR? 12 05 25PM</p> <p>17 A Yes 12 05 26PM</p> <p>18 Q Did you believe it when he said 12 05 28PM</p> <p>19 he has not discussed any arrangement with 12:05 30PM</p> <p>20 KKR? 12 05 35PM</p> <p>21 A Yes 12 05.35PM</p> <p>22 Q And did Mr. Perdue explain the 12 05 38PM</p> <p>23 compelling reasons for considering the 12:05 41PM</p> <p>24 offer? 12 05 44PM</p> <p>25 A Yes Let's go back to that 12:05:45PM</p>
<p style="text-align: right;">Page 107</p> <p>1 THORNBURGH</p> <p>2 regard to Mr. Wilds? 12 03 46PM</p> <p>3 A. I presume, because Mr. Wilds 12:03 48PM</p> <p>4 was at the meeting, and his relationship 12 03 51PM</p> <p>5 with Mr. Turner could present a 12 03 56PM</p> <p>6 potential -- the presumption of conflict 12 04 07PM</p> <p>7 Q. What was it about his 12 04 10PM</p> <p>8 relationship with Mr. Turner? 12:04:11PM</p> <p>9 A. I think you mentioned that 12:04 13PM</p> <p>10 previously, that he had -- he might have 12:04:14PM</p> <p>11 been managing some of Mr. Turner's money. 12 04 18PM</p> <p>12 Q. Why would Mr. Turner -- why 12:04 21PM</p> <p>13 would his involvement with Mr. Turner 12:04:24PM</p> <p>14 indicate a conflict? 12:04 26PM</p> <p>15 A. Because I believe the 12 04 27PM</p> <p>16 conversation was about whether Mr. Turner 12 04:28PM</p> <p>17 would join with KKR and be part of taking 12 04 30PM</p> <p>18 the company private. 12 04.32PM</p> <p>19 Q And do you recall a discussion 12 04 35PM</p> <p>20 regarding Mr. Turner being part of the 12 04 37PM</p> <p>21 group with KKR? 12:04 40PM</p> <p>22 A No. I just remember the 12 04:43PM</p> <p>23 discussion, that that's what the topic 12 04 44PM</p> <p>24 was. 12 04:47PM</p> <p>25 Q You don't remember anybody 12 04 47PM</p>	<p style="text-align: right;">Page 109</p> <p>1 THORNBURGH</p> <p>2 discussion between the parent and the 12:05:46PM</p> <p>3 child. Life would be a lot easier if it 12 05 49PM</p> <p>4 was not a public company and restructuring 12:05:51PM</p> <p>5 the company 12 05.54PM</p> <p>6 Q Did he explain for who life 12 05 55PM</p> <p>7 would be easier? 12:05:58PM</p> <p>8 A For the management team 12:05:58PM</p> <p>9 Q Did Mr. Perdue explain the 12:06:11PM</p> <p>10 compelling reasons against consideration 12 06:13PM</p> <p>11 of the offer? 12:06:14PM</p> <p>12 A Sure. 12:06 17PM</p> <p>13 Q Do you recall what his 12:06:18PM</p> <p>14 compelling reasons were? 12:06:20PM</p> <p>15 A. No, not specifically. 12 06:28PM</p> <p>16 Q You see the last paragraph at 12:06:41PM</p> <p>17 the bottom of that page, internal page 2, 12:06:42PM</p> <p>18 where it says "Mr. Robbins stated that he 12:06:44PM</p> <p>19 believes many firms are currently 12 06 47PM</p> <p>20 'bottom-fishing' because of the company's 12 06:50PM</p> <p>21 low stock price, and that he is intent at 12:06:51PM</p> <p>22 the moment on learning about the potential 12:06 53PM</p> <p>23 impact of Project Alpha in the short and 12:06:55PM</p> <p>24 long term. Mr. Bere agreed, noting that 12:06:58PM</p> <p>25 the board must first understand the 12:07:01PM</p>

28 (Pages 106 to 109)

Page 110		Page 112	
1	THORNBURGH	1	THORNBURGH
2	company's realistic expectations? 12:07:02PM	2	private meeting between you and 12:09:29PM
3	Do you recall that discussion? 12:07:05PM	3	Mr. Perdue Do you recall that? 12:09:31PM
4	A Yes 12:07:06PM	4	A I said he wanted to talk to me 12:09:31PM
5	Q Do you recall any questions? 12:07:06PM	5	about it and we never got around to the 12:09:33PM
6	A I think it was a sentiment 12:07:09PM	6	subject 12:09:38PM
7	widely held amongst the board 12:07:12PM	7	Q You can put this to the side 12:09:38PM
8	Q How did you come to the 12:07:15PM	8	for now. 12:09:40PM
9	conclusion that that sentiment was widely 12:07:16PM	9	MS SINDERSON I would like to 12:10:12PM
10	held among the board? 12:07:19PM	10	mark as Thornburgh Exhibit 9 a document 12:10:15PM
11	A You come to that conclusion by 12:07:20PM	11	Bates stamped KKRE 0015305, which is a 12:10:19PM
12	listening to what people have to say 12:07:22PM	12	September 20th, 2006 e-mail from George 12:10:26PM
13	around the boardroom table 12:07:24PM	13	Roberts -- I'm sorry, from Mike Calbert to 12:10:30PM
14	Q Do you recall other board 12:07:26PM	14	George Roberts, with a carbon copy to 12:10:33PM
15	members besides Mr. Robbins and Mr. Bere 12:07:28PM	15	Sanjay Morey, Raj Agrawal, and Henry 12:10:37PM
16	stating similar sentiments? 12:07:34PM	16	Kravis, subject, "Dollar General." 12:10:40PM
17	A I think probably Barbara Bowles 12:07:36PM	17	(Thornburgh Exhibit 9 marked 12:10:51PM
18	and Neal Purcell I don't know if he was 12:07:40PM	18	for identification.) 12:10:53PM
19	on the phone. Yes, he was on the phone. 12:07:50PM	19	Q Mr Thornburgh, who is Mike 12:11:06PM
20	Q Do you recall -- I'm sorry, 12:07:53PM	20	Calbert? 12:11:10PM
21	Barbara Bowles and Neal Purcell Anybody 12:07:55PM	21	A I've never met Mike Calbert. I 12:11:12PM
22	else? 12:07:59PM	22	think he works at KKR. 12:11:14PM
23	A Those are the two that would 12:07:59PM	23	Q Do you know who George Roberts 12:11:18PM
24	stick in my mind 12:08:00PM	24	is? 12:11:19PM
25	Q Do you recall what they said 12:08:03PM	25	A I think he is the R in KKR 12:11:19PM
Page 111		Page 113	
1	THORNBURGH	1	THORNBURGH
2	that led you to that conclusion? 12:08:04PM	2	Q Do you know who Sanjay Morey 12:11:24PM
3	A No, I don't. 12:08:06PM	3	is? 12:11:27PM
4	Q Was it anything specific at 12:08:07PM	4	A No 12:11:27PM
5	this meeting or was it outside of this 12:08:09PM	5	Q Do you know who Raj Agrawal is? 12:11:28PM
6	meeting? 12:08:12PM	6	A No. 12:11:30PM
7	A You know, I don't know 12:08:13PM	7	Q Do you know who Henry Kravis 12:11:30PM
8	Q Did you agree with Mr. Robbins, 12:08:15PM	8	is? 12:11:32PM
9	Mr. Bere, Ms. Bowles and Mr. Purcell? 12:08:18PM	9	A He is one of the K's 12:11:32PM
10	A That? 12:08:22PM	10	Q If you look in the first full 12:11:40PM
11	Q That this isn't the appropriate 12:08:23PM	11	paragraph here, "George. I had a good 12:11:42PM
12	time to consider sale of the company? 12:08:25PM	12	conversation with David Perdue last night. 12:11:46PM
13	A I don't know that I had a point 12:08:32PM	13	He had just left a meeting with his 'most 12:11:47PM
14	of view one way or the other But I did 12:08:34PM	14	influential board member' (not technically 12:11:51PM
15	have a point of view on process. But I 12:08:36PM	15	lead director), who was very supportive of 12:11:53PM
16	certainly didn't think this was the way to 12:08:40PM	16	him engaging exclusively with us The 12:11:56PM
17	go about it. 12:08:42PM	17	director encouraged David to preview the 12:11:59PM
18	Q This? 12:08:44PM	18	idea with Cal Turner (family owns roughly 12:12:01PM
19	A Having a one-off conversation 12:08:44PM	19	17 percent) and one other director (former 12:12:05PM
20	and due diligence with one buyer That 12:08:46PM	20	CSFB banker). David plans on having both 12:12:08PM
21	was inappropriate as a process 12:08:49PM	21	conversations over the next few days * 12:12:13PM
22	Q Do you recall prior to this 12:09:16PM	22	Mr Thornburgh, do you know who 12:12:16PM
23	meeting -- I'm sorry, you testified 12:09:21PM	23	the most influential board member is here? 12:12:18PM
24	earlier that Mr. Perdue had mentioned 12:09:23PM	24	A Do I know? 12:12:23PM
25	approaching private equity firms in a 12:09:27PM	25	Q Do you have an idea of who that 12:12:24PM

29 (Pages 110 to 113)

Page 114	Page 116
1 THORNBURGH	1 THORNBURGH
2 would be referencing? 12:12:26PM	2 discuss that with you? 12:13:53PM
3 A Do I have an idea? Do I have a 12:12:27PM	3 A. No 12:13:54PM
4 speculation? 12:12:29PM	4 Q Did you become aware that 12:13:55PM
5 Q Do you have a speculation? 12:12:30PM	5 another director had advised him to 12:13:56PM
6 A Yes, I have a speculation 12:12:31PM	6 contact you? 12:13:58PM
7 Q Who would that be? 12:12:32PM	7 A Nope. "Nope" means no 12:14:03PM
8 A My speculation would be it 12:12:33PM	8 Q. Do you know why you and 12:14:07PM
9 would be Mr Bottorff 12:12:35PM	9 Mr. Perdue ever had that discussion? 12:14:11PM
10 Q Were you aware of this 12:12:38PM	10 A Because I got into a discussion 12:14:12PM
11 conversation? 12:12:40PM	11 around how probably taking a restructuring 12:14:15PM
12 A. No 12:12:40PM	12 charge would probably be positive to the 12:14:17PM
13 Q Do you know what CSFB was in 12:12:49PM	13 organization, and I thought pursuing 12:14:19PM
14 reference to? 12:12:51PM	14 something like Project Alpha would 12:14:21PM
15 A That is Credit Suisse First 12:12:51PM	15 probably be something that would be 12:14:22PM
16 Boston 12:12:53PM	16 beneficially received by the marketplace 12:14:25PM
17 Q. Was there another Credit Suisse 12:12:53PM	17 Q. And you think that stopped 12:14:27PM
18 First Boston banker on the board at the 12:12:56PM	18 Mr. Perdue from approaching the subject of 12:14:29PM
19 time? 12:12:57PM	19 private equity with you? 12:14:32PM
20 A No, there wasn't 12:12:57PM	20 A. Yeah. 12:14:33PM
21 Q So this one other director you 12:12:58PM	21 Q Why is that? 12:14:35PM
22 would understand to be in reference to 12:13:00PM	22 A Either we ran out of time or -- 12:14:36PM
23 you? 12:13:03PM	23 I presume we ran out of time 12:14:39PM
24 A. That would be me 12:13:03PM	24 Q If you look in the second 12:14:45PM
25 Q Did Mr. Perdue ever tell you 12:13:04PM	25 paragraph, "As we discussed, I offered up 12:14:48PM
Page 115	Page 117
1 THORNBURGH	1 THORNBURGH
2 that he had been having these discussions 12:13:07PM	2 you and I walking Cal through how a buyout 12:14:49PM
3 with Mr. Calbert and reporting his steps 12:13:09PM	3 would work. David is very keen on that 12:14:53PM
4 in this manner? 12:13:12PM	4 approach. He said he would call as soon 12:14:55PM
5 A No. 12:13:13PM	5 as he meets with Cal. David appears very 12:14:57PM
6 Q Were you aware of that before 12:13:13PM	6 excited about moving forward. It will be 12:15:00PM
7 just seeing this e-mail? 12:13:15PM	7 interesting to see what kind of reaction 12:15:01PM
8 A No 12:13:16PM	8 he gets from Cal * 12:15:04PM
9 Q When you had that initial 12:13:22PM	9 Did you become aware of this 12:15:05PM
10 conversation, or the board had a 12:13:25PM	10 discussion with Cal Turner? 12:15:08PM
11 conversation with Mr. Perdue where he 12:13:26PM	11 A. No. I mean, the discussion I'm 12:15:12PM
12 referenced discussing other alternatives, 12:13:28PM	12 aware of is what was reported on the 12:15:14PM
13 did he tell you that another director had 12:13:33PM	13 October 8th meeting 12:15:16PM
14 advised him to contact you? 12:13:35PM	14 Q. So you are aware of no other 12:15:18PM
15 A I'm sorry? 12:13:38PM	15 discussions between KKR and Cal Turner 12:15:19PM
16 Q. When you had that discussion 12:13:39PM	16 before the October 5th meeting? 12:15:21PM
17 with Mr. Perdue in his office -- 12:13:41PM	17 A That's correct 12:15:23PM
18 A. The discussion where I sat in 12:13:43PM	18 MS. SINDERSON I would like to 12:15:46PM
19 his office, but we never really talked 12:13:45PM	19 mark as Thornburgh Exhibit 10 a document 12:15:47PM
20 about private equity? 12:13:46PM	20 Bates number KKRE 0000093, which is an 12:15:53PM
21 Q. Right. 12:13:48PM	21 e-mail from Mike Calbert to George Roberts 12:16:01PM
22 A Right. 12:13:48PM	22 and Raj Agrawal dated October 6th, 2006 12:16:04PM
23 Q When you never really talked 12:13:48PM	23 Subject line, "Dollar General." 12:16:08PM
24 about private equity, did he tell you that 12:13:50PM	24 (Thornburgh Exhibit 10 marked 12:16:21PM
25 another director had advised him to 12:13:52PM	25 for identification) 12:16:23PM

30 (Pages 114 to 117)

<p style="text-align: right;">Page 118</p> <p>1 THORNBURGH</p> <p>2 Q The e-mail reads "David Perdue 12:16:27PM</p> <p>3 called this afternoon. Below is a summary 12:16:30PM</p> <p>4 of that call. Perdue thought yesterday's 12:16:32PM</p> <p>5 meeting was very helpful. Cal's feedback 12:16:34PM</p> <p>6 was very positive. He felt very 12:16:37PM</p> <p>7 comfortable with us and didn't bring up 12:16:39PM</p> <p>8 TPG again. He still won't declare himself 12:16:41PM</p> <p>9 to David. David Wilds (lead director) is 12:16:43PM</p> <p>10 requesting a board meeting Sunday night, 12:16:47PM</p> <p>11 during which he wants to disclose the 12:16:49PM</p> <p>12 conversation with KKR, form a special 12:16:51PM</p> <p>13 committee, and recommend that we be 12:16:54PM</p> <p>14 allowed to begin our due diligence." 12:16:55PM</p> <p>15 The meeting discussed here, 12:16:58PM</p> <p>16 that's the October 5th meeting discussed 12:16:59PM</p> <p>17 in the October 8th board meeting, is that 12:17:01PM</p> <p>18 your understanding? 12:17:03PM</p> <p>19 A Uh-huh. 12:17:04PM</p> <p>20 Q. If you look at the next 12:17:08PM</p> <p>21 section, "Perdue and Wilds spoke with 12:17:13PM</p> <p>22 Denny Bottorff, board member and head of 12:17:13PM</p> <p>23 Governance Committee, today, and according 12:17:17PM</p> <p>24 to Perdue, Denny is in favor of the 12:17:18PM</p> <p>25 transaction. Dick Thornburgh (most recent 12:17:20PM</p>	<p style="text-align: right;">Page 120</p> <p>1 THORNBURGH</p> <p>2 is clear on the record that he is 12:18:25PM</p> <p>3 speculating 12:18:29PM</p> <p>4 MR. DIETZ: If he has any 12:18:30PM</p> <p>5 information responsive to your question, 12:18:32PM</p> <p>6 that's fine. I don't want him just 12:18:34PM</p> <p>7 guessing. 12:18:35PM</p> <p>8 Q It is clear on the record that 12:18:36PM</p> <p>9 you are speculating as to why they spoke 12:18:37PM</p> <p>10 of the need to get you on their side 12:18:41PM</p> <p>11 A I presume because I'm someone 12:18:45PM</p> <p>12 who has had a lot of experience in these 12:18:47PM</p> <p>13 matters and can be forceful when I want to 12:18:50PM</p> <p>14 be forceful. I don't know. Maybe people 12:18:52PM</p> <p>15 respect my point of view. 12:18:55PM</p> <p>16 Q And did you realize at this 12:19:01PM</p> <p>17 time that Mr. Perdue was working with KKR 12:19:03PM</p> <p>18 to refine his "pitch" to the board? 12:19:06PM</p> <p>19 A No. I'm even more impressed 12:19:14PM</p> <p>20 they spelled my name right 12:19:23PM</p> <p>21 Q They don't always 12:19:25PM</p> <p>22 MS. SINDERSON I would like to 12:19:33PM</p> <p>23 move on to mark as Thornburgh Exhibit 11 a 12:19:34PM</p> <p>24 document Bates stamped KKRE 00010677 12:19:37PM</p> <p>25 MR. KAZANOFF I need to take a 12:19:49PM</p>
<p style="text-align: right;">Page 119</p> <p>1 THORNBURGH</p> <p>2 board member and former CSFB director) 12:17:23PM</p> <p>3 appears to not be excited about the 12:17:27PM</p> <p>4 transaction. David and I spoke about the 12:17:29PM</p> <p>5 need to get him on side. David and I went 12:17:30PM</p> <p>6 through his "pitch" to the board again, 12:17:33PM</p> <p>7 focusing on the positive merits of the 12:17:36PM</p> <p>8 transaction." 12:17:39PM</p> <p>9 Why do you think that 12:17:39PM</p> <p>10 Mr. Perdue and Mr. Calbert believed that 12:17:42PM</p> <p>11 you needed to be on their side? 12:17:44PM</p> <p>12 MR. KAZANOFF. Objection to 12:17:48PM</p> <p>13 form 12:17:48PM</p> <p>14 Q. You can speculate. 12:17:53PM</p> <p>15 A. So what's the question? 12:17:54PM</p> <p>16 Q Why do you think Mr. Perdue and 12:17:56PM</p> <p>17 Mr. Calbert spoke about the need to get 12:17:58PM</p> <p>18 you on their side? 12:18:00PM</p> <p>19 MR. DIETZ: I'm going to ask 12:18:02PM</p> <p>20 the witness not to speculate. If he has 12:18:04PM</p> <p>21 any information, he is free to give it. 12:18:05PM</p> <p>22 But I will ask him not to speculate. 12:18:07PM</p> <p>23 A What's the question? 12:18:20PM</p> <p>24 MS. SINDERSON: I don't think 12:18:24PM</p> <p>25 the rules bar him from speculating if it 12:18:25PM</p>	<p style="text-align: right;">Page 121</p> <p>1 THORNBURGH</p> <p>2 couple of minute break. We can go through 12:19:50PM</p> <p>3 this document or stop 12:19:52PM</p> <p>4 MS. SINDERSON We can mark the 12:19:55PM</p> <p>5 document and take a break 12:19:56PM</p> <p>6 MR. KAZANOFF Okay. 12:19:57PM</p> <p>7 THE VIDEOGRAPHER The time on 12:20:10PM</p> <p>8 the video monitor is 12:20 p.m. We are 12:20:11PM</p> <p>9 off the record. This ends tape number 12:20:14PM</p> <p>10 two 12:20:43PM</p> <p>11 (Recess taken) 12:28:56PM</p> <p>12 THE VIDEOGRAPHER We are back 12:28:56PM</p> <p>13 on the record. The time on the video 12:28:57PM</p> <p>14 monitor is 12:28 p.m. This starts tape 12:28:59PM</p> <p>15 number three. 12:29:03PM</p> <p>16 MS. SINDERSON We are marking 12:29:04PM</p> <p>17 as Thornburgh Exhibit 11 a document Bates 12:29:06PM</p> <p>18 labeled KKRE 0016077, which is an e-mail 12:29:11PM</p> <p>19 from Mike Calbert to George Roberts, with 12:29:12PM</p> <p>20 a carbon copy to Raj Agrawal, which is 12:29:15PM</p> <p>21 dated October 9th, 2006. Subject, "Dollar 12:29:18PM</p> <p>22 General." 12:29:22PM</p> <p>23 (Thornburgh Exhibit 11 marked 12:29:45PM</p> <p>24 for identification) 12:29:47PM</p> <p>25 Q. The first part of this e-mail 12:29:51PM</p>

31 (Pages 118 to 121)

<p style="text-align: right;">Page 122</p> <p>1 THORNBURGH</p> <p>2 reads "George, I caught up with David 12:29 52PM</p> <p>3 this morning He said the board call last 12:29 54PM</p> <p>4 night was controversial, with 2 directors 12:29 56PM</p> <p>5 (Thornburgh and one other) expressing 12:29 59PM</p> <p>6 views that going private wasn't the right 12:30 02PM</p> <p>7 course of action Thornburgh (former CSFB 12:30 04PM</p> <p>8 banker) thinks once the company announces 12:30 09PM</p> <p>9 its restructuring, the stock market will 12:30 12PM</p> <p>10 reward the company with a 'pop' in stock 12:30 14PM</p> <p>11 price. David Wilds and Denny (head of 12:30 17PM</p> <p>12 Governance Committee) led the charge for 12:30 21PM</p> <p>13 the transaction There are also views 12:30 23PM</p> <p>14 expressed that Perdue and Wilds are 12:30 27PM</p> <p>15 conflicted and our meeting Thursday was 12:30 30PM</p> <p>16 inappropriate It sounded like a couple 12:30 32PM</p> <p>17 of directors were surprised and pushed 12:30 32PM</p> <p>18 back." 12:30 33PM</p> <p>19 Mr. Thornburgh, is this an 12:30 33PM</p> <p>20 accurate reflection of your memory of the 12:30 36PM</p> <p>21 meeting? 12:30 57PM</p> <p>22 A I don't know if I would have 12:30 58PM</p> <p>23 said that Denny was leading the charge. I 12:30 59PM</p> <p>24 think that's a little overstating it 12:31 04PM</p> <p>25 Q Do you recall saying that once 12:31 06PM</p>	<p style="text-align: right;">Page 124</p> <p>1 THORNBURGH</p> <p>2 one of these one-on-one meetings with any 12 31 59PM</p> <p>3 of the other directors? 12 32 02PM</p> <p>4 A Not in the contextual -- he had 12 32 08PM</p> <p>5 one-on-one meetings with directors 12 32 12PM</p> <p>6 frequently So not contextually this way 12 32 16PM</p> <p>7 Q If you look in the last full 12 32 26PM</p> <p>8 paragraph, "I shared with Perdue that I 12 32 28PM</p> <p>9 had received a call from CSFB over the 12 32 30PM</p> <p>10 weekend telling me Lehman and Goldman were 12 32 33PM</p> <p>11 hired to sell the company and Bain was 12 32 35PM</p> <p>12 doing a lot of work to get ready Perdue 12 32 37PM</p> <p>13 told me he had a message from Carne 12 32 39PM</p> <p>14 Wheeler (TPG) on his desk This 12 32 42PM</p> <p>15 opportunity is starting to get a lot of 12 32 44PM</p> <p>16 attention Perdue was going to call and 12 32 46PM</p> <p>17 put a 'gag' on Tausag at Lehman He 12 32 48PM</p> <p>18 continues to tell me he is the only firm 12 32 52PM</p> <p>19 he is speaking with." 12 32 56PM</p> <p>20 Tausag is Andy Tausag at 12 32 57PM</p> <p>21 Lehman, correct? 12 32 57PM</p> <p>22 A That's correct. 12:32:58PM</p> <p>23 Q Is that the same Andy Tausag 12 32 59PM</p> <p>24 that you knew from Credit Suisse? 12 33 02PM</p> <p>25 A That's correct. 12 33 05PM</p>
<p style="text-align: right;">Page 123</p> <p>1 THORNBURGH</p> <p>2 the company announces its restructuring, 12:31.08PM</p> <p>3 the stock market will reward the company 12 31:11PM</p> <p>4 with a pop in stock price, or something 12.31.13PM</p> <p>5 similar? 12 31:15PM</p> <p>6 A. I think that's why I expressed 12 31:15PM</p> <p>7 with you I shared with David in his 12:31:18PM</p> <p>8 office, which would have been prior to 12:31 20PM</p> <p>9 this meeting 12:31:22PM</p> <p>10 Q Do you recall the views 12:31:27PM</p> <p>11 expressed that Perdue and Wilds are 12 31 28PM</p> <p>12 conflicted? 12:31:30PM</p> <p>13 A Yes. 12 31:31PM</p> <p>14 Q. Do you recall who expressed 12 31:31PM</p> <p>15 those views? 12:31:32PM</p> <p>16 A. No. 12.31:34PM</p> <p>17 Q If you look in the third 12:31:40PM</p> <p>18 paragraph, "Perdue is off having 12:31 42PM</p> <p>19 one-on-one meetings with the directors to 12:31 45PM</p> <p>20 make his case He said that Cal, Wilds 12:31 46PM</p> <p>21 and Denny all want to do the transaction " 12 31 49PM</p> <p>22 Did he have one of those 12:31 50PM</p> <p>23 one-on-one meetings with you? 12:31:53PM</p> <p>24 A I don't think so. 12:31 54PM</p> <p>25 Q Did you hear about him having 12 31 58PM</p>	<p style="text-align: right;">Page 125</p> <p>1 THORNBURGH</p> <p>2 Q. Did you ever speak with Andy 12 33 05PM</p> <p>3 Tausag concerning different financial 12 33 07PM</p> <p>4 buyers, including TPG, that were 12:33 08PM</p> <p>5 interested in Dollar General? 12:33 10PM</p> <p>6 A. No 12 33 12PM</p> <p>7 Q Did Mr Tausag provide -- 12:33 14PM</p> <p>8 A Wait Did I ever talk to him 12:33 18PM</p> <p>9 or did I talk to him before this time? 12 33 22PM</p> <p>10 Q Did you talk to him before this 12:33 24PM</p> <p>11 time? 12:33 25PM</p> <p>12 A. No 12 33 25PM</p> <p>13 Q. Did you talk to him after this? 12 33 26PM</p> <p>14 A. Yes. 12.33.27PM</p> <p>15 Q You talked to Mr Tausag after 12:33 30PM</p> <p>16 this e-mail was sent concerning different 12:33:32PM</p> <p>17 financial buyers, including TPG? 12:33:34PM</p> <p>18 A I mean, when they were hired, 12:33 36PM</p> <p>19 when we got the process going, I certainly 12 33 39PM</p> <p>20 spoke to him about it. 12 33 41PM</p> <p>21 Q. And when did you get the 12.33.42PM</p> <p>22 process going? 12 33 43PM</p> <p>23 A November, December, somewhere 12 33 47PM</p> <p>24 around there. 12.33.50PM</p> <p>25 Q So prior to getting the process 12:33 55PM</p>

32 (Pages 122 to 125)

<p style="text-align: right;">Page 126</p> <p>1 THORNBURGH</p> <p>2 started -- 12:33:59PM</p> <p>3 A I had no conversations with 12:34:01PM</p> <p>4 Mr. Taussig about potential buyers. 12:34:02PM</p> <p>5 Q When you talked to Mr. Taussig 12:34:10PM</p> <p>6 once the procedure, the process was 12:34:13PM</p> <p>7 started, did he tell you that Lehman had 12:34:15PM</p> <p>8 told Perdue to talk to KKR first? 12:34:17PM</p> <p>9 A No 12:34:22PM</p> <p>10 Q Did you realize at this time 12:34:28PM</p> <p>11 that Mr. Perdue had an exclusive 12:34:29PM</p> <p>12 arrangement with KKR? 12:34:32PM</p> <p>13 MR. DIETZ Objection. 12:34:34PM</p> <p>14 A No 12:34:38PM</p> <p>15 Q Do you recall what the board 12:34:41PM</p> <p>16 did next after the October 8th meeting? 12:34:42PM</p> <p>17 A I think it was locked to the 12:34:46PM</p> <p>18 Nominating and Governance Committee, and 12:34:50PM</p> <p>19 the Nominating and Governance Committee 12:34:51PM</p> <p>20 created a special committee to deal with 12:34:54PM</p> <p>21 this, which consisted of Denny, myself, 12:34:56PM</p> <p>22 Barbara Bowles, and David Bere 12:35:00PM</p> <p>23 Q Do you recall the meeting of 12:35:02PM</p> <p>24 the Nominating and Corporate Governance 12:35:04PM</p> <p>25 Committee where you formed the Strategic 12:35:06PM</p>	<p style="text-align: right;">Page 128</p> <p>1 THORNBURGH</p> <p>2 involve the CEO and/or a significant 12:36:28PM</p> <p>3 shareholder (Cal Turner, Jr.)" 12:36:31PM</p> <p>4 Do you recall how the committee 12:36:33PM</p> <p>5 anticipated that Mr. Perdue would be 12:36:35PM</p> <p>6 involved with the discussion on that 12:36:39PM</p> <p>7 subject? 12:36:42PM</p> <p>8 A. You mean why did the 12:36:42PM</p> <p>9 committee -- why did we think the CEO 12:36:44PM</p> <p>10 might be involved? 12:36:47PM</p> <p>11 Q. Correct 12:36:48PM</p> <p>12 A Because he apparently had been 12:36:49PM</p> <p>13 facilitating the meeting with KKR. It is 12:36:51PM</p> <p>14 not unusual in circumstances like this 12:36:56PM</p> <p>15 where a private equity firm tries to talk 12:37:00PM</p> <p>16 to management, you know, looks at the 12:37:03PM</p> <p>17 value of companies, and tries to get a 12:37:08PM</p> <p>18 hearing 12:37:11PM</p> <p>19 One would presume, given the 12:37:14PM</p> <p>20 facts up to this point as you have 12:37:19PM</p> <p>21 presented, that he might be part of the 12:37:22PM</p> <p>22 buyout team 12:37:25PM</p> <p>23 Q If you look on the second page, 12:37:29PM</p> <p>24 Bates numbered DG 150586, I believe it is 12:37:32PM</p> <p>25 the first full paragraph, saying 12:37:38PM</p>
<p style="text-align: right;">Page 127</p> <p>1 THORNBURGH</p> <p>2 Planning Committee? 12:35:09PM</p> <p>3 A. No, but I bet if you showed me 12:35:10PM</p> <p>4 some minutes, we could talk about it. 12:35:13PM</p> <p>5 MS. SINDERSON I would like to 12:35:16PM</p> <p>6 introduce as Thornburgh Exhibit 12 a 12:35:17PM</p> <p>7 document Bates stamped DG 150585 through 12:35:19PM</p> <p>8 586, which is the minutes from a meeting 12:35:25PM</p> <p>9 of the Nominating and Corporate Governance 12:35:26PM</p> <p>10 Committee at the board of directors of 12:35:29PM</p> <p>11 Dollar General Corporation dated October 12:35:32PM</p> <p>12 10th, 2006 12:35:33PM</p> <p>13 (Thornburgh Exhibit 12 marked 12:35:34PM</p> <p>14 for identification.) 12:35:36PM</p> <p>15 A This is before my operation. 12:36:05PM</p> <p>16 Q After the back injury and 12:36:07PM</p> <p>17 before the operation? 12:36:08PM</p> <p>18 A. I had an operation like the 12:36:10PM</p> <p>19 15th or 13th, or something like that. 12:36:12PM</p> <p>20 Q Mr. Thornburgh, if you look in 12:36:18PM</p> <p>21 the third full paragraph that begins 12:36:21PM</p> <p>22 "Mr. Bortoff called the meeting to 12:36:23PM</p> <p>23 order" 12:36:23PM</p> <p>24 In the middle, it says 12:36:25PM</p> <p>25 "Mr. Bortoff noted that an offer might 12:36:26PM</p>	<p style="text-align: right;">Page 129</p> <p>1 THORNBURGH</p> <p>2 "Following that review, the committee 12:37:40PM</p> <p>3 discussed what immediate direction should 12:37:42PM</p> <p>4 be given to Mr. Perdue concerning further 12:37:44PM</p> <p>5 contact with KKR or other investment 12:37:46PM</p> <p>6 firms. It was agreed that until the board 12:37:50PM</p> <p>7 and/or the new committee had met, 12:37:51PM</p> <p>8 Mr. Perdue should be instructed to refrain 12:37:54PM</p> <p>9 from such discussions to the greatest 12:37:56PM</p> <p>10 extent possible." 12:37:58PM</p> <p>11 Is it your understanding that 12:37:59PM</p> <p>12 Mr. Perdue refrained from such 12:38:00PM</p> <p>13 discussions? 12:38:05PM</p> <p>14 A. Can you say that last bit 12:38:07PM</p> <p>15 again? 12:38:08PM</p> <p>16 Q Was it your understanding that 12:38:09PM</p> <p>17 Mr. Perdue followed the instructions of 12:38:11PM</p> <p>18 the committee and refrained from 12:38:13PM</p> <p>19 discussions with KKR or other investment 12:38:15PM</p> <p>20 firms? 12:38:18PM</p> <p>21 A Was it my understanding at that 12:38:18PM</p> <p>22 point in time as opposed to this point in 12:38:21PM</p> <p>23 time? 12:38:23PM</p> <p>24 Q Is it your understanding at 12:38:23PM</p> <p>25 this point in time that he refrained from 12:38:26PM</p>

33 (Pages 126 to 129)

Page 130	Page 132
<p>1 THORNBURGH</p> <p>2 discussions with KKR? 12:38:28PM</p> <p>3 A Do I think today that he 12:38:29PM</p> <p>4 refrained? 12:38:31PM</p> <p>5 Q Correct 12:38:32PM</p> <p>6 A I'm not so sure 12:38:33PM</p> <p>7 Q The paragraph goes on to state, 12:38:39PM</p> <p>8 "To the extent Mr. Perdue must respond to 12:38:40PM</p> <p>9 any inquiries, he should explain that the 12:38:43PM</p> <p>10 company is in the process of a strategic 12:38:45PM</p> <p>11 business analysis. For those reasons, the 12:38:47PM</p> <p>12 company does not believe that it is in the 12:38:49PM</p> <p>13 best interest of the shareholders to 12:38:50PM</p> <p>14 explore other options at this time." 12:38:52PM</p> <p>15 After this meeting, the 12:38:58PM</p> <p>16 Strategic Planning Committee was formed, 12:38:59PM</p> <p>17 correct? 12:39:01PM</p> <p>18 A Correct 12:39:01PM</p> <p>19 Q Why was the Strategic Planning 12:39:02PM</p> <p>20 Committee formed if not to explore other 12:39:06PM</p> <p>21 options? 12:39:16PM</p> <p>22 A Well, I think you are taking 12:39:16PM</p> <p>23 out of context "For those reasons, the 12:39:19PM</p> <p>24 company doesn't believe it was in the best 12:39:21PM</p> <p>25 interests of the shareholders to explore 12:39:23PM</p>	<p>1 THORNBURGH</p> <p>2 on its discussion and review, the 12:41:24PM</p> <p>3 committee unanimously recommended that the 12:41:26PM</p> <p>4 board establish a Strategic Planning 12:41:28PM</p> <p>5 Committee to serve as a standing committee 12:41:30PM</p> <p>6 to consider and monitor certain strategic 12:41:32PM</p> <p>7 matters as they arise and to report to the 12:41:34PM</p> <p>8 board on these matters." 12:41:36PM</p> <p>9 Then it goes on to say, "After 12:41:39PM</p> <p>10 discussion and upon motion duly made and 12:41:41PM</p> <p>11 seconded, the board unanimously adopted 12:41:43PM</p> <p>12 the resolutions attached hereto as Exhibit 12:41:46PM</p> <p>13 C establishing the Strategic Planning 12:41:48PM</p> <p>14 Committee of the board as a new standing 12:41:50PM</p> <p>15 committee, adopting its charter and naming 12:41:52PM</p> <p>16 Messrs. Bottorff, Thornburgh and Bere and 12:41:55PM</p> <p>17 Ms. Bowles as its members." 12:41:58PM</p> <p>18 Do you remember the discussion 12:41:59PM</p> <p>19 at the board meeting regarding the 12:42:00PM</p> <p>20 formation of the Strategic Planning 12:42:02PM</p> <p>21 Committee? 12:42:06PM</p> <p>22 A No. 12:42:06PM</p> <p>23 MS SINDERSON: I would like to 12:42:21PM</p> <p>24 mark as Thornburgh Exhibit 13 a document 12:42:22PM</p> <p>25 Bates stamped DG 149955 through 58, which 12:42:25PM</p>
Page 131	Page 133
<p>1 THORNBURGH</p> <p>2 other options at this time." 12:39:25PM</p> <p>3 I think the message going back 12:39:26PM</p> <p>4 to KKR is the company decided it is not 12:39:27PM</p> <p>5 going to explore any options at this time 12:39:30PM</p> <p>6 with any third parties 12:39:32PM</p> <p>7 Q And this was to KKR or any 12:39:32PM</p> <p>8 other investment firms? 12:39:35PM</p> <p>9 A That's correct. "Take your 12:39:35PM</p> <p>10 interest and we will put it on the shelf, 12:39:39PM</p> <p>11 but we are not talking to you." 12:39:40PM</p> <p>12 MS SINDERSON: I would like to 12:40:27PM</p> <p>13 introduce Bottorff Exhibit 6, which is a 12:40:28PM</p> <p>14 document Bates stamped DG 001120 through 12:40:35PM</p> <p>15 21, which are the October 19th, 2006 12:40:43PM</p> <p>16 minutes of the meeting of the board of 12:40:46PM</p> <p>17 directors of Dollar General Corporation 12:40:48PM</p> <p>18 Q If you look on the second page 12:41:08PM</p> <p>19 of these minutes, where it says "New 12:41:10PM</p> <p>20 Committee," beginning paragraph, 12:41:15PM</p> <p>21 "Mr. Bottorff then reminded the board of 12:41:17PM</p> <p>22 its discussions at the October 8, 2006 12:41:19PM</p> <p>23 board meeting." 12:41:21PM</p> <p>24 Midway down through the 12:41:22PM</p> <p>25 paragraph, "Mr. Bottorff said that based 12:41:23PM</p>	<p>1 THORNBURGH</p> <p>2 is a November 2nd, 2006 memorandum from 12:42:32PM</p> <p>3 Susan Lanigan to the board of directors, 12:42:39PM</p> <p>4 subject line, "October 19th, 2006 Board 12:42:41PM</p> <p>5 Call." 12:42:44PM</p> <p>6 (Thornburgh Exhibit 13 marked 12:42:45PM</p> <p>7 for identification.) 12:42:55PM</p> <p>8 Q. The memo says "In preparation 12:42:56PM</p> <p>9 for next week's call, Denny Bottorff asked 12:42:57PM</p> <p>10 that I send some items to you for prior 12:42:59PM</p> <p>11 review. First, I am attaching a listing 12:42:59PM</p> <p>12 of the proposed new membership of our 12:43:02PM</p> <p>13 standing committees. We plan to ask the 12:43:03PM</p> <p>14 board to approve these new committees next 12:43:05PM</p> <p>15 week to be effective at the next regularly 12:43:06PM</p> <p>16 scheduled meetings." 12:43:09PM</p> <p>17 Mr. Thornburgh, have you seen 12:43:10PM</p> <p>18 this memo before? 12:43:11PM</p> <p>19 A I believe so 12:43:26PM</p> <p>20 Q If you turn to the second page, 12:43:26PM</p> <p>21 Bates stamped DG 149956, which is a 12:43:29PM</p> <p>22 listing of new committee memberships 12:43:31PM</p> <p>23 effective November 27, 2006, this list 12:43:35PM</p> <p>24 shows that you are, effective November 27, 12:43:37PM</p> <p>25 2006, that you will be on the Finance 12:43:41PM</p>

34 (Pages 130 to 133)

Page 134

1 THORNBURGH

2 Committee and the newly-formed Strategic 12:43:42PM

3 Planning Committee, correct? 12:43:44PM

4 A Correct 12:43:46PM

5 Q This list also shows that Denny 12:43:47PM

6 Bottorff was on the Audit Committee, was 12:43:48PM

7 the chair of the Compensation Committee, 12:43:50PM

8 and was going to be on the Strategic 12:43:52PM

9 Planning Committee, correct? 12:43:55PM

10 A Yes 12:43:56PM

11 Q And if you look at the next 12:43:56PM

12 page, which is DG 149957, is this the 12:43:58PM

13 draft charter that was adopted by the 12:44:04PM

14 board? 12:44:26PM

15 A I believe so 12:44:26PM

16 Q. It says, in the last sentence 12:44:29PM

17 of the first paragraph, "The primary 12:44:30PM

18 mission of the committee shall be to 12:44:32PM

19 review, consider and discuss any such 12:44:33PM

20 plans, changes, risks, or opportunities as 12:44:35PM

21 they arise and as directed by the board, 12:44:38PM

22 and to advise to the board regarding its 12:44:40PM

23 findings and/or recommendations " 12:44:43PM

24 Correct? 12:44:45PM

25 A That's correct. 12:44:46PM

Page 135

1 THORNBURGH

2 Q Do you recall some of the 12:44:52PM

3 recommendations made by the Strategic 12:44:54PM

4 Planning Committee to the board? 12:44:55PM

5 A To maybe delay -- well, to hire 12:45:03PM

6 Lazard, to hire Wachtell Lipton, to maybe 12:45:07PM

7 push off the final say-so on Project Alpha 12:45:13PM

8 until we could get that buttoned down a 12:45:17PM

9 little bit further To have Lehman 12:45:22PM

10 Brothers and Lazard work together 12:45:24PM

11 Q. During the existence of the 12:45:30PM

12 Strategic Planning Committee, do you 12:45:32PM

13 recall if the members of the committee 12:45:34PM

14 ever disagreed on what to recommend to the 12:45:37PM

15 board? 12:45:43PM

16 A No 12:45:43PM

17 Q So the recommendations to the 12:45:45PM

18 board were always unanimous to your 12:45:47PM

19 recollection? 12:45:52PM

20 A. Yes 12:45:53PM

21 Q Do you recall the first meeting 12:45:58PM

22 of the Strategic Planning Committee? 12:46:00PM

23 A I do not 12:46:03PM

24 Q You recall nothing about the 12:46:05PM

25 first meeting of the Strategic Planning 12:46:06PM

Page 136

1 THORNBURGH

2 Committee? 12:46:07PM

3 A If you show me some minutes, 12:46:08PM

4 then maybe I might 12:46:10PM

5 MR. DIETZ: Before we go to the 12:46:14PM

6 next document, let me reserve for the 12:46:16PM

7 record our right in connection with 12:46:17PM

8 Exhibit No. 13 and a possible inadvertent 12:46:19PM

9 waiver. 12:46:22PM

10 MR. KAZANOFF: Inadvertent 12:46:37PM

11 production We don't know I'm not sure 12:46:39PM

12 it is important enough to worry about now 12:46:41PM

13 MR. HARRIS: You are just 12:46:44PM

14 reserving your rights? 12:46:45PM

15 MR. KAZANOFF: We are just 12:46:47PM

16 reserving our rights I don't think this 12:46:48PM

17 is important enough to worry about 12:46:51PM

18 THE WITNESS: It says 12:46:53PM

19 "confidential, attorney-client privilege." 12:46:54PM

20 You can't have this 12:46:56PM

21 MS. SINDERSON: I would like to 12:47:00PM

22 introduce Bottorff Exhibit 2. It has 12:47:01PM

23 previously been marked as Bottorff Exhibit 12:47:04PM

24 2, a document Bates stamped DG 151251 12:47:06PM

25 through 252, which is the minutes of the 12:47:11PM

Page 137

1 THORNBURGH

2 Strategic Planning Committee of the board 12:47:13PM

3 of directors of Dollar General Corporation 12:47:16PM

4 dated November 1st, 2006 12:47:18PM

5 Q I would like to move down to 12:47:40PM

6 the fourth full paragraph, where it begins 12:47:43PM

7 "Mr. Bottorff asked Mr. Perdue to provide 12:47:44PM

8 a brief summary of the company's current 12:47:46PM

9 short and long-term financial projections, 12:47:48PM

10 both with and without taking into account 12:47:52PM

11 Project Alpha " 12:47:54PM

12 What do you recall from 12:47:55PM

13 Mr. Perdue's summary at this meeting? 12:47:58PM

14 A That I had great doubts about 12:48:09PM

15 the base case and I thought the base case 12:48:12PM

16 was way too optimistic. 12:48:15PM

17 Q. And the base case was without 12:48:16PM

18 implementing Project Alpha, is that 12:48:19PM

19 correct? 12:48:20PM

20 A. Right. And I think also 12:48:20PM

21 challenging the real estate case as to 12:48:26PM

22 whether they shouldn't open fewer stores. 12:48:27PM

23 Q Could you clarify, did you 12:48:39PM

24 question that they should open fewer 12:48:42PM

25 stores, your opinion was that they should 12:48:44PM

35 (Pages 134 to 137)

Page 138

1 THORNBURGH

2 open fewer stores? 12:48:45PM

3 A That's correct, to preserve 12:48:47PM

4 cash. To focus on selling the stuff, 12:48:48PM

5 fixing up the stores, and not open so many 12:48:52PM

6 stores, because they ate up cash and 12:48:55PM

7 didn't produce much in the way of profits 12:48:57PM

8 Q So is your opinion that the 12:49:01PM

9 company should slow down growth and focus 12:49:03PM

10 on strengthening its base stores? 12:49:05PM

11 A Yeah. I also thought his idea 12:49:08PM

12 that Total would come into the U.S. in 12:49:20PM

13 this market was kind of farfetched. 12:49:22PM

14 Q And that's noted at the bottom 12:49:26PM

15 of page 1, where "Mr. Perdue also briefly 12:49:28PM

16 discussed the current state of European 12:49:31PM

17 deep discount sector and the potential 12:49:33PM

18 interest of one or more of those 12:49:35PM

19 companies?" 12:49:36PM

20 A Right. 12:49:36PM

21 Q You thought that was 12:49:37PM

22 farfetched? 12:49:38PM

23 A Yeah. 12:49:40PM

24 Q If you turn to the second page, 12:49:43PM

25 where it begins "Mr. Herlihy noted that 12:49:46PM

Page 139

1 THORNBURGH

2 based on his experience, it was very 12:49:50PM

3 unlikely that the company would face a 12:49:52PM

4 hostile move from a private equity group. 12:49:54PM

5 He noted that such groups rarely proceed 12:49:56PM

6 without the support of management." 12:49:59PM

7 Did Mr. Herlihy's comments 12:50:00PM

8 weigh in for or against reconsidering the 12:50:03PM

9 company's independent strategy? 12:50:06PM

10 A Neither. 12:50:07PM

11 I think going back to all these 12:50:08PM

12 presentations, you know, somebody would 12:50:13PM

13 throw up the risk of a hostile move by a 12:50:15PM

14 private equity firm, and I said, you know, 12:50:19PM

15 I was pretty consistent in saying I never 12:50:21PM

16 thought that would happen. And Herlihy is 12:50:24PM

17 merely kind of supporting that point of 12:50:28PM

18 view. 12:50:31PM

19 Q You thought a hostile move from 12:50:31PM

20 a private equity group was unlikely to 12:50:35PM

21 happen at all or unlikely to happen 12:50:37PM

22 without the support of management? 12:50:39PM

23 A. Unlikely to happen at all. 12:50:40PM

24 Q Where it says -- directly two 12:50:59PM

25 paragraphs down, where it says "An 12:51:03PM

Page 140

1 THORNBURGH

2 involved discussion followed," do you 12:51:05PM

3 recall this discussion? 12:51:09PM

4 A No. I think that's the 12:51:16PM

5 discussion I talked about, you know, the 12:51:19PM

6 numbers, and, you know, the revised real 12:51:20PM

7 estate case and the base case was bullshit 12:51:24PM

8 and that kind of stuff. 12:51:26PM

9 Q. The next paragraph says "At the 12:51:34PM

10 close of the discussion, the committee 12:51:36PM

11 unanimously decided to recommend to the 12:51:38PM

12 full board that it would consider engaging 12:51:39PM

13 an investment banker to review the 12:51:41PM

14 soundness of management's Project Alpha 12:51:43PM

15 projections, the real estate aspect of the 12:51:43PM

16 proposal and the base case, and to advise 12:51:46PM

17 the board on market reaction to the 12:51:49PM

18 project and communication strategies." 12:51:51PM

19 Had management retained Lehman 12:51:54PM

20 Brothers by this time? 12:51:55PM

21 A. Well, as it turned out, 12:51:57PM

22 management retained Lehman Brothers in 12:51:58PM

23 August under a contract that nobody from 12:52:00PM

24 the board had ever seen, which, as it 12:52:02PM

25 turned out, was highly incented on a fee 12:52:08PM

Page 141

1 THORNBURGH

2 basis to sell the company, which is one of 12:52:11PM

3 the reasons we suggested getting Lazard 12:52:13PM

4 Q. Were there other reasons you 12:52:17PM

5 suggested retaining Lazard? 12:52:19PM

6 A. Well, one was the contract, 12:52:22PM

7 which the board had not seen. Two was a 12:52:25PM

8 sense that maybe Lehman was a little too 12:52:28PM

9 close to management and had been a part of 12:52:34PM

10 the selling of the company, and we wanted 12:52:39PM

11 someone to come in that had no 12:52:41PM

12 relationship with management or the 12:52:43PM

13 company to give us advice. 12:52:44PM

14 Q. Do you recall where the board 12:52:46PM

15 got the sense that Lehman was too close to 12:52:48PM

16 management? 12:52:52PM

17 A. You know, just reports back 12:52:53PM

18 that, you know, that Perdue was talking to 12:52:59PM

19 Andy, that Perdue was having conversations 12:53:09PM

20 with people and Andy was having 12:53:11PM

21 conversations with people, and it was out 12:53:13PM

22 of the bounds of what the management had 12:53:15PM

23 been instructed to do. 12:53:20PM

24 Q. If you look at the paragraph 12:53:26PM

25 that begins "The committee discussed the 12:53:28PM

36 (Pages 138 to 141)

	Page 142		Page 144
1	THORNBURGH	1	THORNBURGH
2	facts the company had already engaged 12:53:29PM	2	thornburgh@corsairinvestments.com, to 12:55:52PM
3	Lehman Brothers as its investment banker," 12:53:33PM	3	Barbara Bowles, David Bere, with a copy to 12:56:00PM
4	towards the end of that paragraph, it says 12:53:35PM	4	David Perdue Subject, "Confidential 12:56:03PM
5	"Mr Thornburgh recommended an expert from 12:53:35PM	5	Strategic Planning Committee, November 12:56:04PM
6	Lazard Freres, Chuck Ward, and the 12:53:37PM	6	1st, 2006," 12:56:05PM
7	committee unanimously agreed " 12:53:37PM	7	(Thornburgh Exhibit 14 marked 12:56:05PM
8	How do you know Mr Ward? 12:53:43PM	8	for identification.) 12:56:05PM
9	A. Mr Ward is the president of 12:53:45PM	9	Q. I assume that the e-mail 12:56:05PM
10	Lazard Freres He was a colleague of mine 12:53:47PM	10	address thornburgh@corsairinvestments is 12:56:10PM
11	at Credit Suisse First Boston He was a 12:53:51PM	11	your e-mail address? 12:56:11PM
12	founding member of Wasserstein Perella and 12:53:54PM	12	A That's correct. 12:56:12PM
13	had been Mr Taussig's boss. I had known 12:53:56PM	13	Q Have you seen this e-mail 12:56:14PM
14	him for my whole professional career. 12:54:01PM	14	before? 12:56:15PM
15	Q Did you call Mr Ward 12:54:06PM	15	A. I don't know if I have I have 12:56:27PM
16	immediately after this meeting? 12:54:07PM	16	certainly seen the decision tree. I don't 12:56:30PM
17	A. I don't know when I called 12:54:10PM	17	know whether I was at home -- I may not 12:56:34PM
18	Mr Ward 12:54:11PM	18	have been able to get it since I was at 12:56:37PM
19	Q Do you recall your first 12:54:11PM	19	home But I don't know. I have seen the 12:56:39PM
20	discussion with Mr Ward regarding Dollar 12:54:13PM	20	decision tree 12:56:41PM
21	General? 12:54:15PM	21	Q Focusing on the decision tree, 12:56:42PM
22	A Yes. 12:54:16PM	22	is this the decision tree that was 12:56:44PM
23	I asked whether he was free of 12:54:17PM	23	referenced in the previous exhibit, 12:56:48PM
24	conflicts, whether he would take an 12:54:19PM	24	Thornburgh Exhibit 13, that was discussed 12:56:51PM
25	assignment to work for the board, 12:54:21PM	25	at the Strategic Planning Committee? 12:56:57PM
	Page 143		Page 145
1	THORNBURGH	1	THORNBURGH
2	explaining to him the existence of Lehman 12:54:24PM	2	A No, it would have been 12:56:59PM
3	Brothers, suggested that we were on a very 12:54:27PM	3	Bottorff. 12:57:02PM
4	tight time frame and that perhaps he could 12:54:31PM	4	Q If you look at the top of page 12:57:02PM
5	piggyback off of some of the Lehman 12:54:33PM	5	2 of the Strategic Planning Committee 12:57:04PM
6	Brothers work done to date, and gave him 12:54:36PM	6	minutes that we just discussed. 12:57:07PM
7	the general sense of things that needed to 12:54:39PM	7	A Yes, that is Bottorff, that is 12:57:08PM
8	be attended to, and told him we didn't -- 12:54:43PM	8	not Thornburgh, 12:57:10PM
9	I think I also told him we didn't 12:54:49PM	9	Q It says "Mr Bottorff 12:57:11PM
10	necessarily trust the CEO and wanted his 12:54:51PM	10	referred" -- 12:57:12PM
11	point of view on the depth and quality of 12:54:54PM	11	A Yeah, that's the one. 12:57:13PM
12	the management team. 12:54:56PM	12	Q So looking at this decision 12:57:20PM
13	Q. Do you recall if you called 12:54:58PM	13	tree, the first step in the tree is to 12:57:21PM
14	Mr. Ward immediately after this meeting or 12:55:02PM	14	assess Project Alpha, correct? 12:57:24PM
15	you waited for board approval to retain 12:55:03PM	15	A. That's correct. 12:57:25PM
16	Lazard? 12:55:07PM	16	Q. The board eventually did decide 12:57:27PM
17	A. I don't know I may have 12:55:07PM	17	to move forward with Project Alpha, 12:57:28PM
18	actually talked to Chuck before the 12:55:09PM	18	correct? 12:57:30PM
19	meeting in order to see whether he would, 12:55:11PM	19	A It did. 12:57:31PM
20	you know, had a conflict 12:55:13PM	20	Q So we will focus on the top 12:57:32PM
21	MS. SINDERSON: I would like to 12:55:27PM	21	part of this decision tree 12:57:35PM
22	mark as Thornburgh Exhibit 14 a document 12:55:28PM	22	Could you explain what the next 12:57:38PM
23	Bates stamped DGE-Bottorff 0047 through 12:55:34PM	23	step in this tree is after deciding to 12:57:40PM
24	408, which is an e-mail from Susan Lanigan 12:55:44PM	24	implement Alpha? 12:57:43PM
25	to Dennis Bottorff, e-mail address 12:55:49PM	25	A To understand whether the 12:57:44PM

37 (Pages 142 to 145)

Page 146

1 THORNBURGH
 2 company is more or less vulnerable to a 12:57:46PM
 3 hostile takeover 12:57:51PM
 4 Q. And if the board had unchanged 12:57:54PM
 5 or decreased takeover risk, then the 12:57:59PM
 6 company would reaffirm independent 12:58:02PM
 7 strategy, is that correct? 12:58:04PM
 8 MR. KAZANOFF: Objection to 12:58:06PM
 9 form 12:58:06PM
 10 Q. According to the decision tree. 12:58:07PM
 11 A. Well, actually, it -- I 12:58:09PM
 12 guess -- well, the decisions -- okay, he 12:58:22PM
 13 is missing some boxes. But I think you 12:58:29PM
 14 still have to, under the "reassess 12:58:33PM
 15 independent strategy" -- okay, so what's 12:58:36PM
 16 the question? 12:58:38PM
 17 Q. I was just tracking the 12:58:39PM
 18 decision tree. 12:58:41PM
 19 Once you decide to implement 12:58:41PM
 20 Alpha, if the committee determines that 12:58:44PM
 21 there is unchanged or decreased takeover 12:58:47PM
 22 risk, then the decision tree indicates to 12:58:49PM
 23 reaffirm independent strategy? 12:58:51PM
 24 A. Yes, that's correct 12:58:53PM
 25 Q. And if there is increased 12:58:54PM

Page 147

1 THORNBURGH
 2 takeover risk, could you explain what 12:58:55PM
 3 occurs after that? 12:58:58PM
 4 A. Then you assess whether -- if 12:58:59PM
 5 you are independent, whether you want to 12:59:02PM
 6 affirm your independence, or, because 12:59:08PM
 7 you've got a higher risk, consider selling 12:59:12PM
 8 to a strategic, going to a private equity 12:59:14PM
 9 firm, or reaffirming your independent 12:59:18PM
 10 strategy. 12:59:24PM
 11 Q. Did you raise that at the 12:59:26PM
 12 meeting when you discussed this decision 12:59:27PM
 13 tree that they were missing some boxes? 12:59:29PM
 14 A. No. It is just how he has done 12:59:32PM
 15 it. 12:59:39PM
 16 Q. When you say it is missing some 12:59:41PM
 17 boxes, what do you mean? 12:59:42PM
 18 A. I would have to go back to my 12:59:44PM
 19 statistics -- my statistics book and see 12:59:49PM
 20 whether unchanged or decreased takeover 12:59:51PM
 21 risk, you still do -- you still have a 12:59:54PM
 22 decision to affirm or not affirm your 01:00:00PM
 23 independent strategy. It is a question of 01:00:01PM
 24 how many boxes you want to have, but it 01:00:03PM
 25 gets to the same place. 01:00:05PM

Page 148

1 THORNBURGH
 2 MR. KAZANOFF: Maybe we can 01:00:17PM
 3 take a break now 01:00:19PM
 4 MS. SINDERSON: That's fine. 01:00:20PM
 5 THE VIDEOGRAPHER: The time on 01:00:22PM
 6 the video monitor is 1 p.m. we are off 01:00:22PM
 7 the record. 01:00:25PM
 8 (Luncheon recess 1:00 p.m.) 01:00:25PM
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Page 149

1 THORNBURGH
 2 AFTERNOON SESSION 01:21:04PM
 3 1:24 p.m. 01:21:04PM
 4 RICHARD THORNBURGH, 01:21:04PM
 5 resumed 01:24:50PM
 6 THE VIDEOGRAPHER: We are back 01:24:50PM
 7 on the record. The time on the video 01:24:51PM
 8 monitor is 1:24 p.m. 01:24:54PM
 9 MS. SINDERSON: I would like to 01:25:22PM
 10 mark as Thornburgh Exhibit 15 a document 01:25:23PM
 11 Bates stamped DG 149823 through 824, which 01:25:25PM
 12 is the minutes of the meeting of the 01:25:30PM
 13 Finance Committee of the board of 01:25:32PM
 14 directors of Dollar General Corporation 01:25:33PM
 15 from November 2nd, 2006 01:25:35PM
 16 (Thornburgh Exhibit 15 marked 01:25:56PM
 17 for identification.) 01:25:58PM
 18 CONTINUED EXAMINATION 01:25:58PM
 19 BY MS. SINDERSON 01:26:01PM
 20 Q. Mr. Thornburgh, do you recall 01:26:01PM
 21 this meeting? I'm just looking for a yes 01:26:03PM
 22 or no if you recall the meeting in 01:27:05PM
 23 general 01:27:07PM
 24 A. I guess 01:27:07PM
 25 Q. Do you recall if there was any 01:27:08PM

<p style="text-align: right;">Page 150</p> <p>1 THORNBURGH</p> <p>2 discussion during this meeting regarding 01:27.10PM</p> <p>3 contacts with private equity groups or due 01:27:14PM</p> <p>4 diligence from KKR? 01:27:18PM</p> <p>5 A It doesn't appear to be. 01:27:19PM</p> <p>6 Q. Do you recall any discussion 01:27:21PM</p> <p>7 regarding that topic that's not reflected 01:27:23PM</p> <p>8 in the minutes? 01:27:25PM</p> <p>9 A No. 01:27:26PM</p> <p>10 MS SINDERSON: I would like to 01:28:05PM</p> <p>11 introduce an exhibit that has previously 01:28:08PM</p> <p>12 been marked as Bottorff 4, which are the 01:28:09PM</p> <p>13 minutes of the November 3rd, 2006 meeting 01:28:14PM</p> <p>14 of the board of directors of Dollar 01:28:17PM</p> <p>15 General Corporation 01:28:19PM</p> <p>16 Q Again, just yes or no, do you 01:28:33PM</p> <p>17 recall this meeting of the board of 01:28:35PM</p> <p>18 directors? 01:28:36PM</p> <p>19 A I do 01:28:37PM</p> <p>20 Q Do you recall whether at this 01:28:40PM</p> <p>21 meeting there was any discussion of 01:28:41PM</p> <p>22 meetings with private equity groups and 01:28:43PM</p> <p>23 further due diligence with KKR? 01:28:46PM</p> <p>24 MR. KAZANOFF Objection to 01:28:48PM</p> <p>25 form 01:28:49PM</p>	<p style="text-align: right;">Page 152</p> <p>1 THORNBURGH</p> <p>2 discussed the issues raised at the 01:29:55PM</p> <p>3 Strategic Planning Committee meeting on 01:29:57PM</p> <p>4 November 1st. A lengthy discussion 01:29:58PM</p> <p>5 followed concerning the feasibility of 01:30:00PM</p> <p>6 delaying a decision on Alpha while an 01:30:02PM</p> <p>7 investment banking firm is brought in to 01:30:04PM</p> <p>8 assess the project and its potential 01:30:06PM</p> <p>9 impact on the company and its stock price 01:30:08PM</p> <p>10 over the Alpha transition period " 01:30:09PM</p> <p>11 Do you recall that discussion? 01:30:11PM</p> <p>12 A Which one, the discussion of 01:30:19PM</p> <p>13 Wilds and Bottorff or the discussion of 01:30:21PM</p> <p>14 the Finance Committee? 01:30:23PM</p> <p>15 Q The discussion in the board 01:30:24PM</p> <p>16 meeting 01:30:28PM</p> <p>17 A. Yes 01:30:28PM</p> <p>18 Q. Could you tell us about that 01:30:32PM</p> <p>19 discussion? 01:30:36PM</p> <p>20 A. Yeah I think the board was 01:30:36PM</p> <p>21 getting concerned about Alpha, as I had 01:30:41PM</p> <p>22 indicated before, that we wanted some 01:30:44PM</p> <p>23 independent point of view on whether the 01:30:46PM</p> <p>24 Alpha projections seemed realistic, 01:30:47PM</p> <p>25 whether the management team had the 01:30:50PM</p>
<p style="text-align: right;">Page 151</p> <p>1 THORNBURGH</p> <p>2 MS SINDERSON What's your 01:28:50PM</p> <p>3 objection? 01:28:51PM</p> <p>4 MR. KAZANOFF I think that 01:28:52PM</p> <p>5 misstates the record and his prior 01:28:54PM</p> <p>6 testimony that there has been any due 01:28:55PM</p> <p>7 diligence. You said "further due 01:28:56PM</p> <p>8 diligence." That's my objection 01:28:59PM</p> <p>9 Q Do you recall whether there was 01:29:00PM</p> <p>10 any discussion at this meeting of contacts 01:29:01PM</p> <p>11 with private equity groups? 01:29:05PM</p> <p>12 A. Absent seeing it in the 01:29:12PM</p> <p>13 minutes, I don't recall. Is it here in 01:29:14PM</p> <p>14 the minutes anywhere? 01:29:15PM</p> <p>15 Q. Do you see it in the minutes 01:29:18PM</p> <p>16 anywhere, any discussion of contacts with 01:29:20PM</p> <p>17 private equity groups? 01:29:21PM</p> <p>18 A. No, there is no discussion I 01:29:28PM</p> <p>19 mean, you will see there is a lot of 01:29:39PM</p> <p>20 discussion here around the process 01:29:40PM</p> <p>21 Q If you look on page 3, the 01:29:43PM</p> <p>22 second-to-last paragraph there, "Mr. Wilds 01:29:47PM</p> <p>23 then introduced a discussion of the 01:29:50PM</p> <p>24 meeting on the Finance Committee of the 01:29:51PM</p> <p>25 board on November 2nd, and Mr. Bottorff 01:29:52PM</p>	<p style="text-align: right;">Page 153</p> <p>1 THORNBURGH</p> <p>2 capability of executing it, and wanted to 01:30:51PM</p> <p>3 have that kind of insight before formally 01:30:55PM</p> <p>4 approving Alpha, which would then have to 01:30:59PM</p> <p>5 be announced to the public, and wanted to 01:31:02PM</p> <p>6 make sure we understood the communication 01:31:06PM</p> <p>7 strategy around it and having an 01:31:09PM</p> <p>8 investment bank help us with that 01:31:12PM</p> <p>9 communication strategy. 01:31:14PM</p> <p>10 Q Do you recall that the board 01:31:15PM</p> <p>11 delayed its decision on Alpha? 01:31:16PM</p> <p>12 A Yes, it did. 01:31:18PM</p> <p>13 Q And if you look at the top of 01:31:22PM</p> <p>14 the page 4, the sentence that begins "To 01:31:24PM</p> <p>15 ensure an objective and independent 01:31:32PM</p> <p>16 analysis, the board also agreed that the 01:31:34PM</p> <p>17 Strategic Planning Committee should retain 01:31:36PM</p> <p>18 Lazard to consider the matter and report 01:31:38PM</p> <p>19 back to the committee " 01:31:40PM</p> <p>20 Were you appointed to contact 01:31:41PM</p> <p>21 Lazard? 01:31:43PM</p> <p>22 A Yes. 01:31:43PM</p> <p>23 Q Do you now recall that 01:31:45PM</p> <p>24 conversation following this meeting? 01:31:47PM</p> <p>25 A. I think last time you and I 01:31:49PM</p>

39 (Pages 150 to 153)

Page 154	Page 156
<p>1 THORNBURGH</p> <p>2 talked about it, we talked about what was 01:31:51PM</p> <p>3 my conversation with Lazard We didn't 01:31:53PM</p> <p>4 place when it took place, right? But I 01:31:55PM</p> <p>5 think I have given you the content of that 01:31:57PM</p> <p>6 discussion 01:31:59PM</p> <p>7 Q. And that discussion took place 01:31:59PM</p> <p>8 after the board meeting? 01:32:00PM</p> <p>9 A. Yes. After the committee -- 01:32:01PM</p> <p>10 yes, right. The discussion took place 01:32:10PM</p> <p>11 after the board meeting. 01:32:17PM</p> <p>12 MS. SINDERSON: I would like to 01:32:59PM</p> <p>13 introduce as Thornburgh Exhibit 16 a 01:33:01PM</p> <p>14 document marked LAZ 0009015, which is an 01:33:05PM</p> <p>15 e-mail from Terry Smith to Al Garner, John 01:33:11PM</p> <p>16 Sheldon, Michael Wilkerson, Jill Goodman, 01:33:15PM</p> <p>17 dated Friday, November 3rd, 2006, subject, 01:33:19PM</p> <p>18 "Dollar General" 01:33:21PM</p> <p>19 (Thornburgh Exhibit 16 marked 01:33:29PM</p> <p>20 for identification.) 01:33:35PM</p> <p>21 Q. This e-mail appears to be a 01:33:43PM</p> <p>22 report by Terry Smith from Chuck Ward, 01:33:46PM</p> <p>23 where it says "Chuck Ward says: 'I just 01:33:49PM</p> <p>24 heard from Thornburgh and the general 01:33:52PM</p> <p>25 counsel,'" and then it goes on from there. 01:33:54PM</p>	<p>1 THORNBURGH</p> <p>2 be a quarterly retainer, you know, just 01:35:32PM</p> <p>3 give us a number that seems to be 01:35:35PM</p> <p>4 reasonable. 01:35:38PM</p> <p>5 Q. You had said before that you 01:35:39PM</p> <p>6 were concerned about Lehman's independence 01:35:40PM</p> <p>7 because of their fee? 01:35:43PM</p> <p>8 A. Right, because of their 01:35:44PM</p> <p>9 transaction-related fee 01:35:46PM</p> <p>10 Q. Do you recall that 01:35:46PM</p> <p>11 transaction-related fee, what the 01:35:48PM</p> <p>12 substance of the fee arrangement was? 01:35:50PM</p> <p>13 A. Something in the neighborhood 01:35:54PM</p> <p>14 of -- it was a percentage fee. I think it 01:35:54PM</p> <p>15 would be something like 25 million bucks 01:35:58PM</p> <p>16 based upon the price that we ultimately 01:36:00PM</p> <p>17 got for the company of 22, which is pretty 01:36:02PM</p> <p>18 damn good 01:36:07PM</p> <p>19 Q. Was it important to you that 01:36:07PM</p> <p>20 the board's -- that the board's financial 01:36:09PM</p> <p>21 advisor not have a fee based on the size 01:36:12PM</p> <p>22 of the transaction? 01:36:14PM</p> <p>23 A. Yes. Well, no, that there be 01:36:15PM</p> <p>24 no -- that there not be a 01:36:18PM</p> <p>25 transaction-related fee component to the 01:36:23PM</p>
Page 155	Page 157
<p>1 THORNBURGH</p> <p>2 Can you review the e-mail and 01:33:56PM</p> <p>3 tell us if that accurately reflects your 01:33:59PM</p> <p>4 discussion with Mr. Ward 01:34:01PM</p> <p>5 (Witness perusing document.) 01:34:17PM</p> <p>6 A. Yes, it does 01:34:17PM</p> <p>7 Q. What's the IR program 01:34:21PM</p> <p>8 referenced in bullet point 3? 01:34:23PM</p> <p>9 A. Investor relations. In other 01:34:25PM</p> <p>10 words, how do you communicate the 01:34:27PM</p> <p>11 announcement of the Alpha project 01:34:31PM</p> <p>12 Q. Bullet point 5, "help deal with 01:34:47PM</p> <p>13 a potential large shareholder," what were 01:34:50PM</p> <p>14 you referencing? 01:34:52PM</p> <p>15 A. I don't know. 01:34:53PM</p> <p>16 Q. Did you discuss the fee 01:35:03PM</p> <p>17 arrangements with Mr. Ward in your initial 01:35:06PM</p> <p>18 discussion with him? 01:35:08PM</p> <p>19 A. I think we asked him to give us 01:35:11PM</p> <p>20 a number. 01:35:14PM</p> <p>21 Q. And did he do so in your 01:35:19PM</p> <p>22 initial discussion? 01:35:20PM</p> <p>23 A. I can't recall. I mean, the 01:35:23PM</p> <p>24 whole point was that this would be a, you 01:35:26PM</p> <p>25 know, a fee to do this project, it could 01:35:29PM</p>	<p>1 THORNBURGH</p> <p>2 retention 01:36:25PM</p> <p>3 Q. Why was that important to you? 01:36:27PM</p> <p>4 A. Because we wanted to make sure 01:36:28PM</p> <p>5 that they were independent in the advice 01:36:30PM</p> <p>6 that they gave us and there would be no 01:36:32PM</p> <p>7 questioning later that they were incented 01:36:34PM</p> <p>8 to do a deal because they had a contract 01:36:36PM</p> <p>9 from the beginning that had a fee, which 01:36:38PM</p> <p>10 is a pretty typical approach. 01:36:41PM</p> <p>11 Q. Did Lazard eventually have a 01:36:46PM</p> <p>12 fee that had a transaction fee? 01:36:48PM</p> <p>13 A. Lazard ultimately had a fee for 01:36:50PM</p> <p>14 giving a fairness opinion and then a 01:36:53PM</p> <p>15 completion fee 01:36:55PM</p> <p>16 Q. What is that completion fee? 01:36:56PM</p> <p>17 A. Just that, you know, when the 01:36:59PM</p> <p>18 deal closed with KKR, they got a fee 01:37:01PM</p> <p>19 Q. Do you recall when this fee for 01:37:10PM</p> <p>20 giving a fairness opinion was initially 01:37:13PM</p> <p>21 contemplated by the board? 01:37:16PM</p> <p>22 A. Yeah, at the time that we 01:37:16PM</p> <p>23 actually had a transaction to have a 01:37:18PM</p> <p>24 fairness opinion 01:37:20PM</p> <p>25 Q. And when was that? 01:37:24PM</p>

40 (Pages 154 to 157)

<p style="text-align: right;">Page 158</p> <p>1 THORNBURGH</p> <p>2 A I don't know, March, February, 01:37:27PM</p> <p>3 April, whenever we did the deal 01:37:30PM</p> <p>4 Q The day the board voted on the 01:37:32PM</p> <p>5 deal? 01:37:34PM</p> <p>6 A Well, probably a week before, I 01:37:34PM</p> <p>7 guess Whenever we had a deal, then we 01:37:37PM</p> <p>8 had to get a fairness opinion Then we 01:37:39PM</p> <p>9 had to ask them what's it going to cost. 01:37:41PM</p> <p>10 MS SINDERSON: I would like to 01:38:25PM</p> <p>11 introduce what has been previously marked 01:38:26PM</p> <p>12 as Bottorff 7, which are the minutes of 01:38:29PM</p> <p>13 the Strategic Planning Committee of the 01:38:38PM</p> <p>14 board of directors of Dollar General 01:38:39PM</p> <p>15 Corporation from November 16th, 2006 01:38:42PM</p> <p>16 Q. Mr Thornburgh, is this one of 01:38:56PM</p> <p>17 the minutes that you reviewed in 01:38:58PM</p> <p>18 preparation for today's deposition? 01:38:59PM</p> <p>19 A No. 01:39:08PM</p> <p>20 Q Have you, in going through the 01:39:09PM</p> <p>21 first however many exhibits, have we 01:39:12PM</p> <p>22 reviewed documents that you reviewed for 01:39:14PM</p> <p>23 today's deposition? 01:39:16PM</p> <p>24 A Yes 01:39:17PM</p> <p>25 Q. Do you recall which ones? 01:39:18PM</p>	<p style="text-align: right;">Page 160</p> <p>1 THORNBURGH</p> <p>2 assessment of the company's Project Alpha 01:42:32PM</p> <p>3 plan as well as their views on market 01:42:34PM</p> <p>4 considerations, potential vulnerabilities 01:42:36PM</p> <p>5 and strategic perspective He noted the 01:42:39PM</p> <p>6 full presentation would be presented to 01:42:40PM</p> <p>7 the board on November 20th, as they 01:42:40PM</p> <p>8 considered whether to approve Project 01:42:43PM</p> <p>9 Alpha, but that the Strategic Planning 01:42:45PM</p> <p>10 Committee had asked for a preview so they 01:42:46PM</p> <p>11 could take the information into 01:42:49PM</p> <p>12 consideration as it performed its duties." 01:42:51PM</p> <p>13 Why did the committee want this 01:42:53PM</p> <p>14 information earlier? 01:42:56PM</p> <p>15 A Because the committee, if we go 01:42:57PM</p> <p>16 back to the committee's charter, the 01:43:00PM</p> <p>17 charter of the committee was to advise the 01:43:02PM</p> <p>18 board on how to proceed. 01:43:03PM</p> <p>19 Q And do you recall these 01:43:11PM</p> <p>20 presentations? 01:43:14PM</p> <p>21 A I do 01:43:14PM</p> <p>22 Q What do you recall about these 01:43:15PM</p> <p>23 presentations? 01:43:18PM</p> <p>24 A Segmentation of stores by 01:43:37PM</p> <p>25 sales, some store segmentation that we had 01:43:40PM</p>
<p style="text-align: right;">Page 159</p> <p>1 THORNBURGH</p> <p>2 A Item number 3, item number 1 01:39:19PM</p> <p>3 I kind of grazed over item number 5 01:40:10PM</p> <p>4 Bottorff whatever, the October 8th minutes 01:40:29PM</p> <p>5 of the board meeting I flipped through 01:40:32PM</p> <p>6 number 12 01:40:58PM</p> <p>7 Then I think I just, you know, 01:41:23PM</p> <p>8 flipped through the minutes basically of 01:41:28PM</p> <p>9 the various meetings Some I read, some I 01:41:31PM</p> <p>10 didn't. 01:41:34PM</p> <p>11 Q In going forward, if we do see 01:41:35PM</p> <p>12 something you reviewed and you remember, 01:41:37PM</p> <p>13 if you could point that out, I would 01:41:38PM</p> <p>14 appreciate it. I will be better about 01:41:40PM</p> <p>15 asking you about the exhibits. 01:41:46PM</p> <p>16 A Okay 01:41:47PM</p> <p>17 Q Looking at the exhibit that has 01:42:12PM</p> <p>18 been marked as Bottorff 7, the meeting of 01:42:15PM</p> <p>19 the Strategic Planning Committee of the 01:42:18PM</p> <p>20 board of directors from November 16, 2006, 01:42:20PM</p> <p>21 do you see the second full paragraph that 01:42:23PM</p> <p>22 begins "Mr. Bottorff called the meeting to 01:42:24PM</p> <p>23 order and reminded the group that the 01:42:26PM</p> <p>24 meeting had been called to discuss with 01:42:27PM</p> <p>25 Lazard and Lehman their preliminary 01:42:30PM</p>	<p style="text-align: right;">Page 161</p> <p>1 THORNBURGH</p> <p>2 not seen the company do before, you know, 01:43:43PM</p> <p>3 feedback on the achievability of some 01:43:54PM</p> <p>4 aspects of the plan, where the stock would 01:43:56PM</p> <p>5 likely trade, some discussion around the 01:44:05PM</p> <p>6 stock buy-back, and tough stuff like that 01:44:10PM</p> <p>7 Q Do you recall any discussion of 01:44:25PM</p> <p>8 store growth? 01:44:27PM</p> <p>9 A I don't know. 01:44:32PM</p> <p>10 MS SINDERSON I will mark as 01:45:04PM</p> <p>11 Thornburgh 17 a document Bates stamped DG 01:45:06PM</p> <p>12 149541 through 607, which is a draft copy 01:45:11PM</p> <p>13 of a Lehman Brothers presentation entitled 01:45:19PM</p> <p>14 "Strategic Considerations," dated November 01:45:22PM</p> <p>15 20th, 2006. 01:45:25PM</p> <p>16 (Thornburgh Exhibit 17 marked 01:45:45PM</p> <p>17 for identification) 01:45:47PM</p> <p>18 Q Could you turn to internal page 01:46:08PM</p> <p>19 10, Bates numbered DG 149555. 01:46:10PM</p> <p>20 A Yes 01:46:21PM</p> <p>21 Q This page gives a summary of 01:46:21PM</p> <p>22 the base case Project Alpha and Project 01:46:24PM</p> <p>23 Alpha Real Estate, correct? 01:46:28PM</p> <p>24 A Yes 01:46:32PM</p> <p>25 Q And the base case is the status 01:46:32PM</p>

41 (Pages 158 to 161)

Page 162

1 THORNBURGH

2 quo; is that correct? 01:46:35PM

3 A. Yes 01:46:37PM

4 Q. Could you tell me your 01:46:39PM

5 understanding of the differences between 01:46:40PM

6 Project Alpha and Project Alpha Real 01:46:42PM

7 Estate? 01:46:45PM

8 A. The number of stores to be 01:46:48PM

9 opened is lower in Project Alpha Real 01:46:50PM

10 Estate than in Project Alpha. There is a 01:46:53PM

11 difference in remodeling and relocating 01:46:59PM

12 the stores. In other words, take the 01:47:05PM

13 money you would spend to open up a new 01:47:12PM

14 store, open up less new stores, and use 01:47:14PM

15 that money to remodel existing stores and 01:47:17PM

16 to relocate some stores. Those are the 01:47:21PM

17 basic differences 01:47:26PM

18 Slower growth, in other words, 01:47:27PM

19 of finding and developing new sites and 01:47:29PM

20 plow those dollars into existing real 01:47:32PM

21 estate and existing sites 01:47:35PM

22 Q. What was your opinion about 01:47:38PM

23 which was the preferable strategy? 01:47:40PM

24 A. Probably Project Alpha Real 01:47:43PM

25 Estate - Real Estate, which would have 01:47:46PM

Page 163

1 THORNBURGH

2 been the one that is not over here, which 01:47:48PM

3 is open up even less stores 01:47:50PM

4 Q. Open up less stores in the 01:47:52PM

5 course of 2006, 2007 and 2008? 01:47:54PM

6 A. Yeah. Pretty good stuff, huh? 01:47:58PM

7 Q. The Project Alpha Real Estate - 01:48:44PM

8 Real Estate, which is the further 01:48:48PM

9 development of that strategy, which was to 01:48:50PM

10 open even fewer stores, you said; is that 01:48:51PM

11 correct? 01:48:57PM

12 A. Right 01:48:57PM

13 Q. Is that to open fewer stores 01:48:58PM

14 and then to replot that money into 01:48:59PM

15 existing stores to develop those stores? 01:49:01PM

16 A. Right 01:49:03PM

17 Q. Was it to cease store growth 01:49:04PM

18 altogether eventually? 01:49:07PM

19 A. No. Just slow it down. 01:49:08PM

20 Q. Slow it down over 2006, 2007 01:49:10PM

21 and 2009? 01:49:14PM

22 A. Stabilize the operating 01:49:15PM

23 business and put the resources into the 01:49:17PM

24 existing plant rather than adding plant 01:49:22PM

25 And the complication with that 01:49:23PM

Page 164

1 THORNBURGH

2 is if you do it too slow, if you open too 01:49:25PM

3 few stores, then you lose your real estate 01:49:29PM

4 division and you can't get back out when 01:49:32PM

5 you are ready to gear it up, because you 01:49:34PM

6 have lost all your people that do that for 01:49:36PM

7 a living. So it could be a practical 01:49:38PM

8 impediment to slowing it down too much 01:49:41PM

9 Q. So the anticipation is to gear 01:49:44PM

10 it up at some point later on once you have 01:49:46PM

11 stabilized the business? 01:49:53PM

12 A. Yeah 01:49:56PM

13 You said I was supposed to go 01:49:56PM

14 back and remind you of if I remembered 01:49:58PM

15 something, right? 01:50:00PM

16 Q. Right 01:50:00PM

17 A. So on Exhibit 16, the reference 01:50:00PM

18 to "potential large shareholder," I think 01:50:02PM

19 that related to First Manhattan, who had 01:50:05PM

20 written board members about the 01:50:08PM

21 underperformance of the company 01:50:14PM

22 MS SINDERSON. I will mark as 01:50:54PM

23 Thornburgh Exhibit 18 a document Bates 01:50:56PM

24 stamped DG Perdue 00008 through 46, which 01:50:58PM

25 is a Lazard presentation to the Strategic 01:51:07PM

Page 165

1 THORNBURGH

2 Planning Committee dated November 2006 01:51:11PM

3 (Thornburgh Exhibit 18 marked 01:51:23PM

4 for identification) 01:51:25PM

5 Q. Is this the presentation Lazard 01:51:29PM

6 made to the Strategic Planning Committee 01:51:31PM

7 on November 16th? 01:51:33PM

8 A. I don't know. It says "working 01:51:34PM

9 draft" on it, so I have no idea whether 01:51:35PM

10 this is the one or not 01:51:38PM

11 Q. This was provided to us from 01:51:40PM

12 Mr. Perdue's files. Would Mr. Perdue have 01:51:43PM

13 internal files from Lazard? 01:51:46PM

14 A. No 01:51:48PM

15 Q. So can we assume that this was 01:51:51PM

16 provided to the Strategic Planning 01:51:53PM

17 Committee? 01:51:55PM

18 A. You can 01:51:55PM

19 Q. Could you please turn to 01:52:06PM

20 internal page 19, which is Bates stamped 01:52:09PM

21 DG Perdue 00038. This page is titled 01:52:30PM

22 "Financial Sponsors Active In Specialty 01:52:35PM

23 Retail - Tier 1," correct? 01:52:39PM

24 A. Correct 01:52:40PM

25 Q. The second firm listed here, 01:52:45PM

42 (Pages 162 to 165)

Page 166

1 THORNBURGH

2 Apollo Management, Apollo had contacted 01 52 47PM

3 Mr Perdue with its interest in Dollar 01:52:51PM

4 General previously, correct? 01:52 53PM

5 A I don't know. 01 52:54PM

6 Q You don't recall hearing that 01:52:56PM

7 Apollo had contacted -- 01 52:58PM

8 A. I think I may have thrown that 01 52:59PM

9 name out, yeah 01 53:01PM

10 Q And do you know if Lazard ever 01 53:03PM

11 contacted Apollo concerning any interest 01:53 06PM

12 in Dollar General, in acquiring Dollar 01 53:08PM

13 General? 01 53 11PM

14 A We ran a process and Lazard 01 53 11PM

15 called a number of people initially to get 01:53:14PM

16 their general interest So I don't know 01:53 18PM

17 whether they called Apollo or not 01:53:19PM

18 Q So Lazard did contact a number 01:53:21PM

19 of private equity firms? 01:53:24PM

20 A Yes, they did 01 53 25PM

21 Q. To ascertain their interest? 01 53:26PM

22 A Yeah 01:53 28PM

23 Q Did you have any discussions 01 53:34PM

24 with Lazard regarding these contacts? 01 53:35PM

25 A. You mean regarding these names? 01:53:39PM

Page 167

1 THORNBURGH

2 Q Uh-huh 01:53:40PM

3 A I think we discussed it at this 01 53:41PM

4 meeting when they walked through who might 01 53:44PM

5 be potential people to look at Dollar 01:53 46PM

6 General 01:53 50PM

7 Q When you say that Lazard 01 54:08PM

8 contacted a number of private equity firms 01:54 12PM

9 concerning its potential interest in 01:54:15PM

10 Dollar General, did Lazard report to the 01:54:18PM

11 Strategic Planning Committee regarding 01:54:22PM

12 those conversations? 01 54:23PM

13 A. Yes They also reported to 01:54:28PM

14 Denny outside of the, you know, the 01:54:31PM

15 regularly-scheduled meetings. 01:54:34PM

16 Q Regarding those particular 01:54:35PM

17 conversations? 01:54:37PM

18 A Around who they might talk to 01:54 37PM

19 to get a general sense of whether people 01:54 40PM

20 are interested in things 01 54:43PM

21 Understand investment banks 01:54:44PM

22 constantly are talking to private equity 01 54 47PM

23 firms The financial sponsor sector 01:54:49PM

24 represents 60 percent of the investment 01 54:54PM

25 banking fee revenue at that point in time. 01 54 56PM

Page 168

1 THORNBURGH

2 So they had pretty good 01 54 58PM

3 information as to what people were looking 01 55 00PM

4 at and what kind of opportunities people 01:55 01PM

5 were interested in and not interested in 01 55 05PM

6 They also had a pretty good view of who 01 55 08PM

7 had cash, who didn't have cash, and a 01 55 09PM

8 sense of who would work together, who 01 55 14PM

9 wouldn't work together. 01:55 16PM

10 So from a tactical standpoint, 01 55:16PM

11 you know, they and Lehman had a pretty 01 55:18PM

12 good sense of who would be interested in a 01 55 21PM

13 situation like Dollar General, which was 01 55:24PM

14 developing into a turnaround situation. 01:55 26PM

15 Project Alpha is a turnaround strategy 01 55:30PM

16 It is not a growth strategy 01 55:31PM

17 Q. Did you ever see the list of 01:55 34PM

18 investment -- or private equity firms that 01:55:37PM

19 Lazard -- 01:55:40PM

20 A. It would have been all oral 01 55:41PM

21 discussion, if that's what you are asking 01:55:43PM

22 me There is a list right here 01 55 44PM

23 (indicating). 01 55:45PM

24 Q Your understanding is that they 01:55:45PM

25 contacted each of these? 01:55 47PM

Page 169

1 THORNBURGH

2 A No. I said my understanding is 01:55:48PM

3 we had a discussion around the 01 55 50PM

4 applicability of each of these people as 01:55 52PM

5 to whether they would be worth contacting 01 55:54PM

6 or not, whether they could move within the 01 55:55PM

7 time period that we had So we had those 01 55:59PM

8 conversations. 01:56:02PM

9 Q So it is your understanding 01:56:03PM

10 that Lazard looked at, for example, this 01:56 04PM

11 list of financial sponsors active in 01:56:08PM

12 Specialty Retail - Tier 1 and determined 01:56:11PM

13 which financial sponsors may or may not be 01 56:16PM

14 interested in Dollar General before 01 56:18PM

15 contacting them? 01 56:21PM

16 MR. KAZANOFF: Can I hear that 01 56:21PM

17 question back again. 01 56:22PM

18 (The record was read.) 01:56 41PM

19 MR. KAZANOFF If you 01 56 42PM

20 understand it, go ahead. 01 56:42PM

21 A I think what you are asking me 01:56 43PM

22 is did they look at this list and come up 01:56 45PM

23 with people we should contact and did they 01 56:48PM

24 contact them 01 56:50PM

25 The answer to that would be 01 56:50PM

43 (Pages 166 to 169)

Page 170

1 THORNBURGH

2 yes. 01:56 51PM

3 Q And do you know what the 01:56 53PM

4 substance of their contacts with those 01:56 54PM

5 private equity firms was? 01:56 57PM

6 A. Pick up the phone, have a 01:57 03PM

7 general conversation of things you are 01:57:06PM

8 looking at, would you be interested in 01:57:07PM

9 something this kind of size, you know, 01:57:11PM

10 that kind of conversation 01:57:13PM

11 Then more formally, when we 01:57:15PM

12 actually -- when we actually started the 01:57 18PM

13 process, they actually invited people to 01:57:20PM

14 sign a confidentiality agreement and come 01:57 22PM

15 up and meet with some members of the 01:57:24PM

16 committee 01:57:28PM

17 Q Do you recall, looking at this 01:57 29PM

18 list, which private equity firms Lazard 01:57 31PM

19 reported having contacted? 01:57:35PM

20 A. I'm aware that Bain, 01:57 38PM

21 Blackstone, TPG and KKR were formally in 01:57:41PM

22 the process, and that one or two others 01:57:46PM

23 may have called Lehman Brothers to kind of 01:57:50PM

24 sniff around if something was going on 01:57:54PM

25 Q Do you know what those one or 01:58:01PM

Page 171

1 THORNBURGH

2 two others who might have called to sniff 01:58 03PM

3 around were? 01:58:06PM

4 A. No 01:58:06PM

5 Q. Do you know why those one or 01:58:06PM

6 two others were not invited to join? 01:58:08PM

7 A. If you are asking me about the 01:58:11PM

8 process, you know, we had a process at 01:58:13PM

9 that point in time of a deteriorating 01:58:15PM

10 company -- 01:58:18PM

11 Q Actually, I'm sorry, I don't 01:58:18PM

12 mean to interrupt you, I was just 01:58:20PM

13 asking -- 01:58:22PM

14 MR. KAZANOFF: I think he was 01:58:22PM

15 answering your question. I don't think it 01:58 23PM

16 is proper to cut the witness off 01:58:25PM

17 MS. SINDERSON. I just wanted 01:58:28PM

18 to clarify -- 01:58:30PM

19 MR. KAZANOFF: If you don't 01:58:31PM

20 understand the question, tell her 01:58:32PM

21 THE WITNESS: I think I 01:58:34PM

22 understand the question The question 01:58:34PM

23 gets to the process and how many people 01:58:36PM

24 did we talk to and why did we run the 01:58:38PM

25 process the way we did 01:58 40PM

Page 172

1 THORNBURGH

2 MS SINDERSON I'm sorry, that 01:58 42PM

3 wasn't my question at all 01:58:43PM

4 MR KAZANOFF Let's hear back 01:58 45PM

5 what your question was on the record, and 01:58 46PM

6 then we will decide whether it can be 01:58 47PM

7 answered. 01:58 50PM

8 (The record was read) 01:59:01PM

9 A Yes 01:59 01PM

10 The one or two others were not 01:59:02PM

11 invited to join because we had a 01:59 04PM

12 deteriorating company with a management 01:59 07PM

13 team we were losing confidence in, a stock 01:59 09PM

14 price that was pretty low, and, you know, 01:59 12PM

15 we wanted to move as quickly as we could 01:59:16PM

16 to determine whether there was an option 01:59 19PM

17 here to get a price that was viewed as 01:59 22PM

18 fair to the shareholders from a financial 01:59:28PM

19 point of view, to maximize shareholders' 01:59 30PM

20 wealth versus going forward with Project 01:59 34PM

21 Alpha and needing to make a management 01:59 36PM

22 change 01:59 38PM

23 And we had to do that in a 01:59 39PM

24 short order And the problem when you get 01:59 41PM

25 too many people inside the house is you 01:59:43PM

Page 173

1 THORNBURGH

2 can't run your business You spook your 01:59:45PM

3 employees. And you risk, you know, you 01:59 49PM

4 risk a market leak 01:59:53PM

5 Q So the emphasis was on the 01:59:57PM

6 speed with which you could complete this 01:59:59PM

7 process? 02:00 01PM

8 A The efficiency and the 02:00:02PM

9 effectiveness 02:00:05PM

10 Q. And not the speed? 02:00:05PM

11 A. Speed is part of it, but that's 02:00:06PM

12 not all of it. 02:00:08PM

13 Q. So more than two private equity 02:00:10PM

14 firms being brought in would interfere 02:00 12PM

15 with management? 02:00:15PM

16 A More than -- we came to the 02:00 16PM

17 conclusion that more than two competing 02:00 20PM

18 groups -- understand when people come in, 02:00 25PM

19 one group coming in brings 30 people with 02:00:28PM

20 them So when you bring two groups 02:00:30PM

21 together at one point in time, you could 02:00:34PM

22 have 60 to 70 people. They are bringing 02:00:36PM

23 their consultants. They are bringing 02:00 38PM

24 their accountants. You have 100 strangers 02:00 40PM

25 walking around Goodlettsville, Tennessee, 02:00:43PM

44 (Pages 170 to 173)

Page 174

1 THORNBURGH

2 You can't have too many of 02:00:45PM

3 those meetings without the Nashville Plain 02:00:46PM

4 Dealer right in your face about what is 02:00:46PM

5 going on in Goodlettsville, Tennessee 02:00:50PM

6 Q And when you say "more than two 02:00:51PM

7 competing groups," when the board 02:00:53PM

8 eventually did decide to move forward, 02:00:56PM

9 which in a little bit we will discuss that 02:00:58PM

10 more, it was only Bain and KKR, correct, 02:01:00PM

11 the other groups were not considered? 02:01:05PM

12 A Well, no, TPG and Blackstone, 02:01:06PM

13 one was part of one and one was part of 02:01:09PM

14 the other. 02:01:10PM

15 Q At the time that the board 02:01:11PM

16 decided to only choose KKR and Bain? 02:01:12PM

17 A. I think we had some 02:01:14PM

18 conversation -- once we had the 02:01:17PM

19 conversations with people up in New York, 02:01:19PM

20 they both expressed that they would bring 02:01:21PM

21 someone in 02:01:24PM

22 This is a very large ticket. 02:01:25PM

23 So given the absolute sizes of the funds 02:01:28PM

24 which you have in front of you, it was 02:01:30PM

25 pretty clear that it was risky to expect 02:01:33PM

Page 175

1 THORNBURGH

2 that one firm could write the whole 02:01:35PM

3 ticket 02:01:40PM

4 Q. When you say that Lazard 02:01:41PM

5 discussed with Denny Bottorff outside of 02:01:43PM

6 the meetings the process and the 02:01:45PM

7 conversations with private equity firms, 02:01:48PM

8 were these the only conversations that 02:01:50PM

9 members of the Strategic Planning 02:01:52PM

10 Committee had with the representatives 02:01:54PM

11 from Lazard that aren't recorded in the 02:01:56PM

12 official meeting minutes? 02:01:59PM

13 A. No. 02:02:01PM

14 Q. What other conversations are 02:02:02PM

15 you aware of? 02:02:04PM

16 A. Conversations with me 02:02:06PM

17 Q. What conversations did you 02:02:07PM

18 have -- 02:02:08PM

19 A. They had conversations with 02:02:10PM

20 Herlitz They had conversations with the 02:02:12PM

21 management team That is part of the 02:02:14PM

22 ongoing process. 02:02:14PM

23 Q. With members of the Strategic 02:02:14PM

24 Planning Committee, though? What 02:02:16PM

25 conversations did you have with Lazard 02:02:17PM

Page 176

1 THORNBURGH

2 outside of the meetings? 02:02:19PM

3 A. Conversations on speed, 02:02:24PM

4 conversations on timing, do we extend the 02:02:26PM

5 deadline and give people more time to 02:02:29PM

6 work, do we include other parties in the 02:02:31PM

7 process, how is management actually 02:02:35PM

8 presenting, are they presenting the 02:02:38PM

9 materials appropriately, how is the CEO 02:02:41PM

10 coming off, what are the signals that 02:02:44PM

11 management is presenting, does it look 02:02:45PM

12 like the thing is doable, you know, what 02:02:48PM

13 do you think the price is you are going to 02:02:51PM

14 get, what is the price guidance you want 02:02:53PM

15 to give to the people when they are 02:02:55PM

16 bidding, what's the tactical advice around 02:02:58PM

17 the bidding instructions, you know, do you 02:03:02PM

18 want to have a no-shop clause or not in 02:03:06PM

19 the contract. 02:03:09PM

20 Multiple issues. 02:03:09PM

21 Q. If you turn back to Bottorff 7, 02:03:12PM

22 which are the minutes from the meeting of 02:03:15PM

23 the Strategic Planning Committee dated 02:03:18PM

24 November 16th, 2006 02:03:20PM

25 So this meeting included 02:03:22PM

Page 177

1 THORNBURGH

2 discussions of meetings with private 02:03:24PM

3 equity firms or potential meetings with 02:03:26PM

4 private equity firms? 02:03:28PM

5 MR. KAZANOFF: I'm sorry, which 02:03:34PM

6 exhibit are you on? 02:03:36PM

7 MS. SINDERSON: This was 02:03:38PM

8 previously marked as Bottorff 7, which are 02:03:39PM

9 the November 16th minutes 02:03:41PM

10 MR. KAZANOFF: Thank you It 02:03:44PM

11 is just you can't read them on the copies. 02:03:44PM

12 Thank you. 02:03:47PM

13 Q. I will direct your attention 02:04:05PM

14 to -- 02:04:07PM

15 A. I've got to finish reading it. 02:04:10PM

16 (Witness perusing document) 02:04:45PM

17 A. Okay. 02:04:45PM

18 Q. If you look in the last 02:04:48PM

19 paragraph, where it says "The committee 02:04:49PM

20 considered the potential impact of the 02:04:51PM

21 Project Alpha initiatives on the process 02:04:53PM

22 the committee was considering in response 02:04:54PM

23 to the request for KKR to perform a due 02:04:56PM

24 diligence investigation of the company and 02:04:59PM

25 also discussed certain execution risks in 02:05:00PM

45 (Pages 174 to 177)

<p style="text-align: right;">Page 178</p> <p>1 THORNBURGH</p> <p>2 the implementation of Project Alpha * 02:05:02PM</p> <p>3 Do you remember the discussion 02:05:06PM</p> <p>4 of the potential impact of the Project 02:05:07PM</p> <p>5 Alpha initiatives on the process the 02:05:09PM</p> <p>6 committee was considering and response to 02:05:11PM</p> <p>7 the request from KKR to perform due 02:05:13PM</p> <p>8 diligence? 02:05:15PM</p> <p>9 A Yes it is a question of 02:05:15PM</p> <p>10 bandwidth You know, the people who are 02:05:18PM</p> <p>11 working on Project Alpha to get it off the 02:05:21PM</p> <p>12 ground are going to be the same people who 02:05:24PM</p> <p>13 are going to be involved in the due 02:05:26PM</p> <p>14 diligence by bringing someone in How 02:05:30PM</p> <p>15 much bandwidth does the corporation have 02:05:33PM</p> <p>16 to deal with a dual track 02:05:36PM</p> <p>17 Q Do you recall at this point 02:05:39PM</p> <p>18 what decision was made, whether management 02:05:42PM</p> <p>19 could handle Project Alpha and due 02:05:45PM</p> <p>20 diligence? 02:05:48PM</p> <p>21 A I don't recall Ultimately we 02:05:50PM</p> <p>22 decided it couldn't handle both I don't 02:05:54PM</p> <p>23 know whether it was decided at that 02:05:55PM</p> <p>24 meeting or not. 02:05:56PM</p> <p>25 MR KAZANOFF Katie, at your 02:06:23PM</p>	<p style="text-align: right;">Page 180</p> <p>1 THORNBURGH</p> <p>2 A Right 02:17:07PM</p> <p>3 Q And that you were in the middle 02:17:09PM</p> <p>4 of Project Alpha and it was inappropriate 02:17:11PM</p> <p>5 to consider it at that time 02:17:13PM</p> <p>6 A Uh-huh 02:17:16PM</p> <p>7 Q What changed in the situation 02:17:16PM</p> <p>8 between October 8th, and, say, November of 02:17:19PM</p> <p>9 2006 that indicated to you that it was 02:17:23PM</p> <p>10 appropriate to continue conversations with 02:17:26PM</p> <p>11 KKR? 02:17:32PM</p> <p>12 MR. KAZANOFF Objection to 02:17:32PM</p> <p>13 form 02:17:33PM</p> <p>14 A I don't know if we -- November 02:17:35PM</p> <p>15 what, what date? 02:17:38PM</p> <p>16 Q I just said November 2006. 02:17:39PM</p> <p>17 A What changed between the 02:17:45PM</p> <p>18 telephonic board call and late in November 02:17:50PM</p> <p>19 was the company continued to miss its 02:17:55PM</p> <p>20 numbers, the stock price was showing 02:17:59PM</p> <p>21 weakness, the Alpha Project was showing 02:18:03PM</p> <p>22 its complexity in the ability to get 02:18:06PM</p> <p>23 executed, and the confidence in the 02:18:08PM</p> <p>24 management team was waning. 02:18:12PM</p> <p>25 Q Isn't it true that in November 02:18:23PM</p>
<p style="text-align: right;">Page 179</p> <p>1 THORNBURGH</p> <p>2 next spot, if we might take two minutes 02:06:24PM</p> <p>3 just to make a phone call down to 02:06:27PM</p> <p>4 Tennessee We can go off the record 02:06:30PM</p> <p>5 THE VIDEOGRAPHER The time on 02:06:32PM</p> <p>6 the video monitor is 2:06 p.m. We are off 02:06:33PM</p> <p>7 the record This ends tape number three 02:06:37PM</p> <p>8 (Recess taken) 02:16:31PM</p> <p>9 THE VIDEOGRAPHER: We are back 02:16:34PM</p> <p>10 on the record. The time on the video 02:16:35PM</p> <p>11 monitor is 2:16 p.m. This starts tape 02:16:36PM</p> <p>12 number four. 02:16:39PM</p> <p>13 BY MS. SINDERSON. 02:16:43PM</p> <p>14 Q Mr. Thornburgh, I just have a 02:16:44PM</p> <p>15 question concerning your earlier testimony 02:16:47PM</p> <p>16 regarding the August 8th board meeting 02:16:49PM</p> <p>17 where you had said -- 02:16:51PM</p> <p>18 A 28th meeting? 02:16:53PM</p> <p>19 Q August 8th 02:16:54PM</p> <p>20 A August 8th? 02:16:55PM</p> <p>21 Q Excuse me, October 8th board 02:16:57PM</p> <p>22 meeting, where you had said that the 02:16:58PM</p> <p>23 reaction from several of the board 02:17:00PM</p> <p>24 members, including yourself, was to shut 02:17:02PM</p> <p>25 down the conversations with KKR 02:17:04PM</p>	<p style="text-align: right;">Page 181</p> <p>1 THORNBURGH</p> <p>2 2006, that the share price of Dollar 02:18:25PM</p> <p>3 General actually went up or increased? 02:18:28PM</p> <p>4 A I don't know. 02:18:32PM</p> <p>5 Q Do you recall in November 2006 02:18:34PM</p> <p>6 a Bank of America analyst report issuing a 02:18:39PM</p> <p>7 buy rating on Dollar General? 02:18:43PM</p> <p>8 A No 02:18:44PM</p> <p>9 Q You don't recall any discussion 02:18:45PM</p> <p>10 at board meetings regarding that analyst's 02:18:47PM</p> <p>11 report? 02:18:49PM</p> <p>12 A No 02:18:49PM</p> <p>13 MS SINDERSON: I would like to 02:18:56PM</p> <p>14 mark as Thornburgh Exhibit 19 a document 02:18:58PM</p> <p>15 Bates stamped DG 150094 through 98, which 02:19:03PM</p> <p>16 is the November 20th, 2006 meeting of the 02:19:08PM</p> <p>17 board of directors of Dollar General 02:19:11PM</p> <p>18 Corporation. 02:19:14PM</p> <p>19 (Thornburgh Exhibit 19 marked 02:19:14PM</p> <p>20 for identification.) 02:19:16PM</p> <p>21 Q If you look on the first page 02:19:49PM</p> <p>22 where it says "Project Alpha Update," 02:19:50PM</p> <p>23 "Mr. Perdue called the meeting to order, 02:19:53PM</p> <p>24 indicating that the purpose of the meeting 02:19:55PM</p> <p>25 was to continue the discussion of proposed 02:19:56PM</p>

46 (Pages 178 to 181)

Page 182	Page 184
<p>1 THORNBURGH</p> <p>2 Project Alpha and its variations, each of 02:19:59PM</p> <p>3 which consists of certain merchandizing 02:20:02PM</p> <p>4 and real estate initiatives * 02:20:06PM</p> <p>5 Do you recall during this 02:20:07PM</p> <p>6 meeting discussing continuing due 02:20:12PM</p> <p>7 diligence or beginning due diligence with 02:20:15PM</p> <p>8 KKR? 02:20:20PM</p> <p>9 MR KAZANOFF Objection to 02:20:20PM</p> <p>10 form I think it is compound as you asked 02:20:21PM</p> <p>11 it 02:20:25PM</p> <p>12 (Witness perusing document) 02:21:56PM</p> <p>13 A I do not recall a discussion 02:21:56PM</p> <p>14 particularly related to KKR. The board 02:21:59PM</p> <p>15 minutes do indicate that we recommend to 02:22:03PM</p> <p>16 the board that they should pursue Project 02:22:08PM</p> <p>17 Alpha and table discussions on other 02:22:11PM</p> <p>18 alternatives. That's code for somebody 02:22:17PM</p> <p>19 coming in and doing due diligence. 02:22:21PM</p> <p>20 Q And I'm sorry, where exactly do 02:22:27PM</p> <p>21 you see that? 02:22:29PM</p> <p>22 A. I saw that on page 3 02:22:30PM</p> <p>23 Mr. Bottorff responding, reporting on the 02:22:32PM</p> <p>24 matters of the Strategic Planning 02:22:34PM</p> <p>25 Committee, the last paragraph 02:22:36PM</p>	<p>1 THORNBURGH</p> <p>2 Q. On the right is a list of 02:24:42PM</p> <p>3 potential financial sponsors, correct? 02:24:47PM</p> <p>4 A. Correct 02:24:50PM</p> <p>5 Q. In looking at this list on the 02:24:53PM</p> <p>6 left of the potential strategic 02:24:55PM</p> <p>7 counterparts, at the top, the first 02:24:58PM</p> <p>8 company listed is Big Lots, is that 02:24:59PM</p> <p>9 correct? 02:25:01PM</p> <p>10 A. Yes. 02:25:02PM</p> <p>11 Q. Are you aware of anybody 02:25:02PM</p> <p>12 contacting Big Lots on behalf of Dollar 02:25:04PM</p> <p>13 General regarding a potential strategic 02:25:08PM</p> <p>14 combination? 02:25:11PM</p> <p>15 A. No. 02:25:11PM</p> <p>16 Q. The second one is Costco 02:25:12PM</p> <p>17 Wholesale. Are you aware of anybody 02:25:15PM</p> <p>18 contacting Costco Wholesale on behalf of 02:25:17PM</p> <p>19 Dollar General regarding a potential 02:25:20PM</p> <p>20 strategic combination? 02:25:22PM</p> <p>21 A. No 02:25:23PM</p> <p>22 The process was to go through 02:25:23PM</p> <p>23 these names to see who might be 02:25:26PM</p> <p>24 appropriate to be contacted. The only 02:25:29PM</p> <p>25 appropriate name out of this list was 02:25:31PM</p>
Page 183	Page 185
<p>1 THORNBURGH</p> <p>2 Q. Correct, I see that 02:22:37PM</p> <p>3 So on November 20th, the 02:22:40PM</p> <p>4 Strategic Planning Committee recommended 02:22:43PM</p> <p>5 that the board pursue Project Alpha and 02:22:43PM</p> <p>6 table discussion of other strategic 02:22:46PM</p> <p>7 alternatives, is that correct? 02:22:51PM</p> <p>8 A. Yes, that's what it says. 02:22:52PM</p> <p>9 MS SINDERSON I would like to 02:23:15PM</p> <p>10 introduce an exhibit that has been 02:23:17PM</p> <p>11 previously introduced as Lehman 6, which 02:23:20PM</p> <p>12 is a presentation to the board of 02:23:23PM</p> <p>13 directors of Dollar General dated November 02:23:25PM</p> <p>14 2006 from both Lazard and Lehman Brothers. 02:23:28PM</p> <p>15 Q. I just have one question about 02:23:52PM</p> <p>16 internal page 25, which is DG 150135 02:23:54PM</p> <p>17 A. Okay. 02:24:23PM</p> <p>18 Q. Which on my copy is page -- it 02:24:25PM</p> <p>19 is titled "Potential Strategic and 02:24:29PM</p> <p>20 Financial Counterparts." 02:24:32PM</p> <p>21 A. Yep 02:24:36PM</p> <p>22 Q. On the left side of this page 02:24:36PM</p> <p>23 is a list of companies that are potential 02:24:38PM</p> <p>24 strategic counterparts; is that correct? 02:24:40PM</p> <p>25 A. Yes 02:24:42PM</p>	<p>1 THORNBURGH</p> <p>2 Family Dollar, and they had a problem with 02:25:34PM</p> <p>3 the SEC 02:25:37PM</p> <p>4 The little circles on the right 02:25:39PM</p> <p>5 tells you whether there is likely to be 02:25:42PM</p> <p>6 interest. To the extent that it is fully 02:25:44PM</p> <p>7 darkened, that would tell you that the 02:25:46PM</p> <p>8 company is likely to be interested in a 02:25:48PM</p> <p>9 partnership with Dollar General 02:25:50PM</p> <p>10 You will see that there is very 02:25:51PM</p> <p>11 few people on this list whose business 02:25:54PM</p> <p>12 strategy would coincide with Dollar 02:25:57PM</p> <p>13 General, and that would be Family Dollar, 02:26:00PM</p> <p>14 where the existing CEO used to be at 02:26:03PM</p> <p>15 Dollar General and where the IR person 02:26:06PM</p> <p>16 also used to be at Dollar General. 02:26:10PM</p> <p>17 Q. So, to your knowledge, nobody 02:26:11PM</p> <p>18 from Dollar General contacted, say, Dollar 02:26:13PM</p> <p>19 Tree regarding a potential strategic 02:26:18PM</p> <p>20 combination? 02:26:19PM</p> <p>21 A. That's correct. 02:26:20PM</p> <p>22 Q. And I counted 13 companies on 02:26:21PM</p> <p>23 this list. To your knowledge, nobody 02:26:24PM</p> <p>24 contacted any of these 13 companies 02:26:26PM</p> <p>25 regarding a potential strategic 02:26:29PM</p>

47 (Pages 182 to 185)

Page 186

1 THORNBURGH

2 combination? 02:26:33PM

3 A No We had the investment 02:26:33PM

4 bankers give us their point of view on who 02:26:35PM

5 would be likely, if any, from this list to 02:26:37PM

6 do something 02:26:39PM

7 Q And the only company that the 02:26:40PM

8 investment bankers advised may want to do 02:26:42PM

9 something had serious problems with the 02:26:45PM

10 SEC at the time, is that correct? 02:26:47PM

11 A That's correct 02:26:49PM

12 It is fairly intuitive, if you 02:27:09PM

13 look at the list, that a lot of these 02:27:11PM

14 people aren't anywhere near in the same 02:27:14PM

15 business as Dollar General 02:27:16PM

16 MS SINDERSON I would like to 02:27:58PM

17 introduce as Thornburgh 20 a document 02:28:00PM

18 Bates stamped DG 151365, which is the 02:28:07PM

19 November 27, 2006 minutes from the meeting 02:28:20PM

20 of the Strategic Planning Committee of the 02:28:22PM

21 board of directors of Dollar General 02:28:24PM

22 Corporation 02:28:24PM

23 (Thornburgh Exhibit 20 marked 02:28:37PM

24 for identification) 02:28:39PM

25 Q. Mr. Thornburgh, if you look, 02:28:44PM

Page 187

1 THORNBURGH

2 this meeting was started on November 27th, 02:28:46PM

3 2006 at 12:30 p.m. and adjourned at 02:28:50PM

4 approximately 1 p.m.; is that correct? 02:28:53PM

5 A That's correct 02:28:54PM

6 Q And the focus of this short 02:28:59PM

7 meeting appears to be the possible 02:29:02PM

8 appointment of David Bere as president and 02:29:04PM

9 COO of the company, is that correct? 02:29:06PM

10 A That's correct 02:29:08PM

11 Q And at the end, there is a 02:29:08PM

12 comment "The committee also continued its 02:29:11PM

13 dialogue concerning KKR's request to 02:29:14PM

14 conduct due diligence in anticipation of a 02:29:17PM

15 possible offer to purchase the company " 02:29:19PM

16 As you noted at the last 02:29:21PM

17 meeting on November 20th, the last board 02:29:22PM

18 meeting, the Strategic Planning Committee 02:29:25PM

19 had recommended that the company table any 02:29:27PM

20 further discussions regarding KKR's 02:29:29PM

21 request to do due diligence, is that 02:29:34PM

22 correct? 02:29:35PM

23 A. That's correct. 02:29:36PM

24 Q What changed between November 02:29:39PM

25 20th, 2006 and November 27th, 2006 that 02:29:40PM

Page 188

1 THORNBURGH

2 led the committee to continue its 02:29:44PM

3 dialogue? 02:29:47PM

4 A Nothing changed I think the 02:29:47PM

5 minutes said that they -- the previous 02:29:49PM

6 minutes you quoted said that they weren't 02:29:51PM

7 going to let KKR come in and do due 02:29:53PM

8 diligence We still haven't made a 02:29:57PM

9 decision yet to invite KKR to come in and 02:30:01PM

10 do due diligence 02:30:03PM

11 Q I think if we refer back to the 02:30:10PM

12 November 20th, 2006 meeting minutes, where 02:30:13PM

13 it says "He advised that the committee 02:30:16PM

14 recommends the board should pursue Project 02:30:19PM

15 Alpha or some variant thereof and table 02:30:21PM

16 discussion of other strategic alternatives 02:30:24PM

17 for the time being " 02:30:26PM

18 A. Right 02:30:28PM

19 Q Was that just tabling 02:30:28PM

20 discussion of KKR's request -- what was 02:30:30PM

21 that tabling discussion of exactly? 02:30:33PM

22 A That it is not appropriate to 02:30:35PM

23 talk any further -- it is not appropriate 02:30:37PM

24 at this time to have a conversation about 02:30:39PM

25 anything other than Project Alpha at the 02:30:42PM

Page 189

1 THORNBURGH

2 board level. 02:30:45PM

3 Q To your recollection, at this 02:31:03PM

4 Strategic Planning Committee meeting of 02:31:06PM

5 November 27th, was there any discussion of 02:31:06PM

6 Barn at this meeting? 02:31:10PM

7 A I can't recall I mean, the 02:31:12PM

8 purpose of the meeting was really I think 02:31:17PM

9 to talk around Alpha and David Bere as 02:31:18PM

10 being the chief operating officer 02:31:22PM

11 MS SINDERSON: I would like to 02:32:51PM

12 mark as Thornburgh Exhibit 21 a document 02:32:52PM

13 Bates stamped DG 150165 through 171, which 02:32:55PM

14 are the November 28th, 2006 minutes from 02:33:01PM

15 the meeting of the board of directors of 02:33:04PM

16 Dollar General Corporation 02:33:06PM

17 (Thornburgh Exhibit 21 marked 02:33:17PM

18 for identification.) 02:33:21PM

19 Q Mr. Thornburgh, without looking 02:33:25PM

20 at the minutes right now, do you recall 02:33:28PM

21 any discussion of KKR's request to do due 02:33:29PM

22 diligence? 02:33:34PM

23 A Without looking at the minutes? 02:33:34PM

24 Q. Just before looking at the 02:33:39PM

25 minutes You can look at the minutes if 02:33:40PM

4B (Pages 186 to 189)

<p style="text-align: right;">Page 190</p> <p>1 THORNBURGH</p> <p>2 you want I didn't know if you remembered 02:33 41PM</p> <p>3 any discussion offhand 02:33 43PM</p> <p>4 (Witness perusing document.) 02:35 27PM</p> <p>5 A. No Still tabled. 02 35.27PM</p> <p>6 Q You don't recall any discussion 02:35 31PM</p> <p>7 outside of the minutes reported here? 02:35 32PM</p> <p>8 A No 02.35 34PM</p> <p>9 Q Do you recall whether the 02:35 35PM</p> <p>10 Strategic Planning Committee made a report 02.35 37PM</p> <p>11 at this board meeting? 02 35 40PM</p> <p>12 A No, I don't. 02 35 55PM</p> <p>13 Q. So as of November 28th, as you 02.35 58PM</p> <p>14 say, it is still tabled? 02.36 03PM</p> <p>15 A It appears that way 02.36 10PM</p> <p>16 MS. SINDERSON: Let's mark as 02 36 40PM</p> <p>17 Thornburgh Exhibit 22 a document Bates 02.36.42PM</p> <p>18 stamped LAZ 0009530, which is an e-mail 02 36.44PM</p> <p>19 from Jean-Francois Comte to Dennis C. 02:36:50PM</p> <p>20 Bottorff, David Wilds, Barbara Bowles, 02:36:55PM</p> <p>21 e-mail address 02:37 00PM</p> <p>22 thornburgh@corsairinvestments.com, which 02:37 03PM</p> <p>23 we have established is your e-mail 02:37.03PM</p> <p>24 address, Ed Herlihy at Wachtell, with a 02 37 06PM</p> <p>25 copy to Charles Ward, Al Garner, Michael 02 37 10PM</p>	<p style="text-align: right;">Page 192</p> <p>1 THORNBURGH</p> <p>2 e-mail? Did you realize that this 02 39.01PM</p> <p>3 December 8th meeting was being planned? 02 39 03PM</p> <p>4 A Yes 02:39 05PM</p> <p>5 Q Do you recall when that 02:39 06PM</p> <p>6 decision was made? 02 39:06PM</p> <p>7 A. No 02.39:07PM</p> <p>8 Q Were you a part of making that 02:39:09PM</p> <p>9 decision? 02.39 13PM</p> <p>10 A Yes. 02 39:14PM</p> <p>11 Q And you agreed with proceeding 02:39:14PM</p> <p>12 with these December 8th meetings? 02 39.19PM</p> <p>13 A That's correct. 02 39.21PM</p> <p>14 Q. But you did not attend the 02 39 22PM</p> <p>15 December 8th meetings? 02 39 23PM</p> <p>16 A No 02 39 25PM</p> <p>17 Q. Did you receive the 02:39:25PM</p> <p>18 presentations made by KKR and Bain on 02 39.28PM</p> <p>19 December 8th? 02 39:30PM</p> <p>20 A I don't know 02 39 34PM</p> <p>21 Q You don't recall seeing that? 02:39 36PM</p> <p>22 A No 02 39.37PM</p> <p>23 MS SINDERSON. I would like to 02 39:52PM</p> <p>24 mark as Thornburgh Exhibit 23 a document 02:39 53PM</p> <p>25 Bates stamped DG Wilds 0043 to 69, which 02 39.57PM</p>
<p style="text-align: right;">Page 191</p> <p>1 THORNBURGH</p> <p>2 Wilkerson, and Clemence Delcourt. 02:37 14PM</p> <p>3 Subject line, "Meeting - 02 37 16PM</p> <p>4 December 8th, 2006 - Agenda 02.37 17PM</p> <p>5 (Thornburgh Exhibit 22 marked 02.37.29PM</p> <p>6 for identification.) 02:37.31PM</p> <p>7 Q. Do you recall receiving this 02 37:41PM</p> <p>8 e-mail? 02:37 43PM</p> <p>9 A. I presume. 02 38.00PM</p> <p>10 Q. Do you recall making any 02.38 03PM</p> <p>11 comments on the enclosed indicative 02:38 05PM</p> <p>12 agenda? 02.38:10PM</p> <p>13 A I don't recall. 02.38:10PM</p> <p>14 Q. Do you recall what occurred 02:38:11PM</p> <p>15 between November 28th, 2006, when 02:38.13PM</p> <p>16 discussions of other strategic 02.38.17PM</p> <p>17 alternatives beyond Project Alpha were 02:38-19PM</p> <p>18 still tabled, and December 8th, 2006, when 02:38-21PM</p> <p>19 Lazard sent out this agenda? 02:38 25PM</p> <p>20 A No 02:38 40PM</p> <p>21 Q When you received this e-mail, 02 38 40PM</p> <p>22 were you surprised to receive this e-mail? 02:38 43PM</p> <p>23 A No. And I did not attend the 02.38.46PM</p> <p>24 meeting. 02 38 59PM</p> <p>25 Q Did you expect to receive this 02.39.00PM</p>	<p style="text-align: right;">Page 193</p> <p>1 THORNBURGH</p> <p>2 is a KKR presentation to Dollar General, 02:40 03PM</p> <p>3 December 8th, 2006. 02.40.06PM</p> <p>4 (Thornburgh Exhibit 23 marked 02:40.08PM</p> <p>5 for identification.) 02 40 20PM</p> <p>6 Q Just walking through the 02:40:41PM</p> <p>7 presentation by KKR, it begins on page 3 02 40 43PM</p> <p>8 with KKR's background and then moves on to 02 40:48PM</p> <p>9 KKR's strategy; is that correct? 02 40 51PM</p> <p>10 A. Yes 02.40:58PM</p> <p>11 Q Then it goes through KKR's 02:40.59PM</p> <p>12 resources, including its senior advisors, 02:41 01PM</p> <p>13 Capstone and Capstone Consulting? 02:41:04PM</p> <p>14 A. Okay. 02:41:14PM</p> <p>15 Q. Does this refresh your 02:41-15PM</p> <p>16 recollection that you've seen this 02:41:17PM</p> <p>17 presentation before today? 02:41 19PM</p> <p>18 A I can't tell you one way or the 02 41:54PM</p> <p>19 other Some of it looks familiar 02:41:55PM</p> <p>20 Q. Do you know who did attend the 02:41 58PM</p> <p>21 meeting? 02:42 00PM</p> <p>22 A Barbara, Denny -- Barbara and 02:42 01PM</p> <p>23 Denny I don't know if David Wilds was 02:42 07PM</p> <p>24 there or not 02:42:10PM</p> <p>25 Q Did you speak to them after the 02 42:13PM</p>

49 (Pages 190 to 193)

	Page 194		Page 196
1	THORNBURGH	1	THORNBURGH
2	meeting regarding what occurred on 02:42:14PM	2	Q And then the next page has some 02:44:25PM
3	December 8th? 02:42:16PM	3	perspectives on future business plans for 02:44:28PM
4	A I spoke to -- I think I talked 02:42:17PM	4	Dollar General and KKR proposed valuation 02:44:30PM
5	to Michael and maybe Chuck 02:42:23PM	5	It moves on to process and timing and 02:44:34PM
6	Q Michael Wilkerson? 02:42:28PM	6	concludes with due diligence items. 02:44:37PM
7	A Yeah 02:42:30PM	7	And some of this is familiar, 02:44:42PM
8	Q And what was that discussion? 02:42:32PM	8	but you don't recall receiving this 02:44:44PM
9	A Just, you know, how the 02:42:34PM	9	presentation? 02:44:45PM
10	meetings went. 02:42:37PM	10	A. Right 02:44:46PM
11	Q Did they report that the two 02:42:39PM	11	Q And you don't recall discussing 02:44:52PM
12	firms were equal in interest or both 02:42:43PM	12	this presentation with Ms. Bowles or 02:44:54PM
13	excited about the opportunity? 02:42:46PM	13	Mr Bottorff? 02:44:58PM
14	A I think both interested 02:42:48PM	14	A. I think I probably talked to 02:44:58PM
15	Q. If we just continue going 02:42:51PM	15	Denny -- I talked to Denny about it 02:45:00PM
16	through this KKR presentation, it reports 02:42:53PM	16	Q. What was Mr Bottorff's 02:45:02PM
17	"their unmatched large transaction 02:42:58PM	17	impression? 02:45:04PM
18	experience, their industry expertise, 02:43:00PM	18	A. That they were both, you know, 02:45:04PM
19	their experience with family-controlled 02:43:04PM	19	said they could move quickly and get the 02:45:08PM
20	business " 02:43:10PM	20	work done, high level of interest. 02:45:13PM
21	Would that be particularly 02:43:10PM	21	Q. Did you ever see the 02:45:33PM
22	relevant to Dollar General with its Turner 02:43:13PM	22	presentation made by Bain that day? 02:45:35PM
23	family connection? 02:43:15PM	23	A I don't know. If you show me 02:45:38PM
24	A No, because it is a public 02:43:16PM	24	the Bain presentation, I will let you 02:45:41PM
25	company. 02:43:19PM	25	know 02:45:54PM
	Page 195		Page 197
1	THORNBURGH	1	THORNBURGH
2	Q "Their retail sector focus, 02:43:19PM	2	MS SINDERSON: I would like to 02:45:54PM
3	their investment thesis, their investment 02:43:23PM	3	mark as Exhibit 24 a document Bates 02:45:58PM
4	returns on their retail investments," and 02:43:26PM	4	stamped BA 00017304 through 309, which is 02:46:01PM
5	then several case studies, correct? 02:43:31PM	5	the Bain Capital Dollar General 02:46:10PM
6	A Correct 02:43:33PM	6	Presentation, Bain Capital Overview, 02:46:14PM
7	Q If you turn to internal page 02:43:40PM	7	December 8th, 2006 02:46:15PM
8	22, which is DG Wilds 00065, it says "The 02:43:42PM	8	(Thornburgh Exhibit 24 marked 02:46:27PM
9	work done to date The KKR team has done 02:43:49PM	9	for identification.) 02:46:30PM
10	a significant amount of work on Dollar 02:43:52PM	10	Q. Do you recall seeing this 02:46:52PM
11	General to date, including numerous 02:43:54PM	11	presentation? 02:46:53PM
12	interviews with industry experts and 02:43:57PM	12	A. No 02:46:53PM
13	executives, reviewed multiple industry 02:43:59PM	13	Q. Did Mr. Bottorff, 02:46:58PM
14	research reports focusing on the state of 02:44:01PM	14	Mr. Wilkerson, or Mr Ward have any 02:47:01PM
15	the dollar store industry and its future 02:44:03PM	15	Bain-specific comments in their 02:47:03PM
16	potential, analyzed research reports and 02:44:04PM	16	conversations with you? 02:47:04PM
17	financial models, thoroughly reviewed all 02:44:06PM	17	A The fact that I think they had 02:47:05PM
18	publicly-available information and modeled 02:44:09PM	18	done some deal in Canada and were, you 02:47:07PM
19	company financial projections under 02:44:11PM	19	know, thought they knew the dollar space 02:47:09PM
20	multiple scenarios." 02:44:13PM	20	pretty well and thought that they could 02:47:13PM
21	Were you aware that they had 02:44:14PM	21	take some lessons learned from the 02:47:16PM
22	done this amount of work at this time? 02:44:16PM	22	Canadian operation and create value 02:47:20PM
23	A Yes It all speaks to their 02:44:18PM	23	The implication of that was 02:47:24PM
24	ability to move quickly. That's the 02:44:20PM	24	that they would be a good buyer, do their 02:47:28PM
25	purpose of the page there 02:44:22PM	25	work quickly. 02:47:31PM

50 (Pages 194 to 197)

Page 198

1 THORNBURGH

2 Q Going back to the time span 02:47:31PM

3 between December 28th, when the board had 02:47:33PM

4 decided -- or the Strategic Planning 02:47:36PM

5 Committee had recommended tabling 02:47:38PM

6 discussions -- November 28th, I'm sorry, 02:47:40PM

7 November 28th, 2006 meeting of the board 02:47:45PM

8 of directors, where they had decided to 02:47:47PM

9 table discussions of further meetings with 02:47:51PM

10 private equity groups and the December 8th 02:47:56PM

11 meeting with both Bain and KKR, do you 02:47:59PM

12 recall the change that occurred there? 02:48:05PM

13 MR DIETZ: Objection to form 02:48:09PM

14 MR KAZANOFF: Objection 02:48:11PM

15 Asked and answered. I think it also 02:48:11PM

16 misstates the November 28th document 1 02:48:14PM

17 think it says "tabled for the time being" 02:48:15PM

18 Q I'm sorry, the November 20th 02:48:37PM

19 meeting -- do you recall what happened 02:48:48PM

20 between the November 20th meeting of the 02:48:49PM

21 board of directors, where Mr. Bottorff 02:48:53PM

22 advised the board that the committee 02:48:55PM

23 recommends that the board should pursue 02:48:56PM

24 Project Alpha or some variant thereof and 02:48:59PM

25 table discussion of other strategic 02:49:01PM

Page 199

1 THORNBURGH

2 alternatives for the time being, and 02:49:02PM

3 December 8th when they had these meetings 02:49:06PM

4 with Bain and KKR? 02:49:08PM

5 A And the question is? 02:49:13PM

6 Q Do you recall what occurred 02:49:14PM

7 between those two meetings to change the 02:49:15PM

8 board's view? 02:49:19PM

9 A. A fair amount of conversation 02:49:19PM

10 around the riskiness of Project Alpha, a 02:49:23PM

11 stock that could linger in kind of low 02:49:27PM

12 single-digit to, you know -- high 02:49:32PM

13 single-digit to low double-digit numbers, 02:49:38PM

14 and be stuck there for three or four 02:49:42PM

15 years, and whether this is the management 02:49:44PM

16 team to take us to the promised land 02:49:45PM

17 At some point we made a 02:49:49PM

18 decision that we should enter into a 02:49:51PM

19 process to see whether we could get better 02:49:54PM

20 value for the shareholders by doing a 02:49:57PM

21 transaction today versus taking the 02:50:00PM

22 execution risk of implementing Project 02:50:02PM

23 Alpha. 02:50:04PM

24 Q When you say "whether this is 02:50:05PM

25 the management team to execute Project 02:50:07PM

Page 200

1 THORNBURGH

2 Alpha,* are you speaking specifically 02:50:09PM

3 about any particular member of the 02:50:11PM

4 management team? 02:50:12PM

5 A. The whole management team. 02:50:12PM

6 Q The whole management team? 02:50:14PM

7 A The whole management team 02:50:15PM

8 Q. So between November 20th and 02:50:44PM

9 December 8th, the decision was made by the 02:50:46PM

10 board to explore the sale of the company? 02:50:49PM

11 A. To explore conversations with 02:50:50PM

12 private equity firms to see whether they 02:50:52PM

13 would have an indication of interest at a 02:50:54PM

14 price greater than the valuation price 02:50:57PM

15 that we had reviewed with both Lazard and 02:51:01PM

16 Lehman Brothers, and then, you know, based 02:51:04PM

17 on their indication of interest, to then 02:51:06PM

18 consider whether we allow them in to do 02:51:09PM

19 due diligence. 02:51:12PM

20 Q. And at that point, once they 02:51:13PM

21 gave their indications of interest, was 02:51:15PM

22 the decision then made to explore the 02:51:17PM

23 option of selling the company? 02:51:20PM

24 A That's correct. 02:51:22PM

25 Q Was the decision made to sell 02:51:27PM

Page 201

1 THORNBURGH

2 the company if they reached an acceptable 02:51:28PM

3 price? 02:51:31PM

4 A I think the decision was to 02:51:32PM

5 wait to see what they came back with in a 02:51:33PM

6 definitive fashion and then decide whether 02:51:37PM

7 to do something. There was no 02:51:38PM

8 agreed-upon, you know, magic number that 02:51:41PM

9 we had to hit. 02:51:43PM

10 Q Was there some concern that if 02:51:44PM

11 you waited until the price was offered, 02:51:46PM

12 you wouldn't have time to sufficiently 02:51:48PM

13 consider the price? 02:51:50PM

14 MR DIETZ: Objection to form. 02:51:53PM

15 A I don't understand the 02:51:55PM

16 question. 02:51:55PM

17 Q Was there some concern that if 02:51:56PM

18 you waited until the price was offered 02:51:57PM

19 before deciding to sell the company, that 02:52:00PM

20 it would not give you sufficient time to 02:52:02PM

21 consider the price? 02:52:04PM

22 A. No. 02:52:05PM

23 I think that history has shown 02:52:06PM

24 that the best way to get the highest price 02:52:09PM

25 is to establish a hurdle rate for which 02:52:12PM

51 (Pages 198 to 201)

<p style="text-align: right;">Page 202</p> <p>1 THORNBURGH</p> <p>2 people know they have to hit if they are 02:52:16PM</p> <p>3 going to come in the building, to have a 02:52:19PM</p> <p>4 competitive process of more than one 02:52:23PM</p> <p>5 bidder, and to be consistent in the 02:52:25PM</p> <p>6 dialogue with the potential bidders that 02:52:29PM</p> <p>7 they've got to get above a basic rate, a 02:52:31PM</p> <p>8 basic number, in order for the board to 02:52:38PM</p> <p>9 consider it, but never to say "We want X," 02:52:40PM</p> <p>10 It is always you have to be in the range 02:52:42PM</p> <p>11 of somewhere, you know 02:52:44PM</p> <p>12 Q When you began this process 02:52:48PM</p> <p>13 with KKR and Bain, was the process 02:52:50PM</p> <p>14 confidential? For example, did KKR 02:52:55PM</p> <p>15 realize that Bain was involved? 02:52:57PM</p> <p>16 A I think we let them know that 02:52:59PM</p> <p>17 they were not the only bidder, that they 02:53:01PM</p> <p>18 were not the only company coming in doing 02:53:03PM</p> <p>19 due diligence 02:53:06PM</p> <p>20 Q But you didn't tell them the 02:53:06PM</p> <p>21 other company? 02:53:07PM</p> <p>22 A No We didn't tell them that 02:53:07PM</p> <p>23 Jon was in or Katie was in or Pete was in 02:53:09PM</p> <p>24 We said "We are having a small number of 02:53:13PM</p> <p>25 people come in. You are not exclusive." 02:53:15PM</p>	<p style="text-align: right;">Page 204</p> <p>1 THORNBURGH</p> <p>2 document Bates numbered DG 151366, which 03:02:19PM</p> <p>3 is the minutes from the meeting of the 03:02:23PM</p> <p>4 Strategic Planning Committee of the board 03:02:27PM</p> <p>5 of directors of Dollar General Corporation 03:02:28PM</p> <p>6 from December 21st, 2006 03:02:30PM</p> <p>7 Q Look at the third full 03:02:54PM</p> <p>8 paragraph here 03:02:55PM</p> <p>9 "Representatives from Lazard 03:02:56PM</p> <p>10 described their communications over the 03:02:58PM</p> <p>11 preceding weeks with KKR and Bain. They 03:03:00PM</p> <p>12 summarized the data that had been provided 03:03:02PM</p> <p>13 to the firms and discussed the preliminary 03:03:03PM</p> <p>14 indications of interest from the firms." 03:03:06PM</p> <p>15 Do you recall the data that was 03:03:07PM</p> <p>16 provided to the firms prior to December 03:03:08PM</p> <p>17 21st, 2006? 03:03:11PM</p> <p>18 A You mean provided to KKR and 03:03:15PM</p> <p>19 Bain? 03:03:17PM</p> <p>20 Q Yes 03:03:17PM</p> <p>21 A All the Project Alpha, 03:03:18PM</p> <p>22 probably, material 03:03:21PM</p> <p>23 Q And that's it? 03:03:23PM</p> <p>24 A Well, financial, you know, 03:03:25PM</p> <p>25 financial projections and stuff that they 03:03:27PM</p>
<p style="text-align: right;">Page 203</p> <p>1 THORNBURGH</p> <p>2 You make it very clear that it 02:53:16PM</p> <p>3 is not an exclusive process. Remember 02:53:18PM</p> <p>4 what KKR has been asking for the whole 02:53:22PM</p> <p>5 time was an exclusive process. The 02:53:24PM</p> <p>6 process here is, A, not exclusive, B, it 02:53:26PM</p> <p>7 is competitive, and, C, you are not 02:53:30PM</p> <p>8 getting in the door unless you understand 02:53:33PM</p> <p>9 we are not going to do anything unless the 02:53:35PM</p> <p>10 price is above kind of X. 02:53:36PM</p> <p>11 Q. By "competitive," you mean more 02:53:38PM</p> <p>12 than one bidder? 02:53:40PM</p> <p>13 A. Yes. 02:53:41PM</p> <p>14 MS SINDERSON- Now would be an 02:53:49PM</p> <p>15 okay time to take a break. 02:53:50PM</p> <p>16 THE VIDEOGRAPHER The time on 02:53:52PM</p> <p>17 the video monitor is 2:53 p.m. We are off 02:53:53PM</p> <p>18 the record 02:53:57PM</p> <p>19 (Recess taken) 03:01:47PM</p> <p>20 THE VIDEOGRAPHER: We are back 03:01:58PM</p> <p>21 on the record The time on the video 03:01:59PM</p> <p>22 monitor is 3:01 p.m. 03:02:01PM</p> <p>23 MS SINDERSON I'm going to 03:02:14PM</p> <p>24 introduce what has been previously marked 03:02:15PM</p> <p>25 as Bottorff Exhibit 11, which is a 03:02:17PM</p>	<p style="text-align: right;">Page 205</p> <p>1 THORNBURGH</p> <p>2 would ask for. 03:03:28PM</p> <p>3 Q It says "The committee and its 03:03:35PM</p> <p>4 advisors discussed possible next steps in 03:03:38PM</p> <p>5 the process. The committee considered 03:03:39PM</p> <p>6 whether to continue providing information 03:03:40PM</p> <p>7 to KKR and Bain. The committee also 03:03:42PM</p> <p>8 considered whether to solicit indications 03:03:44PM</p> <p>9 of interest from other potential buyers 03:03:46PM</p> <p>10 After further discussion, the committee 03:03:48PM</p> <p>11 determined that it would provide a 03:03:50PM</p> <p>12 complete update to the full board of 03:03:51PM</p> <p>13 directors at its next meeting." 03:03:53PM</p> <p>14 Do you recall if the committee 03:03:55PM</p> <p>15 had any recommendations to the board 03:03:56PM</p> <p>16 following this meeting? 03:03:58PM</p> <p>17 (Witness perusing document.) 03:04:40PM</p> <p>18 A. No. 03:04:40PM</p> <p>19 Q. Do you recall the discussion 03:04:41PM</p> <p>20 surrounding the topic whether to solicit 03:04:45PM</p> <p>21 indications of interest from other 03:04:47PM</p> <p>22 potential buyers? 03:04:49PM</p> <p>23 A Not at the meeting, no. 03:04:55PM</p> <p>24 MS. SINDERSON. I would like to 03:05:47PM</p> <p>25 mark as Thornburgh Exhibit 25 a document 03:05:48PM</p>

52 (Pages 202 to 205)

<p style="text-align: right;">Page 206</p> <p>1 THORNBURGH</p> <p>2 Bates stamped DG 15055 through 5084, which 03:05:56PM</p> <p>3 are the minutes from the meeting of the 03:06:06PM</p> <p>4 board of directors of Dollar General 03:06:08PM</p> <p>5 Corporation dated January 5th, 2007 03:06:10PM</p> <p>6 (Thornburgh Exhibit 25 marked 03:06:29PM</p> <p>7 for identification) 03:06:30PM</p> <p>8 Q If you look on page 2, it has 03:06:38PM</p> <p>9 the Strategic Planning Committee update. 03:06:40PM</p> <p>10 The second paragraph, it says 03:06:43PM</p> <p>11 - this starts with "As a result of these 03:06:45PM</p> <p>12 efforts " The second sentence is "He 03:06:48PM</p> <p>13 explained that the decisions before the 03:06:49PM</p> <p>14 board today were, 1, to permit the firms 03:06:50PM</p> <p>15 additional access to management and allow 03:06:55PM</p> <p>16 the process to continue, and, 2, if so, 03:06:57PM</p> <p>17 whether to broaden the process to include 03:07:00PM</p> <p>18 other firms " 03:07:02PM</p> <p>19 If you look in the fourth 03:07:03PM</p> <p>20 paragraph that begins "Mr Bottorff asked 03:07:05PM</p> <p>21 the representatives from Lazard," in the 03:07:08PM</p> <p>22 middle, do you see the sentence where it 03:07:09PM</p> <p>23 says "They explained why the two firms 03:07:12PM</p> <p>24 were selected KKR had initially 03:07:14PM</p> <p>25 contacted the company, and Bain is known 03:07:17PM</p>	<p style="text-align: right;">Page 208</p> <p>1 THORNBURGH</p> <p>2 the committee that they had done a lot of 03:08:43PM</p> <p>3 work on Dollar General 03:08:45PM</p> <p>4 So the discussion was around 03:08:46PM</p> <p>5 you had Bain in there because they have 03:08:48PM</p> <p>6 done a deal in Canada similar to this. 03:08:50PM</p> <p>7 They have an expertise in retailing They 03:08:53PM</p> <p>8 typically work with another firm We 03:08:55PM</p> <p>9 talked about whether we should call 03:08:57PM</p> <p>10 Blackstone and bring them in, whether we 03:08:59PM</p> <p>11 should call Carlyle and bring them in 03:09:01PM</p> <p>12 The general feeling was that Bain would 03:09:04PM</p> <p>13 probably bring somebody in with them, and 03:09:06PM</p> <p>14 our sense was that KKR was going to bring 03:09:09PM</p> <p>15 someone in with them as well. 03:09:12PM</p> <p>16 So I think we concluded that we 03:09:13PM</p> <p>17 had the two horses They would bring -- 03:09:17PM</p> <p>18 they each would have to probably bring in 03:09:20PM</p> <p>19 a partner in order to provide the equity 03:09:23PM</p> <p>20 check, and at this stage of the process, 03:09:26PM</p> <p>21 that seemed to us to be the appropriate 03:09:27PM</p> <p>22 kind of competitive tension 03:09:30PM</p> <p>23 Q As we discussed, KKR had been 03:09:32PM</p> <p>24 in contact with Mr. Perdue starting in the 03:09:35PM</p> <p>25 summer of 2006, is that fair? 03:09:38PM</p>
<p style="text-align: right;">Page 207</p> <p>1 THORNBURGH</p> <p>2 for its retail expertise " 03:07:18PM</p> <p>3 A. Uh-huh 03:07:20PM</p> <p>4 Q Was there a discussion at this 03:07:21PM</p> <p>5 meeting of why Lazard had not contacted a 03:07:23PM</p> <p>6 company that initially contacted Dollar 03:07:28PM</p> <p>7 General? 03:07:35PM</p> <p>8 MR. KAZANOFF Before I object, 03:07:36PM</p> <p>9 let me hear it back. 03:07:37PM</p> <p>10 (The record was read.) 03:07:51PM</p> <p>11 MR. KAZANOFF: If you 03:07:52PM</p> <p>12 understand it 03:07:52PM</p> <p>13 A. The discussion was around who 03:08:04PM</p> <p>14 do you have in the process, what's their 03:08:06PM</p> <p>15 knowledge and expertise around retailing, 03:08:08PM</p> <p>16 what's their ability to have enough money 03:08:11PM</p> <p>17 in their fund from a concentration 03:08:13PM</p> <p>18 standpoint to do a deal of this size, and 03:08:16PM</p> <p>19 in order to also garner the financing from 03:08:19PM</p> <p>20 financing sources. 03:08:24PM</p> <p>21 So the discussion was around 03:08:25PM</p> <p>22 Bain had had no previous discussions with 03:08:27PM</p> <p>23 management that we knew of, since, you 03:08:31PM</p> <p>24 know, the July time frame. KKR had You 03:08:34PM</p> <p>25 have seen from the stuff that KKR sent to 03:08:38PM</p>	<p style="text-align: right;">Page 209</p> <p>1 THORNBURGH</p> <p>2 A. Uh-huh. 03:09:39PM</p> <p>3 Q Was there any discussion of 03:09:40PM</p> <p>4 whether KKR had an unfair advantage over 03:09:42PM</p> <p>5 Bain by getting a head start? 03:09:46PM</p> <p>6 A. All that stuff is kind of 03:09:47PM</p> <p>7 irrelevant The fact of the matter is we 03:09:49PM</p> <p>8 took the process away from David Perdue 03:09:51PM</p> <p>9 We took it away from David Perdue fairly 03:09:54PM</p> <p>10 early We created a special committee. 03:09:56PM</p> <p>11 So whether or not KKR had had 03:09:59PM</p> <p>12 conversations with management is kind of 03:10:02PM</p> <p>13 irrelevant, because we had taken him out 03:10:04PM</p> <p>14 of the process and we put it in the hands 03:10:05PM</p> <p>15 of a special committee. 03:10:08PM</p> <p>16 Q. My question was more centered 03:10:10PM</p> <p>17 on, was there a discussion of whether KKR 03:10:12PM</p> <p>18 had had an unfair advantage just starting 03:10:14PM</p> <p>19 earlier than Bain, because Bain had 03:10:17PM</p> <p>20 apparently been contacted at the end of 03:10:19PM</p> <p>21 November or sometime early December? 03:10:21PM</p> <p>22 A. Whatever KKR did, they did on 03:10:22PM</p> <p>23 their own They didn't do it through the 03:10:24PM</p> <p>24 company The company didn't provide KKR 03:10:26PM</p> <p>25 any information any sooner than the 03:10:28PM</p>

53 (Pages 206 to 209)

<p style="text-align: right;">Page 210</p> <p>1 THORNBURGH</p> <p>2 information that was provided to Bain 03 10 30PM</p> <p>3 In fact, Bain had actually 03:10 32PM</p> <p>4 bought a company in the space, so, in 03 10 34PM</p> <p>5 theory, knew the space better than KKR 03 10 37PM</p> <p>6 did. 03:10.39PM</p> <p>7 Q So there was no discussion of 03 10 39PM</p> <p>8 that, then, correct? 03 10.42PM</p> <p>9 A. Correct I think the 03:10.43PM</p> <p>10 conclusion would be there is no unfair 03:10 51PM</p> <p>11 advantage. 03 10 55PM</p> <p>12 Q If you look on page 3, at the 03:10 55PM</p> <p>13 last paragraph before "Committee 03 10 59PM</p> <p>14 Transitional Membership," it says "The 03 11 02PM</p> <p>15 board determined at this time the process 03 11 05PM</p> <p>16 would not be broadened to include other 03:11.07PM</p> <p>17 firms," correct? 03-11-11PM</p> <p>18 A. I'm sorry, where are you? 03-11-12PM</p> <p>19 Q In the paragraph directly 03.11.14PM</p> <p>20 before Section 3. 03 11.15PM</p> <p>21 A. Yes 03:11:19PM</p> <p>22 Q. And that's correct, that the 03 11 19PM</p> <p>23 board decided at that time that the 03 11.21PM</p> <p>24 process would not be broadened to include 03:11 23PM</p> <p>25 other firms? 03:11:24PM</p>	<p style="text-align: right;">Page 212</p> <p>1 THORNBURGH</p> <p>2 (Thornburgh Exhibit 26 marked 03:13.41PM</p> <p>3 for identification) 03 13-51PM</p> <p>4 A What did you say the date of 03:13:54PM</p> <p>5 this was? 03 13 55PM</p> <p>6 Q This was January 5th, 2007 03:13 56PM</p> <p>7 If you turn to internal page 3, 03 14:31PM</p> <p>8 DG 150564, a page entitled "Summary of Key 03 14:35PM</p> <p>9 Financial Metrics Provided to Bain and 03 14 42PM</p> <p>10 KKR." 03.14 42PM</p> <p>11 Do you recall what the 03.14.51PM</p> <p>12 alternative case was? 03-14 52PM</p> <p>13 A. Yes. What you would call a 03 15-05PM</p> <p>14 seller's case as opposed to a case that 03:15.07PM</p> <p>15 management thought they could actually 03 15 10PM</p> <p>16 achieve and get paid on. That's how I 03:15 11PM</p> <p>17 would look at it. 03.15.14PM</p> <p>18 Q And what were the assumptions 03.15.15PM</p> <p>19 under the alternative case that differed 03 15 17PM</p> <p>20 from the Alpha case? 03 15-18PM</p> <p>21 A I think better margins I 03-15.19PM</p> <p>22 would have to refresh myself 03.15 24PM</p> <p>23 Well, clearly the EBITDA 03.15:27PM</p> <p>24 margins are better, so there has to be a 03:15.30PM</p> <p>25 better gross margin. Yes, a slightly 03:15 32PM</p>
<p style="text-align: right;">Page 211</p> <p>1 THORNBURGH</p> <p>2 A. Yeah. Other firms in the 03 11 29PM</p> <p>3 context of another group, another bidding 03 11 35PM</p> <p>4 group 03 11 41PM</p> <p>5 I think there was -- as I said, 03:11 41PM</p> <p>6 there was discussion around the fact that 03 11 43PM</p> <p>7 both Bain and KKR would probably bring in 03 11.46PM</p> <p>8 a firm with them, that they would end up 03 11:50PM</p> <p>9 partnering. 03 11 53PM</p> <p>10 Q Was there any discussion that 03.11.54PM</p> <p>11 at a later time the process might be 03.11.55PM</p> <p>12 broadened to include other firms or other 03 11 58PM</p> <p>13 groups? 03:12.03PM</p> <p>14 A Ask the question again. 03 12.05PM</p> <p>15 Q. Do you recall that at this 03 12 06PM</p> <p>16 board meeting there was any discussion of 03 12 08PM</p> <p>17 whether at a later time the process would 03:12:10PM</p> <p>18 be broadened to include other firms? 03 12.12PM</p> <p>19 A. Not to my knowledge 03:12 16PM</p> <p>20 MS. SINDERSON I would like to 03 13:24PM</p> <p>21 mark as Thornburgh Exhibit 26 a document 03 13.25PM</p> <p>22 Bates stamped DG 150559 through 584, which 03 13 28PM</p> <p>23 is a presentation to the board of 03 13 34PM</p> <p>24 directors of Dollar General dated January 03:13.36PM</p> <p>25 5th, 2007 by Lazard 03 13 39PM</p>	<p style="text-align: right;">Page 213</p> <p>1 THORNBURGH</p> <p>2 better gross margin. Slightly better 03 15.34PM</p> <p>3 growth. 03 15.39PM</p> <p>4 Q And these projections extended 03 15 40PM</p> <p>5 out to 2009, correct? 03:15:42PM</p> <p>6 A It appears on this page they go 03:15:44PM</p> <p>7 out to 2009, yes. 03 15.47PM</p> <p>8 Q. Do you recall seeing any 03:15 48PM</p> <p>9 projections from Lazard that extend beyond 03.15.49PM</p> <p>10 2009? 03 15-52PM</p> <p>11 A. Do I? 03:15-55PM</p> <p>12 Q. Correct. 03:15:57PM</p> <p>13 A. I think Lazard probably did 03-15-59PM</p> <p>14 analysis that went beyond 2009 where they 03:16 01PM</p> <p>15 extrapolated. 03:16:05PM</p> <p>16 Q. Do you recall seeing that 03:16 05PM</p> <p>17 analysis? 03.16 07PM</p> <p>18 A I don't know. I don't recall 03.16-07PM</p> <p>19 it, but I'm sure we've got it somewhere. 03:16.11PM</p> <p>20 You are going to show it to me is my bet. 03 16.14PM</p> <p>21 You wouldn't ask the question unless you 03:16:21PM</p> <p>22 knew the answer 03:16:23PM</p> <p>23 Look at that, we've got a 03.16 27PM</p> <p>24 discussion of Family Dollar in there, too 03 16 29PM</p> <p>25 We must have done our work. 03:16.36PM</p>

54 (Pages 210 to 213)

<p style="text-align: right;">Page 214</p> <p>1 THORNBURGH</p> <p>2 Q You can put that to the side 03 16 38PM</p> <p>3 just for now We will get back to that 03 16 40PM</p> <p>4 MS. SINDERSON: I would like to 03 16 52PM</p> <p>5 mark as Exhibit 27 a document Bates 03.16.53PM</p> <p>6 stamped LAZ 0007833 through 38 03:16:58PM</p> <p>7 (Thornburgh Exhibit 27 marked 03 17 05PM</p> <p>8 for identification.) 03 17:17PM</p> <p>9 Q This document is a presentation 03 17 46PM</p> <p>10 by Lazard titled "Valuation Materials," 03 17 49PM</p> <p>11 dated December 2006. 03.17 53PM</p> <p>12 A Well, it is not a presentation 03:17 58PM</p> <p>13 It looks to me like it is an internal 03 18.00PM</p> <p>14 working document. 03:18:02PM</p> <p>15 Q Internal working document 03:18 03PM</p> <p>16 A. It says "use the function 03 18 06PM</p> <p>17 'update title and subject' under the 03.18.06PM</p> <p>18 'insert update menu "' 03 18:07PM</p> <p>19 I don't think that is a 03:18 10PM</p> <p>20 presentation 03:18 11PM</p> <p>21 Q Do you recall seeing these 03 18:11PM</p> <p>22 slides? 03 18:12PM</p> <p>23 A. No. 03 18.13PM</p> <p>24 Q Do you recall ever seeing these 03:18:15PM</p> <p>25 extrapolations out to 2014 that are shown 03:18 17PM</p>	<p style="text-align: right;">Page 216</p> <p>1 THORNBURGH</p> <p>2 is. I think what this is is a sensitivity 03:20:00PM</p> <p>3 analysis This is a sensitivity analysis 03 20 07PM</p> <p>4 that kicks out cash flow in the turnover 03 20 09PM</p> <p>5 years When you do that, you will get 03 20.14PM</p> <p>6 different numbers 03 20 16PM</p> <p>7 Q Do you recall that in January 03 20.57PM</p> <p>8 2007 members of management met with KKR 03 20 58PM</p> <p>9 and Bain to present on aspects of the 03 21 02PM</p> <p>10 company? 03:21 10PM</p> <p>11 A I recall management met with 03 21.11PM</p> <p>12 them I don't recall when it was. It 03 21:15PM</p> <p>13 would have been before they were allowed 03 21 18PM</p> <p>14 to come in the building is my guess 03 21 20PM</p> <p>15 Q. Do you know at what point they 03:21:21PM</p> <p>16 were allowed to come in the building? 03.21.23PM</p> <p>17 A I presume after the January 03 21:24PM</p> <p>18 board meeting. 03:21:26PM</p> <p>19 Q Did the Strategic Planning 03.21.27PM</p> <p>20 Committee attend the presentations to KKR 03 21 31PM</p> <p>21 and Bain made by management? 03:21:37PM</p> <p>22 A I don't know I think Lazard 03 21 38PM</p> <p>23 did 03 21 40PM</p> <p>24 Q. You have no recollection of 03:21:40PM</p> <p>25 attending these meetings? 03.21 42PM</p>
<p style="text-align: right;">Page 215</p> <p>1 THORNBURGH</p> <p>2 on page 2? 03 18:19PM</p> <p>3 A. I don't know. I don't think 03.18.30PM</p> <p>4 so 03 18 34PM</p> <p>5 Q If you look on page 1, titled 03:18 34PM</p> <p>6 "Key Assumptions," do you see where it 03 18:39PM</p> <p>7 says "For the 2009-2014 period, key 03.18.43PM</p> <p>8 assumptions are the following Store 03 18.47PM</p> <p>9 activity," with a bullet point, "annual 03:18:50PM</p> <p>10 store openings kept constant in 2010 and 03 18 52PM</p> <p>11 2011, 700 traditional and 40 DG Markets, 03 18:55PM</p> <p>12 and then decreasing gradually to zero 03:18:59PM</p> <p>13 2014." 03.19.04PM</p> <p>14 Was this assumption in line 03 19:04PM</p> <p>15 with management's reports to the board? 03:19:06PM</p> <p>16 A No The board never had -- I 03:19 18PM</p> <p>17 don't think we ever had anything going out 03 19.20PM</p> <p>18 to 2014 Management never did 03:19 23PM</p> <p>19 Q. Was it part of the Alpha plan 03 19:26PM</p> <p>20 to decrease store openings to zero in 03 19:28PM</p> <p>21 2014? 03.19 32PM</p> <p>22 A Not to my knowledge 03 19.33PM</p> <p>23 Q Was that part of the board's 03.19.36PM</p> <p>24 plan? 03:19 39PM</p> <p>25 A You know, I don't know if this 03 19 40PM</p>	<p style="text-align: right;">Page 217</p> <p>1 THORNBURGH</p> <p>2 A. I certainly did not 03:21:42PM</p> <p>3 Q. Do you know when the term 03:21:58PM</p> <p>4 Project Beta was coined? 03:21 59PM</p> <p>5 A. Yes Once we decided to let -- 03 22 03PM</p> <p>6 I believe once we decided to let the firms 03:22:06PM</p> <p>7 come in and do their due diligence, that 03 22 10PM</p> <p>8 was referred to as Project Beta 03:22 12PM</p> <p>9 MS SINDERSON: I would like to 03 23 25PM</p> <p>10 mark as Thornburgh Exhibit 28 the minutes 03.23:27PM</p> <p>11 from the meeting of the Strategic Planning 03:23:33PM</p> <p>12 Committee of the board of directors of 03:23:34PM</p> <p>13 Dollar General Corporation dated February 03:23:37PM</p> <p>14 5th, 2007. 03:23:39PM</p> <p>15 (Thornburgh Exhibit 28 marked 03.23:39PM</p> <p>16 for identification) 03:23 53PM</p> <p>17 Q. I have a question related to 03:23:54PM</p> <p>18 something you said earlier 03.23 55PM</p> <p>19 You said Dollar General had an 03:23:56PM</p> <p>20 open committee policy. Does that mean 03:23:58PM</p> <p>21 that any members of the board were allowed 03 24 00PM</p> <p>22 to attend any committee? 03 24:03PM</p> <p>23 A. Yeah. 03 24.04PM</p> <p>24 Q. And that was true for the 03:24:09PM</p> <p>25 Strategic Planning Committee? 03:24.12PM</p>

55 (Pages 214 to 217)

<p style="text-align: right;">Page 218</p> <p>1 THORNBURGH</p> <p>2 A. Yes. Because I think you've 03:24:12PM</p> <p>3 got notes once or twice of the people, 03:24:15PM</p> <p>4 Neal Purcell or somebody decided to join. 03:24:19PM</p> <p>5 Q If you hold on to that, I would 03:24:27PM</p> <p>6 also like to mark as Thornburgh Exhibit 29 03:24:29PM</p> <p>7 a document Bates stamped DG 151425 through 03:24:32PM</p> <p>8 26 These are two pages of handwritten 03:24:39PM</p> <p>9 notes 03:24:45PM</p> <p>10 (Thornburgh Exhibit 29 marked 03:24:54PM</p> <p>11 for identification) 03:24:56PM</p> <p>12 Q I will just let you know these 03:25:08PM</p> <p>13 have been represented to us as the 03:25:11PM</p> <p>14 handwritten notes upon which these final 03:25:13PM</p> <p>15 meeting minutes were based 03:25:15PM</p> <p>16 Does that appear correct to 03:25:17PM</p> <p>17 you? 03:25:21PM</p> <p>18 MR. KAZANOFF Objection to 03:25:21PM</p> <p>19 form 03:25:22PM</p> <p>20 A I'm sorry, what did you just 03:25:22PM</p> <p>21 say? 03:25:25PM</p> <p>22 Q These handwritten notes, it has 03:25:25PM</p> <p>23 been represented to plaintiffs that these 03:25:28PM</p> <p>24 are the notes upon which the meeting 03:25:29PM</p> <p>25 minutes were drafted 03:25:33PM</p>	<p style="text-align: right;">Page 220</p> <p>1 THORNBURGH</p> <p>2 discussing re whether Dollarama can come 03:26:42PM</p> <p>3 in " 03:26:50PM</p> <p>4 A Oh, right That is whether 03:26:50PM</p> <p>5 Dollarama can come in and help do the due 03:26:53PM</p> <p>6 diligence Bain wanted to bring in some 03:26:54PM</p> <p>7 management people from Dollarama to help 03:26:58PM</p> <p>8 them do their diligence You know, David 03:27:00PM</p> <p>9 was a little squeamish about that 03:27:06PM</p> <p>10 MS. SINDERSON: I would like to 03:27:59PM</p> <p>11 mark as Thornburgh Exhibit 30 the meeting 03:28:00PM</p> <p>12 of the Finance Committee of the board of 03:28:08PM</p> <p>13 directors of Dollar General Corporation, 03:28:10PM</p> <p>14 February 26th, 2007 03:28:12PM</p> <p>15 (Thornburgh Exhibit 30 marked 03:28:24PM</p> <p>16 for identification.) 03:28:27PM</p> <p>17 Q I have a question about the 03:28:36PM</p> <p>18 second-to-last paragraph on the first page 03:28:37PM</p> <p>19 that starts out "Mr. Tehle's request" - 03:28:39PM</p> <p>20 is that how you pronounce his name? 03:28:44PM</p> <p>21 A Uh-huh 03:28:45PM</p> <p>22 Q. And then the third sentence 03:28:46PM</p> <p>23 says, "He then discussed the 2007 sale 03:28:48PM</p> <p>24 plan, explaining the reasons for the 03:28:50PM</p> <p>25 planned increase in same-store sales 03:28:52PM</p>
<p style="text-align: right;">Page 219</p> <p>1 THORNBURGH</p> <p>2 Does that seem correct to you? 03:25:35PM</p> <p>3 MR. KAZANOFF Objection to 03:25:36PM</p> <p>4 form. 03:25:37PM</p> <p>5 A I wouldn't know 03:25:38PM</p> <p>6 Q Proceeding on that assumption, 03:25:42PM</p> <p>7 at the top here where it lists out the 03:25:44PM</p> <p>8 attendees and it says "no Thornburgh," do 03:25:48PM</p> <p>9 you recall being present at this meeting? 03:25:51PM</p> <p>10 A Well, you have "Dick" right 03:25:52PM</p> <p>11 above it. 03:25:54PM</p> <p>12 Q I didn't know if there was 03:25:55PM</p> <p>13 another Dick that might have attended. 03:25:57PM</p> <p>14 A. No. 03:25:58PM</p> <p>15 Q Then if you see the sentence 03:26:03PM</p> <p>16 that begins "Extensive conversations with 03:26:04PM</p> <p>17 both bidders (Dollarama issue)." 03:26:06PM</p> <p>18 A Yes. 03:26:14PM</p> <p>19 Q What was the Dollarama issue? 03:26:15PM</p> <p>20 A I don't know what the Dollarama 03:26:17PM</p> <p>21 issue is, but it is Bain, you know, Bain 03:26:19PM</p> <p>22 bought Dollarama. 03:26:23PM</p> <p>23 Q. Then if you look on the second 03:26:28PM</p> <p>24 page, DG 151426, about two-thirds of the 03:26:33PM</p> <p>25 way down, it says "not competitive, 03:26:40PM</p>	<p style="text-align: right;">Page 221</p> <p>1 THORNBURGH</p> <p>2 versus the plan previously presented in 03:28:54PM</p> <p>3 connection with the Project Alpha approval 03:28:57PM</p> <p>4 process " 03:28:59PM</p> <p>5 Were these planned increases 03:29:00PM</p> <p>6 incorporated into Lazard's model? 03:29:03PM</p> <p>7 A This relates to how you report 03:29:31PM</p> <p>8 same-store sales. This is one of the 03:29:34PM</p> <p>9 issues that Family Dollar had. There is 03:29:37PM</p> <p>10 an SEC convention that you don't include 03:29:42PM</p> <p>11 partially-opened stores. 03:29:54PM</p> <p>12 So if you open a store, let's 03:29:56PM</p> <p>13 say, in year 2005, and it is open six 03:29:59PM</p> <p>14 months, and then you present results in 03:30:03PM</p> <p>15 2006, you can't include the 03:30:05PM</p> <p>16 partially-opened store in 2005 when 03:30:11PM</p> <p>17 talking about sales growth in 2006 because 03:30:13PM</p> <p>18 it is going to give you an inflated 03:30:18PM</p> <p>19 number. 03:30:18PM</p> <p>20 This is not a question of 03:30:20PM</p> <p>21 revenues It is a question of how you 03:30:21PM</p> <p>22 present methodologically same-store sales 03:30:23PM</p> <p>23 growth when you talk in earnings releases. 03:30:28PM</p> <p>24 Q KKR eventually made an offer to 03:30:48PM</p> <p>25 purchase Dollar General for \$22 a share, 03:30:50PM</p>

56 (Pages 218 to 221)

Page 222

1 THORNBURGH

2 correct? 03:30:53PM

3 A Yes. 03:30:55PM

4 Q When did you first learn of 03:30:57PM

5 KKR's offer? 03:30:59PM

6 A I was at Lazard Freres when we 03:31:02PM

7 had a meeting scheduled, Finance Committee 03:31:06PM

8 scheduled, which we had to postpone by an 03:31:10PM

9 hour because they had not come in with a 03:31:13PM

10 number yet 03:31:15PM

11 Q You had the Finance 03:31:16PM

12 Committee -- 03:31:18PM

13 A. Strategic. 03:31:18PM

14 Q. You had the Strategic Planning 03:31:20PM

15 Committee meeting scheduled in 03:31:22PM

16 anticipation of an offer? 03:31:26PM

17 A Yes They had been given a 03:31:26PM

18 deadline. 03:31:28PM

19 Q. Do you recall what that 03:31:28PM

20 deadline was? 03:31:29PM

21 A No 03:31:30PM

22 Q Did Lazard make a presentation 03:31:38PM

23 to the Strategic Planning Committee in 03:31:41PM

24 connection with this offer? 03:31:44PM

25 A. It wasn't a flip chart 03:31:46PM

Page 223

1 THORNBURGH

2 presentation. It was a review of the 03:31:48PM

3 written communication or fax communication 03:31:54PM

4 they had received from KKR, conversations 03:31:56PM

5 they had had with KKR and the 03:31:59PM

6 conversations they had with Bain. I don't 03:32:02PM

7 know whether they had talked to TPG, but 03:32:07PM

8 TPG had dropped out. 03:32:11PM

9 So it was -- they presented an 03:32:12PM

10 oral communication of the fax to the 03:32:20PM

11 committee 03:32:25PM

12 Q So you don't recall seeing a 03:32:25PM

13 presentation, though? 03:32:27PM

14 A. For the Strategic Planning 03:32:30PM

15 Committee, no. Not to my knowledge. 03:32:31PM

16 Q. Had Lazard been retained at 03:32:37PM

17 that point to render a fairness opinion? 03:32:39PM

18 A No 03:32:44PM

19 Q Had the board discussed 03:32:45PM

20 retaining Lazard to render a fairness 03:32:48PM

21 opinion by that point? 03:32:50PM

22 A Not to my knowledge. 03:32:54PM

23 Q To your understanding, the 03:32:58PM

24 board had not discussed changing Lazard's 03:33:00PM

25 fee to include a fairness opinion to that 03:33:02PM

Page 224

1 THORNBURGH

2 point? 03:33:04PM

3 A That's correct 03:33:05PM

4 MS SINDERSON I would like to 03:34:15PM

5 introduce an exhibit that has been 03:34:19PM

6 previously marked as Bottorff 19, which is 03:34:20PM

7 the meeting minutes of the board of 03:34:25PM

8 directors of Dollar General Corporation 03:34:26PM

9 dated March 10th, 2007 03:34:29PM

10 I would also like to introduce 03:34:34PM

11 an exhibit that was previously marked as 03:34:36PM

12 Lazard 1, which is a Lazard presentation 03:34:37PM

13 to the board of directors titled "Project 03:34:41PM

14 Beta," dated March 10th, 2007 03:34:46PM

15 Q. You were present at this March 03:35:05PM

16 10th meeting, correct? 03:35:07PM

17 A I was 03:35:08PM

18 Q Do you recall the presentation 03:35:09PM

19 made by Lazard? 03:35:11PM

20 A I do 03:35:13PM

21 Q This was the first time you had 03:35:17PM

22 seen a Lazard summary of the KKR offer? 03:35:19PM

23 A. I think so. Is there a summary 03:35:34PM

24 in here? I thought Wachtell was the one 03:35:41PM

25 who did this. 03:35:47PM

Page 225

1 THORNBURGH

2 Q Starting on page 1, "Summary of 03:35:54PM

3 KKR Offer " 03:36:00PM

4 A. Did we have a committee meeting 03:36:01PM

5 before this to go over it? I don't know 03:36:03PM

6 So I don't know whether this is the first 03:36:05PM

7 time I saw it. But I do recall seeing 03:36:07PM

8 this 03:36:17PM

9 Q Do you recall the questions by 03:36:37PM

10 the board members regarding Lazard's 03:36:39PM

11 financial projections included in this 03:36:41PM

12 presentation? 03:36:48PM

13 MR KAZANOFF. Objection to 03:36:48PM

14 form. You said Lazard's financial 03:36:49PM

15 projections? 03:36:51PM

16 MS SINDERSON: The financial 03:36:52PM

17 projections contained in Lazard's 03:36:53PM

18 presentation 03:36:55PM

19 A What was the question? 03:37:04PM

20 Q Do you recall the board members 03:37:05PM

21 asking any questions regarding these 03:37:06PM

22 financial projections? 03:37:08PM

23 A. At this meeting or previously? 03:37:08PM

24 Q At this meeting 03:37:10PM

25 A At this meeting, no 03:37:19PM

57 (Pages 222 to 225)

<p style="text-align: right;">Page 226</p> <p>1 THORNBURGH</p> <p>2 Q. Do you recall at any other time 03:37:27PM</p> <p>3 board members asking questions? 03:37:30PM</p> <p>4 A. Yes 03:37:33PM</p> <p>5 Q. Do you recall those questions? 03:37:33PM</p> <p>6 A. Yeah. At one point Robbins 03:37:35PM</p> <p>7 decided that the numbers should be 03:37:42PM</p> <p>8 turbocharged and asked Tehle if he 03:37:44PM</p> <p>9 couldn't redo Project Alpha after four 03:37:47PM</p> <p>10 months of doing it and come up with higher 03:37:49PM</p> <p>11 numbers 03:37:52PM</p> <p>12 Q. Do you recall when he asked him 03:37:52PM</p> <p>13 to do that? 03:37:54PM</p> <p>14 A. Somewhere before this date I 03:37:58PM</p> <p>15 remember being a little flipped out about 03:38:03PM</p> <p>16 it. 03:38:06PM</p> <p>17 Q. Are those turbocharged numbers 03:38:07PM</p> <p>18 reflected in this presentation? 03:38:10PM</p> <p>19 A. No 03:38:11PM</p> <p>20 Q. By doing projections after four 03:38:15PM</p> <p>21 months of doing Alpha, how did that change 03:38:18PM</p> <p>22 the projections? What assumptions were 03:38:21PM</p> <p>23 different for those projections? 03:38:24PM</p> <p>24 A. I can't recall. But I just 03:38:26PM</p> <p>25 found it kind of unprofessional, 03:38:30PM</p>	<p style="text-align: right;">Page 228</p> <p>1 THORNBURGH</p> <p>2 A. Yes. I mean, the discussion 03:39:18PM</p> <p>3 about a revised set of numbers came out in 03:39:27PM</p> <p>4 the context of a meeting 03:39:30PM</p> <p>5 I don't know whether it was an 03:39:31PM</p> <p>6 Audit Committee I attended or in the 03:39:32PM</p> <p>7 discussion of one of the board private 03:39:39PM</p> <p>8 sessions where he kind of said "Well, you 03:39:41PM</p> <p>9 know, I went and asked David to go present 03:39:43PM</p> <p>10 a set of numbers to me," which I just 03:39:46PM</p> <p>11 thought was kind of nuts 03:39:48PM</p> <p>12 Q. Do you know if these 03:39:49PM</p> <p>13 assumptions or those projections were ever 03:39:51PM</p> <p>14 included in Lazard's presentations to the 03:39:53PM</p> <p>15 committee or to the board? 03:39:56PM</p> <p>16 A. No 03:39:58PM</p> <p>17 Q. So that was strictly between 03:40:00PM</p> <p>18 the CFO and Mr. Robbins? 03:40:02PM</p> <p>19 A. Yeah. 03:40:04PM</p> <p>20 THE WITNESS. Are we running 03:40:26PM</p> <p>21 out of time on the tape? 03:40:27PM</p> <p>22 MS. SINDERSON. We will take a 03:40:31PM</p> <p>23 break here 03:40:32PM</p> <p>24 THE VIDEOGRAPHER. The time on 03:40:33PM</p> <p>25 the video monitor is 3.40 p.m. We are off 03:40:34PM</p>
<p style="text-align: right;">Page 227</p> <p>1 THORNBURGH</p> <p>2 irrelevant, and it is just crazy. 03:38:33PM</p> <p>3 Q. What is crazy about it? 03:38:35PM</p> <p>4 A. You don't have your whole 03:38:36PM</p> <p>5 management team work for five months on a 03:38:38PM</p> <p>6 set of assumptions and then go have the 03:38:40PM</p> <p>7 CFO in his own little room come up with a 03:38:44PM</p> <p>8 different set of assumptions without 03:38:46PM</p> <p>9 having his management teams and his 03:38:48PM</p> <p>10 colleagues who have to implement those 03:38:49PM</p> <p>11 assumptions say whether they could be 03:38:51PM</p> <p>12 implemented or not. That's just not 03:38:53PM</p> <p>13 credible. 03:38:54PM</p> <p>14 Q. Do you recall what the 03:38:55PM</p> <p>15 different assumptions were? 03:38:56PM</p> <p>16 A. No 03:38:57PM</p> <p>17 Q. Do you recall your discussions 03:39:01PM</p> <p>18 with Mr. Robbins regarding those 03:39:02PM</p> <p>19 assumptions? 03:39:06PM</p> <p>20 A. I think when I found out about 03:39:06PM</p> <p>21 it, I challenged both him and the CFO and 03:39:08PM</p> <p>22 I mentioned it to Denny that this was 03:39:11PM</p> <p>23 nuts 03:39:14PM</p> <p>24 Q. Did this occur in a meeting, a 03:39:14PM</p> <p>25 committee meeting or a board meeting? 03:39:17PM</p>	<p style="text-align: right;">Page 229</p> <p>1 THORNBURGH</p> <p>2 the record. This ends tape number four 03:40:37PM</p> <p>3 (Recess taken) 03:46:58PM</p> <p>4 THE VIDEOGRAPHER. We are back 03:46:58PM</p> <p>5 on the record. The time on the video 03:46:59PM</p> <p>6 monitor is 3:46 p.m. This starts tape 03:47:01PM</p> <p>7 number five 03:47:01PM</p> <p>8 BY MS. SINDERSON 03:47:04PM</p> <p>9 Q. Mr. Thornburgh, you wanted to 03:47:05PM</p> <p>10 add something to one of your answers? 03:47:07PM</p> <p>11 A. You asked me whether I recalled 03:47:09PM</p> <p>12 the Lazard presentation at the board, and 03:47:10PM</p> <p>13 the reason I said yes, I recall it, is 03:47:12PM</p> <p>14 because there was a pretty explicit 03:47:15PM</p> <p>15 statement made by Lazard that the private 03:47:17PM</p> <p>16 equity firms were able to get financing at 03:47:21PM</p> <p>17 terms that AA corporate industrial 03:47:26PM</p> <p>18 companies could not get in terms of 03:47:31PM</p> <p>19 attractiveness of the financing, which 03:47:33PM</p> <p>20 would facilitate their ability to pay what 03:47:35PM</p> <p>21 they paid 03:47:38PM</p> <p>22 And he turned out to be right, 03:47:38PM</p> <p>23 because it turned out to be the last deal 03:47:40PM</p> <p>24 that got done, and nobody has gotten 03:47:43PM</p> <p>25 financing terms like this since 03:47:45PM</p>

58 (Pages 226 to 229)

<p style="text-align: right;">Page 230</p> <p>1 THORNBURGH</p> <p>2 MS SINDERSON I just wanted 03:47:52PM</p> <p>3 to introduce as Thornburgh Exhibit 31 what 03:47:53PM</p> <p>4 has been represented to us as the 03:47:57PM</p> <p>5 handwritten notes upon which the board 03:48:01PM</p> <p>6 meeting minutes for January 30th, 2007 03:48:03PM</p> <p>7 were created 03:48:06PM</p> <p>8 (Thornburgh Exhibit 31 marked 03:48:17PM</p> <p>9 for identification) 03:48:19PM</p> <p>10 Q I have a question about the 03:48:27PM</p> <p>11 notes on page Bates DG 151416 03:48:29PM</p> <p>12 Do you see at the top it is the 03:48:35PM</p> <p>13 strategic planning update by Boltorff? 03:48:37PM</p> <p>14 About halfway down, it changes 03:48:41PM</p> <p>15 and says "At Robbins' request, Susan and 03:48:43PM</p> <p>16 Bere and DAP" -- which I assume is David 03:48:47PM</p> <p>17 Perdue -- "discussed morale of people in 03:48:51PM</p> <p>18 the loop. Susan also discussed data room 03:48:52PM</p> <p>19 process and Q&A process Denny then 03:48:56PM</p> <p>20 discussed relationships with investment 03:48:59PM</p> <p>21 bankers, Lehman for the company and Lazard 03:49:00PM</p> <p>22 for board of directors, and the current 03:49:03PM</p> <p>23 fees" -- and I can't exactly read that -- 03:49:06PM</p> <p>24 "to them " 03:49:08PM</p> <p>25 A "Amongst " 03:49:09PM</p>	<p style="text-align: right;">Page 231</p> <p>1 THORNBURGH</p> <p>2 (The record was read) 03:50:26PM</p> <p>3 A. It should be Lehman participate 03:50:26PM</p> <p>4 in the financing 03:50:28PM</p> <p>5 THE WITNESS Man, you are 03:50:34PM</p> <p>6 actually paying attention to what I'm 03:50:34PM</p> <p>7 saying? I'm impressed 03:50:36PM</p> <p>8 Q So the discussion was to let 03:50:44PM</p> <p>9 Lazard give the fairness opinion and 03:50:45PM</p> <p>10 increase Lazard's fees without increasing 03:50:47PM</p> <p>11 the overall cost? 03:50:49PM</p> <p>12 A. Correct 03:50:50PM</p> <p>13 Q So at this time there was some 03:50:51PM</p> <p>14 discussion of letting Lazard do the 03:50:53PM</p> <p>15 fairness opinion or have Lazard do a 03:50:56PM</p> <p>16 fairness opinion? 03:50:58PM</p> <p>17 A Yes As we say right in here, 03:50:59PM</p> <p>18 we wanted to get a fairness opinion from 03:51:01PM</p> <p>19 Lazard, but we wanted to figure out how to 03:51:03PM</p> <p>20 pay for it. 03:51:04PM</p> <p>21 Q. Do you know if they had started 03:51:05PM</p> <p>22 talking to Lazard at that point about 03:51:06PM</p> <p>23 renegotiating their contract? 03:51:09PM</p> <p>24 A Well, we had to have -- 03:51:10PM</p> <p>25 MR. DIETZ: Objection to the 03:51:12PM</p>
<p style="text-align: right;">Page 231</p> <p>1 THORNBURGH</p> <p>2 Q -- "current fees amongst them 03:49:10PM</p> <p>3 and the company's attempt to restructure 03:49:13PM</p> <p>4 Lehman's contract to let them provide 03:49:16PM</p> <p>5 financing and let Lazard give a fairness 03:49:19PM</p> <p>6 opinion and thus increase Lazard's fees 03:49:22PM</p> <p>7 without increasing our overall cost." 03:49:25PM</p> <p>8 Do you recall that discussion? 03:49:27PM</p> <p>9 A Yeah 03:49:27PM</p> <p>10 Q What was the content of that 03:49:30PM</p> <p>11 discussion? 03:49:32PM</p> <p>12 A. The content of that discussion 03:49:32PM</p> <p>13 was that being good fiduciaries and not 03:49:37PM</p> <p>14 wanting to waste fees, we wanted to see if 03:49:44PM</p> <p>15 we couldn't get a benefit by letting 03:49:47PM</p> <p>16 Lazard participate in the financing in the 03:49:51PM</p> <p>17 private equity investment and give up some 03:49:53PM</p> <p>18 of their fee so that we could pay Lazard 03:49:55PM</p> <p>19 an appropriate fee for the services they 03:49:58PM</p> <p>20 provided without increasing the total 03:50:00PM</p> <p>21 cost. 03:50:02PM</p> <p>22 MR. KAZANOFF Could we hear 03:50:03PM</p> <p>23 back his answer there? I think there 03:50:04PM</p> <p>24 might have been a word interchanged 03:50:05PM</p> <p>25 inadvertently. 03:50:26PM</p>	<p style="text-align: right;">Page 233</p> <p>1 THORNBURGH</p> <p>2 form. 03:51:13PM</p> <p>3 MR. KAZANOFF: I think you got 03:51:14PM</p> <p>4 the words mixed up again Maybe you 03:51:14PM</p> <p>5 didn't. I thought you said Lazard 03:51:17PM</p> <p>6 renegotiating the contract 03:51:20PM</p> <p>7 Q. Had there been discussions with 03:51:23PM</p> <p>8 Lehman to renegotiate their contract? 03:51:25PM</p> <p>9 A Well, when is this? 03:51:34PM</p> <p>10 Q. This is the January 30th, 2007 03:51:38PM</p> <p>11 meeting. 03:51:45PM</p> <p>12 A. Well, there had been no 03:51:45PM</p> <p>13 discussion with Lazard about fees. But I 03:51:47PM</p> <p>14 had proposed letting Lehman come in and do 03:51:55PM</p> <p>15 the financing and participate in the 03:51:59PM</p> <p>16 private equity, which means they couldn't 03:52:02PM</p> <p>17 give a fairness opinion, so then we would 03:52:04PM</p> <p>18 have to have Lazard do the fairness 03:52:06PM</p> <p>19 opinion. 03:52:17PM</p> <p>20 Q. Is that what eventually 03:52:18PM</p> <p>21 occurred? 03:52:22PM</p> <p>22 A Eventually it occurred Lehman 03:52:22PM</p> <p>23 was a participant in the financing, and 03:52:26PM</p> <p>24 Lazard eventually did give the fairness 03:52:31PM</p> <p>25 opinion, right 03:52:33PM</p>

59 (Pages 230 to 233)

Page 234

1 THORNBURGH

2 Q And did this attempt to 03:52:36PM
 3 restructure Lehman's contract to let them 03:52:38PM
 4 provide the financing and let the fairness 03:52:40PM
 5 opinion and thus increase Lazard's fees 03:52:42PM
 6 without increasing the overall cost, is 03:52:44PM
 7 that how that occurred? 03:52:46PM

8 A I don't know if we got it 03:52:48PM
 9 completely worked out 03:52:51PM

10 Q And, to your knowledge, there 03:52:55PM
 11 was no discussion with Lazard about asking 03:52:56PM
 12 them to do the fairness opinion until 03:52:59PM
 13 March? 03:53:02PM

14 A That's correct. Because there 03:53:02PM
 15 wasn't anything to give a fairness opinion 03:53:04PM
 16 on 03:53:26PM

17 Q Mr Thornburgh, earlier we were 03:53:39PM
 18 discussing the store growth numbers in the 03:53:42PM
 19 Lazard slides that you never actually saw, 03:53:45PM
 20 the ones that went out to 2014, where it 03:53:47PM
 21 appeared that store openings ceased in 03:53:49PM
 22 2014, correct? 03:53:52PM

23 A Right. 03:53:53PM

24 Q Did you anticipate that Dollar 03:53:53PM
 25 General would continue to open stores? 03:53:59PM

Page 235

1 THORNBURGH

2 A You mean under Project Alpha? 03:54:02PM

3 Q Under Project Alpha, correct 03:54:05PM

4 A Yes 03:54:08PM

5 Q After Project Alpha, you 03:54:09PM
 6 anticipated that they would continue to 03:54:12PM
 7 open stores? 03:54:13PM

8 A Yes 03:54:13PM

9 Q Did the board or management 03:54:14PM
 10 have an estimate of the total number of 03:54:16PM
 11 stores Dollar General could conceivably 03:54:18PM
 12 open nationwide? 03:54:21PM

13 MR KAZANOFF. Objection to 03:54:23PM
 14 form. I think it is an incomplete 03:54:23PM
 15 hypothetical. 03:54:26PM

16 A Do you want to ask the question 03:54:27PM
 17 again? 03:54:29PM

18 Q Did the board have an analysis 03:54:29PM
 19 done of the total number of stores Dollar 03:54:33PM
 20 General could open nationwide? 03:54:35PM

21 A No 03:54:37PM

22 Q Do you know if management had 03:54:38PM
 23 that analysis done? 03:54:39PM

24 A You mean what's the total -- is 03:54:41PM
 25 the question from here to infinity how 03:54:44PM

Page 236

1 THORNBURGH

2 many stores could we open and have a 03:54:48PM
 3 saturation point? 03:54:51PM

4 Q Correct 03:54:51PM

5 A I'm not aware of that. 03:54:52PM

6 Q. Was there any discussion of the 03:54:53PM
 7 total number of stores or store growth 03:54:55PM
 8 after Project Alpha? 03:54:58PM

9 A Well, there was a discussion of 03:54:59PM
 10 how much in a given year one could 03:55:00PM
 11 actually open, from a logistical 03:55:05PM
 12 standpoint. 03:55:08PM

13 Three points. One is how much 03:55:09PM
 14 manpower do you have to actually open up a 03:55:12PM
 15 store and hire the people to open the 03:55:13PM
 16 store. What's the warehouse capacity you 03:55:16PM
 17 have to provide the logistical support to 03:55:19PM
 18 fill the store with goods. And what's the 03:55:22PM
 19 capital cost that it takes both in funding 03:55:25PM
 20 inventory and the build-out of the store 03:55:29PM

21 So there are really three 03:55:31PM
 22 components, or four, I guess. Can you 03:55:34PM
 23 find the sites, can you hire the people 03:55:36PM
 24 and build them, and then do you have the 03:55:41PM
 25 logistical network to fill them up 03:55:44PM

Page 237

1 THORNBURGH

2 That's, as I understood it, 03:55:47PM

3 what the typical constraint was on how 03:55:48PM
 4 many stores one can open in a given year, 03:55:51PM
 5 whether it be 500 or 700. There was a 03:55:53PM
 6 presumed limit, and I think through 03:55:56PM
 7 Project Alpha a lot of discussion around 03:55:59PM
 8 perhaps the company had grown too fast in 03:56:01PM
 9 the last three years and opened too many 03:56:03PM
 10 stores and were opening stores for store's 03:56:06PM
 11 sake rather than opening stores for good 03:56:09PM
 12 returns. 03:56:11PM

13 So I think there is a general 03:56:11PM
 14 limit, you know, in that 500 to 700 number 03:56:13PM
 15 a year 03:56:17PM

16 Q. So the discussion revolved 03:56:19PM
 17 around annual openings rather than total 03:56:22PM
 18 openings nationwide in perpetuity? 03:56:27PM

19 A. Right. 03:56:29PM

20 MS. SINDERSON. I would like to 03:56:51PM
 21 introduce what has been previously marked 03:56:52PM
 22 as KKR Exhibit 28, which is a Dollar 03:56:55PM
 23 General Corporation management 03:56:57PM
 24 presentation dated April 2007, which is 03:56:59PM
 25 Bates stamped KKR 789 through KKR 824 03:57:03PM

60 (Pages 234 to 237)

Page 238

1 THORNBURGH

2 Q. Have you seen this presentation 03:57:36PM
3 before? 03:57:37PM

4 A. No. 03:57:37PM

5 Q. If you would turn to KKR 809, 03:57:47PM
6 which is internal page 21 03:57:50PM
7 This page is titled "Deliver 03:58:10PM
8 Project Alpha," and the second section 03:58:13PM
9 here, which is "Upgrade existing store 03:58:15PM
10 base," has the bullet points "temporarily 03:58:17PM
11 slow store growth, close 400 03:58:20PM
12 underperforming stores, over 1,000 03:58:23PM
13 relocations and remodels from 2009 to be 03:58:25PM
14 in more relevant consumer locations, and 03:58:28PM
15 enhanced shopability." 03:58:31PM

16 Is that roughly your 03:58:32PM
17 understanding of what Project Alpha was 03:58:33PM
18 designed to do? 03:58:35PM

19 A. Part of it 03:58:36PM

20 Q. If you turn to internal page 03:58:44PM
21 24, which is KKR 812, I think the Bates 03:58:46PM
22 number is cut off, this page is titled 03:58:50PM
23 "Real Estate New Store Growth 03:58:57PM
24 Opportunity " 03:58:57PM
25 It says, "Under the current 03:58:59PM

Page 239

1 THORNBURGH

2 economic model, in April 2007, with an IR 03:59:00PM
3 hurdle of 20 percent, there is a new store 03:59:06PM
4 potential of 7,103 new stores." 03:59:09PM

5 Then the next section, 03:59:13PM
6 "Sensitivity on approved margins with IR 03:59:15PM
7 hurdle of 20 percent, there is a new store 03:59:18PM
8 potential of 10,903 stores " 03:59:21PM

9 Had you ever seen this analysis 03:59:25PM
10 before? 03:59:27PM

11 A. No. The improved margin by 200 03:59:31PM
12 basis points is like a 25 to 30 percent 03:59:35PM
13 impact in improving margins. Good luck. 03:59:38PM

14 Q. Had you ever seen a similar 03:59:45PM
15 analysis done before of new store 03:59:47PM
16 potential? 03:59:50PM

17 A. No. We had seen some analysis 03:59:50PM
18 of what the theoretical return was from a 03:59:53PM
19 new store opening, and it is in one of 03:59:56PM
20 these other presentations here. 03:59:58PM

21 Q. Are you aware of whether 04:00:10PM
22 members of management of Dollar General 04:00:12PM
23 have participated in equity investments 04:00:15PM
24 with Dollar General after the KKR 04:00:19PM
25 purchase? 04:00:22PM

Page 240

1 THORNBURGH

2 A. Yes. I think KKR required them 04:00:22PM
3 to take part of their change of control 04:00:25PM
4 contracts and vested equity and roll it 04:00:38PM
5 back in. So part of the new incentive 04:00:39PM
6 plan for senior executives required them 04:00:42PM
7 to invest part of their option gains back 04:00:46PM
8 in the company 04:00:50PM

9 Q. Did the board have any plan put 04:00:52PM
10 in place to limit management's discussion 04:00:54PM
11 with KKR regarding their equity 04:00:59PM
12 investment? 04:01:02PM

13 A. Yes, they weren't allowed to 04:01:02PM
14 talk about it until after the fact. 04:01:04PM

15 Q. After the fact of? 04:01:05PM

16 A. The deal 04:01:07PM

17 Q. After the deal? 04:01:08PM

18 A. Right 04:01:08PM

19 Q. After the shareholder vote on 04:01:09PM
20 the deal? 04:01:10PM

21 A. No, after the agreement. After 04:01:10PM
22 the board approved the deal 04:01:16PM

23 Q. So until March 10th, management 04:01:19PM
24 was not allowed to talk to KKR about 04:01:22PM
25 potential equity investments? 04:01:25PM

Page 241

1 THORNBURGH

2 A. Not talk about a plan until, 04:01:28PM
3 the components of the plan, I'm sure they 04:01:35PM
4 talked to them about "This is what we do, 04:01:37PM
5 we give employees" -- I mean, actually a 04:01:41PM
6 number of the senior executives in 04:01:44PM
7 management had been involved in failed 04:01:48PM
8 LBOs. I don't know if you are aware of 04:01:52PM
9 that 04:01:52PM

10 Q. I'm sorry, I didn't hear that 04:01:52PM
11 last part 04:01:53PM

12 A. A number of members of the then 04:01:54PM
13 senior management of Dollar General had 04:01:56PM
14 been part of failed LBOs 04:01:59PM

15 Q. Which members of management are 04:02:04PM
16 you referring to? 04:02:06PM

17 A. If you give me a list. Like 04:02:16PM
18 three or four of them. Everybody is 04:02:18PM
19 taking notes here. The comptroller, the 04:02:28PM
20 senior real estate person, Beryl had been 04:02:36PM
21 part of an LBO, I don't know whether you 04:02:42PM
22 call it failed. 04:02:45PM

23 But certainly the comptroller, 04:02:45PM
24 hers went bankrupt. The real estate and 04:02:48PM
25 operating person, hers had gone bankrupt. 04:02:53PM

61 (Pages 238 to 241)

Page 242

1 THORNBURGH

2 And Perdue had lost money in an LBO 04:02:56PM

3 MS SINDERSON: We are just 04:03:10PM

4 going to take two minutes to check and see 04:03:11PM

5 if we have any more questions 04:03:13PM

6 THE VIDEOGRAPHER: The time on 04:03:15PM

7 the video monitor is 4:03 p m We are off 04:03:15PM

8 the record 04:03:19PM

9 (Recess taken) 04:06:50PM

10 THE VIDEOGRAPHER: We are back 04:06:50PM

11 on the record The time on the video 04:06:51PM

12 monitor is 4:06 p m 04:06:55PM

13 MS SINDERSON: We have no 04:06:56PM

14 further questions at this time 04:06:57PM

15 EXAMINATION BY MR. KAZANOFF- 04:07:07PM

16 Q Mr. Thornburgh, I have one 04:07:17PM

17 document that I would like to ask you some 04:07:19PM

18 questions about There is a document that 04:07:21PM

19 was previously marked KKR 28 It is 04:07:23PM

20 titled "Dollar General Corporation 04:07:28PM

21 Management Presentation " 04:07:30PM

22 A. Yes 04:07:31PM

23 Q I believe you testified that 04:07:32PM

24 you had not previously seen this document? 04:07:34PM

25 A That's correct 04:07:36PM

Page 243

1 THORNBURGH

2 Q Do you know what this document 04:07:37PM

3 was used for? 04:07:39PM

4 A It is a marketing document to 04:07:40PM

5 sell the equity participation and to raise 04:07:41PM

6 the debt 04:07:44PM

7 Q. Who prepares this document? 04:07:45PM

8 A KKR does 04:07:47PM

9 Q. Let's turn to page 24, which I 04:07:49PM

10 think plaintiffs' counsel was asking you 04:07:54PM

11 some questions about. 04:07:55PM

12 A Right 04:07:57PM

13 Q. Is this a plan to open up 04:07:58PM

14 stores? 04:08:00PM

15 A No 04:08:00PM

16 Q What is this, based on your 04:08:01PM

17 review? 04:08:03PM

18 A It is an opportunity that is 04:08:04PM

19 there in the future showing the potential 04:08:07PM

20 ability to grow the footprint of the 04:08:12PM

21 company. 04:08:15PM

22 Q And does it have a source in 04:08:16PM

23 the left-hand corner? 04:08:19PM

24 A Yes. It is from Applied 04:08:20PM

25 Predictive Technologies 04:08:24PM

Page 244

1 THORNBURGH

2 Assuming there is a \$310,000 04:08:25PM

3 cost to each store, and to the extent that 04:08:28PM

4 you have a hurdle rate of 40 percent, then 04:08:32PM

5 you open less stores than if you have a 20 04:08:38PM

6 percent hurdle rate, because it is a 04:08:41PM

7 question of what the return is over time 04:08:42PM

8 based on the capital you put up to open 04:08:44PM

9 the store. 04:08:46PM

10 Q Do you know what Applied 04:08:47PM

11 Predictive Technologies is? 04:08:49PM

12 A No 04:08:52PM

13 MR. KAZANOFF: No further 04:08:54PM

14 questions 04:08:54PM

15 MR. DIETZ: I have no 04:08:55PM

16 questions 04:08:56PM

17 MS. SINDERSON: I have just one 04:08:57PM

18 further question regarding the document 04:08:58PM

19 that Mr. Kazanoff was just asking you 04:08:59PM

20 about 04:09:01PM

21 EXAMINATION BY MS. SINDERSON. 04:09:01PM

22 Q If you look on page 19, KKR 04:09:03PM

23 807, does it show who was doing the 04:09:09PM

24 presentation for that section? 04:09:11PM

25 A. David Bere and Beryl Buley. 04:09:17PM

Page 245

1 THORNBURGH

2 Q Who is Mr. Buley? 04:09:22PM

3 A The head of Merchandising 04:09:25PM

4 MS. SINDERSON: I have no 04:09:29PM

5 further questions. 04:09:30PM

6 THE VIDEOGRAPHER: The time on 04:09:33PM

7 the video monitor is 4:09 p m We are off 04:09:34PM

8 the record This ends the deposition. 04:09:37PM

9

10 [TIME NOTED: 4:09 p m]

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RICHARD THORNBURGH

Subscribed and sworn to
before me this _____
day of _____, 2008.

Notary Public

62 (Pages 242 to 245)

Page 246

1
2 INDEX
3

WITNESS	EXAMINATION BY	PAGE
THORBURGH	SINDERSOHN	4, 244
KAZANDOFF		
EXHIBITS		
THORBURGH	DESCRIPTION	PAGE
1	DG 14934 35	34
2	DG BK 000795-815	40
3	DG 149759 760	41
4	DG 149762 940	42
5	DG 149936 940	56
6	DG 149941 953	71
7	DG 149954	72
8	DG 000276 1119	74
9	KKRE 0015305	112
10	KKRE 0000093	117
11	KKRE 0016077	121
12	DG 150585 586	127
13	DG 149955 58	133
14	DG E-Rotoff 0047-408	144
15	DG 149823 824	149
16	LAZ 0009015	154
17	DG 149541 607	161
18	DG Perdue 00008 46	155
19	DG 150091 98	181
20	DG 151365	186
21	DG 150185 171	189
22	LAZ 0009530	191
23	DG W805 0043-69	193
24	BA 00017304 309	197
25	DG 150555 5094	206
26	DG 150559 504	212
27	LAZ 0007833-38	214
28	DG 151369	217
29	DG 151425-26	218
30	Minutes dated 2/26/07	220
31	DG 151412-17	230

(Exhibits retained by Ms. Sindersohn)

Page 248

1
2 CERTIFICATION
3
4 I, TODD DeSIMONE, a Notary Public for
5 and within the State of New York, do
6 hereby certify
7 That the witness whose testimony as
8 herein set forth, was duly sworn by me,
9 and that the within transcript is a true
10 record of the testimony given by said
11 witness
12 I further certify that I am not related
13 to any of the parties to this action by
14 blood or marriage, and that I am in no way
15 interested in the outcome of this matter.
16 IN WITNESS WHEREOF, I have hereunto set
17 my hand this 23rd day of May, 2008
18
19
20 _____
21 TODD DESIMONE
22 * * *
23
24
25

Page 247

1
2 DIRECTIONS NOT TO ANSWER
3 Page Line
4 (NONE)
5
6
7
8
9 REQUESTS
10 Page Line
11 (NONE)
12
13
14
15
16
17
18
19
20
21
22
23
24
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Page 249

1
2 DEBATA SHEET
3 VERITEXT/NEW YORK REPORTING, LLC
4 CASE NAME: IN RE COLLAR GENERAL
5 DATE OF DEPOSITION: 5/23/08
6 WITNESS NAME: EDWARD THORBURGH

PAGE	LINE(S)	CHANGE	REASON
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			

21
22 EDWARD THORBURGH
23 SUBSCRIBED AND SWORN TO
24 BEFORE ME THIS _____ DAY
25 OF _____ 2008

NOTARY PUBLIC
MY COMMISSION EXPIRES _____