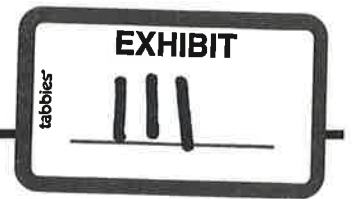


Hannah Elliott



From: Denis Sieben <denismsieben@gmail.com>
Sent: Wednesday, May 15, 2024 2:38 PM
To: Plan
Subject: Dollar General - Business Model/Customers/Competitors

CROOK COUNTY
MAY 15 2024
PLANNING DEPT

Good Afternoon,

I just wanted to make this available to the planning commission in supporting the fact that Dollar General doesn't "directly relate to recreation."

Here is some supporting evidence from DG's website that show you who their primary customers are, their incomes, their competitors (Big Lots, Walmart, Target) as well as their distribution network which their products come from. The nearest distribution center is in San Fransisco, California. The describe themself as the "largest discount retailer."

Though they may sell some products that directly relate to recreation (seasonally), that doesn't mean the business model should qualify for a conditional use permit "directly relating to recreation."

Our Customers

Our customers seek value and convenience. Depending on their financial situation and geographic proximity, customers' reliance on Dollar General varies from fill-in shopping, to making periodic trips to stock up on household items, to making weekly or more frequent trips to meet most essential needs. We generally locate our stores and plan our merchandise selections to best serve the needs of our core customers, the low and fixed income households often underserved by other retailers (including grocers), and we are focused on helping them make the most of their spending dollars. At the same time, however, Dollar General shoppers from a wide range of income brackets and life stages appreciate our quality merchandise as well as our attractive value and convenience proposition.

Our Competition

We operate in the basic discount consumer goods market, which is highly competitive with respect to price. customers, store location, merchandise quality, assortment and presentation, service offerings, in-stock consistency, customer service, promotional activity, employees, and market share. We compete with discount stores and many other retailers, including mass merchandise, warehouse club, grocery, drug, convenience, variety, online, and certain specialty stores. These other retail companies operate stores in many of the areas where we operate, and many of them engage in extensive advertising and marketing efforts. Our direct competitors include Family Dollar, Dollar Tree, Big Lots, 99 Cents Only and various local, independent operators, as well as Walmart, Target, Kroger, Aldi, Walgreens, CVS, and Rite Aid, among others.

Dollar General helps shoppers Save time. Save money.

Every day.® by offering products that are frequently used and replenished, such as food, snacks, health and beauty aids, cleaning supplies, basic apparel, housewares and seasonal items at everyday low prices in convenient neighborhood locations.

I realize the applicant needs to furnish the burden of proof however none of this indicates that the store and CUP being requested is "directly related to recreation."



DOLLAR GENERAL

19,104 STORES

IN 47 STATES

Dollar General Corporation has been delivering value to shoppers for more than 80 years. Dollar General helps shoppers save time, save money every day by offering products that are frequently used and replenished, such as food, snack, health and beauty aids, cleaning supplies, basic apparel, housewares and seasonal items at everyday low prices. In convenient neighborhoods, Dollar General operated 19,104 stores in 47 states as of February 5, 2023. In addition to high quality private brands, Dollar General sells products from America's most-trusted manufacturers, such as Clorox, Energizer, Procter & Gamble, Heinz, Coca Cola, Mars, Unilever, Mattel, Kimberly-Clark, Kellogg's, General Mills and HuggoBos.

LEARN MORE ABOUT DOLLAR GENERAL AT www.dollargeneral.com



CAUTIONARY FINANCIAL DISCLOSURES, FORWARD-LOOKING STATEMENTS & WARNINGS DISCLOSED: All forward-looking information presented herein should be read with, and is qualified in its entirety by, the Cautionary Disclosures Regarding Forward-Looking Statements and the Risk Factors disclosed in the Registration Statement on Form S-1, including Item 19 of the Form S-1, in its filed statements in this regard. The information contained herein is derived from our internal monitoring and is not independently verified. THIS INVESTMENT OFFERING IS BEING MADE BY THE COMPANY AND NOT BY ANY OTHER ENTITY THAT MAY BE AFFILIATED WITH THE COMPANY OR ANY OF ITS AFFILIATES.

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Our objectives discussed these broader goals and explain their long-term and expected, a temporary reduction in discretionary funds and reduced product selection goals. As a result, our distribution network could eventually affect our sales.

Distribution and Transportation

Our stores are primarily supported by distribution centers that are strategically located and are strategically located in and strategically throughout the geographic footprint. We have additional strategically located distribution centers to support our distribution needs. In addition to our existing distribution centers, we have opened multiple temporary regional distribution facilities in support of the COVID-19 our strategic goals. We plan to sell distribution of stores and refrigerated goods, such as dairy, deli, and frozen products. We regularly monitor and evaluate the network with a goal of ensuring that it remains efficient and provides the service levels our stores require. See "Properties" below for additional information pertaining to our distribution centers.

Most of our merchandise flows through our distribution centers and is delivered to our stores by our private fleet and by third-party trucking firms, including our vendors. In addition, certain of our private distribution vehicles may contain hazardous and other merchandise directly to our stores.

In the second half of 2022, we experienced a temporary shortage of available warehouse capacity, primarily due to delays in opening temporary warehouse space. This shortage resulted in a significant impact to our operating results due to increased costs associated with delays in receiving inventory into a warehouse space, as well as inefficiencies in moving goods throughout our national supply chain. With the opening of these temporary distribution facilities in the third quarter of 2022, significant warehouse capacity is now available and has relieved the cost impacts of these constraints.

Necessity

The nature of our business is somewhat seasonal, generally, and operating profits have been greater in the fourth quarter, which includes the Christmas selling season, as compared with operating profit levels in the first three quarters of our fiscal year. In addition, our quarterly results can be affected by the timing of certain holidays and other opening remarks, transactions, store openings and weather patterns. See "Item 7. Management's Discussion & Analysis of Financial Condition and Results of Operations" for further discussion of seasonality.

Our Competition

We operate in the highly competitive consumer goods market, which is highly competitive with respect to price, customer service, merchandise quality, assortment and presentation, service offerings, in-store customer engagement, promotional activity, employee, and market share. We compete with discount stores and other retail retailers, including mass merchandisers, warehouse clubs, grocery, drug, convenience, specialty, online, and certain specialty stores. These other retail companies operate stores in many of the areas where we operate, and many of these engage in extensive advertising and marketing efforts. Our direct competitors include Family Dollar, Dollar Tree, Five Star, Five Star Centers Plus, and various other retailers. Other competitors include Walmart, Amazon, Aldi, Big Lots, CVS, and Rite Aid, among others. Certain of our competitors have generic brands, distribution,

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marketing and other resources that we do not have in order to secure better arrangements from suppliers than we can. Competition is intense and we believe it will continue to be, with certain competitors reducing their store locations while others seek to increase their presence in our geographic and product markets and increase the availability of similar, well-priced and other digital technologies to facilitate in-store customer and competitive offers and increase customer shopping experience.

We believe that our differentiating measures from other forms of retailing by offering competitive prices at a convenient retail store format. We are able to maintain competitive prices due in part to our low-cost operating structure and by selectively limited assortment of products offered. Purchasing large volumes of merchandise within our focused assortment in each merchandise category allows us to bring our average product cost low, contributing to our ability to offer competitive everyday low prices to our customers. See "Our Dollar Market" above and "Item 19. Risk Factors" for further discussion of our competitive position.

Our Intellectual Property

We own marks that are registered with the United States Patent and Trademark Office and are protected under applicable intellectual property laws, including, without limitation, Dollar General®, Dollar Tree®, Value Village®, and 50¢/lb. along with various other trademarks and logos of these trademarks. We attempt to obtain registrations of our trademarks whenever practicable and to pursue vigorously any infringement of these marks. The trademarks registrations have various expiration dates however, assuming that the trademark registrations are properly renewed, they have a perpetual duration. We also hold an exclusive license to the Retail brand through at least March 3, 2025 and the Dollar Stores brand through at least March 14, 2025.

Human Capital Resources

At Dollar General, a fundamental element to how we operate is accomplished in our fourth operating process. Investing in our human capital through development, empowerment and education. Building on our core value of respecting the dignity and differences of others, our goal is to create a work environment where each employee is encouraged and empowered to bring their unique perspective and voice to work each day. Based on a human philosophy of "Attract, Develop, and Retain," whether an individual works at a store, a distribution center, our area support center or our administrative offices, over the last 10+ years, we have helped millions of individuals start and progress in their careers, providing opportunities with numerous opportunities to gain new skills and develop their talents, supported by our award-winning training and development programs.

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ITEM 5. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis should be read with, and is qualified in its entirety by, the Consolidated Financial Statements and the notes thereto, located at the end of this communication with the Company 2021 Annual Report Form 10-K, including the Risk Factors disclosure set forth in the Item 1A section and all items of our risk factors register.

Executive Overview

We are the largest discount retailer in the United States by number of stores, with 49,247 stores in 49 of the 47 U.S. states and Mexico as of May 5, 2021, with the greatest concentration of stores in the southeast, south-central, midwestern and eastern United States. Our first store in Mexico opened in February of 2021. We offer a broad selection of merchandise, including consumable products such as food, paper and cleaning products, health and beauty products and pet supplies, and non-consumable products such as seasonal merchandise, home decor and electronics, and have acquired the merchandise rights to national brands from leading manufacturers, as well as our own private brand selections with prices at individual discounts to national brands. We offer our customers these national brand and private brand products at everyday low prices typically 5% or less in our comparison retail base locations.

We believe our consistent store format, locations, and broad selection of high-quality products at compelling values have driven our substantial growth and financial success over the years and through a variety of economic cycles. We are confident that the recovery of the economy will result in increased and rising base low and off price income. As a result, we are committed to helping our customers make the most of their spending dollars. Our core customers are also among the first to be affected by negative or uncertain economic conditions and among the first to feel the effects of improving economic conditions, particularly when retail sales are an important part of an uncertain duration. The primary macroeconomic factors that affect our core customers include unemployment and underemployment rates, wage growth, changes in U.S. and global trade policy, and changes to certain government assistance programs (including cost of living adjustments, such as the Supplemental Nutrition Assistance Program ("SNAP"), unemployment benefits, and economic stimulus payments). Additionally, our customers are impacted by increases in their expenses that generally comprise a large portion of their household budgets, such as rent, healthcare, energy and fuel prices, as well as cost inflation in frequently purchased household products (including food), such as that which we have continued to experience as further discussed below. Finally, significant consumable or seasonal weather patterns or extreme weather, such as that discussed below, can impact customer shopping behaviors.

We remain committed to our long-term operating priorities as we consistently strive to improve our performance while enhancing our customer-centric focus. These priorities include: 1) driving profitable sales growth; 2) capturing growth opportunities; 3) enhancing our position as a low cost operator; and 4) recovering as our core base through development, improvement and inclusion.

We seek to drive profitable sales growth through initiatives aimed at increasing customer traffic and average transaction amount. As we work to provide everyday low prices and meet our customers' affordability needs, we remain focused on enhancing our margins through pricing and stock level optimization, effective category management, distribution and transportation efficiencies, private brand penetration, global sourcing, and an energy, stock and damage reduction initiatives. Several of our strategic and other sales-driving initiatives are also designed to capture growth opportunities and are discussed in more detail below.

During the second half of 2020, we experienced higher inventory damages and shrink than we anticipated. We believe these increases are due to multiple factors, including the challenging macroeconomic environment, notably higher inventory levels, and, as to damages, Winter Storm Elliott in December. In addition, we believe some portion of the increase in damages is a residual impact of the warehouse capacity constraints and associated stock and supply chain inefficiencies we faced, which we discussed in more detail below. While we anticipate shrink and damage may continue to pressure our results through the first half of 2021, we believe we are taking actions that we believe will reduce the impact of these challenges to our business as we move throughout the year.

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Historically, sales in our consumables category, which tend to have lower gross margins, have been the key drivers of net sales and customer traffic, while sales in our non-consumables categories, which tend to have higher gross margins, have contributed to more profitable sales growth and an increase in return on investment. Prior

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