

May 28, 2008

 DOLLAR TREE, INC.

# Dollar Tree, Inc. Reports First Quarter Net Earnings per Diluted Share of \$0.48

## 26% Improvement Over First Quarter 2007

CHESAPEAKE, Va.--(BUSINESS WIRE)--

Dollar Tree, Inc. (NASDAQ:DLTR), the nation's leading operator of single-price point dollar stores, reported net earnings per diluted share of \$0.48, for the fiscal first quarter ended May 3, 2008, an increase of 26.3% over the \$0.38 earnings per diluted share for the same period, one year ago. Sales for the quarter were \$1.051 billion, a 7.8% increase compared to \$975.0 million, for the same period, one year ago. Comparable store sales increased 2.1% for the quarter.

"I am pleased with the Company's first quarter performance," said President and CEO Bob Sasser. "Both sales and earnings per share exceeded guidance and were first quarter records for Dollar Tree.

"We are relevant for the times. Customers are responding positively to our consistent value on basic everyday needs, all for just \$1."

For the first quarter, the gross margin rate was 33.9%, a 50 basis point improvement over the 33.4% reported in last year's first quarter. This rate reflects improvements in merchandise margin and shrink.

Selling, general and administrative expenses, as a percentage of sales, were 27.3 % in the first quarter of 2008, compared to 27.0% in the same quarter last year. The increase in rate reflects greater advertising expense as well as higher fees associated with increased penetration of debit cards and Visa credit.

Operating margin in this year's first quarter was 6.6%, a 20 basis point improvement compared to the 6.4% reported for the same period, one year ago.

The tax rate was 36.0%, compared with 37.2% in the first quarter 2007. The decrease is due to the recognition of certain tax benefits in accordance with FIN 48 which offset a reduction in tax exempt interest income.

The Company estimates sales for the second quarter of 2008 to be in the range of \$1.045 - \$1.075 billion, based on low single digit positive comparable store sales. Diluted earnings per share are estimated to be in the range of \$0.33 to \$0.36.

Full year sales are now estimated to be in the range of \$4.52 to \$4.63 billion while diluted earnings per share are expected to be \$2.23 to \$2.39.

On Wednesday, May 28, 2008, the Company will host a conference call to discuss its

earnings results at 9:00 a.m. EDT. The telephone number for the call is 888-278-8459. A recorded version of the call will be available until midnight Wednesday, June 4, and may be accessed by dialing 888-203-1112, and the access code is 9874962. A webcast of the call is accessible through Dollar Tree's website, [www.DollarTree.com/medialist.cfm](http://www.DollarTree.com/medialist.cfm), and will remain on-line until midnight Wednesday, June 4.

As of May 3, 2008, Dollar Tree operated 3,474 stores in 48 states. During the first quarter, Dollar Tree opened 83 stores, closed 20 stores, expanded or relocated 24. The Company's retail selling square footage totaled approximately 29.1 million at May 3, 2008, a 7.8% increase compared to a year ago.

**A WARNING ABOUT FORWARD-LOOKING STATEMENTS:** Our press release contains "forward-looking statements" as that term is used in the Private Securities Litigation Reform Act of 1995. Forward looking statements address future events, developments or results and typically use words such as believe, anticipate, expect, intend, plan, forecast, or estimate. For example, our forward-looking statements include statements regarding second-quarter and full year sales and second-quarter and full year diluted earnings per share. For a discussion of the risks, uncertainties and assumptions that could affect our future events, developments or results, you should carefully review the "Risk Factors," "Business," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections in our Annual Report on Form 10 - K filed April 1, 2008. We are not obligated to release publicly any revisions to any forward looking statements contained in this press release to reflect events or circumstances occurring after the date of this report and you should not expect us to do so.

DOLLAR TREE, INC.  
Condensed Consolidated Income Statements  
(Dollars in millions, except per share data)

|  | First Quarter ended |                |
|--|---------------------|----------------|
|  | May 3,<br>2008      | May 5,<br>2007 |
|  | -----               | -----          |
| Net sales                                  | \$ 1,051.3          | \$ 975.0       |
| Cost of sales                              | 694.8               | 649.7          |
| Gross profit                               | 356.5<br>33.9%      | 325.3<br>33.4% |
| Selling, general & administrative expenses | 286.8<br>27.3%      | 263.0<br>27.0% |
| Operating income                           | 69.7<br>6.6%        | 62.3<br>6.4%   |
| Interest expense, net                      | (1.6)               | (1.6)          |
| Income before income taxes                 | 68.1<br>6.5%        | 60.7<br>6.2%   |
| Income tax expense                         | 24.5                | 22.6           |

|                                   |    |       |         |
|-----------------------------------|----|-------|---------|
| Income tax rate                   |    | 36.0% | 37.2%   |
| Net income                        | \$ | 43.6  | \$ 38.1 |
|                                   |    | 4.1%  | 3.9%    |
| Net earnings per share:           |    |       |         |
| Basic                             | \$ | 0.48  | \$ 0.38 |
| Weighted average number of shares |    | 89.9  | 99.2    |
| Diluted                           | \$ | 0.48  | \$ 0.38 |
| Weighted average number of shares |    | 90.2  | 100.0   |

DOLLAR TREE, INC.  
Condensed Consolidated Balance Sheets  
(Dollars in millions)

|  | May 3,<br>2008 | Feb. 2,<br>2008 | May 5,<br>2007 |
|--|----------------|-----------------|----------------|
|  | -----          | -----           | -----          |
| Cash and cash equivalents                  | \$ 84.2        | \$ 40.6         | \$ 59.8        |
| Short-term investments                     | -              | 40.5            | 128.7          |
| Merchandise inventories                    | 652.7          | 641.2           | 599.7          |
| Other current assets                       | 60.2           | 66.5            | 50.0           |
|  | -----          | -----           | -----          |
| Total current assets                       | 797.1          | 788.8           | 838.2          |
| Property and equipment, net                | 733.7          | 743.6           | 715.3          |
| Intangibles, net                           | 146.6          | 147.8           | 145.5          |
| Deferred tax assets                        | 22.6           | 38.7            | 4.7            |
| Other assets, net                          | 71.1           | 68.8            | 59.2           |
|  | -----          | -----           | -----          |
| Total assets                               | \$1,771.1      | \$1,787.7       | \$1,762.9      |
|  | =====          | =====           | =====          |
| Current portion of long-term debt          | \$ 18.5        | \$ 18.5         | \$ 18.8        |
| Accounts payable                           | 204.4          | 200.4           | 186.7          |
| Other current liabilities                  | 119.7          | 143.6           | 110.1          |
| Income taxes payable, current              | 29.2           | 43.4            | 9.9            |
|  | -----          | -----           | -----          |
| Total current liabilities                  | 371.8          | 405.9           | 325.5          |
| Long-term debt, excluding current portion  | 250.0          | 250.0           | 250.0          |
| Income taxes payable, long-term            | 20.6           | 55.0            | 18.9           |
| Other liabilities                          | 91.3           | 88.4            | 70.6           |
|  | -----          | -----           | -----          |
| Total liabilities                          | 733.7          | 799.3           | 665.0          |
|  | -----          | -----           | -----          |
| Shareholders' equity                       | 1,037.4        | 988.4           | 1,097.9        |
|  | -----          | -----           | -----          |
| Total liabilities and shareholders' equity | \$1,771.1      | \$1,787.7       | \$1,762.9      |
|  | =====          | =====           | =====          |
| STORE DATA:                                |                |                 |                |
| Number of stores open at end of period     | 3,474          | 3,411           | 3,280          |

|  |      |      |      |
|--|------|------|------|
| Total selling square footage (in millions) | 29.1 | 28.4 | 27.0 |
|--|------|------|------|

DOLLAR TREE, INC.  
Condensed Consolidated Statements of Cash Flows  
(Dollars in millions)

|  | First Quarter<br>Ended |                |
|--|------------------------|----------------|
|  | May 3,<br>2008         | May 5,<br>2007 |
|  | -----                  | -----          |
| Cash flows from operating activities:  |                        |                |
| Net income   | \$ 43.6                | \$ 38.1        |
|  | -----                  | -----          |
| Adjustments to reconcile net income to net cash<br>provided by operating activities: |                        |                |
| Depreciation and amortization  | 41.8                   | 39.3           |
| Other non-cash adjustments   | 33.7                   | 5.8            |
| Changes in working capital   | (84.6)                 | (52.4)         |
|  | -----                  | -----          |
| Total adjustments  | (9.1)                  | (7.3)          |
|  | -----                  | -----          |
| Net cash provided by operating activities  | 34.5                   | 30.8           |
|  | -----                  | -----          |
| Cash flows from investing activities:  |                        |                |
| Capital expenditures   | (32.7)                 | (39.7)         |
| Purchase of short-term investments   | (34.7)                 | (452.5)        |
| Proceeds from maturities of short-term investments                                   | 75.2                   | 545.5          |
| Proceeds from restricted investments   | (14.4)                 | (17.4)         |
| Proceeds from maturities of restricted investments                                   | 14.1                   | 17.2           |
| Other  | (0.1)                  | (0.2)          |
|  | -----                  | -----          |
| Net cash provided by investing activities  | 7.4                    | 52.9           |
|  | -----                  | -----          |
| Cash flows from financing activities:  |                        |                |
| Principal payments under capital lease obligations                                   | (0.1)                  | (0.1)          |
| Proceeds from stock issued pursuant to stock-based<br>compensation plans             | 1.8                    | 37.9           |
| Payments for share repurchases   | -                      | (153.3)        |
| Tax benefit of stock options exercised   | -                      | 6.6            |
|  | -----                  | -----          |
| Net cash provided by (used in) financing<br>activities                               | 1.7                    | (108.9)        |
|  | -----                  | -----          |
| Net increase (decrease) in cash and cash equivalents                                 | 43.6                   | (25.2)         |
| Cash and cash equivalents at beginning of period                                     | 40.6                   | 85.0           |
|  | -----                  | -----          |
| Cash and cash equivalents at end of period   | \$ 84.2                | \$ 59.8        |
|  | =====                  | =====          |

Source: Dollar Tree, Inc.