August 16, 2012

# Dollar Tree, Inc. Reports Second Quarter Results

- Diluted earnings per share increased 30.8% to $0.51
- Consolidated net sales increased 10.5%
- Comparable store sales increased 4.5%

CHESAPEAKE, Va.--(BUSINESS WIRE)-- Dollar Tree, Inc. (NASDAQ: DLTR), North America's leading operator of discount variety stores selling everything for $1 or less, reported its results for the quarter ended July 28, 2012 ("second quarter"). Consolidated net sales for the second quarter were $1.70 billion, a 10.5% increase compared to $1.54 billion reported for the quarter ended July 30, 2011 ("second quarter 2011"). Comparable store sales increased 4.5%, on top of a 4.7% increase for the second quarter 2011.

Earnings per diluted share for the second quarter were $0.51, an increase of 30.8% compared to the $0.39 earnings per diluted share reported for the quarter ended July 30, 2011.

"I am pleased with our second quarter performance," President and CEO Bob Sasser said. "Dollar Tree continues to deliver consistently strong sales and earnings. I am particularly proud of the increases in operating margin and inventory turns. We remain focused on providing great values for our customers and superior returns for our shareholders. Our stores are well-stocked with a terrific, balanced assortment of relevant merchandise for our customers and we are ready for an exciting fall season."

Operating margin increased 80 basis points for the quarter to 10.8%.

Cash and investments at quarter-end totaled approximately $380 million, compared with $545 million at the end of the second quarter 2011. During the second quarter, the Company repurchased 1.6 million shares for $80.9 million. The Company has $1.1 billion remaining on its share repurchase authorization.

In addition, during the second quarter the Company executed a 2-for-1 stock split in the form of a 100% common stock dividend. All per-share data in this document reflect the impact of the stock split.

The Company continues to grow. During the second quarter, Dollar Tree opened 77 stores, expanded or relocated 21 stores, and closed 5 stores. Retail selling square footage increased 7.1% compared to a year ago, to 39.2 million square feet.

26-Week Period Results

Year-to-date through July 28, 2012, the Company's consolidated net sales were $3.43 billion, an 11.0% increase compared with the first half of 2011. Comparable store sales increased 5.1%, on top of a 5.9% comparable store sales increase in the first half last year.

First half 2012 earnings per share were $1.01, an increase of 27.8% compared with earnings per share of $0.79 in the first half 2011.

Operating margin in the first half 2012 was 10.9%, an increase of 70 basis points from operating margin of 10.2% in the first half 2011.

Guidance

The Company estimates sales for the third quarter of 2012 to be in the range of $1.71 billion to $1.75 billion, based on low- to- mid single digit positive comparable store sales. Diluted earnings per share are estimated to be in the range of $0.47 to $0.51.

Full year sales are now estimated to be in the range of $7.36 billion to $7.45 billion. This estimate is based on a range of low- to- mid single digit positive comparable store sales. Diluted earnings per share are expected to be $2.45 to $2.54. These estimates assume no impact from potential additional share repurchase activity in 2012. In addition, 2012 will include a 53rd week that will be recorded in the fourth quarter 2012. The extra week is expected to add $120 million to $130 million to sales in the fourth quarter 2012 and $0.07 to $0.08 earnings per diluted share, both of which are included in our guidance.

On Thursday, August 16, 2012, 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 888-205-6875. A recorded version of the call will be available until midnight Thursday, August 23, and may be accessed by dialing 888-203-1112, and the access code is 9128471. A webcast of the call is accessible through Dollar Tree's website, www.dollartreeinfo.com/investors/news/events and will remain online until midnight Thursday, August 23.

Dollar Tree, a Fortune 500 Company, operated 4,523 stores in 48 states and 5 Canadian Provinces as of July 28, 2012, with total retail selling square footage of 39.2 million. To learn more about the Company, visit www.DollarTree.com.

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 third quarter and full year sales, third quarter and full year diluted earnings per share, third quarter and full year comparable store sales, and the impact of the 53rd week of 2012. 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 March 15, 2012, the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and other sections in our Quarterly Report on Form 10-Q filed May 17, 2012 and in our other filings with the Securities and Exchange Commission. 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)**
**(Unaudited)**

| | Second Quarter Ended | | Six Months Ended | |
|---|---|---|---|---|
| | **July 28, 2012** | **July 30, 2011** | **July 28, 2012** | **July 30, 2011** |
| Net sales | $ 1,704.6 | $ 1,542.4 | $3,428.2 | $3,088.3 |
| Cost of sales | 1,105.0 | 1,000.0 | 2,225.9 | 2,005.1 |
| Gross profit | 599.6 | 542.4 | 1,202.3 | 1,083.2 |
| | 35.2% | 35.2% | 35.1% | 35.1% |
| Selling, general & administrative expenses | 415.2 | 388.9 | 829.9 | 768.0 |
| | 24.4% | 25.2% | 24.2% | 24.9% |
| Operating income | 184.4 | 153.5 | 372.4 | 315.2 |
| | 10.8% | 10.0% | 10.9% | 10.2% |
| Interest expense, net | 1.1 | 0.7 | 1.6 | 1.6 |
| Other (income) expense, net | - | 0.5 | (1.1) | (0.2) |
| Income before income taxes | 183.3 | 152.3 | 371.9 | 313.8 |
| | 10.8% | 9.9% | 10.8% | 10.2% |
| Income tax expense | 64.1 | 57.4 | 136.6 | 117.9 |
| Income tax rate | 35.0% | 37.7% | 36.7% | 37.6% |
| Net income | $ 119.2 | $ 94.9 | $ 235.3 | $ 195.9 |
| | 7.0% | 6.2% | 6.9% | 6.3% |
| Net earnings per share: | | | | |
| Basic | $ 0.52 | $ 0.39 | $ 1.02 | $ 0.80 |
| Weighted average number of shares | 231.3 | 244.6 | 231.4 | 244.9 |
| Diluted | $ 0.51 | $ 0.39 | $ 1.01 | $ 0.79 |
| Weighted average number of shares | 232.6 | 246.1 | 232.7 | 246.5 |

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

| | July 28, 2012 | January 28, 2012 | July 30, 2011 |
|---|---|---|---|
| Cash and cash equivalents | $ 379.8 | $ 288.3 | $ 421.6 |
| Short-term investments | - | - | 123.8 |
| Merchandise inventories, net | 891.7 | 867.4 | 813.9 |
| Other current assets | 50.1 | 53.7 | 49.0 |
| Total current assets | 1,321.6 | 1,209.4 | 1,408.3 |
| Property and equipment, net | 879.8 | 825.3 | 783.1 |
| Goodwill | 173.1 | 173.1 | 175.0 |
| Deferred tax assets, net | 23.8 | 16.8 | 17.8 |
| Other assets, net | 101.4 | 104.0 | 94.7 |
| Total assets | $2,499.7 | $ 2,328.6 | $2,478.9 |
| Current portion of long-term debt | $ 14.3 | $ 15.5 | $ 15.5 |
| Accounts payable | 352.4 | 286.7 | 302.7 |
| Other current liabilities | 192.3 | 215.5 | 169.1 |
| Income taxes payable, current | 21.8 | 63.3 | 8.5 |
| Total current liabilities | 580.8 | 581.0 | 495.8 |
| Long-term debt, excluding current portion | 250.0 | 250.0 | 250.0 |
| Income taxes payable, long-term | 4.2 | 15.5 | 15.5 |
| Other liabilities | 141.7 | 137.5 | 129.9 |
| Total liabilities | 976.7 | 984.0 | 891.2 |
| Shareholders' equity | 1,523.0 | 1,344.6 | 1,587.7 |
| Total liabilities and shareholders' equity | $2,499.7 | $ 2,328.6 | $2,478.9 |
| STORE DATA: | | | |
| Number of stores open at end of period | 4,523 | 4,351 | 4,242 |

| | | | |
|---|---|---|---|
| Total selling square footage (in millions) | 39.2 | 37.6 | 36.6 |

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

| | Six Months Ended | |
|---|---|---|
| | **July 28, 2012** | **July 30, 2011** |
| Cash flows from operating activities: | | |
| Net income | $ 235.3 | $ 195.9 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 84.8 | 78.8 |
| Other non-cash adjustments | 24.0 | 40.5 |
| Changes in working capital | (64.3) | (56.0) |
| Total adjustments | 44.5 | 63.3 |
| Net cash provided by operating activities | 279.8 | 259.2 |
| Cash flows from investing activities: | | |
| Capital expenditures | (140.1) | (121.3) |
| Purchase of short-term investments | - | (6.0) |
| Proceeds from maturities of short-term investments | - | 57.0 |
| Other | (0.3) | - |
| Net cash used in investing activities | (140.4) | (70.3) |
| Cash flows from financing activities: | | |
| Payments for share repurchases | (76.5) | (96.4) |
| Proceeds from stock issued pursuant to stock-based compensation plans | 7.3 | 8.0 |
| Tax benefit of stock-based compensation | 24.3 | 10.3 |
| Other | (1.4) | (1.3) |
| Net cash used in financing activities | (46.3) | (79.4) |
| Effect of exchange rate changes on cash and cash equivalents | (1.6) | 0.9 |
| Net increase in cash and cash equivalents | 91.5 | 110.4 |
| Cash and cash equivalents at beginning of period | 288.3 | 311.2 |
| Cash and cash equivalents at end of period | $ 379.8 | $ 421.6 |

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Source: Dollar Tree, Inc.