



DOLLAR TREE STORES, INC. REPORTS EARNINGS PER SHARE OF \$0.18 FOR THE THIRD QUARTER ENDING SEPTEMBER 30, 1998

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CHESAPEAKE, Virginia -- October 21, 1998 -- Dollar Tree Stores, Inc. (NASDAQ: DLTR), the nation's leading \$1.00 price point retailer, reported net earnings for the quarter ended September 30, 1998, of \$11.5 million on sales of \$176.1 million, compared to net earnings of \$8.7 million on sales of \$142.4 million in the third quarter of 1997. Earnings per share increased to \$0.18 in the third quarter of 1998 from \$0.13 in the same period last year.

As previously reported, sales increased \$33.7 million over sales for the third quarter of 1997, and sales in comparable stores increased by 2.9%. Year to date, sales increased \$111.3 million over sales for the same period last year, and sales in comparable stores increased by 6.8%.

Gross margin for the quarter increased to 38.7% of sales compared to 37.8% for the same quarter last year. This increase is due primarily to improved pricing and the earlier receipt of import merchandise.

Operating expenses increased to 27.3% of net sales for the third quarter of 1998, compared to 27.2% for the third quarter of 1997. This increase resulted from increased payroll, primarily due to the minimum wage increase in 1997, and depreciation, offset by a general reduction in operating expenses resulting from cost controls.

Year to date, net sales, earnings, and earnings per share in 1998 were \$500.8 million, \$29.1 million, and \$0.45 per share, respectively, compared to net sales, earnings, and earnings per share through the third quarter of 1997 of \$389.5 million, \$18.3 million, and \$0.28 per share, respectively.

Dollar Tree Stores, Inc. is a leading discount variety store chain offering a wide assortment of quality everyday general merchandise, in many traditional variety store categories, at the \$1.00 price point. Dollar Tree Stores operates 1,054 stores in 29 states as of September 30, 1998, having added 75 new stores and closed one store in the quarter, for a total of 171 new stores and four closed stores in 1998.

DOLLAR TREE STORES, INC.
Condensed Consolidated Income Statements
For the Period Ended
September 30,
(Amounts in thousands, except per share data)
(Unaudited)

	Third Quarter		Year-To-Date	
	1998	1997	1998	1997
Net sales	\$176,071	\$142,386	\$500,769	\$389,464
Cost of sales	107,915	88,550	312,927	248,173
Gross profit	68,156 38.7%	53,836 37.8%	187,842 37.5%	141,291 36.3%
SGA expenses	43,384 24.6%	35,444 24.9%	124,615 24.9%	99,973 25.7%
Depreciation/amortization	4,736 2.7%	3,327 2.3%	13,207 2.6%	9,422 2.4%
Interest expense	1,313 0.7%	971 0.7%	2,634 0.5%	2,209 0.6%
Earnings before income taxes	18,723 10.6%	14,094 9.9%	47,386 9.5%	29,687 7.6%
Income tax expense	7,208	5,425	18,243	11,428
Net earnings	11,515 6.5%	8,669 6.1%	29,143 5.8%	18,259 4.7%
Earnings per share - Basic	\$ 0.19	\$ 0.15	\$ 0.49	\$ 0.31
Weighted average number of shares	59,132	58,616	58,968	58,492
Earnings per share - Diluted	\$ 0.18	\$ 0.13	\$ 0.45	\$ 0.28
Weighted average number of shares	65,391	64,831	65,213	64,569

DOLLAR TREE STORES, INC.
Condensed Consolidated Balance Sheets
(Amounts in thousands)
(Unaudited)

	Sept. 30, 1998	Dec. 31, 1997	Sept. 30, 1997
Cash and cash equivalents	\$ 5,325	\$ 43,695	\$ 4,638
Merchandise inventories	184,511	89,066	133,150
Other current assets	13,782	10,261	7,815
Total current assets	203,618	143,022	145,603
Net property and equipment	108,364	82,071	70,581
Goodwill, net	43,033	44,478	44,960
Other assets, net	3,443	3,005	3,255
Total assets	\$358,458	\$272,576	\$264,399
Current portion of long-term debt	\$ 32,100	\$ 0	\$ 12,500
Accounts payable and accrued expenses	69,598	63,584	61,104
Income taxes payable	0	18,908	1,742
Current installments of obligations under capital leases	392	317	309
Total current liabilities	102,090	82,809	75,655
Long-term debt	57,900	30,000	60,000
Obligations under capital leases, excluding current installments	2,188	804	817
Other liabilities	4,072	4,037	3,798
Total liabilities	166,250	117,650	140,270
Shareholders' equity	192,208	154,926	124,129
Total liabilities and shareholders' equity	\$358,458	\$272,576	\$264,399