DOLLAR GENERAL CORP

FORM 8-K
(Current report filing)

Filed 08/25/05 for the Period Ending 08/25/05

Address	100 MISSION RIDGE GOODLETTSVILLE, TN, 37072
Telephone	6158554000
CIK	0000029534
Symbol	DG
SIC Code	5331 - Retail-Variety Stores
Industry	Discount Stores
Sector	Consumer Cyclicals
Fiscal Year	02/02

DOLLAR GENERAL CORP

FORM 8-K
(Unscheduled Material Events)

Filed 8/25/2005 For Period Ending 8/25/2005

Address	100 MISSION RIDGE
	GOODLETTSVILLE, Tennessee 37072
Telephone	615-855-4000
CIK	0000029534
Industry	Retail (Specialty)
Sector	Services
Fiscal Year	01/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 25, 2005

Dollar General Corporation

(Exact Name of Registrant as Specified in Charter)

Tennessee	001-11421	61-0502302
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

100 Mission Ridge
Goodlettsville, Tennessee 37072

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (615) 855-4000

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On August 25, 2005, Dollar General Corporation (the "Company") issued a news release regarding results of operations and financial condition for the second quarter ended July 29, 2005. The news release is attached hereto as Exhibit 99 and incorporated by reference as if fully set forth herein.

ITEM 7.01. REGULATION FD DISCLOSURE

The information set forth in Item 2.02 above is incorporated herein by reference. The press release also sets forth information regarding the planned conference call and webcast to discuss second quarter results, the outlook for the fiscal 2005 third and fourth quarters and full year, and other matters.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of businesses acquired. N/A
(b) Pro Forma Financial Information. N/A
(c) Exhibits. See Exhibit Index immediately following the signature page hereto.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 25, 2005 DOLLAR GENERAL CORPORATION

By: /s/ Susan S. Lanigan

Susan S. Lanigan

Executive Vice President and General Counsel

EXHIBIT INDEX

Exhibit No.	Description
99	News release dated August 25, 2005.

Exhibit 99

Dollar General Reports Second Quarter 2005 EPS of $0.23; Comments on 2005 Outlook

GOODLETTSVILLE, Tenn.--(BUSINESS WIRE)--Aug. 25, 2005--Dollar General Corporation (NYSE:DG) today reported net income for the second quarter of fiscal 2005 of $75.6 million, or $0.23 per share, compared to net income of $71.3 million, or $0.22 per share, in the second quarter of fiscal 2004. Earnings per share ("EPS") for the quarter increased five percent over the prior year quarter. As previously disclosed, excluding adjustments made in the second quarter of fiscal 2004 to reduce certain income tax-related liabilities and related interest accruals by $7.4 million, net income for the second quarter of fiscal 2004 would have been $63.9 million, or $0.19 per share. Excluding last year's adjustment, fiscal 2005 results equate to a 21 percent growth in EPS.

Net sales for the second quarter ended July 29, 2005, were $2.07 billion, a 12.5 percent increase over net sales of $1.84 billion for the same period of fiscal 2004. The increase is primarily a result of 633 net new stores and a same-store sales increase of 3.9 percent.

As a percentage of sales, gross profit for the fiscal 2005 second quarter declined to 28.6 percent from 29.2 percent for the comparable period in fiscal 2004. The decrease in the gross profit rate is primarily attributable to: 1) lower sales, as a percent of total sales, of the Company's home products, basic clothing and seasonal categories, all of which have higher than average markups; 2) higher transportation costs, primarily resulting from increased fuel expenses; 3) increased inventory markdowns taken in connection with the Company's per-store inventory reduction initiatives; and 4) the unfavorable impact (17 basis points) resulting from the expansion from fiscal 2004 of the number of departments used in the Company's retail inventory method calculation of merchandise inventories and related profit margin ("RIM expansion").

Selling, general and administrative expenses ("SG&A") decreased to 22.8 percent of sales for the second quarter of fiscal 2005 versus 23.4 percent of sales during the comparable prior year quarter. Significant factors contributing to the decrease in SG&A, as a percent of sales are: 1) a decrease in store labor costs, resulting from cost-containment efforts, including the Company's EZstore project which has been fully implemented in 2,625 stores; 2) lower costs of counting physical inventories; and 3) lower health benefits expense, resulting from a decrease in the time lag used for estimating the Company's accrual for incurred, but not reported, claims based upon review and recommendation by the Company's outside actuary. These benefits were partially offset by increases in rent expense associated with the Company's leased store locations.

The effective income tax rate for the second quarter of 2005 was 34.8 percent compared to 31.5 percent in the comparable prior year period. The rate for the 2005 period is lower than the Company's estimated annual effective rate of approximately 36.1 percent (subject to quarterly adjustments) primarily due to the year-to-date impact of state investment tax credits associated with the construction of the distribution center in Indiana and the impact on certain taxes of an internal corporate restructuring. As discussed above, the tax rate in the 2004 period was favorably impacted by adjustments to reduce certain contingent income tax-related liabilities.

For the 26-week year-to-date period, net income was $140.5 million in fiscal 2005, or $0.43 per share, compared to $139.2 million, or $0.42 per share, in the comparable prior year period. Excluding the effect of the income tax-related adjustments described above, net income for the 26-week period ended July 30, 2004 would have been $131.7 million, or $0.39 per share.

Year-to-date net sales increased 12.8 percent, including a same-store sales increase of 4.4 percent. As a percentage to sales, gross margin for the year-to-date period was 28.6 percent in 2005 compared to 29.3 percent in 2004. The decrease in gross margin is primarily attributable to a decrease, as a percentage of total sales, of sales in higher margin categories, an unfavorable impact resulting from the RIM expansion (17 basis points), and increased transportation costs, primarily resulting from higher fuel costs.

SG&A expenses for the year-to-date period decreased as a percentage of sales to 22.9 percent in 2005 from 23.1 percent in 2004. Significant factors contributing to the year-to-date decrease in SG&A, as a percent of sales are: 1) a decrease in store labor costs, resulting from cost-containment efforts, including the Company's EZstore project; 2) lower health benefits expense, resulting from a decrease in the time lag used for estimating the Company's accrual for incurred, but not reported, claims based upon review and recommendation by the Company's outside actuary; and 3) decreases from the 2004 year-to-date period in external consulting fees, primarily relating to the Company's EZstore project and fees associated with the Company's initial Sarbanes-Oxley compliance efforts. These benefits were partially offset by increases in rent expense associated with the Company's leased store locations.

As of July 29, 2005, the Company operated 7,712 neighborhood stores, including 30 Dollar General Markets. For the 26-week period ended July 29, 2005, the Company opened 438 new stores and closed 46 stores. Store openings are on track to meet or exceed the Company's target of 730 total new stores this year.

Year-to-date, the Company repurchased approximately 8.4 million shares of its common stock for $172.8 million. As of July 29, 2005, approximately 1.0 million shares remained available under the current repurchase authorization, which expires November 30, 2005.

Third and Fourth Quarter 2005 Outlook

August same-store sales are currently estimated to be in the range of 0.5 percent to 1.0 percent. The Company believes that consumer discretionary spending has been greatly impacted in August due to the combination of fuel prices and aggressive back-to-school marketing and discounted pricing by competitors. Same-store sales are currently estimated to be in the range of one percent to three percent for the third quarter and in the range of two percent to four percent for the fourth quarter.

Accordingly, the Company expects EPS for its third quarter ending October 28, 2005 to be in the range of $0.19-$0.21. Included in this estimate is a negative impact of approximately $0.02-$0.03 per share resulting from the RIM expansion. Additionally, management expects transportation costs, primarily fuel-related, to have a significant negative impact on gross profit in the third quarter as the Company has its heaviest number of shipments in preparation for the holiday season.

For the fourth quarter of 2005, which includes an additional week, the Company expects EPS to be in the range of $0.53-$0.55. Included in this estimate is a favorable impact of approximately $0.03-$0.04 per share resulting from the RIM expansion.

For the 53-week year ending February 3, 2006, the Company expects to report EPS of $1.15-$1.19. Capital expenditures for the year are expected to be approximately $350 million.

Conference Call

The Company will host a conference call on Thursday, August 25, 2005, at 10 a.m. EDT. The security code for the conference call is "Dollar General." If you wish to participate, please call (334) 260-2280 at least 10 minutes before the conference call is scheduled to begin. The call will also be broadcast live online at www.dollargeneral.com and can be accessed by clicking on the homepage "Spotlight Item." A replay of the conference call will be available until 5 p.m. EDT on Thursday, September 8, online or by calling (334) 323-7226. The replay pass code is 30073306.

Non-GAAP Disclosures

This press release and the tables accompanying this release include certain financial information not derived in accordance with generally accepted accounting principles ("GAAP"), including net income and EPS, each excluding an adjustment resulting from the reduction of certain income tax liabilities and the related interest accruals. Management believes that net income and EPS, excluding the income tax-related adjustment, more clearly reflect the Company's actual performance on a comparable and ongoing basis. In addition, return on invested capital ("ROIC"), included in the accompanying schedules to this release, may be considered a non-GAAP financial measure. Management believes that ROIC is useful because it provides investors with additional useful information for evaluating the efficiency of the Company's capital deployed in its operations. The Company has also provided a calculation of ROIC and return on assets, computed using net income, excluding a restatement-related penalty, a non-GAAP measure, which management believes more clearly reflects the ongoing operations of the Company. None of these non-GAAP measures should be considered a substitute for measures derived in accordance with GAAP. The Company has included its calculations of these non-GAAP measures and reconciliations to the most comparable GAAP financial measures in the accompanying schedules.

Forward-Looking Information

This press release contains forward-looking information, such as the information in the sections entitled "Third and Fourth Quarter 2005 Outlook," as well as expected fiscal 2005 new store openings and comments regarding the Company's ongoing effective income tax rate. The words "believe," "anticipate," "project," "plan," "schedule," "expect," "estimate," "objective," "forecast," "goal," "intend," "will likely result," or "will continue" and similar expressions generally identify forward-looking statements. These matters involve risks, uncertainties and other factors that may cause the actual performance of the Company to differ materially from that expressed or implied by these forward-looking statements. All forward-looking information should be evaluated in the context of these risks, uncertainties and other factors. The Company believes the assumptions underlying these forward-looking statements are reasonable; however, any of the assumptions could be inaccurate and, therefore, actual results may differ materially from those projected by, or implied in, the forward-looking statements. Factors that may result in actual results differing from such forward-looking information include, but are not limited to:

-- fuel price and interest rate fluctuations;

-- a deterioration in general economic conditions, such as unemployment levels, business conditions, high fuel and energy costs, interest rates and tax rates, whether caused by acts of war, terrorism or other factors;

-- changes in demand due to unexpected or unusual weather patterns, economic conditions or other factors;

-- transportation and distribution delays or interruptions both domestically and internationally;

-- labor shortages in the trucking industry;

-- the Company's ability to negotiate effectively the cost and purchase of merchandise;

-- prolonged or repeated price increases of certain raw materials that could affect vendors' product costs;

-- inventory risks due to shifts in market demand;

-- changes in product mix;

-- interruptions in suppliers' businesses;

-- the inability to execute operating initiatives;

-- costs and potential problems and interruptions associated with implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems;

-- higher than expected increases in health insurance costs or workers' compensation, general liability insurance, property insurance or directors' and officers' liability insurance costs;

-- seasonality of the Company's business such as a sales shortfall during the Christmas selling season;

-- unanticipated changes in the federal or state minimum wage or living wage requirements or changes in other wage or workplace regulations, as well as the Company's ability to timely comply with those regulations;

-- changes in federal, state or local regulations governing the sale of the Company's products, particularly "over-the-counter" medications or health products;

-- excessive costs and delays associated with building, opening and operating new stores;

-- excessive costs and delays associated with building or opening distribution centers;

-- competition in the retail industry;

-- results of legal proceedings and claims; and

-- other risk factors described in the Company's Form 10-K for the fiscal year ended January 28, 2005, filed with the SEC on April 12, 2005, and most recent Form 10-Q, as well as elsewhere in this press release.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Except as may be required by law, the Company disclaims any obligation to publicly update or revise any forward-looking statements contained herein to reflect events or circumstances occurring after the date of this release or to reflect the occurrence of unanticipated events. Readers are advised, however, to consult any further disclosures the Company may make on related subjects in its public disclosures or documents filed with the SEC.

About Dollar General

Dollar General is a Fortune 500(R) discount retailer with 7,712 neighborhood stores as of July 29, 2005. Dollar General stores offer convenience and value to customers by offering consumable basic items that are frequently used and replenished, such as food, snacks, health and beauty aids and cleaning supplies, as well as a selection of basic apparel, housewares and seasonal items at everyday low prices. The Company store support center is located in Goodlettsville, Tennessee. Dollar General's Web site can be reached at www.dollargeneral.com.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Income
(In thousands, except per share amounts)

(Unaudited)

	For the 13 Weeks Ended			
	July 29, 2005	%of Net Sales	July 30, 2004	%of Net Sales
Net sales	$2,066,016	100.00%	$1,836,243	100.00%
Cost of goods sold	1,474,486	71.37%	1,299,263	70.76%
Gross profit	591,530	28.63%	536,980	29.24%
Selling, general and administrative	470,460	22.77%	428,854	23.35%
Operating profit	121,070	5.86%	108,126	5.89%
Interest income	(2,156)	-0.10%	(1,404)	-0.08%
Interest expense	7,344	0.36%	5,445	0.30%
Income before income taxes	115,882	5.61%	104,085	5.67%
Income taxes	40,324	1.95%	32,763	1.78%
Net income	$ 75,558	3.66%	$ 71,322	3.88%
Basic earnings per share	$ 0.23		$ 0.22	
Weighted average basic shares	323,836		327,799	
Diluted earnings per share	$ 0.23		$ 0.22	
Weighted average diluted shares	326,340		330,298	
Dividends per share	$ 0.045		$ 0.040	

	For the 26 Weeks Ended			
	July 29, 2005	%of Net Sales	July 30, 2004	%of Net Sales
Net sales	$4,043,845	100.00%	$3,584,202	100.00%
Cost of goods sold	2,888,966	71.44%	2,534,972	70.73%
Gross profit	1,154,879	28.56%	1,049,230	29.27%
Selling, general and administrative	926,888	22.92%	826,554	23.06%
Operating profit	227,991	5.64%	222,676	6.21%
Interest income	(4,772)	-0.12%	(3,406)	-0.10%
Interest expense	13,312	0.33%	13,889	0.39%
Income before income taxes	219,451	5.43%	212,193	5.92%
Income taxes	78,993	1.95%	73,022	2.04%
Net income	$ 140,458	3.47%	$ 139,171	3.88%
Basic earnings per share	$ 0.43		$ 0.42	
Weighted average basic shares	326,022		330,954	
Diluted earnings per share	$ 0.43		$ 0.42	
Weighted average diluted shares	328,779		333,778	
Dividends per share	$ 0.085		$ 0.080	

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands)

	July 29, 2005	Jan. 28, 2005
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 145,950	$ 232,830
Short-term investments	-	42,925
Merchandise inventories	1,460,700	1,376,537
Deferred income taxes	33,708	24,908
Prepaid expenses and other current assets	58,305	53,702
Total current assets	1,698,663	1,730,902
Property and equipment, at cost	2,063,696	1,940,335
Less: accumulated depreciation and amortization	941,999	859,497
Net property and equipment	1,121,697	1,080,838
Other assets, net	20,006	29,264
Total assets	$2,840,366	$2,841,004
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term obligations	$ 9,561	$ 12,860
Accounts payable	462,697	409,327
Accrued expenses and other	347,606	333,889
Income taxes payable	49,504	69,616
Total current liabilities	869,368	825,692
Long-term obligations	255,445	258,462
Deferred income taxes	67,736	72,385
Shareholders' equity:		
Preferred stock	-	-

Common stock	160,630	164,086
Additional paid-in capital	447,617	421,600
Retained earnings	1,046,650	1,102,457
Accumulated other comprehensive loss	(883)	(973)
	1,654,014	1,687,170
Other shareholders' equity	(6,197)	(2,705)
Total shareholders' equity	1,647,817	1,684,465
Total liabilities and shareholders' equity	$2,840,366	$2,841,004

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands)

(Unaudited)

	For the 26 Weeks Ended	
	July 29, 2005	July 30, 2004(a)
Cash flows from operating activities:		
Net income	$140,458	$139,171
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	90,316	80,697
Deferred income taxes	(13,449)	29,017
Tax benefit from stock option exercises	3,810	3,684
Change in operating assets and liabilities:		
Merchandise inventories	(84,163)	(222,402)
Prepaid expenses and other current assets	(4,603)	(2,159)
Accounts payable	62,213	60,971
Accrued expenses and other	14,391	8,172
Income taxes	(20,165)	(26,295)
Other	10,208	(16,268)
Net cash provided by operating activities	199,016	54,588
Cash flows from investing activities:		
Purchases of property and equipment	(139,594)	(134,453)
Purchases of short-term investments	(30,250)	(149,425)
Sales of short-term investments	73,175	206,850
Proceeds from sale of property and equipment	822	90
Net cash used in investing activities	(95,847)	(76,938)
Cash flows from financing activities:		
Repayments of long-term obligations	(8,183)	(8,419)
Payment of cash dividends	(27,596)	(26,448)
Proceeds from exercise of stock options	18,441	14,285
Repurchases of common stock	(172,755)	(169,391)
Other financing activities	44	(970)
Net cash used in financing activities	(190,049)	(190,943)
Net decrease in cash and cash equivalents	(86,880)	(213,293)
Cash and cash equivalents, beginning of period	232,830	345,899
Cash and cash equivalents, end of period	$145,950	$132,606
Supplemental schedule of noncash investing and financing activities:		
Purchases of property and equipment awaiting processing for payment, included in accounts payable	$ 4,078	$ 5,366
Purchases of property and equipment under capital lease obligations	$ 1,845	$ 1,364

(a) Certain amounts have been reclassified to conform to the current period presentation.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES
Selected Additional Information
(Unaudited)

Sales by Category (in thousands)

	13 Weeks Ended		
	July 29, 2005	July 30, 2004	% Increase
Highly consumable	$1,351,796	$1,167,324	15.8%
Seasonal	317,544	290,893	9.2%
Home products	215,132	208,153	3.4%
Basic clothing	181,544	169,873	6.9%
Total sales	$2,066,016	$1,836,243	12.5%

	26 Weeks Ended		
	July 29, 2005	July 30, 2004	% Increase
Highly consumable	$2,673,102	$2,281,718	17.2%
Seasonal	592,839	551,331	7.5%
Home products	426,884	422,926	0.9%
Basic clothing	351,020	328,227	6.9%
Total sales	$4,043,845	$3,584,202	12.8%

New Store Activity

	26 Weeks Ended	
	July 29, 2005	July 30, 2004
Beginning store count	7,320	6,700
New store openings	438	420
Store closings	46	41
Net new stores	392	379
Ending store count	7,712	7,079

Total selling square footage (000's) 53,004 48,139

Customer Transaction Data

	13 Weeks Ended		26 Weeks Ended	
	July 29, 2005	July 30, 2004	July 29, 2005	July 30, 2004
Same-store customer transactions	+ 0.3%	+ 2.8%	+ 0.8%	+ 3.2%
Average customer purchase (total stores)	$8.76	$8.36	$8.78	$8.38

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

Non-GAAP Disclosures and Reconciliations Return on Invested Capital (b)

(Unaudited)

(Restated) (a)

For the four

(In thousands)	quarters ended July 29, 2005	quarters ended July 30, 2004
Net income	$ 345,477	$ 317,905
Add:		
Interest expense, net	20,276	24,676
Rent expense	275,669	235,547
Tax effect of interest and rent	(107,311)	(95,177)
Interest and rent, net of tax	188,634	165,046
Return, net of tax	$ 534,111	$ 482,951
Restatement-related penalty expense	-	10,000
Return excluding restatement-related items	$ 534,111	$ 492,951
Average invested capital:		
Average long-term obligations (c)	$ 282,876	$ 282,100
Shareholders' equity (d)	1,626,274	1,479,715
Average rent x 8 (e)	2,044,864	1,748,760
Invested capital	$3,954,014	$3,510,575
Return on invested capital	13.5%	13.8%
Return on invested capital, excluding restatement-related items	13.5%	14.0%

(a) Certain amounts used in the above calculations have been restated using the accounting practices for leases described in the Company's Form 10-K for the year ended January 28, 2005.

(b) The Company believes that the most directly comparable ratio calculated solely using GAAP measures is the ratio of net income to the sum of average long-term obligations, including current portion, and average shareholders' equity. This ratio was 18.1% and 18.0% for the rolling four quarters ended July 29, 2005 and July 30, 2004, respectively.

(c) Average long-term obligations is equal to the average long-term obligations, including current portion, measured at the end of each of the last five fiscal quarters.

(d) Average shareholders' equity is equal to the average shareholders' equity measured at the end of each of the last five fiscal quarters.

(e) Average rent expense is computed using a rolling two-year period. Average rent expense is multiplied by a factor of eight to capitalize operating leases in the determination of pretax invested capital. This is a conventional methodology utilized by credit rating agencies and investment bankers.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

Non-GAAP Disclosures and Reconciliations Return on Assets

(Unaudited)

(Restated) (a)

(In thousands)	For the four quarters ended July 29, 2005	For the four quarters ended July 30, 2004
Net income	$ 345,477	$ 317,905
Restatement-related penalty expense	-	10,000

Net income, excluding restatement-related items	$ 345,477	$ 327,905
Average assets (b)	$2,801,149	$2,556,443
Return on assets	12.3%	12.4%
Return on assets, excluding restatement-related items	12.3%	12.8%

(a) Certain amounts used in the above calculations have been restated using the accounting practices for leases described in the Company's Form 10-K for the year ended January 28, 2005.

(b) Average assets is equal to the average total assets measured at the end of each of the last five fiscal quarters.

DOLLAR GENERAL CORPORATION AND SUBSIDIARIES

Unaudited Adjusted Non-GAAP Results and Reconciliations Schedule for Informational Purposes Only

(In thousands, except per share amounts)

	For the 13 Weeks Ended July 30, 2004				
	As Reported (GAAP)	% of Net Sales	Adjustments	Non-GAAP Adjusted Results	% of Net Sales
Net sales	$1,836,243	100.00%	$ -	$1,836,243	100.00%
Cost of goods sold	1,299,263	70.76	-	1,299,263	70.76
Gross profit	536,980	29.24	-	536,980	29.24
Selling, general and administrative	428,854	23.35	-	428,854	23.35
Operating profit	108,126	5.89	-	108,126	5.89
Interest income	(1,404)	-0.08	-	(1,404)	-0.08
Interest expense	5,445	0.30	1,958	7,403	0.40
Income before income taxes	104,085	5.67	(1,958)	102,127	5.56
Income taxes (a)	32,763	1.78	5,484	38,247	2.08
Net income	$ 71,322	3.88%	$ (7,442)	$ 63,880	3.48%
Basic earnings per share	$ 0.22		$ (0.02)	$ 0.19	
Weighted average basic shares	327,799		327,799	327,799	
Diluted earnings per share	$ 0.22		$ (0.02)	$ 0.19	
Weighted average diluted shares	330,298		330,298	330,298	

For the 13 weeks ended July 29, 2005

Net income	$75,558	$75,558
Increase in net income	6%	18%
Diluted earnings per share	$ 0.23	$ 0.23
Increase in diluted earnings per share	5%	21%

For the 26 Weeks Ended July 30, 2004

	As Reported (GAAP)	% of Net Sales	Adjustments	Non-GAAP Adjusted Results	% of Net Sales
Net sales	$3,584,202	100.00%	$ -	$3,584,202	100.00%
Cost of goods sold	2,534,972	70.73	-	2,534,972	70.73
Gross profit	1,049,230	29.27	-	1,049,230	29.27
Selling, general and administrative	826,554	23.06	-	826,554	23.06
Operating profit	222,676	6.21	-	222,676	6.21
Interest income	(3,406)	-0.10		(3,406)	-0.10
Interest expense	13,889	0.39	1,958	15,847	0.44
Income before income taxes	212,193	5.92	(1,958)	210,235	5.87
Income taxes (a)	73,022	2.04	5,484	78,506	2.19
Net income	$ 139,171	3.88%	$ (7,442)	$ 131,729	3.68%
Basic earnings per share	$ 0.42		$ (0.02)	$ 0.40	
Weighted average basic shares	330,954		330,954	330,954	
Diluted earnings per share	$ 0.42		$ (0.02)	$ 0.39	
Weighted average diluted shares	333,778		333,778	333,778	

For the 26 weeks ended July 29, 2005

Net income	$140,458	$140,458
Increase in net income	1%	7%
Diluted earnings per share	$ 0.43	$ 0.43
Increase in diluted earnings per share	2%	10%

(a) Adjustment to provision for taxes on income includes a $6,232 adjustment to tax liabilities, which is partially offset by the income tax effect of the related interest adjustment of $748.

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