Dillard's, Inc. Reports Third Quarter Earnings

Little Rock, Arkansas – November 13, 2006 - Dillard's, Inc. (DDS-NYSE):

Third Quarter 2006 Highlights

- Net income of $13.6 million compared to a net loss of $2.7 million
- Gross margin improvement of 140 basis points of sales
- Comparable store inventory decline of 3%
- Launch of "Dillard's – The Style of Your Life" – a comprehensive national branding campaign

Dillard's, Inc. (the "Company" or "Dillard's") announced operating results for the 13 weeks ended October 28, 2006. This release contains certain forward-looking statements. Please refer to the Company's cautionary statement regarding forward-looking information included below under "Forward-Looking Information".

Income

Net income for the 13 weeks ended October 28, 2006 was $13.6 million ($0.17 per basic and diluted share) compared to a net loss of $2.7 million ($0.03 per basic and diluted share) for the 13 weeks ended October 29, 2005. Third quarter net income improvement was primarily driven by Dillard's improved gross margin performance of 140 basis points of sales.

Revenues

Net sales for the 13 weeks ended October 28, 2006 were $1.722 billion compared to sales for the 13 weeks ended October 29, 2005 of $1.727 billion. Total net sales for the period were unchanged on a percentage basis. Sales in comparable store for the period declined 2%.

During the 13 weeks ended October 28, 2006, the net sales performance in Dillard's Eastern and Central regions was consistent with the Company's performance for the period. The net sales performance was slightly below trend in the Western region.

During the 13 weeks ended October 28, 2006, net sales of lingerie and accessories significantly exceeded Company's performance for the period. Sales of juniors' and children's apparel and decorative home merchandise were significantly below trend for the period.

Gross Margin

Dillard's achieved gross margin improvement of 140 basis points of sales for the 13 weeks ended October 28, 2006 compared to the 13 weeks ended October 29, 2005. The Company primarily attributes its improved gross margin performance to lower levels of markdowns and decreased purchases resulting in lower inventory levels as it executed a disciplined approach to merchandising and inventory control during the period.

Total inventory declined 1% as of October 28, 2006 compared to October 29, 2005. Inventory in comparable stores declined 3%.

Dillard's remains committed to providing a differentiated shopping experience to position its merchandise mix toward a more upscale and contemporary tone to continue to attract customers who are seeking exciting statements in fashion.

Advertising, Selling, Administrative and General Expenses

Advertising, selling, administrative and general ("S G & A") expenses were $513.2 million and $507.0 million for the 13 weeks ended October 28, 2006 and October 29, 2005, respectively. Increases in payroll, utilities, supplies, services purchased and insurance were partially offset by savings in advertising and store pre-opening expenses.

In August of 2006, the Company launched its comprehensive national branding campaign, "Dillard's – The Style of Your Life". The campaign features Dillard's fashion merchandise in a variety of lifestyle vignettes distributed through multiple media channels including national fashion magazines, broadcast and Internet. The branding campaign supports Dillard's upscale and contemporary approach to the marketplace in a series of customized, sophisticated portfolios. The current campaign will continue through the holiday season.

The Company continues to evaluate its advertising strategy to position advertising spending toward the most appropriate media sources to reach its targeted customers. During the third quarter, advertising spending formerly dedicated to more traditional sources, such as newspaper and other print media, was redirected to the new branding campaign.

Interest and Debt Expense

Interest and debt expense declined $2.3 million to $23.4 million for the 13 weeks ended October 28, 2006 compared to the 13 weeks ended October 29, 2005 as a result of lower debt levels.

As of October 28, 2006, letters of credit totaling $75.4 million were outstanding under the Company's $1.2 billion revolving credit facility.

Store Information

Two stores in the Gulf Coast area which were damaged by Hurricane Katrina remained closed as of October 28, 2006. Details regarding these stores, which are located in New Orleans, Louisiana and Biloxi, Mississippi, are still being determined.

During the 13 weeks ended October 28, 2006, Dillard's opened the following new locations:

Center	City	Square Feet	Open Month
Town Center at Aurora*	Aurora, Colorado	180,000	August
Red Cliffs Mall*	St. George, Utah	90,000	September
Pinnacle Hills Promenade	Rogers, Arkansas	155,000	October
**replacement store*			

During the 13 weeks ended October 28, 2006, the Company closed its Jamestown Mall location in Florissant, Missouri (170,000 square feet) and its Rolling Acres clearance center in Akron, Ohio (127,000 square feet).

Earlier this month, Dillard's opened its new location at Coconut Point in Bonita Springs, Florida (180,000 square feet) and new store at Southwest Plaza in Littleton, Colorado (180,000 square feet replacing 132,000 square feet).

As of October 28, 2006, the Company operated 327 Dillard's locations spanning 29 states, net of the two locations closed at the time due to hurricane damage.

Dillard's, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(In Millions, Except Per Share Data)

	13-Week Period Ended			
	October 28, 2006		October 29, 2005	
	Amount	% of Net Sales	Amount	% of Net Sales
Net sales	$ 1,721.5	-	$ 1,727.1	-
Total revenues	**1,762.6**	**102.4 %**	**1,761.2**	**102.0 %**
Cost of sales	1,118.3	65.0	1,147.1	66.4
Advertising, selling, administrative and general expenses	513.2	29.8	507.0	29.4
Depreciation and amortization	73.6	4.3	75.8	4.4
Rentals	12.8	0.7	9.8	0.6
Interest and debt expense	23.4	1.4	25.7	1.5
Total costs and expenses	1,741.3		1,765.4	
Income (loss) before income taxes	21.3	1.2	(4.2)	-0.3
Income taxes	7.7		(1.5)	
Net Income (Loss)	**$ 13.6**	**0.8 %**	**$ (2.7)**	**-0.2 %**
Basic and diluted earnings (loss) per share	**$ 0.17**		**$ (0.03)**	
Basic weighted average shares	79.6		81.0	
Diluted weighted average shares	80.9		81.0	

Dillard's, Inc. and Subsidiaries
Condensed Consolidated Statements of Income
(In Millions, Except Per Share Data)

	39-Week Period Ended			
	October 28, 2006		October 29, 2005	
	Amount	% of Net Sales	Amount	% of Net Sales
Net sales	$ 5,246.7	-	$ 5,222.0	-
Total revenues	**5,390.2**	**102.7 %**	**5,328.4**	**102.0 %**
Cost of sales	3,420.0	65.2	3,461.4	66.3
Advertising, selling, administrative and general expenses	1,518.4	28.9	1,489.0	28.5
Depreciation and amortization	221.0	4.2	226.2	4.3
Rentals	36.0	0.7	30.4	0.6
Interest and debt expense	71.6	1.4	79.2	1.5
Asset impairment and store closing charges	0.0	0.0	6.4	0.1
Total costs and expenses	5,267.0		5,292.6	
Income before income taxes	123.2	2.3	35.8	0.7
Income taxes	32.5		12.8	
Net Income	**$ 90.7**	**1.7 %**	**$ 23.0**	**0.4 %**
Basic earnings per share	**$ 1.14**		**$ 0.28**	
Diluted earnings per share	**$ 1.13**		**$ 0.28**	
Basic weighted average shares	79.5		82.3	
Diluted weighted average shares	80.2		82.5	

Dillard's, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In Millions)

	October 28, 2006	October 29, 2005
Assets		
Current Assets:		
Cash and cash equivalents	$ 95.0	$ 73.5
Trade accounts receivable	10.7	9.7
Merchandise inventories	2,392.6	2,411.7
Other current assets	40.4	66.8
Total current assets	2,538.7	2,561.7

Property and equipment, net	3,190.7	3,224.2
Goodwill	34.5	35.5
Other assets	170.1	142.9
Total Assets	**$ 5,934.0**	**$ 5,964.3**
Liabilities and Stockholders' Equity		
Current Liabilities:		
Trade accounts payable and accrued expenses	$ 1,373.4	$ 1,423.7
Current portion of long-term debt and capital leases	205.0	103.7
Federal and state income taxes including current deferred taxes	19.3	81.0
Total current liabilities	1,597.7	1,608.4
Long-term debt and capital leases	985.8	1,175.8
Other liabilities	251.1	251.2
Deferred income taxes	467.4	486.8
Guaranteed preferred beneficial interests in the Company's subordinated debentures	200.0	200.0
Stockholders' equity	2,432.0	2,242.1
Total Liabilities and Stockholders' Equity	**$ 5,934.0**	**$ 5,964.3**

Other Information
(In Millions)

	October 28, 2006	October 29, 2005
Square footage	56.8	56.9
Capital expenditures		
13 weeks ended	$83.7	$85.5
39 weeks ended	253.4	283.4

Estimates for 2006

The Company is updating the following estimates for certain income statement items for the fiscal year ending February 3, 2007 based upon current conditions. Actual results may differ significantly from these estimates as conditions and factors change – See "Forward-Looking Information".

	In Millions	
	2006 Estimated	2005 Actual
Depreciation and amortization	$300	$302
Rental expense	58	48
Interest and debt expense	98	106
Capital expenditures (net of asset trade in)	340	367

Forward-Looking Information

The foregoing contains certain "forward-looking statements" within the definition of federal securities laws. Statements made in this release regarding the Company's execution of merchandise initiatives, store opening information and estimates for 2006 are forward-looking statements. The Company cautions that forward-looking statements, as such term is defined in the Private Securities Litigation Reform Act of 1995, contained in this report are based on estimates, projections, beliefs and assumptions of management at the time of such statements and are not guarantees of future performance. The Company disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information, or otherwise. Forward-looking statements of the Company involve risks and uncertainties and are subject to change based on various important factors. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements made by the Company and its management as a result of a number of risks, uncertainties and assumptions. Representative examples of those factors (without limitation) include general retail industry conditions and macro-economic conditions; economic and weather conditions for regions in which the Company's stores are located and the effect of these factors on the buying patterns of the Company's customers; the impact of competitive pressures in the department store industry and other retail channels including specialty, off-price, discount, internet, and mail-order retailers; changes in consumer spending patterns and debt levels; adequate and stable availability of materials and production facilities from which the Company sources its merchandise; changes in operating expenses, including employee wages, commission structures and related benefits; possible future acquisitions of store properties from other department store operators and the continued availability of financing in amounts and at the terms necessary to support the Company's future business; potential disruption from terrorist activity and the effect on ongoing consumer confidence; potential disruption of international trade and supply chain efficiencies; events causing disruption or delays in the store construction schedule, world conflict and the possible impact on consumer spending patterns and other economic and demographic changes of similar or dissimilar nature.

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