

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
For the quarterly period ended July 28, 2012

OR

Transition report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
Commission File Number: 0-25464



DOLLAR TREE

DOLLAR TREE, INC.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

26-2018846
(I.R.S. Employer
Identification No.)

500 Volvo Parkway
Chesapeake, Virginia 23320
(Address of principal executive offices)

Telephone Number (757) 321-5000
(Registrant's telephone number, including area code)

Indicate by check mark whether Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of August 9, 2012, there were 230,325,396 shares of the Registrant's Common Stock outstanding.

DOLLAR TREE, INC.

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Part I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS.

DOLLAR TREE, INC.
CONDENSED CONSOLIDATED INCOME STATEMENTS
(Unaudited)

(In millions, except per share data)	13 Weeks Ended		26 Weeks 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	<u>1,105.0</u>	<u>1,000.0</u>	<u>2,225.9</u>	<u>2,005.1</u>
Gross profit	599.6	542.4	1,202.3	1,083.2
Selling, general and administrative expenses	<u>415.2</u>	<u>388.9</u>	<u>829.9</u>	<u>768.0</u>
Operating income	184.4	153.5	372.4	315.2
Interest expense, net	1.1	0.7	1.6	1.6
Other (income) expense, net	<u>-</u>	<u>0.5</u>	<u>(1.1)</u>	<u>(0.2)</u>
Income before income taxes	183.3	152.3	371.9	313.8
Provision for income taxes	<u>64.1</u>	<u>57.4</u>	<u>136.6</u>	<u>117.9</u>
Net income	<u>\$ 119.2</u>	<u>\$ 94.9</u>	<u>\$ 235.3</u>	<u>\$ 195.9</u>
Net income per share:				
Basic	<u>\$ 0.52</u>	<u>\$ 0.39</u>	<u>\$ 1.02</u>	<u>\$ 0.80</u>
Diluted	<u>\$ 0.51</u>	<u>\$ 0.39</u>	<u>\$ 1.01</u>	<u>\$ 0.79</u>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

DOLLAR TREE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(In millions)	13 Weeks Ended		26 Weeks Ended	
	July 28, 2012	July 30, 2011	July 28, 2012	July 30, 2011
Net income	\$ 119.2	\$ 94.9	\$ 235.3	\$ 195.9
Foreign currency translation adjustments	\$ (5.0)	\$ (0.9)	\$ (2.5)	\$ 4.0
Fair value adjustments-derivative cash flow hedging instrument, net of tax	-	-	-	0.4
Total comprehensive income	\$ 114.2	\$ 94.0	\$ 232.8	\$ 200.3

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

DOLLAR TREE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	July 28, 2012	January 28, 2012	July 30, 2011
ASSETS			
Current assets:			
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	<u>1,321.6</u>	<u>1,209.4</u>	<u>1,408.3</u>
Property, plant 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	<u>\$ 2,499.7</u>	<u>\$ 2,328.6</u>	<u>\$ 2,478.9</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
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	21.8	63.3	8.5
Total current liabilities	<u>580.8</u>	<u>581.0</u>	<u>495.8</u>
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	<u>976.7</u>	<u>984.0</u>	<u>891.2</u>
Commitments and contingencies			
Shareholders' equity	<u>1,523.0</u>	<u>1,344.6</u>	<u>1,587.7</u>
Total Liabilities and Shareholders' Equity	<u>\$ 2,499.7</u>	<u>\$ 2,328.6</u>	<u>\$ 2,478.9</u>
Common shares outstanding	<u>230.4</u>	<u>231.2</u>	<u>244.6</u>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

DOLLAR TREE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	26 Weeks 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 to net income	24.0	40.5
Changes in operating assets and liabilities	(64.3)	(56.0)
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 sales 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 plan	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
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ 1.3	\$ 2.0
Income taxes	\$ 160.4	\$ 145.0

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

DOLLAR TREE, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Dollar Tree, Inc. and its wholly-owned subsidiaries (the "Company") have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and are presented in accordance with the requirements of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended January 28, 2012 contained in the Company's Annual Report on Form 10-K filed March 15, 2012. The results of operations for the 13 and 26 weeks ended July 28, 2012 are not necessarily indicative of the results to be expected for the entire fiscal year ending February 2, 2013.

In the Company's opinion, the unaudited condensed consolidated financial statements included herein contain all adjustments (consisting of those of a normal recurring nature) considered necessary for a fair presentation of its financial position as of July 28, 2012 and July 30, 2011 and the results of its operations and cash flows for the periods presented. The January 28, 2012 balance sheet information was derived from the audited consolidated financial statements as of that date.

On May 29, 2012, the Company's Board of Directors approved a 2-for-1 stock split in the form of a 100% common stock dividend. New shares were distributed on June 26, 2012 to shareholders of record as of the close of business on June 12, 2012. As a result, all share and per share data in these condensed consolidated financial statements and accompanying notes have been retroactively adjusted to reflect this stock split.

In the first quarter of 2012, the Company adopted Accounting Standards Update ("ASU") No. 2011-05, "*Comprehensive Income (Topic 220): Presentation of Comprehensive Income*." This update requires that the total of comprehensive income, the components of net income, and the components of other comprehensive income be presented in either a single continuous statement of comprehensive income or in two separate but consecutive statements. This update does not change what items are reported in other comprehensive income or the requirement to report reclassification of items from other comprehensive income to net income.

2. LONG-TERM DEBT

On June 6, 2012, the Company, through its wholly-owned subsidiary Dollar Tree Stores, Inc., entered into a five-year \$750.0 million Unsecured Credit Agreement (the Unsecured Credit Agreement or the Agreement) with Wells Fargo Bank, N.A., as administrative agent and the lenders party thereto. The Agreement provides for a \$750.0 million revolving line of credit, including up to \$150.0 million in available letters of credit. The interest rate on the facility will be based, at the Company's option, on a LIBOR rate, plus a margin, or an alternate base rate, plus a margin. The revolving line of credit bears a facilities fee, calculated as a percentage, as defined, of the total amount of the line of credit, payable quarterly. The Agreement also bears an administrative fee payable annually. The Agreement, among other things, requires the maintenance of certain specified financial ratios, restricts the payment of certain distributions and prohibits the incurrence of certain new indebtedness. The Company's February 2008, \$550.0 million Credit Agreement was terminated concurrent with entering into this Agreement. As of July 28, 2012, \$250.0 million was outstanding under this Agreement.

3. FUEL DERIVATIVE CONTRACTS

In order to manage fluctuations in cash flows resulting from changes in diesel fuel costs, the Company entered into fuel derivative contracts with third parties. The Company has entered into fuel derivative contracts for approximately 1.2 million gallons of diesel fuel, or approximately 36% of the Company's domestic truckload fuel needs from August 2012 through October 2012 and 1.4 million gallons of diesel fuel, or approximately 20% of the Company's domestic truckload fuel needs from November 2012 through April 2013. Under these contracts, the Company pays the third party a fixed price for diesel fuel and receives variable diesel fuel prices at amounts approximating current diesel fuel costs, thereby creating the economic equivalent of a fixed-rate obligation. These derivative contracts do not qualify for hedge accounting and therefore all changes in fair value for these derivatives are included in "Other (income) expense, net" on the accompanying condensed consolidated income statements. The fair value of these contracts at July 28, 2012 was an asset of \$0.7 million.

4. FAIR VALUE MEASUREMENTS

The Company's cash and cash equivalents, restricted investments and diesel fuel swaps represent the financial assets and liabilities that were accounted for at fair value on a recurring basis as of July 28, 2012. As required, financial assets and liabilities are classified in the fair value hierarchy in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. The fair value of the Company's cash and cash equivalents and restricted investments was \$379.8 million and \$83.6 million, respectively at July 28, 2012. These fair values were determined using Level 1 measurements in the fair value hierarchy. The fair value of the diesel fuel swaps as of July 28, 2012 was an asset of \$0.7 million and was estimated using Level 2 measurements in the fair value hierarchy which used discounted cash flow calculations based upon diesel fuel cost curves.

The carrying value of the Company's long-term debt approximates its fair value because the debt's interest rates vary with market interest rates.

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (e.g., when there is evidence of impairment). There were no changes in fair value related to these assets during the 13 or 26 weeks ended July 28, 2012.

5. INCOME TAXES

During the second quarter of 2012, the Company adjusted its balance of unrecognized tax benefits primarily as a result of statute expirations, settlement of state tax audits and additional reserves for uncertain tax positions. Accordingly, "Income taxes payable, long-term" was decreased by \$11.3 million. The total amount of unrecognized tax benefits as of July 28, 2012, that, if recognized would affect the effective tax rate was \$2.8 million (net of federal tax benefit).

6. NET INCOME PER SHARE

The following table sets forth the calculation of basic and diluted net income per share:

(In millions, except per share data)	13 Weeks Ended		26 Weeks Ended	
	July 28, 2012	July 30, 2011	July 28, 2012	July 30, 2011
Basic net income per share:				
Net income	\$ 119.2	\$ 94.9	\$ 235.3	\$ 195.9
Weighted average number of shares outstanding	231.3	244.6	231.4	244.9
Basic net income per share	\$ 0.52	\$ 0.39	\$ 1.02	\$ 0.80
Diluted net income per share:				
Net income	\$ 119.2	\$ 94.9	\$ 235.3	\$ 195.9
Weighted average number of shares outstanding	231.3	244.6	231.4	244.9
Dilutive effect of stock options and restricted stock units (as determined by applying the treasury stock method)	1.3	1.5	1.3	1.6
Weighted average number of shares and dilutive potential shares outstanding	232.6	246.1	232.7	246.5
Diluted net income per share	\$ 0.51	\$ 0.39	\$ 1.01	\$ 0.79

For the 13 and 26 weeks ended July 28, 2012 and July 30, 2011, substantially all of the stock options outstanding were included in the calculation of the weighted average number of shares and dilutive potential shares outstanding.

7. STOCK-BASED COMPENSATION

The Company's stock-based compensation expense primarily includes the fair value of restricted stock units (RSUs) and employees' purchase rights under the Company's Employee Stock Purchase Plan. Stock-based compensation expense was \$7.2 million and \$21.1 million, during the 13 and 26 weeks ended July 28, 2012, respectively. Stock-based compensation expense was \$10.6 million and \$19.6 million, during the 13 and 26 weeks ended July 30, 2011, respectively.

The Company granted approximately 0.5 million service-based RSUs from the Omnibus Incentive Plan (Omnibus Plan) to employees and officers in the 26 weeks ended July 28, 2012. The estimated \$24.7 million fair value of these RSUs is being expensed ratably over the three-year vesting periods, or a shorter period based on the retirement eligibility of certain grantees. The fair value was determined using the Company's closing stock price on the date of grant. The Company recognized \$2.4 million and \$5.4 million of expense related to these RSUs during the 13 and 26 weeks ended July 28, 2012.

In the 26 weeks ended July 28, 2012 the Company granted 0.2 million RSUs with a fair value of \$8.1 million from the Omnibus Plan to certain officers of the Company, contingent on the Company meeting certain performance targets in fiscal 2012. If the Company meets these performance targets in fiscal 2012, the RSUs will vest ratably over three years, ending March 30, 2015. The estimated fair value of these RSUs is being expensed ratably over the three-year vesting periods, or a shorter period based on the retirement eligibility of certain grantees. The Company recognized \$0.3 million and \$5.1 million of expense related to these RSUs in the 13 and 26 weeks ended July 28, 2012.

In the 26 weeks ended July 28, 2012 the Company granted RSUs with a fair value of \$1.7 million from the Omnibus Plan to certain officers of the Company, contingent on the Company meeting certain performance targets for the period beginning on January 29, 2012 and ending on January 30, 2015. Provided the vesting conditions are satisfied, the awards will vest at the end of the performance period. The estimated fair value of these RSUs is being expensed ratably over the three-year vesting periods, or a shorter period based on the retirement eligibility of certain grantees. The Company recognized \$0.1 million and \$0.9 million of expense related to these RSUs in the 13 and 26 weeks ended July 28, 2012.

In the 26 weeks ended July 28, 2012 the company granted 0.2 million RSUs with a fair value of \$10.0 million from the Omnibus Plan to the Chief Executive Officer of the Company, contingent on the Company meeting certain performance targets for the period beginning July 29, 2012 and ending on August 3, 2013 and the grantee completing a five-year service requirement. The fair value of these RSUs is being expensed ratably over the five-year vesting period. The Company recognized \$0.3 million of expense related to these RSUs during the 13 and 26 weeks ended July 28, 2012.

The Company recognized \$4.1 million and \$9.0 million of expense related to RSUs granted prior to fiscal 2012 in the 13 and 26 weeks ended July 28, 2012. For the 13 and 26 weeks ended July 30, 2011, the Company recognized \$3.5 million and \$9.0 million of expense related to these RSUs.

In the 26 weeks ended July 28, 2012, approximately 1.3 million RSUs vested and approximately 0.8 million shares, net of taxes, were issued. During the 26 weeks ended July 30, 2011, approximately 1.3 million RSUs vested and approximately 0.9 million shares, net of taxes, were issued. Less than 0.1 million RSUs vested in the 13 weeks ended July 28, 2012 and July 30, 2011.

8. SHAREHOLDERS' EQUITY

The Company repurchased approximately 1.6 million and 1.7 million shares of common stock on the open market for approximately \$80.9 million and \$85.5 million during the 13 and 26 weeks ended July 28, 2012. Approximately \$8.9 million in share repurchases had not settled as of July 28, 2012 and this amount has been accrued in the accompanying condensed consolidated balance sheet as of July 28, 2012. As of July 28, 2012, the Company has \$1.1 billion remaining under the Board authorization.

During the fourth quarter of 2011, the Company entered into an agreement to repurchase \$300.0 million of the Company's common shares under a "collared" ASR. Under this agreement, during 2011, the Company paid \$300.0 million and received 6.8 million shares. The ASR concluded on March 28, 2012 and the Company received an additional 0.5 million shares resulting in 7.3 million total shares being repurchased under this ASR.

9. LITIGATION MATTERS

In 2006, a former store manager filed a collective action against the Company in Alabama federal court. She claims that she and other store managers should have been classified as non-exempt employees under the Fair Labor Standards Act and received overtime compensation. The Court preliminarily allowed nationwide (except California) certification. At present, approximately 265 individuals are included in the collective action. The Company's motion to decertify the collective action was dismissed without prejudice in 2010. The Company filed another motion to decertify on February 29, 2012, which now awaits decision by the Court. There is no scheduled trial date.

In 2009, 34 plaintiffs filed a class action Complaint in a federal court in Virginia, alleging gender pay and promotion discrimination under Title VII. In 2010, the case was dismissed with prejudice. Plaintiffs appealed to the U.S. Court of Appeals for the Fourth Circuit. The appeal has been fully briefed by the parties and oral arguments were conducted in January 2012. The parties await a decision of the appellate court which is expected in 2012.

In April 2011, a former assistant store manager, on behalf of himself and those similarly situated, instituted a class action in a California state court primarily alleging a failure by the Company to provide meal breaks, to compensate for all hours worked, and to pay overtime compensation. The Company removed the case to federal court which denied Plaintiffs' motion for remand of the case to state court. Discovery in this case is at an early stage. There is no trial date.

In June 2011, Winn-Dixie Stores, Inc. and various of its affiliates instituted suit in federal court in Florida alleging that the Company, in approximately 48 shopping centers in the state of Florida and five other states where Dollar Tree and Winn-Dixie are both tenants, is selling goods and products in Dollar Tree stores in violation of an exclusive right of Winn-Dixie to sell and distribute such items. It seeks both monetary damages and injunctive relief. At approximately the same time, Winn-Dixie also sued Dollar General, Inc. and Big Lots, Inc. making essentially the same allegations against them and seeking the same relief. The Court consolidated the three cases and they proceeded to trial, without a jury, in May of this year. On August 10, the Court issued a Findings of Fact and Conclusions of Law. The ruling denied Winn-Dixie's claim for monetary damages, either compensatory or punitive, and, of the original 48 Dollar Tree stores at issue, granted plaintiff's request for injunctive relief with respect to just one store. A final Order incorporating these findings and conclusions, and dismissing the case is anticipated in September or October.

In the summer and fall of 2011, five collective action lawsuits were filed against the Company in federal courts in Georgia, Colorado, Florida, Michigan and Illinois by different assistant store managers, each alleging he or she was forced to work off the clock in violation of the Fair Labor Standards Act. Plaintiffs also assert various state law claims for which they seek class treatment. The Georgia suit sought statewide class certification. The state-based claims in the Georgia action have been dismissed and on the Company's motion the case was transferred to the U.S. District Court for the Eastern District of Virginia where it awaits rulings on a pending motion to dismiss. The Florida, Colorado, Michigan and Illinois cases seek nationwide certifications. The Illinois case, in addition to assistant store managers, also includes a purported class of all other hourly store associates, and makes the same allegations on their behalf. The Company filed motions to dismiss and motions to transfer venue to the Eastern District of Virginia in each of the four cases. The Illinois case was transferred in June to the Eastern District of Virginia where it awaits ruling on the pending motion to dismiss. To date, the only cases in which plaintiffs have sought class certification are the Illinois and Colorado actions. The Colorado case is scheduled to proceed to trial in March 2013 and the Florida case in July 2013. The Illinois and Georgia cases which were transferred to the Eastern District of Virginia await entry of a Scheduling Order.

In May 2012, three associates who were formerly employed at the Company's distribution center in Joliet, Illinois filed a Rule 23 class action lawsuit in federal court in Illinois alleging that at the time of their termination of employment, they failed to receive compensation for their accrued paid time off. They brought this case on behalf of themselves and those former associates similarly situated. A stay of the case has been granted upon motion by both parties so that a possible early resolution of the matter could be explored. No trial date has been set.

In July 2012, a former non-exempt hourly associate who alleges his primary duty was to work the cash register, on behalf of himself and those similarly situated, filed a Complaint under the California Private Attorneys General Act ("PAGA"), in a California state court, alleging the Company failed to provide suitable seating as allegedly required by state law. The Company has removed the case to federal court, filed its Answer to the Complaint and is currently investigating the plaintiff's allegations. No Scheduling Order has been entered.

In July 2012, a former assistant store manager, on behalf of himself and those similarly situated, filed a class action Complaint in a California state court, alleging a failure of the Company to provide paid ten-minute rest breaks to assistant store managers in California who worked one or more work periods in excess of three and one-half hours during which they were relieved of all duties. The alleged relevant time period is July 13, 2008 to the present. The Company has just begun its investigation of the allegations contained in the Complaint.

The Company will vigorously defend itself in these matters. The Company does not believe that any of these matters will, individually or in the aggregate, have a material effect on its business or financial condition. The Company cannot give assurance, however, that one or more of these lawsuits will not have a material effect on its results of operations for the period in which they are resolved. Based on the information available to the Company, including the amount of time remaining before trial, the results of discovery and the judgment of internal and external counsel, the Company is unable to express an opinion as to the outcome of these matters and cannot estimate a potential range of loss.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

INTRODUCTORY NOTE: Unless otherwise stated, references to "we," "our" and "us" generally refer to Dollar Tree, Inc. and its direct and indirect subsidiaries on a consolidated basis.

A WARNING ABOUT FORWARD-LOOKING STATEMENTS: This document 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," "view," "target" or "estimate." For example, our forward-looking statements include statements regarding:

- our anticipated sales, including comparable store net sales, net sales growth, earnings growth and new store growth;
- costs of pending and possible future legal claims;
- the average size of our stores and their performance compared with other store sizes;
- the effect of the continued shift in merchandise mix to include more consumables and the continued roll-out of frozen and refrigerated merchandise on gross profit margin and sales;
- the possible effect of the current economic downturn, inflation and other economic changes on our costs and profitability, including future changes in domestic and foreign freight costs, shipping rates, fuel costs and wage and benefit costs;
- our cash needs, including our ability to fund our future capital expenditures and working capital requirements; and,
- the future reliability of, and cost associated with, our sources of supply, particularly imported goods such as those sourced from China and Hong Kong.

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 summarized below and the more detailed discussions in the "Risk Factors" and "Business" sections in our Annual Report on Form 10-K filed March 15, 2012. Also see section 1A. "Risk Factors" in Part II of this Quarterly Report on Form 10-Q.

- Our profitability is vulnerable to cost increases.
- Litigation may adversely affect our business, financial condition and results of operations.
- Changes in federal, state or local law, or our failure to comply with such laws, could increase our expenses and expose us to legal risks.
- Our growth is dependent on our ability to increase sales in existing stores and to expand our square footage profitably.
- Risks associated with our domestic and foreign suppliers from whom our products are sourced could affect our financial performance.

- We could encounter disruptions in our distribution network or additional costs in distributing merchandise.
- A downturn in economic conditions could impact our sales.
- Our profitability is affected by the mix of products we sell.
- Pressure from competitors may reduce our sales and profits.
- A significant disruption in or security breach in our computer systems could adversely affect our operations or our ability to secure customer, employee and company data.
- Our business could be adversely affected if we fail to attract and retain qualified associates and key personnel.
- Certain provisions in our Articles of Incorporation and Bylaws could delay or discourage a takeover attempt that may be in a shareholder's best interest.

Our forward-looking statements could be wrong in light of these and other risks, uncertainties and assumptions. The future events, developments or results described in this report could turn out to be materially different. We have no obligation to publicly update or revise our forward-looking statements after the date of this quarterly report and you should not expect us to do so.

Investors should also be aware that while we do, from time to time, communicate with securities analysts and others, it is against our policy to selectively disclose to them any material nonpublic information or other confidential commercial information. Accordingly, shareholders should not assume that we agree with any statement or report issued by any analyst regardless of the content of the statement or report, as we have a policy against confirming information issued by others. Thus, to the extent that reports issued by securities analysts contain any financial projections, forecasts or opinions, such reports are not our responsibility.

Overview

Our net sales are derived from the sale of merchandise. Two major factors tend to affect our net sales trends. First is our success at opening new stores or adding new stores through mergers or acquisitions. Second is the performance of stores once they are open. Sales vary at our existing stores from one year to the next. We refer to this change as a change in comparable store net sales, because we include only those stores that are open throughout both of the periods being compared, beginning after the first fifteen months of operation. We include sales from stores expanded during the period in the calculation of comparable store net sales, which has the effect of increasing our comparable store net sales. The term "expanded" also includes stores that are relocated.

At July 28, 2012 we operated 4,406 stores in 48 states and the District of Columbia, as well as 117 stores in Canada, with a total of 39.2 million selling square feet compared to 4,242 stores with 36.6 million selling square feet at July 30, 2011. During the 26 weeks ended July 28, 2012, we opened 187 stores, expanded 65 stores and closed 15 stores, compared to 159 stores opened, 64 stores expanded and 18 stores closed during the 26 weeks ended July 30, 2011. In the 26 weeks ended July 28, 2012 and July 30, 2011, we added approximately 1.7 million and 1.5 million selling square feet, respectively, of which approximately 0.2 million and 0.3 million, respectively, was added through expanding existing stores. The average size of stores opened during the 26 weeks ended July 28, 2012 was approximately 8,300 selling square feet. We believe that this size store is in the range of our optimal size operationally and that this size also gives our customers a shopping environment which invites them to shop longer, buy more and make return visits, which increases our customer traffic.

For the 13 and 26 weeks ended July 28, 2012, comparable store net sales increased 4.5% and 5.1% primarily due to increased traffic. We believe comparable store net sales continue to be positively affected by a number of our initiatives, as debit and credit card penetration continued to increase in the 13 and 26 weeks ended July 28, 2012, and we continued the roll-out of frozen and refrigerated merchandise to more of our stores. At July 28, 2012, we had frozen and refrigerated merchandise in approximately 2,400 stores compared to approximately 2,040 stores at July 30, 2011. We believe that this has and will continue to enable us to increase sales and earnings by increasing the number of shopping trips made by our customers. In addition, we accept food stamps (under the Supplemental Nutrition Assistance Program ("SNAP")) in approximately 4,060 qualified stores compared to approximately 3,735 stores at July 30, 2011.

We continue to see increases in the demand for basic, consumable products in 2012. As a result, the mix of inventory carried in our stores continues to shift to more consumer product merchandise which we believe increases the traffic in our stores and helps to increase our sales. This shift in mix may impact our merchandise costs.

Results of Operations

13 Weeks Ended July 28, 2012 Compared to the 13 Weeks Ended July 30, 2011

Net Sales. Net sales increased 10.5%, or \$162.2 million, compared with last year's second quarter resulting from sales in our new stores and a 4.5% increase in comparable store net sales. Comparable store net sales are positively affected by our expanded and relocated stores, which we include in the calculation, and are negatively affected when we open new stores or expand stores near existing stores.

Gross Profit. Gross profit margin remained at 35.2% in the current quarter compared to the same quarter last year. Merchandise mark-on improved and occupancy and distribution costs were leveraged as a result of the comparable store sales increase. These benefits were offset by a favorable adjustment related to prior periods that was recorded in the second quarter of 2011 and increases in merchandise costs resulting from the continued increased penetration of consumable products in our merchandise mix.

Selling, General and Administrative Expenses. Selling, general, and administrative expenses for the current quarter decreased to 24.4%, as a percentage of net sales, compared to 25.2% for the same period last year. This net decrease was primarily due to the following:

- Payroll-related expenses decreased 60 basis points due to reduced stock compensation expense, leverage associated with the increase in comparable net store sales, improved store productivity and a favorable adjustment related to the development of prior years' workers' compensation claims in the current year quarter.
- Store operating costs decreased 15 basis points due to leverage associated with the increase in comparable net store sales as well as favorable utilities and repairs and maintenance expenses.

Operating Income. Operating income for the current quarter was 10.8% as a percentage of net sales compared to 10.0% for the same period last year. This increase is the result of lower selling, general and administrative expenses, as a percentage of net sales, as noted above.

Income Taxes. Our effective tax rate for the 13 weeks ended July 28, 2012 was 35.0% compared to 37.7% for the 13 weeks ended July 30, 2011. This decrease is the result of statute expirations and the settlement of state tax audits.

26 Weeks Ended July 28, 2012 Compared to the 26 Weeks Ended July 30, 2011

Net Sales. Net sales increased 11.0%, or \$339.8 million, over the same period last year resulting from sales in our new stores and a 5.1% increase in comparable store net sales. Comparable store net sales are positively affected by our expanded and relocated stores, which we include in the calculation, and are negatively affected when we open new stores or expand stores near existing stores.

Gross Profit. Gross profit margin for the 26 weeks ended July 28, 2012 remained at 35.1% compared to the same period last year. Improved merchandise mark-on and leverage in occupancy and distribution costs resulting from the comparable store sales increase were offset by increases in merchandise cost resulting from the continued penetration of consumable products in our merchandise mix and a favorable adjustment related to prior periods that was recorded in the second quarter of 2011.

Selling, General and Administrative Expenses. Selling, general, and administrative expenses for the 26 weeks ended July 28, 2012 decreased to 24.2%, as a percentage of net sales, compared to 24.9% for the same period last year. This net decrease was primarily due to the following:

- Payroll expenses, store operating costs and depreciation expenses decreased as a percentage of sales due to the leverage associated with the comparable store sales increase.
- Workers' compensation expenses decreased due to a favorable adjustment related to the development of prior years claims compared to the same period in 2011.
- Store operating costs also decreased due to lower utility costs resulting from favorable weather conditions, lower trash removal expenses and lower repairs and maintenance expenses.

Operating Income. Operating income for the 26 weeks ended July 28, 2012 was 10.9% as a percentage of net sales compared to 10.2% for the same period last year. This increase is the result of lower selling, general and administrative expenses, as a percentage of net sales, as noted above.

Income Taxes. Our effective tax rate for the 26 weeks ended July 28, 2012 was 36.7% compared to 37.6% for the 26 weeks ended July 30, 2011. This decrease is the result of statute expirations and the settlement of state tax audits.

Liquidity and Capital Resources

Our business requires capital to open new stores, expand our distribution network and operate our existing business. Our working capital requirements for our existing business are seasonal in nature and typically reach their peak in the months of September and October. Historically, we have satisfied our seasonal working capital requirements, funded our store opening and expansion programs and repurchased shares from internally generated funds and borrowings under our credit facilities.

The following table compares cash flow information for the 26 weeks ended July 28, 2012 and July 30, 2011:

(In millions)	26 Weeks Ended	
	July 28, 2012	July 30, 2011
Net cash provided by (used in):		
Operating activities	\$ 279.8	\$ 259.2
Investing activities	(140.4)	(70.3)
Financing activities	(46.3)	(79.4)

Net cash provided by operating activities increased \$20.6 million due primarily to increased earnings before depreciation and amortization and higher accounts payables partially offset by increased amounts paid for payroll taxes related to stock-based compensation, inventory and accruals for unsettled share repurchases.

Net cash used in investing activities increased \$70.1 million primarily due to a decrease in short-term investment proceeds and increased capital expenditures. Capital expenditures for new and relocated stores increased in the current year due to the higher number of stores opened compared to the prior year.

Net cash used in financing activities decreased \$33.1 million compared with the prior year, primarily due to decreased share repurchases in the current year and higher tax benefits related to stock-based compensation.

On June 6, 2012, we entered into a five-year \$750.0 million Unsecured Credit Agreement (the Unsecured Credit Agreement or the Agreement) with Wells Fargo Bank, N.A. as administrative agent and the lenders party thereto. The Agreement provides for a \$750.0 million revolving line of credit, including up to \$150.0 million in available letters of credit. The interest rate on the facility will be based, at our option, on a LIBOR rate, plus a margin, or an alternate base rate, plus a margin. The revolving line of credit bears a facilities fee, calculated as a percentage, as defined, of the total amount of the line of credit, payable quarterly. The Agreement also bears an administrative fee payable annually. The Agreement, among other things, requires the maintenance of certain specified financial ratios, restricts the payment of certain distributions and prohibits the incurrence of certain new indebtedness. Our February 2008, \$550.0 million Credit Agreement was terminated concurrent with entering into this Agreement.

At July 28, 2012, our total borrowings were \$264.3 million, our capital lease commitments were \$0.1 million and we had \$500.0 million available on the revolving credit portion of our Unsecured Credit Agreement. We also have \$120.0 million and \$100.0 million Letter of Credit Reimbursement and Security Agreements, under which approximately \$184.3 million was committed to letters of credit issued for routine purchases of imported merchandise as of July 28, 2012.

We repurchased approximately 1.7 million and 3.7 million shares of common stock on the open market for approximately \$85.5 million and \$96.7 million during the 26 weeks ended July 28, 2012 and July 30, 2011, respectively. As of July 28, 2012, we had \$1.1 billion remaining under the Board authorization.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various types of market risk in the normal course of our business, including the impact of interest rate changes, fuel costs and foreign currency rate fluctuations. We may enter into interest rate swaps, fuel hedges and foreign currency forward contracts to manage our exposure to market risk. We do not enter into derivative instruments for any purpose other than cash flow hedging purposes.

In order to manage fluctuations in cash flows resulting from changes in diesel fuel costs, we enter into fuel derivative contracts with third parties. We have entered into fuel derivative contracts for approximately 1.2 million gallons of diesel fuel, or approximately 36% of our domestic truckload fuel needs from August 2012 through October 2012 and 1.4 million gallons of diesel fuel, or approximately 20% of our domestic truckload fuel needs from November 2012 through April 2013. Under these contracts, we pay the third party a fixed price for diesel fuel and receive variable diesel fuel prices at amounts approximating current diesel fuel costs, thereby creating the economic equivalent of a fixed-rate obligation. These derivative contracts do not qualify for hedge accounting and therefore all changes in fair value for these derivatives are included in "Other (income) expense, net" on the accompanying condensed consolidated income statements. The fair value of these contracts at July 28, 2012 was an asset of \$0.7 million.

Item 4. CONTROLS AND PROCEDURES.

Our management has carried out, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, an evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act as of the end of the period covered by this report. Based upon this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of July 28, 2012, the Company's disclosure controls and procedures were designed and functioning effectively to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

There have been no changes in our internal control over financial reporting during the quarter ended July 28, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

From time to time, we are defendants in ordinary, routine litigation or proceedings incidental to our business, including allegations regarding:

- employment-related matters;
- infringement of intellectual property rights;
- personal injury/wrongful death claims;
- product safety matters, which may include product recalls in cooperation with the Consumer Products Safety Commission or other jurisdictions; and,
- real estate matters related to store leases.

In addition, we are defendants in several class or collective action lawsuits. For a discussion of these lawsuits, please refer to "Note 9. Litigation Matters", included in "Part I. Financial Information, Item 1. Financial Statements" of this Form 10-Q.

We will vigorously defend ourselves in these lawsuits. We do not believe that any of these matters will, individually or in the aggregate, have a material adverse effect on our business or financial condition. We cannot give assurance, however, that one or more of these lawsuits will not have a material adverse effect on our results of operations for the period in which they are resolved.

Item 1A. RISK FACTORS

There have been no material changes to the risk factors described in Item 1A. "Risk Factors" in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 15, 2012.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

The following table presents our share repurchase activity for the 13 weeks ended July 28, 2012:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (in millions)
April 29, 2012 to May 26, 2012	473,468	\$ 48.07	473,468	\$ 1,172.7
May 27, 2012 to June 30, 2012	326,000	50.67	326,000	1,156.2
July 1, 2012 to July 28, 2012	806,663	51.63	806,663	1,114.5
Total	<u>1,606,131</u>	\$ 50.39	<u>1,606,131</u>	\$ 1,114.5

As of July 28, 2012, we had approximately \$1.1 billion remaining under the Board authorization.

Item 3. DEFAULTS UPON SENIOR SECURITIES.

None.

Item 4. MINE SAFETY DISCLOSURES.

None.

Item 5. OTHER INFORMATION.

None.

Item 6. EXHIBITS.

- 3.1 Articles of Incorporation of Dollar Tree, Inc. (as amended, effective June 17, 2010) (Exhibit 3.1 to the Company's Current Report on Form 8-K filed June 23, 2010, incorporated herein by this reference)
- 3.2 Bylaws of Dollar Tree, Inc., as amended (Exhibit 3.1 to the Company's Current Report on Form 8-K filed June 23, 2010, incorporated herein by this reference)
- 4.1 Form of common Stock Certificate (Exhibit 4.1 to the Company's Current Report on Form 8-K filed March 13, 2008, incorporated herein by this reference)
- 10.1 Dollar Tree Stores, Inc. \$750.0 million Credit Agreement, dated June 6, 2012 with Wells Fargo Bank, N.A., as administrative agent (Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 11, 2012, incorporated herein by this reference)
- 10.2 Form of Change in Control Retention Agreement between the Company and David Jacobs, Chief Strategy Officer (filed herewith)
- 10.3 Restricted Stock Unit Agreement dated June 13, 2012 between the Company and Bob Sasser, Chief Executive Officer (filed herewith)
- 31.1 Certification required under Section 302 of the Sarbanes-Oxley Act of Chief Executive Officer
- 31.2 Certification required under Section 302 of the Sarbanes-Oxley Act of Chief Financial Officer
- 32.1 Certification required under Section 906 of the Sarbanes-Oxley Act of Chief Executive Officer
- 32.2 Certification required under Section 906 of the Sarbanes-Oxley Act of Chief Financial Officer
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DOLLAR TREE, INC.

Date: August 16, 2012

By: /s/ Kevin S. Wampler
Kevin S. Wampler
Chief Financial Officer
(principal financial and accounting officer)

Dollar Tree, Inc.
500 Volvo Parkway
Chesapeake, Virginia 23320

June 21, 2012

David Jacobs

Retention Agreement

Dear Mr. Jacobs:

Dollar Tree, Inc., a Virginia corporation (the "Company"), considers it in the best interests of the Company and its stockholders to take reasonable steps to retain key management personnel. Further, the Board of Directors of the Company (the "Board") recognizes that the uncertainty and questions which might arise among management in the context of a Change in Control could result in the departure or distraction of management personnel to the detriment of the Company and its stockholders.

The Board has determined, therefore, that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of key members of management to their assigned duties without distraction in the face of potentially disturbing circumstances arising from any possible Change in Control.

The Board has identified you as a key member of management. In order to induce you to remain in the employ of the Company, the Company has determined to enter into this letter agreement (this "Agreement") which addresses the terms and conditions of your employment in the event of a Change in Control. Capitalized words which are not otherwise defined herein shall have the meanings assigned to such words in Section 8 of this Agreement.

1. **Term of the Agreement.** The term of your employment under this Agreement shall commence on the Change in Control Date (after application of Section 2(e)) and shall continue until the second anniversary of the Change in Control Date (the "Term"). Subject to Section 2(e), you shall have no rights and obligations under this Agreement, and no compensation or benefits will be payable to you hereunder, if your employment with the Company ends for any reason prior to the Change in Control Date.

2. **Involuntary Termination During the Term.**

(a) **Severance Payment.** In the event of your Involuntary Termination during the Term, the Company will pay you the following amounts:

- (i) Within 5 days of the date of such Involuntary Termination, the Company will pay you in a cash lump sum: (1) the full amount of any earned but unpaid base salary through the Date of Termination at the rate in effect at the time such base salary was earned by you; plus (2) the amount, if any, of any earned but unpaid cash bonus for the annual performance year ended immediately prior to the Date of Termination; plus (3) the amount of your accrued and unused vacation time as of the Date of Termination (calculated in accordance with the Company's vacation policy for executives, as in effect on the Date of Termination or, if more favorable to you, as in effect at any time within the two-year period ending on the Date of Termination).
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- (ii) The Company will also pay you within 5 days of the Date of Termination a *pro rata* annual bonus for the year in which your Involuntary Termination occurs, equal to the product of A multiplied by B, where “ A ” is the number of days in the performance year up to and including the Date of Termination during which you were employed by the Company divided by the number of days in such calendar year; and where “ B ” is your Reference Bonus.
- (iii) In addition, subject to the last sentence of this Section 2(a)(iii), the Company will pay you an amount (the “ Severance Payment ”) equal to the product of C multiplied by D, where “ C ” is the Multiplier and where “ D ” is the sum of your Reference Salary plus your Reference Bonus. The Severance Payment shall be paid to you in substantially equal payroll installments (payable no less frequently than monthly) over the twelve-month period commencing immediately following your Date of Termination.

(b) Benefit Payment. In the event of your Involuntary Termination during the Term, you and your eligible dependents shall continue to be eligible to participate during the Benefit Continuation Period in the medical, dental, health and life insurance plans applicable to you immediately prior to your Involuntary Termination on the same terms and conditions in effect for you and your dependents immediately prior to such Involuntary Termination. For purposes of the previous sentence, “ Benefit Continuation Period ” means the period beginning on the Date of Termination and ending on the earliest to occur of (i) the last day of the Multiplier Period, (ii) the date that you and your dependents are eligible for coverage under the plans of a subsequent employer and (iii) the last day of the month, if any, in which you deliver notice to the Company that you are exercising your right in accordance with the definition of Restricted Period in Section 8 to cease receiving Severance Payments under this Agreement.

(c) Outstanding Long-Term Awards.

- (i) In the event of your Involuntary Termination during the Term, then all Service-Based Conditions (as defined below) contained in all equity awards such as outstanding options, shares of restricted stock and restricted stock units granted to you prior to the Change in Control Date under the Long Term Plans which are outstanding as of your Date of Termination (“Outstanding Awards”) shall be deemed to have been satisfied on the Date of Termination. For purposes of this Agreement, “Service-Based Conditions” shall mean any conditions for exercise, settlement or payment contained in an award under the Long Term Plans that require that you continue to be employed by the Company through a stated date.
- (ii) Notwithstanding anything in this Agreement or any award under the Long Term Plans to the contrary, you agree with the Company that all such awards shall be subject to the provisions of Section 3.

(d) Date and Notice of Termination. Any termination of your employment by the Company or by you during the Term shall be communicated by a notice of termination to the other party hereto (the “ Notice of Termination ”). The Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated. The date of your termination of employment with the Company and its subsidiaries (the “ Date of Termination ”) shall be determined as follows: (i) if your employment is terminated for Disability, 30 days after a Notice of Termination is given (provided that you shall not have returned to the full-time performance of your duties during such 30-day period), (ii) if your employment is terminated by the Company in an Involuntary Termination, five days after the date the Notice of Termination is received by you and (iii) if your employment is terminated by the Company for Cause, the later of the date specified in the Notice of Termination or ten days following the date such notice is received by you. If the basis for your Involuntary Termination is your resignation for Good Reason, the Date of Termination shall be ten days after the date your Notice of Termination is received by the Company. The Date of Termination for a resignation of employment other than for Good Reason shall be the date set forth in the applicable notice, which shall be no earlier than ten days after the date such notice is received by the Company.

(e) Early Commencement of the Term. If your employment with the Company ends in an Involuntary Termination within the six-month period ending on the Change in Control Date (as such term is defined in Section 8 prior to application of this Section 2(e)), and it is reasonably demonstrated that your Involuntary Termination (i) was caused by, or at the request of, the third party who has taken steps reasonably calculated to effect the Change in Control or (ii) otherwise arose in connection with or in anticipation of the Change in Control, then, for all purposes of this Agreement:

(A) the Term shall be deemed to have commenced on the date immediately prior to the date of such Involuntary Termination;

(B) any payments required under Section 2(a)(ii) shall be made within 5 days after the Change in Control Date and any payments required under Section 2(a)(iii) shall be made in substantially equal payroll installments (payable no less frequently than monthly) over the twelve-month period commencing immediately following the Change in Control Date;

(C) for purposes of any Outstanding Award only, you shall be deemed to have continued in service until the Change in Control Date and all Service-Based Conditions shall be deemed to have been satisfied on the Change in Control Date; and

(D) with respect to Outstanding Awards, the expiration date for exercise shall be extended until on the earlier of the 90-day anniversary of the Change in Control Date or the ten-year anniversary of the relevant grant date.

(f) Other Terminations or Resignations. No amounts shall be payable to you under this Agreement if your employment ends during the Term for any reason other than an Involuntary Termination. If your employment ends during the Term for any reason other than an Involuntary Termination, you shall be entitled to receive only the compensation and benefits contemplated by the terms and provisions of the Company's plans and arrangements then in effect.

(g) No Mitigation or Offset. You will not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor will the amount of any payment or benefit provided for in this Agreement be reduced by any compensation earned by you as the result of employment by another employer or by pension benefits paid by the Company or another employer after the Date of Termination or otherwise, except as specifically provided in clause (ii) of the last sentence of Section 2(b).

(h) Effective of Breach of Section 4. Except for rights and benefits described in Section 2(a)(i), you shall immediately forfeit your right to any payments of benefits under this Section 2 if you violate the provisions of Section 4. Such forfeiture by you shall be in addition to, and not in substitution for, any remedies otherwise available to the Company at law or in equity as a result of such violation by you.

3. Limitation of Payments.

(a) Claw-back. Notwithstanding anything herein to the contrary, if any Payments to you would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), the Company shall take such action as shall be reasonably necessary to reduce the aggregate amount of Payments due to you (the "Claw-back Amount") such that the present value of all such Payments (as determined under the Code and regulations) is equal to 2.99 times your "base amount" (as defined in Section 280G(b)(3) of the Code). No Claw-back Amount shall be necessary hereunder if the Accounting Firm determines that none of the Payments are subject to the Excise Tax. The Company shall reduce Payments in a manner that is reasonably intended to maximize the aggregate amount of the compensation and benefits retained by you under this Agreement and under any other compensation and benefit arrangements that result in Payments to you, including the Long-Term Plans. The Company and the Accounting Firm shall implement the provisions of this Section 3 in a manner that is consistent with any claw-back provisions in the Long-Term Plans.

(b) Determination of Claw-back Amount. Subject to the provisions of Section 3(c), all determinations required under this Section 3, including the amount of the Payments constituting excess parachute payments, within the meaning of Section 280G(b)(1) of the Code, the Claw-back Amount, and the Payments to which the Claw-back Amount shall be applied in accordance with the last sentence of Section 3(a), shall be made by the Accounting Firm, which shall provide detailed supporting calculations both to you and the Company within 90 days of the Change in Control Date, your Date of Termination or any other date reasonably requested by you or the Company on which a determination under this Section 3 is necessary or advisable. Any determination by the Accounting Firm shall be binding upon you and the Company.

(c) Procedures. You shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment of the Excise Tax. Such notice shall be given as soon as practicable after you know of such claim and shall apprise the Company of the nature of the claim and the date on which the claim is requested to be paid. You agree not to pay the claim until the expiration of the 30-day period following the date on which you notify the Company, or such shorter period ending on the date the taxes with respect to such claim are due (the " Notice Period "). If the Company notifies you in writing prior to the expiration of the Notice Period that it desires to contest the claim, you shall: (i) give the Company any information reasonably requested by the Company relating to the claim; (ii) take such action in connection with the claim as the Company may reasonably request, including accepting legal representation with respect to such claim by an attorney reasonably selected by the Company and reasonably acceptable to you; (iii) cooperate with the Company in good faith in contesting the claim; and (iv) permit the Company to participate in any proceedings relating to the claim. You shall permit the Company to control all proceedings related to the claim and, at its option, permit the Company to pursue or forgo any and all administrative appeals, proceedings, hearings, and conferences with the taxing authority in respect of such claim.

(d) Further Assurances. The Company shall indemnify you and hold you harmless, on an after-tax basis, from any costs, expenses, penalties, fines, interest or other liabilities (" Losses ") incurred by you with respect to the exercise by the Company of any of its rights under this Section 3(c), including any Losses related to the Company's decision to contest a claim or any action taken on your behalf by the Company hereunder. The Company shall pay all legal fees and expenses incurred under this Section 3, and shall promptly reimburse you for the reasonable expenses incurred by you in connection with any actions taken by the Company or required to be taken by you under this Section 3. The Company shall also pay all of the fees and expenses of the Accounting Firm.

4. Protective Covenants.

(a) Nondisparagement. You shall not, during the Restricted Period, make any statement, in written, oral or electronic form, in disparagement of the Companies or of any of the officers, shareholders, directors, employees, agents, or associates of any of the Companies (including, but not limited to, negative references to any of the Companies and the products, services, or corporate policies of any of the Companies) to the general public or the employees, employees, customers, suppliers, potential suppliers, business partners or potential business partners of any of the Companies.

(b) Nonsolicitation. You shall not, during the Restricted Period, either directly or indirectly, for yourself or on behalf of any other person or entity, solicit, induce, recruit, or encourage any employees of any of the Companies to leave their employment, or take away such employees, or attempt to solicit, induce, recruit, encourage, take-away, or hire any such employees either for your benefit or for the benefit of any other person or entity.

(c) Noncompetition. You shall not, during the Restricted Period, either directly or indirectly, provide services to any Competitor, including as a spokesperson, endorser, creditor, guarantor, financial backer, investor, stockholder, director, officer, consultant, adviser, employee, member, trustee or agent, or in any similar capacity. Notwithstanding the foregoing, the provisions of this Section 4(c) shall not be deemed to prohibit your purchase or ownership, as a passive investment, of not more than 5% of the issued and outstanding stock or other securities of a corporation listed on a national securities exchange or traded in the over-the-counter market.

(d) Confidential Information. You shall not, during the Restricted Period, disclose any confidential information or trade secrets related to the business or operations of any of the Companies that you acquired in connection with your employment by or association with any of the Companies.

5. Indemnification. If you are made a party, are threatened to be made a party to, or otherwise receive any other legal process in, any action, suit or proceeding, whether civil, criminal, administrative or investigative (a " Proceeding "), by reason of the fact that you are or were a director, officer or employee of any of the Companies or are or were serving at the request of the Company as a director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether or not the basis of such Proceeding is your alleged action in an official capacity while serving as director, officer, member, employee or agent of any of the Companies, the Company shall indemnify you and hold you harmless to the fullest extent permitted or authorized by the Company's Articles of Incorporation, By Laws or under the laws of the Commonwealth of Virginia, but in no event greater than permitted by applicable state law, against all cost, expense, liability and loss (including attorney's fees, judgments, fines, excise taxes or penalties and amounts paid or to be paid in settlement and any cost and fees incurred in enforcing your rights to indemnification or contribution) reasonably incurred or suffered by you in connection therewith. To the extent that the Company maintains officers' and directors' liability insurance, you will be covered under such policy subject to the exclusions and limitations set forth therein.

6. Legal Fees and Expenses. The Company shall pay or reimburse you on an after-tax basis for all reasonable legal fees and expenses (including court costs) incurred by you as a result of any claim by you (or on your behalf) that is successful on the merits or settled in your favor (i) arising out of your termination of employment during the Term, (ii) contesting, disputing or enforcing any right, benefits or obligations under this Agreement or (iii) arising out of or challenging the validity, advisability or enforceability of this Agreement or any provision thereof. You shall be responsible to reimburse the Company for all reasonable legal fees and expenses (including court costs) incurred by the Company as a result of any claim by you that is determined by a court having final jurisdiction over such claim, to have been frivolous.

7. Successors; Binding Agreement.

(a) Assumption by Successor. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and to agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place; provided , however , that no such assumption shall relieve the Company of its obligations hereunder without your prior written consent.

(b) Enforceability; Beneficiaries. This Agreement shall be binding upon and inure to the benefit of you and the Company and any organization which succeeds to substantially all of the business or assets of the Company, whether by means of merger, consolidation, acquisition of all or substantially all of the assets of the Company or otherwise, including as a result of a Change in Control or by operation of law. This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

8. Definitions and Rules of Construction.

(a) For purposes of this Agreement, the following capitalized words shall have the meanings set forth below:

"Accounting Firm" shall mean a nationally recognized accounting firm designated by the Company and approved by you, which approval shall not be unreasonably withheld.

"Agreement" shall have the meaning set forth in the third paragraph of this Agreement.

"Benefit Continuation Period" shall have the meaning set forth in Section 2(b).

“Board” shall have the meaning set forth in the second paragraph of this Agreement.

“Catch-Up Amount” shall have the meaning set forth in Section 10.

“Cause” shall mean a termination of your employment during the Term by the Company as a result of any of the following occurring during the Term:

- (i) your felony conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea);
- (ii) your engaging in any fraudulent or dishonest conduct with respect to the performance of your duties with the Companies;
- (iii) your engaging in any intentional act that is injurious in a material respect to the Companies;
- (iv) your engaging in any other act of moral turpitude;
- (v) your willful disclosure of material trade secrets or other material confidential information related to the business of the Companies;
- (vi) your willful and continued failure substantially to perform your duties with the Companies (other than any such failure resulting from your incapacity due to physical or mental illness or any such actual or anticipated failure resulting from a resignation by you for Good Reason) after a written demand for substantial performance is delivered to you by the Board, which demand specifically identifies the manner in which the Board believes that you have not substantially performed your duties, and which performance is not substantially corrected by you within thirty days of receipt of such demand. For purposes of this clause (v), no act or failure to act on your part shall be deemed “willful” unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company.

Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than three-fourths (3/4ths) of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you were guilty of conduct set forth above constituting Cause and specifying the particulars thereof. For purposes of this definition, “Board” shall mean the Board of Directors of the Company or of any successor to the Company.

“Change in Control” shall mean a change in control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Exchange Act, whether or not the Company is then subject to such reporting requirement; provided, however, that, anything in this Agreement to the contrary notwithstanding, a Change in Control shall be deemed to have occurred if:

- (i) any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity or person, or any syndicate or group deemed to be a person under Section 14(d)(2) of the Exchange Act, is or becomes the “beneficial owner” (as defined in Rule 13d-3 of the General Rules and Regulations under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company’s then outstanding securities entitled to vote in the election of directors of the Company;
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- (ii) during any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constituted the Board and any new directors, whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least three-fourths (3/4ths) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved (the " Incumbent Directors "), cease for any reason to constitute a majority thereof;
- (iii) there occurs a Transaction with respect to which the stockholders of the Company immediately prior to such Transaction do not, immediately after the Transaction, own more than 50% of the combined voting power of the Company or other corporation resulting from such Transaction; or
- (iv) all or substantially all of the assets of the Company are sold, liquidated or distributed.

"Change in Control Date" shall mean, subject to Section 2(e), the earliest of (i) the date on which the Change in Control occurs, (ii) the date on which the Company executes an agreement, the consummation of which would result in the occurrence of a Change in Control, (iii) the date the Board approves a transaction or series of transactions, the consummation of which would result in a Change in Control, and (iv) the date the Company fails to satisfy its obligations to have this Agreement assumed by any successor to the Company in accordance with Section 7(a) of this Agreement. If the Change in Control Date occurs as a result of an agreement described in clause (ii) of the previous sentence or as a result of the approval of the Board described in clause (iii) of the previous sentence and the Change in Control to which such agreement or approval relates (the " Contemplated Change in Control ") subsequently does not occur, then the Term shall expire on the sixtieth day (the " Reset Date ") following the date the Board certifies by resolution duly adopted by three-fourths (3/4ths) of the Incumbent Directors then in office that the Contemplated Change in Control is not reasonably likely to occur; provided , however , that this sentence shall not apply if (A) an Involuntary Termination of your employment with the Company has occurred on and after the Change in Control Date and on or prior to the Reset Date or (B) the Contemplated Change in Control subsequently occurs within three months following the Reset Date. Following the Reset Date, the provisions of this Agreement shall remain in effect and a new Term shall commence upon the occurrence of a subsequent Change in Control Date. If the Change in Control Date occurs without the subsequent occurrence of a Reset Date, then the Term shall be determined in accordance with Section 1 and no subsequent Change in Control Date shall occur hereunder, even if a subsequent Change in Control occurs during the Term or thereafter.

"Claw-back Account" shall have the meaning set forth in Section 3(a).

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the applicable rulings and regulations thereunder.

"Companies" shall mean the Company and each subsidiary corporation of the Company (as such term is defined in Section 424(f) of the Code).

"Company" shall have the meaning set forth in the first paragraph of the Agreement.

"Competitor" shall be limited to Family Dollar Stores, Inc., a Delaware corporation, Dollar General Corporation, a Tennessee corporation, and 99¢ Only Stores, a California corporation (collectively, the " Named Competitors "), and any successor by sale, consolidation, reorganization, merger or otherwise to all or substantial all of the business or assets of a Named Competitor; provided , however , that, if any such successor engages in one or more businesses that are separate and apart from the business of the Named Competitor, the term "Competitor" shall be limited to only that portion of such successor's organization that engages in the Named Competitor's business.

"Date of Termination" shall have the meaning set forth in Section 2(d).

"Disability" shall mean (i) your incapacity due to physical or mental illness which causes you to be absent from the full-time performance of your duties with the Company for six (6) consecutive months and (ii) your failure to return to full-time performance of your duties for the Company within thirty (30) days after written Notice of Termination due to Disability is given to you. Any question as to the existence of your Disability upon which you and the Company cannot agree shall be determined by a qualified independent physician selected by you (or, if you are unable to make such selection, such selection shall be made by any adult member of your immediate family), and approved by the Company. The determination of such physician made in writing to the Company and to you shall be final and conclusive for all purposes of this Agreement.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the applicable rulings and regulations thereunder.

“Excise Tax” shall have the meaning set forth in Section 3(a).

“Good Reason” shall mean your resignation of employment during the Term with the Company as a result of any of the following occurring during the Term:

- (i) Your ceasing to hold the position of Chief Strategy Officer of the Company (or the surviving entity resulting from the merger or consolidation, through one or more related transactions, of the Company with another entity);
- (ii) A material, adverse change in your duties and responsibilities with the Company from those in effect prior to the Change in Control Date.
- (iii) A reduction that is more than immaterial in your annual base salary as in effect immediately prior to the Change in Control Date or as the same may be increased from time to time thereafter;
- (iv) A reduction that is more than immaterial in your target annual bonus (expressed as a percentage of base salary) below the target in effect for you prior to the Change in Control Date;
- (v) The relocation of the office of the Company where you are primarily employed to a location which is more than 50 miles from the place where you are primarily employed by the Company immediately prior to the Change in Control Date;
- (vi) The failure of the Company to obtain an agreement reasonably satisfactory to you from any successor to assume and agree to perform this Agreement or, if the business for which your services are principally performed is sold at any time after a Change in Control, the failure of the Company to obtain such an agreement from the purchaser of such business;
- (vii) Any termination (or purported termination) of your employment which is not effected pursuant to the terms of this Agreement; or
- (viii) Any material breach by the Company of this Agreement.

Notwithstanding the above, an event shall not constitute Good Reason unless it is communicated by you to the Company in writing within 90 days following the date you know of the occurrence of such event, and such event is not corrected by the Company in a manner which is reasonably satisfactory to you (including full retroactive correction with respect to any monetary matter) within 10 days of the Company’s receipt of such written notice from you.

“Involuntary Termination” shall mean (i) your termination of employment by the Company and its subsidiaries during the Term other than for Cause or Disability or (ii) your resignation of employment with the Company and its subsidiaries during the Term for Good Reason.

“Long-Term Plans” shall mean the Company’s 2004 Executive Officer Equity Plan, as amended, the Company’s 2003 Equity Incentive Plan, as amended, and any other plan or arrangement of the Company applicable to you that provides for the grant of long-term equity incentive compensation.

“Losses” shall have the meaning set forth in Section 3(d).

“Multiplier” shall mean 1.5.

“Multiplier Period” shall mean a period of years equal to the Multiplier and commencing on the Date of Termination.

“Notice of Termination” shall have the meaning set forth in Section 2(d).

“Notice Period” shall have the meaning set forth in Section 3(c).

“Payment” shall mean a “payment,” as defined in Section 280G(b)(2) of the Code, to you from the Company or any corporation which is a member of an “affiliate group” (as defined in Section 1504(a) of the Code without regard to Section 1504(b) of the Code) of which the Company is a member, which would reasonably constitute a “parachute payment,” as defined in Section 280G(b)(2) of the Code.

“Proceeding” shall have the meaning set forth in Section 5.

“Reference Bonus” shall mean the average of the actual cash bonuses earned and paid (or payable) to you for the three performance years ended prior to the year in which occurs your Date of Termination (but in no event greater than the target bonus for the year in which the Date of Termination occurs). If there are fewer than three performance years ended prior to the year in which occurs your Date of Termination, the actual number of performance years (and the bonuses for such years) shall be used in calculating such average and, in the event that you are first employed by the Company in the year in which occurs your Date of Termination, your reference bonus shall equal 75% of your target bonus for such year. For purposes of calculating your Reference Bonus, the Company shall disregard any signing or similar-type payment to you and shall exclude from the calculation of the average a performance year if you were not employed by the Company during all of that year.

“Reference Salary” shall mean the highest annual rate of base salary paid to you by the Company at any time during the three-year period ending on the Date of Termination.

“Restricted Period” shall mean the period beginning on the date you become entitled to a Severance Payment and ending on the earlier of twelve-months thereafter or the date you deliver notice to the Company electing to terminate your right to continue to receive Severance Payments.

“Severance Payment” shall have the meaning set forth in Section 2(a)(iii).

“Term” shall have the meaning set forth in Section 1.

“Transaction” shall mean a reorganization, merger, consolidation or other similar corporate transaction involving the Company.

(b) Rules of Construction. All references to dates and times refer to dates and times in Chesapeake, Virginia. Use of the masculine pronoun or the feminine pronoun shall be deemed to encompass the use of the opposite gender, and the use of the singular shall be deemed to encompass the plural, unless the context clearly requires otherwise. Unless otherwise expressly noted herein, paragraph, section and exhibit references are to the paragraphs, sections and exhibits of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they are deemed to be followed by the words “without limitation,” unless the context clearly requires otherwise. The headings contained in this Agreement are intended solely for convenience of reference and shall not affect the rights of the parties to this Agreement.

9. Notice. All notices, requests, consents and other communications required or permitted under this Agreement shall be in writing (including electronic transmission) and shall be (as elected by the person giving such notice) hand delivered by messenger or courier service, electronically transmitted, or mailed (airmail if international) by registered or certified mail (postage prepaid), return receipt requested, addressed to the Board of Directors, Dollar Tree, Inc., 500 Volvo Parkway, Chesapeake, VA 23320, with a copy to the General Counsel of the Company, or to you at the address set forth on the first page of this Agreement or to such other address as any party may designate by notice complying with the provisions of this Section 9. Each such notice shall be deemed delivered (a) on the date delivered if by personal delivery; (b) on the date of transmission with confirmed answer back if by electronic transmission; and (c) on the date upon which the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, as the case may be, if mailed.

10. Section 409A Compliance. Solely to the extent necessary to comply with Section 409A of the Code, any amounts payable to you pursuant this Agreement during the period beginning on your Date of Termination and ending on the six-month anniversary of such date shall be delayed and not paid to you until the first business day following such sixth-month anniversary date, at which time such delayed amounts will be paid to you in a cash lump sum (the " Catch-up Amount "). If payment of an amount is delayed as a result of this Section 10, such amount shall be increased with interest from the date on which such amount would otherwise have been paid to you but for this Section 10 to the day prior to the date the Catch-up Amount is paid. The rate of interest shall be the applicable short-term federal rate applicable under Section 7872(f)(2)(A) of the Code for the month in which occurs your Date of Termination. Such interest shall be paid at the same time that the Catch-up Amount is paid. If you die on or after your Date of Termination and prior to the sixth-month anniversary of such date, any amount delayed pursuant to this Section 10 shall be paid to your estate or beneficiary, as applicable, together with interest, within 30 days following the date of your death. The provisions of this Section 10 shall apply notwithstanding any provision of this Agreement related to the timing of payments following your Date of Termination.

To the extent a payment under this Agreement is not made within the short-term deferral period or another permitted exemption or exception from application of Code Section 409A, payments under this Agreement are intended to comply, and this Agreement shall be interpreted as necessary to comply, with Code Section 409A and the regulations promulgated thereunder. Any provision of this Agreement that cannot be so interpreted or applied consistent with Code Section 409A is deemed amended to comply with Code Section 409A or, if such amendment is not possible, is void.

In the event you become entitled to indemnification for any Losses or other expenses, costs, fees or in-kind benefits under Section 3 of this Agreement and such Losses, expenses, costs, fees or in-kind benefits are not exempt from Code Section 409A pursuant to Treasury Regulation § (b)(9)(v) because such Losses, expenses, costs, fees or in-kind benefits were not incurred or provided by the last day of the second taxable year following your Involuntary Termination, then the Company will satisfy any such right to indemnification by reimbursement or providing in-kind benefits in accordance with Treasury Regulation § 1.409A-3(i)(1)(iv) as follows:

- (i) Reimbursement or in-kind benefits may be paid or provided during the period of your lifetime;
- (ii) Reimbursement of an eligible expense will be made on or before the last day of your taxable year following the taxable year in which the expenses were incurred;
- (iii) The amount of expenses eligible for reimbursement, or in-kind benefits provided, during a taxable year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; and
- (iv) The right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

For purposes of Section 10 of this Agreement, the term "in-kind benefits" refers to services provided to you or on your behalf by the Company, such as legal or accounting services."

11. Miscellaneous.

(a) Amendments, Waivers, Etc. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by you and the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement and this Agreement shall supersede all prior agreements, negotiations, correspondence, undertakings and communications of the parties, oral or written, with respect to the subject matter hereof; provided, however, that, except as expressly set forth herein, this Agreement shall not supersede the terms of Long-Term Plans and applicable award documents thereunder.

(b) Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

(c) Severability. In the event that any provision or term of this Agreement is held to be invalid, prohibited or unenforceable for any reason, such provision or term shall be deemed severed from this Agreement, without invalidating the remaining provisions, which shall remain in full force and effect.

(d) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

(e) No Contract of Employment. Nothing in this Agreement shall be construed as giving you any right to be retained in the employ of the Company or shall affect the terms and conditions of your employment with the Company prior to the commencement of the Term hereof or, if your employment with the Company continues after the Term, following the expiration of the Term.

(f) Withholding. Amounts paid to you hereunder shall be subject to all applicable federal, state and local withholding taxes.

(g) Source of Payments. All payments provided under this Agreement, other than payments made pursuant to a plan which provides otherwise, shall be paid in cash from the general funds of the Company, and no special or separate fund shall be established, and no other segregation of assets made, to assure payment. You will have no right, title or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations hereunder. To the extent that any person acquires a right to receive payments from the Company hereunder, such right shall be no greater than the right of an unsecured creditor of the Company.

(h) Governing Law. The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the Commonwealth of Virginia applicable to contracts entered into and performed in such Commonwealth.

If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject.

Sincerely,

DOLLAR TREE, INC.

By /s/ James Fothergill
James Fothergill
Chief People Officer

Agreed to as of this 22 day of June, 2012

/s/ David Jacobs
David Jacobs

DOLLAR TREE, INC.

OMNIBUS INCENTIVE PLAN

RESTRICTED STOCK UNIT AGREEMENT

(EXECUTIVE OFFICERS -- PERFORMANCE GOAL)

This RESTRICTED STOCK UNIT AGREEMENT (the "**Agreement**"), dated as of June 13, 2012 (the "**Date of Grant**"), is delivered by Dollar Tree, Inc., a Virginia corporation, (the "**Company**"), to Bob Sasser, (the "**Grantee**").

WITNESSETH:

The Dollar Tree, Inc. Omnibus Incentive Plan (the "**Plan**") provides for the grant of Restricted Stock Units in accordance with the terms and conditions of the Plan, which are incorporated herein by reference. The Company has determined that it is in the best interest of the Company and its shareholders to issue an Award of Restricted Stock Units to the Grantee. Capitalized terms used in this Agreement and not otherwise defined herein or in the Notice of Grant have the meanings set forth in the Plan.

1. **Restricted Stock Units.** The Company hereby grants the Grantee the number of Restricted Stock Units as set forth in the Notice of Grant subject to the terms, conditions and restrictions as set forth in the Plan, this Agreement and the Notice of Grant. Each vested Restricted Stock Unit shall represent the right of the Grantee to receive one share of the Company's Stock or the cash equivalent of the Fair Market Value of one share of the Company's Stock determined on the applicable vesting date (or if the applicable vesting date is not a business day, then on the first business day preceding the applicable vesting date). Except as otherwise provided in Section 3 below, the Restricted Stock Units will be settled by issuance of shares of Stock, or payment will be made, as soon as practicable after the date the Restricted Stock Units vest, but in no event later than the last day of the fiscal year in which the Restricted Stock Units vest.

2. **Vesting and Transfer Restrictions of Restricted Stock Units.** The restrictions described in Sections 2.1 and 2.2 shall lapse when the Vesting Criteria set forth in the Notice of Grant are satisfied. Notwithstanding any provision of this Agreement to the contrary, the Committee shall have the authority to decide, in its sole discretion, to accelerate satisfaction of the Service Requirement in the Notice of Grant with respect to all or part of the Restricted Stock Units.

2.1. **Termination of Employment.** In the event that Grantee has a voluntary Termination of Employment with the Company for any reason, or Grantee has a Termination of Employment by the Company due to "Cause" (as defined in the retention agreement between the Grantee and the Company), prior to the satisfaction of the Vesting Criteria, then the unvested Restricted Stock Units shall be forfeited as of the date of such Termination of Employment. In the event that Grantee has an involuntary Termination of Employment for any reason except "Cause" (as defined in the retention agreement between Grantee and the Company), then the Service Requirement in the Notice of Grant shall be deemed immediately and fully satisfied; *provided, however*, except as otherwise provided in Section 2.3 of this Agreement, any vesting based on the Performance Goal included in the Vesting Criteria will be satisfied solely to the extent certified by the Committee as required in the Notice of Grant. For purposes of this Agreement, "Termination of Employment" shall mean a "separation from service" (as defined in Treasury Regulation § 1.409A-1(h)) for any reason other than death or Disability. Notwithstanding any provision of this Agreement to the contrary, Termination of Employment by the Grantee for "Good Reason" (as defined under Treasury Regulation § 1.409A-1(n)(2)(ii)) shall be deemed an involuntary termination without Cause for all purposes of this Agreement.

2.2. **Transfer Restrictions.** Your Restricted Stock Units may not be transferred, assigned, pledged or hypothecated, whether by operation of law or otherwise, other than by will or by the laws of descent or distribution, and the provisions of this Agreement, the Plan and the Notice of Grant shall be binding upon the executors, administrators, heirs, and successors of the Grantee. Any levy of any execution, attachment or similar process upon the Restricted Stock Units, shall be null, void and without effect. Notwithstanding the foregoing, Grantee may designate one or more beneficiaries for receipt of the shares of Stock subject to this Award upon Grantee's death by delivering a beneficiary designation form to the Company. A beneficiary designation will not become effective unless it is made on the form approved by the Company and is received by the Company prior to the Grantee's death.

2.3. **Change in Control.** In the event of a Change in Control, (a) the Performance Goal listed in the Notice of Grant shall be deemed fully satisfied on the consummation date of such Change in Control and (b) Section 14 of the Plan shall apply to the Restricted Stock Units and the Committee may take such actions as it deems appropriate pursuant to the Plan, including accelerating vesting of the Award by waiving the Service Requirement set forth in the Notice of Grant. Except as otherwise specifically provided in the immediate next sentence or in Section 3 of this Agreement, if the vesting of Restricted Stock Units is accelerated under this Section 2.3, such vested Restricted Stock Units shall be settled within 30 days of the date of the corporate action that accelerates vesting hereunder. Notwithstanding any provision to the contrary in this Agreement, in the event accelerated vesting of the Restricted Stock Units is required based on the terms of a retention agreement entered into by and between the Grantee and the Company prior to the Date of Grant, the Restricted Stock Units shall vest as required in such agreement and such vested Restricted Stock Units shall be settled or paid within 30 days of the Grantee's Termination of Employment.

2.4. **Dividends.** The Grantee shall be entitled to Dividend Equivalent Rights as provided in Section 9.4 of the Plan.

2.5. **Adjustments for Recapitalizations.** In the event of a Transaction (as defined in Section 4.5 of the Plan), the Restricted Stock Units shall be adjusted as set forth in Section 4.5 of the Plan and any additional securities or other consideration received pursuant to such adjustment shall be subject to the restrictions and risk of forfeiture to the same extent as the Restricted Stock Units with respect to which such securities or other consideration has been distributed.

3. Death or Permanent Disability of Grantee

3.1. **Effect of Disability.** In the event of Grantee's Disability prior to satisfying the Vesting Criteria for the Restricted Stock Units, both the Performance Goal and the Service Requirement in the Notice of Grant shall be deemed immediately and fully satisfied. For purposes of this Agreement, "Disability" shall mean the Grantee has been determined to be disabled under the long-term disability insurance policy of the Company or the Company determines that a qualified medical professional has opined that the grantee is unable to engage in any substantial gainful employment by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

3.2. **Death of Grantee.** In the event of the death of the Grantee prior to satisfying the Vesting Criteria for the Restricted Stock Units, both the Performance Goal and the Service Requirement in the Notice of Grant shall be deemed immediately and fully satisfied

4. **Shareholder Rights.** This Award of Restricted Stock Units does not entitle you to any rights as a shareholder of the Company unless and until the shares of Stock underlying the Award have been issued to you by registry in book-entry form with the Company.

5. **Issuance of Shares.** To the extent the Committee does not elect to settle the Restricted Stock Units in cash, the Company will issue the shares of Stock subject to the Restricted Stock Units as non-certificated shares in book-entry form registered in Grantee's name. The purchase price of the shares of Stock is your Service to the Company during the vesting periods. The obligation of the Company to deliver shares of Stock upon the vesting of the Restricted Stock Units shall be subject to all applicable laws, rules, and regulations and such approvals by governmental agencies as may be deemed appropriate to comply with relevant state and federal securities laws and regulations and the rules of any applicable stock exchange.

6. **Code Section 409A.** The payment made, or issuance of shares of Stock, under this Agreement is intended to be exempt from Section 409A as a distribution made during the short term deferral period exemption under the regulations promulgated under Code Section 409A and this Agreement shall be interpreted as necessary to comply with such intent.

7. Taxes: Withholding Obligation.

7.1. **Generally.** Grantee shall be ultimately liable and responsible for all taxes owed in connection with the Award, regardless of any action a Member Company takes with respect to any tax withholding obligations that arise in connection with the Award. The Member Companies make no representation or undertaking regarding the treatment of any tax withholding in connection with the grant or vesting of the Award or the subsequent sale of shares of Stock issuable pursuant to the Award. Neither the Company nor any Member Company is committed or under any obligation to structure the Award to reduce or eliminate your tax liability.

7.2. Payment of Withholding Taxes.

7.2.1. Prior to any event in connection with the Award (e.g., vesting) that the Company determines may result in any domestic or foreign tax withholding obligation, whether national, federal, state or local, including any employment or social tax obligation (the "**Tax Withholding Obligation**"), Grantee must arrange for the satisfaction of the amount of such Tax Withholding Obligation in a manner acceptable to the Company.

7.2.2. Unless Grantee chooses to satisfy the Tax Withholding Obligation by some other means in accordance with Section 7.2.3. below, Grantee's acceptance of this Award constitutes Grantee's instruction and authorization to the Company, and any brokerage firm determined acceptable to the Company for such purpose, to sell on Grantee's behalf (including to the Company or any affiliate of the Company through the retention of a portion of the shares of Stock) a whole number of shares of Stock from those shares of Stock issuable to Grantee as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the Tax Withholding Obligation. Such shares of Stock will be sold on the day the Tax Withholding Obligation arises or as soon thereafter as practicable. If applicable, Grantee will be responsible for all brokers' fees and other costs of sale, and agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale. To the extent the proceeds of such sale exceed Grantee's Tax Withholding Obligation, the Company agrees to pay such excess in cash to Grantee through payroll as soon as practicable. Grantee acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy your Tax Withholding Obligation. Accordingly, Grantee agrees to pay to the Company (or Member Company as applicable) as soon as practicable, including through additional payroll withholding, any amount of the Tax Withholding Obligation that is not satisfied by the sale of shares of Stock described above.

7.2.3. At any time not less than five (5) business days before any Tax Withholding Obligation arises Grantee may elect to satisfy his or her Tax Withholding Obligation by delivering to the Company (or Member Company as applicable) an amount that the Company determines is sufficient to satisfy the Tax Withholding Obligation by (i) wire transfer to such account as the Company may direct, (ii) delivery of a certified check payable to the Company (or Member Company as applicable), or (iii) such other means as the Company may establish or permit.

7.2.4. The Company may refuse to issue any shares of Stock to Grantee until Grantee satisfies the Tax Withholding Obligation. To the maximum extent permitted by law, the Company has the right to retain, without notice, from shares of Stock issuable under the Award or from salary or other amounts payable to you, shares of Stock or cash having a value sufficient to satisfy the Tax Withholding Obligation.

8. Forfeiture Event. If prior to the date the Service Requirement is satisfied, the Company is required to prepare a financial restatement that affects the amount of the Company's positive cumulative net income during the period of the Performance Goal as described in the Vesting Criteria in the Notice of Grant, then the Committee shall determine if the Performance Goal would be satisfied based on the Company's positive cumulative net income for the performance period based on the applicable financial restatement. If the Committee determines that the Performance Goal would not be satisfied under the applicable financial restatement, then Restricted Stock Units shall be immediately forfeited.

9. No Employment Rights. Nothing in this Agreement shall affect in any manner whatsoever the right or power of a Member Company to terminate Grantee's employment for any reason, with or without cause.

10. Miscellaneous.

10.1. **Governing Law.** This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the Commonwealth of Virginia, without giving effect to choice of law provisions thereof. The Circuit Court of the City of Norfolk, Virginia, and the United States District Court, Eastern District of Virginia, Norfolk Division shall be the exclusive courts of jurisdiction or venue for any litigation, special proceedings or other proceedings between the parties that may be brought, or arise out of, in connection with, or by reason of this Agreement and the parties to this Agreement hereby consent to the jurisdiction of such courts.

10.2. **Entire Agreement; Enforcement of Rights.** The Plan and the Notice of Grant are hereby incorporated by reference in this Agreement. This Agreement (including the Plan and the Notice of Grant) sets forth the entire agreement and understanding of the parties relating to the subject matter herein. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in a writing signed by the Company and the Grantee to this Agreement. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

10.3. **Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

10.4. **Notices.** Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient when delivered personally or sent by telegram or fax or forty-eight (48) hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the party to be notified at such party's address as set forth below or as subsequently modified by written notice.

10.5. **Successors and Assigns.** The rights and benefits of this Agreement shall inure to the benefit of, and be enforceable by the Company's successors and assigns. The rights and obligations of Grantee under this Agreement may only be assigned with the prior written consent of the Company.

10.6. **Disclosure of Information.** In the event the Committee determines that the Grantee has materially violated the provisions of this Section 10.6, the Grantee shall immediately forfeit all unvested Restricted Stock Units. The Grantee recognizes and acknowledges that the Company's trade secrets, confidential information, and proprietary information, including customer and vendor lists and computer data and programs (collectively "Confidential Information"), are valuable, special and unique assets of the Company's business, access to and knowledge of which are essential to the performance of the Grantee's duties. The Grantee will not, before or after his date of Termination of Employment, in whole or in part, disclose such Confidential Information to any person or entity or make such Confidential Information public for any purpose whatsoever, nor shall the Grantee make use of such Confidential Information for the Grantee's own purposes or for the benefit of any person or entity other than the Company under any circumstances before or after the Grantee's date of Termination of Employment; provided that this prohibition shall not apply after the Grantee's date of Termination of Employment to Confidential Information that has become publicly known through no action of the Grantee. The Grantee shall consider and treat as the Company's property all memoranda, books, records, papers, letters, computer data or programs, or customer lists, including any copies thereof in human- or machine-readable form, in any way relating to the Company's business or affairs, financial or otherwise, whether created by the Grantee or coming into his or her possession, and shall deliver the same to the Company on the date of Termination of Employment or, on demand of the Company, at any earlier time.

Chief Executive Officer Certification

I, Bob Sasser, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dollar Tree, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2012

/s/ Bob Sasser
Bob Sasser
Chief Executive Officer

Principal Financial Officer Certification

I, Kevin S. Wampler, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Dollar Tree, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 16, 2012

/s/ Kevin S. Wampler
Kevin S. Wampler
Chief Financial Officer

Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Dollar Tree, Inc. (the "Company") on Form 10-Q for the quarter ending July 28, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bob Sasser, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 16, 2012
Date

/s/ Bob Sasser
Bob Sasser
Chief Executive Officer

A signed original of this written statement required by Section 906 has been furnished to Dollar Tree, Inc. and will be retained by Dollar Tree, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Certification Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Dollar Tree, Inc. (the "Company") on Form 10-Q for the quarter ending July 28, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin S. Wampler, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 16, 2012
Date

/s/ Kevin S. Wampler
Kevin S. Wampler
Chief Financial Officer

A signed original of this written statement required by Section 906 has been furnished to Dollar Tree, Inc. and will be retained by Dollar Tree, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.