

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

(Mark One)

Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2000

Transition report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

Commission File Number: 0-25464

DOLLAR TREE STORES, INC.
(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

54-1387365
(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 the 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

As of November 9, 2000, there were 107,919,754 shares of the Registrant's Common Stock outstanding.

DOLLAR TREE STORES, INC.

and SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

	Page

Item 1. Condensed Consolidated Financial Statements:	
Condensed Consolidated Balance Sheets September 30, 2000 and December 31, 1999.....	3
Condensed Consolidated Income Statements Three months and nine months ended September 30, 2000 and 1999.....	4
Condensed Consolidated Statements of Cash Flows Nine months ended September 30, 2000 and 1999.....	5
Notes to Condensed Consolidated Financial Statements.....	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	9
Item 3. Quantitative and Qualitative Disclosures About Market Risk.....	16

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.....	16
Item 6. Exhibits and Reports on Form 8-K.....	17

<TABLE>
<CAPTION>

DOLLAR TREE STORES, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	September 30,	December
	2000	1999
	----	----
	(Unaudited)	
ASSETS		
Current assets:		
<S>	<C>	<C>
Cash and cash equivalents	\$ 23,954	\$ 181,587
Merchandise inventories	350,055	192,838
Deferred tax asset	8,633	6,093
Prepaid expenses and other current assets	25,049	14,588
	-----	-----
--	Total current assets	407,691 395,106
	-----	-----
Property and equipment, net	201,100	157,368
Deferred tax asset	1,136	470
Goodwill, net	40,881	42,394
Other assets, net	15,378	15,895
	-----	-----
--	TOTAL ASSETS	\$ 666,186 \$ 611,233
	=====	=====
LIABILITIES, PREFERRED STOCK AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 89,463	\$ 73,878
Income taxes payable	201	29,193
Other current liabilities	27,061	34,942
Current portion of long-term debt (notes 4 and 6)	41,900	28,070
Current installments of obligations under capital leases	3,403	3,190
	-----	-----
--	Total current liabilities	162,028 169,273
Long-term debt, excluding current portion (note 4)	18,000	49,138
Obligations under capital leases, excluding current installments	25,859	28,375
Common stock put warrants (note 3)	--	4,394
Other liabilities	8,397	8,644
	-----	-----
--	Total liabilities	214,284 259,824
Cumulative convertible preferred stock (note 3)	--	35,171
Shareholders' equity (notes 3 and 5):		
Common stock, par value \$0.01. Authorized 450,000,000 shares, 107,896,833 shares issued and outstanding at September 30, 2000 and 98,842,201 shares issued and outstanding at December 31, 1999	1,079	659
Additional paid-in capital	154,738	75,031
Retained earnings	296,085	240,548
	-----	-----
--	Total shareholders' equity	451,902 316,238
	-----	-----
--	TOTAL LIABILITIES, PREFERRED STOCK AND SHAREHOLDERS' EQUITY	\$ 666,186 \$ 611,233
	=====	=====

</TABLE>

<TABLE>
<CAPTION>

DOLLAR TREE STORES, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED INCOME STATEMENTS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
	----	----	----	----
--				
<S>	<C>	<C>	<C>	<C>
Net sales	\$ 377,318	\$ 298,868	\$ 1,088,932	\$ 845,107
Cost of sales	238,328	191,546	698,324	544,326
Merger related costs (note 3)	--	--	1,100	443
	-----	-----	-----	-----
--				
Gross profit	138,990	107,322	389,508	300,338
	-----	-----	-----	-----
--				
Selling, general and administrative expenses:				
Operating expenses	92,023	71,523	261,381	202,894
Merger related expenses (note 3)	--	--	3,266	607
Depreciation and amortization	10,638	7,879	28,887	22,233
Total selling, general and administrative expenses	102,661	79,402	293,534	225,734
	-----	-----	-----	-----
--				
Operating income	36,329	27,920	95,974	74,604
Interest income	715	207	3,812	881
Interest expense	(1,514)	(1,974)	(5,729)	(4,837)
	-----	-----	-----	-----
--				
Income before income taxes	35,530	26,153	94,057	70,648
Provision for income taxes	13,680	10,168	36,720	24,949
	-----	-----	-----	-----
--				
Income before extraordinary item	21,850	15,985	57,337	45,699
Loss on debt extinguishment, net of tax benefit of \$242 (note 4)	--	--	387	--
	-----	-----	-----	-----
--				
Net income	21,850	15,985	56,950	45,699
Preferred stock dividends and accretion.....	--	3,902	1,413	5,084
	-----	-----	-----	-----
--				
Net income available to common shareholders	\$ 21,850	\$ 12,083	\$ 55,537	\$ 40,615
	=====	=====	=====	=====
===== Pro forma income data (note 2):				
Net income available to common shareholders	\$ 21,850	\$ 12,083	\$ 55,537	\$ 40,615
Pro forma adjustment for C-corporation income taxes	--	--	--	505
	-----	-----	-----	-----
--				
Pro forma net income available to common shareholders	\$ 21,850	\$ 12,083	\$ 55,537	\$ 40,110
	=====	=====	=====	=====
===== Basic pro forma net income per common share:				
Pro forma income before extraordinary item	\$ 0.21	\$ 0.12	\$ 0.55	\$ 0.41
Pro forma net income	0.21	0.12	0.54	0.41
Diluted pro forma net income per common share:				
Pro forma income before extraordinary item	\$ 0.19	\$ 0.11	\$ 0.50	\$ 0.37

See accompanying Notes to Condensed Consolidated Financial Statements

</TABLE>

<TABLE>
<CAPTION>

DOLLAR TREE STORES, INC.
AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2000	1999
	-----	-----
Cash flows from operating activities:		
<S> Net income	<C> \$ 56,950	<C> \$ 45,699
	-----	-----
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	28,887	22,233
Loss on disposal of property and equipment	743	483
Extraordinary loss on early extinguishment of debt	629	--
Lease loss accrual	(340)	(316)
Provision for deferred income taxes	(3,206)	1,713
Accretion of common stock put warrants to redemption value	--	282
Tax benefit on exercise of stock options	15,901	5,293
Changes in assets and liabilities increasing (decreasing) cash and cash equivalents:		
Merchandise inventories	(157,217)	(121,521)
Prepaid expenses and other current assets	(11,090)	(1,317)
Other assets, net	155	501
Accounts payable	15,585	22,556
Income taxes payable	(28,992)	(21,730)
Other current liabilities	(7,980)	(6,779)
Other liabilities	192	(350)
	-----	-----
Total adjustments	(146,733)	(98,952)
	-----	-----
Net cash used in operating activities	(89,783)	(53,253)
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(71,618)	(41,148)
Proceeds from sale of property and equipment	199	99
	-----	-----
Net cash used in investing activities	(71,419)	(41,049)
	-----	-----
Cash flows from financing activities:		
Distributions paid	--	(60,934)
Proceeds from long-term debt	--	39,400
Repayment of long-term debt and facility fees	(27,708)	(18,511)
Proceeds from revolving credit facilities	33,300	47,350
Repayment of revolving credit facilities	(22,900)	(35,600)
Proceeds from sale-leaseback transaction	--	21,605
Principal payments under capital lease obligations	(2,371)	(382)
Proceeds from issuance of preferred stock and common stock put warrants	--	32,156
Proceeds from stock issued pursuant to stock-based compensation plans	23,248	6,584
	-----	-----
Net cash provided by financing activities	3,569	31,668
	-----	-----
Net decrease in cash and cash equivalents	(157,633)	(62,634)
Cash and cash equivalents at beginning of period	181,587	84,714
	-----	-----
Cash and cash equivalents at end of period	\$ 23,954	\$ 22,080
	=====	=====

DOLLAR TREE STORES, INC.

AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The condensed consolidated financial statements at September 30, 2000, and for the three- and nine-month periods then ended, are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position and operating results for the interim periods.

The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, for the year ended December 31, 1999 filed on Form 8-K on November 9, 2000. These consolidated financial statements should be read with management's discussion and analysis of financial condition and results of operations for the year ended December 31, 1999, contained in the Dollar Tree Stores, Inc. (the Company) Prospectus dated August 3, 2000. These filings restate the consolidated financial statements to give retroactive effect to the pooling of interests with Dollar Express, Inc. The results of operations for the three- and nine-month periods ended September 30, 2000 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2000.

<TABLE>
 <CAPTION>

2. PRO FORMA NET INCOME PER COMMON SHARE

The following table sets forth the calculation of pro forma basic and pro forma diluted income before extraordinary item per common share:

	Three months ended September 30,		Nine months ended September 30,	
	2000	1999	2000	1999
	----	----	----	----
	(In thousands, except per share data)			
Pro forma basic income before extraordinary item per common share:				
<S>	<C>	<C>	<C>	<C>
Income before extraordinary item.....	\$ 21,850	\$ 15,985	\$ 57,337	\$ 45,699
Less: Preferred stock dividends and accretion	-	3,902	1,413	5,084
	-----	-----	-----	-----
Income before extraordinary item available to common shareholders.....	21,850	12,083	55,924	40,615
Pro forma adjustment for C-corporation income taxes.....	-	-	-	505
	-----	-----	-----	-----
Pro forma income before extraordinary item available to common shareholders.....	\$ 21,850	\$ 12,083	\$ 55,924	\$ 40,110
	=====	=====	=====	=====
Weighted average number of common shares outstanding.....	106,115	98,604	102,254	98,330
	=====	=====	=====	=====
Pro forma basic income before extraordinary item per common share.....	\$ 0.21	\$ 0.12	\$ 0.55	\$ 0.41
	=====	=====	=====	=====

<CAPTION>

	Three months ended September 30,		Nine months ended September 30,	
	2000	1999	2000	1999
	----	----	----	----
	(In thousands, except per share data)			

Pro forma diluted income before extraordinary item per common share:				
Pro forma income before extraordinary item available to common				
<S>	<C>	<C>	<C>	<C>
shareholders.....	\$ 21,850	\$ 12,083	\$ 55,924	\$ 40,110
	=====	=====	=====	=====
Weighted average number of common shares outstanding.....	106,115	98,604	102,254	98,330
Dilutive effect of stock options and warrants (as determined by applying the treasury stock method).....	7,384	9,474	9,044	9,504
	-----	-----	-----	-----
Weighted average number of common shares and dilutive potential common shares outstanding.....	113,499	108,078	111,298	107,834
	=====	=====	=====	=====
Pro forma diluted income before extraordinary item per common share.....	\$ 0.19	\$ 0.11	\$ 0.50	\$ 0.37
	=====	=====	=====	=====

</TABLE>

3. DOLLAR EXPRESS ACQUISITION

On May 5, 2000, the Company completed its merger with privately-held, Philadelphia-based Dollar Express, Inc. (Dollar Express), which operated 107 single-price point stores under the name "Dollar Express." These stores offer variety merchandise at a fixed price of \$1.00 and are located in six states in the Mid-Atlantic region. Dollar Express also operated 25 multi-price point stores under the name "Spain's Cards & Gifts" in the Philadelphia area. The Company issued 0.8772 shares of its common stock for each share of Dollar Express's outstanding common stock. The Company issued 8,771,928 shares of its common stock for all of the outstanding shares of Dollar Express's common stock, which included converting all of Dollar Express's cumulative mandatorily redeemable preferred shares into common shares on a one-for-one basis. Stock options to purchase 260,000 shares of Dollar Express's common stock were converted into options to purchase 228,072 common shares of the Company. As a result of the merger, which was accounted for as a pooling of interests, the Company's consolidated financial statements have been restated to retroactively combine Dollar Express's financial statements as if the merger had occurred at the beginning of the earliest period presented.

Prior to February 5, 1999, Dollar Express was treated as an S-corporation for federal and state income tax purposes. As such, income of Dollar Express for periods prior to February 5, 1999 was taxable to the Dollar Express shareholders, rather than to Dollar Express. Effective February 5, 1999, Dollar Express converted from an S-corporation to a C-corporation and recorded the related cumulative deferred tax benefit of \$2.2 million in the first quarter of 1999.

In connection with the merger, the Company incurred approximately \$4.4 million (\$3.1 million after taxes, which decreased year-to-date pro forma diluted net income per common share by \$0.03) of merger related costs and expenses, consisting primarily of write downs of inventory and professional fees. These expenses were charged to operations during the quarter ended June 30, 2000.

7

With the consummation of the merger, Dollar Express's preferred stock was converted to common shares of Dollar Express and then into Dollar Tree common shares. In addition, Dollar Express's common stock put warrants were terminated. The book value of the preferred stock and common stock put warrants were credited to additional paid-in capital during the three months ended June 30, 2000.

4. LONG-TERM DEBT

In May 2000, the Company retired and terminated Dollar Express's \$40.0 million term loan and revolving credit facility. This retirement resulted in an after-tax extraordinary loss of \$387,000 to write off the related unamortized deferred financing fees.

5. STOCK DIVIDEND

On May 25, 2000, the Board of Directors authorized a stock dividend, payable June 19, 2000 to shareholders of record as of June 12, 2000, whereby the Company issued one-half share for each outstanding share of common stock. 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 dividend, having the effect of a 3-for-2 stock split.

6. INTEREST RATE SWAP AGREEMENTS

On September 8, 2000, the Company entered into a \$10.0 million interest rate swap agreement (swap) to manage the risk associated with interest rate fluctuations on a portion of its Stockton, California distribution center lease. The swap creates the economic equivalent of a fixed rate lease by converting the variable interest rate to a fixed rate. Under this agreement, the Company pays interest to a financial institution at a fixed rate of 6.45%. In exchange, the financial institution pays the Company at a variable interest rate, which approximates the floating rate on the lease agreement, excluding the credit spread. The interest rate on the swap is subject to adjustment monthly. For months in which the interest rate, as calculated under the agreement, is greater than 7.41% (the knockout rate), no payments are made by either party. The swap is effective through June 2004.

In addition, effective September 1, 2000, the Company amended its existing interest rate swap agreement related to its Taxable Variable Rate Demand Revenue Bonds to reduce the fixed rate of interest under the swap from 4.99% to 4.88%. The knockout rate provision of the swap was reduced from 8.28% to 7.75%.

7. LEASES

During August 2000, the Company amended its existing operating lease agreement related to the Stockton distribution center for the purpose of financing construction costs to build a new \$40.0 million distribution center in Briar Creek, Pennsylvania. The facility will replace the existing leased facilities located in Philadelphia, Pennsylvania. Under this agreement, the lessor purchases the property, pays for the construction costs and subsequently leases the facility to the Company. The lease expires in June 2004. The lease provides for a residual value guarantee and includes a purchase option based on the outstanding cost of the property plus any unpaid interest and rent under the lease agreement. When the assets are placed into service, the Company will estimate its liability under the residual value guarantee and, if necessary, record additional rent expense on a straight-line basis over the remaining lease term.

8

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 Stores, 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 or estimate. For example, our forward-looking statements include statements regarding:

- o our anticipated comparable store net sales;
- o our growth plans, including our plans to add, expand or relocate stores;
- o the integration of Dollar Express into our business;
- o the possible effect of inflation and other economic changes on our future costs and profitability, including the possible effect of changes in shipping rates, freight costs, fuel costs, minimum wage rates and wage related costs;
- o our cash needs, including our ability to fund our future capital expenditures and working capital requirements;
- o the capabilities of, and the cost of improving, our distribution systems and supply chain processes; and
- o the future availability and cost of quality merchandise that can be profitably sold for \$1.00.

These forward-looking statements are subject to numerous risks and uncertainties which may affect us including:

- o possible difficulties in meeting our expansion goals and anticipated comparable store net sales;
- o possible delays, costs and other difficulties in integrating Dollar Express with our business;
- o possible increases in merchandise costs, shipping rates, freight costs, wage levels, inflation, competition and other adverse economic factors;

- o our exposure to changes in our foreign trade relations and import tariffs and restrictions, particularly those affecting China; and
- o the capacity and performance of our distribution system and our ability to expand its capacity in time to support our net sales growth.

9

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," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" sections in our prospectus filed August 3, 2000 and our Annual Report on Form 10-K filed March 17, 2000. Also, carefully review "Risk Factors" in our most recent prospectus filed November 9, 2000.

In light of these risks, uncertainties and assumptions, the future events, developments or results described by our forward-looking statements in this document could turn out to be materially different from those we discuss or imply. 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.

Results of Operations

The Three Months Ended September 30, 2000 Compared To The Three Months Ended September 30, 1999

Net Sales. Net sales increased 26.2% to \$377.3 million for the three months ended September 30, 2000 from \$298.9 million for the three months ended September 30, 1999. We attribute this \$78.4 million increase in net sales to two factors:

- o Approximately 77% of the increase came from stores opened in 2000 and 1999, which are not included in our comparable store net sales calculation.
- o Approximately 23% of the increase came from comparable store net sales growth. Comparable store net sales increased 5.3% for the third quarter of 2000.

We believe our comparable store net sales increased because we expanded and relocated stores, improved the variety and selection of our merchandise and offered more consumable products as a component of our domestic merchandise. We include expanded and relocated stores in the calculation of our comparable store net sales.

During the third quarter of 2000 we opened 49 new stores and closed six stores, compared to 59 new stores opened and one store closed in the third quarter of 1999. We expanded and relocated 31 stores during third quarter 2000 compared to 29 stores in the same period in 1999. We continue to open a number of larger stores in the 8,000 to 12,000 total square foot range and increase the number of store relocations and expansions. During the third quarter of 2000, we added 5.6% to our total square footage, compared to increasing total square footage by 7.5% in the same period last year. We expect to increase our total square footage by 28% for calendar year 2000 and will add 50 to 52 stores in the fourth quarter. Our management anticipates that future net sales growth will come mostly from square footage growth related to new store openings and expansion of existing stores. We expect that our future comparable store net sales increases, if any, will be lower than those we have experienced in the past.

Gross Profit. Gross profit increased \$31.7 million in the third quarter of 2000 compared to the same period in 1999, an increase of 29.5%. Our gross profit as a percentage of net sales is called our gross profit margin. Our gross profit margin increased 0.9% to 36.8% in the third quarter of 2000 compared to the third quarter of 1999. We believe this improvement resulted from improved pricing from vendors and a larger mix of import merchandise in third quarter

10

2000. This improvement was partially offset by an increase in freight costs caused primarily by our changing merchandise mix, higher trans-Pacific shipping rates imposed in May 1999 and an increase in domestic fuel costs. The changing merchandise mix, which included an increase in consumable merchandise, required more shipments to deliver the same amount of merchandise in 2000 as compared to 1999. Gross margin was also affected by a slight increase in shrink. These increases were partially offset by leverage of occupancy and distribution costs resulting from increased comparable store net sales.

We do not expect increased trans-Pacific shipping costs resulting from the

May 1999 rate increase to have a material effect on our fourth quarter 2000 results. We do, however, expect domestic freight costs to continue to increase partially as a result of current domestic fuel rates. If fuel costs remain at current levels, we believe that our domestic freight expense will increase by approximately \$0.6 million in the fourth quarter 2000 compared to the same period in 1999.

Selling, General and Administrative Expenses. Selling, general and administrative expenses, excluding depreciation and amortization, increased by \$20.5 million in the third quarter of 2000 compared to the same period in 1999, an increase of 28.7%. Expressed as a percentage of net sales, selling, general and administrative expenses, excluding depreciation and amortization, was 24.4% for the three months ended September 30, 2000 compared to 23.9% for the three months ended September 30, 1999. The increase was due to slight increases in store and corporate operating expenses primarily related to the integration of Dollar Express. We incurred approximately \$1.7 million of integration expenses to:

- o train store personnel on new systems, policies, and procedures;
- o prepare the stores for the fourth quarter selling season;
- o improve benefits;
- o conduct physical inventories; and
- o pay severance.

Depreciation and amortization increased by \$2.8 million to 2.8% as a percentage of net sales, for the three months ended September 30, 2000 compared to 2.6% for the three months ended September 30, 1999. The increase as a percentage of net sales was caused by \$0.6 million of accelerated depreciation expense to phase out some of Dollar Express's computer systems and store registers. We expect to record an additional \$0.6 million during the fourth quarter because we plan to replace Dollar Express's warehouse management system with our own in January 2001.

Increases in expenses, such as wages and rents, could negatively influence our operating results, because we cannot pass on increased expenses to our customers by increasing our merchandise prices. For example, if the minimum wage were to increase by \$1.00 per hour, we believe that our annual payroll expenses would increase by approximately 2.0% to 2.5% of operating expenses unless we realize offsetting cost reductions. Consequently, our future success depends, in large part, on our ability to control our costs.

11

Operating Income. Our operating income increased by \$8.4 million during the third quarter of 2000 compared to the third quarter of 1999, an increase of 30.1%. As a percentage of net sales, operating income increased to 9.6% in the third quarter of 2000 compared to 9.3% in the same period of 1999. This increase was caused by the increase in gross profit partially offset by increases in selling, general and administrative expenses.

Interest Income/Expense. Interest income increased to \$0.7 million in the third quarter of 2000 from \$0.2 million in the third quarter of 1999. This increase resulted from higher levels of cash and cash equivalents throughout the three months ended September 30, 2000 compared with the three months ended September 30, 1999. Interest expense decreased to \$1.5 million in the third quarter of 2000 from \$2.0 million in the third quarter of 1999. This decrease resulted from the payoff of Dollar Express's debt during the second quarter of 2000 partially offset by increased interest expense related to our capital lease obligation for the sale-leaseback transaction entered into in the third quarter of 1999.

Income Taxes. Our effective tax rate decreased to 38.5% for the third quarter of 2000 from 38.9% for the third quarter of 1999. The rate decreased because Dollar Express's effective rate in 1999 was higher than Dollar Tree's.

The Nine Months Ended September 30, 2000 Compared To The Nine Months Ended September 30, 1999

Net Sales. Net sales increased 28.9% to \$1,088.9 million for the nine months ended September 30, 2000 from \$845.1 million for the nine months ended September 30, 1999. We attribute this \$243.8 million increase in net sales to two factors:

- o Approximately 75% of the increase came from stores opened in 2000 and 1999, which are not included in our comparable store net sales calculation.
- o Approximately 25% of the increase came from comparable store net sales growth. Comparable store net sales increased 7.7% for the nine months ended September 30, 2000.

We believe comparable store net sales increased because we expanded and relocated stores, improved the variety and selection of our merchandise and offered more consumable products as a component of our domestic merchandise.

We opened 181 new stores and closed eleven stores during the first nine months of 2000, compared to 181 new stores opened and five stores closed in the first nine months of 1999. In addition, we expanded and relocated 83 stores in the first nine months of 2000 compared to 59 stores in 1999. Our net new stores and expanded and relocated stores added approximately 1.7 million gross square feet in 2000.

Gross Profit. Gross profit increased by \$89.2 million in the first nine months of 2000 compared to the same period in 1999, an increase of 29.7%. Our gross profit margin increased 0.3% to 35.8% in the first nine months of 2000 compared to the first nine months of 1999. Excluding merger related costs, our year-to-date gross profit margin increased 0.3% to 35.9% in 2000 compared to the same period in 1999. We believe this improvement resulted from improved pricing from vendors and a larger mix of import merchandise in 2000. This improvement was partially offset by an increase in freight costs caused primarily by our changing merchandise mix, higher trans-Pacific shipping rates imposed in May 1999 and an increase in domestic fuel costs. The changing merchandise mix,

12

which included an increase in consumable merchandise, required more shipments to deliver the same amount of merchandise in 2000 as compared to 1999. Gross margin was also affected by a slight increase in shrink. These increases were partially offset by leverage of occupancy costs resulting from increased comparable store net sales.

Selling, General and Administrative Expenses. Selling, general and administrative expenses, excluding depreciation and amortization, increased by \$61.1 million in the first nine months of 2000 compared to the same period in 1999, an increase of 30.0%. Expressed as a percentage of net sales, selling, general and administrative expenses, excluding depreciation and amortization, was 24.3% for the nine months ended September 30, 2000 compared to 24.1% for the nine months ended September 30, 1999. Excluding merger related expenses, selling, general and administrative expenses, excluding depreciation and amortization, remained constant at 24.0% as a percentage of net sales in the first nine months of 2000 compared to the same period in the prior year. This was the result of slight increases in store and corporate operating expenses offset by leverage of payroll expenses. The increase in store and corporate operating expenses related primarily to the integration of Dollar Express, as discussed above. Depreciation and amortization increased by \$6.7 million, and increased 0.1% as a percentage of net sales to 2.7%. This increase primarily resulted from the accelerated depreciation in connection with the phase out of some of Dollar Express's computer systems and store registers.

Operating Income. Our operating income increased by \$21.4 million during the first nine months of 2000 compared to the same period in 1999, an increase of 28.6%. As a percentage of net sales, operating income remained constant at 8.8% in the first nine months of 2000 compared to the same period in 1999. If you exclude merger related costs and expenses, operating income increased to \$100.3 million in 2000 from \$75.7 million in 1999 and increased as a percentage of net sales to 9.2% from 9.0%. The increase was a result of the factors discussed above.

Interest Income/Expense. Interest income increased to \$3.8 million in the first nine months of 2000 from \$0.9 million in the first nine months of 1999. This increase resulted from higher levels of cash and cash equivalents throughout the nine months ended September 30, 2000 compared with the nine months ended September 30, 1999. Interest expense increased to \$5.7 million in the first nine months of 2000 from \$4.8 million in the first nine months of 1999. This increase primarily related to our capital lease obligation for the sale-leaseback transaction entered into in the third quarter of 1999 partially offset by a decrease in interest related to the Dollar Express line of credit and term loan that we repaid in May 2000.

Income Taxes. Our effective tax rate increased to 39.0% for the nine months ended September 30, 2000 from 35.3% for the nine months ended September 30, 1999. This rate increased primarily because of the \$2.2 million deferred tax benefit recorded in connection with Dollar Express's conversion from an S- to C-corporation for income tax purposes on February 5, 1999. In addition, the rate increased because of the higher amount of non-deductible merger related expenses in the first nine months of 2000 compared with the corresponding period in 1999.

13

Liquidity and Capital Resources

Our business requires capital to open new stores and operate existing stores. Our working capital requirements for existing stores 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 for

existing stores and funded our store expansion program from internally generated funds and borrowings under our credit facilities.

The following table compares cash-related information for the nine months ended September 30, 2000 and 1999:

	Nine months ended September 30,	
	2000	1999
	----	----
	(in millions)	
Net cash provided by (used in):		
Operating activities	\$ (89.8)	\$ (53.3)
Investing activities	(71.4)	(41.0)
Financing activities	3.6	31.7

The \$36.5 million increase in cash used for operating activities was primarily the result of an increase in expenditures for inventory. The significant increase in inventory levels during the first nine months of 2000 reflects the purchase of inventory necessary to support new stores and increased sales at existing stores compared to 1999.

Cash used in investing activities is generally expended to open new stores. The \$30.4 million increase in capital expenditures for the nine months ended September 30, 2000 compared to the same period in 1999 was primarily the result of the following:

- o an increase in the average size of new stores opened in 2000;
- o an increase in the number of relocations and expansions;
- o the expansion of the Store Support Center;
- o improvement in our supply chain processes; and
- o installation of new registers and back-office equipment in the Dollar Express stores.

The \$28.1 million decrease in cash provided by financing activities was primarily the result of the following:

- o We did not receive any proceeds from the issuance of equity, excluding stock-based compensation plans, in 2000 compared to the \$32.2 million received in the first half of 1999 related to the issuance of Dollar Express's preferred stock and common stock put warrants.
- o We made net repayments of approximately \$17.3 million in the first nine months of 2000 due to repayment of Dollar Express's term loan and revolving credit facility and the first principal payment on the senior notes compared to net borrowings of approximately \$32.6 million in the first nine months of 1999 related primarily to draw downs on Dollar Express's term loan and revolving credit facility.

14

- o We received \$16.7 million more cash pursuant to stock-based compensation plans in the first nine months of 2000 compared to the first nine months of 1999 because of increased stock option exercises.
- o We did not pay any distributions in 2000 compared to the \$61.0 million of distributions paid in the first nine months of 1999 to the former shareholders of Dollar Express and Only \$One, the company we acquired in June 1999.
- o We received \$21.6 million related to the sale-leaseback transaction in September of 1999.

At September 30, 2000, our borrowings under our senior notes and bonds were \$43.0 million and we had \$118.1 million available through our bank facility. Of the amount available, approximately \$35.7 million was committed to letters of credit issued for the routine purchase of imported merchandise.

Funding Requirements

Planned Capital Expenditures and Working Capital Requirements

Including the Dollar Express acquisition, our total planned capital expenditures for 2000 are approximately \$90.0 million. During 2000 and through the second quarter of 2001, we expect to upgrade some of the Dollar Express stores by installing new checkouts, adding display fixtures and improving store layouts and merchandise displays. We believe that we can adequately fund our planned capital expenditures and working capital requirements for the next few years from cash provided by operations and seasonal borrowings under our credit facility.

Operating Leases

In August 2000, we amended our existing operating lease agreement related to our Stockton distribution center to finance the construction of a new \$40.0 million distribution center in Briar Creek, Pennsylvania. Under the agreement, the lessor is required to purchase the property, pay the construction costs and lease the facility to us. This fully automated facility will replace our current Philadelphia distribution center and we expect it to be operational in the first quarter of 2002. Under the lease agreement for the Philadelphia distribution center, we are liable for annual rent and pass-through costs of approximately \$525,000 through December 2002. As a result, we may record a charge to cover our remaining liability under the lease if we are unable to obtain an acceptable sublease when we relocate the distribution center.

Supply Chain Improvements

Within the next year, we expect to implement new supply chain systems and test our new point-of-sale equipment in approximately ten stores. During the third quarter of 2001 and throughout 2002, we expect to install point-of-sale registers in up to 500 of our stores. We expect that the point-of-sale data will allow us to track sales by merchandise category and geographic region and assist in planning for future purchases and allocation of inventory. In addition, through 2001 we will be installing new systems to assist in purchasing, distribution center replenishment and inventory planning and allocation. Our supply chain management project is expected to cost approximately \$23.0 million to \$26.0 million over the next two years.

15

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 and foreign currency rate fluctuations. We may enter into interest rate swaps to manage our exposure to interest rate changes, and we may employ other risk management strategies, including the use of foreign currency forward contracts. We do not enter into derivative instruments for any purpose other than cash flow hedging purposes. We do not hold derivatives for trading purposes.

Interest Rate Risk

Effective September 1, 2000, we amended our existing interest rate swap agreement related to our Taxable Variable Rate Demand Revenue Bonds. As amended, we pay the financial institution at a fixed rate of 4.88% and receive variable interest at a rate approximating the variable rate on the bonds, thereby creating the economic equivalent of fixed rate bonds. No payments are made by either party under the swap for monthly periods in which the variable interest rate is greater than 7.75%. As a result, we will not experience a negative cash flow or income statement impact under the swap unless the variable interest rate decreases to less than 4.88%.

On September 8, 2000, we entered into a derivative instrument in the form of a \$10.0 million interest rate swap to manage the risk associated with fluctuations in cash flows resulting from changes in the interest rates on the Stockton lease. The interest rate swap reduces the interest rate exposure on this variable-rate lease. Under the terms of the swap, we pay the bank at a fixed rate of 6.45% and receive variable interest at a rate approximating the floating rate of the lease, thereby creating the economic equivalent of fixed rate lease payments. No payments are made by either party under the swap for monthly periods in which the variable interest rate is greater than 7.41%. As a result, we will not experience a negative cash flow or income statement impact under the swap unless the variable interest rate decreases to less than 6.45%.

Foreign Currency Risk

There have been no material changes to our market risk exposures resulting from foreign currency transactions during the nine months ended September 30, 2000.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

We are defendants in ordinary routine litigation and proceedings incidental to our business. From time to time, the Consumer Products Safety Commission requires us to recall products. We are currently in the process of recalling one product. On occasion, products we sell may be alleged to cause injuries, but there are no pending or threatened injury claims. Some products we sell may also be alleged to infringe the intellectual property rights of others. We are currently defending claims by parties who have alleged that products we sold violated their intellectual property rights. We do not believe that any of these matters are individually or in the aggregate material to us.

16

Item 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits.

10.1 Amendment No. 1 to Certain Operative Agreements, dated August 28, 2000.

27.1 Financial Data Schedule.

(b) Reports on Form 8-K:

The following reports on Form 8-K were filed during the third quarter of 2000:

1. Report on Form 8-K filed July 12, 2000, included Supplemental Consolidated Financial Statements of Dollar Tree Stores, Inc. and subsidiaries as of December 31, 1999 and 1998 and for the years ended December 31, 1999, 1998 and 1997 and the Supplemental Condensed Consolidated Financial Statements as of March 31, 2000 and for the three months ended March 31, 2000 and 1999.
2. Report on Form 8-K, filed July 20, 2000, included a press release regarding earnings for the quarter ended June 30, 2000. In addition, the report included the reporting of 30-day post-merger financial results.

Also, in the fourth quarter of 2000, we filed two reports on Form 8-K:

1. Report on Form 8-K, filed October 25, 2000, included a press release regarding earnings for the quarter ended September 30, 2000.
2. Report on Form 8-K, filed November 9, 2000, included the Consolidated Financial Statements of Dollar Tree Stores, Inc. and subsidiaries as of December 31, 1999 and 1998 and for the years ended December 31, 1999, 1998 and 1997.

17

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.

DATE: November 13, 2000

DOLLAR TREE STORES, INC.

By: /s/ Frederick C. Coble

Frederick C. Coble
Senior Vice President,
Chief Financial Officer
(principal financial and accounting officer)

18

AMENDMENT NO. 1 TO CERTAIN OPERATIVE AGREEMENTS

THIS AMENDMENT NO. 1 (this "Amendment") dated as of August 28, 2000, is by and among DOLLAR TREE DISTRIBUTION, INC., a Virginia corporation ("Dollar Tree"); DOLLAR TREE STORES, INC., a Virginia corporation ("DTSI"), DOLLAR TREE MANAGEMENT, INC., a Virginia corporation ("DTMI"), and DT KEYSTONE DISTRIBUTION, R.L.L.L.P., a Virginia registered limited liability limited partnership ("DTKD") (individually, DTSI, DTMI and DTKD may be referred to as a "Guarantor"; collectively, DTSI, DTMI and DTKD may be referred to as the "Guarantors"); FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, not individually, but solely as the Owner Trustee under the DTSD Realty Trust 1999-1 (the "Owner Trustee", the "Borrower" or the "Lessor"); and FIRST UNION NATIONAL BANK, a national banking association, as Lender and as Holder (the "Bank"). Capitalized terms used in this Amendment, but not otherwise defined herein, shall have the meanings set forth in Appendix A to the Participation Agreement (hereinafter defined).

W I T N E S S E T H

WHEREAS, the parties to this Amendment are parties to that certain Participation Agreement dated as of June 2, 1999 (as amended, modified, supplemented, restated and/or replaced from time to time, the "Participation Agreement"), certain of the parties to this Amendment are parties to that certain Credit Agreement dated as of June 2, 1999 (as amended, modified, supplemented, restated and/or replaced from time to time, the "Credit Agreement"), certain of the parties to this Amendment are parties to that certain Trust Agreement dated as of June 2, 1999 (as amended, modified, supplemented, restated and/or replaced from time to time, the "Trust Agreement"), certain of the parties to this Amendment are parties to that certain Security Agreement dated as of June 2, 1999 (as amended, modified, supplemented, restated and/or replaced from time to time, the "Security Agreement"), certain of the parties to this Amendment are parties to that certain Agency Agreement dated as of June 2, 1999 (as amended, modified, supplemented, restated and/or replaced from time to time, the "Agency Agreement"), certain of the parties to this Amendment are parties to that certain Lease Agreement dated as of June 2, 1999 (as amended, modified, supplemented, restated and/or replaced from time to time, the "Lease Agreement") and certain of the parties to this Amendment are parties to the other Operative Agreements relating to an \$18 million end loaded lease financing facility (the "Facility") that has been established in favor of Dollar Tree;

WHEREAS, the Credit Parties have requested certain modifications to the Participation Agreement, the Security Agreement, the Lease, the Agency Agreement and the other Operative Agreements in connection with the Lessee's request to increase the size of the Facility from \$18 million to \$58 million;

WHEREAS, the Financing Parties have agreed to the requested modifications on the terms and conditions set forth herein;

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

A. PARTICIPATION AGREEMENT

1. Appendix A to the Participation Agreement is hereby amended to modify the following defined terms as follows:

"Closing Costs" shall mean all costs and expenses incident to any sale, lease, exchange, redeployment or other disposition of a Property, including without limitation reasonable attorneys' fees and escrow fees, recording fees, broker's fees, any out-of-pocket fees, costs (including breakage costs) or expenses incurred reasonably, or payable under the Operative Agreements, by any Financing Party in connection with the same and with the release of any Operative Agreement, and all applicable transfer taxes which may be imposed by reason of such sale, lease, exchange, redeployment or other disposition and the delivery of any and all instruments in connection therewith.

"Company Obligations" shall mean the obligations of Dollar Tree, in any and all capacities under and with respect to the Operative Agreements and each Property of which it is a Lessee and with respect to any other Lessee, the obligations of such Lessee with respect to each Property of which it is a Lessee; provided, no Person shall be deemed to be a Guarantor with respect to any obligations with respect to any Property if such Person is the Lessee with respect to such Property; provided, further, with respect to obligations of the "Lessee" or the "Construction Agent" or any "Credit Party" under and with respect to the Operative Agreements that do not relate to a particular Property, such obligations shall be deemed to be "Company Obligations" of all Lessees and Construction Agents, and all Lessees and Construction Agents shall be jointly and severally liable for the direct performance of such obligations.

"Construction Agent" shall mean, with respect to any Property, the Credit Party designated as lessee in the Lease Supplement respecting such Property, as the construction agent under the Agency Agreement respecting such Property.

"Construction Period Termination Date" shall mean (a) the earlier of (i) the date that the Commitments have been terminated in their entirety in accordance with the terms of Section 2.5(a) of the Credit Agreement or (ii) September 4, 2001 or (b) such later date as shall be agreed to by the Bank.

"Guarantors" shall mean the various parties to the Participation Agreement from time to time, as guarantors of the payment and performance obligations of any Construction Agent and any Lessee with respect to the Operative Agreements and the Properties; provided, no Person shall be deemed to be a Guarantor with respect to any obligations under and with respect to the Operative Agreements in connection with any Property if such Person is the Lessee with respect to such Property; provided, further, that Dollar Tree shall not be deemed to be a Guarantor with respect to any obligations of Dollar Tree under and with respect to the Operative Agreements in its capacity as Construction Agent.

2

"Holder Commitments" shall mean \$1,740,000, as such amount may be increased or decreased from time to time in accordance with the provisions of the Operative Agreements.

"Lender Commitments" shall mean \$56,260,000, as such amount may be increased or decreased from time to time in accordance with the provisions of the Operative Agreements.

"Lessee" shall mean, with respect to any Property, the Credit Party designated as lessee on the applicable Lease Supplement respecting such Property.

"Limited Recourse Amount" shall mean with respect to any Property, an amount equal to the Termination Value with respect to such Property on each Payment Date, less the Maximum Residual Guarantee Amount as of such date with respect to such Property.

"Marketing Period" shall mean, if the Lessee that has executed a Lease Supplement respecting a particular Property has given a Sale Notice in accordance with Section 20.1 of the Lease, the period commencing on the date such Sale Notice is given and ending on the date on which such Property is sold pursuant to Article XXII of the Lease.

"Maximum Residual Guarantee Amount" shall mean, with respect to any Property, an amount equal to the product of the aggregate Property Cost for such Property times eighty-three percent (83%).

"Remarketing Fee" shall mean a remarketing fee equal to \$1,290,000 payable to the Bank in accordance with Section 22.1(b) of the Lease; provided, in the event all of the Properties have been either purchased by the applicable Lessee or sold to a third party that is not an Affiliate of any Credit Party on or prior to the Expiration Date, the Bank shall not be entitled to the Remarketing Fee.

2. The following is hereby added as Section 8.9 of the Participation Agreement:

8.9 Appointment of Dollar Tree as Agent for each Lessee and each Construction Agent.

Each Lessee and each Construction Agent hereby appoints Dollar Tree to act as its agent for all purposes under this Agreement and the other Operative Agreements (including, without limitation, with respect to all matters related to the borrowing and repayment of Loans and Holder Advances). Each Lessee and each Construction Agent acknowledges and agrees that (a) Dollar Tree may execute such documents on behalf of any Lessee or Construction Agent as Dollar Tree deems appropriate in its sole discretion and each Lessee and each Construction Agent shall be bound by and obligated by all of the terms of any such document executed by Dollar Tree on its behalf, (b) any notice or other communication delivered by the Bank or any other Financing Party hereunder to Dollar Tree shall be deemed to have been delivered to each Lessee and each Construction Agent and (c) the Bank and each of the other Financing Parties shall accept (and shall be permitted to rely on) any document or agreement executed by Dollar Tree

3

on behalf of any Lessee or Construction Agent. Each Financing Party agrees that any notice required to be given to any Lessee or Construction Agent (other than

Dollar Tree) shall also be given to Dollar Tree in its capacity as agent under this Section 8.9.

3. The last paragraph of Section 12.2 of the Participation Agreement is hereby amended to read as follows:

Each Lessee and each Construction Agent hereby agrees that Dollar Tree shall be appointed as its exclusive agent to receive all notices delivered pursuant hereto on its behalf, and Dollar Tree hereby accepts such appointment as agent and agrees to accept such delivery on behalf of each Lessee and each Construction Agent. Except as limited by the immediately preceding sentence, from time to time any party may designate additional parties and/or another address for notice purposes by notice to each of the other parties hereto. Each notice hereunder shall be effective upon receipt or refusal thereof.

B. LEASE AGREEMENT.

1. The introductory paragraph of the Lease is hereby amended to read as follows:

THIS LEASE AGREEMENT dated as of June 2, 1999 (as amended, modified, extended, supplemented, restated and/or replaced from time to time, this "Lease") is between FIRST SECURITY BANK, NATIONAL ASSOCIATION, a national banking association, having its principal office at 79 South Main Street, Salt Lake City, Utah 84111, not individually, but solely as the Owner Trustee under the DTSD Realty Estate Trust 1999-1, as lessor (the "Lessor"), DOLLAR TREE DISTRIBUTION, INC., a Virginia corporation, having its principal place of business at 500 Volvo Parkway, Chesapeake, Virginia 23320, and each of the various Credit Parties deemed to be a party hereto from time to time, as lessee with respect to one or more Properties.

2. Section 1.1 of the Lease is hereby amended to read as follows:

1.1 Definitions.

For purposes of this Lease, capitalized terms used in this Lease and not otherwise defined herein shall have the meanings assigned to them in Appendix A to that certain Participation Agreement dated as of June 2, 1999 (as amended, modified, extended, supplemented, restated and/or replaced from time to time in accordance with the applicable provisions thereof, the "Participation Agreement") among Dollar Tree Distribution, Inc., the various parties thereto from time to time, as the Guarantors, Lessor and First Union National Bank, as Lender and as Holder. Unless otherwise indicated, references in this Lease to articles, sections, paragraphs, clauses, appendices, schedules and exhibits are to the same contained in this Lease.

4

3. Section 7.1 of the Lease is hereby amended to read as follows:

7.1 Ownership of the Properties.

(a) Lessor and each Lessee intend that (i) for financial accounting purposes with respect to each Lessee (A) this Lease will be treated as an "operating lease" pursuant to Statement of Financial Accounting Standards No. 13, as amended, (B) Lessor will be treated as the owner and lessor of each Property and (C) the Lessee that has executed a Lease Supplement respecting a particular Property will be treated as the lessee of such Property, but (ii) for federal and all state and local income tax purposes and bankruptcy purposes (A) this Lease will be treated as a financing arrangement and (B) the Lessee that has executed a Lease Supplement respecting a particular Property will be treated as the owner of such Property and will be entitled to all tax benefits ordinarily available to owners of property similar to such Property for such tax purposes. Notwithstanding the foregoing, neither party hereto has made, or shall be deemed to have made, any representation or warranty as to the availability of any of the foregoing treatments under applicable accounting rules, tax, bankruptcy, regulatory, commercial or real estate law or under any other set of rules. The applicable Lessee shall claim the cost recovery deductions associated with each Property, and Lessor shall not, to the extent not prohibited by Law, take on its tax return a position inconsistent with such Lessee's claim of such deductions.

(b) In order to secure the obligations of any Lessee now existing or hereafter arising under any and all Operative Agreements, each Lessee hereby conveys, grants, assigns, transfers, hypothecates, mortgages and sets over to Lessor, for the benefit of all Financing Parties, a first priority security interest (but subject to the security interest in the assets granted by Lessee in favor of the Agent in accordance with the Security Documents) in and lien on all right, title and interest of such Lessee (now owned or hereafter acquired) in and to all Properties, to the extent such is personal

property and irrevocably grants and conveys a lien, deed of trust and mortgage on all right, title and interest of such Lessee (now owned or hereafter acquired) in and to all Properties to the extent such is real property. Lessor and each Lessee further intend and agree that, for the purpose of securing the obligations of any Lessee and/or the Construction Agent now existing or hereafter arising under the Operative Agreements, (i) the Lease and each Lease Supplement shall be a security agreement and financing statement respecting each of the Properties and all proceeds (including without limitation insurance proceeds thereof) to the extent such is personal property and an irrevocable grant and conveyance of a lien, deed of trust and mortgage on each of the Properties and all proceeds (including without limitation insurance proceeds thereof) to the extent such is real property; (ii) the acquisition of title (or to the extent applicable, a leasehold interest pursuant to a Ground Lease) in each Property referenced in Article II constitutes a grant by each Lessee to Lessor of a security interest, lien, deed of trust and mortgage in all of such Lessee's right, title and interest in and to each Property and all proceeds (including without limitation insurance proceeds thereof) of the conversion, voluntary or involuntary, of the foregoing into cash, investments, securities or other property, whether in the form of cash, investments, securities or other property, and an assignment of all rents, profits and income produced by each Property; and (iii) notifications to Persons holding such property, and acknowledgments, receipts or confirmations from financial intermediaries, bankers or agents (as applicable) of any Lessee shall be deemed to have been given for the purpose of perfecting such lien, security interest, mortgage lien and deed of trust under applicable law. Each Lessee

5

shall promptly take such actions as Lessor may reasonably request (including without limitation the filing of Uniform Commercial Code Financing Statements, Uniform Commercial Code Fixture Filings and memoranda (or short forms) of this Lease and the various Lease Supplements) to ensure that the lien, security interest, mortgage lien and deed of trust in each Property and the other items referenced above will be deemed to be a perfected lien, security interest, mortgage lien and deed of trust of first priority under applicable law and will be maintained as such throughout the Term.

4. Section 20.1 of the Lease is hereby amended to read as follows:

20.1 Purchase Option or Sale Option-General Provisions.

Not less than one hundred eighty (180) days (or respecting the Purchase Option only, not less than sixty (60) days) and no more than two hundred forty (240) days prior to the third annual anniversary of the date of this Lease, the Expiration Date or, respecting the Purchase Option only, any Payment Date (such third annual anniversary date, such Expiration Date or, respecting the Purchase Option only, any such Payment Date being hereinafter referred to as the "Election Date"), the applicable Lessee respecting one or more Properties may give Lessor irrevocable written notice (the "Election Notice") that such Lessee is electing to exercise either (a) the option to purchase one or more Properties on the applicable Election Date (the "Purchase Option") or (b) with respect to an Election Notice given in connection with the third annual anniversary of the date of this Lease or the Expiration Date only, the option to remarket one or more of such Properties to a Person other than Lessee or any Affiliate of Lessee and cause a sale of such Properties to occur on the applicable Election Date pursuant to the terms of Section 22.1 (the "Sale Option"). If the applicable Lessee does not give an Election Notice indicating the Purchase Option or the Sale Option at least one hundred eighty (180) days and not more than two hundred forty (240) days prior to the Expiration Date, then the applicable Lessee shall be deemed to have elected for the Purchase Option to apply with respect to all Properties for which the Lessee has executed a Lease Supplement on the Expiration Date. If the applicable Lessee shall elect (or be deemed to have elected) to exercise the Purchase Option for one or more Properties then the applicable Lessee shall pay to Lessor on the date on which such purchase is scheduled to occur an amount equal to the Termination Value for the affected Property or Properties (which the parties do not intend to be a "bargain" purchase price) and, upon receipt of such amounts and satisfaction of such obligations, Lessor shall transfer to the applicable Lessee all of Lessor's right, title and interest in and to such Property or Properties in accordance with Section 20.2.

5. Section 20.2 of the Lease is hereby amended to read as follows:

20.2 Lessee Purchase Option.

Provided, no Default or Event of Default shall have occurred and be continuing (other than those that will be cured by the payment of the Termination Value for one or more of the Properties) and provided, that the Election Notice has been appropriately given specifying the Purchase Option, the applicable Lessee shall purchase the Property or Properties identified (or

deemed to be identified) in the applicable Election Notice on the applicable

6

Election Date at a price equal to the Termination Value for such Property or Properties (which the parties do not intend to be a "bargain" purchase price).

Subject to Section 19.2, in connection with any termination of this Lease with respect to any Property pursuant to the terms of Section 16.2, or in connection with a particular Lessee's exercise of its Purchase Option, upon the date on which this Lease is to terminate with respect to one or more Properties, and upon tender by Lessee of the amounts set forth in Section 16.2(b) or this Section 20.2, as applicable, Lessor shall execute, acknowledge (where required) and deliver to such Lessee, at such Lessee's cost and expense, each of the following: (a) a termination or assignment (as requested by the applicable Lessee) of each applicable Ground Lease and special or limited warranty Deeds conveying each affected Property (to the extent it is real property not subject to a Ground Lease) to the applicable Lessee free and clear of the Lien of this Lease, the Lien of the Credit Documents and any Lessor Liens; (b) a Bill of Sale conveying each affected Property (to the extent it is personal property) to the applicable Lessee free and clear of the Lien of this Lease, the Lien of the Credit Documents and any Lessor Liens; (c) any real estate tax affidavit or other document required by law to be executed and filed in order to record the applicable Deed and/or the applicable Ground Lease termination; and (d) FIRPTA affidavits. All of the foregoing documentation must be in form and substance reasonably satisfactory to Lessor. The applicable Property shall be conveyed to the applicable Lessee "AS-IS, WHERE-IS" and in then present physical condition.

If any Property is the subject of remediation efforts respecting Hazardous Substances at the applicable Election Date which could materially and adversely impact the Fair Market Sales Value of such Property (with materiality determined in Lessor's discretion), then the applicable Lessee shall be obligated to purchase each such Property pursuant to Section 20.2.

On the applicable Election Date on which a particular Lessee has elected to exercise its Purchase Option, such Lessee shall pay (or cause to be paid) to Lessor, the Bank and all other parties, as appropriate, the sum of all costs and expenses incurred by any such party in connection with the election by such Lessee to exercise its Purchase Option and all Rent and all other amounts then due and payable or accrued under this Lease and/or any other Operative Agreement.

6. Section 20.3 of the Lease is hereby amended to read as follows:

20.3 Third Party Sale Option.

(a) Provided, that (i) no Default or Event of Default shall have occurred and be continuing and (ii) the Election Notice has been appropriately given specifying the Sale Option, the applicable Lessee shall undertake to cause a sale of the applicable Property or Properties on the applicable Election Date (all as specified in the Election Notice), in accordance with the provisions of Section 22.1 hereof. Such Election Date on which a sale is required may be hereafter referred to as the "Sale Date".

(b) In the event a particular Lessee exercises the Sale Option then, as soon as practicable and in all events not less than sixty

7

(60) days prior to the Sale Date, such Lessee at its expense shall cause to be delivered to Lessor a Phase I environmental site assessment for each such Property recently prepared (no more than thirty (30) days old prior to the Sale Date) by an independent recognized professional reasonably acceptable to Lessor and in form, scope and content reasonably satisfactory to Lessor. In the event that Lessor shall not have received such environmental site assessment by the date sixty (60) days prior to the Sale Date or in the event that such environmental assessment shall reveal the existence of any material violation of Environmental Laws, other material Environmental Violation or potential material Environmental Violation (with materiality determined in each case by Lessor in its reasonable discretion), then such Lessee on the Sale Date shall pay to Lessor an amount equal to the Termination Value for the applicable Property or Properties and any and all other amounts due and owing hereunder. Upon receipt of such payment and all other amounts due under the Operative Agreements, Lessor shall transfer to such Lessee all of Lessor's right, title and interest in and to all the Properties in accordance with Section 19.1.

7. The following is hereby added as Section 20.4 of the Lease:

20.4 Appointment of Dollar Tree as Agent for the Lessees with Respect to the Purchase Option or the Sale Option.

Each Lessee hereby appoints Dollar Tree to act as its agent, and Dollar Tree hereby accepts such appointment, for the purpose of providing the Election Notice pursuant to Section 20.1 on behalf of each of the Lessees.

8. Section 22.1 of the Lease is hereby amended to read as follows:

22.1 Sale Procedure.

(a) During the Marketing Period, the Lessee that has executed a Lease Supplement respecting one or more Properties for which the Sale Option has been elected, on behalf of Lessor, shall obtain bids for the cash purchase of such Property or Properties in connection with a sale to one (1) or more third party purchasers to be consummated on the Sale Date for the highest price available, shall notify Lessor promptly of the name and address of each prospective purchaser and the cash price which each prospective purchaser shall have offered to pay for each such Property and shall provide Lessor with such additional information about the bids and the bid solicitation procedure as Lessor may reasonably request from time to time. All such prospective purchasers must be Persons other than the applicable Lessee or any Affiliate of the applicable Lessee.

Lessor may reject any and all bids and may solicit and obtain bids by giving Lessee written notice to that effect; provided, however, that notwithstanding the foregoing, Lessor may not reject the bids for any Property submitted by the applicable Lessee if such bids, in the aggregate, are greater than or equal to the sum of the Limited Recourse Amount for such Property plus Closing Costs related to the sale of such Property, and represent bona fide offers from one (1) or more third party purchasers. If the highest price which a prospective purchaser or the prospective purchasers shall have offered to pay for

8

a Property on the Sale Date is less than the sum of the Limited Recourse Amount for such Property plus Closing Costs related to the sale of such Property or if such bids do not represent bona fide offers from one (1) or more third parties or if there are no bids or if such Property is otherwise not sold on the Sale Date, Lessor may elect to retain such Property by giving the applicable Lessee prior written notice of Lessor's election to retain the same, and promptly upon receipt of such notice, the applicable Lessee shall surrender, or cause to be surrendered, each of the Properties specified in such notice in accordance with the terms and conditions of Section 10.1. Upon acceptance of any bid, Lessor agrees, at the applicable Lessee's request, to execute a contract of sale with respect to such sale, so long as the same is consistent with the terms of this Article 22 and provides by its terms that it is nonrecourse to Lessor.

Unless Lessor shall have elected to retain one or more of the Properties pursuant to the provisions of the preceding paragraph, the applicable Lessee shall arrange for Lessor to sell each other Property for which the Sale Option has been elected and a bid has been accepted free and clear of the Lien of this Lease and any Lessor Liens attributable to Lessor, without recourse or warranty (of title or otherwise), for cash on the Sale Date to the purchaser or purchasers offering the highest cash sales price, as identified by the applicable Lessee or Lessor, as the case may be; provided, however, solely as to Lessor or the Trust Company, in its individual capacity, any Lessor Lien shall not constitute a Lessor Lien so long as Lessor or the Trust Company, in its individual capacity, is diligently and in good faith contesting, at the cost and expense of Lessor or the Trust Company, in its individual capacity, such Lessor Lien by appropriate proceedings in which event the applicable Sale Date, all without penalty or cost to the applicable Lessee, shall be delayed for the period of such contest. To effect such transfer and assignment, Lessor shall execute, acknowledge (where required) and deliver to the appropriate purchaser each of the following: (a) special or limited warranty Deeds conveying each such Property (to the extent it is real property titled to Lessor) and an assignment of the Ground Lease conveying the leasehold interest of Lessor in each such Property (to the extent it is real property and subject to a Ground Lease) to the appropriate purchaser free and clear of the Lien of this Lease, the Lien of the Credit Documents and any Lessor Liens; (b) a Bill of Sale conveying each such Property (to the extent it is personal property) titled to Lessor to the appropriate purchaser free and clear of the Lien of this Lease, the Lien of the Credit Documents and any Lessor Liens; (c) any real estate tax affidavit or other document required by law to be executed and filed in order to record each Deed and/or each Ground Lease assignment; and (d) FIRPTA affidavits, as appropriate. All of the foregoing documentation must be in form and substance reasonably

satisfactory to Lessor. The applicable Lessee shall surrender the Properties so sold or subject to such documents to each purchaser in the condition specified in Section 10.1, or in such other condition as may be agreed between the applicable Lessee and such purchaser. The applicable Lessee shall not take or fail to take any action which would have the effect of unreasonably discouraging bona fide third party bids for any Property. In the event any Property for which the Sale Option has been elected has not been sold by the Expiration Date, each applicable Lessee shall continue to use its best efforts to market all remaining unsold Properties.

9

(b) If any Property is sold on a Sale Date to a third party purchaser in accordance with the terms of Section 22.1(a) and the purchase price paid for such Property is less than the Property Cost for such Property (hereinafter such difference shall be referred to as the "Deficiency Balance"), then the Lessee that has executed a Lease Supplement with respect to such Property hereby unconditionally promises to pay to Lessor on the Sale Date the lesser of (i) the Deficiency Balance, or (ii) the Maximum Residual Guarantee Amount for such Property. On a Sale Date if Lessor receives any amount in excess of the Termination Value for such Property from a third party purchaser, then Lessor shall pay to the applicable Lessee any such excess amounts. If one or more of the Properties are retained by Lessor pursuant to an affirmative election made by Lessor pursuant to the provisions of Section 22.1(a) or if any Property for which the Sale Option has been elected is not sold on or prior to the Expiration Date, then the Lessee that has executed a Lease Supplement with respect to such Property hereby unconditionally promises to pay to Lessor on the Sale Date an amount equal to the Maximum Residual Guarantee Amount for each such Property so retained, together with any and all Rent and all other amounts then due and owing by such Lessee to the Financing Parties pursuant to the Operative Agreements. Each Lessee shall also pay to the Bank, on the Expiration Date, such Lessee's pro rata share of the Remarketing Fee (based on the ratio of the Property Cost allocable to such retained Properties for which such Lessee has executed a Lease Supplement to the aggregate Property Cost for all Properties so retained). The failure to pay the Deficiency Balance or the Maximum Residual Guarantee Amount, the Remarketing Fee or any such other amounts referenced in this Section 22.1(b) shall constitute a Lease Event of Default.

Upon the sale to a third party purchaser (which is not a Subsidiary or Affiliate of any Credit Party) of any Property, provided that the Deficiency Balance or Maximum Residual Guarantee Amount, the Remarketing Fee and all such other amounts referenced in this Section 22.1(b) have been paid, the proceeds from the sale of such Property will be applied in accordance with Section 22.2.

(c) In the event that any Property is either sold to one (1) or more third party purchasers on the Sale Date or retained by Lessor in connection with an affirmative election made by Lessor pursuant to the provisions of Section 22.1(a), then in either case on the applicable Sale Date the applicable Lessee shall provide Lessor or such third party purchaser (unless otherwise agreed by such third party purchaser) with (i) all permits, certificates of occupancy, governmental licenses and authorizations necessary to use, operate, repair, access and maintain each such Property for the purpose it is being used by the applicable Lessee, and (ii) such manuals, permits, easements, licenses, intellectual property, know-how, rights-of-way and other rights and privileges in the nature of an easement as are reasonably necessary or desirable in connection with the use, operation, repair, access to or maintenance of each such Property for its intended purpose or otherwise as Lessor or such third party purchaser(s) shall reasonably request (and a royalty-free license or similar agreement to effectuate the foregoing on terms reasonably agreeable to Lessor or such third party purchaser(s), as applicable). All assignments, licenses, easements, agreements and other deliveries required by clauses (i) and (ii) of this paragraph (c) shall be in form reasonably satisfactory to Lessor or such third party purchaser(s), as applicable, and shall be fully assignable (including without limitation both primary assignments and assignments given in the nature of security) without payment of any fee, cost or other

10

charge. The applicable Lessee shall also execute any documentation requested by Lessor or such third party purchaser(s), as applicable, evidencing the continuation or assignment of each Ground Lease.

(d) Notwithstanding the foregoing provisions of this Section 22.1 and the rights of each Lessee to remarket the Property or Properties with respect to which such Lessee has executed a Lease Supplement,

Lessor and each other Financing Party at all times shall be permitted to market the Properties and solicit bids therefor.

9. Section 22.2 of the Lease is hereby amended to read as follows:

22.2 Application of Proceeds of Sale.

Lessor shall apply the proceeds of sale of each Property sold in the following order of priority:

(a) FIRST, to pay or to reimburse Lessor (and/or the Bank, as the case may be) for the payment of Closing Costs;

(b) SECOND, so long as the Credit Agreement is in effect and any Loans or Holder Advances or any amount is owing to the Financing Parties under any Operative Agreement, to the Bank to be allocated in accordance with Section 8.7 of the Participation Agreement; and

(c) THIRD, to Lessee.

C. SECURITY AGREEMENT

1. The first paragraph of the Preliminary Statement to the Security Agreement is hereby deleted and replaced with the following:

Pursuant to the Credit Agreement, the Bank has agreed to make Loans to the Borrower in an aggregate amount not to exceed \$56,260,000, upon the terms and subject to the conditions set forth therein, to be evidenced by the Notes issued by the Borrower under the Credit Agreement. Pursuant to the Trust Agreement, the Bank has agreed to purchase the ownership interests of the Trust created thereby in an aggregate amount not to exceed \$1,740,000, upon the terms and subject to the conditions set forth therein, to be evidenced by the Certificates issued by the Borrower under the Trust Agreement. The Borrower is, or shall be upon the date of the initial Advance with respect to each Property, the legal and beneficial owner of such Property (except the Borrower may have a ground leasehold interest in certain Properties pursuant to one (1) or more Ground Leases).

11

2. Section 24 of the Security Agreement is hereby amended to read as follows:

24. EACH LESSEE AS A PARTY.

EACH LESSEE HAS EXECUTED OR IS DEEMED TO HAVE EXECUTED THIS SECURITY AGREEMENT FOR THE PURPOSE OF SUBJECTING TO THE SECURITY INTERESTS GRANTED HEREUNDER ALL OF ITS RIGHT, TITLE, ESTATE AND INTEREST, IF ANY, IN AND TO THE TRUST PROPERTY TO SECURE ALL OBLIGATIONS OF ALL CREDIT PARTIES UNDER THE OPERATIVE AGREEMENTS. ACCORDINGLY, EACH LESSEE HEREBY GRANTS TO THE BANK A SECURITY INTEREST IN AND TO ALL OF ITS RIGHT, TITLE, ESTATE AND INTEREST, IF ANY, IN AND TO THE TRUST PROPERTY (TO THE EXTENT SUCH LESSEE HAS ANY RIGHT, TITLE OR INTEREST THEREIN AND WITHOUT REGARD TO ANY LANGUAGE IN SECTION 2 OR THE DEFINITION OF "TRUST PROPERTY" OR ANY DEFINITION OF ANY ITEM CONSTITUTING THE TRUST PROPERTY WHICH OTHERWISE WOULD LIMIT THE TRUST PROPERTY TO THE RIGHT, TITLE AND INTEREST OF THE BORROWER THEREIN) TO SECURE ALL OBLIGATIONS OF ALL CREDIT PARTIES UNDER THE OPERATIVE AGREEMENTS. EACH LESSEE ACKNOWLEDGES AND AGREES THAT, UPON THE OCCURRENCE OF AN EVENT OF DEFAULT, THE AGENT SHALL HAVE THE RIGHT TO EXERCISE ANY OR ALL OF ITS REMEDIES HEREUNDER AS AGAINST ANY SUCH RIGHT, TITLE, ESTATE OR INTEREST OF SUCH LESSEE IN OR TO THE TRUST PROPERTY.

D. AGENCY AGREEMENT.

Paragraph A of the Preliminary Statement to the Agency Agreement is hereby amended to read as follows:

A. The Lessor and the Construction Agents are parties to that certain Lease Agreement dated as of even date herewith (as amended, modified, extended, supplemented, restated and/or replaced from time to time, the "Lease"), pursuant to which each Construction Agent, in each case as lessee with respect to one or more Properties, has agreed to lease certain Land, Improvements and Equipment and/or to sublease a ground leasehold in certain Properties subject to one (1) or more Ground Leases from the Lessor.

E. OTHER OMNIBUS AMENDMENTS TO OPERATIVE AGREEMENTS.

1. Each Credit Party hereby agrees that, by its execution of this Amendment, such Credit Party shall be deemed to have executed and shall be deemed to be a party to each Operative Agreement in such capacity as is necessary or desirable to effect the intent of the parties hereto with respect to this Amendment.

2. Notwithstanding any term or provision in any Operative Agreement to the contrary, all references to the "Lessee" or the "Construction Agent" set forth in all Operative Agreements shall be deemed as of the Effective Date to refer, with respect to any Property, to the Credit Party designated

12

as Lessee on the applicable Lease Supplement respecting such Property. The parties hereto acknowledge and agree that DTKD shall be the sole Lessee and Construction Agent with respect to any Property located in the Commonwealth of Pennsylvania.

3. In the event Dollar Tree shall cease to be named as Lessee on one or more Lease Supplements, Dollar Tree shall be deemed to be a Guarantor for all purposes under the Operative Agreements (including, without limitation, for purposes of the Guaranty under Section 6B of the Participation Agreement) as though Dollar Tree were a party to the Participation Agreement in such capacity.

4. Notwithstanding any term or provision in any Operative Agreement to the contrary, no Person shall be deemed to be a Guarantor under Section 6B of the Participation Agreement or under any other Operative Agreement with respect to any Company Obligations arising out of or in connection with any Property of which such person is the Lessee and the Construction Agent; provided, however, nothing herein shall be deemed or interpreted to relieve any Lessee or any Construction Agent of any of its obligations as lessee or construction agent with respect to such Property under the Lease, the Agency Agreement or under any other Operative Agreement.

5. This Amendment shall be effective upon satisfaction of the following conditions:

(a) execution and delivery of this Amendment by the parties hereto and execution and delivery of such other documents, agreements or instruments deemed necessary or advisable by the Bank; and

(b) receipt by the Bank of an Officer's and/or a Secretary's Certificate of each Credit Party (in form and in substance reasonably satisfactory to the Bank) certifying that a resolution has been adopted by such Credit Party's Board of Directors approving and authorizing the execution, delivery, and performance of this Amendment, specifying that no Default or Event of Default shall have occurred and be continuing, specifying that the representations and warranties of the Credit Parties set forth in the Participation Agreement are true and correct as of the effective date hereof (except for any such representations and warranties which relate solely to an earlier time) and certifying as to the incumbency of the officer of the Credit Parties executing this Amendment; and

(c) receipt by the Bank of a legal opinion from counsel for the Credit Parties (in form and substance reasonably satisfactory to the Bank).

6. Except as modified hereby, all of the terms and provisions of the Operative Agreements (including Schedules and Exhibits) shall remain in full force and effect.

13

7. The Lessor agrees to pay or cause to be paid, in either case in accordance with Section 7.3 of the Participation Agreement, all reasonable costs and expenses of the Bank in connection with the preparation, execution and delivery of this Amendment, including without limitation the reasonable fees and expenses of Moore & Van Allen, PLLC.

8. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and it shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart. 9. This Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with the laws of the State of North Carolina.

[Remainder of Page Intentionally Left Blank]

14

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first above written.

DOLLAR TREE DISTRIBUTION, INC., as the
Lessee and as the Construction Agent

By: /s/ Frederick C. Coble

Name: Frederick C. Coble

Title: Sr. Vice President, CFO

DOLLAR TREE STORES, INC.,
as a Guarantor

By: /s/ Frederick C. Coble

Name: Frederick C. Coble

Title: Sr. Vice President, CFO

DOLLAR TREE MANAGEMENT, INC.,
as a Guarantor

By: /s/ Frederick C. Coble

Name: Frederick C. Coble

Title: Sr. Vice President, CFO

DT KEYSTONE DISTRIBUTION, R.L.L.L.P.,
as a Guarantor
by DT Keystone Management, Inc., its
general partner

By: /s/ Frederick C. Coble

Name: Frederick C. Coble

Title: Sr. Vice President

(Signature pages continue)

FIRST SECURITY BANK, NATIONAL
ASSOCIATION, not individually, except as
expressly stated herein, but solely as the Owner
Trustee under then DTSD Realty Trust 1999-1

By: /s/ DeAnn Madsen

Name: Deann Madsen

Title: Trust Officer

FIRST UNION NATIONAL BANK, as the Holder
and as the Lender

By: /s/ W. R. Garrett

Name: Weston Garrett

Title: Vice President

(Signature pages end)

<TABLE> <S> <C>

<ARTICLE>

5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION FROM THE COMPANY'S FORM 10-Q FOR THE PERIOD ENDED SEPTEMBER 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<MULTIPLIER>

1,000

<S>

<C>

<PERIOD-TYPE>

9-MOS

<FISCAL-YEAR-END>

DEC-31-2000

<PERIOD-END>

SEP-30-2000

<CASH>

23,954

<SECURITIES>

0

<RECEIVABLES>

0

<ALLOWANCES>

0

<INVENTORY>

350,055

<CURRENT-ASSETS>

407,691

<PP&E>

314,216

<DEPRECIATION>

(113,116)

<TOTAL-ASSETS>

666,186

<CURRENT-LIABILITIES>

145,128

<BONDS>

89,162

<PREFERRED-MANDATORY>

0

<PREFERRED>

0

<COMMON>

1,079

<OTHER-SE>

450,823

<TOTAL-LIABILITY-AND-EQUITY>

666,186

<SALES>

1,088,932

<TOTAL-REVENUES>

1,088,932

<CGS>

699,424

<TOTAL-COSTS>

699,424

<OTHER-EXPENSES>

293,534

<LOSS-PROVISION>

0

<INTEREST-EXPENSE>

1,917

<INCOME-PRETAX>

94,057

<INCOME-TAX>

36,720

<INCOME-CONTINUING>

57,337

<DISCONTINUED>

0

<EXTRAORDINARY>

(387)

<CHANGES>

0

<NET-INCOME>

56,950

<EPS-BASIC>

0.54

<EPS-DILUTED>

0.50

</TABLE>