FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

(Mark One)
(X) Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1997

( ) 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	54-1387365
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2555 ELLSMERE AVENUE
NORFOLK COMMERCE PARK
NORFOLK, VIRGINIA 23513
(Address of principal executives office)

TELEPHONE NUMBER (757) 857-4600
(Registrants 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 (X) No ( )

As of August 1, 1997, there were 39,069,207 shares of the Registrant's Common Stock outstanding.

DOLLAR TREE STORES, INC.
and subsidiaries

INDEX

PART I. FINANCIAL INFORMATION

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

<TABLE>
<CAPTION>

<S>	(Unaudited) June 30, 1997 <C>	December 31, 1996 <C>
ASSETS		
Current assets:		
Cash	$ 5,265	$ 2,987
Accounts receivable	1,059	1,855
Merchandise inventories	103,352	75,081
Deferred tax asset	2,294	2,002
Prepaid expenses and other current assets	3,276	4,028
Total current assets	115,246	85,953
Property and equipment, net	55,935	36,035
Deferred tax asset	2,045	1,947
Goodwill, net	45,442	46,405
Other assets, net	951	759
TOTAL ASSETS	$219,619	$171,099
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 34,625	$ 35,296
Accrued liabilities	12,523	14,260
Income taxes payable	383	12,607
Current installments of obligations under capital leases	355	302
Total current liabilities	47,886	62,465
Revolving credit facility	23,000	3,000
Long-term senior notes (note 4)	30,000	--
Obligations under capital leases, excluding current installments	847	1,051
Other liabilities	3,773	2,993
Total liabilities	105,506	69,509
Shareholders' equity:		
Common stock, par value $0.01. Authorized 100,000,000 shares, 39,052,260 shares issued and outstanding at June 30, 1997 and 38,847,258 shares issued and outstanding at December 31, 1996 (note 2)	260	259
Additional paid-in capital	34,487	31,555
Retained earnings	79,366	69,776
Total shareholders' equity	114,113	101,590
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$219,619	$171,099

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

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

(Unaudited)

	Three Months Ended June 30, 1997	Three Months Ended June 30, 1996	Six Months Ended June 30, 1997	Six Months Ended June 30, 1996
Net sales	$129,332	$102,689	$247,078	$187,664
Cost of sales	83,168	67,030	159,623	122,935
Gross profit	46,164	35,659	87,455	64,729
Selling, general, and administrative expenses:				
Operating expenses	32,413	25,480	64,529	49,768
Depreciation and amortization	3,163	2,593	6,095	4,805
Total selling, general and administrative expenses	35,576	28,073	70,624	54,573
Operating income	10,588	7,586	16,831	10,156
Interest expense	788	1,555	1,238	2,624
Income before income taxes	9,800	6,031	15,593	7,532
Provision for income taxes	3,773	2,320	6,003	2,898
Net income	$ 6,027	$ 3,711	$ 9,590	$ 4,634
Net income per share (notes 2 and 3)	$ 0.14	$ 0.09	$ 0.22	$ 0.11
Weighted average number of common shares and common share equivalents outstanding (notes 2 and 3):				
Primary	43,330	42,094	43,301	41,919
Fully diluted	43,460	42,094	43,460	41,958

See accompanying Notes to Condensed Consolidated Financial Statements

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

<TABLE>
<CAPTION>

<S>	Six Months Ended June 30, 1997 <C>	1996 <C>
Cash flows from operating activities:		
Net income	$ 9,590	$ 4,634
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	6,095	4,805
Loss on disposal of property and equipment	37	217
Provision for deferred income taxes	(390)	(291)
Changes in assets and liabilities increasing (decreasing) cash and cash equivalents, (1996 shown net of effects resulting from purchase of Dollar Bills, Inc.):		
Accounts receivable	796	(79)
Income taxes receivable	--	(439)
Merchandise inventories	(28,271)	(29,819)
Prepaid expenses and other current assets	752	(629)
Other assets	11	422
Accounts payable	(671)	6,358
Accrued liabilities	(1,737)	(1,947)
Income taxes payable	(10,489)	(8,244)
Other liabilities	780	45
Total adjustments	(33,087)	(29,601)
Net cash used in operating activities	(23,497)	(24,967)
Cash flows from investing activities:		
Capital expenditures	(25,069)	(8,616)
Proceeds from sale of property and equipment	--	23
Payment for purchase of Dollar Bills, Inc., net of cash acquired	--	(52,209)
Net cash used in investing activities	(25,069)	(60,802)
Cash flows from financing activities:		
Proceeds from development facility	--	52,630
Repayment of development facility	--	(11,030)
Proceeds from revolving credit facility	123,400	--
Repayment of revolving credit facility and facility fees	(103,603)	--
Proceeds from long-term senior notes	30,000	--

Net change in notes payable to bank	--	14,000
Repayment of senior and junior subordinated notes	--	(14,000)
Principal payments under capital lease obligations	(151)	(124)
Proceeds from options exercised and purchase of shares under ESPP	1,198	2,417
Proceeds from public offering	--	25,819
Net cash provided by financing activities	50,844	69,712
Net increase (decrease) in cash and cash equivalents	2,278	(16,057)
Cash and cash equivalents at beginning of period	2,987	22,415
Cash and cash equivalents at end of period	$ 5,265	$ 6,358

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

DOLLAR TREE STORES, INC.
AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The condensed consolidated financial statements of Dollar Tree Stores, Inc. and subsidiaries (the "Company") at June 30, 1997, and for the three- and six-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, together with management's discussion and analysis of financial condition and results of operations for the year ended December 31, 1996, contained in the Company's Annual Report on Form 10- K. The results of operations for the three- and six-month periods ended June 30, 1997 are not necessarily indicative of the results to be expected for the entire year ending December 31, 1997.

2. STOCK SPLIT

In connection with a stock dividend authorized by the Board of Directors, the Company issued one-half share of Common Stock for each outstanding share of Common Stock, payable July 21, 1997 to shareholders of record as of July 14, 1997. 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 three-for-two stock split.

3. STOCK OPTION PLAN, STOCK INCENTIVE PLAN, EMPLOYEE STOCK PURCHASE PLAN AND UNATTACHED WARRANTS

The Company maintains a stock option plan ("SOP") which was established on December 16, 1993 and a stock incentive plan ("SIP") which was established on January 1, 1995. No additional shares may be granted under the SOP. Under the original terms of the SIP, options for no more than 405,000 shares of common stock may be granted in any calendar year. This restriction on the number of shares granted in any one year was removed by the Board of Directors in a unanimous consent signed March 18, 1997. The Company's shareholders approved an increase in the total number of shares issuable under the SIP from 1,350,000 to 3,600,000 on June 4, 1997.

At June 30, 1997 and 1996, options for the following numbers of shares were outstanding under each plan:

Options for Shares Outstanding at   Exercise

PLAN	June 30, 1997	June 30, 1996	Price/Range
SOP...........	348,805	550,562	$ 1.93
SIP...........	1,123,579	716,761	$ 6.67 - 31.33

The options above include options for 19,500 shares, net of lapses and cancellations, granted during the second quarter of 1997 which are not included in the earnings per share calculation.

On January 1, 1995, the Company also established the Dollar Tree Stores, Inc. Employee Stock Purchase Plan (the "ESPP"). The Company reserved 337,500 shares of common stock for future issuance under the ESPP. The ESPP enables eligible employees, as defined in the ESPP, to buy shares of common stock for

85% of fair market value on the first day or the last day of the applicable offering period, whichever is lower. As of June 30, 1997, 21,442 shares have been purchased under the ESPP.

Additionally, in 1993 and 1994, the Company issued unattached warrants to purchase a total of 3,723,262 shares of Common Stock to certain shareholders. These warrants carry an exercise price of $1.29 and may be exercised at any time.

The Company will adopt Statement of Financial Accounting Standards No. 128, Earnings Per Share, for the year ended December 31, 1997. This accounting pronouncement replaces the calculation and presentation of primary earnings per share with basic earnings per share and of fully diluted earnings per share with diluted earnings per share. Under SFAS No. 128, the pro forma basic earnings per share would have been $0.15 for the three months and $0.25 for the six months ended June 30, 1997. The Company believes that diluted earnings per share under SFAS No. 128 will approximate the Company's fully diluted earnings per share as reported.

4. ISSUANCE OF DEBT

On April 30, 1997, the Company issued $30.0 million of Senior Unsecured Notes (the "Notes") due April 30, 2004. The principal amount of the Notes is payable in five equal annual installments of $6.0 million beginning May 2000. Interest is payable semi-annually at a fixed rate of 7.29%. The Notes contain restrictive covenants which, among other things, require the Company to maintain certain financial ratios. The Notes rank pari passu with all other senior unsecured indebtedness.

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

FORWARD LOOKING STATEMENTS. The Company has made in this Report, and from time to time may otherwise make, forward looking statements regarding the Company's operations, economic performance, and financial condition. These statements are recognizable by the incorporation of words such as "believe," "anticipate" and "expect." Such forward looking statements are subject to various risks and uncertainties, as discussed throughout this Report, and as summarized in the Company's 1996 Annual Report on Form 10-K under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations-Forward Looking Statements."

THE THREE MONTHS ENDED JUNE 30, 1997 AND 1996

RESULTS OF OPERATIONS AND GENERAL COMMENTS

Net sales increased $26.6 million, or 25.9%, to $129.3 million for the three months ended June 30, 1997, from $102.7 million for the three months ended June 30, 1996. Of this increase, (i) approximately 70%, or $18.6 million, was attributable to stores opened in 1996 and 1997 which are not included in the Company's comparable store net sales calculation, and (ii) approximately 30%, or $8.0 million, was attributable to comparable store net sales growth, which represented an 8.2% increase over comparable store net sales in the corresponding quarter of the prior period. Dollar Bills stores are included in the comparable store net sales percentage calculation. Because substantially all the Company's products sell for $1.00, the increase in comparable store net sales was a direct result of increased unit volume. Comparable store net sales were driven primarily by increased customer traffic at comparable stores during the period and a slight increase in average purchase per customer. The Company opened 45 new stores during the second quarter of 1997, compared to opening 29 new stores and closing three stores during the second quarter of 1996.

Management anticipates that the primary source of future sales growth will be new store openings and, to a lesser degree, sales increases from expanded and relocated stores and comparable store net sales increases. Although the Company has experienced significant increases in comparable store net sales historically, management expects that any increases in comparable store net sales in the future will be smaller than those experienced historically.

Gross profit, which consists of net sales less cost of sales (including distribution and certain occupancy costs), increased $10.5 million, or 29.5%, to $46.2 million in the second quarter of 1997 from $35.7 million in the second quarter of 1996. As a percentage of net sales, gross profit increased to 35.7% from 34.7%, primarily due to improved merchandise costs (including freight), offset by a slight increase in inventory shrinkage as a percentage of net sales. Merchandise costs as a percentage of net sales improved primarily as a result of higher sales of foreign-sourced merchandise, which carries a higher gross margin than domestic goods, in the current period compared to last year. This is due in part to the change in merchandise mix, year over year, in the Dollar Bills stores, which were still operating with a heavier domestic and consumable product emphasis in the second quarter of 1996. Throughout 1996, the merchandise mix at Dollar Bills stores was changed to more closely resemble the mix at Dollar Tree stores.

Selling, general and administrative expenses ("SGA"), which include operating expenses and depreciation and amortization, increased $7.5 million,

or 26.7%, to $35.6 million in the second quarter of 1997 from $28.1 million in the second quarter of 1996, and increased slightly as a percentage of net sales to 27.5% from 27.3% during the same period. This increase in SGA expense is primarily due to the $0.50 per hour increase in the federally mandated minimum wage which took effect on October 1, 1996. The increase would have been higher but for the mitigating effect of payroll cost saving measures implemented by the Company in early 1996. Management anticipates that the additional $0.40 per hour increase in the minimum wage scheduled to take effect on September 1, 1997, will increase payroll costs by $650,000 to $750,000 above otherwise expected levels during the four month period ending December 31, 1997.

Operating income increased $3.0 million, or 39.6%, to $10.6 million for the second quarter of 1997 from $7.6 million for the comparable period in 1996, and increased as a percentage of net sales to 8.2% from 7.4% during the same period for the reasons noted above.

INTEREST EXPENSE

Interest expense decreased $0.8 million in the second quarter of 1997 compared to the second quarter of 1996 to $0.8 million from $1.6 million during the same period. This decrease is primarily a result of lower levels of debt in the current year compared to the same period in 1996, when the Company had increased borrowings related to the purchase of Dollar Bills, Inc.

THE SIX MONTHS ENDED JUNE 30, 1997 AND 1996

RESULTS OF OPERATIONS AND GENERAL COMMENTS

Net sales increased $59.4 million, or 31.7%, to $247.1 million for the six months ended June 30, 1997, from $187.7 million for the six months ended June 30, 1996. Of this increase, (i) approximately 58%, or $34.7 million, was attributable to stores opened in 1996 and 1997 which are not included in the Company's comparable store net sales calculation, and (ii) approximately 42%, or $24.7 million, was attributable to comparable store net sales growth, which represented a 9.7% increase over comparable store net sales in the corresponding prior year period. Dollar Bills stores are included in the comparable store net sales percentage calculation for the full six month period, beginning January 1, of each respective year. Because substantially all the Company's products sell for $1.00, the increase in comparable store net sales was a direct result of increased unit volume. The Company opened 75 new stores during the first six months of 1997 compared to opening 53 new stores and closing three stores during the first six months of 1996.

Gross profit, which consists of net sales less cost of sales (including distribution and certain occupancy costs), increased $22.7 million, or 35.1%, to $87.5 million in the first six months of 1997 from $64.7 million in the first six months of 1996. As a percentage of net sales, gross profit increased to 35.4% from 34.5%, primarily due to improved merchandise costs (including freight), offset by a slight increase in inventory shrinkage as a percentage of net sales. Merchandise costs as a percentage of net sales improved primarily as a result of higher sales of foreign-sourced merchandise, which carries a higher gross margin than domestic goods, in the current period compared to last year. This is due in part to the change in merchandise mix, year over year, in the Dollar Bills stores, which were operating with a heavier consumable product emphasis in the first half of 1996. Throughout 1996, the merchandise mix at Dollar Bills stores was changed to more closely resemble the mix at Dollar Tree stores.

SG&A increased $16.1 million, or 29.4%, to $70.6 million in the first six months of 1997 from $54.6 million in the first six months of 1996, and decreased as a percentage of net sales to 28.6% from 29.1% during the same period. This decrease is primarily attributable to approximately $2.0 million in non-recurring expenses incurred in 1996 as a result of the Dollar Bills acquisition. Excluding these non-recurring costs, SGA increased as a percentage of net sales to 28.6% in the first six months of 1997 from 28.0% in the first six months of 1996, primarily due to increased hourly payroll costs resulting from the minimum wage increase, as discussed above.

Operating income increased $6.7 million, or 65.7%, to $16.8 million for the first six months of 1997 from $10.2 million for the comparable period in 1996, and increased as a percentage of net sales to 6.8% from 5.4% during the same period for the reasons noted above.

INTEREST EXPENSE

Interest expense decreased $1.4 million in the first six months of 1997 compared to the first six months of 1996 to $1.2 million from $2.6 million during the same period. This decrease is primarily a result of lower levels of debt in the current year compared to the same period in 1996, when the Company had increased borrowings related to the purchase of Dollar Bills, Inc.

LIQUIDITY AND CAPITAL RESOURCES

The Company's capital requirements result primarily from capital expenditures related to new store openings and working capital requirements related to new and existing stores. The Company's working capital requirements for existing stores are seasonal in nature and typically reach their peak near the end of the third and the beginning of the fourth quarter of the year. Historically, the Company has met its seasonal working capital requirements for its existing stores and funded its store expansion program from internally generated funds and borrowings under its credit facilities.

During the first six months of 1997 and 1996, net cash used in operations was $23.5 million and $25.0 million, respectively, primarily used to build inventory levels. During the first six months of 1997 and 1996, net cash used in investing activities was $25.1 million and $60.8 million, respectively, the decrease primarily due to payment for the acquisition of Dollar Bills in 1996. In 1997, net cash used in investing activities was related to capital expenditures, including $13.1 million related to the construction of the new Store Support Center. This Store Support Center project is proceeding as planned, within the expected timetable and within budget. Net cash provided by financing activities was $50.8 million and $69.7 million during the first six months of 1997 and 1996, respectively, the decrease primarily attributable to borrowings incurred to fund the acquisition of Dollar Bills in January 1996 and to capital raised during a public offering completed in June, 1996. In 1997, net cash provided by financing activities was primarily used for the construction of the new Store Support Center and to fund seasonal working capital needs.

On April 30, 1997, the Company issued $30.0 million of Senior Unsecured Notes (the "Notes") due April 30, 2004. The proceeds were used to repay existing indebtedness and for general corporate purposes, including capital expenditures. The principal amount of the Notes is payable in five equal annual installments of $6.0 million beginning May 2000. Interest is payable semi-annually at a fixed rate of 7.29%. The Notes contain restrictive covenants which, among other things, require the Company to maintain certain financial ratios. The Notes rank pari passu with all other senior unsecured

indebtedness.

The Company's borrowings under its bank facilities and senior notes were $53.0 million at June 30, 1997, and $62.5 million at June 30, 1996. Borrowings at December 31, 1996, amounted to $3.0 million. Under the Company's bank facilities, an additional $112.0 million is available at June 30, 1997, approximately $20.9 million of which is committed to certain letters of credit issued in relation to the routine purchase of foreign merchandise.

NEW ACCOUNTING PRONOUNCEMENTS

With the period ending December 31, 1997, the Company will implement SFAS No. 128, Earnings Per Share (see note 3 of the Notes to Condensed Consolidated Financial Statements).

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

The Company has previously reported in its 1996 Annual Report on Form 10-K litigation in the state and federal courts of Illinois involving Michael and Pamela Alper and a corporation they control. There have been no material developments regarding this matter in 1997.

Additionally, the Company is a party to ordinary routine litigation and proceedings incidental to its business, including certain matters which may occasionally be asserted by the U.S. Consumer Product Safety Commission, none of which is individually or in the aggregate material to the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Company's Annual Meeting of Shareholders held on June 4, 1997, the following individuals were elected to the Board of Directors:

	Votes For	Votes Withheld
J. Douglas Perry	24,231,371	249,040
Thomas A. Saunders, III	24,230,871	249,540
Frank Doczi	24,235,123	245,288

As Class II directors, Messrs. Perry, Saunders and Doczi will serve until the Annual Meeting of Shareholders in 2000, or such time as successors are elected and qualified.

John F. Megrue, Macon F. Brock, Jr., H. Ray Compton, Allan W. Karp and Alan L. Wurtzel continue as directors after the meeting and no elections were held with respect to their offices.

In addition, the following proposal was approved at the Company's Annual Meeting:

Amendment to the Company's Stock Incentive Plan to increase the number of shares issuable under the Plan from 1,350,000 to 3,600,000.

Affirmative Votes	Negative Votes	Abstentions/Broker Non-Votes
22,771,357	270,979	1,438,075

ITEM 5. OTHER INFORMATION

Grant of Options to Directors

On June 4, 1997, options to purchase 18,000 shares of Common Stock each were granted to Frank Doczi and Alan Wurtzel as continuing directors, under the terms of the SIP. These options are immediately exercisable and have an exercise price of $31.33 per share.

Registered Public Offering

On June 23, 1997, certain shareholders of the Company sold 6,900,000 shares (split-effected) of Common Stock pursuant to an effective registration statement. No shares were sold by the Company during this offering.

Stock Dividend

On July 2, 1997, the Company's Board of Directors announced a 50% stock dividend having the effect of a three-for-two stock split for shareholders of record of common stock as of July 14, 1997. Cash payments were made in lieu of fractional shares. As of the record date, there were 26,037,225 shares of Common Stock outstanding, resulting in a dividend of 13,018,500 shares of Common Stock.

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

(a) Exhibits.

The following documents, filed as exhibits 10.4, 10.5 and 10.6 to the Company's Form 10-Q for the quarter ended March 31, 1997, are incorporated herein by reference:

10.1 $30 million, 7.29% Senior Guaranteed Notes, due April 30, 2004 (the "Notes").

10.2 Composite Conformed Copy of Note Agreements by Dollar Tree Distribution Inc. and the Company, regarding the Notes.

10.3 Guaranty Agreement by Dollar Tree Management, Inc. regarding the Notes.

The following documents, filed as exhibits 10.1 and 10.2 to the Company's Form S-3 filed on June 6, 1997, are incorporated herein:

10.4 Second Amendment to Dollar Tree Stores, Inc. Stock Incentive Plan

10.5 Standard Form of Agreement between Owner (Dollar Tree Stores, Inc.) and Contractor (Clancy & Theys Construction Company)

The following document is filed herewith:

10.6 Second Amendment to the Amended and Restated Revolving Credit Agreement.

(b) Reports on Form 8-K.

The Company filed a Form 8-K on June 4, 1997, announcing its intention to file a registration statement with the Securities and Exchange Commission with respect to a proposed offering of shares by certain shareholders. This offering was completed June 23, 1997 (see Item 5, above).

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: August 11, 1997

DOLLAR TREE STORES, INC.

By: /s/ Macon F. Brock, Jr.

Macon F. Brock, Jr.
President and
Chief Executive Officer

SECOND AMENDMENT TO AMENDED AND
RESTATED REVOLVING CREDIT AGREEMENT

This Second Amendment to Amended and Restated Revolving Credit Agreement is made as of the 8th day of May, 1997 by and among

Dollar Tree Distribution, Inc. (the "Borrower"), a Virginia corporation having its chief executive office at 2555 Ellsmere Avenue, Norfolk, Virginia 23513;

Dollar Tree Stores, Inc. ("DTS"), a Virginia corporation having its chief executive office at 2555 Ellsmere Avenue, Norfolk, Virginia;

Dollar Tree Management, Inc. ("DTM"), a Virginia corporation having its chief executive office at 2555 Ellsmere, Avenue, Norfolk, Virginia;

BankBoston, N.A. (f/k/a The First National Bank of Boston),Nationsbank, N.A., Signet Bank, Crestar Bank, First Union National Bank of Virginia, Amsouth Bank of Alabama, Union Bank of California, N.A. and all other financial institutions which are now or may hereafter become parties to such Amended and Restated Revolving Credit Agreement (individually, a "Lender: and collectively, the "Lenders"); and

BankBoston, N.A. (f/k/a The First National Bank of Boston), a national banking association having its head office at 100 Federal Street, Boston, Massachusetts, as Agent for the Lenders (in such capacity, the "Agent").

In consideration of the mutual covenants herein contained and benefits to be derived herefrom,

WITNESSETH:

WHEREAS, the Borrower, DTS, DTM, the Agent and the Lenders entered into an Amended and Restated Revolving Credit Agreement dated as of September 27, 1996 (as Amended by First Amendment to Amended and Restated Revolving Credit Agreement dated January 25, 1997, collectively, the "Agreement"); and

WHEREAS, the Agent, the Lenders, the Borrower, DTS and DTM desire to modify and amend the Agreement as provided herein.

NOW, THEREFORE, it is hereby agreed as follows:

1. Definitions . All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Agreement.

2. Amendments to Section 9.

(a) The provisions of Section 9.1 of the Agreement are hereby amended by deleting the words "seventy-five percent (75%)" appearing in clause (B) thereof and substituting the words "sixty-five percent (65%)" in its stead.

(b) The provisions of Section 9.3 of the Agreement are hereby amended by deleting the chart setting forth the minimum ratios in its entirety and substituting the following in its stead:

Quarterly Periods Ending	Minimum Ratio
Each of the first three Fiscal Quarters of Fiscal Year 1996	1.50:1.00
Fiscal Year End 1996 and Fiscal Quarter ending March 31, 1997	2.00:1.00
Fiscal Quarters ending June 30, 1997, September 30, 1997 and December 31, 1997.	1.90:1.00
Fiscal Quarter ending March 31, 1998 and each Fiscal Quarter thereafter	1.85:1.00

(c) The provisions of Section 9.4 of the Agreement are hereby amended by deleting the maximum amount of capital expenditures for Fiscal Year 1997 only (which presently appears in the agreement as $25,000,000) and substituting the number $27,500,000 in its stead.

(d) The provisions of Section 9.5 of the Agreement are hereby deleted in their entirety.

(e) The provisions of Section 9.6 of the Agreement are hereby amended by deleting the covenants appearing in the Agreement for December 31, 1997 and each Fiscal Quarter End thereafter and substituting the following in their stead:

Quarterly Periods Ending	Minimum Ratio
December 31, 1997 and March 31, 1998	1.45:1.00
June 30, 1998 and each Fiscal Quarter End thereafter	1.50:1.00

3. Conditions to Effectiveness. This Second Amendment to Amended and Restated Revolving Credit Term and Loan Agreement shall not be effective until each of the following conditions precedent have been fulfilled to the satisfaction of the Agent and the Lenders:

(a) This Second Amendment to Amended and Restated Revolving Credit and Term Loan Agreement shall have been duly executed and delivered by the respective parties hereto and, shall be in full force and effect and shall be in form and substance satisfactory to each of the Lenders.

(b) Each of the Lenders and the Agent shall have received a favorable opinion addressed to the Lenders and the Agent in form and substance satisfactory to the Lenders and the Agent from Messrs. Hofheimer, Nusbaum, McPhaul & Samuels.

(c) All action on the part of the Obligors necessary for the valid execution, delivery and performance by the Obligors of this Agreement shall have been duly and effectively taken and evidence thereof satisfactory to the Lenders shall have been provided to each of the Lenders. Each of the Lenders shall have received from each Obligor true copies of the resolutions adopted by its board of directors authorizing the transactions described herein, each certified by such Obligor's secretary to be true and complete.

(d) The Borrower shall have paid to the Agent and Lenders all fees and expenses then due and owing pursuant to Section 15 of the Agreement.

(e) No Default or Event of Default shall have occurred and be continuing.

(f) The Obligors shall have provided such additional instruments and documents to the Agent and the Lenders as the Agent and the Agent's counsel may have reasonably requested.

4. Ratification of Loan Documents. Except as provided herein, all terms and conditions of the Agreement and the other Loan Documents remain in full force and effect. The Obligors each hereby ratify, confirm, and reaffirm all representations, warranties, and covenants contained therein and acknowledge and agree that none of them have any offsets, defenses, or counterclaims against the Agent or any Lender thereunder, and to the extent that any such offsets, defenses, or counterclaims may exist, each of the Obligors hereby waive and release the Agent and Lenders therefrom.

5. Miscellaneous.

(a) This Second Amendment and Restated Revolving Credit and Term Loan Agreement may be executed in several counterparts and by each party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which together shall constitute one instrument.

(b) This Second Agreement to Amended and Restated Revolving Credit and Term Loan Agreement expresses the entire understanding of the parties with respect to the transactions contemplated hereby. No prior negotiations or discussions shall limit, modify, or otherwise affect the provisions hereof.

IN WITNESS WHEREOF, the undersigned have hereunto executed this Agreement as a sealed instrument as of the date first above written.

DOLLAR TREE DISTRIBUTION, INC.

By: /s/ Frederick C. Coble
Name: Frederick C. Coble
Title: Sr. Vice President, Finance

DOLLAR TREE STORES, INC.

By:/s/ Frederick C. Coble
Name: Frederick C. Coble
Title: Sr. Vice President, Finance

DOLLAR TREE MANAGEMENT, INC.

By:/s/ Frederick C. Coble
Name: Frederick C. Coble
Title: Sr. Vice President, Finance

BANKBOSTON,N.A. (f/k/a THE FIRST NATIONAL BANK OF BOSTON), individually and as Agent

By:/s/ Judith C.E. Kelly
Name: Judith C.E. Kelly
Title: Vice President

NATIONSBANK, N.A.

By: /s/ John L. Daniels
Name: John L. Daniels
Title: Senior Vice President

SIGNET BANK

By: /S/ John P. Matson
Name: John P. Matson
Title: Executive Vice President

CRESTAR BANK

By:/s/ Bruce W. Nave
Name: Bruce W. Nave
Title: Vice President

FIRST UNION NATIONAL BANK OF VIRGINIA

By:/s/ R.H. Grattan
Name: R.H. Grattan
Title: Senior Vice President

AMSOUTH BANK OF ALABAMA

By: /s/ John J. Hooker
Name: John J. Hooker
Title: Commercial Banking Officer

UNION BANK OF CALIFORNIA, N.A.
By: /s/ Dana C. Fenwick
Name: Dana C. Fenwick
Title: Vice President

<TABLE> <S> <C>

<ARTICLE> 5
<LEGEND>
THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION FROM THE COMPANY'S FORM 10-k FOR THE PERIOD ENDED DECEMBER 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
</LEGEND>
<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	6-MOS
<FISCAL-YEAR-END>	JUN-30-1997
<PERIOD-END>	JUN-30-1997
<CASH>	5,265
<SECURITIES>	0
<RECEIVABLES>	1,300
<ALLOWANCES>	0
<INVENTORY>	103,352
<CURRENT-ASSETS>	115,487
<PP&E>	85,152
<DEPRECIATION>	29,217
<TOTAL-ASSETS>	219,860
<CURRENT-LIABILITIES>	48,127
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	260
<OTHER-SE>	113,853
<TOTAL-LIABILITY-AND-EQUITY>	219,860
<SALES>	247,078
<TOTAL-REVENUES>	247,078
<CGS>	159,623
<TOTAL-COSTS>	159,623
<OTHER-EXPENSES>	70,624
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	1,238
<INCOME-PRETAX>	15,593
<INCOME-TAX>	6,003
<INCOME-CONTINUING>	9,590
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	9,590
<EPS-PRIMARY>	0.22
<EPS-DILUTED>	0.22

</TABLE>