

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

- (X) Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
For the quarterly period ended May 3, 2014
OR
() Transition report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934
Commission File Number: 0-25464



DOLLAR TREE, INC.

(Exact name of registrant as specified in its charter)

Virginia

(State or other jurisdiction of
incorporation or organization)

26-2018846

(I.R.S. Employer
Identification No.)

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

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

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

Yes (X) No ()

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

Yes (X) No ()

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

Large accelerated filer (X) Accelerated filer ()
Non accelerated filer () Smaller reporting company ()

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

Yes () No (X)

As of May 16, 2014, there were 206,815,166 shares of the Registrant's Common Stock outstanding.

DOLLAR TREE, INC.
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Part I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS.

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

(in millions, except per share data)	13 Weeks Ended	
	May 3, 2014	May 4, 2013
Net sales	\$ 2,000.3	\$ 1,865.8
Cost of sales	1,303.7	1,209.8
Gross profit	696.6	656.0
Selling, general and administrative expenses	464.7	439.4
Operating income	231.9	216.6
Interest expense, net	8.1	0.6
Other expense, net	—	0.4
Income before income taxes	223.8	215.6
Provision for income taxes	85.5	82.1
Net income	\$ 138.3	\$ 133.5
Basic net income per share	\$ 0.67	\$ 0.60
Diluted net income per share	\$ 0.67	\$ 0.59

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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

(in millions)	13 Weeks Ended	
	May 3, 2014	May 4, 2013
Net income	\$ 138.3	\$ 133.5
Foreign currency translation adjustments	1.2	(1.7)
Total comprehensive income	\$ 139.5	\$ 131.8

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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

(in millions)	May 3, 2014	February 1, 2014	May 4, 2013
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 387.1	\$ 267.7	\$ 383.3
Merchandise inventories, net	1,042.9	1,035.3	1,009.5
Current deferred tax assets, net	14.2	18.9	14.5
Other current assets	92.8	56.6	82.5
Total current assets	1,537.0	1,378.5	1,489.8
Property, plant and equipment, net	1,115.5	1,094.0	1,018.2
Goodwill	169.6	169.3	172.9
Deferred tax assets, net	30.3	24.1	29.4
Other assets, net	105.6	106.0	101.5
TOTAL ASSETS	<u>\$ 2,958.0</u>	<u>\$ 2,771.9</u>	<u>\$ 2,811.8</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Current portion of long-term debt	\$ —	\$ 12.8	\$ 14.3
Accounts payable	447.0	393.9	392.6
Other current liabilities	196.4	232.3	184.1
Income taxes payable	81.1	47.3	72.0
Total current liabilities	724.5	686.3	663.0
Long-term debt, excluding current portion	757.0	757.0	257.0
Income taxes payable, long-term	5.5	5.5	5.2
Other liabilities	153.2	152.4	146.9
Total liabilities	1,640.2	1,601.2	1,072.1
Commitments and contingencies			
Shareholders' equity	1,317.8	1,170.7	1,739.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 2,958.0</u>	<u>\$ 2,771.9</u>	<u>\$ 2,811.8</u>
Common shares outstanding	<u>206.8</u>	<u>208.1</u>	<u>223.8</u>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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

(in millions)	13 Weeks Ended	
	May 3, 2014	May 4, 2013
Cash flows from operating activities:		
Net income	\$ 138.3	\$ 133.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	50.7	45.1
Other non-cash adjustments to net income	15.8	23.7
Changes in operating assets and liabilities	(6.6)	(73.0)
Net cash provided by operating activities	198.2	129.3
Cash flows from investing activities:		
Capital expenditures	(71.9)	(103.2)
Proceeds from sale of restricted investments	—	15.0
Proceeds from sale of fixed assets	0.3	—
Net cash used in investing activities	(71.6)	(88.2)
Cash flows from financing activities:		
Payments for long-term debt	(12.8)	—
Payments for share repurchases	—	(68.4)
Proceeds from stock issued pursuant to stock-based compensation plans	1.9	2.0
Tax benefit of exercises/vesting of stock-based compensation	3.4	9.0
Net cash used in financing activities	(7.5)	(57.4)
Effect of exchange rate changes on cash and cash equivalents	0.3	(0.3)
Net increase (decrease) in cash and cash equivalents	119.4	(16.6)
Cash and cash equivalents at beginning of period	267.7	399.9
Cash and cash equivalents at end of period	\$ 387.1	\$ 383.3
Supplemental disclosure of cash flow information:		
Cash paid for:		
Interest	\$ 0.2	\$ 0.9
Income taxes	\$ 49.6	\$ 74.0

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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

1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Dollar Tree, Inc. and its wholly-owned subsidiaries (the "Company") have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and are presented in accordance with the requirements of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete consolidated financial statements. The unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended February 1, 2014 contained in the Company's Annual Report on Form 10-K filed March 14, 2014. The results of operations for the 13 weeks ended May 3, 2014 are not necessarily indicative of the results to be expected for the entire fiscal year ending January 31, 2015.

In the Company's opinion, the unaudited condensed consolidated financial statements included herein contain all adjustments (consisting of those of a normal recurring nature) considered necessary for a fair presentation of its financial position as of May 3, 2014 and May 4, 2013 and the results of its operations and cash flows for the periods presented. The February 1, 2014 balance sheet information was derived from the audited consolidated financial statements as of that date.

2. LITIGATION MATTERS

Winn-Dixie Stores instituted suit in federal court in Florida alleging that the Company sold products in 48 stores in violation of a lease exclusive. In August 2012, the Court denied Winn-Dixie's claim for damages and granted Winn-Dixie's request for injunctive relief with respect to just one store. Winn-Dixie appealed to the U.S. Court of Appeals for the 11th Circuit, which recently affirmed that Winn-Dixie is not entitled to damages. However, it also held that Winn-Dixie's restriction for the Company's 21 Florida stores required the Company to restrict its sales of food and "many household supplies" such as "soap, matches and paper napkins" to 500 square feet of floor space plus a portion of the surrounding aisle. The 11th circuit remanded the case to the lower court for a new trial to determine the definition of "many household supplies" and how much aisle space should be included. More than twenty additional Florida leases may be impacted. The Company has previously restricted its sale of food only to 500 square feet not including the aisle.

A supermarket filed a lease exclusive case against the Company in Pennsylvania state court. After a trial on liability issues only, a jury determined that the Company violated the supermarket's lease exclusive. The Company strongly disagrees with this verdict and has appealed. A trial on damages is expected to be held in 2014. Plaintiff's experts assert that plaintiff's damages are approximately \$6.2 million. Defendant's experts contend there were no damages suffered as a result of the Company's alleged conduct and that any damages sought cannot be reasonably proved.

A supermarket filed a lease exclusive case and a companion unfair competition case against the Company in a Pennsylvania state court. Discovery has closed in the first of these actions, and trial is expected to occur in 2014. The related unfair competition case is in its early stages and no discovery has commenced.

In 2011, a collective action was filed against the Company by an assistant store manager and an hourly associate, alleging they were forced to work off the clock in violation of the Fair Labor Standards Act (FLSA) and state law. A federal judge in Virginia ruled that all claims made on behalf of assistant store managers under both the FLSA and state law should be dismissed. The court, however, conditionally certified an opt-in collective action under the FLSA on behalf of hourly sales associates. Approximately 4,300 plaintiffs remain in the case. In March 2014, the court denied the Company's motion to decertify the collective action and the case is now continuing.

In 2012, a former assistant store manager, on behalf of himself and those alleged to be similarly situated, filed a putative class action in a California state court, alleging the Company failed to provide rest breaks to assistant store managers. The alleged time period is July 13, 2008 to the present. Discovery is ongoing. The class has been certified and the case may now proceed to trial if an appeal is not granted.

In 2012, two former store managers, under California's Labor Code and Private Attorney General Act (PAGA), instituted suit now pending in the federal court in California on behalf of themselves and others alleged to be similarly aggrieved in the state of California, alleging they were misclassified by the Company as exempt employees. The Company settled with one

plaintiff for an immaterial amount. The Company prevailed at trial in November 2013 with the other plaintiff and is awaiting a final order and a possible appeal by the plaintiff.

In 2013, a former assistant store manager on behalf of himself and others alleged to be similarly aggrieved filed a representative PAGA claim under California law currently pending in federal court in California. The suit alleges that the Company failed to provide uninterrupted meal periods and rest breaks; failed to pay minimum, regular and overtime wages; failed to maintain accurate time records and wage statements; and failed to pay wages due upon termination of employment. Discovery has not commenced and no trial date has been set.

In May 2014, a former assistant store manager filed a putative class action in a California state court for alleged failure to provide meal periods, overtime, timely payment of wages during employment and upon termination, failure to provide accurate wage statements, as well as for alleged failure to indemnify employees for business expenses in violation of California labor laws. This matter is in early stages of investigation.

In September 2013, district attorneys in California initiated an investigation of whether the Company properly disposed of certain damaged retail products under Federal and California state environmental law, primarily the Resource Conservation and Recovery Act. This matter is in early stages of investigation.

In May 2014, the US Consumer Product Safety Commission ("CPSC") began a staff investigation of circumstances related to 15 Letters of Advice that the Company received from the CPSC from 2009 to 2013.

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

3. FAIR VALUE MEASUREMENTS

The Company's cash and cash equivalents, restricted investments and diesel fuel swaps represent the financial assets and liabilities that were accounted for at fair value on a recurring basis as of May 3, 2014. As required, financial assets and liabilities are classified in the fair value hierarchy in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. The fair value of the Company's cash and cash equivalents was \$387.1 million and \$383.3 million, at May 3, 2014 and May 4, 2013, respectively. The fair value of the Company's restricted investments was \$87.9 million and \$79.6 million, at May 3, 2014 and May 4, 2013, respectively. These fair values were determined using Level 1 measurements in the fair value hierarchy. The fair value of the diesel fuel swaps as of May 3, 2014 and May 4, 2013 was immaterial and was estimated using Level 2 measurements in the fair value hierarchy which used discounted cash flow calculations based upon diesel fuel cost curves.

The estimated fair value of the Company's long-term debt was \$770.8 million as of May 3, 2014 and \$271.3 million as of May 4, 2013. The fair value of the Senior Notes is determined through the use of a discounted cash flow analysis using Level 3 inputs as there are no quoted prices in active markets for these notes. The discount rate used in the analysis was based on borrowing rates available to the Company for debt of the same remaining maturities, issued in the same private placement debt market. The carrying value of the Company's Unsecured Credit Agreement and Demand Revenue Bonds at May 4, 2013 approximated their fair values because the interest rates vary with market interest rates.

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). There were no changes in fair value related to these assets during the 13 weeks ended May 3, 2014.

4. NET INCOME PER SHARE

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

(in millions, except per share data)	13 Weeks Ended	
	May 3, 2014	May 4, 2013
Basic net income per share:		
Net income	\$ 138.3	\$ 133.5
Weighted average number of shares		
outstanding	206.8	224.2
Basic net income per share	\$ 0.67	\$ 0.60
Diluted net income per share:		
Net income	\$ 138.3	\$ 133.5
Weighted average number of shares		
outstanding	206.8	224.2
Dilutive effect of stock options and		
restricted stock (as determined by		
applying the treasury stock method)	0.9	1.0
Weighted average number of shares and		
dilutive potential shares outstanding	207.7	225.2
Diluted net income per share	\$ 0.67	\$ 0.59

For the 13 weeks ended May 3, 2014 and May 4, 2013, substantially all of the stock options outstanding were included in the calculation of the weighted average number of shares and dilutive potential shares outstanding.

5. STOCK-BASED COMPENSATION

The Company's stock-based compensation expense primarily includes the fair value of restricted stock units (RSUs) and employees' purchase rights under the Company's Employee Stock Purchase Plan. Stock-based compensation expense was \$16.6 million and \$15.6 million, during the 13 weeks ended May 3, 2014 and May 4, 2013, respectively.

The Company granted approximately 0.5 million service-based RSUs from the Omnibus Incentive Plan (Omnibus Plan) to employees and officers in the 13 weeks ended May 3, 2014. The estimated \$26.4 million fair value of these RSUs is being expensed ratably over the three-year vesting periods, or a shorter period based on the retirement eligibility of certain grantees. The fair value was determined using the Company's closing stock price on the date of grant. The Company recognized \$4.4 million of expense related to these RSUs during the 13 weeks ended May 3, 2014.

In the 13 weeks ended May 3, 2014 the Company granted 0.2 million RSUs with a fair value of \$10.0 million from the Omnibus Plan to certain officers of the Company, contingent on the Company meeting certain performance targets in fiscal 2014. If the Company meets these performance targets in fiscal 2014, the RSUs will vest ratably over three years. The estimated fair value of these RSUs is being expensed ratably over the three-year vesting periods, or a shorter period based on the retirement eligibility of certain grantees. The Company recognized \$5.6 million of expense related to these RSUs in the 13 weeks ended May 3, 2014.

In the 13 weeks ended May 3, 2014 the Company granted RSUs with a fair value of \$2.0 million from the Omnibus Plan to certain officers of the Company, contingent on the Company meeting certain performance targets for the period beginning on February 2, 2014 and ending on January 28, 2017. Provided the vesting conditions are satisfied, the awards will vest at the end of the performance period. The estimated fair value of these RSUs is being expensed ratably over the three-year vesting period, or a shorter period based on the retirement eligibility of certain grantees. The Company recognized \$0.7 million of expense related to these RSUs in the 13 weeks ended May 3, 2014.

The Company recognized \$5.6 million of expense related to RSUs granted prior to fiscal 2014 in the 13 weeks ended May 3, 2014.

In the 13 weeks ended May 3, 2014, approximately 0.7 million RSUs vested and approximately 0.5 million shares, net of taxes, were issued. During the 13 weeks ended May 4, 2013, approximately 1.0 million RSUs vested and approximately 0.6 million shares, net of taxes, were issued.

6. FUEL DERIVATIVE CONTRACTS

In order to manage fluctuations in cash flows resulting from changes in diesel fuel costs, the Company entered into fuel derivative contracts with third parties. The Company has entered into fuel derivative contracts for 0.8 million gallons of diesel fuel, or approximately 20% of the Company's domestic truckload fuel needs from August 2014 through October 2014. Under these contracts, the Company pays the third party a fixed price for diesel fuel and receives variable diesel fuel prices at amounts approximating current diesel fuel costs, thereby creating the economic equivalent of a fixed-rate obligation. These derivative contracts do not qualify for hedge accounting and therefore all changes in fair value for these derivatives are included in "Other expense, net" on the accompanying condensed consolidated income statements.

7. SHAREHOLDERS' EQUITY

Share Repurchase Program

On September 17, 2013, the Company entered into two \$500.0 million variable maturity accelerated share repurchase agreements to repurchase \$1.0 billion of the Company's common shares in the aggregate. One agreement is collared and the other is uncollared.

The number of shares to be received by the Company under the collared agreement is determined based on the weighted average market price of the Company's common stock, less a discount, during a calculation period ending on or before June 2014, subject to a minimum and maximum number of shares. Under this agreement, the Company received 7.8 million shares during the year ended February 1, 2014. This represents the minimum number of shares to be received based on a calculation using the "cap" or high-end of the price range of the "collar". On May 15, 2014 the collared agreement concluded and the Company received an additional 1.2 million shares resulting in a total of 9.0 million shares repurchased under this agreement.

The number of shares received by the Company under the uncollared agreement was determined based on the weighted average market price of the Company's common stock, less a discount, during a calculation period ending on or before June 2014. The Company received an initial delivery of 7.2 million shares during the year ended February 1, 2014. On February 14, 2014 the uncollared agreement concluded and the Company received an additional 1.9 million shares during the 13 weeks ended May 3, 2014 resulting in a total of 9.1 million shares repurchased under this agreement.

During the 13 weeks ended May 3, 2014 the Company did not repurchase any shares of common stock on the open market. As of May 3, 2014, the Company has \$1.0 billion remaining under Board repurchase authorization.

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

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

A WARNING ABOUT FORWARD-LOOKING STATEMENTS: This document contains "forward-looking statements" as that term is used in the Private Securities Litigation Reform Act of 1995. Forward-looking statements address future events, developments or results and typically use words such as "believe," "anticipate," "expect," "intend," "plan," "view," "target" or "estimate." For example, our forward-looking statements include statements regarding:

- our anticipated sales, including comparable store net sales, net sales growth, earnings growth and new store growth;
- costs of pending and possible future legal claims;

- our growth plans, including our plans to add, expand or relocate stores, our anticipated square footage increase, and our ability to renew leases at existing store locations;
- the average size of our stores and their performance compared with other store sizes;
- the effect on merchandise mix of consumables and the increase in the number of our stores with freezers and coolers on gross profit margin and sales;
- the net sales per square foot, net sales and operating income of our stores;
- the potential effect of inflation and other economic changes on our costs and profitability, including the potential effect of future changes in minimum wage rates, shipping rates, domestic and import freight costs, fuel costs and wage and benefit costs;
- our gross profit margin, earnings, inventory levels and ability to leverage selling, general and administrative and other fixed costs;
- our seasonal sales patterns including those relating to the length of the holiday selling seasons;
- the capabilities of our inventory supply chain technology and other systems;
- the reliability of, and cost associated with, our sources of supply, particularly imported goods such as those sourced from China;
- the capacity, performance and cost of our distribution centers;
- our cash needs, including our ability to fund our future capital expenditures and working capital requirements;
- our expectations regarding competition and growth in our retail sector; and
- management's estimates associated with our critical accounting policies, including inventory valuation, accrued expenses and income taxes.

For a discussion of the risks, uncertainties and assumptions that could affect our future events, developments or results, you should carefully review the risk factors summarized below and the more detailed discussions in the "Risk Factors" and "Business" sections in our Annual Report on Form 10-K filed March 14, 2014. Also see section 1A. "Risk Factors" in Part II of this Quarterly Report on Form 10-Q.

- Our profitability is vulnerable to cost increases.
- A downturn in economic conditions could impact our sales.
- Litigation may adversely affect our business, financial condition and results of operations.
- A significant disruption in our computer and technology systems could adversely affect our results of operation or business.
- If we are unable to secure our customers' credit card and confidential information, or other private data relating to our associates, suppliers or our business, we could be subject to negative publicity, costly government enforcement actions or private litigation, which could damage our business reputation and adversely affect our results of operation or business.
- Changes in federal, state or local law, or our failure to comply with such laws, could increase our expenses and expose us to legal risks.
- Our growth is dependent on our ability to increase sales in existing stores and to expand our square footage profitably.

- Risks associated with our domestic and foreign suppliers from whom our products are sourced could affect our financial performance.
- We could encounter disruptions in our distribution network or additional costs in distributing merchandise.
- Our profitability is affected by the mix of products we sell.
- Pressure from competitors may reduce our sales and profits.
- Our business could be adversely affected if we fail to attract and retain qualified associates and key personnel.
- Failure to comply with our debt covenants could adversely affect our capital resources, financial condition and liquidity.
- Certain provisions in our Articles of Incorporation and Bylaws could delay or discourage a takeover attempt that may be in a shareholder's best interest.

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

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

Overview

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

At May 3, 2014, we operated 4,891 stores in 48 states and the District of Columbia, as well as 189 stores in Canada, with a total of 44.0 million selling square feet compared to 4,763 stores with 41.2 million selling square feet at May 4, 2013. During the 13 weeks ended May 3, 2014, we opened 94 stores, expanded 28 stores and closed 6 stores, compared to 94 stores opened, 16 stores expanded and 2 stores closed during the 13 weeks ended May 4, 2013. In both 13 week periods ended May 3, 2014 and May 4, 2013, we added approximately 0.8 million selling square feet. The average size of stores opened during the 13 weeks ended May 3, 2014 was approximately 8,200 selling square feet. We believe that this size store is in the range of our optimal size operationally and gives our customers a shopping environment which invites them to shop longer, buy more and make return visits, which increases our customer traffic.

For the 13 weeks ended May 3, 2014, comparable store net sales increased 1.9%, primarily due to increased customer traffic. We believe comparable store net sales continue to be positively affected by a number of our initiatives, as debit and credit card penetration continued to increase in the 13 weeks ended May 3, 2014, and we continued the roll-out of frozen and refrigerated merchandise to more of our stores. At May 3, 2014, we had frozen and refrigerated merchandise in approximately 3,270 stores compared to approximately 2,780 stores at May 4, 2013. We believe that this has and will continue to enable us to increase sales and earnings by increasing the number of shopping trips made by our customers. In addition, we accept food stamps (under the Supplemental Nutrition Assistance Program (“SNAP”)) in approximately 4,710 qualified stores compared to approximately 4,310 stores at May 4, 2013. SNAP benefits were reduced for recipients after November 1, 2013; however, the effect on our sales has not been

material.

Results of Operations

13 Weeks Ended May 3, 2014 Compared to the 13 Weeks Ended May 4, 2013

Net Sales. Net sales increased 7.2%, or \$134.5 million, compared with last year's first quarter, resulting primarily from sales in our new stores. Comparable store sales increased 2.0% on a constant currency basis. Constant currency basis refers to the calculation excluding the impact of currency exchange rate fluctuations. We calculated the constant currency basis increase by translating the current year quarter's comparable store sales in Canada using the prior year first quarter's currency exchange rates. We believe that the constant currency basis provides a more accurate measure of comparable store sales performance. Including the impact of currency, comparable store net sales increased 1.9%. Comparable store net sales are positively affected by our expanded and relocated stores, which we include in the calculation, and are negatively affected when we open new stores or expand stores near existing stores.

Gross Profit. Gross profit margin decreased to 34.8% in the current quarter from 35.2% in the same quarter last year primarily as a result of the following:

- Freight costs, as a percentage of sales, increased due to inclement weather and issues with truck availability.
- Distribution costs, as a percentage of sales, increased due to incremental costs from the new distribution center in Windsor, CT and higher distribution center labor costs.

Selling, General and Administrative Expenses. Selling, general and administrative expenses for the current quarter decreased to 23.2% from 23.6%, as a percentage of net sales, compared to the same period last year. This was the result of the net of the following:

- Payroll expenses decreased 50 basis points due to lower incentive compensation achievement and lower health care costs.
- Store operating expenses increased 20 basis points in the current year due to higher utility expenses resulting from colder than normal temperatures.

Operating Income. Operating income for the current quarter was consistent with the same period last year at 11.6% as a percentage of net sales. This is the result of lower selling and administrative expenses, as a percentage of sales, offset by lower gross profit margin in the current quarter as noted above.

Interest expense, net. Interest expense, net was \$8.1 million compared to \$0.6 million in the prior year quarter due to interest expense related to the \$750.0 million of Senior Notes issued in September 2013.

Income Taxes. Our effective tax rate for the 13 weeks ended May 3, 2014 was 38.2% compared to 38.1% for the 13 weeks ended May 4, 2013.

Liquidity and Capital Resources

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

The following table compares cash flow information for the 13 weeks ended May 3, 2014 and May 4, 2013:

(in millions)	13 Weeks Ended	
	May 3, 2014	May 4, 2013
Net cash provided by (used in):		
Operating activities	\$ 198.2	\$ 129.3
Investing activities	(71.6)	(88.2)
Financing activities	(7.5)	(57.4)

Net cash provided by operating activities increased \$68.9 million due primarily to a decrease in cash paid for income taxes and to purchase inventory and an increase in other current liabilities partially offset by an increase in prepaid rent.

Net cash used in investing activities decreased \$16.6 million due to lower capital expenditures slightly offset by lower proceeds from the sale of restricted investments. Capital expenditures were higher in 2013 due to the construction of our new distribution center in Windsor, CT and the expansion of our distribution centers in San Bernardino, CA and Marietta, OK.

Net cash used in financing activities decreased \$49.9 million compared with the prior year, primarily due to no share repurchase expenditures in the current year partially offset by the repayment of our Demand Revenue Bonds.

At May 3, 2014, our total borrowings were \$757.0 million and we had \$737.1 million available under our Unsecured Credit Agreement. We also have \$230.0 million in Letter of Credit Reimbursement and Security Agreements with various financial institutions, under which approximately \$143.5 million was committed to letters of credit issued for routine purchases of imported merchandise as of May 3, 2014.

On September 17, 2013, we entered into two \$500.0 million variable maturity accelerated share repurchase agreements to repurchase \$1.0 billion of the Company's common shares in the aggregate. One agreement is collared and the other is uncollared.

The number of shares we may receive under the collared agreement is determined based on the weighted average market price of our common stock, less a discount, during a calculation period ending on or before June 2014, subject to a minimum and maximum number of shares. Under this agreement, we received 7.8 million shares during the year ended February 1, 2014. This represents the minimum number of shares to be received based on a calculation using the "cap" or high-end of the price range of the "collar". On May 15, 2014 the collared agreement concluded and we received an additional 1.2 million shares resulting in a total of 9.0 million shares repurchased under this agreement.

The number of shares we received under the uncollared agreement was determined based on the weighted average market price of our common stock, less a discount, during a calculation period ending on or before June 2014. We received an initial delivery of 7.2 million shares during the year ended February 1, 2014. On February 14, 2014 the uncollared agreement concluded and we received an additional 1.9 million shares during the 13 weeks ended May 3, 2014 resulting in a total of 9.1 million shares repurchased under this agreement.

There were no shares repurchased on the open market during the 13 weeks ended May 3, 2014. We repurchased 1.5 million shares of common stock on the open market for \$68.4 million during the 13 weeks ended May 4, 2013. As of May 3, 2014, we had \$1.0 billion remaining under Board repurchase authorization.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are exposed to various types of market risk in the normal course of our business, including the impact of interest rate changes and diesel fuel cost changes. We may enter into interest rate or diesel fuel swaps to manage exposure to interest rate and diesel fuel price changes. We do not enter into derivative instruments for any purpose other than cash flow hedging and we do not hold derivative instruments for trading purposes.

Diesel Fuel Cost Risk

In order to manage fluctuations in cash flows resulting from changes in diesel fuel costs, we entered into fuel derivative contracts with third parties. We have entered into fuel derivative contracts for 0.8 million gallons of diesel fuel, or approximately 20% of our domestic truckload fuel needs from August 2014 through October 2014. Under these contracts, we pay the third party a fixed price for diesel fuel and receive variable diesel fuel prices at amounts approximating current diesel fuel costs, thereby creating the economic equivalent of a fixed-rate obligation. These derivative contracts do not qualify for hedge accounting and therefore all changes in fair value for these derivatives are included in "Other expense, net" on the condensed consolidated income statements. The fair value of these contracts at May 3, 2014 was immaterial.

Item 4. CONTROLS AND PROCEDURES.

Our management has carried out, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, an evaluation of the effectiveness of the Company's disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act as of the end of the period covered by this report. Based upon this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of May 3, 2014, the Company's disclosure controls and procedures were designed and functioning effectively to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

There have been no changes in our internal control over financial reporting during the quarter ended May 3, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS.

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

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

In addition, we are defendants in several class or collective action lawsuits, lease restriction cases and an environmental investigation. For a discussion of these proceedings, please refer to "Note 2. Litigation Matters", included in "Part I. Financial Information, Item 1. Financial Statements" of this Form 10-Q.

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

Item 1A. RISK FACTORS.

There have been no material changes to the risk factors described in Item 1A. "Risk Factors" in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 14, 2014.

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

The following table presents our share repurchase activity for the 13 weeks ended May 3, 2014:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (in millions)
February 2, 2014 to March 1, 2014	1,907,630	\$ —	1,907,630	\$ 1,000.0
March 2, 2014 to April 5, 2014	—	—	—	1,000.0
April 6, 2014 to May 3, 2014	—	—	—	1,000.0
Total	<u>1,907,630</u>	\$ —	<u>1,907,630</u>	\$ 1,000.0

On September 17, 2013, we entered into agreements and made payments to repurchase \$1.0 billion of our common shares under two \$500.0 million Accelerated Share Repurchase Agreements (ASRs). On February 14, 2014 the uncollared agreement concluded and we received an additional 1.9 million shares resulting in a total of 9.1 million shares repurchased under the agreement. On May 15, 2014 the collared agreement concluded and we received an additional 1.2 million shares, without any additional cash payments, resulting in a total of 9.0 million shares repurchased under this agreement. See additional discussion of the ASRs in "Note 7. Shareholders' Equity", included in "Part I. Financial Information, Item 1. Financial Statements" of this Form 10-Q.

As of May 3, 2014, we had \$1.0 billion remaining under Board repurchase authorization.

Item 3. DEFAULTS UPON SENIOR SECURITIES.

None.

Item 4. MINE SAFETY DISCLOSURES.

None.

Item 5. OTHER INFORMATION.

None.

Item 6. EXHIBITS.

- 3.1 Articles of Incorporation of Dollar Tree, Inc. (as amended, effective June 20, 2013) (Exhibit 3.1 to the Company's June 20, 2013 Current Report on Form 8-K, incorporated herein by this reference)
- 3.2 Bylaws of Dollar Tree, Inc., as amended (Exhibit 3.1 to the Company's June 17, 2010 Current report on Form 8-K, incorporated herein by this reference)
- 4.1 Form of Common Stock Certificate (Exhibit 4.1 to the Company's March 13, 2008 Current Report on Form 8-K, incorporated herein by this reference)
- 31.1 Certification required under Section 302 of the Sarbanes-Oxley Act of Chief Executive Officer
- 31.2 Certification required under Section 302 of the Sarbanes-Oxley Act of Chief Financial Officer
- 32.1 Certification required under Section 906 of the Sarbanes-Oxley Act of Chief Executive Officer
- 32.2 Certification required under Section 906 of the Sarbanes-Oxley Act of Chief Financial Officer
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

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

DOLLAR TREE, INC.

DATE: May 22, 2014

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

Chief Executive Officer Certification

I, Bob Sasser, certify that:

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

Date: May 22, 2014

/s/ Bob Sasser

Bob Sasser

Chief Executive Officer

Chief Financial Officer Certification

I, Kevin S. Wampler, certify that:

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

Date: May 22, 2014

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

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

In connection with the Quarterly Report of Dollar Tree, Inc. (the Company) on Form 10-Q for the quarter ending May 3, 2014, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Bob Sasser, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 22, 2014

Date

/s/ Bob Sasser

Bob Sasser

Chief Executive Officer

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

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

In connection with the Quarterly Report of Dollar Tree, Inc. (the Company) on Form 10-Q for the quarter ending May 3, 2014, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Kevin S. Wampler, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 22, 2014

Date

/s/ Kevin S. Wampler

Kevin S. Wampler

Chief Financial Officer

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