

DOLLAR TREE STORES INC
Form DEF 14A
May 17, 2007
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
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Check the appropriate box:

- Preliminary Proxy Statement
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- Definitive Proxy Statement
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DOLLAR TREE STORES, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
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DOLLAR TREE STORES, INC.

500 Volvo Parkway

Chesapeake, Virginia 23320

NOTICE OF

ANNUAL MEETING OF SHAREHOLDERS

to be held on

Thursday, June 21, 2007

To Our Shareholders:

We will hold the annual meeting of shareholders of Dollar Tree Stores, Inc. at the Princess Anne Country Club, 3800 Pacific Avenue, Virginia Beach, Virginia on Thursday, June 21, 2007 at 10:00 a.m. local time. Shareholders will consider and vote on the following:

- The election of three directors;
- A shareholder proposal, if properly presented at the meeting; and
- Any other business that may properly come before the meeting.

Shareholders of record at the close of business on April 20, 2007 will receive notice of and be allowed to vote at the meeting.

Your vote is important to us. We encourage you to read the attached proxy statement then sign, date and return your proxy card in the enclosed envelope at your earliest convenience. Sending in your proxy card will not prevent you from voting your shares at the meeting, if you desire to do so.

BY ORDER OF THE BOARD OF DIRECTORS

James A. Gorry, III

Corporate Secretary

Chesapeake, Virginia
May 17, 2007

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INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Dollar Tree's Board of Directors is soliciting your proxy to vote your shares at the annual meeting of shareholders. This proxy statement summarizes the information you need to know to vote at the meeting.

We began mailing these proxy materials on or about May 17, 2007 to all shareholders entitled to vote. The Dollar Tree 2006 Annual Report, which includes our financial statements, is being sent with this proxy statement.

Date, Time and Place of the Meeting

As shown in the Notice of Annual Meeting, the 2007 annual meeting of shareholders of Dollar Tree Stores, Inc. will be held on Thursday, June 21, 2007, at the Princess Anne Country Club, 3800 Pacific Avenue, Virginia Beach, Virginia at 10:00 a.m. local time.

The principal executive offices of Dollar Tree are located at, and our mailing address is, 500 Volvo Parkway, Chesapeake, Virginia, 23320; telephone: (757) 321-5000.

Shares Entitled to Vote

Shareholders of record have one vote for each share held at the close of business on April 20, 2007. At that time, there were 97,506,898 shares of common stock outstanding. Votes will be tabulated by our transfer agent, National City Bank.

Voting Your Proxy

Whether or not you plan to attend the annual meeting, we urge you to vote. If you vote by proxy, that is, by signing, dating and returning the enclosed proxy card, or by casting your vote via a toll-free number or the Internet, the individuals named on the card (your proxies) will vote your shares in the manner you indicate. If you do not indicate instructions to your proxies, then your shares will be voted as follows:

- FOR re-electing three members of the Board as Class III directors; and
- AGAINST the shareholder proposal.

If any other matter is presented, then your proxies will vote in accordance with their best judgment. At this time, the Board of Directors is unaware of any other business to be brought before the meeting. If you send more than one proxy card, then your shares will be voted in accordance with the proxy card bearing the latest date.

You may revoke your proxy by sending in a signed proxy card with a later date, providing subsequent telephone or Internet voting instructions, providing a written notice of revocation to the Corporate Secretary of Dollar Tree Stores, Inc. prior to the annual meeting or attending the annual meeting to cast your vote in person.

Quorum Requirement and Broker Non-Votes

A quorum is necessary for the transaction of business at the annual meeting. A quorum exists when holders of a majority of the total number of issued and outstanding shares of common stock that are entitled to vote at the annual meeting are present in person or by proxy. At the annual meeting, the inspector of election will determine the presence of a quorum and tabulate the results of the voting by shareholders. The inspector will treat valid proxies marked abstain or proxies required to be treated as broker non-votes as present for purposes of determining whether there is a quorum at the annual meeting. A broker non-vote occurs when a broker or nominee holding shares for a beneficial owner votes on one proposal, but does not vote on another proposal because the broker or nominee does not have discretionary voting power and has not received instructions from the beneficial owner of the shares. Abstentions with respect to any matter will have the same effect as a vote against that proposal.

Householding

In some cases, only one proxy statement is being delivered to multiple shareholders sharing an address unless

we have received contrary instructions from one or more of the shareholders. Upon written or oral request, we will deliver a separate copy of the proxy statement to a shareholder at a shared address to which a single copy of the proxy statement was delivered. You can notify our Corporate Secretary at our address on page 1 that you wish to receive a separate copy of the proxy statement in the future, or alternatively, that you wish to receive a single copy of the materials instead of multiple copies. Each shareholder will receive voting instructions relative to their individual holdings, regardless of a shared address.

Costs of the Proxy Solicitations

The cost of soliciting proxies will be borne by us. Proxies may be solicited by officers, directors and regular employees of our company or our affiliates, none of whom will receive any additional compensation for their services. Such solicitations may be made personally, or by mail, facsimile, telephone, telegram or messenger. We will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy material and annual reports to the beneficial owners of shares in accordance with the schedule of charges approved by the National Association of Securities Dealers, Inc. We have retained Georgeson Inc. to assist with the solicitation of proxies for a fee not to exceed \$20,000, plus reimbursement for out-of-pocket expenses.

ELECTION OF DIRECTORS

Directors and Nominees

Our Board of Directors is divided into three staggered classes for purposes of election. One class is elected at each annual meeting of shareholders to serve for a three-year term. Our current by-laws provide for eleven directors.

At the 2007 annual meeting of shareholders, the terms of four Class III directors are expiring. One of the Class III directors, John F. Megrue, is retiring from the Board at the end of his term. The Board has not nominated a replacement for his seat on the Board. The remaining three directors whose terms are expiring are H. Ray Compton, Alan L. Wurtzel, and Bob Sasser. The Board proposes to nominate these three individuals to be elected as Class III directors at the 2007 annual meeting of shareholders. If so elected, these Class III directors will hold office for a three-year term expiring at the annual meeting of shareholders held in 2010.

All other directors will continue in office following this annual meeting and their terms will expire in either 2008 (Class I) or 2009 (Class II).

The nominees have indicated their willingness to serve as directors. If a nominee becomes unable to stand for re-election, the persons named in the proxy will vote for any substitute nominee proposed by the Board of Directors.

Vote Required

Our directors are elected by a plurality vote. The three nominees at the 2007 Annual Meeting of Shareholders receiving the greatest number of votes cast will be elected. You may vote for or withhold in the case of each nominee. Shares held by brokers that are not voted in the election of directors will have no effect. In addition, we have adopted a policy of requiring each director-nominee to submit a resignation letter if he or she does not receive a majority of the votes cast. See page 12 for more on this policy.

**THE BOARD OF DIRECTORS RECOMMENDS THAT
YOU VOTE FOR EACH OF THE NOMINEES FOR DIRECTOR.**

INFORMATION CONCERNING NOMINEES, DIRECTORS AND EXECUTIVE OFFICERS

Nominees

H. Ray Compton

Private investor; corporate director

Mr. Compton, age 64, has been a director since 1986 when he founded Dollar Tree with Mr. Perry and Mr. Brock. Mr. Compton was Executive Vice President from 1998 to 2002 and Chief Financial Officer from 1986 to 1998. He retired in 2004. From 1979 until 1991, he was employed in similar roles with K&K Toys. Prior to 1979, he was associated for 15 years with a manufacturing company in various accounting and management positions.

Class III director

Mr. Compton has been a director of Dollar Tree since 1986.

Bob Sasser

President and Chief Executive Officer
Dollar Tree Stores, Inc.

Mr. Sasser, age 55, has been Chief Executive Officer since 2004 and President since 2001. He had been Dollar Tree's Chief Operating Officer from 1999 to 2001. Previously, from 1997 to 1999, he served as Senior Vice President, Merchandise and Marketing of Roses Stores, Inc. From 1994 to 1996, he was Vice President, General Merchandise Manager for Michaels Stores, Inc. Prior to 1994, he held several positions at Roses Stores, Inc., ranging from Store Manager to Vice President, General Merchandise Manager.

Class III director

Mr. Sasser was elected to our Board in 2004.

Alan L. Wurtzel

Private investor; corporate director

Member of the Audit Committee;
Member of the Nominating and
Corporate
Governance Committee

Mr. Wurtzel, age 73, is Chairman Emeritus of Circuit City Stores, Inc., a large consumer electronics retailing chain. From 1986 to 2001, he served as Chairman or Vice Chairman of the Board of Circuit City. Prior to 1986, he served in several other capacities with Circuit City, including Chief Executive Officer from 1973 to 1986. He serves on the boards of several nonpublic companies, the State Council on Higher Education of Virginia and other not-for-profit entities.

Class III director

Mr. Wurtzel became a Dollar Tree director in 1995.

Continuing Directors

J. Douglas Perry

Chairman Emeritus
Dollar Tree Stores, Inc.

Mr. Perry, age 59, became Chairman Emeritus of the Board in 2001. He had been Chairman of the Board since 1986 when he founded Dollar Tree with Mr. Brock and Mr. Compton. He also served as Chief Executive Officer from 1986 to 1993. He retired as an employee and officer of the company in 1999. Until 1991, he was an executive officer of K&K Toys, which he, along with Mr. Brock, Mr. Compton and Mr. Perry's father, built from the company's original single store to 136 stores.

Class II director

Mr. Perry has served on our Board since 1986.

Thomas A. Saunders, III

President, Ivor & Co., LLC

Mr. Saunders, age 70, is the President of Ivor & Co., LLC, a private investment company. He was a founder of Saunders Karp & Megrue Partners, L.L.C., (SKM) which controlled

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Independent Lead Director;
Chairman of the Audit Committee;
Chairman of the Nominating and
Corporate Governance Committee

the SK Equity Fund, L.P., once a major investor in Dollar Tree. SKM merged with Apax Partners in 2005. Before founding SKM in 1990, he was a Managing Director of Morgan Stanley & Co. from 1974 to 1989.

Class II director

Mr. Saunders has been a Dollar Tree director since 1993. He also serves on the Board of Hibbett Sporting Goods, Inc.

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Eileen R. Scott

Private investor; corporate director

Ms. Scott, age 54, was Chief Executive Officer of Pathmark Stores, Inc. from 2002 until August 2005. Her employment with Pathmark Stores, Inc. began in 1969. During her years there, she served as Executive Vice President of Store Operations, Executive Vice President of Merchandising and Distribution, Senior Vice President of Non-Foods and Pharmacy, and Vice President of Sales and Advertising.

Chairman of the Compensation Committee
Class II director

Ms. Scott has been a director of Dollar Tree since 2003.

Macon F. Brock, Jr.

Chairman
Dollar Tree Stores, Inc.

Mr. Brock, age 65, has been Chairman of the Board since 2001 and a director since 1986. He was Chief Executive Officer from 1993 to 2003. From 1986, when he founded Dollar Tree with Mr. Perry and Mr. Compton, until 2001, he was President. Until 1991, he was an officer and director of K&K Toys.

Class I director

Mr. Brock has served on our Board since 1986.

Mary Anne Citrino

Senior Managing Director,
Corporate Advisory Services
The Blackstone Group

Ms. Citrino, age 48, is a Senior Managing Director in the Corporate Advisory Services group at The Blackstone Group, a global investment and advisory firm. Previously, Ms. Citrino was employed at Morgan Stanley for over 20 years. During her years there, she served as the Global Head of Consumer Products Investment Banking, Co-Head of Health Care Services Investment Banking, and a Mergers and Acquisitions Analyst.

Member of the Compensation Committee

Class I director

Ms. Citrino was appointed as a director of Dollar Tree in 2005.

Richard G. Lesser

Private investor; corporate director

Mr. Lesser, age 72, was Senior Corporate Adviser of the TJX Companies, Inc. from 2002 until his retirement in January 2005. He was Executive Vice President from 1991 to 2001 and Chief Operating Officer from 1994 to 1999. He was President of its Marmaxx Division (TJ Maxx and Marshalls) from 1995 to 2001. From 1981 to 1993, he held various executive positions within The TJX Companies, Inc.

Member of the Compensation Committee;
Member of the Nominating and Corporate
Governance Committee

Class I director

Mr. Lesser has been a Dollar Tree director since 1999. He also serves on the board of The TJX Companies, Inc., and retired from the board of A.C. Moore Arts and Crafts in February 2007.

Thomas E. Whiddon

Private Investor;
Advisory Director, Berkshire Partners,
LLC

Mr. Whiddon, age 54, is an Advisory Director of Berkshire Partners, LLC (a private equity firm), and served as acting Chief Operating Officer of Waterworks, Inc., a Berkshire portfolio company from January 2006 to June 2006. Previously, he was Executive Vice President of Lowe's

Member of the Audit Committee

Companies, Inc. from 1996 until his retirement in 2003. During this time, he served as Executive Vice President of Logistics and Technology from 2000 to 2003 and Executive Vice President, Chief Financial Officer from 1996 to 2000. Prior to his tenure at Lowe's, he held senior financial positions at Zale Corporation and Eckerd Corporation.

Class I director

Mr. Whiddon has been a member of our Board since 2003 and also serves as a director of Sonoco Products Company, Inc. and Carter's Inc.

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Executive Officers

(Other than those listed above)

Kent A. Kleeberger
Chief Financial Officer
Dollar Tree Stores, Inc.

Mr. Kleeberger, age 55, has been Chief Financial Officer since 2004. From 1998 through 2004, following a 10-year tenure with The Limited, Inc., he served in various capacities at Too, Inc., most recently as Executive Vice President Chief Financial Officer, and also including Secretary; Treasurer; Chief Operating Officer; Executive Vice President-Chief Financial Officer, Logistics and Systems; and Vice President and Chief Financial Officer. Mr. Kleeberger was a director at Too, Inc., from 1999 to 2004.

Mr. Kleeberger serves on the board of Shoe Carnival, Inc.

Gary M. Philbin
Chief Operating Officer
Dollar Tree Stores, Inc.