

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark one)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended February 3, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 0-14678

Ross Stores, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

94-1390387

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

5130 Hacienda Drive, Dublin, California

(Address of principal executive offices)

94568-7579

(Zip Code)

Registrant's telephone number, including area code

(925) 965-4400

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$.01	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

Title of each class
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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 such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting common stock held by non-affiliates of the Registrant as of July 29, 2017 was \$20,709,068,267, based on the closing price on that date as reported by the NASDAQ Global Select Market®. Shares of voting stock held by each director and executive officer have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares of Common Stock, with \$.01 par value, outstanding on March 12, 2018 was 378,713,373.

Documents incorporated by reference:

Portions of the Proxy Statement for the Registrant's 2018 Annual Meeting of Stockholders, which will be filed on or before June 4, 2018, are incorporated herein by reference into Part III.

PART I

ITEM 1. BUSINESS

Ross Stores, Inc. and its subsidiaries (“we” or the “Company”) operate two brands of off-price retail apparel and home fashion stores—Ross Dress for Less® (“Ross”) and dd’s DISCOUNTS®.

Ross is the largest off-price apparel and home fashion chain in the United States, with 1,409 locations in 37 states, the District of Columbia, and Guam, as of February 3, 2018. Ross offers first-quality, in-season, name brand and designer apparel, accessories, footwear, and home fashions for the entire family at savings of 20% to 60% off department and specialty store regular prices every day. Ross’ target customers are primarily from middle income households.

We also operate 213 dd’s DISCOUNTS stores in 16 states as of February 3, 2018. dd’s DISCOUNTS features more moderately-priced first-quality, in-season, name brand apparel, accessories, footwear, and home fashions for the entire family at savings of 20% to 70% off moderate department and discount store regular prices every day. The typical dd’s DISCOUNTS store is located in an established shopping center in a densely populated urban or suburban neighborhood and its target customers typically come from households with more moderate incomes than Ross customers.

The merchant, store field, and distribution organizations for Ross and dd’s DISCOUNTS are separate and distinct. The two chains share certain other corporate and support services.

Both our Ross and dd’s DISCOUNTS brands target value-conscious women and men between the ages of 18 and 54. The decisions we make, from merchandising, purchasing, and pricing, to the locations of our stores, are based on these customer profiles. We believe that both brands derive a competitive advantage by offering a wide assortment of product within each of our merchandise categories in organized and easy-to-shop store environments.

Our mission is to offer competitive values to our target customers by focusing on the following key strategic objectives:

- Maintain an appropriate level of recognizable brands, labels, and fashions at strong discounts throughout the store.
- Meet customer needs on a local basis.
- Deliver an in-store shopping experience that reflects the expectations of the off-price customer.
- Manage real estate growth to compete effectively across all our markets.

We refer to our fiscal years ended February 3, 2018, January 28, 2017, and January 30, 2016 as fiscal 2017, fiscal 2016, and fiscal 2015, respectively. Fiscal 2017 was a 53-week year. Fiscal 2016 and 2015 were each 52-week years.

Merchandising, Purchasing, and Pricing

We seek to provide our customers with a wide assortment of first-quality, in-season, brand name and designer apparel, accessories, footwear, and home merchandise for the entire family at savings of 20% to 60% below department and specialty store regular prices every day at Ross, and 20% to 70% below moderate department and discount store regular prices at dd’s DISCOUNTS. We sell recognizable brand name merchandise that is current and fashionable in each category. New merchandise typically is received from three to six times per week at both Ross and dd’s DISCOUNTS stores. Our buyers review their merchandise assortments on a weekly basis, enabling them to respond to selling trends and purchasing opportunities in the market. Our merchandising strategy is reflected in our advertising, which emphasizes a strong value message. Our stores offer a treasure-hunt shopping experience where customers can find great savings every day on a broad assortment of brand name bargains for the family and the home.

Merchandising. Our merchandising strategy incorporates a combination of off-price buying techniques to purchase advance-of-season, in-season, and past-season merchandise for both Ross and dd’s DISCOUNTS. We believe nationally recognized name brands sold at compelling discounts will continue to be an important determinant of our success. We generally leave the brand name label on the merchandise we sell.

We have established merchandise assortments that we believe are attractive to our target customers. Although we offer fewer classifications of merchandise than most department stores, we generally offer a large selection within each classification with a wide assortment of vendors, labels, prices, colors, styles, and fabrics within each size or item. Our merchandise offerings include, but are not limited to, apparel (including footwear and accessories), small furniture, home accents, bed and bath, beauty, toys, luggage, gourmet food, cookware, and watches.

Purchasing. We have a combined network of about 8,000 merchandise vendors and manufacturers for both Ross and dd's DISCOUNTS and believe we have adequate sources of first-quality merchandise to meet our requirements. We purchase the vast majority of our merchandise directly from manufacturers, and we have not experienced any difficulty in obtaining sufficient merchandise inventory.

We believe our ability to effectively execute certain off-price buying strategies is a key factor in our success. Our buyers use a number of methods that enable us to offer our customers brand name and designer merchandise at strong discounts every day relative to department and specialty stores for Ross and moderate department and discount stores for dd's DISCOUNTS. By purchasing later in the merchandise buying cycle than department, specialty, and discount stores, we are able to take advantage of imbalances between retailers' demand for products and manufacturers' supply of those products.

Unlike most department and specialty stores, we typically do not require that manufacturers provide promotional allowances, co-op advertising allowances, return privileges, split shipments, drop shipments to stores, or delayed deliveries of merchandise. For most orders, only one delivery is made to one of our six distribution centers. These flexible requirements further enable our buyers to obtain significant discounts on purchases.

The majority of the apparel and apparel-related merchandise that we offer in all of our stores is acquired through opportunistic purchases created by manufacturer overruns and canceled orders both during and at the end of a season. These buys are referred to as "close-out" purchases. Close-outs can be shipped to stores in-season, allowing us to get in-season goods into our stores at great values or can be stored as packaway merchandise.

Packaway merchandise is purchased with the intent that it will be stored in our warehouses until a later date, which may even be the beginning of the same selling season in the following year. Packaway purchases are an effective method of increasing the percentage of prestige and national brands at competitive savings within our merchandise assortments. Packaway merchandise is mainly fashion basics and, therefore, not usually affected by shifts in fashion trends.

In fiscal 2017, we continued our emphasis on this important sourcing strategy in response to compelling opportunities available in the marketplace. Packaway accounted for approximately 49% and 49% of total inventories as of February 3, 2018 and January 28, 2017, respectively. We believe the strong discounts we offer on packaway merchandise are one of the key drivers of our business results.

Our primary buying offices are located in New York City and Los Angeles, the nation's two largest apparel markets. These strategic locations allow our buyers to be in the market on a daily basis, sourcing opportunities and negotiating purchases with vendors and manufacturers. These locations also enable our buyers to strengthen vendor relationships—a key element to the success of our off-price buying strategies.

At the end of fiscal 2017, we had approximately 800 merchants for Ross and dd's DISCOUNTS combined. The Ross and dd's DISCOUNTS buying organizations are separate and distinct, and each includes merchandise management, buyers, and assistant buyers. Ross and dd's DISCOUNTS buyers have on average eight years of experience, including merchandising positions with other retailers such as Bloomingdale's, Burlington Stores, Foot Locker, Kohl's, Lord & Taylor, Macy's, Nordstrom, Saks, and TJX. We expect to continue to make additional targeted investments in our merchant organization to further develop our relationships with an expanding number of manufacturers and vendors. Our ongoing objective is to strengthen our ability to procure the most desirable brands and fashions at competitive discounts.

The off-price buying strategies utilized by our experienced team of merchants enable us to purchase Ross merchandise at net prices that are lower than prices paid by department and specialty stores, and to purchase dd's DISCOUNTS merchandise at net prices that are lower than prices paid by moderate department and discount stores.

Pricing. Our policy is to sell brand name merchandise at Ross that is priced 20% to 60% below most department and specialty store regular prices. At dd's DISCOUNTS, we sell more moderate brand name product and fashions that are priced 20% to 70% below most moderate department and discount store regular prices. Our pricing policy is reflected on most of our price tags which display our selling price as well as the comparable value for that item in department and specialty stores for Ross merchandise, or in more moderate department and discount stores for dd's DISCOUNTS merchandise.

Our pricing strategy at Ross differs from that of a department or specialty store. We purchase our merchandise at lower prices and mark it up less than a department or specialty store. This strategy enables us to offer customers consistently low prices and compelling value. On a weekly basis our buyers review specified departments in our stores for possible markdowns based on the rate of sale as well as at the end of fashion seasons to promote faster turnover of merchandise inventory and to accelerate the flow of fresh product. A similar pricing strategy is in place at dd's DISCOUNTS where prices are compared to those in moderate department and discount stores.

Stores

As of February 3, 2018, we operated a total of 1,622 stores comprised of 1,409 Ross stores and 213 dd's DISCOUNTS stores. Our stores are located predominantly in community and neighborhood shopping centers in heavily populated urban and suburban areas. Where the size of the market and real estate opportunities permit, we cluster Ross stores to benefit from economies of scale in advertising, distribution, and field management. We do the same for dd's DISCOUNTS stores.

We believe a key element of our success at both Ross and dd's DISCOUNTS is our organized, attractive, easy-to-shop, in-store environments which allow customers to shop at their own pace. While our stores promote a self-service, treasure hunt shopping experience, the layouts are designed to enhance customer convenience in their merchandise presentation, dressing rooms, checkout, and merchandise return areas. Our store's sales area is based on a prototype single floor design with a racetrack aisle layout. A customer can locate desired departments by signs displayed just below the ceiling of each department. We enable our customers to select among sizes and prices through prominent category and sizing markers. At most stores, shopping carts and/or baskets are available at the entrance for customer convenience. Cash registers are primarily located at store exits for customer ease and efficient staffing.

We accept a variety of payment methods. We provide refunds on all merchandise (not used, worn, or altered) returned with a receipt within 30 days. Merchandise returns having a receipt older than 30 days are exchanged or refunded with store credit.

Operating Costs

Consistent with the other aspects of our business strategy, we strive to keep operating costs as low as possible. Among the factors which have enabled us to do this are: labor costs that are generally lower than full-price department and specialty stores due to a store design that creates a self-service retail format and due to the utilization of labor saving technologies; economies of scale with respect to general and administrative costs resulting from centralized merchandising, marketing, and purchasing decisions; and flexible store layout criteria which facilitate conversion of existing buildings to our formats.

Information Systems

We continue to invest in new information systems and technology to provide a platform for growth over the next several years. Recent initiatives include enhancements to our information and data security, merchandising, distribution, transportation, store, and financial systems. These initiatives support future growth, the execution and achievement of our plans, as well as ongoing stability and compliance.

Distribution

We own and operate six distribution processing facilities—three in California, one in Pennsylvania, and two in South Carolina. We ship all of our merchandise to our stores through these distribution centers, which are large, highly automated, and built to suit our specific off-price business model.

We own four and lease three other warehouse facilities for packaway storage. We also use other third-party facilities, including two warehouses, for storage of packaway inventory.

We utilize a combination of our own and third-party cross dock facilities to distribute merchandise to stores on a regional basis. Shipments are made by contract carriers to the stores three to six times per week depending on location.

We believe that our distribution centers with their current expansion capabilities will provide adequate processing capacity to support our current store growth. Information on the size and locations of our distribution centers and warehouse facilities is found under "Properties" in Item 2.

Advertising

Advertising for Ross Dress for Less relies primarily on television to communicate the Ross value proposition—savings off the same brands carried at leading department or specialty stores every day. This strategy reflects our belief that television is the most efficient and cost effective medium for communicating our brand position. While television is our primary advertising medium, we continue to utilize additional channels, including social media, to communicate our brand position. Advertising for dd's DISCOUNTS is primarily focused on new store grand openings and local media initiatives.

Trademarks

The trademarks for ROSS®, Ross Dress For Less®, and dd's DISCOUNTS® have been registered with the United States Patent and Trademark Office.

Employees

As of February 3, 2018, we had approximately 82,700 total employees, which includes both full and part-time employees. Additionally, we hire temporary employees especially during the peak seasons. Our employees are non-union. Management considers the relationship between the Company and our employees to be good.

Competition

We believe the principal competitive factors in the off-price retail apparel and home fashion industry are offering significant discounts on brand name merchandise, offering a well-balanced assortment that appeals to our target customers, and consistently providing store environments that are convenient and easy to shop. To execute this concept, we continue to make strategic investments in our merchandising organization. We also continue to make improvements to our core merchandising system to strengthen our ability to plan, buy, and allocate product based on more local versus regional trends. We believe that we are well-positioned to compete based on each of these factors.

Nevertheless, the retail apparel market is highly fragmented and competitive. We face a challenging macro-economic and retail environment that creates intense competition for business from on-line retailers, department stores, specialty stores, discount stores, warehouse stores, other off-price retailers, and manufacturer-owned outlet stores, many of which are units of large national or regional chains that have substantially greater resources. The retail apparel and home-related businesses may become even more competitive in the future.

Available Information

The internet address for our corporate website is www.rossstores.com. Our Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Proxy Statements, and any amendments to those reports are made available free of charge on or through the Investors section of our corporate website promptly after being electronically filed with the Securities and Exchange Commission. The information found on our corporate website is not part of this, or any other report or regulatory filing we file with or furnish to the Securities and Exchange Commission.

ITEM 1A. RISK FACTORS

Our Annual Report on Form 10-K for fiscal 2017, and information we provide in our Annual Report to Stockholders, press releases, and other investor communications, including those on our corporate website, may contain forward-looking statements with respect to anticipated future events and our projected growth, financial performance, operations, and competitive position that are subject to risks and uncertainties that could cause our actual results to differ materially from those forward-looking statements and our prior expectations and projections. Refer to Management's Discussion and Analysis for a more complete identification and discussion of "Forward-Looking Statements."

Our financial condition, results of operations, cash flows, and the performance of our common stock may be adversely affected by a number of risk factors. Risks and uncertainties that apply to both Ross and dd's DISCOUNTS include, without limitation, the following:

Competitive pressures in the apparel and home-related merchandise retailing industry are high.

The retail industry is highly competitive and the marketplace is highly fragmented, as many different retailers compete for market share by utilizing a variety of store and on-line formats and merchandising strategies. We expect competition to increase in the future. There are no significant economic barriers for others to enter our retail sector. We compete with many other local, regional, and national retailers, traditional department stores, upscale mass merchandisers, other off-price retailers, specialty stores, internet and catalog businesses, and other forms of retail commerce, for customers, associates, store locations, and merchandise. Our retail competitors constantly adjust their pricing, business strategies and promotional activity (particularly during holiday periods) in response to changing market conditions or their own financial condition. The substantial sales growth in the e-commerce industry within the last decade has also encouraged the entry of many new competitors, new business models, and an increase in competition from established companies looking for ways to create successful on-line off-price shopping alternatives. Intense pressures from our competitors, our inability to adapt effectively and quickly to a changing competitive landscape, or a failure to effectively execute our off-price model, could reduce demand for our merchandise, decrease our inventory turnover, cause greater markdowns, and negatively affect our sales and margins.

Unexpected changes in the level of consumer spending on or preferences for apparel and home-related merchandise could adversely affect us.

Our success depends on our ability to effectively buy and resell merchandise that meets customer demand. We work on an ongoing basis to identify customer trends and preferences, and to obtain merchandise inventory to meet anticipated customer needs. It is very challenging to successfully do this well and consistently across our diverse merchandise categories and in the multiple markets in which we operate throughout the United States. Although our off-price business model provides us certain advantages and could allow us greater flexibility than traditional retailers in adjusting our merchandise mix to ever-changing consumer tastes, our merchandising decisions may still fail to correctly anticipate and match consumer trends and preferences, particularly in our newer geographic markets. Failure to correctly anticipate and match the trends, preferences, and demands of our customers could adversely affect our business, financial condition, and operating results.

Adverse and/or unseasonable weather may affect shopping patterns and consumer demand for seasonal apparel and other merchandise, and may result in temporary store closures and disruptions in deliveries of merchandise to our stores.

Unseasonable weather and prolonged, extreme temperatures, and events such as storms, affect consumers' buying patterns and willingness to shop, and could adversely affect the demand for merchandise in our stores, particularly in apparel and seasonal merchandise. Among other things, weather conditions may also affect our ability to deliver our products to our stores or require us to close certain stores temporarily, thereby reducing store traffic. Even if stores are not closed, many customers may be unable to go, or may decide to avoid going to stores in bad weather. As a result, adverse or unseasonable weather in any of our markets could lead to disappointing sales and increase our markdowns, which may negatively affect our sales and margins.

We are subject to impacts from the macro-economic environment, financial and credit markets, and geopolitical conditions that affect consumer confidence and consumer disposable income.

Consumer spending habits for the merchandise we sell are affected by many factors, including prevailing economic conditions, recession and fears of recession, levels of unemployment, salaries and wage rates, housing costs, energy and fuel costs, income tax rates and the timing of tax refunds, inflation, consumer confidence in future economic conditions, consumer perceptions of personal well-being and security, availability of consumer credit, consumer debt levels, and consumers' disposable income. Adverse developments in any of these areas could reduce demand for our merchandise, decrease our inventory turnover, cause greater markdowns, and negatively affect our sales and margins. All of our stores are located in the United States and its territories, so we are especially susceptible to changes in the U.S. economy.

In order to achieve our planned gross margins, we must effectively manage our inventories, markdowns, and inventory shortage.

We purchase the majority of our inventory based on our sales plans. If our sales plans significantly differ from actual demand, we may experience higher inventory levels and need to take markdowns on excess or slow-moving inventory, resulting in decreased profit margins. We also may have insufficient inventory to meet customer demand, leading to lost sales opportunities. As a regular part of our business, we purchase "packaway" inventory with the intent that it will be stored in our warehouses until a later date. The timing of the release of packaway inventory to our stores varies by merchandise category and by season, but it typically remains in storage less than six months. Packaway inventory is frequently a significant portion of our overall inventory. If we make packaway purchases that do not meet consumer preferences at the later time of release to our stores, we could have significant inventory markdowns. Changes in packaway inventory levels could impact our operating cash flow. Although we have various systems to help protect against loss or theft of our inventory, both when in storage and once distributed to our stores, we may have damaged, lost, or stolen inventory (called "shortage") in higher amounts than we forecast, which would result in write-offs, lost sales, and reduced margins.

We depend on the market availability, quantity, and quality of attractive brand name merchandise at desirable discounts, and on the ability of our buyers to purchase merchandise to enable us to offer customers a wide assortment of merchandise at competitive prices.

Opportunistic buying, lean inventory levels, and frequent inventory turns are critical elements of our off-price business strategy. Maintaining an overall pricing differential to department and specialty stores is also key to our ability to attract customers and sustain our sales and gross margins. Our opportunistic buying places considerable discretion on our merchants, who are in the marketplace continually and who are generally purchasing merchandise for the current or upcoming season. Our ability to meet or exceed our operating performance targets depends upon the continuous, sufficient availability of high quality merchandise that we can acquire at prices sufficiently below those paid by conventional retailers and that represent a value to our customers. To the extent that certain of our vendors are better able to manage their inventory levels and reduce the amount of their excess inventory, the amount of high quality merchandise available to us could be materially reduced. To the extent that certain of our vendors decide not to sell to us or go out of business, the amount of high quality merchandise available to us could also be materially reduced. Because a significant portion of the apparel and other goods we sell is originally manufactured in other countries, changes in U.S. tariffs, trade relationships, or tax policies that reduce the supply or increase the relative cost of imported goods, could also result in disruptions to our existing supply relationships. Shortages or disruptions in the availability to us of high quality, value-priced merchandise would likely have a material adverse effect on our sales and margins.

Information or data security breaches, including cyber-attacks on our transaction processing and computer information systems, could result in theft or unauthorized disclosure of customer, credit card, employee, or other private and valuable information that we handle in the ordinary course of our business, disrupt our operations, damage our reputation, and increase our costs.

Like other large retailers, we rely on commercially available computer and telecommunications systems to process, transmit, and store payment card and other personal and confidential information, and to provide information or data security for those transactions. Some of the key information systems and processes we use to handle payment card transactions and check approvals, and the levels of security technology utilized in payment cards, are controlled by the banking and payment card industry, not by us. Cyber criminals may attempt to penetrate our point of sale and other information systems to misappropriate customer or business information, including but not limited to credit/debit card, personnel, or trade information. Despite security measures we have in place and our efforts to prevent, monitor, and mitigate attacks and errors, our facilities and systems (or those of third-party service providers we utilize or connect to) may be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors, phishing and similar fraudulent attacks, or other similar events. It is also possible that an associate within our Company or a third party we do business with may purposefully or inadvertently cause a security breach involving such information. The increasing sophistication of cyber criminals and advances in computer capabilities and remote access increases these risks. A breach of our information or data security, a system shut down or other response we may take, or our failure or delay in detecting and mitigating a loss of personal or business information, could result in damage to our reputation, loss of customer confidence, violation (or alleged violation) of applicable laws, and expose us to civil claims, litigation, and regulatory action, and to unanticipated costs and disruption of our operations.

Disruptions in our supply chain or in our information systems could impact our ability to process sales and to deliver product to our stores in a timely and cost-effective manner.

Various information systems are critical to our ability to operate and to manage key aspects of our business. We depend on the integrity and consistent operations of these systems to process transactions in our stores, track inventory flow, manage merchandise allocation and distribution logistics, generate performance and financial reports, and support merchandising decisions.

We are currently making, and will continue to make, significant technology investments to improve or replace information processes and systems that are key to managing our business. We must monitor and choose the right investments and implement them at the right pace. The risk of system disruption is increased whenever significant system changes are undertaken. Excessive technological change could impact the effectiveness of adoption, and could make it more difficult for us to realize benefits from new technology. Targeting the wrong opportunities, failing to make the best investments, or making an investment commitment significantly above or below our needs could damage our competitive position and adversely impact our business and results of operations. Additionally, the potential problems and interruptions associated with implementing technology system changes could disrupt or reduce the efficiency of our operations in the short term. These initiatives might not provide the anticipated benefits or may provide them on a delayed schedule or at a higher cost.

Our information systems, including our back-up systems, are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, internal or external security breaches, catastrophic events such as severe storms, fires, earthquakes, floods, acts of terrorism, and design or usage errors by our employees or by third parties. If our information systems or our back-up systems are damaged or cease to function properly, we may have to make significant investments to fix or replace them, and we may suffer interruptions in our operations in the interim. Any material interruption in our computer systems could have a material adverse effect on our business and results of operations.

A disruption within our logistics or supply chain network could adversely affect our ability to timely and efficiently transport merchandise to our stores or our distribution centers, which could impair our ability to meet customer demand for products and result in lost sales or increased supply chain costs. Such disruptions may result from: damage or destruction to our distribution centers; weather-related events; natural disasters; trade restrictions; tariffs; third-party strikes or ineffective cross dock operations, work stoppages or slowdowns; shipping capacity constraints; supply or shipping interruptions or costs; or other factors beyond our control. Any such disruptions could negatively impact our financial performance or financial condition.

We need to obtain acceptable new store sites with favorable consumer demographics to achieve our planned growth.

Successful growth requires us to find appropriate real estate sites in our targeted market areas. We compete with other retailers and businesses for acceptable store locations. For the purpose of identifying locations we rely, in part, on consumer demographics. While we believe consumer demographics are helpful indicators of acceptable store locations, we recognize that this information cannot predict future consumer preferences and buying trends with complete accuracy. Time frames for negotiations and store development vary from location to location and can be subject to unforeseen delays or unexpected cancellations. We may not be able to open new stores or, if opened, operate those stores profitably. Construction and other delays in store openings could have a negative impact on our business and operating results. Additionally, we may not be able to renegotiate our current lease terms which could negatively impact our operating results. New stores may not achieve the same sales or profit levels as our existing stores, and adding stores to existing markets may adversely affect the sales and profitability of other existing stores. If we cannot acquire sites on attractive terms, it could limit our ability to grow or adversely affect the economics of our new stores in various markets.

To achieve growth, we need to expand in existing markets and enter new geographic markets.

Our growth strategy is based on successfully expanding our off-price model in current markets and in new geographic regions. There are significant risks associated with our ability to continue to expand our current business and to enter new markets. Stores we open in new markets may take longer to reach expected sales and profit levels on a consistent basis and may have higher construction, occupancy, advertising, or operating costs than stores we open in existing markets, thereby affecting our overall profitability. New markets may have competitive conditions, consumer tastes and discretionary spending patterns that are more difficult to predict or satisfy than our existing markets. Our limited operating experience and limited brand recognition in new markets may require us to build brand awareness in that market through greater investments in advertising and promotional activity than we originally planned. We may find it more difficult in new markets to hire, motivate, and retain qualified associates.

Consumer problems or legal issues involving the quality, safety, or authenticity of products we sell could harm our reputation, result in lost sales, and/or increase our costs.

Various governmental authorities regulate the quality and safety of merchandise we sell. These laws and regulations frequently change, and the ultimate cost of compliance cannot be precisely estimated. Because of our opportunistic buying strategy, we sometimes obtain merchandise in new categories or from new vendors that we have not dealt with before. Although our vendor arrangements typically place contractual responsibility on the vendor for resulting liability and we generally rely on our vendors to provide authentic merchandise that matches the stated quality attributes and complies with applicable product safety and other laws, vendor non-compliance with consumer product safety laws may subject us to product recalls, make certain products unsalable, or require us to incur significant compliance costs.

Regardless of fault, any real or perceived issues with the quality and safety of merchandise, particularly products such as food and children's items, issues with the authenticity of merchandise, or our inability, or that of our vendors, to comply on a timely basis with such laws and regulatory requirements, could adversely affect our reputation, result in lost sales, inventory write-offs, uninsured product liability or other legal claims, penalties or losses, merchandise recalls, and increased costs.

An adverse outcome in various legal, regulatory, or tax matters could damage our reputation or brand and increase our costs.

As an ordinary part of our business, we are involved in various legal proceedings, regulatory reviews, tax audits, or other legal matters. These may include lawsuits, inquiries, demands, or other claims or proceedings by governmental entities and private plaintiffs, including those relating to employment and employee benefits (including classification, employment rights, discrimination, wage and hour, and retaliation), securities, real estate, tort, commercial, consumer protection, privacy, product compliance and safety, advertising, comparative pricing, intellectual property, tax, escheat, and whistle-blower claims. We continue to be involved in a number of employment-related lawsuits, including class actions which are primarily in California.

We are subject to federal, state, and local rules and regulations in the United States, and to various international laws, which change from time to time. These legal requirements collectively affect multiple aspects of our business, including the cost of health care, workforce management and employee benefits, minimum wages, advertising, comparative pricing, import/export, sourcing and manufacturing, data protection, intellectual property, and others. If we fail to comply (or are alleged not to comply) with any of these requirements, we may be subject to fines, settlements, penalties, or other costs. In addition, an adverse outcome (or the adverse publicity from the claims) in any of these matters may harm and damage our reputation or brand. We are also subject to the continuous examination of our tax returns and reports by federal, state, and local tax authorities, and these examining authorities may challenge positions we take.

Significant judgment is required in evaluating and estimating our provision and accruals for both legal claims and for taxes. Actual results may differ and our costs may exceed the reserves we establish in estimating the probable outcomes. In addition, applicable accounting principles and interpretations may change from time to time, and those changes could have material effects on our reported operating results and financial condition.

Damage to our corporate reputation or brands could adversely affect our sales and operating results.

Our reputation is partially based on perceptions of various subjective qualities and overall integrity. Any incident that erodes the trust or confidence of our customers or the general public could adversely affect our reputation and business, particularly if the incident results in significant adverse publicity or governmental inquiry. Such an incident could also include alleged acts or omissions by or situations involving our suppliers (or their contractors or subcontractors). The use of social media platforms, including blogs, social media websites, and other forms of internet-based communications which allow individuals access to a broad audience of consumers and other interested persons, continues to increase. The availability of information (whether correct or erroneous) on social media platforms is virtually immediate, as is its impact. Many social media platforms immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning our Company may be posted on such platforms at any time. Information posted may be adverse to our interests or may be inaccurate, each of which could negatively impact sales, diminish customer trust, reduce employee morale and productivity, and lead to difficulties in recruiting and retaining qualified associates. The harm may be immediate, without affording us an opportunity for redress or correction.

We must continually attract, train, and retain associates with the retail talent necessary to execute our off-price retail strategies.

Like other retailers, we face challenges in recruiting and retaining sufficient talent in our buying organization, management, and other key areas. Many of our retail store associates are in entry level or part-time positions with historically high rates of turnover. Our ability to control labor costs is subject to numerous external factors, including prevailing wage rates and health and other insurance costs, as well as the impact of legislation or regulations governing minimum wage or healthcare benefits.

Any increase in labor costs may adversely impact our profitability or, if we fail to pay such higher wages, may result in increased turnover. Excessive turnover may result in higher costs associated with finding, hiring, and training new associates. If we cannot hire enough qualified associates, or if there is a disruption in the supply of personnel we hire from third-party providers, especially during our peak season, our operations could be negatively impacted.

Because of the distinctive nature of our off-price model, we must also attract, train, and retain our key associates across the Company, including within our buying organization. The loss of one or more of our key personnel or the inability to effectively identify a suitable successor for a key role could have a material adverse effect on our business. There is no assurance that we will be able to attract or retain highly qualified associates in the future, and any failure to do so could have a material adverse effect on our growth, operations, or financial position.

We must effectively advertise and market our business.

Customer traffic and demand for our merchandise is influenced by our advertising and marketing activities, the name recognition and reputation of our brands, and the location of our stores. Although we use marketing and advertising programs to attract customers to our stores, particularly through television, our competitors may spend more or use different approaches, which could provide them with a competitive advantage. Our advertising and other promotional programs may not be effective or may be perceived negatively, or could require increased expenditures, which could adversely affect sales or increase costs.

We are subject to risks associated with selling and importing merchandise produced in other countries.

These risks and uncertainties include import duties and quotas, compliance with anti-dumping regulations, work stoppages, economic uncertainties and adverse economic conditions (including inflation and recession), foreign government regulations, employment and labor matters, concerns relating to human rights, working conditions, and other issues in factories or countries where merchandise is produced, transparency of sourcing and supply chains, exposure on product warranty and intellectual property issues, consumer perceptions of the safety of imported merchandise, wars and fears of war, political unrest, natural disasters, regulations to address climate change, and trade restrictions.

A predominant portion of the apparel and other goods we sell (even when we purchase it domestically, often as excess inventory sold to us by a domestic vendor) is originally manufactured in other countries. In addition, we directly source a portion of the products sold in our stores from foreign vendors predominantly in Asia (including China). We also buy product from foreign sources indirectly through domestic vendors and manufacturers' representatives. Although our foreign purchases of merchandise are negotiated and paid for in U.S. dollars, decreases in the value of the U.S. dollar relative to foreign currencies could increase the cost of products we purchase from overseas vendors. When we are the importer of record, we may be subject to regulatory or other requirements similar to those applicable to a manufacturer.

To the extent that our vendors are located overseas or rely on overseas sources for a large portion of their products, any event causing a disruption of imports, including the imposition of import restrictions, war, and acts of terrorism could adversely affect our business. The flow of merchandise from our vendors could also be adversely affected by financial or political instability in any of the countries in which the goods we purchase are manufactured, if the instability affects the production or export of merchandise from those countries. Trade restrictions in the form of tariffs or quotas, or both, applicable to the products we sell could also affect the importation of those products and could increase the cost and reduce the supply of products available to us. We cannot predict whether any of the countries from which our products are sourced, or in which our products are currently manufactured or may be manufactured in the future, will be subject to trade restrictions imposed by the U.S. or foreign governments or the likelihood, type or effect of any such restrictions.

We require our vendors (for both import and domestic purchasing) to adhere to various conduct, compliance, and other requirements including those relating to environmental, employment and labor (including wages and working conditions), health, safety, and anti-bribery standards. From time to time, our vendors, their contractors, or their subcontractors may be alleged to not be in compliance with these standards or applicable local laws. Although we have implemented policies and procedures to facilitate our compliance with laws and regulations relating to doing business in foreign markets and importing merchandise, there can be no assurance that suppliers and other third parties with whom we do business will not violate such laws and regulations or our policies. Significant or continuing noncompliance with such standards and laws by one or more vendors could have a negative impact on our reputation, could subject us to claims and liability, and could have an adverse effect on our results of operations.

Changes in U.S. tax or tariff policy regarding apparel and home-related merchandise produced in other countries could adversely affect our business.

A predominant portion of the apparel and other goods we sell is originally manufactured in other countries. The U.S. government has at times indicated a willingness to significantly change existing trade policies. This exposes us to risks of disruption and cost increases in our established patterns for sourcing our merchandise, and creates increased uncertainties in planning our sourcing strategies and forecasting our margins. Changes in U.S. tariffs, quotas, trade relationships, or tax provisions that reduce the supply or increase the relative cost of goods produced in other countries could increase our cost of goods and/or increase our effective tax rate. Although such changes would have implications across the entire industry, we may fail to effectively adapt and to manage the adjustments in strategy that would be necessary in response to those changes. In addition to the general uncertainty and overall risk from potential changes in U.S. laws and policies, as we make business decisions in the face of uncertainty as to potential changes, we may incorrectly anticipate the outcomes, miss out on business opportunities, or fail to effectively adapt our business strategies and manage the adjustments that are necessary in response to those changes. These risks could adversely affect our revenues, increase our effective tax rates, and reduce our profitability.

We may experience volatility in revenues and earnings.

Our business has slower and busier periods based on holiday and back-to-school seasons, weather, and other factors. Although our off-price business is historically subject to less seasonality than traditional retailers, we may still experience unexpected decreases in sales from time to time, which could result in increased markdowns and reduced margins. Significant operating expenses, such as rent expense and associate salaries, do not adjust proportionately with our sales. If sales in a certain period are lower than our plans, we may not be able to adjust these operating expenses concurrently, which may impact our operating results.

A natural or man-made disaster in California or in another region where we have a concentration of stores, offices, or a distribution center could harm our business.

Our corporate headquarters, Los Angeles buying office, three operating distribution centers, two warehouses, and approximately 23% of our stores are located in California. Natural or other disasters, such as earthquakes and hurricanes, tornadoes, floods, or other extreme weather and climate conditions, or fires, explosions, and acts of war or terrorism, or public health issues (such as epidemics), in any of our markets could disrupt our operations or our supply chain, or could shut down, damage, or destroy our stores or distribution facilities.

To support our continuing operations, our new store and distribution center growth plans, and our stock repurchase program and quarterly dividends, we must maintain sufficient liquidity.

We depend upon our operations to generate strong cash flows to support our general operating activities, and to supply capital to finance our operations, make capital expenditures and acquisitions, manage our debt levels, and return value to our stockholders through dividends and stock repurchases. If we are unable to generate sufficient cash flows from operations to support these activities, our growth plans and our financial performance would be adversely affected. If necessary to support our operations, we could be forced to suspend our stock repurchase program and/or discontinue payment of our quarterly cash dividends. Any failure to pay dividends or repurchase stock, after we have announced our intention to do so, may negatively impact our reputation and investor confidence in us, and may negatively impact our stock price.

We have borrowed on occasion to finance some of our activities. If our access to capital is restricted or our borrowing costs increase, our operations and financial condition could be adversely impacted. In addition, if we do not properly allocate our capital to maximize returns, our operations, cash flows, and returns to stockholders could be adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

At February 3, 2018, we operated a total of 1,622 stores, of which 1,409 were Ross stores in 37 states, the District of Columbia, and Guam, and 213 were dd's DISCOUNTS stores in 16 states. All stores are leased, with the exception of two locations which we own.

During fiscal 2017, we opened 74 new Ross stores and closed five existing stores. The average approximate Ross store size is 28,200 square feet.

During fiscal 2017, we opened 22 new dd's DISCOUNTS stores and closed two existing stores. The average approximate dd's DISCOUNTS store size is 23,100 square feet.

During fiscal 2017, no one store accounted for more than 1% of our sales.

We carry earthquake insurance to help mitigate the risk of financial loss due to an earthquake.

Our real estate strategy in 2018 is to primarily open stores in states where we currently operate, to increase our market penetration and leverage overhead and advertising expenses as a percentage of sales in each market. We also expect to continue our store expansion in newer markets in 2018. Important considerations in evaluating a new store location in both newer and more established markets are the availability and quality of potential sites, demographic characteristics, competition, and population density of the local trade area. In addition, we continue to consider opportunistic real estate acquisitions.

The following table summarizes the locations of our stores by state/territory as of February 3, 2018 and January 28, 2017.

State/Territory	February 3, 2018	January 28, 2017
Alabama	23	23
Arizona	78	74
Arkansas	8	8
California	379	364
Colorado	34	33
Delaware	2	2
District of Columbia	1	1
Florida	195	185
Georgia	59	56
Guam	2	1
Hawaii	20	17
Idaho	11	11
Illinois	67	62
Indiana	14	9
Iowa	4	0
Kansas	11	10
Kentucky	11	9
Louisiana	18	18
Maryland	24	24
Mississippi	9	8
Missouri	23	21
Montana	6	6
Nevada	37	33
New Jersey	14	13
New Mexico	14	12
North Carolina	46	45
North Dakota	1	1
Oklahoma	26	23
Oregon	30	30
Pennsylvania	48	44
South Carolina	24	23
South Dakota	2	1
Tennessee	32	31
Texas	230	222
Utah	19	17
Virginia	38	38
Washington	43	42
Wisconsin	16	13
Wyoming	3	3
Total	1,622	1,533

Where possible, we obtain sites in buildings requiring minimal alterations, allowing us to establish stores in new locations in a relatively short period of time at reasonable costs in a given market. At February 3, 2018, the majority of our stores had unexpired original lease terms ranging from three to ten years with three to four renewal options of five years each. The average unexpired original lease term of our leased stores is five years or 21 years if renewal options are included. See Note E of Notes to Consolidated Financial Statements.

See additional discussion under “Stores” in Item 1.

The following table summarizes the location and approximate sizes of our distribution centers, warehouses, and office locations as of February 3, 2018. Square footage information for the distribution centers and warehouses represents total ground floor area of the facility. Square footage information for office space represents total space owned and leased. See additional discussion in Management’s Discussion and Analysis.

Location	Approximate Square Footage	Own / Lease
Distribution centers		
Carlisle, Pennsylvania	465,000	Own
Fort Mill, South Carolina	1,200,000	Own
Moreno Valley, California	1,300,000	Own
Perris, California	1,300,000	Own
Rock Hill, South Carolina	1,200,000	Own
Shafter, California	1,700,000	Own
Warehouses		
Carlisle, Pennsylvania	239,000	Lease
Carlisle, Pennsylvania	246,000	Lease
Fort Mill, South Carolina	255,000	Lease
Fort Mill, South Carolina	423,000	Own
Fort Mill, South Carolina	428,000	Own
Perris, California	699,000	Own
Riverside, California	449,000	Own
Office space		
Boston, Massachusetts	5,000	Lease
Dublin, California	414,000	Own
Los Angeles, California	87,000	Lease
New York City, New York	572,000	Own

See additional discussion under “Distribution” in Item 1.

ITEM 3. LEGAL PROCEEDINGS

Like many retailers, we have been named in class action lawsuits, primarily in California, alleging violation of wage and hour laws and consumer protection laws. Class action litigation remains pending as of February 3, 2018.

We are also party to various other legal and regulatory proceedings arising in the normal course of business. Actions filed against us may include commercial, product and product safety, consumer, intellectual property, and labor and employment-related claims, including lawsuits in which private plaintiffs or governmental agencies allege that we violated federal, state, and/or local laws. Actions against us are in various procedural stages. Many of these proceedings raise factual and legal issues and are subject to uncertainties.

We believe that the resolution of our pending class action litigation and other currently pending legal and regulatory proceedings will not have a material adverse effect on our financial condition, results of operations, or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Executive Officers of the Registrant

The following sets forth the names and ages of our executive officers, indicating each person's principal occupation or employment during at least the past five years. The term of office is at the discretion of our Board of Directors.

Name	Age	Position
Michael Balmuth	67	Executive Chairman of the Board
Barbara Rentler	60	Chief Executive Officer
Bernie Brautigan	53	President, Merchandising, Ross Dress for Less
James S. Fassio	63	President and Chief Development Officer
Brian Morrow	58	President and Chief Merchandising Officer, dd's DISCOUNTS
Michael O'Sullivan	54	President and Chief Operating Officer
Lisa Panattoni	55	President, Merchandising, Ross Dress for Less
John G. Call	59	Executive Vice President, Finance and Legal, and Corporate Secretary
Michael J. Hartshorn	50	Executive Vice President, Chief Financial Officer and Principal Accounting Officer

Mr. Balmuth has served as Executive Chairman of the Board of Directors since 2014. From 1996 to 2014, he was Vice Chairman of the Board of Directors and Chief Executive Officer. He also served as President from 2005 to 2009. Previously, Mr. Balmuth was Executive Vice President, Merchandising from 1993 to 1996 and Senior Vice President and General Merchandise Manager from 1989 to 1993. Before joining Ross, he was Senior Vice President and General Merchandising Manager at Bon Marché in Seattle from 1988 to 1989 and Executive Vice President and General Merchandising Manager for Karen Austin Petites from 1986 to 1988.

Ms. Rentler has served as Chief Executive Officer and a member of the Board of Directors since 2014. From 2009 to 2014, she was President and Chief Merchandising Officer, Ross Dress for Less and Executive Vice President, Merchandising, from 2006 to 2009. She also served at dd's DISCOUNTS as Executive Vice President and Chief Merchandising Officer from 2005 to 2006 and Senior Vice President and Chief Merchandising Officer from 2004 to 2005. Prior to that, she held various merchandising positions since joining the Company in 1986.

Mr. Brautigan has served as President, Merchandising, Ross Dress for Less since March 2016 with responsibility for the Ladies and Children's apparel businesses, Shoes, Lingerie, and Accessories. Previously he was Group Executive Vice President, Merchandising, Ross Dress for Less from 2014 to 2016. He was also Executive Vice President of Merchandising at Ross from 2009 to 2014, Senior Vice President and General Merchandise Manager, from 2006 to 2009, and Group Vice President of Shoes from 2003 to 2006. Prior to Ross, he spent 20 years in various merchandising positions at Macy's East.

Mr. Fassio has served as President and Chief Development Officer since 2009. Prior to that, he was Executive Vice President, Property Development, Construction and Store Design from 2005 to 2009 and Senior Vice President, Property Development, Construction and Store Design from 1991 to 2005. He joined the Company in 1988 as Vice President of Real Estate. Prior to joining Ross, Mr. Fassio held various retail and real estate positions with Safeway Stores, Inc.

Mr. Morrow has served as President and Chief Merchandising Officer, dd's DISCOUNTS since December 2015. Prior to joining Ross, Mr. Morrow served as President, Chief Merchandising Officer of Stein Mart from 2014 to 2015 and Executive Vice President and Chief Merchandising Officer from 2010 to 2014. From 2008 to 2009, he served as Executive Vice President, General Merchandise Manager at Macy's West. He also held roles as Senior Vice President, General Merchandise Manager at Mervyn's in 2008 and Macy's North/Marshall Field's from 2006 to 2008. For approximately 20 years prior to this, Mr. Morrow held various merchandising roles at The May Department Stores Company.

Mr. O'Sullivan has served as President and Chief Operating Officer since 2009 and a member of the Board of Directors since 2014. From 2005 to 2009, he was Executive Vice President and Chief Administrative Officer, and Senior Vice President, Strategic Planning and Marketing from 2003 to 2005. Before joining Ross, Mr. O'Sullivan was a partner with Bain & Company, providing consulting advice to retail, consumer goods, financial services, and private equity clients since 1991.

Ms. Panattoni has served as President, Merchandising, Ross Dress for Less since 2014 with responsibility for all of the Home businesses, Men's, and Cosmetics. Previously, she was Group Executive Vice President, Merchandising at Ross from 2009 to 2014. She joined the Company in 2005 as Senior Vice President and General Merchandise Manager of Home and was promoted to Executive Vice President later that same year. Prior to joining Ross, Ms. Panattoni was with The TJX Companies, where she served as Senior Vice President of Merchandising and Marketing for HomeGoods from 1998 to 2004 and as Divisional Merchandise Manager of the Marmaxx Home Store from 1994 to 1998.

Mr. Call has served as Executive Vice President, Finance and Legal, and Corporate Secretary since 2014. From 2012 to 2014, Mr. Call was Group Senior Vice President and Chief Financial Officer, with additional oversight for Legal and the Corporate Secretary function. From 1997 to 2012, he was Senior Vice President and Chief Financial Officer and also served as Corporate Secretary from 1997 to 2009. Mr. Call was Senior Vice President, Chief Financial Officer, Secretary and Treasurer of Friedman's from 1993 until 1997. For ten years prior to joining Friedman's, Mr. Call held various positions with Ernst & Young LLP.

Mr. Hartshorn has served as Executive Vice President, Chief Financial Officer since March 2018. Previously, he was Group Senior Vice President, Chief Financial Officer from 2015 to 2018, Senior Vice President and Chief Financial Officer from 2014 to 2015, and Senior Vice President and Deputy Chief Financial Officer from 2012 to 2014. He was also Group Vice President, Finance and Treasurer from 2011 to 2012, and Vice President, Finance and Treasurer from 2006 to 2011. From 2002 to 2006, he held a number of management roles in the Ross IT and supply chain organizations. He initially joined the Company in 2000 as Director and Assistant Controller. For seven years prior to joining Ross, Mr. Hartshorn held various financial roles at The May Department Stores Company.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

General information. See the information set forth under the caption "Quarterly Financial Data (Unaudited)" under Note K of Notes to Consolidated Financial Statements in Item 8 of this Annual Report, which is incorporated herein by reference. Our stock is traded on The NASDAQ Global Select Market® under the symbol ROST. There were 886 stockholders of record as of March 12, 2018 and the closing stock price on that date was \$76.43 per share.

Cash dividends. On March 6, 2018, our Board of Directors declared a quarterly cash dividend of \$0.2250 per common share, payable on March 30, 2018. Our Board of Directors declared cash dividends of \$0.1600 per common share in February, May, August, and November 2017, cash dividends of \$0.1350 per common share in March, May, August, and November 2016, and cash dividends of \$0.1175 per common share in February, May, August, and November 2015.

Issuer purchases of equity securities. Information regarding shares of common stock we repurchased during the fourth quarter of fiscal 2017 is as follows:

Period	Total number of shares (or units) purchased ¹	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs (\$000)
November				
(10/29/2017 - 11/25/2017)	782,134	\$66.37	782,134	\$1,049,300
December				
(11/26/2017 - 12/30/2017)	1,151,156	\$77.30	1,151,156	\$960,300
January				
(12/31/2017 - 02/03/2018)	1,034,865	\$82.40	1,034,865	\$875,000 ²
Total	2,968,155	\$76.20	2,968,155	\$1,075,000 ²

¹ All shares were repurchased under our publicly announced stock repurchase program. We did not acquire any shares of treasury stock during the quarter ended February 3, 2018. Treasury stock includes shares acquired from employees for tax withholding purposes related to vesting of restricted stock grants.

² In March 2018, our Board of Directors approved an increase in the stock repurchase authorization for fiscal 2018 by \$200 million to \$1.075 billion, up from the previously available \$875 million as of February 3, 2018.

In February 2017, our Board of Directors approved a two-year \$1.75 billion stock repurchase program through fiscal 2018. In March 2018, our Board of Directors approved an increase in the stock repurchase authorization for fiscal 2018 by \$200 million to \$1.075 billion, up from the previously available \$875 million.

See Note H of Notes to Consolidated Financial Statements for equity compensation plan information. The information under Item 12 of this Annual Report on Form 10-K under the caption "Equity compensation plan information" is incorporated herein by reference.

Stockholder Return Performance Graph

The following information in this Item 5 shall not be deemed filed for purposes of Section 18 of the Securities Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

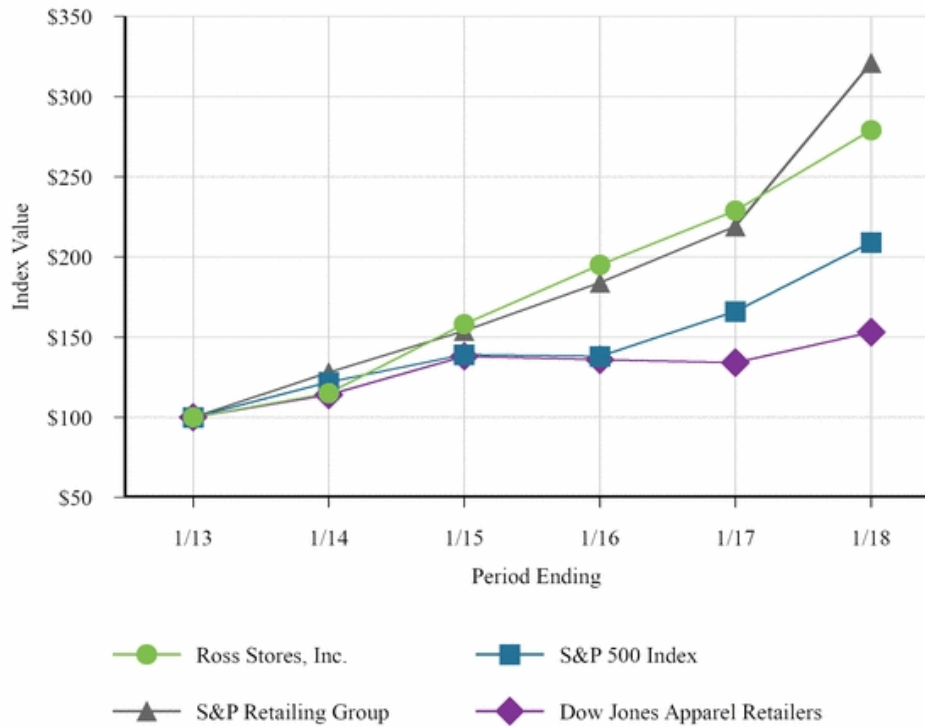
The graph below compares total stockholder returns over the last five years for our common stock with the Standard & Poor's ("S&P") 500 Index, the Dow Jones Apparel Retailers Index, and the S&P Retailing Group.

We are using the Dow Jones Apparel Retailers Index for the first time in our performance graph this year because we believe the retail companies comprising that index are more closely aligned with the segment of the retail industry in which we operate, and it provides a more relevant comparison against which to measure our stock performance. For comparison purposes, we have also included the S&P Retailing Group in our fiscal 2017 performance graph. We do not plan to include the S&P Retailing Group Index in next year's performance graph.

The cumulative total return listed below assumed an initial investment of \$100 and reinvestment of dividends at each fiscal year end, and measures the performance of this investment as of the last trading day in the month of January for each of the following five years. These measurement dates are based on the historical month-end data available and vary slightly from our actual fiscal year-end date for each period. Data with respect to returns for the S&P indexes and the Dow Jones Apparel Retailers Index is not readily available for periods shorter than one month. The graph is a historical representation of past performance only and is not necessarily indicative of future performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

Among Ross Stores, Inc., the S&P 500 Index, S&P Retailing Group, and Dow Jones Apparel Retailers



Company / Index	Indexed Returns for Years Ended					
	Base Period 2013	2014	2015	2016	2017	2018
Ross Stores, Inc.	100	115	158	195	229	279
S&P 500 Index	100	122	139	138	166	209
S&P Retailing Group	100	128	154	184	219	321
Dow Jones Apparel Retailers	100	114	138	136	134	153

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data is derived from our consolidated financial statements. The data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," the section "Forward-Looking Statements" in this Annual Report on Form 10-K and our consolidated financial statements and notes thereto.

(\$000, except per share data)	2017 ¹	2016	2015	2014	2013
Operations					
Sales	\$ 14,134,732	\$ 12,866,757	\$ 11,939,999	\$ 11,041,677	\$ 10,230,353
Cost of goods sold	10,042,638	9,173,705	8,576,873	7,937,956	7,360,924
Percent of sales	71.0%	71.3%	71.8%	71.9%	72.0%
Selling, general and administrative	2,043,698	1,890,408	1,738,755	1,615,371	1,526,366
Percent of sales	14.5%	14.7%	14.6%	14.6%	14.9%
Interest expense (income), net	7,676	16,488	12,612	2,984	(247)
Earnings before taxes	2,040,720	1,786,156	1,611,759	1,485,366	1,343,310
Percent of sales	14.4%	13.9%	13.5%	13.5%	13.1%
Provision for taxes on earnings	677,967	668,502	591,098	560,642	506,006
Net earnings	\$ 1,362,753	\$ 1,117,654	\$ 1,020,661	\$ 924,724	\$ 837,304
Percent of sales	9.6%	8.7%	8.5%	8.4%	8.2%
Basic earnings per share ²	\$ 3.58 ⁴	\$ 2.85	\$ 2.53	\$ 2.24	\$ 1.97
Diluted earnings per share ²	\$ 3.55 ⁴	\$ 2.83	\$ 2.51	\$ 2.21	\$ 1.94
Cash dividends declared					
per common share ²	\$ 0.640	\$ 0.540	\$ 0.470	\$ 0.400	\$ 0.255 ³

¹ Fiscal 2017 was a 53-week year; all other fiscal years presented were 52 weeks.

² All per share amounts have been adjusted for the two-for-one stock split effective June 11, 2015.

³ Dividend declaration of \$0.10 per share for the fourth quarter, which historically had been declared in January, was declared in February 2014.

⁴ Includes a per share benefit of approximately \$0.21 from tax reform legislation enacted in December 2017 and \$0.10 from the 53rd week.

Selected Financial Data

(\$000, except per share data)	2017 ¹	2016	2015	2014	2013
Financial Position					
Cash and cash equivalents	\$ 1,290,294	\$ 1,111,599	\$ 761,602	\$ 696,608	\$ 423,168
Merchandise inventory	1,641,735	1,512,886	1,419,104	1,372,675	1,257,155
Property and equipment, net	2,382,464	2,328,048	2,342,906	2,273,752	1,875,299
Total assets	5,722,051	5,309,351	4,869,119	4,687,370	3,886,251
Return on average assets	25%	22%	21%	22%	22%
Working capital	1,224,755	1,060,543	769,348	590,471	463,875
Current ratio	1.6:1	1.6:1	1.5:1	1.4:1	1.3:1
Long-term debt	396,967	396,493	396,025	395,562	149,681
Long-term debt as a percent of total capitalization	12%	13%	14%	15%	7%
Stockholders' equity	3,049,308	2,748,017	2,471,991	2,279,210	2,007,302
Return on average stockholders' equity	47%	43%	43%	43%	44%
Book value per common share outstanding at year-end ²	\$ 8.03	\$ 7.01	\$ 6.14	\$ 5.49	\$ 4.70
Operating Statistics					
Number of stores opened	96	93	90	95	88
Number of stores closed	7	6	6	9	11
Number of stores at year-end	1,622	1,533	1,446	1,362	1,276
Comparable store sales increase ³ (52-week basis)	4%	4%	4%	3%	3%
Sales per average square foot of selling space (52-week basis)	\$ 409	\$ 395	\$ 383	\$ 372	\$ 362
Square feet of selling space at year-end (000)	34,700	33,300	31,900	30,400	28,900
Number of employees at year-end	82,700	78,600	77,800	71,400	66,300
Number of common stockholders of record at year-end	880	848	842	817	823

¹ Fiscal 2017 was a 53-week year; all other fiscal years presented were 52 weeks.

² All per share amounts have been adjusted for the two-for-one stock split effective June 11, 2015.

³ Comparable stores are stores open for more than 14 complete months.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Ross Stores, Inc. operates two brands of off-price retail apparel and home fashion stores—Ross Dress for Less® (“Ross”) and dd’s DISCOUNTS®. Ross is the largest off-price apparel and home fashion chain in the United States with 1,409 locations in 37 states, the District of Columbia, and Guam, as of February 3, 2018. Ross offers first-quality, in-season, name brand and designer apparel, accessories, footwear, and home fashions for the entire family at savings of 20% to 60% off department and specialty store regular prices every day. We also operate 213 dd’s DISCOUNTS stores in 16 states as of February 3, 2018 that feature a more moderately-priced assortment of first-quality, in-season, name brand apparel, accessories, footwear, and home fashions for the entire family at savings of 20% to 70% off moderate department and discount store regular prices every day.

Our primary objective is to pursue and refine our existing off-price strategies to maintain and improve both profitability and financial returns over the long term. In establishing appropriate growth targets for our business, we closely monitor market share trends for the off-price industry and believe our share gains over the past few years were driven mainly by continued focus on value by consumers. Our sales and earnings gains in 2017 continued to benefit from efficient execution of our off-price model throughout all areas of our business. Our merchandise and operational strategies are designed to take advantage of the expanding market share of the off-price industry as well as the ongoing customer demand for name brand fashions for the family and home at compelling discounts every day.

We refer to our fiscal years ended February 3, 2018, January 28, 2017, and January 30, 2016 as fiscal 2017, fiscal 2016, and fiscal 2015, respectively. Fiscal 2017 was a 53-week year. Fiscal 2016 and 2015 were each 52-week years.

Results of Operations

The following table summarizes the financial results for fiscal 2017, 2016, and 2015:

	2017	2016	2015
Sales			
Sales (millions)	\$ 14,135	\$ 12,867	\$ 11,940
Sales growth	9.9%	7.8%	8.1%
Comparable store sales growth (52-week basis)	4%	4%	4%
Costs and expenses (as a percent of sales)			
Cost of goods sold	71.0%	71.3%	71.8%
Selling, general and administrative	14.5%	14.7%	14.6%
Interest expense, net	0.1%	0.1%	0.1%
Earnings before taxes (as a percent of sales)			
	14.4%	13.9%	13.5%
Net earnings (as a percent of sales)			
	9.6%	8.7%	8.5%

Stores. Total stores open at the end of fiscal 2017, 2016, and 2015 were 1,622, 1,533, and 1,446, respectively. The number of stores at the end of fiscal 2017, 2016, and 2015 increased by 6%, 6%, and 6% from the respective prior years. Our expansion strategy is to open additional stores based on market penetration, local demographic characteristics, competition, expected store profitability, and the ability to leverage overhead expenses. We continually evaluate opportunistic real estate acquisitions and opportunities for potential new store locations. We also evaluate our current store locations and determine store closures based on similar criteria.

Store Count	2017	2016	2015
Beginning of the period	1,533	1,446	1,362
Opened in the period	96	93	90
Closed in the period	(7)	(6)	(6)
End of the period	1,622	1,533	1,446
<hr/>			
Selling square footage at the end of the period (000)	34,700	33,300	31,900

Sales. Sales for fiscal 2017 increased \$1.3 billion, or 9.9%, compared to the prior year due to the opening of 89 net new stores during 2017, a 4% increase in comparable store sales (defined as stores that have been open for more than 14 complete months), and the impact of the 53rd week. Sales for fiscal 2016 increased \$0.9 billion, or 7.8%, compared to the prior year due to the opening of 87 net new stores during 2016 and a 4% increase in sales from comparable stores.

Our sales mix is shown below for fiscal 2017, 2016, and 2015:

	2017	2016	2015
Ladies	27%	28%	29%
Home Accents and Bed and Bath	26%	25%	25%
Accessories, Lingerie, Fine Jewelry, and Fragrances	13%	13%	13%
Men's	13%	13%	13%
Shoes	13%	13%	12%
Children's	8%	8%	8%
Total	100%	100%	100%

We intend to address the competitive climate for off-price apparel and home goods by pursuing and refining our existing strategies and by continuing to strengthen our organization, diversify our merchandise mix, and more fully develop our systems to improve regional and local merchandise offerings. Although our strategies and store expansion program contributed to sales gains in fiscal 2017, 2016, and 2015, we cannot be sure that they will result in a continuation of sales growth or in an increase in net earnings.

Cost of goods sold. Cost of goods sold in fiscal 2017 increased \$868.9 million compared to the prior year mainly due to increased sales from the opening of 89 net new stores during the year, a 4% increase in sales from comparable stores, and the impact of the 53rd week.

Cost of goods sold as a percentage of sales for fiscal 2017 decreased approximately 25 basis points from the prior year primarily due to a 25 basis point increase in merchandise gross margin, a 25 basis point decrease in occupancy costs, and a five basis point decrease in distribution expenses. These improvements were partially offset by a 25 basis point increase in freight costs and higher buying costs of five basis points.

Cost of goods sold in fiscal 2016 increased \$596.8 million compared to the prior year mainly due to increased sales from the opening of 87 net new stores during the year and a 4% increase in sales from comparable stores.

Cost of goods sold as a percentage of sales for fiscal 2016 decreased approximately 55 basis points from the prior year primarily due to a 35 basis point increase in merchandise gross margin, a 10 basis point decrease in buying expenses, and lower distribution and occupancy costs by five basis points each.

We cannot be sure that the gross profit margins realized in fiscal 2017, 2016, and 2015 will continue in future years.

Selling, general and administrative expenses. For fiscal 2017, selling, general and administrative expenses (“SG&A”) increased \$153.3 million compared to the prior year, mainly due to increased store operating costs reflecting the opening of 89 net new stores during the year, and the impact of the 53rd week. SG&A as a percentage of sales for fiscal 2017 decreased by approximately 25 basis points compared to the prior year primarily due to leverage resulting from the 4% increase in comparable store sales.

For fiscal 2016, SG&A increased \$151.7 million compared to the prior year, mainly due to increased store operating costs reflecting the opening of 87 net new stores during the year. SG&A as a percentage of sales for fiscal 2016 increased by approximately 15 basis points compared to the prior year primarily due to higher wages.

Interest expense (income), net. In fiscal 2017, net interest expense decreased by \$8.8 million primarily due to an increase in interest income. The table below shows the components of interest expense and income for fiscal 2017, 2016, and 2015:

(\$000)	2017	2016	2015
Interest expense on long-term debt	\$ 18,578	\$ 18,573	\$ 18,568
Other interest expense	979	1,022	1,252
Capitalized interest	(710)	(26)	(6,530)
Interest income	(11,171)	(3,081)	(678)
Interest expense, net	\$ 7,676	\$ 16,488	\$ 12,612

Taxes on earnings. Our effective tax rates for fiscal 2017, 2016, and 2015 were approximately 33%, 37% and 37%, respectively. The effective tax rate represents the applicable combined federal and state statutory rates reduced by the federal benefit of state taxes deductible on federal returns. The effective rate is impacted by changes in laws, location of new stores, level of earnings, and the resolution of tax positions with various taxing authorities. We anticipate that our effective tax rate for fiscal 2018 will be between 24% and 25%.

The Tax Cuts and Jobs Act (the “Tax Act” or “tax reform”) was signed into law on December 22, 2017. The Tax Act made significant changes to U.S. corporate taxation including reducing the U.S. federal corporate income tax rate from 35% to 21% effective January 1, 2018, permitting immediate capital expensing of certain qualified property, and limiting the tax deductions available for certain executive compensation and employee fringe benefits. U.S. GAAP requires that the impact of tax legislation be recognized in the period in which the law was enacted. As a result, the Company applied a blended U.S. federal income tax rate of approximately 34% for fiscal 2017, due to the lower tax rate of 21% becoming effective in the last month of that fiscal year. This reduced tax rate resulted in a tax benefit of \$24.9 million. We recorded an additional tax benefit of \$55.2 million due to the remeasurement of our deferred tax assets and liabilities. Both of these tax benefits were recorded in the fourth quarter of fiscal 2017. Also on December 22, 2017, the SEC staff issued Staff Accounting Bulletin 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act (“SAB 118”), which provides guidance on accounting for the impact of the Tax Act. As permitted by SAB 118, both of the tax benefits recorded by us in fiscal 2017, represent provisional amounts based on our current best estimates. Any adjustments made to those provisional amounts will be included in income from operations and recorded as an adjustment to tax expense through the fiscal year ending February 2, 2019. The recorded, provisional amounts reflect assumptions made based upon our current interpretation of the Tax Act, and may change as we receive additional clarification and guidance in the form of technical corrections to the Tax Act or regulations issued by the U.S. Treasury.

Net earnings. Net earnings as a percentage of sales for fiscal 2017 were higher than in fiscal 2016 primarily due to lower taxes due to tax reform, lower cost of goods sold, and lower SG&A expenses. Net earnings as a percentage of sales for fiscal 2016 were higher compared to fiscal 2015 primarily due to lower cost of goods sold, partially offset by higher SG&A expenses.

Earnings per share. Diluted earnings per share in fiscal 2017 was \$3.55 compared to \$2.83 in the prior year, which includes a per share benefit of approximately \$0.21 from the recently enacted tax reform legislation and \$0.10 from the 53rd week. The 25% increase in diluted earnings per share is attributable to an increase of approximately 22% in net earnings (which included a 7% impact from tax reform and a 4% impact from the 53rd week) and a 3% reduction in weighted average diluted shares outstanding, largely due to the repurchase of common stock under our stock repurchase program. Diluted earnings per share in fiscal 2016 was \$2.83 compared to \$2.51 in fiscal 2015. The 13% increase in diluted earnings per share is attributable to an increase of approximately 10% in net earnings and a 3% reduction in weighted average diluted shares outstanding, largely due to the repurchase of common stock under our stock repurchase program.

Financial Condition

Liquidity and Capital Resources

Our primary sources of funds for our business activities are cash flows from operations and short-term trade credit. Our primary ongoing cash requirements are for merchandise inventory purchases, payroll, rent, taxes, and capital expenditures in connection with new and existing stores, and investments in distribution centers, information systems, and buying and corporate offices. We also use cash to repurchase stock under our stock repurchase program and to pay dividends, and for the repayment of debt as it becomes due.

(\$ millions)	2017	2016	2015
Cash provided by operating activities	\$ 1,681.3	\$ 1,558.9	\$ 1,326.2
Cash used in investing activities	(353.1)	(292.8)	(362.5)
Cash used in financing activities	(1,149.5)	(916.1)	(898.7)
Net increase in cash and cash equivalents	\$ 178.7	\$ 350.0	\$ 65.0

Operating Activities

Net cash provided by operating activities was \$1,681.3 million, \$1,558.9 million, and \$1,326.2 million in fiscal 2017, 2016, and 2015, respectively, and was primarily driven by net earnings excluding non-cash expenses for depreciation and amortization and for deferred taxes. Our primary source of operating cash flow is the sale of our merchandise inventory. We regularly review the age and condition of our merchandise and are able to maintain current merchandise inventory in our stores through replenishment processes and liquidation of slower-moving merchandise through clearance markdowns.

The increase in cash flow from operating activities in 2017 compared to fiscal 2016 was primarily driven by higher earnings, partially offset by the timing of merchandise receipts and related payments versus last year and by the timing of income tax payments. The timing of merchandise receipts and related payments versus last year resulted in lower accounts payable leverage (defined as accounts payable divided by merchandise inventory) which was 65%, 68%, and 67% as of February 3, 2018, January 28, 2017, and January 30, 2016, respectively.

The increase in cash flow from operating activities in fiscal 2016 compared to fiscal 2015 was primarily driven by higher earnings, the timing of receipts and related payments versus the prior year, and by higher income taxes payable.

As a regular part of our business, packaway inventory levels will vary over time based on availability of compelling merchandise purchase opportunities in the marketplace. Packaway merchandise is purchased with the intent that it will be stored in our warehouses until a later date. The timing of the release of packaway inventory to our stores is principally driven by the product mix and seasonality of the merchandise, and its relation to our store merchandise assortment plans. As such, the aging of packaway varies by merchandise category and seasonality of purchase, but typically packaway remains in storage less than six months. We expect to continue to take advantage of packaway inventory opportunities to maximize our ability to deliver bargains to our customers.

Changes in packaway inventory levels impact our operating cash flow. At the end of fiscal 2017, packaway inventory was 49% of total inventory compared to 49% and 47% at the end of fiscal 2016 and 2015, respectively.

Investing Activities

Net cash used in investing activities was \$353.1 million, \$292.8 million, and \$362.5 million in fiscal 2017, 2016, and 2015, respectively. The increase in cash used for investing activities in fiscal 2017 compared to fiscal 2016 and fiscal 2015 was primarily due to an increase in our capital expenditures.

In fiscal 2017, 2016, and 2015, our capital expenditures were \$371.4 million, \$297.9 million, and \$367.0 million, respectively. Our capital expenditures include costs to build, expand, and improve distribution centers, open new stores and improve existing stores, and for various other expenditures related to our information technology systems, buying, and corporate offices. The increase in capital expenditures in fiscal 2017 compared to fiscal 2016 was primarily due to information technology infrastructure investments for our stores, buying, and corporate offices. The decrease in capital expenditures in fiscal 2016 compared to fiscal 2015 was primarily due to the completion in 2015 of the rollout of new point of sale equipment in our stores and construction of a distribution center. We opened 96, 93, and 90 new stores in fiscal 2017, 2016, and 2015, respectively.

In November 2017, we entered into a sale-leaseback transaction for one of our previously owned stores and received net cash proceeds of \$16.0 million, recognized a gain on sale of \$6.3 million, and deferred the residual \$7.5 million gain over the remaining ten-year lease term.

Our capital expenditures over the last three years are set forth in the table below:

(\$ millions)	2017	2016	2015
New stores	\$ 137.1	\$ 117.7	\$ 105.8
Existing stores	126.0	90.3	124.0
Information systems, corporate, and other	66.4	48.5	44.3
Distribution and transportation	41.9	41.4	92.9
Total capital expenditures	\$ 371.4	\$ 297.9	\$ 367.0

We are forecasting approximately \$475 million in capital expenditures for fiscal year 2018 to fund costs for fixtures and leasehold improvements to open new Ross and dd's DISCOUNTS stores, the upgrade or relocation of existing stores, investments in information technology systems, and for various other expenditures related to our stores, distribution centers, buying and corporate offices. We expect to fund capital expenditures with available cash and cash flows from operations.

Financing Activities

Net cash used in financing activities was \$1,149.5 million, \$916.1 million, and \$898.7 million in fiscal 2017, 2016, and 2015, respectively. During fiscal 2017, 2016, and 2015, our liquidity and capital requirements were provided by available cash and cash flows from operations.

We repurchased 13.5 million, 11.6 million, and 13.7 million shares of common stock for aggregate purchase prices of approximately \$875 million, \$700 million, and \$700 million in fiscal 2017, 2016, and 2015, respectively. We also acquired 0.7 million, 0.7 million, and 1.3 million shares in fiscal 2017, 2016, and 2015, respectively, of treasury stock from our employee stock equity compensation programs, for aggregate purchase prices of approximately \$45.4 million, \$43.3 million, and \$68.9 million during fiscal 2017, 2016, and 2015, respectively.

In February 2017, our Board of Directors approved a two-year \$1.75 billion stock repurchase program through fiscal 2018. In March 2018, our Board of Directors approved an increase in the stock repurchase authorization for fiscal 2018 by \$200 million to \$1.075 billion, up from the previously available \$875 million.

On March 6, 2018, our Board of Directors declared a quarterly cash dividend of \$0.2250 per common share, payable on March 30, 2018. Our Board of Directors declared cash dividends of \$0.1600 per common share in February, May, August, and November 2017, cash dividends of \$0.1350 per common share in March, May, August, and November 2016, and cash dividends of \$0.1175 per common share in February, May, August, and November 2015.

During fiscal 2017, 2016, and 2015, we paid dividends of \$247.5 million, \$214.6 million, and \$192.3 million, respectively.

Short-term trade credit represents a significant source of financing for merchandise inventory. Trade credit arises from customary payment terms and trade practices with our vendors. We regularly review the adequacy of credit available to us from all sources and expect to be able to maintain adequate trade credit, bank lines, and other credit sources to meet our capital and liquidity requirements, including lease payment obligations, in 2018.

Our existing \$600 million unsecured revolving credit facility expires in April 2021 and contains a \$300 million sublimit for issuance of standby letters of credit (subject to increase in proportion to any increase in the size of the credit facility). The facility also contains an option allowing us to increase the size of our revolving credit facility by up to an additional \$200 million, with the agreement of the lenders. Interest on any borrowings under this facility is based on LIBOR plus an applicable margin (currently 100 basis points) and is payable quarterly and upon maturity. As of February 3, 2018, we had no borrowings or standby letters of credit outstanding on this facility and our \$600 million credit facility remains in place and available.

The revolving credit facility is subject to a financial leverage ratio covenant. As of February 3, 2018, we were in compliance with this covenant.

We estimate that existing cash balances, cash flows from operations, bank credit lines, and trade credit are adequate to meet our operating cash needs and to fund our planned capital investments, repayment of debt, common stock repurchases, and quarterly dividend payments for at least the next twelve months.

Contractual Obligations

The table below presents our significant contractual obligations as of February 3, 2018:

(\$000)	Less than 1 year	1 - 3 years	3 - 5 years	After 5 years	Total ¹
Senior notes	\$ 85,000	\$ —	\$ 65,000	\$ 250,000	\$ 400,000
Interest payment obligations	18,105	25,364	21,120	16,875	81,464
Operating leases (rent obligations)	509,954	970,621	649,773	554,783	2,685,131
New York buying office ground lease ²	6,418	12,835	13,209	939,359	971,821
Purchase obligations	2,630,985	32,976	14,685	2,705	2,681,351
Total contractual obligations	\$ 3,250,462	\$ 1,041,796	\$ 763,787	\$ 1,763,722	\$ 6,819,767

¹We have a \$120.7 million liability for unrecognized tax benefits that is included in Other long-term liabilities on our Consolidated Balance Sheets. This liability is excluded from the schedule above as the timing of payments cannot be reasonably estimated.

²Our New York buying office building is subject to a 99-year ground lease.

Senior notes. As of February 3, 2018, we had outstanding unsecured 3.375% Senior Notes due September 2024 with an aggregate principal amount of \$250 million. Interest on the 2024 Notes is payable semi-annually.

As of February 3, 2018, we also had outstanding two series of unsecured senior notes in the aggregate principal amount of \$150 million, held by various institutional investors. The Series A notes totaling \$85 million are due in December 2018 and bear interest at a rate of 6.38%. The Series B notes totaling \$65 million are due in December 2021 and bear interest at a rate of 6.53%. Borrowings under these senior notes are subject to certain financial covenants, including interest coverage and other financial ratios. As of February 3, 2018, we were in compliance with those covenants.

The 2024 Notes, Series A, and Series B senior notes are all subject to prepayment penalties for early payment of principal.

Off-Balance Sheet Arrangements

Operating leases. We currently lease all but two of our store locations. We also lease three warehouse facilities and two buying offices. In addition, we have a ground lease related to our New York buying office. Except for certain leasehold improvements and equipment, these leased locations do not represent long-term capital investments.

Two of the warehouses are in Carlisle, Pennsylvania with leases expiring in 2018 and 2019. The third warehouse is in Fort Mill, South Carolina, with a lease expiring in 2024. All of the warehouse leases contain renewal provisions.

We currently lease approximately 87,000 and 5,000 square feet of office space for our Los Angeles and Boston buying offices, respectively. The lease terms for these facilities expire in 2022 and 2020, respectively, and contain renewal provisions.

Purchase obligations. As of February 3, 2018 we had purchase obligations of approximately \$2.7 billion. These purchase obligations primarily consist of merchandise inventory purchase orders, commitments related to construction projects, store fixtures and supplies, and information technology service, transportation, and maintenance contracts.

Standby letters of credit and collateral trust. We use standby letters of credit outside of our revolving credit facility in addition to a funded trust to collateralize our insurance obligations. As of February 3, 2018 and January 28, 2017, we had \$8.7 million and \$11.6 million, respectively, in standby letters of credit outstanding and \$57.1 million and \$56.6 million, respectively, in a collateral trust. The standby letters of credit are collateralized by restricted cash and the collateral trust consists of restricted cash, cash equivalents, and investments.

Trade letters of credit. We had \$20.7 million and \$26.5 million in trade letters of credit outstanding at February 3, 2018 and January 28, 2017, respectively.

Effects of inflation or deflation. We do not consider the effects of inflation or deflation to be material to our financial position and results of operations.

Other

Critical Accounting Policies

The preparation of our consolidated financial statements requires our management to make estimates and assumptions that affect the reported amounts. These estimates and assumptions are evaluated on an ongoing basis and are based on historical experience and on various other factors that management believes to be reasonable. We believe the following critical accounting policies describe the more significant judgments and estimates used in the preparation of our consolidated financial statements and are not intended to be a comprehensive list of all of our accounting policies.

In many cases, the accounting treatment of a particular transaction is specifically dictated by Generally Accepted Accounting Principles ("GAAP"), with no need for management's judgment in their application. There are also areas in which management's judgment in selecting one alternative accounting principle over another would not produce a materially different result. See our audited consolidated financial statements and notes thereto under Item 8 in this Annual Report on Form 10-K, which contain descriptions of our accounting policies and other disclosures required by GAAP.

Merchandise inventory. Our merchandise inventory is stated at the lower of cost (determined using a weighted average basis) or net realizable value. We purchase inventory that can either be shipped to stores or processed as packaway merchandise with the intent that it will be warehoused and released to stores at a later date. The timing of the release of packaway inventory to our stores is principally driven by the product mix and seasonality of the merchandise, and its relation to the Company's store merchandise assortment plans. As such, the aging of packaway varies by merchandise category and seasonality of purchase, but typically packaway remains in storage less than six months. Packaway inventory accounted for approximately 49%, 49%, and 47% of total inventories as of February 3, 2018, January 28, 2017, and January 30, 2016, respectively. Merchandise inventory includes acquisition, processing, and storage costs related to packaway inventory.

Included in the carrying value of our merchandise inventory is a provision for shortage. The shortage reserve is based on historical shortage rates as evaluated through our annual physical merchandise inventory counts and cycle counts. If actual market conditions, markdowns, or shortage are less favorable than those projected by us, or if sales of the merchandise inventory are more difficult than anticipated, additional merchandise inventory write-downs may be required.

Long-lived assets. We review our long-lived assets for a potential impairment charge when events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable based on estimated future cash flows. If analysis of the undiscounted cash flow of an asset group was less than the carrying value of the asset group, an impairment loss would be recognized to write the asset group down to its fair value. If our actual results differ materially from projected results, an impairment charge may be required in the future. In the course of performing our annual analysis, we determined that no long-lived asset impairment charge was required for fiscal 2017, 2016, or 2015.

Depreciation and amortization expense. Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful life of the asset, typically ranging from three to 12 years for equipment and information systems and 20 to 40 years for land improvements and buildings. The cost of leasehold improvements is amortized over the lesser of the useful life of the asset or the applicable lease term.

Lease accounting. When a lease contains "rent holidays" or requires fixed escalations of the minimum lease payments, we record rental expense on a straight-line basis over the term of the lease and the difference between the average rental amount charged to expense and the amount payable under the lease is recorded as deferred rent. We begin recording rent expense on the lease possession date. Tenant improvement allowances are included in Other long-term liabilities and are amortized over the lease term. Changes in tenant improvement allowances are included as a component of operating activities in the Consolidated Statements of Cash Flows. See Recently issued accounting standards below.

Insurance obligations. We use a combination of insurance and self-insurance for a number of risk management activities, including workers' compensation, general liability, and employee-related health care benefits. Our self-insurance and deductible liability is determined actuarially, based on claims filed and an estimate of claims incurred but not reported. Should a greater amount of claims occur compared to what is estimated or the costs of medical care increase beyond what was anticipated, our recorded reserves may not be sufficient and additional charges could be required.

Stock-based compensation. We recognize compensation expense based upon the grant date fair value of all stock-based awards and account for forfeitures as incurred. All stock-based compensation awards are expensed over the service and performance periods of the awards.

Income taxes. We account for our uncertain tax positions in accordance with Accounting Standards Codification ("ASC") 740. We are required to make assumptions and judgments regarding our income tax exposures. Our policy is to recognize interest and/or penalties related to all tax positions in income tax expense. To the extent that accrued interest and penalties do not ultimately become payable, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision in the period that such determination is made.

Recently issued accounting standards. In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (ASC 606)*. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle of the guidance is that a company should recognize revenue when the customer obtains control of promised goods or services in an amount that reflects the consideration which the company expects to receive in exchange for those goods or services. ASC 606 is effective for our annual and interim reporting periods beginning in fiscal 2018. Adoption will result in a change in the timing of recognizing revenue from breakage for stored value cards. Breakage will be estimated and recognized based upon the historical pattern of redemption, rather than when redemption is considered remote. Additionally, we will recognize allowances for estimated sales returns on a gross rather than net basis in our Consolidated Financial Statements. The impact of recognizing sales returns on a gross basis is not expected to be material. We plan to adopt ASC 606 under the modified retrospective method and will recognize a cumulative-effect adjustment to increase retained earnings by approximately \$20 million, net of income taxes, as of February 4, 2018.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The ASU requires balance sheet recognition for all leases with lease terms greater than one year including a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 is effective for our annual and interim reporting periods beginning in fiscal 2019. We are currently working on our adoption plan and evaluating the effect adoption of this new guidance will have on our consolidated financial statements. Due to the substantial number of leases that we have, we believe this ASU will increase assets and liabilities by the same material amount on our consolidated balance sheet. Our current undiscounted minimum commitments under noncancelable operating leases is approximately \$3.7 billion. We do not believe adoption of this ASU will have a significant impact to our consolidated statements of earnings, stockholders' equity, and cash flows.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the total beginning and ending amounts on the statement of cash flows. The standard also requires companies who report cash and restricted cash separately on the balance sheet to reconcile those amounts to the statement of cash flows. ASU 2016-18 is effective for our annual and interim reporting periods beginning in fiscal 2018. We do not believe adoption of this ASU will have a significant impact to our consolidated financial statements.

Recently adopted accounting standards. In March 2016, the FASB issued ASU 2016-09, *Compensation - Stock Compensation (Topic 718) - Improvements to Employee Share-Based Payment Accounting*. ASU 2016-09 provides for changes to accounting for stock compensation including 1) excess tax benefits and tax deficiencies related to share based payment awards will be recognized as income tax benefit or expense in the reporting period in which they occur (previously such amounts were recognized in additional paid-in capital); 2) excess tax benefits will be classified as an operating activity in the statement of cash flows; and 3) the option to elect to estimate forfeitures or account for them when they occur. The impact of recording excess tax benefits in income taxes in our consolidated statement of earnings may be material, depending upon our future stock price on vest date in relation to the fair value of awards on grant date and our future grants of stock-based compensation.

We adopted ASU 2016-09 in the first quarter of fiscal 2017 and elected to apply this adoption prospectively, except for forfeitures which we adopted on a modified retrospective basis. Accordingly, prior periods have not been adjusted. As a result of adoption, for the fiscal year ended February 3, 2018, we recognized \$16.3 million of excess tax benefits related to stock-based payments as a reduction to our provision for income taxes. These items were historically recorded in additional paid-in capital. We also presented cash flows related to excess tax benefits as an operating activity in the Consolidated Statement of Cash Flows and elected to account for forfeitures as incurred beginning on January 29, 2017. The impact of this accounting policy election for forfeitures was a cumulative-effect adjustment to decrease retained earnings by \$1.1 million, net of tax, as of January 29, 2017.

Forward-Looking Statements

Our Annual Report on Form 10-K for fiscal 2017, and information we provide in our Annual Report to Stockholders, press releases, and other investor communications including those on our corporate website, may contain a number of forward-looking statements regarding, without limitation, planned store growth, new markets, expected sales, projected earnings levels, capital expenditures, and other matters. These forward-looking statements reflect our then current beliefs, projections, and estimates with respect to future events and our projected financial performance, operations, and competitive position. The words "plan," "expect," "target," "anticipate," "estimate," "believe," "forecast," "projected," "guidance," "looking ahead," and similar expressions identify forward-looking statements.

Future economic and industry trends that could potentially impact revenue, profitability, and growth remain difficult to predict. Our forward-looking statements are subject to risks and uncertainties which could cause our actual results to differ materially from those forward-looking statements and our previous expectations and projections. Refer to Item 1A in this Annual Report on Form 10-K for a more complete discussion of risk factors for Ross and dd's DISCOUNTS. The factors underlying our forecasts are dynamic and subject to change. As a result, any forecasts or forward-looking statements speak only as of the date they are given and do not necessarily reflect our outlook at any other point in time. We disclaim any obligation to update or revise these forward-looking statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks, which primarily include changes in interest rates. We do not engage in financial transactions for trading or speculative purposes.

We occasionally use forward contracts to hedge against fluctuations in foreign currency prices. We had no outstanding forward contracts as of February 3, 2018.

Interest that is payable on our revolving credit facility is based on variable interest rates and is, therefore, affected by changes in market interest rates. As of February 3, 2018, we had no borrowings outstanding under our revolving credit facility.

We have two outstanding series of unsecured notes held by institutional investors: Series A Senior Notes due December 2018 for \$85 million accrue interest at 6.38% and Series B Senior Notes due December 2021 for \$65 million accrue interest at 6.53%. The amount outstanding under these notes as of February 3, 2018 was \$150 million. We also have unsecured 3.375% Senior Notes due September 2024 with an aggregate principal amount of \$250 million. Interest that is payable on our senior notes is based on fixed interest rates and is therefore unaffected by changes in market interest rates.

Interest is receivable on our short- and long-term investments. Changes in interest rates may impact interest income recognized in the future, or the fair value of our investment portfolio.

A hypothetical 100 basis point increase or decrease in prevailing market interest rates would not have a material impact on our consolidated financial position, results of operations, cash flows, or the fair values of our short- and long-term investments as of and for the year ended February 3, 2018. We do not consider the potential losses in future earnings and cash flows from reasonably possible, near-term changes in interest rates to be material.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**Consolidated Statements of Earnings**

(\$000, except per share data)	Year Ended February 3, 2018	Year Ended January 28, 2017	Year Ended January 30, 2016
Sales	\$ 14,134,732	\$ 12,866,757	\$ 11,939,999
Costs and Expenses			
Cost of goods sold	10,042,638	9,173,705	8,576,873
Selling, general and administrative	2,043,698	1,890,408	1,738,755
Interest expense, net	7,676	16,488	12,612
Total costs and expenses	12,094,012	11,080,601	10,328,240
Earnings before taxes	2,040,720	1,786,156	1,611,759
Provision for taxes on earnings	677,967	668,502	591,098
Net earnings	\$ 1,362,753	\$ 1,117,654	\$ 1,020,661
Earnings per share			
Basic	\$ 3.58	\$ 2.85	\$ 2.53
Diluted	\$ 3.55	\$ 2.83	\$ 2.51
Weighted average shares outstanding (000)			
Basic	381,174	392,124	403,034
Diluted	384,329	394,958	406,405

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

(\$000)	Year Ended February 3, 2018	Year Ended January 28, 2017	Year Ended January 30, 2016
Net earnings	\$ 1,362,753	\$ 1,117,654	\$ 1,020,661
Other comprehensive income (loss):			
Change in unrealized loss on investments, net of tax	(64)	(91)	(148)
Comprehensive income	\$ 1,362,689	\$ 1,117,563	\$ 1,020,513

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets

(\$000, except share data)	February 3, 2018	January 28, 2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,290,294	\$ 1,111,599
Short-term investments	512	—
Accounts receivable	87,868	75,154
Merchandise inventory	1,641,735	1,512,886
Prepaid expenses and other	130,748	113,410
Total current assets	3,151,157	2,813,049
Property and Equipment		
Land and buildings	1,109,173	1,101,334
Fixtures and equipment	2,603,318	2,421,645
Leasehold improvements	1,093,634	998,508
Construction-in-progress	102,054	69,767
	4,908,179	4,591,254
Less accumulated depreciation and amortization	2,525,715	2,263,206
Property and equipment, net	2,382,464	2,328,048
Long-term investments	712	1,288
Other long-term assets	187,718	166,966
Total assets	\$ 5,722,051	\$ 5,309,351
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 1,059,844	\$ 1,021,735
Accrued expenses and other	431,706	398,126
Accrued payroll and benefits	349,879	316,492
Income taxes payable	—	16,153
Current portion of long-term debt	84,973	—
Total current liabilities	1,926,402	1,752,506
Long-term debt	311,994	396,493
Other long-term liabilities	348,541	290,950
Deferred income taxes	85,806	121,385
Commitments and contingencies		
Stockholders' Equity		
Common stock, par value \$.01 per share	3,796	3,919
Authorized 1,000,000,000 shares		
Issued and outstanding 379,618,000 and 391,893,000 shares, respectively		
Additional paid-in capital	1,292,364	1,215,715
Treasury stock	(318,279)	(272,846)
Accumulated other comprehensive income	27	91
Retained earnings	2,071,400	1,801,138
Total stockholders' equity	3,049,308	2,748,017
Total liabilities and stockholders' equity	\$ 5,722,051	\$ 5,309,351

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Stockholders' Equity

(000)	Common stock		Additional paid-in capital	Treasury stock	Accumulated other comprehensive income (loss)	Retained earnings	Total
	Shares	Amount					
Balance at January 31, 2015	414,939	\$ 4,149	\$ 1,013,607	\$ (160,600)	\$330	\$ 1,421,724	\$ 2,279,210
Net earnings	—	—	—	—	—	1,020,661	1,020,661
Unrealized investment loss, net	—	—	—	—	(148)	—	(148)
Common stock issued under stock plans, net of shares							
used for tax withholding	1,053	11	20,175	(68,925)	—	—	(48,739)
Tax benefit from equity issuance	—	—	42,382	—	—	—	42,382
Stock-based compensation	—	—	70,937	—	—	—	70,937
Common stock repurchased	(13,653)	(137)	(24,772)	—	—	(675,091)	(700,000)
Dividends declared (\$0.470 per share)	—	—	—	—	—	(192,312)	(192,312)
Balance at January 30, 2016	402,339	\$ 4,023	\$ 1,122,329	\$ (229,525)	\$182	\$ 1,574,982	\$ 2,471,991
Net earnings	—	—	—	—	—	1,117,654	1,117,654
Unrealized investment loss, net	—	—	—	—	(91)	—	(91)
Common stock issued under stock plans, net of shares							
used for tax withholding	1,192	12	18,527	(43,321)	—	—	(24,782)
Tax benefit from equity issuance	—	—	23,331	—	—	—	23,331
Stock-based compensation	—	—	74,554	—	—	—	74,554
Common stock repurchased	(11,638)	(116)	(23,026)	—	—	(676,858)	(700,000)
Dividends declared (\$0.540 per share)	—	—	—	—	—	(214,640)	(214,640)
Balance at January 28, 2017	391,893	\$ 3,919	\$ 1,215,715	\$ (272,846)	\$91	\$ 1,801,138	\$ 2,748,017
Net earnings	—	—	—	—	—	1,362,753	1,362,753
Cumulative effect of adoption of accounting standard	—	—	1,789	—	—	(1,113)	676
Unrealized investment loss, net	—	—	—	—	(64)	—	(64)
Common stock issued under stock plans, net of shares							
used for tax withholding	1,214	12	18,456	(45,433)	—	—	(26,965)
Stock-based compensation	—	—	87,417	—	—	—	87,417
Common stock repurchased	(13,489)	(135)	(31,013)	—	—	(843,852)	(875,000)
Dividends declared (\$0.640 per share)	—	—	—	—	—	(247,526)	(247,526)
Balance at February 3, 2018	379,618	\$ 3,796	\$ 1,292,364	\$ (318,279)	\$27	\$ 2,071,400	\$ 3,049,308

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

(\$000)	Year Ended February 3, 2018	Year Ended January 28, 2017	Year Ended January 30, 2016
Cash Flows From Operating Activities			
Net earnings	\$ 1,362,753	\$ 1,117,654	\$ 1,020,661
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	313,163	302,515	274,828
Stock-based compensation	87,417	74,554	70,937
Gain on sale of assets	(6,328)	—	—
Deferred income taxes	(34,903)	(8,703)	56,358
Change in assets and liabilities:			
Merchandise inventory	(128,849)	(93,782)	(46,429)
Other current assets	(31,796)	(928)	(13,496)
Accounts payable	41,322	83,085	(41,464)
Other current liabilities	49,068	76,676	7,796
Other long-term, net	29,431	7,780	(2,939)
Net cash provided by operating activities	1,681,278	1,558,851	1,326,252
Cash Flows From Investing Activities			
Additions to property and equipment	(371,423)	(297,880)	(366,960)
Proceeds from sale of property and equipment	15,981	—	—
Decrease in restricted cash and investments	2,310	3,388	4,065
Purchases of investments	—	—	(718)
Proceeds from investments	40	1,729	1,104
Net cash used in investing activities	(353,092)	(292,763)	(362,509)
Cash Flows From Financing Activities			
Excess tax benefit from stock-based compensation	—	23,331	42,302
Issuance of common stock related to stock plans	18,468	18,539	20,186
Treasury stock purchased	(45,433)	(43,321)	(68,925)
Repurchase of common stock	(875,000)	(700,000)	(700,000)
Dividends paid	(247,526)	(214,640)	(192,312)
Net cash used in financing activities	(1,149,491)	(916,091)	(898,749)
Net increase in cash and cash equivalents	178,695	349,997	64,994
Cash and cash equivalents:			
Beginning of year	1,111,599	761,602	696,608
End of year	\$ 1,290,294	\$ 1,111,599	\$ 761,602
Supplemental Cash Flow Disclosures			
Interest paid	\$ 18,105	\$ 18,105	\$ 18,035
Income taxes paid	\$ 714,566	\$ 628,441	\$ 523,597

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

Note A: Summary of Significant Accounting Policies

Business. Ross Stores, Inc. and its subsidiaries (the "Company") is an off-price retailer of first-quality, in-season, name brand and designer apparel, accessories, footwear, and home fashions for the entire family. At the end of fiscal 2017, the Company operated 1,409 Ross Dress for Less® ("Ross") locations in 37 states, the District of Columbia, and Guam, and 213 dd's DISCOUNTS® stores in 16 states. The Ross and dd's DISCOUNTS stores are supported by six distribution centers. The Company's headquarters, one buying office, three operating distribution centers, two warehouses, and 23% of its stores are located in California.

Segment reporting. The Company has one reportable segment. The Company's operations include only activities related to off-price retailing in stores throughout the United States.

Basis of presentation and fiscal year. The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. Intercompany transactions and accounts have been eliminated. The Company follows the National Retail Federation fiscal calendar and utilizes a 52-53 week fiscal year whereby the fiscal year ends on the Saturday nearest to January 31. The fiscal years ended February 3, 2018, January 28, 2017 and January 30, 2016 are referred to as fiscal 2017, fiscal 2016, and fiscal 2015, respectively. Fiscal 2017 was a 53-week year. Fiscal 2016 and 2015 were each 52-week years.

Use of accounting estimates. The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles in the United States of America ("GAAP") requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The Company's significant accounting estimates include valuation reserves for inventory shortage, packaway inventory costs, useful lives of fixed assets, insurance reserves, and reserves for uncertain tax positions.

Purchase obligations. As of February 3, 2018, the Company had purchase obligations of approximately \$2.7 billion. These purchase obligations primarily consist of merchandise inventory purchase orders, commitments related to construction projects, store fixtures and supplies, and information technology service, transportation, and maintenance contracts.

Cash and cash equivalents. Cash equivalents consist of highly liquid, fixed income instruments purchased with an original maturity of three months or less.

Restricted cash, cash equivalents, and investments. The Company has restricted cash, cash equivalents, and investments that serve as collateral for certain insurance obligations of the Company. These restricted funds are invested in bank deposits, money market mutual funds, U.S. Government and agency securities, and corporate securities and cannot be withdrawn from the Company's account without the prior written consent of the secured parties. The following table summarizes total restricted cash, cash equivalents, and investments which were included in Prepaid expenses and other and Other long-term assets in the Consolidated Balance Sheets as of February 3, 2018 and January 28, 2017:

Restricted Assets (\$000)	2017	2016
Prepaid expenses and other	\$ 11,847	\$ 13,642
Other long-term assets	53,969	54,567
Total	\$ 65,816	\$ 68,209

The classification between current and long-term is based on the timing of expected payments of the insurance obligations.

Estimated fair value of financial instruments. The carrying value of cash and cash equivalents, short- and long-term investments, restricted cash and cash equivalents, restricted investments, accounts receivable, other long-term assets, accounts payable, and other long-term liabilities approximates their estimated fair value. See Note B and Note D for additional fair value information.

Cash and cash equivalents were \$1,290.3 million and \$1,111.6 million, at February 3, 2018 and January 28, 2017, respectively, and include bank deposits and money market funds for which the fair value was determined using quoted prices for identical assets in active markets, which are considered to be Level 1 inputs under the fair value measurements and disclosures guidance.

Investments. The Company's investments are comprised of various debt securities. At February 3, 2018 and January 28, 2017, these investments were classified as available-for-sale and are stated at fair value. Investments are classified as either short- or long-term based on their maturity dates and the Company's intent. Investments with a maturity of less than one year are classified as short-term. See Note B for additional information.

Merchandise inventory. Merchandise inventory is stated at the lower of cost (determined using a weighted average basis) or net realizable value. The Company purchases inventory that can either be shipped to stores or processed as packaway merchandise with the intent that it will be warehoused and released to stores at a later date. The timing of the release of packaway inventory to the stores is principally driven by the product mix and seasonality of the merchandise, and its relation to the Company's store merchandise assortment plans. As such, the aging of packaway varies by merchandise category and seasonality of purchase, but typically packaway remains in storage less than six months. Merchandise inventory includes acquisition, processing, and storage costs related to packaway inventory. The cost of the Company's merchandise inventory is reduced by valuation reserves for shortage based on historical shortage experience from the Company's physical merchandise inventory counts and cycle counts.

Cost of goods sold. In addition to product costs, the Company includes in cost of goods sold its buying, distribution, and freight expenses as well as occupancy costs, and depreciation and amortization related to the Company's retail stores, buying, and distribution facilities. Buying expenses include costs to procure merchandise inventories. Distribution expenses include the cost of operating the Company's distribution centers and warehouse facilities.

Property and equipment. Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful life of the asset, typically ranging from three to 12 years for equipment and information systems and 20 to 40 years for land improvements and buildings. Depreciation and amortization expense on property and equipment was \$313.2 million, \$302.5 million, and \$274.8 million for fiscal 2017, 2016, and 2015, respectively. The cost of leasehold improvements is amortized over the useful life of the asset or the applicable lease term, whichever is less. The Company capitalizes interest during the construction period. Interest capitalized was \$0.7 million, \$0.0 million and \$6.5 million in fiscal 2017, 2016, and 2015, respectively. As of February 3, 2018, January 28, 2017, and January 30, 2016 the Company had \$24.3 million, \$25.7 million, and \$35.8 million, respectively, of property and equipment purchased but not yet paid. These purchases are included in Property and Equipment and in Accounts payable and Accrued expenses and other in the accompanying Consolidated Balance Sheets.

Other long-term assets. Other long-term assets as of February 3, 2018 and January 28, 2017 consisted of the following:

(\$000)	2017	2016
Deferred compensation (Note B)	\$ 120,613	\$ 100,423
Restricted cash and investments	53,969	54,567
Other	13,136	11,976
Total	\$ 187,718	\$ 166,966

Property and other long-term assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Intangible assets that are not subject to amortization, including goodwill, are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset may be impaired. Based on the Company's evaluation during fiscal 2017, 2016, and 2015, no impairment charges were recorded.

Store closures. The Company continually reviews the operating performance of individual stores. For stores that are closed, the Company records a liability for future minimum lease payments net of estimated sublease recoveries and related ancillary costs at the time the liability is incurred. The lease loss liability was \$0.6 million and \$1.2 million, as of February 3, 2018 and January 28, 2017, respectively. Operating costs, including depreciation, of stores to be closed are expensed during the period they remain in use. In fiscal 2017, the Company closed seven stores. In fiscal 2016, the Company closed six stores.

Accounts payable. Accounts payable represents amounts owed to third parties at the end of the period. Accounts payable includes book cash overdrafts (checks issued under zero balance accounts not yet presented for payment) in excess of cash balances in such accounts of approximately \$74.5 million and \$96.3 million at February 3, 2018 and January 28, 2017, respectively. The Company includes the change in book cash overdrafts in operating cash flows.

Insurance obligations. The Company uses a combination of insurance and self-insurance for a number of risk management activities, including workers' compensation, general liability, and employee-related health care benefits. The self-insurance and deductible liability is determined actuarially, based on claims filed and an estimate of claims incurred but not yet reported. Self-insurance and deductible reserves as of February 3, 2018 and January 28, 2017 consisted of the following:

(\$000)	2017	2016
Workers' compensation	\$ 94,430	\$ 94,920
General liability	40,763	39,679
Medical plans	6,725	4,899
Total	\$ 141,918	\$ 139,498

Workers' compensation and self-insured medical plan liabilities are included in Accrued payroll and benefits and accruals for general liability are included in Accrued expenses and other in the accompanying Consolidated Balance Sheets.

Other long-term liabilities. Other long-term liabilities as of February 3, 2018 and January 28, 2017 consisted of the following:

(\$000)	2017	2016
Income taxes	\$ 120,660	\$ 97,502
Deferred compensation (Note G)	120,613	100,423
Deferred rent	73,059	67,941
Tenant improvement allowances	21,668	20,554
Other	12,541	4,530
Total	\$ 348,541	\$ 290,950

Lease accounting. When a lease contains "rent holidays" or requires fixed escalations of the minimum lease payments, the Company records rental expense on a straight-line basis over the term of the lease and the difference between the average rental amount charged to expense and the amount payable under the lease is recorded as deferred rent. The Company begins recording rent expense on the lease possession date. Tenant improvement allowances are included in Other long-term liabilities and are amortized over the lease term. Changes in tenant improvement allowances are included as a component of operating activities in the Consolidated Statements of Cash Flows.

Revenue recognition. The Company recognizes revenue at the point of sale and maintains an allowance for estimated future returns. Sales of stored value cards are deferred until they are redeemed for the purchase of Company merchandise. The Company's stored value cards do not have expiration dates. Based upon historical redemption rates, a small percentage of stored value cards will never be redeemed, which represents breakage. The Company recognizes income from stored value card breakage as a reduction of operating expenses when redemption by a customer is considered to be remote. Income recognized from breakage was not significant in fiscal 2017, 2016, and 2015.

Sales tax collected is not recognized as revenue and amounts outstanding are included in Accrued expenses and other in the Consolidated Balance Sheets.

Allowance for sales returns. An allowance for the gross margin loss on estimated sales returns is included in Accrued expenses and other in the Consolidated Balance Sheets. The allowance for sales returns consists of the following:

(\$000)	Beginning Balance	Additions	Returns	Ending Balance
Year ended:				
February 3, 2018	\$ 8,406	\$ 784,076	\$ (782,580)	\$ 9,902
January 28, 2017	\$ 7,955	\$ 761,350	\$ (760,899)	\$ 8,406
January 30, 2016	\$ 8,594	\$ 737,727	\$ (738,366)	\$ 7,955

Store pre-opening. Store pre-opening costs are expensed in the period incurred.

Advertising. Advertising costs are expensed in the period incurred and are included in Selling, general and administrative expenses. Advertising costs for fiscal 2017, 2016, and 2015 were \$76.4 million, \$73.0 million, and \$77.1 million, respectively.

Stock-based compensation. The Company recognizes compensation expense based upon the grant date fair value of all stock-based awards, typically over the vesting period. See Note C for more information on the Company's stock-based compensation plans.

Taxes on earnings. The Company accounts for income taxes in accordance with Accounting Standards Codification ("ASC") 740, "Accounting for Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's consolidated financial statements or tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than changes in the tax law or tax rates. ASC 740 clarifies the criteria that an individual tax position must satisfy for some or all of the benefits of that position to be recognized in a company's consolidated financial statements. ASC 740 prescribes a recognition threshold of more-likely-than-not, and a measurement standard for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the consolidated financial statements. See Note F.

Treasury stock. The Company records treasury stock at cost. Treasury stock includes shares purchased from employees for tax withholding purposes related to vesting of restricted stock grants.

Earnings per share (“EPS”). The Company computes and reports both basic EPS and diluted EPS. Basic EPS is computed by dividing net earnings by the weighted average number of common shares outstanding for the period. Diluted EPS is computed by dividing net earnings by the sum of the weighted average number of common shares and dilutive common stock equivalents outstanding during the period. Diluted EPS reflects the total potential dilution that could occur from outstanding equity plan awards, including unexercised stock options and unvested shares of both performance and non-performance based awards of restricted stock.

In fiscal 2017, 2016, and 2015 there were 2,800, 2,500, and 25,000 weighted average shares, respectively, that were excluded from the calculation of diluted EPS because their effect would have been anti-dilutive for those years.

The following is a reconciliation of the number of shares (denominator) used in the basic and diluted EPS computations:

Shares in (000s)	Basic EPS	Effect of dilutive common stock equivalents	Diluted EPS
2017			
Shares	381,174	3,155	384,329
Amount	\$ 3.58	\$ (0.03)	\$ 3.55
2016			
Shares	392,124	2,834	394,958
Amount	\$ 2.85	\$ (0.02)	\$ 2.83
2015			
Shares	403,034	3,371	406,405
Amount	\$ 2.53	\$ (0.02)	\$ 2.51

Comprehensive income. Comprehensive income includes net earnings and components of other comprehensive income (loss), net of tax, consisting of unrealized investment gains or losses.

Recently issued accounting standards. In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (ASC 606)*. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle of the guidance is that a company should recognize revenue when the customer obtains control of promised goods or services in an amount that reflects the consideration which the company expects to receive in exchange for those goods or services. ASC 606 is effective for the Company’s annual and interim reporting periods beginning in fiscal 2018. Adoption will result in a change in the timing of recognizing revenue from breakage for stored value cards. Breakage will be estimated and recognized based upon the historical pattern of redemption, rather than when redemption is considered remote. Additionally, the Company will recognize allowances for estimated sales returns on a gross rather than net basis in its Consolidated Financial Statements. The impact of estimating sales returns on a gross basis is not expected to be material. The Company plans to adopt ASC 606 under the modified retrospective method and will recognize a cumulative-effect adjustment to increase retained earnings by approximately \$20 million, net of income taxes as of February 4, 2018.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The ASU requires balance sheet recognition for all leases with lease terms greater than one year including a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 is effective for the Company’s annual and interim reporting periods beginning in fiscal 2019. The Company is currently working on its adoption plan and evaluating the effect adoption of this new guidance will have on its consolidated financial statements. Due to the substantial number of leases that it has, the Company believes this ASU will increase assets and liabilities by the same material amount on its consolidated balance sheet. The Company’s current undiscounted minimum commitments under noncancelable operating leases is approximately \$3.7 billion. The Company does not believe adoption of this ASU will have a significant impact to its consolidated statements of earnings, stockholders’ equity, and cash flows.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the total beginning and ending amounts on the statement of cash flows. The standard also requires companies who report cash and restricted cash separately on the balance sheet to reconcile those amounts to the statement of cash flows. ASU 2016-18 is effective for the Company's annual and interim reporting periods beginning in fiscal 2018. The Company does not believe adoption of this ASU will have a significant impact to its consolidated financial statements.

Recently adopted accounting standards. In March 2016, the FASB issued ASU 2016-09, *Compensation - Stock Compensation (Topic 718) - Improvements to Employee Share-Based Payment Accounting*. ASU 2016-09 provides for changes to accounting for stock compensation including 1) excess tax benefits and tax deficiencies related to share based payment awards will be recognized as income tax benefit or expense in the reporting period in which they occur (previously such amounts were recognized in additional paid-in capital); 2) excess tax benefits will be classified as an operating activity in the statement of cash flows; and 3) the option to elect to estimate forfeitures or account for them when they occur. The impact of recording excess tax benefits in income taxes in our consolidated statement of earnings may be material, depending upon our future stock price on vest date in relation to the fair value of awards on grant date and our future grants of stock-based compensation.

The Company adopted ASU 2016-09 in the first quarter of fiscal 2017, and elected to apply this adoption prospectively, except for forfeitures which it adopted on a modified retrospective basis. Accordingly, prior periods have not been adjusted. As a result of adoption, for the fiscal year ended February 3, 2018, the Company recognized \$16.3 million of excess tax benefits related to stock-based payments as a reduction to its provision for income taxes. These items were historically recorded in additional paid-in capital. The Company also presented cash flows related to excess tax benefits as an operating activity in the Consolidated Statement of Cash Flows and elected to account for forfeitures as incurred beginning on January 29, 2017. The impact of this accounting policy election for forfeitures was a cumulative-effect adjustment to decrease retained earnings by \$1.1 million, net of tax, as of January 29, 2017.

Note B: Investments and Restricted Investments

Accounting standards pertaining to fair value measurements establish a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. The inputs used to measure fair value include: Level 1, observable inputs such as quoted prices in active markets; Level 2, inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, unobservable inputs in which little or no market data exists. This fair value hierarchy requires the Company to develop its own assumptions and maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Corporate, U.S. government and agency, and mortgage-backed securities are classified within Level 1 or Level 2 because these securities are valued using quoted market prices or alternative pricing sources and models utilizing market observable inputs.

There were no transfers between Level 1 and Level 2 categories during the fiscal year ended February 3, 2018. The fair value of the Company's financial instruments as of February 3, 2018 and January 28, 2017 are as follows:

(\$000)	2017		2016
Cash and cash equivalents (Level 1)	\$	1,290,294	\$ 1,111,599
Investments (Level 2)	\$	1,224	\$ 1,288
Restricted cash and cash equivalents (Level 1)	\$	62,978	\$ 64,581
Restricted investments (Level 2)	\$	2,838	\$ 3,628

The underlying assets in the Company's non-qualified deferred compensation program as of February 3, 2018 and January 28, 2017 (included in Other long-term assets and in Other long-term liabilities) primarily consist of participant-directed money market, stable value, stock, and bond funds. The fair value measurement for funds with quoted market prices in active markets (Level 1) and for funds without quoted market prices in active markets (Level 2) are as follows:

(\$000)	2017		2016
Level 1	\$	104,590	\$ 84,933
Level 2		16,023	15,490
Total	\$	120,613	\$ 100,423

Note C: Stock-Based Compensation

For fiscal 2017, 2016, and 2015, the Company recognized stock-based compensation expense as follows:

(\$000)	2017	2016	2015
Restricted stock	\$ 44,356	\$ 38,234	\$ 37,204
Performance awards	39,871	33,379	31,056
ESPP	3,190	2,941	2,677
Total	\$ 87,417	\$ 74,554	\$ 70,937

Capitalized stock-based compensation cost was not significant in any year.

At February 3, 2018, the Company had one active stock-based compensation plan, which is further described in Note H. The Company recognizes expense for ESPP purchase rights equal to the value of the 15% discount given on the purchase date.

Total stock-based compensation recognized in the Company's Consolidated Statements of Earnings for fiscal 2017, 2016, and 2015 is as follows:

Statements of Earnings Classification (\$000)	2017	2016	2015
Cost of goods sold	\$ 41,067	\$ 34,077	\$ 32,922
Selling, general and administrative	46,350	40,477	38,015
Total	\$ 87,417	\$ 74,554	\$ 70,937

The tax benefits related to stock-based compensation expense for fiscal 2017, 2016, and 2015 were \$29.5 million, \$25.9 million, and \$24.7 million, respectively.

Note D: Debt

Senior notes. Unsecured senior debt, net of unamortized discounts and debt issuance costs, as of February 3, 2018 and January 28, 2017 consisted of the following:

(\$000)	2017	2016
6.38% Series A Senior Notes due 2018	\$ 84,973	\$ 84,939
6.53% Series B Senior Notes due 2021	64,922	64,902
3.375% Senior Notes due 2024	247,072	246,652
Total long-term debt	\$ 396,967	\$ 396,493
Less: current portion	84,973	—
Total due beyond one year	\$ 311,994	\$ 396,493

As of February 3, 2018, the Company had outstanding unsecured 3.375% Senior Notes due September 2024 (the "2024 Notes") with an aggregate principal amount of \$250 million. Interest on the 2024 Notes is payable semi-annually.

As of February 3, 2018, the Company also had outstanding two other series of unsecured senior notes in the aggregate principal amount of \$150 million, held by various institutional investors. The Series A notes totaling \$85 million are due in December 2018 and bear interest at a rate of 6.38%. The Series B notes totaling \$65 million are due in December 2021 and bear interest at a rate of 6.53%. Borrowings under these senior notes are subject to certain financial covenants, including interest coverage and other financial ratios. As of February 3, 2018, the Company was in compliance with these covenants.

As of February 3, 2018 and January 28, 2017, total unamortized discount and debt issuance costs were \$3.0 million and \$3.5 million, respectively, and were classified as a reduction of long-term debt.

The 2024 Notes, Series A, and Series B senior notes are all subject to prepayment penalties for early payment of principal.

The aggregate fair value of the three outstanding senior note issuances was approximately \$411 million and \$419 million as of February 3, 2018 and January 28, 2017, respectively. The fair value is estimated by obtaining comparable market quotes which are considered to be Level 1 inputs under the fair value measurements and disclosures guidance.

The following table shows scheduled annual principal payments on Long-term debt:

(\$000)	
2018	\$ 85,000
2019	\$ —
2020	\$ —
2021	\$ 65,000
2022	\$ —
Thereafter	\$ 250,000

The table below shows the components of interest expense and income for fiscal 2017, 2016, and 2015:

(\$000)	2017		2016		2015
Interest expense on long-term debt	\$	18,578	\$	18,573	\$ 18,568
Other interest expense		979		1,022	1,252
Capitalized interest		(710)		(26)	(6,530)
Interest income		(11,171)		(3,081)	(678)
Interest expense, net	\$	7,676	\$	16,488	\$ 12,612

Revolving credit facility. The Company's existing \$600 million unsecured revolving credit facility expires in April 2021, and contains a \$300 million sublimit for issuance of standby letters of credit (subject to increase in proportion to any increase in the size of the credit facility). The facility also contains an option allowing the Company to increase the size of its credit facility by up to an additional \$200 million, with the agreement of the lenders. Interest on any borrowings under this facility is based on LIBOR plus an applicable margin (currently 100 basis points) and is payable quarterly and upon maturity. As of February 3, 2018, the Company had no borrowings or standby letters of credit outstanding under this facility and the \$600 million credit facility remains in place and available.

The revolving credit facility is subject to a financial leverage ratio covenant. As of February 3, 2018, the Company was in compliance with this covenant.

Standby letters of credit and collateral trust. The Company uses standby letters of credit outside of its revolving credit facility in addition to a funded trust to collateralize its insurance obligations. As of February 3, 2018 and January 28, 2017, the Company had \$8.7 million and \$11.6 million, respectively, in standby letters of credit and \$57.1 million and \$56.6 million, respectively, in a collateral trust. The standby letters of credit are collateralized by restricted cash and the collateral trust consists of restricted cash, cash equivalents, and investments.

Trade letters of credit. The Company had \$20.7 million and \$26.5 million in trade letters of credit outstanding at February 3, 2018 and January 28, 2017, respectively.

Note E: Leases

The Company currently leases all but two of its store locations with original, non-cancelable terms that in general range from three to ten years. In November 2017, the Company entered into a sale-leaseback transaction on one of its previously owned stores. The Company received net cash proceeds of \$16.0 million, recognized a gain on sale of \$6.3 million, and deferred the residual \$7.5 million gain over the remaining ten-year lease term. Store leases typically contain provisions for three to four renewal options of five years each. Most store leases also provide for minimum annual rentals and for payment of certain expenses. In addition, some store leases also have provisions for additional rent based on a percentage of sales.

The Company leases three warehouses. Two of the warehouses are in Carlisle, Pennsylvania with leases expiring in 2018 and 2019. The third warehouse is in Fort Mill, South Carolina, with a lease expiring in 2024. All of the warehouse leases contain renewal provisions.

The Company leases approximately 87,000 and 5,000 square feet of office space for its Los Angeles and Boston buying offices, respectively. The lease term for these facilities expire in 2022 and 2020, respectively, and contain renewal provisions. In addition, the Company has a ground lease related to its New York buying office.

The aggregate future minimum annual lease payments under leases, including the ground lease related to the New York buying office, in effect at February 3, 2018 are as follows:

(\$000)	Total operating leases
2018	\$ 516,372
2019	531,311
2020	452,145
2021	372,038
2022	290,944
Thereafter	1,494,142
Total minimum lease payments	\$ 3,656,952

Rent expense, including contingent rent and net of sublease income, was \$532.4 million, \$505.2 million, and \$473.2 million in fiscal 2017, 2016, and 2015, respectively. Contingent rent and sublease income was not significant in any year.

Note F: Taxes on Earnings

The provision for income taxes consisted of the following:

(\$000)	2017	2016	2015
Current			
Federal	\$ 660,017	\$ 632,872	\$ 497,710
State	52,853	44,333	37,030
	712,870	677,205	534,740
Deferred			
Federal	(40,468)	(8,350)	55,404
State	5,565	(353)	954
	(34,903)	(8,703)	56,358
Total	\$ 677,967	\$ 668,502	\$ 591,098

Prior to adoption of ASU 2016-09, the Company realized tax benefits of \$23.3 million and \$42.4 million in 2016 and 2015, respectively, related to employee equity programs that were recorded in additional paid-in capital. In fiscal 2017, the Company adopted ASU 2016-09 and realized tax benefits of \$16.3 million as a reduction to its provision for income taxes.

The provision for taxes for financial reporting purposes is different from the tax provision computed by applying the statutory federal income tax rate. The differences are reconciled below:

	2017	2016	2015
Federal income taxes at the statutory rate	34 %	35%	35%
Impact of the Tax Cuts and Jobs Act on deferred taxes	(3)%	—	—
State income taxes (net of federal benefit) and other, net	2 %	2%	2%
Total	33 %	37%	37%

The Tax Cuts and Jobs Act (the "Tax Act" or "tax reform") was signed into law on December 22, 2017. The Tax Act made significant changes to U.S. corporate taxation including reducing the U.S. federal corporate income tax rate from 35% to 21% effective January 1, 2018, permitting immediate capital expensing of certain qualified property, and limiting the tax deductions available for certain executive compensation and employee fringe benefits. U.S. GAAP requires that the impact of tax legislation be recognized in the period in which the law was enacted. As a result, the Company applied a blended U.S. federal income tax rate of approximately 34% for fiscal 2017, due to the lower tax rate of 21% becoming effective in the last month of that fiscal year. This reduced tax rate resulted in a tax benefit of \$24.9 million. The Company recorded an additional tax benefit of \$55.2 million due to the remeasurement of its deferred tax assets and liabilities. Both of these tax benefits were recorded in the fourth quarter of fiscal 2017. Also on December 22, 2017, the SEC staff issued Staff Accounting Bulletin 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act ("SAB 118"), which provides guidance on accounting for the impact of the Tax Act. As permitted by SAB 118, both of the tax benefits recorded by the Company in fiscal 2017, represent provisional amounts based on the Company's current best estimates. Any adjustments made to those provisional amounts will be included in income from operations and recorded as an adjustment to tax expense through the fiscal year ending February 2, 2019. The recorded, provisional amounts reflect assumptions made based upon the Company's current interpretation of the Tax Act, and may change as the Company receives additional clarification and guidance in the form of technical corrections to the Tax Act or regulations issued by the U.S. Treasury.

The components of deferred taxes at February 3, 2018 and January 28, 2017 are as follows:

(\$000)	2017	2016
Deferred Tax Assets		
Accrued liabilities	\$ 46,489	\$ 71,796
Deferred compensation	28,094	36,101
Stock-based compensation	34,986	44,865
Deferred rent	18,013	25,221
State taxes and credits	20,206	28,484
Employee benefits	15,242	23,987
Other	5,224	8,223
Gross Deferred Tax Assets	168,254	238,677
Less: Valuation allowance	(4,659)	(3,730)
Deferred Tax Assets	163,595	234,947
Deferred Tax Liabilities		
Depreciation	(217,332)	(313,526)
Merchandise inventory	(19,055)	(28,853)
Supplies	(9,529)	(13,418)
Other	(3,485)	(535)
Deferred Tax Liabilities	(249,401)	(356,332)
Net Deferred Tax Liabilities	\$ (85,806)	\$ (121,385)

At the end of fiscal 2017 and 2016, the Company's state tax credit carryforwards for income tax purposes were approximately \$14.7 million and \$22.8 million, respectively. The state tax credit carryforwards will begin to expire in fiscal 2019. The Company has provided a valuation allowance of \$4.7 million as of the end of fiscal 2017 for deferred tax assets related to state tax credits that are not expected to be realized.

The changes in amounts of unrecognized tax benefits (gross of federal tax benefits and excluding interest and penalties) at fiscal 2017, 2016, and 2015 are as follows:

(\$000)	2017	2016	2015
Unrecognized tax benefits - beginning of year	\$ 81,122	\$ 75,372	\$ 78,116
Gross increases:			
Tax positions in current period	26,837	12,394	14,990
Tax positions in prior period	—	2,897	—
Gross decreases:			
Tax positions in prior periods	(2,755)	(3,231)	(10,589)
Lapse of statute limitations	(6,068)	(6,310)	(4,216)
Settlements	(470)	—	(2,929)
Unrecognized tax benefits - end of year	\$ 98,666	\$ 81,122	\$ 75,372

At the end of fiscal 2017, 2016, and 2015, the reserves for unrecognized tax benefits were \$121.3 million, \$98.6 million, and \$94.2 million inclusive of \$22.6 million, \$17.5 million, and \$18.8 million of related interest and penalties, respectively. The Company accounts for interest and penalties related to unrecognized tax benefits as a part of its provision for taxes on earnings. If recognized, \$81.3 million would impact the Company's effective tax rate. The difference between the total amount of unrecognized tax benefits and the amounts that would impact the effective tax rate relates to amounts attributable to deferred tax assets and liabilities. These amounts are net of federal and state income taxes.

It is reasonably possible that certain federal and state tax matters may be concluded or statutes of limitations may lapse during the next twelve months. Accordingly, the total amount of unrecognized tax benefits may decrease by up to \$8.8 million.

The Company is open to audit by the Internal Revenue Service under the statute of limitations for fiscal years 2013 through 2017. The Company's state income tax returns are generally open to audit under the various statutes of limitations for fiscal years 2013 through 2017. Certain federal and state tax returns are currently under audit by various tax authorities. The Company does not expect the results of these audits to have a material impact on the consolidated financial statements.

Note G: Employee Benefit Plans

The Company has a defined contribution plan that is available to certain employees. Under the plan, employee and Company contributions and accumulated plan earnings qualify for favorable tax treatment under Section 401(k) of the Internal Revenue Code. This plan permits employees to make contributions up to the maximum limits allowable under the Internal Revenue Code. The Company matches up to 4% of the employee's salary up to the plan limits. Company matching contributions to the 401(k) plan were \$15.4 million, \$13.9 million, and \$12.7 million in fiscal 2017, 2016, and 2015, respectively.

The Company also has an Incentive Compensation Plan which provides cash awards to key management and employees based on Company and individual performance.

The Company also makes available to management a Non-qualified Deferred Compensation Plan which allows management to make payroll contributions on a pre-tax basis in addition to the 401(k) plan. Other long-term assets include \$120.6 million and \$100.4 million at February 3, 2018 and January 28, 2017, respectively, of long-term plan investments, at market value, set aside or designated for the Non-qualified Deferred Compensation Plan (See Note B). Plan investments are designated by the participants, and investment returns are not guaranteed by the Company. The Company has a corresponding liability to participants of \$120.6 million and \$100.4 million at February 3, 2018 and January 28, 2017, respectively, included in Other long-term liabilities in the Consolidated Balance Sheets.

In addition, the Company has certain individuals who receive or will receive post-employment medical benefits. The estimated liability for these benefits of \$7.3 million and \$8.0 million is included in Accrued expenses and other in the accompanying Consolidated Balance Sheets as of February 3, 2018 and January 28, 2017, respectively.

Note H: Stockholders' Equity

Common stock. In February 2017, the Company's Board of Directors approved a two-year \$1.75 billion stock repurchase program through fiscal 2018. In March 2018, the Company's Board of Directors approved an increase in the stock repurchase authorization for fiscal 2018 by \$200 million to \$1.075 billion, up from the previously available \$875 million.

The following table summarizes the Company's stock repurchase activity in fiscal 2017, 2016, and 2015:

Fiscal Year	Shares repurchased (in millions)	Average repurchase price	Repurchased (in millions)
2017	13.5	\$64.87	\$875
2016	11.6	\$60.15	\$700
2015	13.7	\$51.27	\$700

Preferred stock. The Company has four million shares of preferred stock authorized, with a par value of \$.01 per share. No preferred stock is issued or outstanding.

Dividends. On March 6, 2018, the Company's Board of Directors declared a quarterly cash dividend of \$0.2250 per common share, payable on March 30, 2018. The Company's Board of Directors declared cash dividends of \$0.1600 per common share in February, May, August, and November 2017, cash dividends of \$0.1350 per common share in March, May, August, and November 2016, and cash dividends of \$0.1175 per common share in February, May, August, and November 2015.

2017 Equity Incentive Plan. On May 17, 2017, the Company's stockholders approved the Ross Stores, Inc. 2017 Equity Incentive Plan (the "2017 Plan") which replaced the Company's 2008 Equity Incentive Plan ("Predecessor Plan"). The 2017 Plan, which was authorized to issue a maximum of 12.0 million shares, was immediately effective upon approval and no further awards were granted under the Predecessor Plan, which was terminated.

The 2017 Plan has an initial share reserve of 12.0 million shares of the Company's common stock which can be increased by a maximum of 5.5 million shares from certain expired, withheld, or forfeited shares from the 2017 Plan or the Predecessor Plan. The 2017 Plan provides for various types of incentive awards, which may potentially include the grant of stock options, stock appreciation rights, restricted stock purchase rights, restricted stock bonuses, restricted stock units, performance shares, performance units, and deferred compensation awards. As of February 3, 2018, there were 11.9 million shares available for grant under the 2017 Plan.

As of February 3, 2018, all remaining options under the 2017 Plan or Predecessor Plan had been exercised and there were no remaining outstanding and exercisable options.

A summary of restricted stock and performance share award activity for fiscal 2017 is presented below:

	Number of shares (000)	Weighted average grant date fair value
Unvested at January 28, 2017	5,563	\$43.19
Awarded	1,543	65.56
Released	(1,583)	37.97
Forfeited	(40)	50.21
Unvested at February 3, 2018	5,483	\$51.19

The market value of shares of restricted stock and performance shares at the date of grant is amortized to expense over the vesting period of generally three to five years. The unamortized compensation expense at February 3, 2018 and January 28, 2017 was \$114.0 million and \$101.6 million, respectively, which is expected to be recognized over a weighted average remaining period of 1.8 years. Intrinsic value for restricted stock, defined as the closing market value on the last business day of fiscal year 2017 (or \$79.08), was \$433.6 million. A total of 11.9 million, 12.1 million, and 12.7 million shares were available for new restricted stock awards at the end of fiscal 2017, 2016, and 2015, respectively. During fiscal 2017, 2016, and 2015, shares purchased by the Company for tax withholding totaled 0.7 million, 0.7 million, and 1.3 million shares, respectively, and are considered treasury shares which are available for reissuance.

As of February 3, 2018 and January 28, 2017, the Company held 12.5 million and 11.8 million shares of treasury stock, respectively.

Performance share awards. The Company has a performance share award program for senior executives. A performance share award represents a right to receive shares of restricted stock on a specified settlement date based on the Company's attainment of a profitability-based performance goal during the performance period, which is the Company's fiscal year. If attained, the restricted stock then vests over a service period, generally two to three years from the date the performance award was granted. The Company issued approximately 655,000, 682,000, and 601,000 shares in settlement of the fiscal 2017, 2016, and 2015 awards.

Employee Stock Purchase Plan. Under the Employee Stock Purchase Plan ("ESPP"), eligible employees participating in the quarterly offering period can choose to have up to the lesser of 10% of their annual base earnings or the IRS annual share purchase limit of \$25,000 in aggregate market value to purchase the Company's common stock. The purchase price of the stock is 85% of the closing market price on the date of purchase. Purchases occur on a quarterly basis (on the last trading day of each calendar quarter). The Company recognizes expense for ESPP purchase rights equal to the value of the 15% discount given on the purchase date.

During fiscal 2017, 2016, and 2015, employees purchased approximately 0.3 million, 0.3 million, and 0.4 million shares, respectively, of the Company's common stock under the plan at weighted average per share prices of \$56.42, \$51.86, and \$43.16, respectively. Through February 3, 2018, approximately 39.7 million shares had been issued under this plan and 5.3 million shares remained available for future issuance.

Note I: Related Party Transactions

The Company has a consulting agreement with Norman Ferber, its Chairman Emeritus of the Board of Directors, under which the Company pays him an annual consulting fee of \$1.6 million through May 2019. In addition, the agreement provides for administrative support and health and other benefits for him and his dependents, which totaled approximately \$0.4 million, \$0.4 million, and \$0.3 million in fiscal 2017, 2016, and 2015, respectively, along with amounts to cover premiums through May 2019 on a life insurance policy with a death benefit of \$2.0 million. On termination of Mr. Ferber's consultancy with the Company, the Company will pay Mr. Ferber \$75,000 per year for a period of 10 years.

Robert Ferber, the son of Norman Ferber, is a buyer with the Company. The Company paid Robert Ferber compensation including salary and bonus of approximately \$159,000, \$148,000, and \$131,000 in fiscal 2017, 2016, and 2015, respectively.

Note J: Litigation, Claims, and Assessments

Like many retailers, the Company has been named in class action lawsuits, primarily in California, alleging violation of wage and hour laws and consumer protection laws. Class action litigation remains pending as of February 3, 2018.

The Company is also party to various other legal and regulatory proceedings arising in the normal course of business. Actions filed against the Company may include commercial, product and product safety, consumer, intellectual property, and labor and employment-related claims, including lawsuits in which private plaintiffs or governmental agencies allege that the Company violated federal, state, and/or local laws. Actions against the Company are in various procedural stages. Many of these proceedings raise factual and legal issues and are subject to uncertainties.

In the opinion of management, the resolution of pending class action litigation and other currently pending legal and regulatory proceedings will not have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

Note K: Quarterly Financial Data (Unaudited)

Summarized quarterly financial information for fiscal 2017 and 2016 is presented in the tables below.

Year ended February 3, 2018:

(\$000, except per share data)	Quarter Ended			
	April 29, 2017	July 29, 2017	October 28, 2017	February 3, 2018
Sales	\$ 3,306,429	\$ 3,431,603	\$ 3,328,894	\$ 4,067,806
Cost of goods sold	2,329,966	2,420,942	2,369,148	2,922,582
Selling, general and administrative	474,819	498,276	517,297	553,306
Interest expense, net	3,169	2,341	1,780	386
Total costs and expenses	2,807,954	2,921,559	2,888,225	3,476,274
Earnings before taxes	498,475	510,044	440,669	591,532
Provision for taxes on earnings	177,457	193,505	166,220	140,785
Net earnings	\$ 321,018	\$ 316,539	\$ 274,449	\$ 450,747

Earnings per share – basic ¹	\$ 0.83	\$ 0.83	\$ 0.72	\$ 1.20 ²
Earnings per share – diluted ¹	\$ 0.82	\$ 0.82	\$ 0.72	\$ 1.19 ²
Cash dividends declared per share				
on common stock	\$ 0.1600	\$ 0.1600	\$ 0.1600	\$ 0.1600
Stock price				
High	\$ 69.15	\$ 66.05	\$ 65.99	\$ 85.46
Low	\$ 62.53	\$ 53.07	\$ 53.03	\$ 63.42

¹ EPS is computed independently for each of the quarters presented. The sum of the quarters may not equal the total year amount due to the impact of changes in average quarterly shares outstanding.

² Includes a per share benefit of approximately \$0.21 from tax reform legislation enacted in December 2017 and \$0.10 from the 53rd week.

Year ended January 28, 2017:

(\$000, except per share data)	Quarter Ended			
	April 30, 2016	July 30, 2016	October 29, 2016	January 28, 2017
Sales	\$ 3,088,995	\$ 3,180,917	\$ 3,086,687	\$ 3,510,158
Cost of goods sold	2,176,205	2,251,845	2,206,092	2,539,563
Selling, general and administrative	436,924	469,511	490,171	493,802
Interest expense, net	4,364	4,213	4,156	3,755
Total costs and expenses	2,617,493	2,725,569	2,700,419	3,037,120
Earnings before taxes	471,502	455,348	386,268	473,038
Provision for taxes on earnings	180,868	173,442	141,722	172,470
Net earnings	\$ 290,634	\$ 281,906	\$ 244,546	\$ 300,568

Earnings per share – basic ¹	\$ 0.73	\$ 0.72	\$ 0.63	\$ 0.77
Earnings per share – diluted ¹	\$ 0.73	\$ 0.71	\$ 0.62	\$ 0.77
Cash dividends declared per share on common stock	\$ 0.1350	\$ 0.1350	\$ 0.1350	\$ 0.1350
Stock price				
High	\$ 59.30	\$ 61.98	\$ 65.06	\$ 69.53
Low	\$ 52.56	\$ 52.34	\$ 60.68	\$ 61.28

¹ EPS is computed independently for each of the quarters presented. The sum of the quarters may not equal the total year amount due to the impact of changes in average quarterly shares outstanding.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Ross Stores, Inc.:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Ross Stores, Inc. and subsidiaries (the "Company") as of February 3, 2018 and January 28, 2017, and the related consolidated statements of earnings, comprehensive income, stockholders' equity, and cash flows for each of the years ended February 3, 2018, January 28, 2017, and January 30, 2016 and the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of February 3, 2018, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of February 3, 2018 and January 28, 2017, and the results of its operations and its cash flows for each of the years ended February 3, 2018, January 28, 2017, and January 30, 2016, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 3, 2018, based on the criteria established in *Internal Control - Integrated Framework* (2013) issued by COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of the effectiveness to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/DELOITTE & TOUCHE LLP

San Francisco, California
April 3, 2018

We have served as the Company's auditor since 1982.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our “disclosure controls and procedures,” (as defined in Exchange Act Rule 13a-15(e)), as of the end of the period covered by this report. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at that reasonable assurance level as of the end of the period covered by this report.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events.

Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as set forth in *Internal Control — Integrated Framework (2013)*. Based on our evaluation under the framework in *Internal Control — Integrated Framework (2013)*, our management concluded that our internal control over financial reporting was effective as of February 3, 2018.

Our internal control over financial reporting as of February 3, 2018 has also been audited by Deloitte & Touche LLP, an independent registered public accounting firm, and their opinion as to the effectiveness of our internal control over financial reporting is stated in their report, dated April 3, 2018, which is included in Item 8 in this Annual Report on Form 10-K.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Quarterly Evaluation of Changes in Internal Control Over Financial Reporting

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, also conducted an evaluation of our internal control over financial reporting to determine whether any change occurred during the fourth fiscal quarter of 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, our management concluded that there was no such change during the fourth fiscal quarter.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by Item 401 of Regulation S-K is incorporated herein by reference to the sections entitled “Executive Officers of the Registrant” at the end of Part I of this report; and to the sections of the Ross Stores, Inc. Proxy Statement for the Annual Meeting of Stockholders to be held on Wednesday, May 23, 2018 (the “Proxy Statement”) entitled “Information Regarding Nominees and Incumbent Directors.” Information required by Item 405 of Regulation S-K is incorporated by reference to the Proxy Statement under the section titled “Section 16(a) Beneficial Ownership Reporting Compliance.” Since our last Annual Report on Form 10-K, we have not made any material changes to the procedures by which our stockholders may recommend nominees to the Board of Directors. Information required by Item 407(d)(4) and (d)(5) of Regulation S-K is incorporated by reference to the Proxy Statement under the section entitled “Information Regarding Nominees and Incumbent Directors” under the caption “Audit Committee.”

Our Board of Directors has adopted a Code of Ethics for Senior Financial Officers that applies to the Company’s Executive Chairman; Chief Executive Officer; Chief Operating Officer; Chief Merchandising Officer; President, Merchandising; Chief Development Officer; Executive Vice President, Finance and Legal; Chief Financial Officer; Senior Vice President, Controller; Senior Vice President, Finance; Group Vice President, Accounting and Assistant Controller; Vice President, Finance (FP&A); Group Vice President, Tax; Assistant Treasurer; Investor and Media Relations personnel; and successor and other positions that may be designated by the Company. This Code of Ethics is posted on our corporate website (www.rossstores.com) under Corporate Governance in the Investors Section. We intend to satisfy the disclosure requirements of Item 5.05 of Form 8-K regarding any future amendments to, or waivers from, our Code of Ethics for Senior Financial Officers by posting any changed version on the same corporate website.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 402 of Regulation S-K is incorporated herein by reference to the sections of the Proxy Statement entitled “Compensation of Directors” and “Executive Compensation” under the captions “Compensation Discussion and Analysis,” “Summary Compensation Table,” “All Other Compensation,” “Perquisites,” “Discussion of Summary Compensation,” “Grants of Plan-Based Awards During Fiscal Year,” “Outstanding Equity Awards at Fiscal Year-End,” “Option Exercises and Stock Vested,” “Non-Qualified Deferred Compensation,” and “Potential Payments Upon Termination or Change in Control.”

The information required by Items 407(e)(4) and (e)(5) of Regulation S-K are incorporated herein by reference to the sections of the Proxy Statement entitled “Compensation Committee Interlocks and Insider Participation” and “Compensation Committee Report.”

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity compensation plan information. The following table summarizes the equity compensation plans under which the Company's common stock may be issued as of February 3, 2018:

Shares in (000s)	(a) Number of securities to be issued upon exercise of outstanding options and rights	(b) Weighted average exercise price per share of outstanding options and rights	(c) Number of securities remaining available for future issuance (excluding securities reflected in column (a)) ¹
Equity compensation plans approved by security holders	655 ²	—	17,203 ³
Equity compensation plans not approved by security holders	—	—	—
Total	655	—	17,203

¹ After approval by stockholders of the 2017 Equity Incentive Plan in May 2017, any shares remaining available for grant in the share reserves of the 2008 Equity Incentive Plan were automatically canceled.

² Securities include shares underlying outstanding performance share awards where the performance measurement has occurred but that remain unsettled and unissued as of February 3, 2018. The weighted-average exercise price in column (b) does not take these awards into account.

³ Includes 5.3 million shares reserved for issuance under the Employee Stock Purchase Plan and 11.9 million shares reserved for issuance under the 2017 Equity Incentive Plan.

The information required by Item 403 of Regulation S-K is incorporated herein by reference to the section of the Proxy Statement entitled "Stock Ownership of Certain Beneficial Owners and Management."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Items 404 and 407(a) of Regulation S-K is incorporated herein by reference to the section of the Proxy Statement entitled "Information Regarding Nominees and Incumbent Directors" including the captions "Audit Committee," "Compensation Committee," and "Nominating and Corporate Governance Committee," and the section of the Proxy Statement entitled "Certain Transactions."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information concerning principal accountant fees and services will appear in the Proxy Statement in the Ross Stores, Inc. Board of Directors Audit Committee Report under the caption "Summary of Audit, Audit-Related, Tax and All Other Fees." Such information is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following consolidated financial statements, schedules, and exhibits are filed as part of this report or are incorporated herein as indicated:

1. List of Consolidated Financial Statements.

The following consolidated financial statements are included herein under Item 8:

Consolidated Statements of Earnings for the years ended February 3, 2018, January 28, 2017, and January 30, 2016.

Consolidated Statements of Comprehensive Income for the years ended February 3, 2018, January 28, 2017, and January 30, 2016.

Consolidated Balance Sheets at February 3, 2018 and January 28, 2017.

Consolidated Statements of Stockholders' Equity for the years ended February 3, 2018, January 28, 2017, and January 30, 2016.

Consolidated Statements of Cash Flows for the years ended February 3, 2018, January 28, 2017, and January 30, 2016.

Notes to Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm.

2. List of Consolidated Financial Statement Schedules.

Schedules are omitted because they are not required, not applicable, or such information is included in the consolidated financial statements or notes thereto which are included in this Report.

3. List of Exhibits (in accordance with Item 601 of Regulation S-K).

Incorporated herein by reference to the list of Exhibits contained in the Exhibit Index within this Report.

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: April 3, 2018

ROSS STORES, INC.

(Registrant)

By: /s/Barbara Rentler

Barbara Rentler

Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/Barbara Rentler</u> Barbara Rentler	Chief Executive Officer, Director	April 3, 2018
<u>/s/Michael J. Hartshorn</u> Michael J. Hartshorn	Executive Vice President, Chief Financial Officer, and Principal Accounting Officer	April 3, 2018
<u>/s/Michael Balmuth</u> Michael Balmuth	Executive Chairman of the Board, Director	April 3, 2018
<u>/s/K. Gunnar Bjorklund</u> K. Gunnar Bjorklund	Director	April 3, 2018
<u>/s/Michael J. Bush</u> Michael J. Bush	Director	April 3, 2018
<u>/s/Norman A. Ferber</u> Norman A. Ferber	Chairman Emeritus of the Board, Director	April 3, 2018
<u>/s/Sharon D. Garrett</u> Sharon D. Garrett	Director	April 3, 2018
<u>/s/Stephen D. Milligan</u> Stephen D. Milligan	Director	April 3, 2018
<u>/s/G. Orban</u> George P. Orban	Director	April 3, 2018
<u>/s/Michael O'Sullivan</u> Michael O'Sullivan	President and Chief Operating Officer, Director	April 3, 2018
<u>/s/Larry S. Peiros</u> Lawrence S. Peiros	Director	April 3, 2018
<u>/s/G. L. Quesnel</u> Gregory L. Quesnel	Director	April 3, 2018

INDEX TO EXHIBITS

Exhibit

Number Exhibit

- 3.1 [Certificate of Incorporation of Ross Stores, Inc. as amended \(Corrected First Restated Certificate of Incorporation, dated March 17, 1999, together with amendments thereto through Amendment of Certificate of Incorporation dated May 29, 2015\) incorporated by reference to Exhibit 3.1 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended August 1, 2015.](#)
- 3.2 [Amended and Restated Bylaws of Ross Stores, Inc. \(as amended March 8, 2017\), incorporated by reference to Exhibit 3.2 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 28, 2017.](#)
- 4.1 [Note Purchase Agreement dated October 17, 2006, incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended October 28, 2006.](#)
- 4.2 [Officers' Certificate, dated as of September 18, 2014, establishing the terms and form of the Notes, incorporated by reference to Exhibit 4.2 to the Form 8-K filed by Ross Stores on September 18, 2014.](#)
- 4.3 [Form of the 3.375% Senior Notes Due 2024, included in Exhibit 4.2 and incorporated by reference to Exhibit 4.2 to the Form 8-K filed by Ross Stores on September 18, 2014.](#)
- 4.4 [Indenture, dated as of September 18, 2014, between Ross Stores, Inc. and U.S. Bank National Association, incorporated by reference to Exhibit 4.1 to the Form 8-K filed by Ross Stores on September 18, 2014.](#)
- 10.1 [Revolving Credit Agreement dated April 1, 2016 among Ross Stores, Inc. and various lenders, incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended April 30, 2016.](#)

MANAGEMENT CONTRACTS AND COMPENSATORY PLANS (EXHIBITS 10.2 - 10.33)

- 10.2 [Amended and Restated Ross Stores, Inc. Employee Stock Purchase Plan \(amended and restated on March 11, 2015\), incorporated by reference to Exhibit 10.1 filed by Ross Stores, Inc. for its quarter ended August 1, 2015.](#)
- 10.3 [Third Amended and Restated Ross Stores, Inc. Non-Qualified Deferred Compensation Plan effective December 31, 2008, as amended effective January 1, 2015 and October 1, 2017.](#)
- 10.4 [Second Amended and Restated Ross Stores, Inc. Incentive Compensation Plan \(as amended effective May 18, 2016\), incorporated by reference Exhibit 10.1 to the Form 10-Q filed by Ross Stores, Inc. on July 30, 2016.](#)
- 10.5 [Ross Stores, Inc. 2008 Equity Incentive Plan \(as amended through May 21, 2014\), incorporated by reference to Exhibit 10.18 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 30, 2016.](#)
- 10.6 [Ross Stores, Inc. 2017 Equity Incentive Plan, incorporated by reference to Exhibit 99 to the Registration Statement on Form S-8 filed by Ross Stores, Inc. on May 17, 2017 \(Registration No. 333-218052\).](#)

- 10.7 [Form of Restricted Stock Agreement, incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 2, 2009.](#)
- 10.8 [Form of Restricted Stock Agreement, incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 3, 2014.](#)
- 10.9 [Form of Restricted Stock Agreement, incorporated by reference to Exhibit 10.4 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended July 29, 2017.](#)
- 10.10 [Form of Restricted Stock Agreement for Nonemployee Director.](#)
- 10.11 [Form of Restricted Stock Agreement for Nonemployee Director, incorporated by reference to Exhibit 10.5 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended July 29, 2017.](#)
- 10.12 [Form of Performance Shares Grant Agreement, incorporated by reference to Exhibit 10.1 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 3, 2014.](#)
- 10.13 [Form of Performance Share Agreement, incorporated by reference to Exhibit 10.6 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended July 29, 2017.](#)
- 10.14 [Form of Indemnity Agreement between Ross Stores, Inc. for Directors and Executive Officers, incorporated by reference to Exhibit 10.26 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended February 2, 2013.](#)
- 10.15 [Forms of Executive Employment Agreement for Executive Officers, incorporated by reference to Exhibit 10.3 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended April 30, 2016.](#)
- 10.16 [Forms of Executive Employment Agreement for Executive Officers, incorporated by reference to Exhibit 10.1 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended April 29, 2017.](#)
- 10.17 [Amended and Restated Independent Contractor Consultancy Agreement effective January 6, 2010 between Norman A. Ferber and Ross Stores, Inc., incorporated by reference to Exhibit 10.47 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 30, 2010.](#)
- 10.18 [Amended Independent Contractor Consultancy Agreement effective January 30, 2012 between Norman A. Ferber and Ross Stores, Inc., incorporated by reference to Exhibit 10.52 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 28, 2012.](#)
- 10.19 [Amendment to Independent Contractor Consultancy Agreement effective February 17, 2015 between Norman A. Ferber and Ross Stores, Inc., incorporated by reference to Exhibit 10.3 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 2, 2015.](#)
- 10.20 [Amended and Restated Retirement Benefit Package Agreement effective January 6, 2010 between Norman A. Ferber and Ross Stores, Inc., incorporated by reference to Exhibit 10.48 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 1, 2010.](#)
- 10.21 [Amended Retirement Benefits Package Agreement effective January 30, 2012 between Norman A. Ferber and Ross Stores, Inc., incorporated by reference to Exhibit 10.53 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 28, 2012.](#)

- 10.22 [Amendment to Retirement Benefit Package Agreement effective February 17, 2015 between Norman A. Ferber and Ross Stores, Inc., incorporated by reference to Exhibit 10.4 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 2, 2015.](#)
- 10.23 [Third Amendment to Retirement Benefit Package Agreement effective January 1, 2016 between Norman A. Ferber and Ross Stores, Inc., incorporated by reference to Exhibit 10.39 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 30, 2016.](#)
- 10.24 [Amendment to Independent Contractor Consultancy Agreement effective March 1, 2017 between Norman A. Ferber and Ross Stores, Inc., incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended July 29, 2017.](#)
- 10.25 [Employment Agreement effective June 1, 2012 between Michael Balmuth and Ross Stores, Inc., incorporated by reference to Exhibit 10.1 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended October 27, 2012.](#)
- 10.26 [First Amendment to Employment Agreement between Michael Balmuth and Ross Stores, Inc. dated March 15, 2015, incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended August 1, 2015.](#)
- 10.27 [Second Amendment to Employment Agreement effective January 1, 2016 between Michael Balmuth and Ross Stores, Inc., incorporated by reference to Exhibit 10.49 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 30, 2016.](#)
- 10.28 [Third Amendment to the Employment Agreement effective May 18, 2016 between Michael Balmuth and Ross Stores, Inc., incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended July 30, 2016.](#)
- 10.29 [Fourth Amendment to the Employment Agreement effective April 15, 2017 between Michael Balmuth and Ross Stores, Inc., incorporated by reference to Exhibit 10.4 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended April 29, 2017.](#)
- 10.30 [Employment Agreement effective March 16, 2017 between Barbara Rentler and Ross Stores, Inc., incorporated by reference to Exhibit 10.1 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended July 29, 2017.](#)
- 10.31 [Employment Agreement effective March 16, 2017 between Michael O'Sullivan and Ross Stores, Inc., incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended April 29, 2017.](#)
- 10.32 [Employment Agreement effective March 16, 2017 between Michael Hartshorn and Ross Stores, Inc., incorporated by reference to Exhibit 10.3 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended April 29, 2017.](#)
- 10.33 [Executive Employment Agreement effective March 16, 2016 between Bernard Brautigan and Ross Stores, Inc.](#)
- 21 [Subsidiaries.](#)
- 23 [Consent of Independent Registered Public Accounting Firm.](#)
- 31.1 [Certification of Chief Executive Officer Pursuant to Sarbanes-Oxley Act Section 302\(a\).](#)

31.2 [Certification of Chief Financial Officer Pursuant to Sarbanes-Oxley Act Section 302\(a\).](#)

32.1 [Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.](#)

32.2 [Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.](#)

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema

101.CAL XBRL Taxonomy Extension Calculation Linkbase

101.DEF XBRL Taxonomy Extension Definition Linkbase

101.LAB XBRL Taxonomy Extension Label Linkbase

101.PRE XBRL Taxonomy Extension Presentation Linkbase

THIRD AMENDED AND RESTATED

ROSS STORES, INC.

NONQUALIFIED DEFERRED COMPENSATION PLAN

THIS THIRD AMENDED AND RESTATED ROSS STORES, INC. NONQUALIFIED DEFERRED COMPENSATION PLAN (the “Plan”) amends and restates the Ross Stores, Inc. Nonqualified Deferred Compensation Plan, adopted January 1, 1994, and last amended and restated January 1, 1996, by Ross Stores, Inc., a Delaware corporation (“Ross”). The purpose of the Plan is to provide deferred compensation for a select group of management or highly compensated employees of Ross and its subsidiaries. The primary purpose of this restatement is to modify the Plan to comply with section 409A of the Code. This Plan as restated is effective December 31, 2008. Under applicable guidance, no retroactive amendment to January 1, 2005, the effective date of section 409A of the Code and the commencement of the good faith compliance period, is required.

ARTICLE I

DEFINITIONS

The following definitions shall govern the Plan:

- 1.1 “Additional Contribution” means a discretionary contribution by the Employer on behalf of a Participant pursuant to Section 3.6.
- 1.2 “Annual Bonus” or “Bonus” means any performance-based compensation, that meets the requirements of Treasury Regulation section 1.409A-1(e), earned by a Participant under the Employer’s annual cash bonus plan, the amount of or entitlement to which is contingent on the satisfaction of preestablished organizational or individual performance criteria relating to a performance period of at least twelve (12) consecutive months. Organizational or individual performance criteria are considered preestablished if established in writing no later than ninety (90) days after the commencement of the Bonus performance period. Bonus compensation does not include any amount or portion of any amount that will be payable regardless of performance based upon a level of performance that is substantially certain to be met at the time the criteria is established.
- 1.3 “Beneficiary” means one or more persons, trusts or other entities entitled to receive Benefits which may be payable under the Plan upon a Participant’s death as determined under Article VI.
- 1.4 “Benefits” means the amount(s) credited to a Participant’s Deferral Account.
- 1.5 “Board of Directors” or “Board” means the Board of Directors of Ross Stores, Inc.

Exhibit 10.3

1.6 “Bonus Deferral” or “Bonus Deferral Amount” means the dollar amount or percentage of his or her Annual Bonus which a Participant elects to defer by making a Bonus Deferral Election pursuant to Section 3.2.

1.7 “Bonus Deferral Election” means an election to defer an Annual Bonus as provided in Section 3.2.

1.8 “Code” means the Internal Revenue Code of 1986, as amended. Reference to a section of the Code includes such section and any comparable section or sections of any further legislation that amends, supplements or supersedes such section.

1.9 “Deferral Account” means the book entry account established under the Plan for each Participant to which shall be credited the Participant’s Salary Deferrals, Bonus Deferrals, any Additional Contributions and/or Matching Contributions made pursuant to Article III, adjusted for deemed Investment Gain or Loss determined under Article IV, and reduced by any distributions made to the Participant and any charges which may be imposed on such Deferral Account pursuant to the terms of the Plan. As provided in Article IV, the Deferral Account may include a Pre-2005 Deferral Account and a Post-2004 Deferral Account.

1.10 “Distribution Date” means a date *elected solely at the discretion of the Plan Administrator* that is within the ninety (90) day period following the Participant’s Termination Event, provided, however, that, with respect to a Participant’s Post-2004 Deferral Account, if at the time of the Participant’s Separation from Service, he or she is a Specified Employee, his or her Distribution Date may not be before the date that is six (6) months after the date of Separation from Service and payments to which a Specified Employee would otherwise be entitled during the first six (6) months following the date of Separation from Service shall be accumulated and paid on the first of the seventh (7th) month following the date of Separation from Service, or *at the sole discretion of the Plan Administrator* within ninety (90) days thereafter.

1.11 “Distribution Election” means an election by a Participant at the time of his or her Salary Deferral Election and/or Bonus Deferral Election, on any Election Form designating the event or time of distribution and method of payment of Benefits made in accordance with Sections 5.1 and 5.2, with respect to a Participant’s Post-2004 Deferral Account, or Appendix A, with respect to a Participant’s Pre -2005 Deferral Account.

1.12 “Effective Date” means the effective date of this Third Amended and Restated Ross Stores, Inc. Nonqualified Deferred Compensation Plan, December 31, 2008.

1.13 “Election Form” means the form prescribed by the Plan Administrator from time to time by which a Participant makes a Salary Deferral Election and/or a Bonus Deferral Election and elects the event or time of distribution and method of payments under the Plan.

1.14 “Eligible Employee” means an employee of the Employer who is a member of a select group of management or highly compensated employees as described in Article II and who has

Exhibit 10.3

been designated by the Plan Administrator, in the Plan Administrator's sole discretion, to be eligible to participate in the Plan.

1.15 "Employer" means Ross Stores, Inc. or a subsidiary or a person or entity that is under common control with Ross as defined in section 414(b) or 414(c) of the Code.

1.16 "Entry Date" means January 1 of each year.

1.17 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

1.18 "Initial Entry Date" means a day designated by the Plan Administrator that is not more than thirty (30) days after the date the Eligible Employee first becomes eligible to participate in the Plan.

1.19 "Investment Gain or Loss" means the deemed investment gain which shall be credited to the Participant's Deferral Account, or the deemed investment loss which will be debited from the Participant's Deferral Account pursuant to Article IV.

1.20 "Matching Contribution" means the amount, if any, which the Employer contributes on behalf of a Participant under the terms of Section 3.5.

1.21 "Participant" means an Eligible Employee who has elected to participate in the Plan in accordance with Sections 3.1 or 3.2 or for whom Matching Contributions or Additional Contributions are made in accordance with Sections 3.5 or 3.6.

1.22 "Plan" means this Third Amended and Restated Ross Stores, Inc. Nonqualified Deferred Compensation Plan, as it may be amended from time to time.

1.23 "Plan Administrator" means the committee selected by Ross to administer the Plan and to take such other actions as may be specified herein.

1.24 "Plan Year" means the calendar year.

1.25 "Pre-2005 Deferral Account" means the nonforfeitable value of a Participant's Deferral Account on December 31, 2004, together with the Investment Gain or Loss attributable to such Account thereafter. A Participant's Account is nonforfeitable to the extent that the Participant is not required to perform future services to be entitled to payment.

1.26 "Post-2004 Deferral Account" means the value of a Participant's Deferral Account less the value of the Participant's Pre-2005 Deferral Account, together with the credited Investment Gain or Loss attributable to such Account. The Post-2004 Deferral Account shall be subject to Code section 409A and applicable guidance thereunder.

1.27 "Ross" means Ross Stores, Inc., a Delaware corporation, and any successor thereto.

1.28 "Salary" means the base salary paid by the Employer, but shall not include any other form of compensation, whether taxable or nontaxable, including, but not limited to, bonuses,

Exhibit 10.3

commissions, overtime and other forms of additional compensation. Salary shall be calculated before reduction for compensation deferred or contributed at the election of the Participant pursuant to Code sections 125, 402(e)(3), or 402(h) under plans established by the Employer; provided, however, that all such amounts will be included in Salary only to the extent that had there been no such plan, the amount would have been payable in cash to the Employee.

1.29 “Salary Deferral” or “Salary Deferral Amount” means the dollar amount or percentage of Salary which a Participant elects to defer by making a Salary Deferral Election pursuant to Article III.

1.30 “Salary Deferral Election” means an election to defer Salary as provided in Section 3.1.

1.31 “Separation from Service” means a termination of the Participant’s employment with the Employer, as determined under Code Section 409A and the regulations thereunder other than death or Total Disability. A Participant on military leave, sick leave, or other bona fide leave of absence shall not be treated as having incurred a Separation from Service, provided that the leave does not exceed six (6) months, or if longer, so long as the Participant retains a right to reemployment with the Employer under an applicable statute or by contract.

1.32 “Specified Employee” means a “key employee” (as defined under Code section 416(i) without regard to paragraph (5) thereof) for the applicable period, as determined by the Plan Administrator in accordance with Treasury Regulation section 1.409A-1(i).

1.33 “Termination Event” means a Participant’s Separation from Service, death or Total Disability.

1.34 “Total Disability” or “Totally Disabled” means a Participant is either (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which can be expected to last for a continuous period of not less than twelve (12) months, or (ii) by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, is receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Employer. For purposes of this Plan, a Participant shall be deemed Totally Disabled if determined to be totally disabled by the Social Security Administration. A Participant shall also be deemed Totally Disabled if determined to be disabled in accordance with the applicable disability insurance program of the Employer, provided that the definition of “disability” applied under such disability insurance program complies with the requirements of this Section.

1.35 “Trust” means the legal entity created by the Trust Agreement.

1.36 “Trust Agreement” means the Trust Agreement Under the Ross Stores, Inc. Non-Qualified Deferred Compensation Plan effective November 1, 2002 between Ross and Union Bank of California, N.A., a copy of which is attached hereto as Exhibit A, as it may be amended from time to time.

1.37 “Trustee” means the original Trustee(s) named in the Trust Agreement and any duly appointed successor or successors thereto.

1.38 “Unforeseeable Financial Emergency” means a severe financial hardship of the Participant resulting from (i) an illness or accident of the Participant, the Participant’s spouse, the Participant’s Beneficiary or a dependent of the Participant (as defined in section 152 of the Code, without regard to section 152(b)(1), (b)(2) and (d)(1)(B) thereof), (ii) loss of the Participant’s property due to casualty, or (iii) such other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined by the Plan Administrator based on the relevant facts and circumstances. Examples of unforeseeable financial emergencies include, the imminent foreclosure of or eviction from one’s primary residence, the need to pay for medical expenses, or the need to pay for the funeral expenses of a spouse, a Beneficiary or dependent. Examples of what are not considered to be unforeseeable financial emergencies include the cost of sending a child to college or the purchase of a home.

ARTICLE II

ELIGIBILITY

2.1 Eligibility. Eligibility for participation in the Plan shall be limited to a select group of key management or highly compensated employees of the Employer designated by the Plan Administrator, in its sole discretion, to participate in the Plan, within the standard established under ERISA sections 201(2), 301(a)(3) and 401(a)(1). Individuals who are in this select group shall be notified as to their eligibility to participate in the Plan.

2.2 Commencement of Participation. An Eligible Employee shall begin participation in the Plan on the date the Plan Administrator determines that the Employee has met all enrollment requirements, including returning the required Election Form and any other enrollment materials required by the Plan Administrator within the specified time period. If an Employee fails to meet all requirements established by the Plan Administrator within the period required, the Employee shall not be eligible to participate in the Plan during such Plan Year.

2.3 Cessation of Participation. Active participation in the Plan shall end on the date of occurrence of a Termination Event or the date the Participant ceases to be eligible under Section 2.1, whichever occurs first. No deferrals or contributions shall be made after said date, but the Participant’s Deferral Account shall continue to be credited or debited with deemed Investment Gains or Losses pursuant to Article IV until all of the Benefits to which the Participant is entitled are distributed to the Participant or his or her Beneficiary in accordance with the terms of the Plan. Participation in the Plan shall cease when all Benefits have been paid in full.

ARTICLE III

DEFERRALS AND CONTRIBUTIONS

3.1 Salary Deferrals.

(a) Annual Deferral. For each Plan Year, a Participant may make a Salary Deferral Election to reduce his or her Salary by the Salary Deferral Amount set forth in an Election Form duly executed and filed with the Employer, subject to the limitations under Section 3.4. The election shall be made on an Election Form which must be returned to the Employer no later than the December 31 prior to the Plan Year in which the Salary will be earned. The Participant's election shall be irrevocable effective as of said December 31. The Salary Deferral Amount shall not be paid to the Participant, but shall be withheld from the Participant's Salary and an equal amount shall be credited to the Participant's Deferral Account.

(b) Election to Continue in Effect. Unless ceased or modified by a subsequent Salary Deferral Election or cancelled pursuant to Section 3.3, the Participant's election shall continue in effect for all subsequent Plan Years until the Participant ceases to be an Eligible Employee.

(c) Initial Deferral Election. An Eligible Employee who first becomes eligible to participate in the Plan on or after the beginning of a Plan Year may make an election to defer the portion of his or her Salary attributable to services to be performed after such election, provided that the Employee submits an Election Form on or before the deadline established by the Plan Administrator, which in no event shall be later than thirty (30) days after the Employee first becomes eligible to participate in the Plan. Any such election shall be irrevocable thirty (30) days after the Employee first becomes eligible to participate in the Plan.

3.2 Bonus Deferrals.

(a) Annual Deferral. For each Plan Year, a Participant may make a Bonus Deferral Election to reduce his or her Annual Bonus by the Bonus Deferral Amount set forth in an Election Form duly executed and filed with the Employer. The election shall be made on an Election Form which must be returned to the Employer no later than the December 31 prior to the Plan Year in which the Bonus performance period will commence, except as permitted by Section 3.2(b). The election shall be irrevocable effective as of said December 31. The Bonus Deferral Amount shall not be paid to the Participant, but shall be withheld from the Participant's Annual Bonus and an equal amount shall be credited to the Participant's Deferral Account.

(b) Extended Deadline for Bonus Deferral Election. Notwithstanding Section 3.2(a), a Participant may make a Bonus Deferral Election by filing an Election Form with the Employer no later than six (6) months before the end of the Bonus performance period, provided that the following conditions are satisfied: (i) the Participant has performed services continuously from the later of (A) the beginning of the Bonus performance period or (B) the date the Bonus performance criteria are established through the date of said election; and (ii) in no event may an election to defer an Annual Bonus be made after such Annual Bonus has become readily

ascertainable. Any such election shall become irrevocable six (6) months before the end of the twelve (12) month Bonus performance period.

(c) Initial Deferral Election. An Eligible Employee who first becomes eligible to participate in the Plan after the beginning of the Plan Year may make a Bonus Deferral Election to defer the portion of his or her Bonus attributable to services to be performed after such election, provided that the Employee submits an Election Form on or before the deadline established by the Plan Administrator, which in no event shall be later than thirty (30) days after the Participant first becomes eligible to participate in the Plan. The portion of the Bonus attributable to services performed after the date of the Bonus Deferral Election (and the maximum amount that may be deferred) shall be determined as follows: the total amount of the Bonus for the twelve (12) month performance period shall be multiplied by a fraction, the numerator of which is the number of days remaining in the Bonus performance period after the Bonus Deferral Election is effective and the denominator of which is the total number of days in the Bonus performance period.

(d) Election to Continue in Effect. Unless ceased or modified by a subsequent timely Bonus Deferral Election or cancelled pursuant to Section 3.3, the Participant's Bonus Deferral Election shall continue in effect until the Participant ceases to be an Eligible Employee.

3.3 Cancellation of Salary and Bonus Deferral Election Due to 401(k) Plan Hardship Distribution or Unforeseeable Emergency Withdrawal. Notwithstanding anything in this Article III to the contrary, if during a Plan Year, a Participant receives a hardship distribution under a plan described in section 401(k) of the Code that is maintained by the Employer, (1) the Participant's Salary Deferral Election and Bonus Deferral Election shall be cancelled in full for the remainder of the Plan Year and the immediately following Plan Year. If a Participant experiences an Unforeseeable Financial Emergency described in Section 5.4, then the Participant's Salary Deferral Election and Bonus Deferral Election shall be cancelled in full for the remainder of the Plan Year and the immediately following Plan Year. A Participant whose Salary Deferral Election and/or Bonus Deferral Election is cancelled under this Section 3.3 may elect to make a Salary Deferral Election and/or Bonus Deferral Election beginning after the period of cancellation set forth in this Section.

3.4 Limitations on Deferrals. A Participant's Salary and Bonus Deferrals with respect to a Plan Year shall be reduced by the amount(s), if any, which may be necessary:

- (i) To satisfy all required income and employment tax withholding and FICA contributions;
- (ii) To pay all contributions elected by the Participant pursuant to the Ross employee stock purchase plan, the cafeteria plan established pursuant to section 125 of the Code, and other applicable compensation and benefit programs; and
- (iii) To satisfy all garnishments or other amounts required to be withheld by applicable law or court order.

3.5 Matching Contribution. A Matching Contribution may be credited to a Participant's Deferral Account in such amount and at such time as the Employer, in its sole discretion, may determine and announce to the Participant. The Employer reserves the right to change the formula by which Matching Contributions are determined or to cease making Matching Contributions entirely after notifying the Participant of such change or cessation.

3.6 Additional Contributions. Additional Contributions may be credited to a Participant's Deferral Account in such amounts and at such times as the Employer, in its sole discretion, may determine and communicate to the Participant. The Employer shall be under no obligation to continue to credit Additional Contributions and may discontinue or change the amount of such Additional Contributions at any time.

3.7 No Withdrawal. Except as permitted in Section 5.4 or, with respect to a Participant's Pre-2005 Deferral Account, as further permitted pursuant to Appendix A, amounts credited to a Participant's Deferral Account may not be withdrawn by a Participant and shall be paid only upon a Termination Event.

3.8 Vesting. A Participant's Deferral Account attributable to Salary Deferral Amounts, Bonus Deferral Amounts and Matching Contributions shall be one hundred percent (100%) vested at all times. A Participant's Deferral Account attributable to any Additional Contributions shall vest at such time or times as the Compensation Committee of the Board shall specify in connection with any such Additional Contributions.

ARTICLE IV

INVESTMENT GAIN OR LOSS ON DEFERRAL ACCOUNTS

4.1 Deferral Account. A Deferral Account shall be established and maintained for each Participant to which shall be credited the Participant's Salary Deferral Amount, Bonus Deferral Amount, Matching Contributions (if applicable), Additional Contributions (if applicable) and the deemed Investment Gain or Loss as determined under this Article IV. The Participant's Deferral Account shall be charged with distributions from the Account and any charges which may be imposed on the Deferral Account pursuant to the terms of the Plan. For a Participant who received credits under this Plan prior to January 1, 2005, the Deferral Account shall include both a Pre-2005 Deferral Account (which is exempt from Code section 409A) and a Post-2004 Deferral Account (which is subject to Code section 409A).

4.2 Deemed Investment Options.

(a) The Plan Administrator shall designate one or more investments alternatives available for hypothetical investment ("Deemed Investment Options"). The Plan Administrator shall specify the particular investment alternatives which shall constitute Deemed Investment Options, and may, in its sole discretion, change or add to the Deemed Investment Options;

provided, however, that the Plan Administrator shall notify Participants of any such change prior to the effective date thereof.

(b) Each Participant may select among the Deemed Investment Options and specify the manner in which his or her Deferral Account shall be deemed to be invested for purposes of determining Participant's Investment Gain or Loss (the "Deemed Investment Election"). The Plan Administrator shall establish and communicate the rules, procedures and deadlines for making and changing Deemed Investment Elections.

4.3 Investment Gain or Loss. Each Participant's Deferral Account shall be credited monthly, or more frequently as the Plan Administrator may specify, with the deemed Investment Gain or debited with the deemed Investment Loss attributable to his or her Deferral Account. The deemed Investment Gain or Loss is the amount which the Participant's Deferral Account would have earned or lost if the amounts credited to the Deferral Account had, in fact, been invested in the Deemed Investment Options, in accordance with the Participant's Deemed Investment Elections.

ARTICLE V

BENEFITS

5.1 Timing of Distribution with Respect to Post-2004 Deferral Account.

(a) The amounts credited to a Participant's Post-2004 Deferral Account shall be paid (or payment shall commence) upon the Distribution Date following the first Termination Event to occur. The Participant may elect, no later than when he or she first makes a Salary Deferral Election and/or Bonus Deferral Election with respect to his or her Post-2004 Deferral Account that the timing of his or her payment shall be on the Distribution Date immediately following: (i) his or her Separation from Service or (ii) one (1) year after his or her Separation from Service.

(b) Notwithstanding Section 5.1(a), if the Termination Event is the Separation from Service of a Specified Employee, payment of the Participant's Post-2004 Account shall be made or commenced no earlier than on the first day after the end of the six (6) month period following the Participant's Separation from Service.

5.2 Method of Distribution with Respect to Post-2004 Deferral Account.

(a) In General. Distributions of a Participant's Post-2004 Deferral Account may be made in any of the following optional forms of distribution, if the Participant has so elected no later than the time the Participant first makes a Salary Deferral Election and/or Bonus Deferral Election with respect to deferral amounts in his or her Post-2004 Deferral Account: (i) a single lump sum payment or (ii) substantially equal annual installments over a period not to exceed ten (10) years.

(b) Death Benefits. In the event a Participant dies before his or her Post-2004 Deferral Account has been completely distributed and the Plan Administrator receives proof satisfactory to it of the Participant's death, the Participant's Benefits shall be paid to his or her Beneficiary in accordance with the method of distribution specified in the Participant's Distribution Election in effect at the time of such Participant's death.

(c) Non-Election. If no Distribution Election has been properly made prior to the Distribution Date, the Participant's Benefits will be distributed in a single lump sum on the Distribution Date.

5.3 Amendment of Distribution Election with Respect to Post-2004 Deferral Account. A Participant may change a Distribution Election with respect to his or her Post-2004 Deferral Account by filing an amended Distribution Election at least twelve (12) months before the Distribution Date. Such amended Distribution Election shall not be effective for a period of twelve (12) months after the date on which the amended election is made. The new Distribution Date selected by the Participant must be the first day of a Plan Year that is no sooner than five (5) years from the date such payment would otherwise be made or commence.

5.4 Unforeseeable Financial Emergency. Notwithstanding any other provision of the Plan to the contrary, with the consent of the Plan Administrator, a Participant may withdraw up to one hundred percent (100%) of the amount credited to his or her Deferral Account as may be required to meet an Unforeseeable Financial Emergency of the Participant, provided that the entire amount requested by the Participant is not reasonably available from other resources of the Participant.

(a) The withdrawal must be necessary to satisfy the Unforeseeable Financial Emergency (which may include amounts necessary to pay any federal, state, local or foreign income taxes or penalties reasonably anticipated to result from the withdrawal) and no more may be withdrawn from the Participant's Deferral Account than is required to relieve the financial need after taking into account other resources that are reasonably available to the Participant for this purpose.

(b) The Participant must certify that the financial need cannot be relieved: (i) through reimbursement or compensation by insurance or otherwise; or (ii) by liquidation of the Participant's assets, to the extent such liquidation would not itself cause severe financial hardship.

(c) In the event an Unforeseeable Financial Emergency withdrawal is approved, payment shall be made to the Participant on a date elected solely at the discretion of the Plan Administrator that is within sixty (60) days after the date of approval by the Plan Administrator.

5.5 Distribution of Pre-2005 Deferral Account. A Participant may elect to receive any portion of his or her Pre-2005 Deferral Account at the times and in the forms described in Appendix A.

5.6 Qualified Domestic Relations Orders. If necessary to comply with a domestic relations order, as defined in Code section 414(p)(1)(B), pursuant to which a court has determined that a spouse or former spouse of a Participant has an interest in the Participant's Benefits under the

Plan, the Plan Administrator shall have the right to immediately distribute the spouse's or former spouse's interest in the Participant's Benefits under the Plan to such spouse or former spouse.

5.7 Tax Withholding. All payments under this Article V shall be subject to all applicable withholding for state and federal income tax and to any other federal, state or local tax which may be applicable thereto.

ARTICLE VI

BENEFICIARIES

6.1 Designation of Beneficiary. The Participant shall have the right to designate on such form as may be prescribed by the Plan Administrator, one or more Beneficiaries and secondary Beneficiaries to receive any Benefits due under Article V which may remain unpaid at the Participant's death and shall have the right at any time to revoke such designation and to substitute another such Beneficiary.

6.2 No Designated Beneficiary. If, upon the death of the Participant, there is no valid designation of Beneficiary, the Beneficiary shall be the Participant's estate.

ARTICLE VII

TRUST OBLIGATION TO PAY BENEFITS

7.1 Deferrals Held in Trust. An amount equal to Salary Deferral Amounts, Annual Bonus Deferral Amounts and Matching Contributions, if any, made by or on behalf of the Participant shall be transferred to the Trustee within thirty (30) days after the applicable pay period or crediting date to be held pursuant to the terms of the Trust Agreement.

7.2 Benefits Paid From Trust. All benefits payable to a Participant hereunder shall be paid by the Trustee to the extent of the assets held in the Trust by the Trustee, and by the Employer to the extent the assets in the Trust are insufficient to pay the Participant's Benefits as provided under this Plan.

7.3 Trustee Investment Discretion. The Deemed Investment Options shall be for the sole purpose of determining the deemed Investment Gain or Loss and neither the Trustee nor the Employer shall have any obligation to invest the Participants' Deferral Account in the Deemed Investment Options or in any other investment.

7.4 No Secured Interest. All deferrals and other amounts governed by the terms of the Plan and the Trust Agreement, including all investments purchased with such amounts and all income attributable thereto, shall remain (until distributed to the Participant or Beneficiary) the property of the Employer as provided under the Plan and the Trust Agreement and shall be subject to the

claims of the Employer's general creditors in the event of the Employer's financial insolvency. No Participant or Beneficiary shall have any secured or beneficial interest in any property, rights or investments held by the Employer or the Trustee in connection with the Plan.

ARTICLE VIII

AMENDMENT AND TERMINATION

8.1 Amendment. This Plan may be amended by Ross at any time in its sole discretion upon an action of a majority of the members of the Plan Administrator; provided, however, that no amendment may be made which would alter the irrevocable nature of an election or which would reduce the amount credited to a Participant's Deferral Account on the date of such amendment; and provided further that no amendment which would affect the Trustee's obligation may be made without the Trustee's consent.

8.2 Termination. Notwithstanding any other provision of this Plan to the contrary, Ross, either (i) by action of its Board or (ii) with the approval of a majority of the members of the Plan Administrator and the consent of either the President or the Chief Executive Officer of Ross, reserves the right to terminate the Plan in its entirety at any time upon fifteen (15) days' notice to the Participants. If the Plan is terminated, no new deferral elections or Employer contributions shall be permitted, but the Deferral Accounts of the Participants shall remain in the Plan and continue to be credited or debited with deemed Investment Gains or Losses pursuant to Article IV until the Account is distributed in accordance with Article V or Appendix A. Notwithstanding the foregoing, upon termination of the Plan, all Post-2004 Deferral Accounts of Participants shall be distributed in a single lump sum, subject to and in accordance with rules established by the Employer deemed necessary to comply with the applicable requirements and limitations of Treasury Regulation section 1.409A-3(j)(4)(ix). Any amounts remaining in the Trust after all Benefits have been paid shall revert to the Employer.

ARTICLE IX

MISCELLANEOUS

9.1 Administration. The Plan Administrator shall have full discretionary authority to administer the Plan and to interpret its provisions. The Plan Administrator shall have the discretion and authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of the Plan, and to decide any and all questions arising under the Plan, including disputes regarding entitlement to benefits.

9.2 No Assignment. The right of any Participant, any Beneficiary, or any other person to the payment of any benefits under this Plan shall not be assigned, transferred, pledged or encumbered.

Exhibit 10.3

9.3 Successors. This Plan shall be binding upon and inure to the benefit of the Employer, its successors and assigns and the Participant and his or her heirs, executors, administrators and legal representatives.

9.4 No Employment Agreement. The terms and conditions of the Plan shall not be deemed to constitute a contract of employment between the Employer and the Participant. Such employment is hereby acknowledged to be an “at will” employment relationship that can be terminated at any time for any reason, with or without cause, unless expressly provided in a written agreement or expressly provided by law. Nothing in the Plan shall be deemed to give a Participant the right to be retained in the service of the Employer, or to interfere with the right of the Employer to discipline or discharge the Participant at any time.

9.5 Attorneys’ Fees. If the Employer, a Participant, any Beneficiary, or a successor in interest to any of the foregoing, brings a legal action to enforce any of the provisions of this Plan, the prevailing party in such legal action shall be reimbursed by the other party for the prevailing party’s costs of such legal action including, without limitation, reasonable fees of attorneys, accountants and similar advisors and expert witnesses.

9.6 Disputes.

(a) A person who believes that he or she is being denied a benefit to which he or she is entitled under the Plan (hereinafter referred to as “Claimant”) may file a written request for such benefit with the Plan Administrator, setting forth his or her claim.

(b) Upon receipt of a claim, the Plan Administrator shall advise the Claimant that a reply will be forthcoming within ninety (90) days and shall, in fact, deliver such reply within such period. The Plan Administrator may, however, extend the reply period for an additional ninety (90) days for special circumstances provided it notifies the Claimant of the need and reason for the extension and an anticipated decision date.

(c) If the claim is denied in whole or in part, the Plan Administrator shall inform the Claimant in writing, using language calculated to be understood by the Claimant, setting forth: (1) the specific reason or reasons for such denial; (2) the specific reference to pertinent provisions of the Plan on which such denial is based; (3) a description of any additional material or information necessary for the Claimant to perfect his or her claim and an explanation why such material or such information is necessary; (4) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review; (5) the time limits for requesting a review under subsection (d); and (6) such other information as may be required by applicable Department of Labor regulations.

(d) Within sixty (60) days after the receipt by the Claimant of the written decision described above, the Claimant may make a request in writing for review of the determination of the Plan Administrator. The Claimant or his or her duly authorized representative may, but need not, review the pertinent documents and submit issues and comments in writing for consideration by the Plan Administrator. If the Claimant does not request a review within such

sixty (60) day period, he or she shall be barred and estopped from challenging the Plan Administrator's determination.

(e) Within sixty (60) days after the Plan Administrator's receipt of a request for review, the Plan Administrator shall appoint a special review committee, none of whose members shall be persons who reviewed or denied the initial claim, to review the request after considering all materials presented by the Claimant. If special circumstances require that the sixty (60) day time period be extended, the special review committee will so notify the Claimant of the need and reasons for the extension and an anticipated decision date. The Plan Administrator will render the decision as soon as possible, but no later than one hundred twenty (120) days after receipt of the request for review. The decision of the special review committee must be written in a manner calculated to be understood by the Claimant, and it must contain: (1) specific reasons for the decision; (2) specific reference(s) to the pertinent Plan provisions upon which the decision was based; (3) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and (4) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

(f) Any dispute or claim related to or arising out of this Plan shall, subject to exhausting the claims and review procedures set forth in this Section 9.6, be fully and finally resolved by binding arbitration conducted by the American Arbitration Association according to its Employee Benefit Claims Arbitration Rules, the hearing to be held in Alameda County, California.

9.7 Governing Law. This Plan shall be construed in accordance with and governed by the laws of the State of California, the extent those laws are not preempted by ERISA.

9.8 Entire Agreement. This Plan constitutes the entire understanding and agreement with respect to the subject matter contained herein, and there are no agreements, understandings, restrictions, representations or warranties among any Participant and the Employer other than those as set forth or provided for herein or those documents expressly referred to herein as affecting this Plan.

9.9 Minor or Incompetent Beneficiary. If the Plan Administrator determines in its discretion that a distribution is to be made to a minor or incompetent Beneficiary, the Plan Administrator may direct payment to be made to the legal guardian, legal representative or custodian of such person. The Plan Administrator may require such proof as it determines appropriate of the Beneficiary's minority or incompetence before making any distribution. Payment to the legal guardian, legal representative or custodian shall fully discharge any liability under the Plan for such payment amount.

Exhibit 10.3

IN WITNESS WHEREOF, Ross Stores, Inc. has caused this Third Amended and Restated Ross Stores, Inc. Nonqualified Deferred Compensation Plan to be executed this 19 day of December, 2008 by its duly authorized officer effective December 31, 2008.

ROSS STORES, INC.

By: /s/J. Marvin
Title: SVP, HR
Dated: 12/19/08

APPENDIX A

DISTRIBUTION OF PRE-2005 DEFERRAL ACCOUNTS

The following provisions pertain solely to distribution of a Participant's Pre-2005 Deferral Account and supersede any inconsistent provisions of the Plan.

A. Timing of Distribution. A Participant's Pre-2005 Deferral Account shall be paid (or payment shall commence) within a reasonable time after the earlier to occur of (i) the Early Benefit Distribution Date, if the Participant elected an Early Benefit Distribution, or (ii) a Termination Event. The Participant may elect, no later then when he or she first makes a Salary Deferral Election and/or Bonus Deferral Election with respect to his or her Pre-2005 Deferral Account that the timing of his or her payment shall be on the Distribution Date immediately following: (i) his or her Separation from Service or (ii) one (1) year after his or her Separation from Service.

B. Early Benefit Distribution.

(i) Two-Year Advance Election. A Participant may elect an Early Benefit Distribution by filing an Early Benefit Distribution Election at such time and in such manner as the Plan Administrator shall specify. Such Early Benefit Distribution Election shall specify an Early Benefit Distribution Date which shall be no less than two (2) years from the date such Early Benefit Distribution Election is made. Except as otherwise provided in this Appendix A, the Early Benefit Distribution Election shall be irrevocable and shall apply to the Participant's entire Pre-2005 Deferral Account balance as of such Early Benefit Distribution Date, or to such lesser dollar amount as may be specified in the Early Benefit Distribution Election. A Participant who receives an Early Benefit Distribution pursuant to an Early Benefit Distribution Election shall automatically cease all deferrals and/or contributions under the Plan as of the next Entry Date following the Early Benefit Distribution Date and may not resume participation until a subsequent Entry Date after making a new deferral election under Article III.

Example: Ms. X receives an Early Benefit Distribution on October 15, 2008. Effective January 1, 2009, Ms. X must discontinue all deferrals to the Plan and may not resume participation until January 1, 2010.

Example: Mr. Y receives an Early Benefit Distribution on June 30, 2009. Effective January 1, 2010, Mr. Y must discontinue all deferrals to the Plan and may not resume participation until January 1, 2011.

(ii) Revocation of Early Benefit Distribution Election. A Participant may revoke an Early Benefit Distribution Election, or an election made for an early benefit distribution under the Ross Stores, Inc. Nonqualified Deferred Compensation Plan adopted effective January 1, 1994, by filing a written revocation at least twelve (12) months prior to the Early Benefit Distribution Date specified in such Election.

Exhibit 10.3

C. Termination Event. Solely for purposes of this Appendix A, a Termination Event shall also be deemed to occur on the last day of any period for which the Participant receives compensation (including severance payments) from the Employer which is paid through the Employer's payroll system and which the Employer reports as "wages" on Form W-2. The occurrence of a Termination Event shall automatically revoke any Early Benefit Distribution Election made by the Participant, if the Early Benefit Distribution Date specified in such Early Benefit Distribution Election is after the date of the Termination Event. Upon the occurrence of the first Termination Event to occur, the Participant's Pre-2005 Deferral Account shall be paid in one of the following methods as specified in the Participant's Distribution Election filed with the Plan Administrator at the time of his or her Salary Deferral Election and/or Bonus Deferral Election: (i) single lump sum or (ii) substantially equal annual installments over a period not to exceed ten (10) years.

A Participant may file an amended Distribution Election by the earlier of (a) the end of the year prior to the scheduled Distribution Date or (b) six (6) months before the scheduled Distribution Date. Any amendment which is filed later than the requirements in the preceding sentence shall be null and void.

In the event a Participant dies before his or her Benefits have been completely distributed and the Plan Administrator receives proof satisfactory to it of the Participant's death, the Participant's benefits shall be paid to his or her Beneficiary in accordance with the method of distribution specified in the Participant's Distribution Election in effect at the time of such Participant's death.

D . Early Withdrawal. Notwithstanding any other provision of the Plan, the Participant may withdraw up to one hundred percent (100%) of his or her Pre-2005 Deferral Account. Upon such withdrawal, ten percent (10%) of the amount withdrawn shall be forfeited and the Participant shall have no further right thereto. The amount withdrawn, reduced by said forfeiture, shall be paid to the Participant in a single lump sum. Effective on the next Entry Date, the Participant shall be prohibited from making any deferrals or receiving any contributions under the Plan until a subsequent Entry Date after making a new deferral election under Article III.

E. Termination of the Plan. The termination of the Plan shall automatically revoke all outstanding Early Benefit Distribution Elections and all elections to have Pre-2005 Deferral Accounts paid in installments. Upon the termination of the Plan, all such Accounts shall be paid in a single lump sum as if the Participant had voluntarily terminated employment on the date of Plan termination.

**FIRST AMENDMENT
TO THE
ROSS STORES, INC. NONQUALIFIED DEFERRED COMPENSATION PLAN**
(Third Amended and Restated Plan Document, Effective December 31, 2008)

1. **Plan Sponsor:** Ross Stores, Inc. (the “Company”)

2. **Amendment of Plan:** Pursuant to the authority granted to Ross Stores, Inc. Nonqualified Deferred Compensation Plan Administrative Committee (“Committee”) in Section 8.1 of Ross Stores, Inc. Nonqualified Deferred Compensation Plan, as amended and restated December 31, 2008 (the “Plan”), a member of the Committee hereby adopts the following Amendment to the Plan, effective as provided in Paragraph 3.
 - A. **Section 1.29 of the Plan shall be amended by replacing the existing Section 1.29 with the following Section 1.29:**

1.29 “Salary Deferral” or “Salary Deferral Amount” means the dollar amount or percentage of Salary (not to exceed 75% of Salary) which a Participant elects to defer by making a Salary Deferral Election pursuant to Article III.

 - B. **Section 3.1(a) of the Plan shall be amended by replacing the existing Section 3.1(a) with the following Section 3.1(a):**
 - (a) Annual Deferral. For each Plan Year, a Participant may make a Salary Deferral Election to reduce his or her Salary by the Salary Deferral Amount set forth in an Election Form duly executed and filed with the Employer, not to exceed 75% of Salary and subject to the limitations under Section 3.4. The election shall be made on an Election Form which (1) must be returned to the Employer no later than, and (2) will be irrevocable effective as of, the December 31 prior to the Plan Year in which the Salary will be earned. The Salary Deferral Amount shall not be paid to the Participant, but shall be withheld from the Participant’s Salary and an equal amount shall be credited to the Participant’s Deferral Account.

3. **Effective Date:** The Effective Date of this First Amendment shall be January 1, 2015.

4. **Terms and Conditions of Plan:** Except for the above amendments, all terms and conditions of the Plan are unamended and shall remain in full force and effect.

5. **Execution:** A member of the Committee has executed this Amendment as of the date set forth below.

ROSS STORES, INC.

Company

By: /s/Deon Riley

Title: SVP, Human Resources

Dated: November 6, 2014

**AMENDMENT TO THE
THIRD AMENDED AND RESTATED
ROSS STORES, INC.
NONQUALIFIED DEFERRED COMPENSATION PLAN**

The Ross Stores, Inc. Third Amended and Restated Nonqualified Deferred Compensation Plan (the “Plan”), originally effective as of January 1, 1994, and most recently restated in its entirety effective as of December 31, 2008, is hereby further amended, effective as of October 1, 2017, as follows:

1. Section 1.13 “Election Form” is amended in its entirety to read as follows:

“1.13 “Election Form” means the form, which may be in written, electronic, telephonic or such other format as prescribed by the Plan Administrator, by which a Participant makes a Salary Deferral Election and/or a Bonus Deferral Election and elects the event even or time of distribution and method of payments under the Plan.”

2. Section 1.18 “Initial Entry Date” is deleted in its entirety.
3. Section 1.19 “Investment Gain or Loss” is renumbered as Section 1.18.
4. Section 1.20 “Matching Contribution” is renumbered as Section 1.19
5. A new Section 1.20 is added to read as follows:

“1.20 “Open Enrollment Period” means the period or periods established by the Plan Administrator during which Eligible Employees may elect to enroll in the Plan or to change elections relating to the rate at which they wish to defer Compensation under the Plan.”

Exhibit 10.3

6. Section 2.2 of the Plan is hereby amended in its entirety to read as follows:

“2.2 Commencement of Participation. An Eligible Employee shall begin participation in the Plan on the date the Plan Administrator determines that the Employee has met all enrollment requirements, including returning the required Election Form and any other enrollment materials required by the Plan Administrator within the applicable Open Enrollment Period. If an Employee fails to meet all requirements established by the Plan Administrator within the applicable Open Enrollment Period, the Employee shall not be eligible to participate in the Plan during such Plan Year.”

7. Section 3.1 of the Plan is hereby amended in its entirety to read as follows:

“3.1 Salary Deferrals.

(a) Annual Deferral. For each Plan Year, a Participant may make a Salary Deferral Election to reduce his or her Salary by the Salary Deferral Amount set forth in an Election Form duly executed and filed with the Employer during the applicable Open Enrollment Period, subject to the limitations under Section 3.4. The election shall be made during the applicable Open Enrollment Period on an Election Form which must be returned to the Employer no later than the December 31 prior to the Plan Year in which the Salary will be earned. Subject to Section 3.3, the Participant’s election shall be irrevocable effective as of said December 31. The Salary Deferral Amount shall not be paid to the Participant, but shall be withheld from the Participant’s Salary and an equal amount shall be credited to the Participant’s Deferral Account.

(b) Election to Continue in Effect. Unless ceased or modified by a subsequent Salary Deferral Election filed with the Employer during the applicable Open Enrollment Period or cancelled pursuant to Section 3.3, the Participant’s election shall continue in effect for all subsequent Plan Years until the Participant ceases to be an Eligible Employee.”

8. Section 3.2 of the Plan is hereby amended in its entirety to read as follows:

“3.2 Bonus Deferrals.

(a) Deadline for Bonus Deferral Election. A Participant may make a Bonus Deferral Election by filing an Election Form with the Employer during the applicable Open Enrollment Period which shall be no later than six (6) months before the end of the Bonus performance period, provided that the Participant has performed services continuously from the beginning of the Bonus performance period.

(b) Election to Continue in Effect. Unless ceased or modified by a subsequent timely Bonus Deferral Election filed with the Employer during the applicable Open Enrollment Period or cancelled pursuant to Section 3.3, the Participant’s Bonus Deferral Election shall continue in effect until the Participant ceases to be an Eligible Employee.”

Exhibit 10.3

Except as modified by this Amendment, all the terms and provisions of the Plan, as previously amended, shall remain in full force and effect.

Executed this 13th day of December, 2017

PLAN ADMINISTRATOR OF THE ROSS STORES, INC.
THIRD AMENDED AND RESTATED
NONQUALIFIED DEFERRED COMPENSATION

By /s/K. Reimann
Title Member of the Plan Administrative Committee

**EXHIBIT A
NONQUALIFIED DEFERRED COMPENSATION PLAN TRUST AGREEMENT**

Wells Fargo Bank, N.A. as successor trustee to Union Bank of California, N.A.

Rabbi Trust Agreement

This rabbi trust agreement is based on the IRS model rabbi trust provisions contained in Revenue Procedure 92-64. Provisions from the IRS model rabbi trust have been selected which are frequently chosen by many if not most of Wells Fargo rabbi trust clients. Additional provisions have been added to reflect Wells Fargo operating procedures and administrative requirements. A Company should carefully review the trust agreement with its legal counsel to determine if it is appropriate for its particular situation. Wells Fargo does not provide legal advice and makes no representations concerning the tax consequences of a Company's execution of this Agreement.

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**Ross Stores, Inc. Nonqualified Deferred Compensation Plan
Trust Agreement**

This Agreement, made this first day of July, 2010, by and between **Ross Stores, Inc.**(the "Company") and **WELLS FARGO BANK, N.A.**, (the "Trustee"),

WITNESSETH:

WHEREAS, Company has adopted the non-qualified deferred compensation Plan titled **Ross Stores, Inc. Nonqualified Deferred Compensation Plan** (the "Plan");

WHEREAS, Company has incurred and expects to incur liability under the terms of such Plan with respect to the individuals participating in such Plan; and

WHEREAS, Company has established a trust (hereinafter called "Trust") and wishes to contribute to the Trust assets that shall be held therein, subject to the claims of Company's creditors in the event of Company's Insolvency, as herein defined, until paid to Plan participants and their beneficiaries in such manner and at such times as specified in the Plan;

WHEREAS, it is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plan as an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974;

WHEREAS, it is the intention of Company to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Plan;

NOW, THEREFORE, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

ARTICLE I

ESTABLISHMENT OF TRUST

Section 1.1 Company hereby deposits with Trustee in trust \$1.00, which shall become the principal of the Trust, along with assets transferred from the prior trustee, all to be held, administered and disposed of by Trustee as provided in this Trust Agreement.

Section 1.2 The Trust hereby established shall be irrevocable by Company.

Section 1.3 The Trust is intended to be a grantor trust, of which Company is the grantor, within the meaning of subpart E, part 1, subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly. However, Trustee does not warrant and shall not be liable for any tax consequences associated with the Trust or participation in the Plan.

Section 1.4 The principal of the Trust and any earnings thereon shall be held separate and apart from other funds of Company and shall be used exclusively for the uses and purposes of Plan participants and general creditors as herein set forth. Plan participants and their beneficiaries shall have no preferred claim

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on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plan and this Trust Agreement shall be mere unsecured contractual rights of Plan participants and their beneficiaries against Company. Any assets held by the Trust will be subject to the claims of Company's general creditors under federal and state law in the event of Insolvency, as defined in Section 3.1 herein.

Section 1.5 Company, in its sole discretion, may at any time, or from time to time, make additional deposits of cash or other property acceptable to the Trustee in trust with Trustee to augment the principal to be held, administered and disposed of by Trustee as provided in this Trust Agreement. Neither Trustee nor any Plan participant or beneficiary shall have any right to compel such additional deposits.

Section 1.6 The Trustee agrees to accept contributions that are paid to it by the Company in accordance with the terms of this Trust Agreement. Such contributions shall be in cash or in such other form that may be acceptable to the Trustee. The Trustee shall have no duty to determine or collect contributions under the Plan and shall have no responsibility for any property until it is received and accepted by the Trustee. The Company shall have the sole duty and responsibility for the determination of the accuracy or sufficiency of the contributions to be made under the Plan, the transmittal of the same to the Trustee and compliance with any statute, regulation or rule applicable to contributions.

ARTICLE II

PAYMENTS TO PLAN PARTICIPANTS AND THEIR BENEFICIARIES

Section 2.1 Company shall deliver to Trustee a schedule (the "Payment Schedule") that indicates the amounts payable in respect of each Plan participant (and his or her beneficiaries), that provides a formula or other instructions acceptable to Trustee for determining the amounts so payable, the form in which such amount is to be paid (as provided for or available under the Plan), and the time of commencement for payment of such amounts.

The Trustee shall remit such payment to Company and Company shall make such payments to the Plan participants and beneficiaries. Company shall make provision for the reporting and withholding of any federal, state or local taxes that may be required to be withheld with respect to the payment of benefits pursuant to the terms of the Plan and shall pay amounts withheld to the appropriate taxing authorities. Company shall indemnify and hold harmless the Trustee from any and all liability to which the Trustee may become subject due to Company's failure to properly withhold and/or remit amounts due or to pay benefits to participants in connection with the Trust.

Section 2.2 The entitlement of a Plan participant or his or her beneficiaries to benefits under the Plan shall be determined by Company or such party as it shall designate under the Plan, and any claim for such benefits shall be considered and reviewed under the procedures set out in the Plan.

Section 2.3 Company may make payment of benefits directly to Plan participants or their beneficiaries as they become due under the terms of the Plan, and may request reimbursement for such payments upon presentation of appropriate evidence of payment to Trustee. Company shall notify Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to participants or their beneficiaries. In addition, if the principal of the Trust and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plan, Company shall make the balance of each such payment as it falls due. Trustee shall notify Company where principal and earnings are not sufficient. Trustee shall not be liable for the inadequacy of the Trust to pay all amounts due under the Plan.

ARTICLE III

TRUSTEE RESPONSIBILITY REGARDING PAYMENTS TO TRUST BENEFICIARY WHEN COMPANY IS INSOLVENT

Section 3.1 Trustee shall cease payment of benefits to Plan participants and their beneficiaries if the Company is Insolvent. Company shall be considered "Insolvent" for purposes of this Trust Agreement if (i) Company is unable to pay its debts as they become due, or (ii) Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code or any comparable state or federal regulatory law.

Section 3.2 At all times during the continuance of this Trust, as provided in Section 1.4 hereof, the principal and income of the Trust shall be subject to claims of general creditors of Company under federal and state law as set forth below.

(1) The Board of Directors and the Chief Executive Officer (or if there is no Chief Executive Officer, the highest ranking officer) of Company shall have the duty to inform Trustee in writing of Company's Insolvency. If a person claiming to be a creditor of Company alleges in writing to Trustee that Company has become Insolvent, Trustee shall determine whether Company is Insolvent and, pending such determination, Trustee shall discontinue payment of benefits to Plan participants or their beneficiaries.

(2) Unless Trustee has actual knowledge of Company's Insolvency, or has received notice from Company or a person claiming to be a creditor alleging that Company is Insolvent, Trustee shall have no duty to inquire whether Company is Insolvent. Trustee may in all events rely on such evidence concerning Company's solvency as may be furnished to Trustee and that provides Trustee with a reasonable basis for making a determination concerning Company's solvency.

(3) If at any time Trustee has determined that Company is Insolvent, Trustee shall discontinue payments to Plan participants or their beneficiaries and shall hold the assets of the Trust for the benefit of Company's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of the Plan participants or their beneficiaries to pursue their rights as general creditors of Company with respect to benefits due under the Plan or otherwise.

(4) Trustee shall resume the payment of benefits to Plan participants or their beneficiaries in accordance with Article II of this Trust Agreement only after Trustee has been directed that Company is not Insolvent (or is no longer Insolvent). Trustee may in all events rely on such evidence concerning Company's solvency (or Insolvency) as may be furnished to Trustee and that provides Trustee with a reasonable basis for making a determination concerning Company's solvency.

Section 3.3 Provided that there are sufficient assets, if Trustee discontinues the payment of benefits from the Trust pursuant to Section 3.2 hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Plan participants or their beneficiaries under the terms of the Plan for the period of such discontinuance, less the aggregate amount of any payments made to Plan participants or their beneficiaries by Company in lieu of the payments provided for hereunder during any such period of discontinuance.

ARTICLE IV

PAYMENTS TO COMPANY

Except as provided in Articles II and III hereof, Company shall have no right or power to direct Trustee to return to Company or to divert to others any of the Trust assets before all payment of benefits have been made to Plan participants and their beneficiaries pursuant to the terms of the Plan.

ARTICLE V

INVESTMENT AUTHORITY

Section 5.1 Except as provided below, Company shall have the sole power and responsibility for the management, disposition, and investment of the Trust assets, and Trustee shall comply with written directions from Company or its designated agent, which may include a recordkeeper for the Plan. Trustee shall have no duty or responsibility to review, initiate action, or make recommendations regarding the investment of Trust assets and shall retain such assets until directed in writing to dispose of them. Prior to issuing any such directions, Company shall certify to Trustee the person(s) at Company or its agent who have the authority to issue such directions.

Section 5.2 In the administration of the Trust, Trustee shall have the following powers; however, all powers regarding the investment of the Trust shall be exercised solely pursuant to direction of Company or its delegated agent or, if applicable, an Investment Manager, unless Trustee has been properly delegated investment authority pursuant to section 5.4 below:

- (1) To hold assets of any kind, including shares of any registered investment company, whether or not Trustee or any of its affiliates provides investment advice or other services to such company and receives compensation for the services provided;
- (2) To sell, exchange, assign, transfer, and convey any security or property held in the Trust, at public or private sale, at such time and price and upon such terms and conditions (including credit) as directed;
- (3) To invest and reinvest assets of the Trust (including accumulated income) as directed;
- (4) To vote, tender, or exercise any right appurtenant to any stock or securities held in the Trust, as directed;
- (5) To consent to and participate in any plan for the liquidation, reorganization, consolidation, merger or any similar action of any corporation, any security of which is held in the Trust, as directed;
- (6) To sell or exercise any "rights" issued on any securities held in the Trust, as directed;
- (7) To cause all or any part of the assets of the Trust to be held in the name of Trustee (which in such instance need not disclose its fiduciary capacity) or, as permitted by laws, in the name of any nominee, and to acquire for the Trust any investment in bearer form, but the books and records of the Trust shall

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at all times show that all such investments are part of the Trust and Trustee shall hold evidence of title to all such investments;

(8) To make such distributions in accordance with the provisions of this Trust Agreement;

(9) To hold a portion of the Trust for the ordinary administration and for the disbursement of funds in cash, without liability for interest thereon for such period of time as necessary, notwithstanding that Trustee or an affiliate of Trustee may benefit directly or indirectly from such uninvested amounts. It is acknowledged that Trustee's handling of such amounts is consistent with usual and customary banking and fiduciary practices, and any earnings realized by Trustee or its affiliates will be compensation for its bank services in addition to its regular fees; and

(10) To invest in deposit products of Trustee or its affiliates, or other bank or similar financial institution, subject to the rules and regulations governing such deposits, and without regard to the amount of such deposit, as directed;

(11) To invest in securities (including stock and the rights to acquire stock) or obligations issued by the Company or an Employer as that term is defined in the Plan;

(12) To appoint custodians, subcustodians, or subtrustees, domestic or foreign (including affiliates of the Trustee), as to part or all of the Trust; provided that the Trustee shall not be liable for the acts or omissions of any subcustodian appointed under this Section.

Section 5.3 From time to time the Company may appoint one or more investment managers who shall have investment management and control over all or a portion of the assets of the Trust ("Investment Managers"). The Company shall notify the Trustee in writing of the appointment of the Investment Manager. In the event more than one Investment Manager is appointed, the Company shall determine which assets shall be subject to management and control by each Investment Manager and shall also determine the proportion in which funds withdrawn or disbursed shall be charged against the assets subject to each Investment Manager's management and control. Such Investment Manager shall direct Trustee as to the investment of assets and any voting, tendering, and other appurtenant rights of all securities held in the portion of the Trust over which the Investment Manager is appointed. Trustee shall have no duty or responsibility to review, initiate action, or make recommendations regarding the investment of the Trust assets and shall retain such assets until directed in writing to dispose of them.

Section 5.4 Company may delegate to Trustee the responsibility to manage all or a portion of the Trust if Trustee agrees to do so in writing. Upon written acceptance of that delegation, Trustee shall have full power and authority to invest and reinvest the Trust in investments as provided herein, subject to any investment guidelines provided by Company.

Section 5.5 The Trustee shall have no responsibility to notify the Company of any calls for redemption which do not appear in Standard New York Financial Publications, unless the Trustee actually receives written notice of such call for redemption. The Trustee shall promptly notify the Company of each written notice actually received by the Trustee in the ordinary course of its custodial business hereunder concerning any default of payment in connection with securities held hereunder, call for redemption, exchange offer, tender offer, rights offering, subscription rights, conversion or similar rights, merger, consolidation, reorganization, reclassification or recapitalization, or similar event or proceeding affecting the property held in the Trust, and shall take such action in respect thereto as may be directed in writing by the Company.

Section 5.6 All solicitation fees payable to the Trustee as agent in connection with tender offers or any of the aforementioned proceedings that would not otherwise be payable to the Company will be retained by the Trustee.

Section 5.7 Should any securities held in any depository be called for partial redemption by the issuer of such securities, the Trustee is authorized in the Trustee's sole discretion to allot the called portion to the respective holders in any manner deemed to be fair and equitable in the Trustee's judgment. Securities called for partial redemption must be in the Trust pursuant to an actual rather than provisional credit.

ARTICLE VI

DISPOSITION OF INCOME

During the term of this Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

ARTICLE VII

ACCOUNTING BY TRUSTEE

Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between Company and Trustee. Within 60 days following the close of each calendar year and within 90 days after the removal or resignation of Trustee, Trustee shall deliver to Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be. Trustee's accounting, if not objected to within 60 days of it being furnished to Company, shall be deemed accepted by Company.

ARTICLE VIII

RESPONSIBILITY OF TRUSTEE

Section 8.1 Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; provided, however, that Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval given by Company, and Company shall indemnify and hold harmless the Trustee, its officers, employees, and agents from and against all liabilities, losses, and claims (including reasonable attorney's fees and costs of defense) for actions taken or omitted by Trustee in accordance with the terms of this Trust. In the event of a dispute between Company and a party, Trustee may apply to a court of competent jurisdiction to resolve the dispute.

Section 8.2 If Trustee undertakes or defends any litigation arising in connection with this Trust, Company agrees to indemnify Trustee against Trustee's costs, expenses and liabilities (including, without limitation, attorneys' fees and expenses) relating thereto and to be primarily liable for such payments. If Company does not pay such costs, expenses and liabilities in a reasonably timely manner, Trustee may obtain payment from the Trust.

Section 8.3 Trustee may consult with legal counsel (who may also be counsel for Company generally) with respect to any of its duties or obligations hereunder, and Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder. Company shall pay the reasonable expenses for services by such individuals or entities, and if the Company does not pay such expenses in a reasonably timely manner, Trustee may obtain payment from the Trust.

Section 8.4 Trustee shall have, without exclusion, all powers conferred on Trustees by applicable law, unless expressly provided otherwise herein; provided, however, that if an insurance policy is held as an asset of the Trust, Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan to any person the proceeds of any borrowing against such policy. The Trustee shall not be liable for the failure or omission of any insurance company for any reason to pay any benefits or furnish any services under the policies or contracts. Company shall have the sole responsibility to determine whether any insured under any insurance policy held in the Trust is deceased.

Section 8.5 Notwithstanding any powers granted to Trustee pursuant to this Trust Agreement or to applicable law, Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

Section 8.6 Any electronic communication, including facsimile and e-mail, received by Trustee from an address that Trustee reasonably believes to be that of a duly authorized representative of Company shall be deemed to be in writing and signed on behalf of Company by a duly authorized representative of Company, and Trustee shall be as fully protected under the Trust Agreement and applicable law as if such electronic communication had been an originally signed writing.

Section 8.7 The duties of the Trustee shall be limited to the assets held in the Trust, and the Trustee shall have no duties with respect to assets held by any other person including, without limitation, any other Trustee for the Plan. The Company hereby agrees that the Trustee shall not serve as, and shall not be deemed to be, a co-trustee under any circumstances. The Company may request the Trustee to perform a recordkeeping service with respect to property held by others and not otherwise subject to the terms of this Trust Agreement. To the extent the Trustee shall agree to perform this service, its sole responsibility shall be to accurately reflect information on its books which it has received from an authorized party of the custodian of such property.

ARTICLE IX

COMPENSATION AND EXPENSES OF TRUSTEE

Trustee shall be entitled to reasonable compensation for the services it renders under this Trust. Company shall pay all Trustee's fees and expenses as may be agreed upon in writing by the Company and the Trustee. If not so paid within a reasonable time, the fees and expenses, including, but not limited to, those expenses referenced in Article VIII above, shall be paid from the Trust.

ARTICLE X

RESIGNATION AND REMOVAL OF TRUSTEE

Section 10.1 Trustee may resign at any time by written notice to Company, which shall be effective 30 days after receipt of such notice unless Company and Trustee agree otherwise.

Section 10.2 Trustee may be removed by Company on 30 days notice or upon shorter notice accepted by Trustee.

Section 10.3 Upon resignation or removal of Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. The transfer shall be completed within 120 days after receipt of all information reasonably required by Trustee to transfer assets to the successor Trustee, unless Company extends the time limit.

Section 10.4 If Trustee resigns or is removed, a successor shall be appointed, in accordance with Article XI hereof, by the effective date of resignation or removal under sections 10.1 and 10.2 of this article. If no such appointment has been made, Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

ARTICLE XI

APPOINTMENT OF SUCCESSOR

Section 11.1 If Trustee resigns or is removed in accordance with Section 10.1 or 10.2 hereof, Company may appoint any third party, such as a bank trust department or other party that may be granted corporate trustee powers under state law, as a successor to replace Trustee upon resignation or removal. The appointment shall be effective when accepted in writing by the new Trustee, who shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. The former Trustee shall execute any instrument necessary or reasonably requested by Company or the successor Trustee to evidence the transfer.

Section 11.2 The successor Trustee need not examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets, subject to Articles VII and VIII hereof. The successor Trustee shall not be responsible for and Company shall indemnify and defend the successor Trustee from any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

ARTICLE XII

AMENDMENT OR TERMINATION

Section 12.1 This Trust Agreement may be amended by a written instrument executed by Trustee and Company. Notwithstanding the foregoing, no such amendment shall make the Trust revocable after it has become irrevocable in accordance with Section 1.2 hereof.

Section 12.2 The Trust shall not terminate until the date on which Plan participants and their beneficiaries are no longer entitled to benefits pursuant to the terms of the Plan. Upon termination of the Trust, any assets remaining in the Trust shall be returned to Company.

Section 12.3 Upon written approval of participants or beneficiaries entitled to payment of benefits pursuant to the terms of the Plan, Company may terminate this Trust prior to the time all benefit payments under the Plan have been made. All assets in the Trust at termination shall be returned to Company.

ARTICLE XIII

MISCELLANEOUS

Section 13.1 Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

Section 13.2 Benefits payable to Plan participants and their beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

Section 13.3 This Trust Agreement shall be governed by and construed in accordance with the laws of the State of MN.

Section 13.4 Trustee shall be entitled to rely on any information furnished to it by Company or any other party from whom Trustee is entitled to any information. If any provision of this Trust conflicts with any provision of the Plan, the provisions of this Trust shall control.

Section 13.5 If at any time the Plan fails to meet the requirements of the Internal Revenue Code section 409A, the Company shall determine, withhold, report and remit all taxes thereunder, as applicable.

Section 13.6 Neither the Company nor the Trustee may assign this Trust Agreement without the prior written consent of the other, except that the Trustee may assign its rights and delegate its duties hereunder to any corporation or entity which directly or indirectly is controlled by, or is under common control with, the Trustee. This Trust Agreement shall be binding upon, and inure to the benefit of, the Company and the Trustee and their respective successors and permitted assigns. Any entity which shall by merger, consolidation, purchase, or otherwise, succeed to substantially all the trust business of the Trustee shall, upon each succession and without any appointment or other action by the Company be and become successor Trustee hereunder, upon notification to the Company.

Section 13.7 The Trustee reserves the right to seek a judicial or administrative determination as to its proper course of action under this Trust Agreement. Nothing contained herein will be construed or interpreted to deny the Trustee or the Company the right to have the Trustee's account judicially determined. To the extent permitted by law, only the Trustee and the Company shall be necessary parties in any application to the courts for an interpretation of this Trust Agreement or for an accounting by the Trustee, and no Participant under the Plan or other person having an interest in the Trust shall be entitled to any notice or service of process. Any final judgment entered in such an action or proceeding shall, to the extent permitted by law, be conclusive upon all persons.

Section 13.8 The Company and the Trustee hereby each represent and warrant to the other that it has full authority to enter into this Trust Agreement upon the terms and conditions hereof and that the individual executing this Trust Agreement on its behalf has the requisite authority to bind the Company or the Trustee to this Trust Agreement.

ARTICLE XIV

EFFECTIVE DATE

The effective date of this Trust Agreement shall be July 1, 2010.

IN WITNESS WHEREOF, Company and Trustee have caused this Agreement to be executed by individuals thereunto duly authorized as of the day and year first above written.

Ross Stores, Inc.

WELLS FARGO BANK, N.A., Trustee

By /s/Robert Richardson
Name Robert Richardson
Title Sr. Director, Compensation

By /s/Tom Olson
Name Tom Olson
Title Vice President / Relationship Manager

**FIRST AMENDMENT TO THE
ROSS STORES, INC. NONQUALIFIED DEFERRED COMPENSATION PLAN
TRUST AGREEMENT**

This First Amendment to the Ross Stores, Inc. Nonqualified Deferred Compensation Plan Trust Agreement (the “Trust Agreement” or “Trust”) is made and entered into by and between Ross Stores, Inc. (the “Company”) and Wells Fargo Bank, National Association (the “Trustee”), effective as of the date indicated below:

WHEREAS, Section 12.1 of the Trust Agreement provides that the Trust Agreement may be amended by written instrument executed by the Trustee and the Company; and

WHEREAS, the Company desires to amend the Trust Agreement in order that the Trustee may make payments to participants and beneficiaries at the direction of the Company;

NOW, THEREFORE, The Company and the Trustee agree to amend the Trust Agreement as follows:

The second paragraph in Section 2.1 shall be deleted in its entirety and replaced with the following paragraph:

Distributions from the Trust may be made by the Trustee to Plan Participants and beneficiaries at the direction of the Company. The entitlement of a Plan Participant or his or her beneficiaries to benefits under the Plan shall be determined by the Company under the Plan, and any claim for such benefits shall be considered and reviewed under the procedures set out in the Plan.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to the Trust on this 16 day of October, 2017.

ROSS STORES, INC.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By /s/K. Reimann
Title GVP, Total Rewards & HR Initiatives

By /s/Alan Frazier
Title Senior Vice President

**ROSS STORES, INC.
RESTRICTED STOCK AGREEMENT
FOR NONEMPLOYEE DIRECTOR**

Ross Stores, Inc. has granted to the Participant named in the *Notice of Grant of Award* (the “*Grant Notice*”) to which this Restricted Stock Agreement for Nonemployee Director (the “*Agreement*”) is attached an Award (the “*Award*”) consisting of certain shares of Stock (the “*Shares*”) subject to the terms and conditions set forth in the Grant Notice and this Agreement. The Award has been granted pursuant and shall in all respects be subject to the terms conditions of the Ross Stores, Inc. 2008 Equity Incentive Plan (the “*Plan*”), as amended to the Grant Date, the provisions of which are incorporated herein by reference. By signing the Grant Notice, the Participant: (a) acknowledges receipt of and represents that the Participant has read and is familiar with the Grant Notice, this Agreement, the Plan and a prospectus for the Plan prepared in connection with the registration with the Securities and Exchange Commission of the Shares (the “*Plan Prospectus*”), (b) accepts the Award subject to all of the terms and conditions of the Grant Notice, this Agreement and the Plan and (c) agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions arising under the Grant Notice, this Agreement or the Plan.

1. **DEFINITIONS AND CONSTRUCTION.**

1.1 **Definitions.** Unless otherwise defined herein, capitalized terms shall have the meanings assigned in the Grant Notice or the Plan. Wherever used herein, the following terms shall have their respective meanings set forth below:

(a) “*Grant Date*” means the effective Grant Date of the Award as set forth in the Grant Notice.

(b) “*Total Number of Shares*” means the total number of shares of Stock subject to the Award as set forth in the Grant Notice and as adjusted from time to time pursuant to Section 9.

(c) “*Vested Shares*” means, on any relevant date, that portion of the Total Number of Shares which has vested in accordance with the vesting schedule set forth in the Grant Notice. Provided that the Participant’s Service has not terminated prior to the relevant vesting date described in the Grant Notice, the number of shares as provided by the Grant Notice shall become Vested Shares on such date.

1.2 **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term “or” is not intended to be exclusive, unless the context clearly requires otherwise.

2. **ADMINISTRATION.**

All questions of interpretation concerning the Grant Notice, this Agreement and the Plan shall be determined by the Committee. All determinations by the Committee shall be final and binding upon all persons having an interest in the Award as provided by the Plan. Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, or election.

3. **THE AWARD.**

3.1 **Grant and Issuance of Shares.** On the Grant Date, the Participant shall acquire and the Company shall issue, subject to the provisions of this Agreement, a number of Shares equal to the Total Number of Shares. As a condition to the issuance of the Shares, the Participant shall execute and deliver the Grant Notice to the Company, and, if required by the Company, an Assignment Separate from Certificate duly endorsed (with date and number of shares blank) in the form provided by the Company.

3.2 **No Monetary Payment Required.** The Participant is not required to make any monetary payment (other than applicable tax withholding, if any) as a condition to receiving the Shares, the consideration for which shall be past services actually rendered and/or future services to be rendered to the Company or for its benefit. Notwithstanding the foregoing, if required by applicable state corporate law, the Participant shall furnish consideration in the form of cash or past services rendered to the Company or for its benefit having a value not less than the par value of the Shares issued pursuant to the Award.

3.3 **Beneficial Ownership of Shares; Certificate Registration.** The Participant hereby authorizes the Company, in its sole discretion, to deposit the Shares with the Company's transfer agent, including any successor transfer agent, to be held in book entry form during the term of the Escrow pursuant to Section 7. Furthermore, the Participant hereby authorizes the Company, in its sole discretion, to deposit, following the term of such Escrow, for the benefit of the Participant with any broker with which the Participant has an account relationship of which the Company has notice any or all Shares which are no longer subject to such Escrow. Except as provided by the foregoing, a certificate for the Shares shall be registered in the name of the Participant, or, if applicable, in the names of the heirs of the Participant.

3.4 **Issuance of Shares in Compliance with Law.** The issuance of the Shares shall be subject to compliance with all applicable requirements of federal, state or foreign law with respect to such securities. No Shares shall be issued hereunder if their issuance would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any Shares shall relieve the Company of any liability in respect of the failure

to issue such Shares as to which such requisite authority shall not have been obtained. As a condition to the issuance of the Shares, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

4. **VESTING OF SHARES.**

4.1 **Normal Vesting.** Except as provided in Section 4.2, the Shares shall vest and become Vested Shares as provided in the Grant Notice; provided however, that Shares that would otherwise become Vested Shares on a date on which a sale of such Shares by the Participant would violate the Insider Trading Policy of the Company shall, notwithstanding the vesting schedule set forth in the Grant Notice, become Vested Shares on the next day on which such sale would not violate the Insider Trading Policy. No additional Shares will become Vested Shares following the Participant's termination of Service for any reason.

4.2 **Acceleration of Vesting Upon a Change in Control.** Subject to Section 4.4, in the event of a Change in Control, the vesting of the Shares shall be accelerated in full, and the Total Number of Shares shall be deemed Vested Shares effective as of the date of the Change in Control, provided that the Participant's Service has not terminated prior to such date.

4.3 **Acceleration of Vesting Upon Death.** In the event of the death of the Participant on or after the 12 month anniversary of the Grant Date, the vesting of the Shares shall be accelerated in full, and the Total Number of Shares shall be deemed Vested Shares effective as of the date of the Participant's death.

4.4 **Federal Excise Tax Under Section 4999 of the Code.**

(a) **Excess Parachute Payment.** In the event that any acceleration of vesting pursuant to this Agreement and any other payment or benefit received or to be received by the Participant would subject the Participant to any excise tax pursuant to Section 4999 of the Code due to the characterization of such acceleration of vesting, payment or benefit as an excess parachute payment under Section 280G of the Code, the Participant may elect, in his or her sole discretion, to reduce the amount of any acceleration of vesting called for under this Agreement in order to avoid such characterization.

(b) **Determination by Independent Accountants.** To aid the Participant in making any election called for under Section 4.4(a), upon the occurrence of any event that might reasonably be anticipated to give rise to the acceleration of vesting under Section 4.2 (an "**Event**"), the Company shall promptly request a determination in writing by independent public accountants selected by the Company (the "**Accountants**"). Unless the Company and the Participant otherwise agree in writing, the Accountants shall determine and report to the Company and the Participant within twenty (20) days of the date of the Event the amount of such acceleration of vesting, payments and benefits which would produce the greatest after-tax benefit to the Participant. For the purposes of such determination, the Accountants may

rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Participant shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make their required determination. The Company shall bear all fees and expenses the Accountants may reasonably charge in connection with their services contemplated by this Section 4.4(b).

5. **COMPANY REACQUISITION RIGHT.**

5.1 **Grant of Company Reacquisition Right.** In the event that (a) the Participant's Service terminates for any reason or no reason, with or without cause, or (b) the Participant, the Participant's legal representative, or other holder of the Shares, attempts to sell, exchange, transfer, pledge, or otherwise dispose of (other than pursuant to an Ownership Change Event), including, without limitation, any transfer to a nominee or agent of the Participant, any Shares which are not Vested Shares ("**Unvested Shares**"), the Company shall automatically reacquire the Unvested Shares, and the Participant shall not be entitled to any payment therefor (the "**Company Reacquisition Right**").

5.2 **Ownership Change Event, Dividends, Distributions and Adjustments.** Upon the occurrence of an Ownership Change Event, a dividend or distribution to the stockholders of the Company paid in shares of Stock or other property, or any other adjustment upon a change in the capital structure of the Company as described in Section 4.4 of the Plan, any and all new, substituted or additional securities or other property (other than regular, periodic dividends paid on Stock pursuant to the Company's dividend policy) to which the Participant is entitled by reason of the Participant's ownership of Unvested Shares shall be immediately subject to the Company Reacquisition Right and included in the terms "Shares," "Stock" and "Unvested Shares" for all purposes of the Company Reacquisition Right with the same force and effect as the Unvested Shares immediately prior to the Ownership Change Event, dividend, distribution or adjustment, as the case may be. For purposes of determining the number of Vested Shares following an Ownership Change Event, dividend, distribution or adjustment, credited Service shall include all Service with any corporation which is a Participating Company at the time the Service is rendered, whether or not such corporation is a Participating Company both before and after any such event.

6. **TAX MATTERS.**

6.1 **Tax Withholding.**

(a) **In General.** At the time the Grant Notice is executed, or at any time thereafter as requested by the Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax (including any social insurance) withholding obligations of the Company, if any, which arise in connection with the Award, including, without limitation, obligations arising upon (a) the transfer of Shares to the Participant, (b) the lapsing of any restriction with respect to any Shares, (c) the filing of an election to recognize tax liability, or (d) the transfer by the Participant of any Shares. The

Company shall have no obligation to deliver the Shares or to release any Shares from the Escrow established pursuant to Section 7 until the tax withholding obligations of the Company have been satisfied by the Participant.

(b) **Assignment of Sale Proceeds; Payment of Tax Withholding by Check.** Subject to compliance with applicable law and the Company's Insider Trading Policy, the Company may permit the Participant to satisfy the Participating Company's tax withholding obligations in accordance with procedures established by the Company providing for either (i) delivery by the Participant to the Company or a broker approved by the Company of properly executed instructions, in a form approved by the Company, providing for the assignment to the Company of the proceeds of a sale with respect to some or all of the Vested Shares, or (ii) payment by check. The Participant shall deliver written notice of any such permitted election to the Company on a form specified by the Company for this purpose at least thirty (30) days (or such other period established by the Company) prior to the date on which the Company's tax withholding obligation arises (the "**Withholding Date**"). If the Participant elects payment by check, the Participant agrees to deliver a check for the full amount of the required tax withholding to the applicable Participating Company on or before the third business day following the Withholding Date. If the Participant elects payment by check but fails to make such payment as required by the preceding sentence, the Company is hereby authorized, at its discretion, to satisfy the tax withholding obligations through any means authorized by this Section 6.1, including by directing a sale for the account of the Participant of some or all of the Vested Shares from which the required taxes shall be withheld, by withholding from payroll and any other amounts payable to the Participant or by withholding shares in accordance with Section 6.1(c).

(c) **Withholding in Shares.** The Company may require the Participant to satisfy all or any portion of the Company's tax withholding obligations by deducting a number of whole, Vested Shares otherwise deliverable to the Participant or by the Participant's tender to the Company of a number of whole, Vested Shares or vested shares acquired otherwise than pursuant to this Agreement having, in any such case, a fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, not in excess of the amount of such tax withholding obligations determined by the applicable minimum statutory withholding rates.

6.2 Election Under Section 83(b) of the Code.

(a) The Participant understands that Section 83 of the Code taxes as ordinary income the difference between the amount paid for the Shares, if anything, and the fair market value of the Shares as of the date on which the Shares are "substantially vested," within the meaning of Section 83. In this context, "substantially vested" means that the right of the Company to reacquire the Shares pursuant to the Company Reacquisition Right has lapsed. The Participant understands that he or she may elect to have his or her taxable income determined at the time he or she acquires the Shares rather than when and as the Company Reacquisition Right lapses by filing an election under Section 83(b) of the Code with the Internal Revenue Service no later than thirty (30) days after the date of acquisition of the Shares. The Participant understands

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that failure to make a timely filing under Section 83(b) will result in his or her recognition of ordinary income, as the Company Reacquisition Right lapses, on the difference between the purchase price, if anything, and the fair market value of the Shares at the time such restrictions lapse. The Participant further understands, however, that if Shares with respect to which an election under Section 83(b) has been made are forfeited to the Company pursuant to its Company Reacquisition Right, such forfeiture will be treated as a sale on which there is realized a loss equal to the excess (if any) of the amount paid (if any) by the Participant for the forfeited Shares over the amount realized (if any) upon their forfeiture. If the Participant has paid nothing for the forfeited Shares and has received no payment upon their forfeiture, the Participant understands that he or she will be unable to recognize any loss on the forfeiture of the Shares even though the Participant incurred a tax liability by making an election under Section 83(b).

(b) The Participant understands that he or she should consult with his or her tax advisor regarding the advisability of filing with the Internal Revenue Service an election under Section 83(b) of the Code, which must be filed no later than thirty (30) days after the date of the acquisition of the Shares pursuant to this Agreement. Failure to file an election under Section 83(b), if appropriate, may result in adverse tax consequences to the Participant. The Participant acknowledges that he or she has been advised to consult with a tax advisor regarding the tax consequences to the Participant of the acquisition of Shares hereunder. ANY ELECTION UNDER SECTION 83(b) THE PARTICIPANT WISHES TO MAKE MUST BE FILED NO LATER THAN 30 DAYS AFTER THE DATE ON WHICH THE PARTICIPANT ACQUIRES THE SHARES. THIS TIME PERIOD CANNOT BE EXTENDED. THE PARTICIPANT ACKNOWLEDGES THAT TIMELY FILING OF A SECTION 83(b) ELECTION IS THE PARTICIPANT'S SOLE RESPONSIBILITY, EVEN IF THE PARTICIPANT REQUESTS THE COMPANY OR ITS REPRESENTATIVE TO FILE SUCH ELECTION ON HIS OR HER BEHALF.

(c) The Participant will notify the Company in writing if the Participant files an election pursuant to Section 83(b) of the Code. The Company intends, in the event it does not receive from the Participant evidence of such filing, to claim a tax deduction for any amount which would otherwise be taxable to the Participant in the absence of such an election.

7. **ESCROW.**

7.1 **Appointment of Agent.** To ensure that Shares subject to the Company Reacquisition Right will be available for reacquisition, the Participant and the Company hereby appoint the Secretary of the Company, or any other person designated by the Company, as their agent and as attorney-in-fact for the Participant (the "**Agent**") to hold any and all Unvested Shares and to sell, assign and transfer to the Company any such Unvested Shares reacquired by the Company pursuant to the Company Reacquisition Right. The Participant understands that appointment of the Agent is a material inducement to make this Agreement and that such appointment is coupled with an interest and is irrevocable. The Agent shall not be personally liable for any act the Agent may do or omit to do hereunder as escrow agent, agent for the Company, or attorney in fact for the Participant while acting in good faith and in the exercise of

the Agent's own good judgment, and any act done or omitted by the Agent pursuant to the advice of the Agent's own attorneys shall be conclusive evidence of such good faith. The Agent may rely upon any letter, notice or other document executed by any signature purporting to be genuine and may resign at any time.

7.2 Establishment of Escrow. The Participant authorizes the Company to deposit the Unvested Shares with the Company's transfer agent to be held in book entry form, as provided in Section 3.3, and the Participant agrees to deliver to and deposit with the Agent each certificate, if any, evidencing the Shares and, if required by the Company, an Assignment Separate from Certificate with respect to such book entry shares and each such certificate duly endorsed (with date and number of Shares blank) in the form attached to this Agreement, to be held by the Agent under the terms and conditions of this Section 7 (the "**Escrow**"). Upon the occurrence of an Ownership Change Event, a dividend or distribution to the stockholders of the Company paid in shares of Stock or other property (other than regular, periodic dividends paid on Stock pursuant to the Company's dividend policy), or any other adjustment upon a change in the capital structure of the Company, as described in Section 4.4 of the Plan, in the character or amount of any outstanding stock of the corporation the stock of which is subject to the provisions of this Agreement, any and all new, substituted or additional securities or other property to which the Participant is entitled by reason of his or her ownership of the Shares that remain, following such Ownership Change Event, dividend, distribution or change described in Section 4.4 of the Plan, subject to the Company Reacquisition Right shall be immediately subject to the Escrow to the same extent as the Shares immediately before such event. The Company shall bear the expenses of the Escrow.

7.3 Delivery of Shares to Participant. The Escrow shall continue with respect to any Shares for so long as such Shares remain subject to the Company Reacquisition Right. Upon termination of the Company Reacquisition Right with respect to Shares, the Company shall so notify the Agent and direct the Agent to deliver such number of Shares to the Participant. As soon as practicable after receipt of such notice, the Agent shall cause to be delivered to the Participant the Shares specified by such notice, and the Escrow shall terminate with respect to such Shares.

8. EFFECT OF CHANGE IN CONTROL.

In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "**Acquiror**"), may, without the consent of the Participant, assume or continue in full force and effect the Company's rights and obligations under the Award or substitute for the Award a substantially equivalent award for the Acquiror's stock. For purposes of this Section, the Award shall be deemed assumed if, following the Change in Control, the Award confers the right to receive, subject to the terms and conditions of the Plan and this Agreement, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled. Notwithstanding the foregoing, Shares acquired pursuant to the Award prior to the Change in Control and any

consideration received pursuant to the Change in Control with respect to such shares Shall continue to be subject to all applicable provisions of this Agreement except as otherwise provided herein.

9. **ADJUSTMENTS FOR CHANGES IN CAPITAL STRUCTURE.**

Subject to any required action by the stockholders of the Company, in the event of any change in the Stock effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Stock (excepting normal cash dividends) that has a material effect on the Fair Market Value of shares of Stock, appropriate and proportionate adjustments shall be made in the number and kind of shares subject to the Award, in order to prevent dilution or enlargement of the Participant's rights under the Award. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as "effected without receipt of consideration by the Company." Any fractional share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number. The adjustments determined by the Committee pursuant to this Section shall be final, binding and conclusive.

10. **LEGENDS.**

The Company may at any time place legends referencing the Company Recquisition Right and any applicable federal, state or foreign securities law restrictions on all certificates representing the Shares. The Participant shall, at the request of the Company, promptly present to the Company any and all certificates representing the Shares in the possession of the Participant in order to carry out the provisions of this Section. Unless otherwise specified by the Company, legends placed on such certificates may include, but shall not be limited to, the following:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS SET FORTH IN AN AGREEMENT BETWEEN THIS CORPORATION AND THE REGISTERED HOLDER, OR HIS PREDECESSOR IN INTEREST, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL OFFICE OF THIS CORPORATION."

11. **RESTRICTIONS ON TRANSFERS OF SHARES.**

No Shares may be sold, exchanged, transferred, assigned, pledged, hypothecated or otherwise disposed of, including by operation of law, in any manner which violates any of the provisions of this Agreement and, except pursuant to an Ownership Change Event, until the date on which such shares become Vested Shares, and any such attempted disposition shall be void. The Company shall not be required (a) to transfer on its books any Shares which will have been transferred in violation of any of the provisions set forth in this Agreement or (b) to treat as

owner of such Shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such Shares will have been so transferred. In order to enforce its rights under this Section, the Company shall be authorized to give a stop transfer instruction with respect to the Shares to the Company's transfer agent.

12. **RIGHTS AS A STOCKHOLDER.**

The Participant shall have no rights as a stockholder with respect to any Shares subject to the Award until the date of the issuance of a certificate for such Shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such certificate is issued, except as provided in Section 9. Subject the provisions of this Agreement, the Participant shall exercise all rights and privileges of a stockholder of the Company with respect to Shares deposited in the Escrow pursuant to Section 7.

13. **RIGHTS AS A BOARD MEMBER.**

Nothing in this Agreement shall confer upon the Participant any right to continue in the Service of the Company or interfere in any way with any right of the Company to terminate the Participant's Service at any time.

14. **MISCELLANEOUS PROVISIONS.**

14.1 **Termination or Amendment.** The Committee may terminate or amend the Plan or this Agreement at any time; provided, however, that no such termination or amendment may adversely affect the Participant's rights under this Agreement without the consent of the Participant unless such termination or amendment is necessary to comply with applicable law or government regulation. No amendment or addition to this Agreement shall be effective unless in writing.

14.2 **Further Instruments.** The parties hereto agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

14.3 **Binding Effect.** This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

14.4 **Delivery of Documents and Notices.** Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by the Company, or upon deposit in the

U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the address of such party set forth in the Grant Notice or at such other address as such party may designate in writing from time to time to the other party.

(a) **Description of Electronic Delivery.** The Plan documents, which may include but do not necessarily include: the Plan, the Grant Notice, this Agreement, the Plan Prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. In addition, the parties may deliver electronically any notices called for in connection with the Escrow and the Participant may deliver electronically the Grant Notice to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the Internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(b) **Consent to Electronic Delivery.** The Participant acknowledges that the Participant has read Section 14.4(a) of this Agreement and consents to the electronic delivery of the Plan documents, the Grant Notice and notices in connection with the Escrow, as described in Section 14.4(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 14.4(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 14.4(a).

14.5 Integrated Agreement. The Grant Notice, this Agreement and the Plan, together with any employment, service or other agreement between the Participant and the Company referring to the Award shall constitute the entire understanding and agreement of the Participant and the Company with respect to the subject matter contained herein or therein and supersede any prior agreements, understandings, restrictions, representations, or warranties among the Participant and the Company with respect to such subject matter other than those as set forth or provided for herein or therein. To the extent contemplated herein or therein, the provisions of the Grant Notice, this Agreement and the Plan shall survive any settlement of the Award and shall remain in full force and effect.

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14.6 **Applicable Law.** This Agreement shall be governed by the laws of the State of California as such laws are applied to agreements between California residents entered into and to be performed entirely within the State of California.

14.7 **Counterparts.** The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made effective **March 16, 2016** (the "Effective Date") by and between Ross Stores, Inc., a Delaware corporation, and **Bernard Brautigan** (the "Executive"). References herein to the "Company" shall mean Ross Stores, Inc. and, where appropriate, Ross Stores, Inc. and each and any of its divisions, affiliates or subsidiaries.

RECITALS

- A. The Company wishes to employ the Executive, and the Executive is willing to accept such employment, as **President, Merchandising**.
- B. It is now the mutual desire of the Company and the Executive to enter into a written employment agreement to govern the terms of the Executive's employment by the Company as of and following the Effective Date on the terms and conditions set forth below.

TERMS AND CONDITIONS

In consideration for the promises of the parties set forth below, the Company and the Executive hereby agree as follows:

1. **Term.** Subject to the provisions of Section 6 of this Agreement, the term of employment of the Executive by the Company under this Agreement shall be as follows:

(a) **Initial Term.** The initial term of employment of the Executive by the Company under this Agreement shall begin on the Effective Date and end on **March 31, 2020** (the "Initial Term"), unless extended or terminated earlier in accordance with this Agreement. The Initial Term plus any Extension (as defined in Section 1(c) hereof) thereof shall be the "Term of Employment."

(b) **Extension Intent Notice.** By December 31, 2017, the Executive shall advise the CEO of the Company in writing (including in electronic form) whether the Executive would like the Term of Employment extended. If the Executive does not timely notify the Company of his/her desire to extend (or not to extend) the Term of Employment, then such action shall be deemed to result in the Executive's Voluntary Termination as of the Term of Employment end date unless the Company determines otherwise in its sole and absolute discretion.

(c) **New Agreement.** Provided that, in accordance with Section 1(b) hereof, the Executive has timely notified the CEO of the Executive's desire to extend the Executive's employment, the Company will consider whether to offer the Executive an extension under this Agreement or a new Employment Agreement. If the Company decides in its sole and absolute discretion to offer the Executive an extension or a new Employment Agreement, the Company will notify the Executive accordingly (an "Extension Notice") not less than one hundred eighty (180) days prior to the expiration of the Term of Employment. If the Company timely provides an

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Extension Notice and the Executive and the Company enter into such extension (or a new Employment Agreement), the Initial Term hereof will be extended by such additional period of time set forth in the Extension Notice (each an "Extension"). If the Company timely provides an Extension Notice and offers the Executive an extension or a new Employment Agreement providing at least comparable terms to the Executive's then current Employment Agreement but the Executive does not agree to enter into such extension or new Employment Agreement, such action shall be deemed to result in Executive's Voluntary Termination as of the Term of Employment end date unless the Company determines otherwise in its sole and absolute discretion.

2. **Position and Duties.** During the Term of Employment, the Executive shall serve as **President, Merchandising**. During the Term of Employment, the Executive may engage in outside activities provided (i) such activities (including but not limited to membership on boards of directors of not-for-profit and for-profit organizations) do not conflict with the Executive's duties and responsibilities hereunder and (ii) the Executive obtains written approval from the Company's Chief Executive Officer of any significant outside business activity in which the Executive plans to become involved, whether or not such activity is pursued for profit.

3. **Principal Place of Employment.** The Executive shall be employed at the Company's offices in **New York, NY**, except for required travel on the Company's business to an extent substantially consistent with present business travel obligations of the Executive's position.

4. **Compensation and Related Matters.**

(a) **Salary.** During the Term of Employment, the Company shall pay to the Executive a salary at a rate of not less than **One Million Ninety Thousand dollars (\$1,090,000)** per annum. The Executive's salary shall be payable in substantially equal installments in accordance with the Company's normal payroll practices applicable to senior executives. Subject to the first sentence of this Section 4(a), the Executive's salary may be adjusted from time to time in accordance with normal business practices of the Company.

(b) **Bonus.** During the Term of Employment, the Executive shall be eligible to receive an annual bonus paid under the Company's existing incentive bonus plan under which the Executive is eligible (which is currently the Incentive Compensation Plan) or any replacement plan that may subsequently be established and in effect during the Term of Employment. The current target annual bonus the Executive is eligible to earn upon achievement of 100% of all applicable performance targets under such incentive bonus plan is **90%** of the Executive's then effective annual salary rate. Annual bonuses are not earned until the date any such bonus is paid in accordance with the terms of the applicable bonus plan. As such, the Executive's termination for Cause or Voluntary Termination (as described in Sections 6(c) and 6(f), respectively) prior to the Company's payment of the bonus for a fiscal year of the Company will cause the Executive to be ineligible for any annual bonus for that fiscal year or any pro-rata portion of such bonus.

(c) **Expenses.** During the Term of Employment, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in performing services hereunder, including all reasonable expenses of travel and living while away from home,

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provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Company.

(d) **Benefits.** During the Term of Employment, the Executive shall be entitled to participate in all of the Company's employee benefit plans and arrangements in which senior executives of the Company are eligible to participate. The Company shall not make any changes in such plans or arrangements which would adversely affect the Executive's rights or benefits thereunder, unless such change occurs pursuant to a program applicable to all senior executives of the Company and does not result in a proportionately greater reduction in the rights or benefits of the Executive as compared with any other similarly situated senior executive of the Company. The Executive shall be entitled to participate in, or receive benefits under, any employee benefit plan or arrangement made available by the Company in the future to its senior executives, subject to, and on a basis consistent with, the terms, conditions and overall administration of such plans and arrangements. Except as otherwise specifically provided herein, nothing paid to the Executive under any plan or arrangement presently in effect or made available in the future shall be in lieu of the salary or bonus otherwise payable under this Agreement.

(e) **Vacations.** During the Term of Employment, the Executive shall be entitled to **twenty-five** vacation days in each calendar year, determined in accordance with the Company's vacation plan. The Executive shall also be entitled to all paid holidays given by the Company to its senior executives. Unused vacation days shall not be forfeited once they have been earned and, if still unused at the time of the Executive's termination of employment with the Company, shall be promptly paid to the Executive at their then-current value, based on the Executive's daily salary rate at the time of the Executive's termination of employment.

(f) **Services Furnished.** The Company shall furnish the Executive with office space and such services as are suitable to the Executive's position and adequate for the performance of the Executive's duties during the Term of Employment.

5. Confidential Information and Intellectual Property.

(a) Other than in the performance of the Executive's duties hereunder, the Executive agrees not to use in any manner or disclose, distribute, publish, communicate or in any way cause to be used, disclosed, distributed, published, or communicated in any way or at any time, either while in the Company's employ or at any time thereafter, to any person not employed by the Company, or not engaged to render services to the Company, any Confidential Information (as defined below) obtained while in the employ of the Company.

(b) Confidential Information includes any written or unwritten information which relates to and/or is used by the Company or its subsidiaries, affiliates or divisions, including, without limitation: (i) the names, addresses, buying habits and other special information regarding past, present and potential customers, employees and suppliers of the Company; (ii) customer and supplier contracts and transactions or price lists of the Company and suppliers; (iii) methods of distribution; (iv) all agreements, files, books, logs, charts, records, studies, reports, processes, schedules and statistical information; (v) data, figures, projections, estimates, pricing data, customer lists, buying

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manuals or procedures, distribution manuals or procedures, and other policy and procedure manuals or handbooks; (vi) supplier information, tax records, personnel histories and records, sales information and property information; (vii) information regarding the present or future phases of business; (viii) ideas, inventions, trademarks, business information, know-how, processes, techniques, improvements, designs, redesigns, creations, discoveries, trade secrets, and developments; (ix) all computer software licensed or developed by the Company or its subsidiaries, affiliates or divisions, computer programs, computer-based and web-based training programs, and systems; and (x) finances and financial information. However, Confidential Information will not include information of the Company or its subsidiaries, affiliates or divisions that (1) became or becomes a matter of public knowledge through sources independent of the Executive, (2) has been or is disclosed by the Company or its subsidiaries, affiliates or divisions without restriction on its use, or (3) has been or is required or specifically permitted to be disclosed by law or governmental order or regulation. The Executive agrees that, if there is any reasonable doubt whether an item is public knowledge, the Executive will not regard the item as public knowledge until and unless the Company's CEO confirms to the Executive that the information is public knowledge.

(c) The provisions of this Section 5 shall not preclude the Executive from disclosing such information to the Executive's professional tax advisor or legal counsel solely to the extent necessary to the rendering of their professional services to the Executive if such individuals agree to keep such information confidential.

(d) The Executive agrees that upon leaving the Company's employ the Executive will remain reasonably available to answer questions from Company officers regarding the Executive's former duties and responsibilities and the knowledge the Executive obtained in connection therewith.

(e) The Executive agrees that upon leaving the Company's employ the Executive will not communicate with, or give statements to, any member of the media (including print, television, radio or social media) relating to any matter (including pending or threatened lawsuits or administrative investigations) about which the Executive has knowledge or information (other than knowledge or information that is not Confidential Information) as a result of employment with the Company. The Executive further agrees to notify the CEO or his or her designee immediately after being contacted by any member of the media with respect to any matter affected by this section.

(f) The Executive agrees that all information, inventions and discoveries, whether or not patented or patentable, made or conceived by the Executive, either alone or with others, at any time while employed by the Company, which arise out of such employment or is pertinent to any field of business or research in which, during such employment, the Company, its subsidiaries, affiliates or divisions is engaged or (if such is known to or ascertainable by the Executive) is considering engaging ("Intellectual Property") shall (i) be and remain the sole property of the Company and the Executive shall not seek a patent with respect to such Intellectual Property without the prior consent of an authorized representative of the Company and (ii) be disclosed promptly to an authorized representative of the Company along with all information the Executive possesses with regard to possible applications and uses. Further, at the request of the Company, and without expense or additional compensation to the Executive, the Executive agrees to execute such

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documents and perform such other acts as the Company deems necessary to obtain patents on such Intellectual Property in a jurisdiction or jurisdictions designated by the Company, and to assign to the Company or its designee such Intellectual Property and all patent applications and patents relating thereto.

(g) The Executive and the Company agree that the Executive intends all original works of authorship within the purview of the copyright laws of the United States authored or created by the Executive in the course of the Executive's employment with the Company will be works for hire within the meaning of such copyright law.

(h) Upon termination of the Executive's employment, or at any time upon request of the Company, the Executive will return to the Company all Confidential Information and Intellectual Property, in any form, including but not limited to letters, memoranda, reports, notes, notebooks, books of account, drawings, prints, specifications, formulae, data printouts, microfilms, magnetic tapes, disks, recordings, documents, and all copies thereof.

6. **Termination.** The Executive's employment may be terminated during the Term of Employment only as follows:

(a) **Death.** The Executive's employment shall terminate upon the Executive's death.

(b) **Disability.** If, as a result of the Executive's Disability (as defined below), the Executive shall have been absent from the Executive's duties hereunder on a full-time basis for the entire period of six consecutive months, and, within thirty days after written notice of termination is given by the Company (which may occur before or after the end of such six-month period), the Executive shall not have returned to the performance of the Executive's duties hereunder on a full-time basis, the Executive's employment shall terminate. For purposes of this Agreement, the term "Disability" shall have the same meaning as ascribed to such term under the Company's long-term disability plan in which Executive is participating; provided that in the absence of such plan (or the absence of Executive's participation in such plan), Disability shall mean Executive's inability to substantially perform his or her duties hereunder due to a medically determinable physical or mental impairment which has lasted for a period of not less than one hundred twenty (120) consecutive days.

(c) **For Cause.** The Company may terminate the Executive's employment for Cause. For this purpose, "Cause" means the occurrence of any of the following (i) the Executive's continuous failure to substantially perform the Executive's duties hereunder (unless such failure is a result of a Disability as defined in Section 6(b)); (ii) the Executive's theft, dishonesty, breach of fiduciary duty for personal profit or falsification of any documents of the Company; (iii) the Executive's material failure to abide by the applicable code(s) of conduct or other policies (including, without limitation, policies relating to confidentiality and reasonable workplace conduct) of the Company; (iv) knowing or intentional misconduct by the Executive as a result of which the Company is required to prepare an accounting restatement; (v) the Executive's unauthorized use, misappropriation, destruction or diversion of any tangible or intangible asset or corporate opportunity of the Company (including, without limitation, the Executive's improper use or

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disclosure of confidential or proprietary information of the Company); (vi) any intentional misconduct or illegal or grossly negligent conduct by the Executive which is materially injurious to the Company monetarily or otherwise; (vii) any material breach by the Executive of the provisions of Section 9 [Certain Employment Obligations] of this Agreement; or (viii) the Executive's conviction (including any plea of guilty or nolo contendere) of any criminal act involving fraud, dishonesty, misappropriation or moral turpitude, or which materially impairs the Executive's ability to perform his or her duties with the Company. A termination for Cause shall not take effect unless: (1) the Executive is given written notice by the Company of its intention to terminate the Executive for Cause; (2) the notice specifically identifies the particular act or acts or failure or failures to act which are the basis for such termination; and (3) where practicable, the notice is given within sixty days of the Company's learning of such act or acts or failure or failures to act.

(d) **Without Cause.** The Company may terminate the Executive's employment at any time Without Cause. A termination "Without Cause" is a termination by the Company of the Executive's employment with the Company for any reasons other than the death or Disability of the Executive or the termination by the Company of the Executive for Cause as described in Section 6(c).

(e) **Termination by the Executive for Good Reason.**

(i) **Termination Not in Connection with a Change in Control.** At any time during the Term of Employment, other than within the period commencing one month prior to and ending twelve months following a Change in Control (as defined below in Section 8(e)(ii)), the Executive may terminate the Executive's employment with the Company for "Good Reason," which shall be deemed to occur if, within sixty days after receipt of written notice to the Company by the Executive of the occurrence of one or more of the following conditions, any of the following conditions have not been cured: (i) a failure by the Company to comply with any material provision of this Agreement (including but not limited to the reduction of the Executive's salary or the target annual bonus opportunity set forth in Section 4(b)); (ii) a significant diminishment in the nature or scope of the authority, power, function or duty attached to the position which the Executive currently maintains without the express written consent of the Executive; *provided*, that the Executive's employment may be transferred, assigned, or re-assigned to Ross Stores, Inc. or a division, affiliate or subsidiary of Ross Stores, Inc.; the division, affiliate or subsidiary with respect to which the Executive is performing services may be reorganized; and the Executive's direct reports or the person or title of the person to whom the Executive reports may be changed; and no such transfer, assignment, re-assignment, reorganization or change shall constitute "Good Reason" for the Executive's termination of employment under this Section 6(e)(i); or (iii) the relocation of the Executive's Principal Place of Employment as described in Section 3 to a location that increases the regular one-way commute distance between the Executive's residence and Principal Place of Employment by more than 25 miles without the Executive's prior written consent. In order to constitute a termination of employment for Good Reason, the Executive must provide written notice to the Company of the existence of the condition giving rise to the Good Reason termination within sixty days of the initial existence of the condition, and in the event such condition is cured by the

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Company within sixty days from its receipt of such written notice, the termination shall not constitute a termination for Good Reason.

(ii) **Termination in Connection with a Change in Control.** Within the period commencing a month prior to and ending twelve months following a Change in Control, the Executive may terminate the Executive's employment with the Company for "Good Reason," which shall be deemed to occur if, within sixty days after receipt of written notice to the Company by the Executive of the occurrence of one or more of the following conditions, any of the following conditions have not been cured: (i) a failure by the Company to comply with any provision of this Agreement (including, but not limited to, the reduction of the Executive's salary, the target annual bonus opportunity or any other incentive opportunity, in each case, as of immediately prior to the Change in Control); (ii) a change in title, the nature or scope of the authority, power, function, responsibilities, reporting relationships or duty attached to the position which the Executive currently maintains without the express written consent of the Executive; (iii) the relocation of the Executive's Principal Place of Employment as described in Section 3 to a location that increases the regular one-way commute distance between the Executive's residence and Principal Place of Employment by more than 25 miles without the Executive's prior written consent; (iv) a change in the benefits to which the Executive is entitled to immediately prior to the Change in Control; or (v) the failure of the Company to assign this Agreement to any successor to the Company. In order to constitute a termination of employment for Good Reason, the Executive must provide written notice to the Company of the existence of the condition giving rise to the Good Reason termination within sixty days of the initial existence of the condition, and in the event such condition is cured by the Company within sixty days from its receipt of such written notice, the termination shall not constitute a termination for Good Reason.

(f) **Voluntary Termination.** The Executive may voluntarily resign from the Executive's employment with the Company at any time (a "Voluntary Termination"). A voluntary resignation from employment by the Executive for Good Reason pursuant to Section 6(e) shall not be deemed a Voluntary Termination.

(g) **Non-Renewal Termination.** If the Company does not provide Executive an Extension Notice in accordance with Section 1(c), this Agreement shall automatically expire at the end of the then current Term of Employment (a "Non-Renewal Termination").

7. Notice and Effective Date of Termination.

(a) **Notice.** Any termination of the Executive's employment by the Company or by the Executive during the Term of Employment (other than as a result of the death of the Executive or a Non-Renewal Termination described in Section 6(g)) shall be communicated by written notice of termination to the other party hereto. Such notice shall indicate the specific termination provision in this Agreement relied upon and, except in the case of termination Without Cause and Voluntary Termination as described in Sections 6(d) and 6(f), respectively, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under that provision.

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(b) **Date of Termination.** The date of termination of the Executive's employment shall be:

(i) if the Executive's employment is terminated due to the Executive's death, the date of the Executive's death;

(ii) if the Executive's employment is terminated due to Disability pursuant to Section 6(b), the date of termination shall be the last to occur of the 31st day following delivery of the notice of termination to the Executive by the Company or the end of the consecutive six-month period referred to in Section 6(b);

(iii) if the Executive's employment is terminated for any other reason by either party, the date on which a notice of termination is delivered to the other party or, in the event of the Company's termination of the Executive, such date as the Company may specify in such notice; and

(iv) if the Agreement expires pursuant to a Non-Renewal Termination described in Section 6(g), the parties' employment relationship shall terminate on the last day of the then current Term of Employment without any notice.

8. Compensation and Benefits Upon Termination.

(a) **Termination Due To Disability, Without Cause or For Good Reason.** If the Executive's employment terminates pursuant to Section 6(b) [Disability], Section 6(d) [Without Cause], or Section 6(e)(i) [Termination by Executive for Good Reason Not in Connection with a Change in Control], then, subject to Section 22 [Compliance with Section 409A], in addition to all salary, annual bonuses, expense reimbursements, benefits and accrued vacation days earned by the Executive pursuant to Section 4 through the date of the Executive's termination of employment, the Executive shall be entitled to the compensation and benefits set forth in Sections 8(a)(i) through (vii), provided that within sixty days following the Executive's termination of employment (i) the Executive has executed and delivered to the Company a general release of claims against the Company and its subsidiaries, affiliates, stockholders, directors, officers, employees, agents, successors and assigns in the current form approved by the Company and attached as Exhibit A (subject to any amendments required by law or regulation) (the "Release"), and (ii) the Release has become irrevocable:

(i) **Salary.** Commencing on the sixtieth day after the date of the Executive's termination of employment, the Company shall continue to pay to the Executive the Executive's salary, at the rate in effect immediately prior to such termination of employment, through the remainder of the Term of Employment then in effect; provided, however, that any such salary otherwise payable during the 60-day period immediately following the date of such termination of employment shall be paid to the Executive sixty days following such termination of employment.

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(ii) **Bonus.** The Company shall continue to pay to the Executive an annual bonus through the remainder of the Term of Employment then in effect; provided, however, that the amount of the annual bonus determined in accordance with this Section 8(a) (ii) for the fiscal year of the Company in which such Term of Employment ends shall be prorated on the basis of the number of days of such Term of Employment occurring within such fiscal year. The amount of each annual bonus payable pursuant to this Section 8(a)(ii), prior to any proration, shall be equal to the annual bonus that the Executive would have earned had no such termination under Section 8(a) occurred, contingent on the relevant annual bonus plan performance goals for the respective year having been obtained. However, in no case shall any such post-termination annual bonus exceed 100% of the Executive's target bonus for the fiscal year of the Company in which the Executive's termination of employment occurs. Such bonuses shall be paid on the later of the date they would otherwise be paid in accordance with the applicable Company bonus plan or sixty days after the date of the Executive's termination of employment.

(iii) **Stock Options.** Stock options granted to the Executive by the Company and which remain outstanding immediately prior to the date of termination of the Executive's employment, as provided in Section 7(b), shall remain outstanding until and shall immediately become vested in full upon the Release becoming irrevocable.

(iv) **Restricted Stock.** Shares of restricted stock granted to the Executive by the Company, according to the terms of the Ross Stores, Inc. Restricted Stock Agreement, which have not become vested as of the date of termination of the Executive's employment, as provided in Section 7(b), shall immediately become vested on a pro rata basis upon the Release becoming irrevocable. The number of such additional shares of restricted stock that shall become vested as of the date of the Executive's termination of employment shall be that number of additional shares that would have become vested through the date of such termination of employment at the rate(s) determined under the vesting schedule applicable to such shares had such vesting schedule provided for the accrual of vesting on a daily basis (based on a 365 day year). The pro rata amount of shares vesting through the date of termination shall be calculated by multiplying the number of unvested shares scheduled to vest in each respective vesting year by the ratio of the number of days from the date of grant through the date of termination and the number of days from the date of grant through the original vesting date of the respective vesting tranche. Any shares of restricted stock remaining unvested after such pro rata acceleration of vesting shall automatically be reacquired by the Company in accordance with the provisions of the applicable restricted stock agreement, and the Executive shall have no further rights in such unvested portion of the restricted stock. In addition, the Company shall waive any reacquisition or repayment rights for dividends paid on restricted stock prior to Executive's termination of employment.

(v) **Performance Share Awards.** On the Performance Share Vesting Date (as defined in the Executive's Notice of Grant of Performance Shares and Performance Share Agreement from the Company (collectively the "Performance Share Agreement")) next following the Executive's date of termination of employment, the number of Performance Shares that shall become Vested Performance Shares (as defined in the Performance Share Agreement) shall be determined by multiplying (a) that number of shares of Company Common Stock subject to the

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Performance Share Agreement that would have become Vested Performance Shares had no such termination occurred; provided, however, in no case shall the number of Performance Shares that become Vested Performance Shares exceed 100% of the Target Number of Performance Shares set forth in the Performance Share Agreement by (b) the ratio of the number of full months of the Executive's employment with the Company during the Performance Period (as defined in the Performance Share Agreement) to the number of full months contained in the Performance Period. Vested Common Shares shall be issued in settlement of such Vested Performance Shares on the Settlement Date next following the date of the Executive's termination of employment.

(vi) **Unvested Common Shares Issued in Settlement of Performance Share Awards.** If the Executive terminates employment pursuant to Sections 6(b), 6(d) or 6(e)(i) after the Performance Share Vesting Date, the vesting of all Unvested Common Shares (as defined in the Performance Share Agreement) issued in settlement of the Performance Share Award shall be accelerated in full effective as of the date of such termination.

(vii) **Health Care Coverage.** The Company shall continue to provide Executive with medical, dental, vision and mental health care coverage at or equivalent to the level of coverage that the Executive had at the time of the termination of employment (including coverage for the Executive's dependents to the extent such dependents were covered immediately prior to such termination of employment) for the remainder of the Term of Employment, **provided, however** that in the event such coverage may no longer be extended to Executive following termination of Executive's employment either by the terms of the Company's health care plans or under then applicable law, the Company shall instead reimburse Executive for the amount equivalent to the Company's cost of substantially equivalent health care coverage to Executive under ERISA Section 601 and thereafter and Section 4980B of the Internal Revenue Code (i.e., COBRA coverage) for a period not to exceed the lesser of (A) 18 months after the termination of Executive's employment or (B) the remainder of the Term of Employment, and **provided further** that (1) any such health care coverage or reimbursement for health care coverage shall cease at such time that Executive becomes eligible for health care coverage through another employer and (2) any such reimbursement shall be made no later than the last day of the calendar year following the end of the calendar year with respect to which such coverage or reimbursement is provided.

The Company shall have no further obligations to the Executive as a result of termination of employment described in this Section 8(a) except as set forth in Section 12.

(b) **Termination for Cause or Voluntary Termination.** If the Executive's employment terminates pursuant to Section 6(c) [For Cause] or Section 6(f) [Voluntary Termination], the Executive shall be entitled to receive only the salary, annual bonuses, expense reimbursements, benefits and accrued vacation days earned by the Executive pursuant to Section 4 through the date of the Executive's termination of employment. Annual bonuses are not earned until the date any such bonus is paid in accordance with the terms of the applicable bonus plan. As such, the Executive shall not be entitled to any bonus not paid prior to the date of the Executive's termination of employment, and the Executive shall not be entitled to any prorated bonus payment for the year in which the Executive's employment terminates. Any stock options granted to the Executive by the Company shall continue to vest only through the date on which the Executive's

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employment terminates, and unless otherwise provided by their terms, any restricted stock, performance share awards or other equity awards that were granted to the Executive by the Company that remain unvested as of the date on which the Executive's employment terminates shall automatically be forfeited and the Executive shall have no further rights with respect to such awards. The Company shall have no further obligations to the Executive as a result of termination of employment described in this Section 8(b) except as set forth in Section 12.

(c) **Death.** If the Executive's employment terminates pursuant to Section 6(a) [Death], (i) the Executive's designated beneficiary or the Executive's estate shall be entitled to receive only the salary, expense reimbursements, benefits and accrued vacation earned by the Executive pursuant to Section 4 through the date of the Executive's death; (ii) at the time payable under the applicable Company bonus plan, an annual bonus shall be paid to the Executive's designated beneficiary or the Executive's estate for the fiscal year of the Executive's death based on the annual bonus that the Executive would have earned under the Company's bonus plan for such fiscal year had the Executive not died, contingent on the relevant annual bonus plan performance goals for said year having been obtained, capped at 100% of the Executive's target bonus for such fiscal year and pro-rated for the number of days the Executive is employed during such fiscal year until the Executive's death; (iii) any restricted stock granted to the Executive by the Company on or after January 22, 2014 and at least 12 months before the date of the Executive's death, and which remains unvested as of the date of the Executive's death shall become fully vested as of such date of death and any restricted stock granted to the Executive by the Company prior to January 22, 2014 or within the 12-month period ending on the date of the Executive's death that remains unvested as of the date of the Executive's death shall automatically be forfeited and the Executive shall have no further rights with respect to such restricted stock; and (iv) the Company shall waive any reacquisition or repayment rights for dividends paid on restricted stock prior to the Executive's death.

(i) **Performance Share Awards.** On the Performance Share Vesting Date next following the Executive's date of death, the number of Performance Shares that shall become Vested Performance Shares shall be determined by multiplying (a) that number of shares of Company Common Stock subject to the Performance Share Agreement that would have become Vested Performance Shares had no such termination occurred; provided, however, in no case shall the number of Performance Shares that become Vested Performance Shares exceed 100% of the Target Number of Performance Shares set forth in the Performance Share Agreement, by (b) the ratio of the number of full months of the Executive's employment with the Company during the Performance Period (as defined in the Performance Share Agreement) to the number of full months contained in the Performance Period. Vested Common Shares shall be issued in settlement of such Vested Performance Shares on the Settlement Date next following the Executive's date of death.

(ii) **Unvested Common Shares Issued in Settlement of Performance Share Awards.** If the Executive dies after the Performance Share Vesting Date, the vesting of all Unvested Common Shares issued in settlement of the Performance Share Award shall be accelerated in full effective as of the date of such termination.

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(d) **Non-Renewal Termination.** If the Agreement expires as set forth in Section 6(g) [Non-Renewal Termination], then, subject to Section 22 [Compliance with Section 409A], in addition to all salary, annual bonuses, expense reimbursements, benefits and accrued vacation days earned by the Executive pursuant to Section 4 through the date of the Executive's termination of employment, the Executive shall be entitled to the compensation set forth in Sections 8(d)(i) through (v), provided that within sixty days following the Executive's termination of employment (i) the Executive has executed and delivered the Release to the Company, and (ii) the Release has become irrevocable:

(i) **Bonus.** The Company shall pay the Executive an annual bonus for the fiscal year of the Company in which the date of the Executive's termination of employment occurs, which shall be prorated for the number of days of such fiscal year that the Executive is employed by the Company. The amount of such annual bonus, prior to proration, shall be equal to the annual bonus that the Executive would have earned under the Company's bonus plan for the fiscal year of the Company in which the Executive's termination of employment occurs had the Executive remained in its employment, contingent on the relevant annual bonus plan performance goals for the year in which Executive terminates having been obtained. However, in no case shall any such post-termination annual bonus exceed 100% of the Executive's target bonus for the fiscal year of the Company in which the Executive's termination of employment occurs. Such bonus shall be paid on the later of the date they would otherwise be paid in accordance with the applicable Company bonus plan or sixty days after the date of the Executive's termination of employment.

(ii) **Stock Options.** Stock options granted to the Executive by the Company and which remain outstanding immediately prior to the date of termination of the Executive's employment, as provided in Section 7(b), shall remain outstanding until and shall immediately become vested in full upon the Release becoming irrevocable.

(iii) **Restricted Stock.** Shares of restricted stock granted to the Executive by the Company which have not become vested as of the date of termination of the Executive's employment, as provided in Section 7(b), shall immediately become vested on a pro rata basis upon the Release becoming irrevocable. The number of such additional shares of restricted stock that shall become vested as of the date of the Executive's termination of employment shall be that number of additional shares that would have become vested through the date of such termination of employment at the rate(s) determined under the vesting schedule applicable to such shares had such vesting schedule provided for the accrual of vesting on a daily basis (based on a 365-day year). The pro rata amount of shares vesting through the date of non-renewal shall be calculated by multiplying the number of unvested shares scheduled to vest in each respective vesting year by the ratio of the number of days from the date of grant through the date of non-renewal, and the number of days from the date of grant through the original vesting date of the respective vesting tranche. Any shares of restricted stock remaining unvested after such pro rata acceleration of vesting shall automatically be reacquired by the Company in accordance with the provisions of the applicable restricted stock agreement, and the Executive shall have no further rights in such unvested portion of the restricted stock. In addition, the Company shall waive any reacquisition or repayment rights for dividends paid on restricted stock prior to Executive's termination of employment.

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(iv) **Performance Share Awards.** On the Performance Share Vesting Date on or next following the Executive's date of termination of employment, the number of Performance Shares that shall become Vested Performance Shares shall be determined by multiplying (a) that number of shares of Company Common Stock subject to the Performance Share Agreement that would have become Vested Performance Shares had no such termination occurred; provided, however, in no case shall the number of Performance Shares that become Vested Performance Shares exceed 100% of the Target Number of Performance Shares set forth in the Performance Share Agreement, by (b) the ratio of the number of full months of the Executive's employment with the Company during the Performance Period (as defined in the Performance Share Agreement) to the number of full months contained in the Performance Period. Vested Common Shares shall be issued in settlement of such Vested Performance Shares on the Settlement Date next following the date of the Executive's termination of employment.

(v) **Unvested Common Shares Issued in Settlement of Performance Share Awards.** If the Executive terminates employment pursuant to Section 6(g) after the Performance Share Vesting Date, the vesting of all Unvested Common Shares issued in settlement of the Performance Share Award shall be accelerated in full effective as of the date of such termination.

(e) **Special Change in Control Provisions.**

(i) **Termination of Employment in Connection with a Change in Control.** If the Executive's employment is terminated either by the Company Without Cause (as defined in Section 6(d)) or by the Executive for Good Reason (as defined in Section 6(e)(ii)), in either case within the period commencing one month prior to and ending twelve months following a Change in Control, then, subject to Section 22 [Compliance with Section 409A], the Executive shall be entitled to the compensation and benefits set forth in Sections 8(e)(i)(a) through (e) (in addition to any other payments or benefits provided under this Agreement), provided that within sixty days following the Executive's termination of employment (i) the Executive has executed and delivered the Release to the Company, and (ii) the Release has become irrevocable:

a. **Salary.** The Executive shall be entitled to a cash payment equal to 2.99 times the Executive's then-current annual base salary, which shall be paid to the Executive sixty days following such termination of employment. The payment under this Section 8(e)(i)(a) shall take the place of any payment under Section 8(a)(i) and the Executive shall not be entitled to receive a payment under Section 8(a)(i) if the Executive is entitled to a payment under this Section 8(e)(i)(a).

b. **Bonus.** The Executive shall be entitled to a cash payment equal to 2.99 times the Executive's target annual bonus for the Company's fiscal year then in effect on the date termination of employment occurs, which shall be paid to the Executive sixty days following such termination of employment. The payment under this Section 8(e)(i)(b) shall take the place of any payment under Section 8(a)(ii) and the Executive shall not be entitled to receive a payment under Section 8(a)(ii) if the Executive is entitled to a payment under this Section 8(e)(i)(b).

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c. **Equity.** All shares of restricted stock granted to the Executive by the Company shall become vested in full upon the termination. Additionally, if the termination occurs prior to the Performance Share Vesting Date, the vesting of 100% of the Target Number of Performance Shares shall be accelerated and such Performance Shares shall be deemed Vested Performance Shares effective as of the date of the termination. The vesting of all Unvested Common Shares issued in settlement of the Performance Share Award shall be accelerated in full effective as of the date of such termination. Except as set forth in this Section 8(e)(i)(c), the treatment of stock options, performance share awards and all other equity awards granted to the Executive by the Company that remain outstanding immediately prior to the date of such Change in Control shall be determined in accordance with their terms.

d. **Estate Planning.** The Executive shall be entitled to reimbursement of the Executive's estate planning expenses (including attorneys' fees) on the same basis, if any, as to which the Executive was entitled to such reimbursements immediately prior to such termination of employment for the remainder of the Term of Employment then in effect.

e. **Health Care Coverage.** The Company shall continue to provide Executive with medical, dental, vision and mental health care coverage at or equivalent to the level of coverage which the Executive had at the time of the termination of employment (including coverage for the Executive's dependents to the extent such dependents were covered immediately prior to such termination of employment) for the remainder of the Term of Employment; **provided, however** that in the event such coverage may no longer be extended to Executive following termination of Executive's employment either by the terms of the Company's health care plans or under then applicable law, the Company shall instead reimburse Executive for Executive's cost of substantially equivalent health care coverage available to Executive under ERISA Section 601 and thereafter and Section 4980B of the Internal Revenue Code (i.e., COBRA coverage) for a period not to exceed 18 months after the termination of Executive's employment; and **provided further** that (1) any such health care coverage or reimbursement for health care coverage shall cease at such time that Executive becomes eligible for health care coverage through another employer and (2) any such reimbursement shall be made by the last day of the calendar year following the end of the calendar year with respect to which such coverage or reimbursement is provided.

(ii) **Change in Control Defined.** A "Change in Control" shall be deemed to have occurred if: (1) any person or group (within the meaning of Rule 13d-3 of the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) shall acquire during the twelve-month period ending on the date of the most recent acquisition by such person or group, in one or a series of transactions, whether through sale of stock or merger, ownership of stock of the Company that constitutes 35% or more of the total voting power of the stock of the Company or any successor to the Company; (2) a merger in which the Company is a party pursuant to which any person or such group acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company (provided such person or group held not more than 50% of the total fair market value and total voting power of the stock of the Company prior to such merger); or (3) the sale, exchange, or transfer of all or substantially all of the Company's assets

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(other than a sale, exchange, or transfer to one or more corporations where the stockholders of the Company before and after such sale, exchange, or transfer, directly or indirectly, are the beneficial owners of at least a majority of the voting stock of the corporation(s) to which the assets were transferred).

(iii) **Excise Tax - Best After-Tax Result.** In the event that any payment or benefit received or to be received by Executive pursuant to this Agreement or otherwise (“Payments”) would (a) constitute a “parachute payment” within the meaning of Section 280G of the Code and (b) but for this section, be subject to the excise tax imposed by Section 4999 of the Code, any successor provisions, or any comparable federal, state, local or foreign excise tax (“Excise Tax”), then, subject to the provisions of Section 8(e)(iv), such Payments shall be either (1) provided in full pursuant to the terms of this Agreement or any other applicable agreement, or (2) provided as to such lesser extent which would result in no portion of such Payments being subject to the Excise Tax (“Reduced Amount”), whichever of the foregoing amounts, taking into account the applicable federal, state, local and foreign income, employment and other taxes and the Excise Tax (including, without limitation, any interest or penalties on such taxes), results in the receipt by Executive, on an after-tax basis, of the greatest amount of payments and benefits provided for hereunder or otherwise, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. If Executive’s payments or benefits are delivered to a lesser extent in accordance with this clause (2) above, then Executive’s aggregate benefits shall be reduced in the following order: (i) cash severance pay that is exempt from Section 409A; (ii) any other cash severance pay; (iii) reimbursement payments under Section 4(c), above; (iv) any restricted stock; (v) any equity awards other than restricted stock and stock options; and (vi) stock options. Unless the Company and Executive otherwise agree in writing, any determination required under this Section shall be made by an independent advisor designated by the Company and reasonably acceptable to Executive (“Independent Advisor”), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required under this Section, Independent Advisor may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code; provided that Independent Advisor shall assume that Executive pays all taxes at the highest marginal rate. The Company and Executive shall furnish to Independent Advisor such information and documents as Independent Advisor may reasonably request in order to make a determination under this Section. The Company shall bear all costs that Independent Advisor may incur in connection with any calculations contemplated by this Section. In the event that this Section 8(e)(iii) applies, then based on the information provided to Executive and the Company by Independent Advisor, Executive may, in Executive’s sole discretion and within thirty days of the date on which Executive is provided with the information prepared by Independent Advisor, determine which and how much of the Payments (including the accelerated vesting of equity compensation awards) to be otherwise received by Executive shall be eliminated or reduced (as long as after such determination the value (as calculated by Independent Advisor in accordance with the provisions of Sections 280G and 4999 of the Code) of the amounts payable or distributable to Executive equals the Reduced Amount). If the Internal Revenue Service (the “IRS”) determines that any Payment is subject to the Excise Tax, then Section 8(e)(iv) hereof shall apply, and the enforcement of Section 8(e)(iv) shall be the exclusive remedy to the Company.

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(iv) **Adjustments.** If, notwithstanding any reduction described in Section 8(e)(iii) (or in the absence of any such reduction), the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of one or more Payments, then Executive shall be obligated to surrender or pay back to the Company, within 120 days after a final IRS determination, an amount of such payments or benefits equal to the “Repayment Amount.” The Repayment Amount with respect to such Payments shall be the smallest such amount, if any, as shall be required to be surrendered or paid to the Company so that Executive’s net proceeds with respect to such Payments (after taking into account the payment of the excise tax imposed on such Payments) shall be maximized. Notwithstanding the foregoing, the Repayment Amount with respect to such Payments shall be zero if a Repayment Amount of more than zero would not eliminate the Excise Tax imposed on such Payments or if a Repayment Amount of more than zero would not maximize the net amount received by Executive from the Payments. If the Excise Tax is not eliminated pursuant to this Section, Executive shall pay the Excise Tax.

(v) **Acquirer Does Not Assume Performance Share Award.** In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the “Acquirer”), may, without the consent of the Executive, assume or continue in full force and effect the Company’s rights and obligations under a Performance Share Award or substitute for the Award a substantially equivalent award for the Acquirer’s stock. For purposes of this Section, a Performance Share Award shall be deemed assumed if, following the Change in Control, the Award confers the right to receive, subject to the terms and conditions of the applicable Company incentive plan and this Agreement, for each Performance Share or Unvested Common Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled. Notwithstanding any other provision of this Agreement to the contrary, if the Acquirer elects not to assume, continue or substitute for the outstanding Performance Share Awards in connection with a Change in Control prior to the Performance Share Vesting Date, (i) the vesting of 100% of the target number of Performance Shares shall be accelerated and such Performance Shares shall be deemed Vested Performance Shares and one Vested Common Share shall be issued to the Executive for each such Vested Performance Share immediately prior to the Change in Control and (ii) the vesting of any Unvested Common Shares issued in settlement of Performance Share Awards shall be accelerated in full effective immediately prior to the Change in Control, provided that the Executive’s employment with the Company has not terminated immediately prior to the Change in Control. The vesting of Performance Shares and settlement of Awards that were permissible solely by reason of this Section shall be conditioned upon the consummation of the Change in Control.

(vi) **Acquirer Does Not Assume Restricted Stock Award.** In the event of a Change in Control, the Acquirer, may, without the consent of the Executive, assume or continue in full force and effect the Company’s rights and obligations under a Restricted Stock Award or substitute for the Award a substantially equivalent award for the Acquirer’s stock. For purposes of this Section, a Restricted Stock Award shall be deemed assumed if, following the Change in Control,

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the Award confers the right to receive, subject to the terms and conditions of the applicable Company incentive plan and this Agreement, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled. Notwithstanding any other provision of this Agreement to the contrary, if the Acquirer elects not to assume, continue or substitute for the outstanding Stock Award in connection with a Change in Control, the vesting of the Shares shall be accelerated in full effective immediately prior to the Change in Control, provided that the Executive's employment with the Company has not terminated immediately prior to the Change in Control. The vesting of Shares and settlement of Awards that were permissible solely by reason of this Section shall be conditioned upon the consummation of the Change in Control.

9. Certain Employment Obligations.

(a) **Employee Acknowledgement.** The Company and the Executive acknowledge that (i) the Company has a special interest in and derives significant benefit from the unique skills and experience of the Executive; (ii) as a result of the Executive's service with the Company, the Executive will use and have access to some of the Company's proprietary and valuable Confidential Information during the course of the Executive's employment; (iii) the Confidential Information has been developed and created by the Company at substantial expense and constitutes valuable proprietary assets of the Company, and the Company will suffer substantial damage and irreparable harm which will be difficult to compute if, during the term of the Executive's employment or thereafter, the Executive should disclose or improperly use such Confidential Information in violation of the provisions of this Agreement; (iv) the Company will suffer substantial damage and irreparable harm which will be difficult to compute if the Executive competes with the company in violation of this Agreement; (v) the Company will suffer substantial damage which will be difficult to compute if, the Executive solicits or interferes with the Company's employees, clients, or customers; (vi) the provisions of this Agreement are reasonable and necessary for the protection of the business of the Company; and (vii) the provisions of this Agreement will not preclude the Executive from obtaining other gainful employment or service.

(b) Non-Compete.

(i) During the Term of Employment and for a period of 24 months following the Executive's termination of employment with the Company, the Executive shall not, directly or indirectly, own, manage, control, be employed by, consult with, participate in, or be connected in any manner with the ownership, management, operation, control of, or otherwise become involved with, any Competing Business, nor shall the Executive undertake any planning to engage in any such activity, without the Company's written consent.

For purposes of this Agreement, a Competing Business shall mean any of the following: (1) any off-price retailer including, without limitation, Burlington Stores, Inc., The TJX Companies, Inc., and Stein Mart, Inc.; (2) Macy's, Inc., Collective Brands, Inc., and Foot Locker, Inc.; and (3) any affiliates, subsidiaries or successors of the businesses identified above.

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(ii) Section 9(b)(i) shall not prohibit the Executive from making any investment of 1% or less of the equity securities of any publicly-traded corporation which is considered to be a Competing Business.

(c) **Non-Solicitation of Employees.** During the Term of Employment and for a period of 24 months following the Executive's termination of that employment with the Company, the Executive shall not, without the written permission of the Company or an affected affiliate, directly or indirectly (i) solicit, employ or retain, or have or cause any other person or entity to solicit, employ or retain, any person who is employed by the Company or was employed by the Company during the 6-month period prior to such solicitation, employment, or retainer; (ii) encourage any such person not to devote his or her full business time to the Company; or (iii) agree to hire or employ any such person.

(d) **Non-Solicitation of Third Parties.** During the Term of Employment and for a period of 24 months following the Executive's termination of employment with the Company, the Executive shall not directly or indirectly solicit or otherwise influence any entity with a business arrangement with the Company, including, without limitation, suppliers, sales representatives, lenders, lessors, and lessees, to discontinue, reduce, or otherwise materially or adversely affect such relationship.

(e) **Non-Disparagement.** The Executive acknowledges and agrees that the Executive will not defame or criticize the services, business, integrity, veracity, or personal or professional reputation of the Company or any of its directors, officers, employees, affiliates, or agents of any of the foregoing in either a professional or personal manner either during the term of the Executive's employment or thereafter.

10. Company Remedies for Executive's Breach of Certain Obligations.

(a) The Executive acknowledges and agrees that in the event that the Executive breaches or threatens to breach Sections 5 or 9 of this Agreement, all compensation and benefits otherwise payable pursuant to this Agreement and the vesting and/or exercisability of all stock options, restricted stock, performance shares and other forms of equity compensation previously awarded to the Executive, notwithstanding the provisions of any agreement evidencing any such award to the contrary, shall immediately cease.

(b) The Company shall give prompt notice to the Executive of its discovery of a breach by the Executive of Sections 5 or 9 of this Agreement. If it is determined by a vote of not less than two-thirds of the members of the Board that the Executive has breached Section 9 of this Agreement and has not cured such breach within ten business days of such notice, then:

(i) the Executive shall forfeit to the Company (A) all stock options, stock appreciation rights, performance shares and other equity compensation awards (other than shares of restricted stock, restricted stock units or similar awards) granted to the Executive by the Company which remain outstanding and unexercised or unpaid as of the date of such determination by the Board (the "Breach Determination Date") and (B) all shares of restricted stock, restricted stock

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units and similar awards granted to the Executive by the Company which continue to be held by the Executive as of the Breach Determination Date to the extent that such awards vested during the Forfeiture Period (as defined below); and

(ii) the Executive shall pay to the Company all gains realized by the Executive upon (A) the exercise by or payment in settlement to the Executive on and after the commencement of the Forfeiture Period of stock options, stock appreciation rights, performance shares and other equity compensation awards (other than shares of restricted stock, restricted stock units or similar awards) granted to the Executive by the Company and (B) the sale on and after the commencement of the Forfeiture Period of shares or other property received by the Executive pursuant to awards of restricted stock, restricted stock units or similar awards granted to the Executive by the Company and which vested during the Forfeiture Period.

(c) For purposes of this Section, the gain realized by the Executive upon the exercise or payment in settlement of stock options, stock appreciation rights, performance shares and other equity compensation awards shall be equal to (A) the closing sale price on the date of exercise or settlement (as reported on the stock exchange or market system constituting the principal market for the shares subject to the applicable award) of the number of vested shares issued to the Executive upon such exercise or settlement, reduced by the purchase price, if any, paid by the Executive to acquire such shares, or (B) if any such award was settled by payment in cash to the Executive, the gain realized by the Executive shall be equal to the amount of cash paid to the Executive. Further, for purposes of this Section, the gain realized by the Executive upon the sale of shares or other property received by the Executive pursuant to awards of restricted stock, restricted stock units or similar awards shall be equal to the gross proceeds of such sale realized by the Executive. Gains determined for purposes of this Section shall be determined without regard to any subsequent increase or decrease in the market price of the Company's stock or taxes paid by or withheld from the Executive with respect to such transactions.

(d) For the purposes of this Section, the "Forfeiture Period" shall be the period ending on the Breach Determination Date and beginning on the earlier of (A) the date six months prior to the Breach Determination Date or (B) the business day immediately preceding the date of the Executive's termination of employment with the Company.

(e) The Executive agrees to pay to the Company immediately upon the Breach Determination Date the amount payable by the Executive to the Company pursuant to this Section.

(f) The Executive acknowledges that money will not adequately compensate the Company for the substantial damages that will arise upon the breach or threatened breach of Sections 5 or 9 of this Agreement and that the Company will not have any adequate remedy at law. For this reason, such breach or threatened breach will not be subject to the arbitration clause in Section 19; rather, the Company will be entitled, in addition to other rights and remedies, to specific performance, injunctive relief, and other equitable relief to prevent or restrain such breach or threatened breach. The Company may obtain such relief from an arbitrator pursuant to Section 19 hereof, or by simultaneously seeking arbitration under Section 19 and a temporary injunction from a court pending the outcome of the arbitration. It shall be the Company's sole and exclusive right to elect which

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approach to use to vindicate its rights. The Executive further agrees that in the event of a breach or threatened breach, the Company shall be entitled to obtain an immediate injunction and restraining order to prevent such breach and/or threatened breach and/or continued breach, without posting a bond or having to prove irreparable harm or damages, and to obtain all costs and expenses, including reasonable attorneys' fees and costs. In addition, the existence of any claim or cause of action by the Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the restrictive covenants in this Agreement.

(g) **Recoupment.** Executive hereby understands and agrees that the Executive is subject to the Company's recoupment policy. Under the current policy applicable to the Company's senior executives, subject to the discretion and approval of the Board, the Company may, to the extent permitted by governing law, require reimbursement of any cash payments and reimbursement and/or cancellation of any Performance Share or Common Shares issued in settlement of a Performance Share to the Executive where all of the following factors are present: (1) the award was predicated upon the achievement of certain financial results that were subsequently the subject of a material restatement, (2) the Board determines that the Executive engaged in fraud or intentional misconduct that was a substantial contributing cause to the need for the restatement, and (3) a lower award would have been made to the Executive based upon the restated financial results. In each instance, the Company may seek to recover the Executive's entire gain received by the Executive within the relevant period, plus a reasonable rate of interest.

11. **Exercise of Stock Options Following Termination.** If the Executive's employment terminates, Executive (or the Executive's estate) may exercise the Executive's right to purchase any vested stock under the stock options granted to Executive by the Company as provided in the applicable stock option agreement or Company plan. All such purchases must be made by the Executive in accordance with the applicable stock option plans and agreements between the parties.

12. **Successors; Binding Agreement.** This Agreement and all rights of the Executive hereunder shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts would still be payable to the Executive hereunder, all such amounts shall be paid in accordance with the terms of this Agreement and applicable law to the Executive's beneficiary pursuant to a written designation of beneficiary, or, if there is no effective written designation of beneficiary by the Executive, to the Executive's estate.

13. **Insurance and Indemnity.** The Company shall, to the extent permitted by law, include the Executive during the Term of Employment under any directors and officers' liability insurance policy maintained for its directors and officers, with coverage at least as favorable to the Executive in amount and each other material respect as the coverage of other officers covered thereby. The Company's obligation to provide insurance and indemnify the Executive shall survive expiration or termination of this Agreement with respect to proceedings or threatened proceedings based on acts or omissions of the Executive occurring during the Executive's employment with the Company. Such obligations shall be binding upon the Company's successors and assigns and shall inure to the benefit of the Executive's heirs and personal representatives.

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14. **Notice.** For the purposes of this Agreement, notices, demands and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or (unless otherwise specified) mailed by United States registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:	Bernard Brautigan Ross Stores, Inc. 1372 Broadway New York, NY 1008
If to the Company:	Ross Stores, Inc. 5130 Hacienda Drive Dublin, CA 94568-7579 Attention: General Counsel

or to such other address as any party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

15. **Complete Agreement; Modification, Waiver; Entire Agreement.** This Agreement, along with any compensation and benefits summary, stock option, restricted stock, performance share or other equity compensation award agreements between the parties, represents the complete agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, promises or representations of the parties, including any prior employment agreement or similar agreement between the parties, except those relating to repayment of signing and related bonuses, or relocation expense reimbursements. To the extent that the bonus payment provisions (i.e., post-termination bonus payments) provided in this Agreement differ from the provisions of the Company's incentive bonus plans (currently the Incentive Compensation Plan) or any replacement plans, such bonus payments shall be paid pursuant to the provisions of this Agreement except to the extent expressly prohibited by law. Except as provided by Section 22 [Compliance with Section 409A], no provision of this Agreement may be amended or modified except in a document signed by the Executive and such person as may be designated by the Company. No waiver by the Executive or the Company of any breach of, or lack of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or the same condition or provision at another time. To the extent that this Agreement is in any way deemed to be inconsistent with any prior or contemporaneous compensation and benefits summary, stock option, restricted stock, performance share or other equity compensation award agreements between the parties, or term sheet referencing such specific awards, the terms of this Agreement shall control. No agreements or representations, oral or otherwise, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be modified to comply with any federal securities law or rule or any NASDAQ listing rule adopted to comply therewith.

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16. **Governing Law - Severability.** The validity, interpretation, construction, performance, and enforcement of this Agreement shall be governed by the laws of the state in which the Executive's principal place of employment described in Section 3 is located without reference to that state's choice of law rules. If any provision of this Agreement shall be held or deemed to be invalid, illegal, or unenforceable in any jurisdiction, for any reason, the invalidity of that provision shall not have the effect of rendering the provision in question unenforceable in any other jurisdiction or in any other case or of rendering any other provisions herein unenforceable, but the invalid provision shall be substituted with a valid provision which most closely approximates the intent and the economic effect of the invalid provision and which would be enforceable to the maximum extent permitted in such jurisdiction or in such case.

17. **Mitigation.** In the event the Executive's employment with the Company terminates for any reason, the Executive shall not be obligated to seek other employment following such termination. However, any amounts due the Executive under Sections 8(a)(i); 8(a)(ii); 8(a)(vii); 8(e)(i) (a), (b), (d) or (e) shall be offset by any cash remuneration, health care coverage and/or estate planning reimbursements attributable to any subsequent employment or consulting/independent contractor arrangement that the Executive may obtain during the period of payment of compensation under this Agreement following the termination of the Executive's employment with the Company.

18. **Withholding.** All payments required to be made by the Company hereunder to the Executive or the Executive's estate or beneficiaries shall be subject to the withholding of such amounts as the Company may reasonably determine it should withhold pursuant to any applicable law. To the extent permitted, the Executive may provide all or any part of any necessary withholding by contributing Company stock with value, determined on the date such withholding is due, equal to the number of shares contributed multiplied by the closing price per share as reported on the securities exchange constituting the primary market for the Company's stock on the date preceding the date the withholding is determined.

19. **Arbitration.** The Company and Executive shall resolve all disputes or claims relating to or arising out of the parties' employment relationship or this Agreement (including, but not limited to, any claims of breach of contract, wrongful termination, or age, race, sex, disability or other discrimination) in accordance with the Company's then-current Dispute Resolution Agreement ("Arbitration Agreement"). In the event that Executive has not signed the Arbitration Agreement, the Executive and the Company hereby mutually agree that all such disputes shall be fully, finally and exclusively resolved by binding arbitration conducted by the American Arbitration Association in the city in which the Executive's principal place of employment is located by an arbitrator mutually agreed upon by the parties hereto or, in the absence of such agreement, by an arbitrator selected in accordance with the then-current Employment Arbitration Rules of the American Arbitration Association (which can be found at www.adr.org under "Rules & Procedures"), provided, however, that nothing in this arbitration provision or the Arbitration Agreement shall prevent either the Executive or the Company from seeking interim or temporary injunctive or equitable relief from a court of competent jurisdiction pending arbitration.

If there is termination of the Executive's employment with the Company followed by a dispute as to whether the Executive is entitled to the benefits provided under this Agreement, then,

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during the period of that dispute the Company shall pay the Executive 50% of the amount specified in Section 8 hereof (except that the Company shall pay 100% of any insurance premiums provided for in Section 8), if, and only if, the Executive agrees in writing that if the dispute is resolved against the Executive, the Executive shall promptly refund to the Company all such payments received by, or made by the Company on behalf of, the Executive. If the dispute is resolved in the Executive's favor, promptly after resolution of the dispute the Company shall pay the Executive the sum that was withheld during the period of the dispute plus interest at the rate provided in Section 1274(d) of the Code, compounded quarterly.

20. **Attorney's Fees.** Each party shall bear its own attorney's fees and costs incurred in any action or dispute arising out of this Agreement.

21. **Miscellaneous.** No right or interest to, or in, any payments shall be assignable by the Executive; provided, however, that the Executive shall not be precluded from designating in writing one or more beneficiaries to receive any amount that may be payable after the Executive's death and the legal representative of the Executive's estate shall not be precluded from assigning any right hereunder to the person or persons entitled thereto. This Agreement shall be binding upon and shall inure to the benefit of the Executive, the Executive's heirs and legal representatives and, the Company and its successors.

22. **Compliance with Section 409A.** Notwithstanding any other provision of this Agreement to the contrary, the provision, time and manner of payment or distribution of all compensation and benefits provided by this Agreement that constitute nonqualified deferred compensation subject to and not exempted from the requirements of Code Section 409A ("Section 409A Deferred Compensation") shall be subject to, limited by and construed in accordance with the requirements of Code Section 409A and all regulations and other guidance promulgated by the Secretary of the Treasury pursuant to such Section (such Section, regulations and other guidance being referred to herein as "Section 409A"), including the following:

(a) **Separation from Service.** Payments and benefits constituting Section 409A Deferred Compensation otherwise payable or provided pursuant to Section 8 upon the Executive's termination of employment shall be paid or provided only at the time of a termination of the Executive's employment that constitutes a Separation from Service. For the purposes of this Agreement, a "Separation from Service" is a separation from service within the meaning of Treasury Regulation Section 1.409A-1(h).

(b) **Six-Month Delay Applicable to Specified Employees.** If, at the time of a Separation from Service of the Executive, the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) (a "Specified Employee"), then any payments and benefits constituting Section 409A Deferred Compensation to be paid or provided pursuant to Section 8 upon the Separation from Service of the Executive shall be paid or provided commencing on the later of (i) the date that is six months after the date of such Separation from Service or, if earlier, the date of death of the Executive (in either case, the "Delayed Payment Date"), or (ii) the date or dates on which such Section 409A Deferred Compensation would otherwise be paid or provided in accordance with Section 8. All such amounts that would, but for this Section 22(b), become

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payable prior to the Delayed Payment Date shall be accumulated and paid on the Delayed Payment Date.

(c) **Health Care and Estate Planning Benefits.** In the event that all or any of the health care or estate planning benefits to be provided pursuant to Sections 8 (a)(vii); 8(e)(i) (d) or 8(e)(i) (e) as a result of a Participant's Separation from Service constitute Section 409A Deferred Compensation, the Company shall provide for such benefits constituting Section 409A Deferred Compensation in a manner that complies with Section 409A. To the extent necessary to comply with Section 409A, the Company shall determine the health care premium cost necessary to provide such benefits constituting Section 409A Deferred Compensation for the applicable coverage period and shall pay such premium cost which becomes due and payable during the applicable coverage period on the applicable due date for such premiums; provided, however, that if the Executive is a Specified Employee, the Company shall not pay any such premium cost until the Delayed Payment Date. If the Company's payment pursuant to the previous sentence is subject to a Delayed Payment Date, the Executive shall pay the premium cost otherwise payable by the Company prior to the Delayed Payment Date, and on the Delayed Payment Date the Company shall reimburse the Executive for such Company premium cost paid by the Executive and shall pay the balance of the Company's premium cost necessary to provide such benefit coverage for the remainder of the applicable coverage period as and when it becomes due and payable over the applicable period.

(d) **Stock-Based Awards.** The vesting of any stock-based compensation awards which constitute Section 409A Deferred Compensation and are held by the Executive, if the Executive is a Specified Employee, shall be accelerated in accordance with this Agreement to the extent applicable; provided, however, that the payment in settlement of any such awards shall occur on the Delayed Payment Date. Any stock based compensation which vests and becomes payable upon a Change in Control in accordance with Section 8(e)(i) shall not be subject to this Section 22(d).

(e) **Installments.** Executive's right to receive any installment payments payable hereunder shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment for purposes of Section 409A.

(f) **Reimbursements.** To the extent that any reimbursements payable to Executive pursuant to this Agreement are subject to the provisions of Section 409A of the Code, such reimbursements shall be paid to Executive no later than December 31 of the year following the year in which the cost was incurred; the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year; and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.

(g) **Rights of the Company; Release of Liability.** It is the mutual intention of the Executive and the Company that the provision of all payments and benefits pursuant to this Agreement be made in compliance with the requirements of Section 409A. To the extent that the provision of any such payment or benefit pursuant to the terms and conditions of this Agreement would fail to comply with the applicable requirements of Section 409A, the Company may, in its

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sole and absolute discretion and without the consent of the Executive, make such modifications to the timing or manner of providing such payment and/or benefit to the extent it determines necessary or advisable to comply with the requirements of Section 409A; provided, however, that the Company shall not be obligated to make any such modifications. Any such modifications made by the Company shall, to the maximum extent permitted in compliance with the requirements of Section 409A, preserve the aggregate monetary face value of such payments and/or benefits provided by this Agreement in the absence of such modification; provided, however, that the Company shall in no event be obligated to pay any interest or other compensation in respect of any delay in the provision of such payments or benefits in order to comply with the requirements of Section 409A. The Executive acknowledges that (i) the provisions of this Section 22 may result in a delay in the time at which payments would otherwise be made pursuant to this Agreement and (ii) the Company is authorized to amend this Agreement, to void or amend any election made by the Executive under this Agreement and/or to delay the payment of any monies and/or provision of any benefits in such manner as may be determined by the Company, in its discretion, to be necessary or appropriate to comply with Section 409A (including any transition or grandfather rules thereunder) without prior notice to or consent of the Executive. The Executive hereby releases and holds harmless the Company, its directors, officers and stockholders from any and all claims that may arise from or relate to any tax liability, penalties, interest, costs, fees or other liability incurred by the Executive as a result of the application of Code Section 409A.

23. **Future Equity Compensation.** The Executive understands and acknowledges that all awards, if any, of stock options, restricted stock, performance shares and other forms of equity compensation by the Company are made at the sole discretion of the Board or such other committee or person designated by the Board. The Executive further understands and acknowledges, however, that unless the Executive has executed this Agreement and each successive amendment extending the Term of Employment as may be agreed to by the Company and the Executive, it is the intention of the Board and the Executive that, notwithstanding any continued employment with the Company, (a) the Company shall have no obligation to grant any award of stock options, restricted stock, performance shares or any other form of equity compensation which might otherwise have been granted to the Executive on or after the intended commencement of the Initial Term or any Extension thereof for which the Executive has failed to sign the Agreement or the applicable Extension amendment and (b) any such award which is nevertheless granted to the Executive after the intended commencement of the Initial Term or any Extension thereof for which the Executive has failed to sign such Agreement or applicable Extension amendment shall not vest unless and until the Executive has executed the Agreement or applicable Extension amendment, notwithstanding the provisions of any agreement evidencing such award to the contrary.

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IN WITNESS WHEREOF, the parties have executed this Executive Employment Agreement effective as of the date and year first above written.

ROSS STORES, INC.

EXECUTIVE

/s/Barbara Rentler

By: Barbara Rentler
Chief Executive Officer

/s/Bernard Brautigan

By: Bernard Brautigan
President, Merchandising

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Exhibit A to Executive Employment Agreement

CONFIDENTIAL SEPARATION AGREEMENT AND GENERAL RELEASE

This is an Agreement between _____ (“Executive”) and Ross Stores, Inc. (“Ross”). The parties agree to the following terms and conditions:

1. Executive _____ employment with Ross effective _____ (the “Separation Date”).
2. Any inquiries by prospective employers or others should be referred to Ross’ third party provider The Work Number, phone number 1-800-367-5690 or <http://www.theworknumber.com>.
3. Executive understands that the Executive Employment Agreement, effective _____ (“Executive Agreement”), requires Executive to execute this General Release as a condition to receiving cash payments, benefits and equity as may be provided under the terms of the Executive Agreement.
4. In consideration for Ross’ promises herein, Executive knowingly and voluntarily releases and forever discharges Ross, and all parent corporations, affiliates, subsidiaries, divisions, successors and assignees, as well as the current and former employees, attorneys, officers, directors and agents thereof (collectively referred to throughout the remainder of this Agreement as “Releasees”), of and from any and all claims, judgments, promises, agreements, obligations, damages, losses, costs, expenses (including attorneys’ fees) or liabilities of whatever kind and character, known and unknown, which Executive may now have, has ever had, or may in the future have, arising from or in any way connected with any and all matters from the beginning of time to the date hereof, including but not limited to any alleged causes of action for:
 - Title VII of the Civil Rights Act of 1964, as amended
 - The National Labor Relations Act, as amended
 - The Civil Rights Act of 1991
 - Sections 1981 through 1988 of Title 42 of the United States Code, as amended
 - The Employee Retirement Income Security Act of 1974, as amended
 - The Immigration Reform and Control Act, as amended
 - The Americans with Disabilities Act of 1990, as amended
 - The Age Discrimination in Employment Act of 1967, as amended
 - The Occupational Safety and Health Act, as amended
 - The Sarbanes-Oxley Act of 2002
 - The United States Equal Pay Act of 1963
 - The New York State Civil Rights Act, as amended
 - The New York Equal Pay Law, as amended
 - The New York State Human Rights Law, as amended
 - The New York City Administrative Code and Charter, as amended
 - The New York State Labor Law, as amended

Executive's Initials

Ross' Initials

Exhibit 10.33

Exhibit A to Executive Employment Agreement

- The Retaliation Provisions of the New York State Workers Compensation Law and the New York State Disability Benefits Law, as amended
 - Any other federal, state or local civil or human rights law or any other local, state or federal law, regulation or ordinance
 - Any public policy, contract, tort, or common law
 - Any claim for costs, fees, or other expenses including attorneys' fees incurred in these matters
5. This Agreement does not prevent Executive from filing a charge of discrimination with the Equal Employment Opportunity Commission, although by signing this Agreement Executive waives his or her right to recover any damages or other relief in any claim or suit brought by or through the Equal Employment Opportunity Commission or any other state or local agency on his or her behalf under any federal or state discrimination law, except where prohibited by law. Executive agrees to release and discharge Ross not only from any and all claims which he or she could make on his or her own behalf but also specifically waive any right to become, and promise not to become, a member of any class in any proceeding or case in which a claim or claims against Ross may arise, in whole or in part, from any event which occurred as of the date of this Agreement. Executive agrees to pay for any legal fees or costs incurred by Ross as a result of any breach of the promises in this paragraph. The parties agree that if Executive, by no action of his or her own, becomes a mandatory member of any class from which he or she cannot, by operation of law or order of court, opt out, Executive shall not be required to pay for any legal fees or costs incurred by Ross as a result.
6. Executive affirms that he or she has been paid and/or has received all leave (paid or unpaid), compensation, wages, bonuses, commissions, and/or benefits to which he or she may be entitled and that no other leave (paid or unpaid), compensation, wages, bonuses, commissions and/or benefits are due to him or her, except as provided in this Agreement. Executive furthermore affirms that he or she has no known workplace injuries or occupational diseases and has been provided and/or has not been denied any leave requested, including any under the Family and Medical Leave Act or any other leaves authorized by federal or state law, and that Executive has not reported any purported improper, unethical or illegal conduct or activities to any supervisor, manager, executive human resources representative or agent of Ross Stores and has no knowledge of any such improper, unethical or illegal conduct or activities. Executive additionally represents and affirms that during the course of employment at Ross, Executive has taken no actions contrary to or inconsistent with Executive's job responsibilities or the best interests of Ross' business.
7. The parties expressly acknowledge that those certain employment obligations set forth in the Executive Agreement, including but not limited to all obligations set forth in Paragraph 9 of the Executive Agreement, shall remain in full force and effect for the time period(s) specified in the Executive Agreement.

Executive's Initials

Ross' Initials

Exhibit 10.33

Exhibit A to Executive Employment Agreement

8. Executive agrees that this is a private agreement and that he or she will not discuss the fact that it exists or its terms with anyone else except with his or her spouse, attorney, accountant, or as required by law. Further, Executive agrees not to defame, disparage or demean Ross in any way (excluding actions or communications expressly required or permitted by law).
9. Any party to this Agreement may bring an action in law or equity for its breach. Unless otherwise ordered by the Court, only the provisions of this Agreement alleged to have been breached shall be disclosed.
10. This Agreement has been made in the State of New York and the law of said State shall apply to it. If any part of this Agreement is found to be invalid, the remaining parts of the Agreement will remain in effect as if no invalid part existed.
11. This Agreement sets forth the entire agreement between the parties hereto, and fully supersedes any prior agreements or understandings between the parties, except for any confidentiality, trade secrets and inventions agreements previously entered into with the company (which will remain in full force and effect), and may not be modified except in a writing agreed to and signed by both parties, providing however that Employer may modify this form of agreement from time to time solely as needed to comply with federal, state or local laws in effect that the time this Agreement is to be executed. Executive acknowledges that he or she has not relied on any representations, promises, or agreements of any kind made to him or her in connection with his or her decision to accept this Agreement except for those set forth in this Agreement.
12. Executive further agrees to make him or herself available as needed and fully cooperate with Ross in defending any anticipated, threatened, or actual litigation that currently exists, or may arise subsequent to the execution of this Agreement. Such cooperation includes, but is not limited to, meeting with internal Ross employees to discuss and review issues which Executive was directly or indirectly involved with during employment with Ross, participating in any investigation conducted by Ross either internally or by outside counsel or consultants, signing declarations or witness statements, preparing for and serving as a witness in any civil or administrative proceeding by both depositions or a witness at trial, reviewing documents and similar activities that Ross deems necessary. Executive further agrees to make him or herself available as needed and cooperate in answering questions regarding any previous or current project Executive worked on while employed by Ross so as to insure a smooth transition of responsibilities and to minimize any adverse consequences of Executive's departure.

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13. ***Waiver***: By signing this Agreement, Executive acknowledges that he or she:
 - (a) Has carefully read and understands this Agreement;

Executive's Initials

Ross' Initials

Exhibit 10.33

Exhibit A to Executive Employment Agreement

- (b) Has been given a full twenty-one (21) days within which to consider the terms of this Agreement and consult with an attorney of his or her choice, and to the extent he or she executes this Agreement prior to expiration of the full twenty-one (21) days, knowingly and voluntarily waives that period following consultation with an attorney of his or her choice;
- (c) Is, through this Agreement, releasing Ross from any and all claims he or she may have against it that have arisen as of the date of this Agreement, including but not limited to, rights or claims arising under the Age Discrimination in Employment Act of 1967 (29 U.S.C. §621, *et seq.*);
- (d) Knowingly and voluntarily agrees to all of the terms set forth in this Agreement;
- (e) Knowingly and voluntarily intends to be legally bound by the same;
- (f) Is hereby advised in writing to consider the terms of this Agreement and to consult with an attorney of his or her choice prior to executing this Agreement;
- (g) Has consulted with an attorney of his or her choosing prior to signing this Agreement;
- (h) Understands that rights or claims under the Age Discrimination in Employment Act of 1967 (29 U.S.C. § 621, *et seq.*) that may arise after the date of this Agreement are not waived;
- (i) Has a full seven (7) days following the execution of this Agreement to revoke this Agreement ("the Revocation Period") in writing and hereby is advised that this Agreement shall not become effective or enforceable until the Revocation Period has expired.

14. Executive fully understands the final and binding effect of the Agreement. Executive acknowledges that he or she signs this Agreement voluntarily of his or her own free will.

The parties hereto knowingly and voluntarily executed this Agreement as of the date set forth below:

Dated: _____

By: _____
("Executive")

Dated: _____

By: _____
ROSS STORES, INC. ("Ross")

Executive's Initials

Ross' Initials

EXHIBIT 21**SUBSIDIARIES & AFFILIATES**

Certain subsidiaries and affiliates of the Registrant and their subsidiaries are listed below. The names of certain subsidiaries, which considered in the aggregate would not constitute a significant subsidiary, have been omitted.

Subsidiary Name	Domiciled	Date of Incorporation
Ross Procurement, Inc.	Delaware	November 22, 2004
Ross Merchandising, Inc.	Delaware	January 12, 2004
Ross Dress For Less, Inc.	Virginia	January 14, 2004
Retail Assurance Group, Inc.	Hawaii	October 15, 1991

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 33-61373, No. 333-06119, No. 333-34988, No. 333-51478, No. 333-56831, No. 333-115836, No. 333-151116, No. 333-210465, and No. 333-218052 on Form S-8, and No. 333-198738 on Form S-3 of our report dated April 3, 2018, relating to the consolidated financial statements of Ross Stores, Inc. and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended February 3, 2018.

/s/DELOITTE & TOUCHE LLP

San Francisco, California
April 3, 2018

EXHIBIT 31.1

Ross Stores, Inc.
Certification of Chief Executive Officer
Pursuant to Sarbanes-Oxley Act Section 302(a)

I, Barbara Rentler, certify that:

1. I have reviewed this annual report on Form 10-K of Ross Stores, 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: April 3, 2018

/s/Barbara Rentler

Barbara Rentler

Chief Executive Officer

EXHIBIT 31.2

Ross Stores, Inc.
Certification of Chief Financial Officer
Pursuant to Sarbanes-Oxley Act Section 302(a)

I, Michael J. Hartshorn, certify that:

1. I have reviewed this annual report on Form 10-K of Ross Stores, 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: April 3, 2018

/s/Michael J. Hartshorn

Michael J. Hartshorn

Executive Vice President, Chief Financial Officer,
and Principal Accounting Officer

EXHIBIT 32.1

Certification of Chief Executive Officer 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 annual report of Ross Stores, Inc. (the "Company") on Form 10-K for the year ended February 3, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Barbara Rentler, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 3, 2018

/s/Barbara Rentler

Barbara Rentler

Chief Executive Officer

EXHIBIT 32.2

Certification of Chief Financial Officer 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 annual report of Ross Stores, Inc. (the "Company") on Form 10-K for the year ended February 3, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Hartshorn, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 3, 2018

/s/Michael J. Hartshorn

Michael J. Hartshorn

Executive Vice President, Chief Financial Officer,
and Principal Accounting Officer

