

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

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended May 3, 1997

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.)

8333 Central Avenue, Newark, California
(Address of principal executive offices)

94560-3433
(Zip Code)

Registrant's telephone number,
including area code

(510) 505-4400

Former name, former address and
former fiscal year, if changed
since last report.

N/A

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

The number of shares of Common Stock, with \$.01 par value, outstanding
on May 30, 1997 was 49,693,516.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

ROSS STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(\$000)	May 3, 1997	February 1, 1997	May 4, 1996
ASSETS	(Unaudited)	(Note A)	(Unaudited)

CURRENT ASSETS			
Cash and cash equivalents	\$26,879	\$44,777	\$35,036
Accounts receivable	9,583	7,832	11,555
Merchandise inventory	409,014	373,689	332,623
Prepaid expenses and other	13,405	13,289	13,001
Total Current Assets	<u>458,881</u>	<u>439,587</u>	<u>392,215</u>
PROPERTY AND EQUIPMENT			
Land and buildings	24,115	24,115	24,102
Fixtures and equipment	176,756	164,980	152,625
Leasehold improvements	137,714	135,810	122,489
Construction-in-progress	12,654	23,798	17,833
	<u>351,239</u>	<u>348,703</u>	<u>317,049</u>
Less accumulated depreciation and amortization	157,806	156,056	137,674
	<u>193,433</u>	<u>192,647</u>	<u>179,375</u>
Other assets	30,842	27,244	22,307
	<u>\$ 683,156</u>	<u>\$ 659,478</u>	<u>\$593,897</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	\$ 197,926	\$184,101	\$165,036
Accrued expenses and other	60,540	61,761	42,498
Accrued payroll and benefits	26,772	36,356	23,940
Income taxes payable	19,911	22,567	12,137
Total Current Liabilities	<u>305,149</u>	<u>304,785</u>	<u>243,611</u>
Long-term debt			19,736
Deferred income taxes and other liabilities	29,356	25,850	24,033
STOCKHOLDERS' EQUITY			
Capital stock	496	493	504
Additional paid-in capital	167,361	164,166	148,609
Retained earnings	180,794	164,184	157,404
	<u>348,651</u>	<u>328,843</u>	<u>306,517</u>
	<u>\$ 683,156</u>	<u>\$659,478</u>	<u>\$593,897</u>

See notes to condensed consolidated financial statements.

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ROSS STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

	Three Months Ended	
(\$000 except per share data, unaudited)	May 3, 1997	May 4, 1996
SALES	\$442,841	\$370,948
COSTS AND EXPENSES		
Cost of goods sold and occupancy	309,513	264,058
General, selling and administrative	86,664	76,219
Depreciation and amortization	7,275	7,261
Interest	(200)	184
	<u>\$403,252</u>	<u>\$347,722</u>
Earnings before taxes	39,589	23,226
Provision for taxes on earnings	15,836	9,290
	<u>\$23,753</u>	<u>\$13,936</u>

Net earnings per share:

Primary	\$.47	\$.27
Fully diluted	\$.47	\$.27
Weighted average shares outstanding:		
Primary	50,486	51,294
Fully diluted	50,510	51,616
Stores open at end of period	315	296

See notes to condensed consolidated financial statements.

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ROSS STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$000, unaudited)	Three Months Ended	
	May 3, 1997	May 4, 1996
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$23,753	\$13,936
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization of property and equipment	7,275	7,261
Other amortization	1,832	1,515
Change in current assets and current liabilities:		
Merchandise inventory	(35,324)	(36,658)
Other current assets - net	(1,868)	(3,483)
Accounts payable	16,045	29,119
Other current liabilities - net	(13,627)	1,076
Other	(4)	233
Net cash provided by (used in) operating activities	(1,918)	12,999
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(10,688)	(9,334)
Net cash used in investing activities	(10,688)	(9,334)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing under line of credit agreement	2,500	10,000
(Repayment) of long-term debt	(47)	(110)
Issuance of common stock related to stock plans	2,754	18,130
Repurchase of common stock	(8,286)	(18,327)
Dividends paid	(2,213)	(1,748)
Net cash provided by (used in) financing activities	(5,292)	7,945
NET INCREASE (DECREASE) IN CASH	(17,898)	11,610
Cash		
Beginning of year	44,777	23,426
End of quarter	\$26,879	\$35,036
Interest Paid	\$40	\$267
Income Taxes Paid	\$18,491	\$7,709

See notes to condensed consolidated financial statements.

ROSS STORES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended May 3, 1997 and May 4, 1996
(Unaudited)

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared from the records of the company without audit and, in the opinion of management, include all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position at May 3, 1997 and May 4, 1996; the interim results of operations for the three months ended May 3, 1997 and May 4, 1996; and changes in cash flows for the three months then ended. The balance sheet at February 1, 1997, presented herein, has been derived from the audited financial statements of the company for the fiscal year then ended.

Accounting policies followed by the company are described in Note A to the audited consolidated financial statements for the fiscal year ended February 1, 1997. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted for purposes of the condensed consolidated interim financial statements. The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements, including notes thereto, for the year ended February 1, 1997.

The results of operations for the three month periods herein presented are not necessarily indicative of the results to be expected for the full year.

The condensed consolidated financial statements at May 3, 1997 and May 4, 1996, and for the three months then ended have been reviewed, prior to filing, by the registrant's independent accountants whose report covering their review of the financial statements is included in this report on page 6.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, (SFAS 128), Earnings per Share (EPS). SFAS 128 requires dual presentation of basic EPS and diluted EPS on the face of all income statements issued after December 15, 1997 for all entities with complex capital structures. Basic EPS is computed as net income divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants and other convertible securities. The pro forma effect assuming adoption of SFAS 128 at the beginning of each period is presented below.

	Three Months Ended	
	May 3, 1997	May 4, 1996
<hr/>		
Pro forma EPS:		
Basic	\$.48	\$.28
Diluted	\$.47	\$.27

Board of Directors and Stockholders of Ross Stores, Inc.
Newark, California

We have reviewed the accompanying condensed consolidated balance sheets of Ross Stores, Inc. (the "Company") as of May 3, 1997 and May 4, 1996, and the related condensed consolidated statements of earnings and cash flows for the three-month periods then ended. These condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such condensed consolidated financial statements for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Ross Stores, Inc. as of February 1, 1997, and the related consolidated statements of earnings, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated March 7, 1997, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of February 1, 1997 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Deloitte & Touche LLP
San Francisco, CA

May 23, 1997

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

RESULTS OF OPERATIONS

Percentage Of Sales

	Three Months Ended	
	May 3, 1997	May 4, 1996
SALES		
Sales (\$000)	\$442,841	\$370,948
Sales growth	19.4%	24.7%
Comparable store sales growth	11%	14%
COSTS AND EXPENSES		
Cost of goods sold and occupancy	69.9%	71.2%
General, selling and administrative	19.6%	20.5%
Depreciation and amortization	1.6%	2.0%
Interest	0%	0%
NET EARNINGS	5.4%	3.8%

Sales

The results of operations for the three months ended May 3, 1997, over the same period last year, reflect an increase in comparable store sales and a greater number of open stores during the current period.

Costs and Expenses

The decline from the comparable period in the prior year in the cost of goods sold and occupancy percentage for the three months ended May 3, 1997 was due to the combination of (i) leverage on occupancy costs and (ii) lower markdowns as a percentage of sales.

General, selling and administrative expenses as a percentage of sales also declined from the comparable quarter in the prior year. This improvement was due to the company's continued focus on strict expense controls and the leverage realized from the strong comparable store sales gain of 11%.

Net earnings for the three months ended May 3, 1997, totaled \$23.8 million, or \$.47 per share, compared to net earnings of \$13.9 million, or \$.27 per share, for the three months ended May 4, 1996.

Taxes on Earnings

The company's effective tax rate for the first quarter of 1997 and 1996 was 40%. The rate for both periods reflects the applicable statutory tax rates.

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LIQUIDITY AND CAPITAL RESOURCES

The primary uses of cash, other than for operating expenses, during the first three months of fiscal 1997 were for (i) purchase of inventory; (ii) a decrease in other current liabilities primarily resulting from payments of accrued expenses including incentive bonuses and income taxes; (iii) capital expenditures for new stores and improvements to existing locations; and (iv) repurchase of the company's common stock.

Total consolidated inventories were up 23% at the end of the first quarter from the same quarter last year driven by (i) a planned increase in packaway inventories and (ii) a larger number of open stores over the prior year.

The decline in interest expense reflects a decline in borrowings resulting primarily from the higher earnings levels.

The company believes it can fund its capital needs for the remainder of the fiscal year and the current stock repurchase program through internally generated cash, trade credit, established bank lines and lease financing.

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PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Incorporated herein by reference to the list of Exhibits contained in the Exhibit Index which begins on page 10 of this Report.

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed by the undersigned thereunto duly authorized.

ROSS STORES, INC.

Registrant

Date: June 16, 1997

/s/Melvin A. Wilmore
Melvin A. Wilmore, President,
Chief Operating Officer and
Principal Accounting Officer

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INDEX TO EXHIBITS

Exhibit
Number

Exhibit

- 3.1 Certificate of Incorporation, as amended, incorporated by reference to Exhibit 3.1 to the Registration Statement on Form 8-B (the "Form 8-B") filed September 1, 1989 by Ross Stores, Inc., a Delaware corporation ("Ross Stores").
- 3.2 Amended By-laws, dated August 25, 1994, incorporated by reference to Exhibit 3.2 to the Form 10-Q filed by Ross Stores for its quarter ended July 30, 1994.
- 10.1 Agreement of Lease, dated November 24, 1986, for Ross Stores' corporate headquarters and distribution center in Newark, CA, incorporated by reference to Exhibit 10.5 to the Form 8-B.
- 10.2 Revolving Credit Agreement, dated July 31, 1993, among Ross Stores, Wells Fargo Bank, National Association, Bank of America, National Trust and Savings Association, and Security Pacific National Bank ("Banks"); and Wells Fargo Bank, National Association ("Wells Fargo"), as agent for Banks, incorporated by reference to Exhibit 10.17 on the Form 10-Q filed by Ross Stores for its quarter ended July 31, 1993.
- 10.3 First Amendment to Revolving Credit Agreement, effective on July 31, 1994, by and among Ross Stores, Banks and Wells Fargo, as agent for Banks, incorporated by reference to Exhibit 10.5 to the Form 10-Q filed by Ross Stores for its quarter ended July 30, 1994.
- 10.4 Second Amendment to Revolving Credit Agreement, effective on June 15, 1995, by and among Ross Stores, Banks and Wells Fargo, as agent for Banks, incorporated by reference to Exhibit 10.4 to the Form 10-Q filed by Ross Stores for its quarter ended July 29, 1995.
- 10.5 Third Amendment to Revolving Credit Agreement, effective on December 2, 1996, by and among Ross Stores, Banks and Wells Fargo, as agent for Banks, incorporated by reference to Exhibit 10.5 to the Form 10-K405 filed by Ross Stores for its fiscal year ended February 1, 1997.
- 10.6 Credit Agreement, dated as of June 22, 1994, among Ross Stores, Bank of America National Trust and Savings Association as Agent, the Industrial Bank of Japan as Co-Agent and the

other financial institutions party thereto, incorporated by reference to Exhibit 10.6 to the Form 10-Q filed by Ross Stores for its quarter ended July 30, 1994.

- 10.7 First Amendment to Credit Agreement, dated as of June 20, 1995, among Ross Stores, Bank of America National Trust and Savings Association as Agent, the Industrial Bank of Japan as Co-Agent, incorporated by reference to Exhibit 10.6 to the Form 10-Q filed by Ross Stores for its quarter ended July 29, 1995.
- 10.8 Second Amendment to Credit Agreement, dated as of June 12, 1996, Ross Stores, Bank of America National Trust and Savings Association as Agent, the Industrial Bank of Japan as Co-Agent, incorporated by reference to Exhibit 10.7 to the Form 10-Q filed by Ross Stores for its quarter ended August 3, 1996.

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MANAGEMENT CONTRACTS AND COMPENSATORY PLANS
(EXHIBITS 10.9 - 10.34)

Exhibit
Number

Exhibit

- 10.9 Amended and Restated 1992 Stock Option Plan, incorporated by reference to the appendix to the Proxy Statement filed by Ross Stores on April 24, 1995 for its Annual Stockholders Meeting held May 25, 1995 ("1995 Proxy Statement").
- 10.10 Third Amended and Restated Ross Stores Employee Stock Purchase Plan, incorporated by reference to the appendix to the 1995 Proxy Statement.
- 10.11 Third Amended and Restated Ross Stores 1988 Restricted Stock Plan, incorporated by reference to the appendix to the Proxy Statement filed by Ross Stores on April 24, 1996 for its Annual Stockholders Meeting held May 30, 1996 ("1996 Proxy Statement").
- 10.12 1991 Outside Directors Stock Option Plan, incorporated by reference to the appendix to the 1996 Proxy Statement.
- 10.13 Ross Stores Executive Medical Plan, incorporated by reference to Exhibit 10.13 to the 1993 Form 10-K filed by Ross Stores for its year ended January 29, 1994 ("1993 Form 10-K").
- 10.14 Third Amended and Restated Ross Stores Executive Supplemental Retirement Plan, incorporated by reference to Exhibit 10.14 to the 1993 Form 10-K.
- 10.15 Ross Stores Non-Qualified Deferred Compensation Plan, incorporated by reference to Exhibit 10.15 to the 1993 Form 10-K.
- 10.16 Ross Stores Incentive Compensation Plan, incorporated by reference to the appendix to the 1996 Proxy Statement.
- 10.17 Amended and Restated Employment Agreement between Ross Stores and Norman A. Ferber, effective as of June 1, 1995, incorporated by reference to Exhibit 10.17 to the Form 10-Q filed by Ross Stores for its quarter ended October 28, 1995.
- 10.18 Amendment to Amended and Restated Employment Agreement between Ross Stores and Norman A. Ferber, entered into July 29, 1996, incorporated by reference to Exhibit 10.17 to the Form 10-Q filed by Ross Stores for its quarter ended August 3, 1996.
- 10.19 Amendment to Amended Restated Employment Agreement between Ross Stores and Norman A. Ferber, effective as of March 20, 1997.
- 10.20 Third Amendment to Amended and Restated Employment Agreement between Ross Stores and Norman A. Ferber, effective as of April 15, 1997.
- 10.21 Employment Agreement between Ross Stores and Melvin A.

Wilmore, effective as of March 15, 1994, incorporated by reference to Exhibit 10.20 to the Form 10-Q filed by Ross Stores for its quarter ended April 30, 1994.

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Exhibit
Number

Exhibit

- 10.22 Amendment to Employment and Stock Grant Agreements by and between Ross Stores and Melvin A. Wilmore, effective as of March 16, 1995, incorporated by reference to Exhibit 10.20 to the Form 10-Q filed by Ross Stores for its quarter ended October 28, 1995.
- 10.23 Second Amendment to Employment Agreement by and between Ross Stores and Melvin A. Wilmore, effective as of June 1, 1995, incorporated by reference to Exhibit 10.21 to the Form 10-Q filed by Ross Stores for its quarter ended October 28, 1995.
- 10.24 Third Amendment to Employment Agreement by and between Ross Stores and Melvin A. Wilmore, entered into July 29, 1996, incorporated by reference to Exhibit 10.22 to the Form 10-Q filed by Ross Stores for its quarter ended August 3, 1996.
- 10.25 Employment Agreement between Ross Stores and Michael Balmuth, effective as of February 1, 1995, incorporated by reference to Exhibit 10.15 to the Form 10-Q filed by Ross Stores for its quarter ended April 29, 1995.
- 10.26 Amendment to Employment Agreement between Ross Stores and Michael Balmuth, effective as of June 1, 1995, incorporated by reference to Exhibit 10.24 to the Form 10-Q filed by Ross Stores for its quarter ended October 28, 1995.
- 10.27 Second Amendment to Employment Agreement between Ross Stores and Michael Balmuth, entered into July 29, 1996, incorporated by reference to Exhibit 10.26 to the Form 10-Q filed by Ross Stores for its quarter ended August 3, 1996.
- 10.28 Employment Agreement between Ross Stores and Barry S. Gluck, effective as of March 1, 1996, incorporated by reference to Exhibit 10.23 to the Form 10-Q filed by Ross Stores for its quarter ended May 4, 1996.
- 10.29 First Amendment to Employment Agreement between Ross Stores and Barry S. Gluck, dated September 1, 1996, incorporated by reference to Exhibit 10.28 to the Form 10-Q filed by Ross Stores for its quarter ended October 2, 1996.
- 10.30 Employment Agreement between Ross Stores and Irene A. Jamieson, effective as of March 1, 1996, incorporated by reference to Exhibit 10.24 to the Form 10-Q filed by Ross Stores for its quarter ended May 4, 1996.
- 10.31 First Amendment to Employment Agreement between Ross Stores and Irene A. Jamieson, dated September 1, 1996, incorporated by reference to Exhibit 10.30 to the Form 10-Q filed by Ross Stores for its quarter ended October 2, 1996.
- 10.32 Employment Agreement between Ross Stores and Barbara Levy, effective as of March 1, 1996, incorporated by reference to Exhibit 10.25 to the Form 10-Q filed by Ross Stores for its quarter ended May 4, 1996.

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Exhibit
Number

Exhibit

- 10.33 First Amendment to Employment Agreement between Ross Stores and Barbara Levy, dated September 1, 1996, incorporated by reference to Exhibit 10.32 to the Form 10-Q filed by Ross Stores for its quarter ended October 2, 1996.

- 10.34 Consulting Agreement between Ross Stores and Stuart G. Moldaw,
effective as of April 1, 1997.
- 11 Statement re: Computation of Per Share Earnings.
- 15 Letter re: Unaudited Interim Financial Information.
- 27 Financial Data Schedules (submitted for SEC use only).

AMENDMENT TO AMENDED RESTATED EMPLOYMENT AGREEMENT

THIS AGREEMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Amendment") is made and entered into this 20 day of March, 1997, by and between ROSS STORES, INC. (the "Company") and NORMAN A. FERBER (the "Executive"). The Executive and the Company previously entered into an Amended and Restated Employment Agreement as of June 1, 1995, as amended thereafter (the "Agreement"), and it is now the intention of the Executive and the Company to further amend the Agreement as set forth below. Accordingly, the Executive and the Company now enter into this Amendment.

The Executive and the Company hereby amend the Agreement effective as of March 20, 1997 as follows:

Other Benefits: The following sentence is added at the end of Paragraph 5(d)(i): "For purposes of this Paragraph 5(d), in the event of a Change of Control, as defined in Paragraph 8(f) of the Agreement, the "Company" shall include any other entity that is a successor to the Company, whether by merger, consolidation, liquidation, as a result of this sale, exchange or transfer of all or substantially all of the Company's assets, or otherwise, and the provisions of this Paragraph 5(d) shall continue to be binding on and shall be performed by such successor for the benefit of the Executive and his heirs and successors. Further, in the event of any such change of control the "senior executives of the Company" referred to in the second sentence of this Paragraph shall mean the senior executives who are members of its executive committee, or equivalent, or if there is no such committee who hold the most senior rank in the successor entity.

IN WITNESS WHEREOF, the parties have executed this Amendment to Amended and Restated Employment Agreement as of the date and year first above written.

ROSS STORES, INC.

EXECUTIVE

By:/s/G. Orban
GEORGE P. ORBAN
Chairman, Compensation Committee

/s/Norman A.Ferber
NORMAN A. FERBER

THIRD AMENDMENT TO
AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS THIRD AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT is made and entered into this 15th day of April, 1997, by and between ROSS STORES, INC. (the "Company") and NORMAN A. FERBER (the "Executive").

A. The Company and the Executive have previously entered into an Amended and Restated Employment Agreement as of June 1, 1995, as amended (the "Agreement").

B. The Company and the Executive now desire to further amend the Agreement to provide for additional consulting fees in the event of a Change of Control to reflect payment for additional counseling services that may be required of the Executive.

1. Accordingly, the Company and the Executive hereby further amend the Agreement to add a new subparagraph 5(a)(iv) as follows:

"(iv) Upon the consummation of a Change of Control and provided that the Board of Directors of the Company has requested that the Executive provide consulting services in connection with any such Change of Control, the Company shall pay to the Executive an additional lump sum consulting fee in the amount of \$1,500,000 (the "Lump Sum Fee"). The Executive shall be entitled to payment of a Lump Sum Fee with respect to any Change of Control transaction for which Executive provided consulting services during the term of the Agreement notwithstanding that the consummation thereof occurred after the expiration or termination of the Agreement. If the Lump Sum Fee is subject to the tax ("Excise Tax") imposed by Section 4999 of the Internal Revenue Code, the Company shall reimburse the Executive in an amount such that, after deduction of any Excise Tax payments paid by the Executive, and any federal, state or local income tax and Excise Taxes paid as a result of such reimbursement, the net funds retained by the Executive shall be equal to the Lump Sum Fee."

2. Except as modified by this Amendment, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Third Amendment to the Amended and Restated Employment Agreement as of the date and year first above written.

ROSS STORES, INC.

EXECUTIVE

By: /s/G. Orban
Its: Chairman, Compensation Committee

/s/Norman A. Ferber
Norman A. Ferber

CONSULTING AGREEMENT
BETWEEN
ROSS STORES, INC.
AND STUART G. MOLDAW

This Agreement is made as of April 1, 1997 (the "Effective Date") through March 31, 1999 (the Completion Date"), by and between Ross Stores, Inc., a Delaware corporation ("Ross") and Stuart G. Moldaw ("Consultant"). This Agreement amends and restates the prior agreement, dated March 16, 1995, and any subsequent oral modifications.

RECITAL

Consultant desires to perform, and Ross desires to have Consultant perform, consulting services as an independent contractor to Ross.

NOW, THEREFORE, the parties agree as follows:

1. SERVICES

1.1 Performance. Consultant agrees to perform consulting services for Ross as deemed necessary.

1.2 Payment.

(a) Ross agrees to pay Consultant \$20,000 per calendar quarter, payable on the first day of each calendar quarter.

(b) Ross agrees to pay the salary and benefits for a Financial Administrator for the period in which consulting services are rendered.

(c) Ross agrees to pay the premiums of the Split-Dollar Life Insurance Policy No. L86920003 with AIG Life Insurance Company (the "Policy") through the Completion Date of this Agreement.

(d) Consultant and his spouse will be eligible to participate in Ross' medical plan and supplemental medical plan. Ross agrees to pay the annual premiums of the medical plans for consultant and his spouse.

2. RELATIONSHIP OF PARTIES

2.1 Independent Contractor. Consultant is an independent contractor and not an agent or employee of Ross. Consultant will perform consulting services specified by Ross, but Consultant will determine, in Consultant's sole discretion, the manner and means by which the services are accomplished, subject to the requirement that Consultant shall at all times comply with applicable law. Ross has no right or authority to control the manner or means by which the

2 services are accomplished. Consultant may represent, perform services for, or be employed by such additional clients, persons or companies as Consultant sees fit.

2.2 Employment Taxes and Benefits. Consultant will report as self-employment income all compensation received by Consultant pursuant to this Agreement. Consultant will indemnify Ross and hold it harmless from and against all claims, damages, losses and expenses, including reasonable fees and expenses of attorneys and other professionals, relating to any obligation imposed by law on Ross to pay any withholding taxes, social security, unemployment or disability insurance, or similar items in connection with compensation received by Consultant pursuant to this Agreement. Consultant will not be entitled to receive any vacation or illness payments, or to participate in any plans, arrangements, or distributions by Company pertaining to any bonus, stock option, profit sharing, insurance or similar benefits for Company's employees except as expressly provided in this Agreement.

3. TERMINATION

3.1 Termination. Either Ross or Consultant may terminate this Agreement at any time, for any reason or no reason, by giving 30 days' prior written notice to the other party.

3.2 Confidential Information. Consultant agrees during the term of his consultancy and thereafter to take all steps necessary to hold Ross' confidential information in strict confidence and not to disclose such confidential information. Upon the termination of this Agreement for any reason, Consultant will promptly notify Ross of all confidential information in Consultant's possession and, in accordance with Ross' instructions, will promptly deliver to Ross all such confidential information.

4. GENERAL

4.1 Governing Law: Severability. This Agreement will be governed by and construed in accordance with laws of the State of California excluding that body of law pertaining to conflict of laws. If any provision of this Agreement is for any reason found to be unenforceable, the remainder of this Agreement will continue in full force and effect.

4.2 Successors and Assigns. Neither this Agreement nor any of the rights or obligations of Consultant arising under this Agreement may be assigned or transferred without Ross' prior written consent. This Agreement will be for the benefit of Ross' successors and assigns, and will be binding on Consultant's heirs and legal representatives.

4.3 Notices. Any notices under this Agreement will be sent by certified or registered mail, return receipt requested, to the address specified below or such other address as the party specifies in writing. Such notice will be effective upon its mailing as specified.

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4.4 Complete Understanding: Modification. This Agreement, together with the Policy, constitutes the complete and exclusive understanding and agreement of the parties and supersedes all prior understandings and agreement, whether written or oral, with respect to the subject matter hereof. Any waiver, modification or amendment of any provision of this Agreement will be effective only if in writing and signed by the parties hereto.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the Effective Date.

ROSS STORES, INC.

CONSULTANT

By: /s/Michael Balmuth
Michael Balmuth
Vice Chairman and
Chief Executive Officer

/s/Stuart G. Moldaw
Stuart G. Moldaw

Address:
8333 Central Avenue
Newark, CA 94560-3433

Address:
c/o Gymboree Corporation
700 Airport Blvd., Suite 200
Burlingame, CA 94010

ROSS STORES, INC.

 STATEMENT RE: COMPUTATION OF EARNINGS PER SHARE
 (Amounts in thousands, except per share amounts)

	Three Months Ended			
	May 3, 1997		May 4, 1996	
	Primary	Fully Diluted	Primary	Fully Diluted
Net earnings	\$23,753	\$23,753	\$13,936	\$13,936
	=====	=====	=====	=====
Weighted average shares outstanding:				
Common shares	49,399	49,399	50,058	50,058
Common equivalent shares:				
Stock options	1,087	1,111	1,236	1,558
	-----	-----	-----	-----
Weighted average common and common equivalent shares outstanding	50,486	50,510	51,294	51,616
	=====	=====	=====	=====
Earnings per common and common equivalent share	\$.47	\$.47	\$.27	\$.27

EXHIBIT 15

June 13, 1997

Ross Stores, Inc.
Newark, California

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim condensed consolidated financial statements of Ross Stores, Inc. for the three-month periods ended May 3, 1997 and May 4, 1996, as indicated in our independent accountants' report dated May 23, 1997; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended May 3, 1997 is incorporated by reference in Registration Statements Nos. 333-06119, 33-61373, 33-51916, 33-51896, 33-51898, 33-41415, 33-41413 and 33-29600 of Ross Stores, Inc. on Form S-8.

We are also aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

Yours truly,

Deloitte & Touche LLP
San Francisco, CA

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
CONDENSED CONSOLIDATED BALANCE SHEETS AND STATEMENTS OF EARNINGS FOR THE THREE
MONTHS ENDED MAY 3, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH
FINANCIAL STATEMENTS

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