
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

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

Date of report (date of earliest event reported):
May 17, 2006

ROSS STORES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

0-14678
(Commission File No.)

94-1390387
(I.R.S. Employer Identification
No.)

4440 Rosewood Drive, Pleasanton, California 94588-3050
(Address of principal executive offices)

Registrant's telephone number, including area code:
(925) 965-4400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ROSS STORES, INC.

4440 Rosewood Drive, Pleasanton, California 94588-3050

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Item 2.02 Results of Operations and Financial Condition.

On May 17, 2006, the Company issued a press release regarding the Company's financial results for its first fiscal quarter ended April 29, 2006. The full text of the Company's press release is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits.

| Exhibit No. | Description |
|--------------------|---|
| 99.1 | May 17, 2006 Press Release by Ross Stores, Inc.* |
| 99.2 | Previously reported Fiscal 2005 and 2004 Quarterly Operating Statements reflecting reclassification of certain compensation-related expenses as described in the Company's May 17, 2006 First Quarter Earnings Release* |

*Pursuant to Item 2.02 of Form 8-K, Exhibits 99.1 and 99.2 shall not be deemed "filed" for purposes of Section 18 of the Securities Act of 1934, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

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

Date: May 17, 2006

ROSS STORES, INC.
Registrant

By: /s/J. Call

John G. Call
Senior Vice President, Chief Financial Officer, Principal Accounting
Officer and Corporate Secretary



FOR IMMEDIATE RELEASE

Contact:

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**ROSS STORES REPORTS FIRST QUARTER RESULTS
AND FORECASTED EPS RANGES FOR FISCAL 2006**

Pleasanton, California, May 17, 2006 – Ross Stores, Inc. (ROST) today reported earnings per share for the 13 weeks ended April 29, 2006 of \$.41 and net earnings of \$59.2 million. These results are after \$3.5 million, or an equivalent of about \$.015 per share, in stock option related expenses in connection with the adoption of FAS No. 123(R), "Share-Based Payment." For the 13 weeks ended April 30, 2005, net earnings totaled \$50.1 million, and earnings per share were \$.34. Sales for the first quarter ended April 29, 2006 increased 15% to \$1.292 billion, with comparable store sales for the period up 6% over the prior year.

Michael Balmuth, Vice Chairman, President and Chief Executive Officer, commented, "Strength across many geographic markets and merchandise categories drove our solid sales gains during the first quarter. The strongest regions during the period were the Southwest and Texas, while the best performing merchandise categories were Shoes, Juniors and Home. Before any stock option related expenses in connection with the adoption of FAS No. 123(R), first quarter 2006 operating margin expanded by about 40 basis points to 7.7%. Our improved profitability was driven mainly by a decline in distribution costs as a percent of sales and leverage on other expenses from our solid sales performance, partially offset by higher shrinkage accruals, freight and incentive compensation costs as a percent of revenue."

Mr. Balmuth continued, "Our balance sheet and cash flows remain strong and healthy. We continue to return capital to stockholders through our stock repurchase and dividend programs. During the first three months of 2006, we repurchased 1.7 million shares of common stock for an aggregate of \$48.9 million under the two-year \$400 million program authorized by our Board of Directors in the fourth quarter of 2005."

As noted above, the Company has adopted FAS No. 123(R), "Share-Based Payment," with its first quarter 2006 results. The portion of these new non-cash compensation charges that relates to our associates in the merchandising and distribution organizations is included in "Cost of Goods Sold." The balance of these non-cash

charges is included in "Selling, General and Administrative" expenses. The Company's operating results for the first quarter of fiscal 2006 also reflect comparable classification of the Company's cash bonus payments and restricted stock compensation costs. In prior periods, all of these expenses were included in "Selling, General and Administrative" expenses. For consistent presentation with the first quarter of 2006, the Company is reclassifying a portion of the bonus and restricted stock expenses for prior periods, including the first quarter of 2005. The reclassification for prior periods has no impact on previously reported total costs and expenses, net earnings or earnings per share. The Company is making corresponding adjustments to reflect these line item classifications to our previously reported quarterly operating statements for 2004 and 2005, and they are now available on the press release page of the Company's website located at www.rossstores.com.

Looking ahead, Mr. Balmuth continued, "Based on our first quarter results, we now forecast earnings per share for the 53 weeks ending February 3, 2007 to increase 16% to 22%, compared to fiscal 2005, to a range of \$1.58 to \$1.66, after projected non-cash charges equivalent to about \$.06 per share related to adoption of FAS No. 123(R). This annual projection assumes quarterly earnings per share to be \$.30 to \$.32 for the second quarter of 2006, \$.27 to \$.29 for the third quarter and \$.60 to \$.64 for the fourth quarter." Each of these quarterly projections takes into account projected stock option related expenses equivalent to about \$.01 to \$.02 per share, per quarter, in connection with the adoption of FAS No. 123(R). Reported earnings per share for fiscal 2005 were \$1.36. For the second, third and fourth quarters of 2005, reported earnings per share were \$.29, \$.25 and \$.49, respectively.

The Company will provide additional details concerning its first quarter results and management's outlook for the balance of 2006 on a conference call to be held on Wednesday, May 17, 2006 at 11:00 a.m. Eastern daylight time. Participants may listen to a real time audio webcast of the conference call by visiting the Company's website located at www.rossstores.com. A recorded version of the call will also be available until the end of July at the website address and via a telephone recording through Thursday, June 1, 2006 at 402-220-5900, PIN #2342.

Forward-Looking Statements: *This press release and the recorded comments and transcript on the Company's website contain forward-looking statements regarding expected sales and earnings levels, growth plans and productivity initiatives that are subject to risks and uncertainties which could cause the Company's actual results to differ materially from management's current expectations. The words "plan," "expect," "anticipate," "estimate," "believe," "forecast," "projected," "guidance," "looking ahead" and similar expressions identify forward-looking statements. Risk factors for Ross Stores and dd's DISCOUNTS® include, without limitation, the Company's ability to effectively operate its various supply chain, core merchandising and other information systems, including generation of all necessary data and reports in a timely and cost effective manner; its ability to improve its micro-merchandising capabilities through the implementation of new processes and systems enhancements; achieving and maintaining targeted levels of productivity and efficiency in its distribution centers; potential pressure on freight costs from higher-than-expected fuel surcharges; obtaining acceptable new store locations; competitive pressures in the apparel industry; changes in the level of consumer spending on or preferences for apparel or home-related merchandise; changes in geopolitical and general economic conditions; unseasonable weather trends; disruptions in supply chain; lower than planned gross margin, including higher than planned markdowns and higher than expected inventory shortage; greater than planned operating costs; the Company's ability to continue to purchase attractive brand-name merchandise at desirable discounts; the Company's ability to identify and successfully enter new geographic markets; and the Company's ability to attract and retain personnel with the retail talent necessary to execute its strategies. Other risk factors are detailed in the Company's SEC*

filings including, without limitation, the Form 10-K for fiscal 2005 and the Form 8-K's for fiscal 2006. The factors underlying our forecasts are dynamic and subject to change. As a result, our forecasts speak only as of the date they are given and do not necessarily reflect the Company's outlook at any other point in time. The Company does not undertake to update or revise these forward-looking statements.

Ross Stores, Inc., a Fortune 500 and Nasdaq 100 (ROST) company headquartered in Pleasanton, California, is the nation's second largest off-price company with fiscal 2005 revenues of \$4.9 billion. As of April 29, 2006, the Company operated 726 Ross stores and 20 dd's DISCOUNTS locations, compared to 663 Ross stores and 10 dd's DISCOUNTS locations at the end of the same period last year. Ross Stores offers first-quality, in-season, name brand and designer apparel, accessories, footwear and home fashions for the entire family at everyday savings of 20 to 60 percent off department and specialty store regular prices. dd's DISCOUNTS features a more moderately-priced assortment of first-quality, in-season, name brand apparel, accessories, footwear and home fashions for the entire family at everyday savings of 20 to 70 percent off moderate department and discount store regular prices. Additional information is available on the Company's website at www.rossstores.com.

* * * *

Ross Stores, Inc.
Condensed Consolidated Statements of Earnings

| | Three Months Ended | |
|--|--------------------|-------------------|
| | April 29, 2006 | April 30, 2005 |
| (S000, except stores and per share data, unaudited) | | |
| Sales | \$ 1,291,676 | \$ 1,123,937 |
| Costs and expenses | | |
| Cost of goods sold | 988,836 | 864,999 |
| Selling, general and administrative | 207,167 | 177,053 |
| Interest (income) expense, net | (1,884) | (298) |
| Total costs and expenses | 1,194,119 | 1,041,754 |
| Earnings before taxes | 97,557 | 82,183 |
| Provision for taxes on earnings | 38,340 | 32,133 |
| Net earnings | \$ 59,217 | \$ 50,050 |
| Earnings per share | | |
| Basic | \$ 0.42 | \$ 0.34 |
| Diluted | \$ 0.41 | \$ 0.34 |
| Weighted average shares outstanding (000) | | |
| Basic | 141,710 | 146,007 |
| Diluted | 144,193 | 148,464 |
| Dividends per share | | |
| Cash dividends declared per share | \$ — | \$ — |
| Stores open at end of period | 746 | 673 |

Ross Stores, Inc.
Condensed Consolidated Balance Sheets

| (S000, unaudited) | April 29, 2006 | April 30, 2005 |
|---|---------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 145,230 | \$ 144,381 |
| Short-term investments | 43,072 | 84,350 |
| Accounts receivable | 36,035 | 35,277 |
| Merchandise inventory | 979,995 | 964,694 |
| Prepaid expenses and other | 43,064 | 38,098 |
| Deferred income taxes | 20,014 | 8,968 |
| Total current assets | 1,267,410 | 1,275,768 |
| Property and equipment, net | 633,225 | 550,581 |
| Other long-term assets | 58,902 | 54,080 |
| Long-term investments | 14,100 | — |
| Total assets | \$ 1,973,637 | \$ 1,880,429 |
| Liabilities and stockholders' equity | | |
| Current liabilities | | |
| Accounts payable, accrued expenses and other | \$ 852,264 | \$ 809,363 |
| Income taxes payable | 38,223 | 4,773 |
| Total current liabilities | 890,487 | 814,136 |
| Long-term debt | — | 50,000 |
| Other long-term liabilities | 123,600 | 114,381 |
| Deferred income taxes | 98,828 | 94,510 |
| Commitments and contingencies | | |
| Stockholders' equity | 860,722 | 807,402 |
| Total liabilities and stockholders' equity | \$ 1,973,637 | \$ 1,880,429 |

Ross Stores, Inc.
Condensed Consolidated Statements of Cash Flows

| (\$000, unaudited) | Three Months Ended | |
|---|--------------------|-------------------|
| | April 29, 2006 | April 30, 2005 |
| Cash Flows from Operating Activities | | |
| Net earnings | \$ 59,217 | \$ 50,050 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization | 24,261 | 22,092 |
| Deferred income taxes | (1,270) | 2,309 |
| Stock-based compensation | 6,905 | 3,961 |
| Tax benefit from equity issuance | 5,088 | 13,708 |
| Excess tax benefits from stock-based compensation | (2,547) | — |
| Change in assets and liabilities: | | |
| Merchandise inventory | (41,904) | (111,582) |
| Other current assets, net | (12,887) | 4,535 |
| Accounts payable | 80,355 | 110,408 |
| Other current liabilities | (12,754) | (498) |
| Other long-term, net | 1,001 | 263 |
| Net cash provided by operating activities | 105,465 | 95,246 |
| Cash Flows Used in Investing Activities | | |
| Additions to property and equipment | (18,024) | (16,025) |
| Purchases of investments, net | (33,408) | (16,950) |
| Net cash used in investing activities | (51,432) | (32,975) |
| Cash Flows Used in Financing Activities | | |
| Repayment of long-term debt | (50,000) | — |
| Issuance of common stock related to stock plans | 6,577 | 22,630 |
| Excess tax benefits from stock-based compensation | 2,547 | — |
| Treasury stock purchased | (2,190) | (5,833) |
| Repurchase of common stock | (48,882) | (42,637) |
| Dividends paid | (8,622) | (7,381) |
| Net cash used in financing activities | (100,570) | (33,221) |
| Net (decrease) increase in cash and cash equivalents | (46,537) | 29,050 |
| Cash and cash equivalents: | | |
| Beginning of period | 191,767 | 115,331 |
| End of period | \$ 145,230 | \$ 144,381 |
| Non-Cash Investing Activities | | |
| Straight-line rent capitalized in build-out period | \$ — | \$ 611 |
| Change in fair value of investment securities | \$ (201) | \$ — |

ROSS STORES, INC.
CONDENSED CONSOLIDATED STATEMENT OF EARNINGS **

| (S000, except stores and per share data, unaudited) | Quarter 1 | | Quarter 2 | | Quarter 3 | | Quarter 4 | | Total Year | |
|---|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Sales | \$ 1,123,937 | \$ 991,892 | \$ 1,171,862 | \$ 1,008,600 | \$ 1,236,892 | \$ 1,027,744 | \$ 1,411,488 | \$ 1,211,754 | \$ 4,944,179 | \$ 4,239,990 |
| Costs and Expenses | | | | | | | | | | |
| Cost of goods sold | 864,999 | 756,326 | 919,166 | 776,012 | 979,887 | 802,815 | 1,088,539 | 951,451 | 3,852,591 | 3,286,604 |
| Selling, general and administrative | 177,053 | 156,336 | 183,652 | 161,355 | 197,740 | 164,792 | 207,699 | 175,185 | 766,144 | 657,668 |
| Impairment/(gain on disposal) of long-lived assets | — | — | — | 18,000 | — | (2,182) | — | — | — | 15,818 |
| Interest expense (income), net | (298) | 170 | (580) | 336 | (461) | 391 | (1,559) | 18 | (2,898) | 915 |
| Total costs and expenses | 1,041,754 | 912,832 | 1,102,238 | 955,703 | 1,177,166 | 965,816 | 1,294,679 | 1,126,654 | 4,615,837 | 3,961,005 |
| Earnings before taxes | 82,183 | 79,060 | 69,624 | 52,897 | 59,726 | 61,928 | 116,809 | 85,100 | 328,342 | 278,985 |
| Provision for taxes on earnings | 32,133 | 30,913 | 27,345 | 20,683 | 23,401 | 24,213 | 45,831 | 33,274 | 128,710 | 109,083 |
| Net earnings | \$ 50,050 | \$ 48,147 | \$ 42,279 | \$ 32,214 | \$ 36,325 | \$ 37,715 | \$ 70,978 | \$ 51,826 | \$ 199,632 | \$ 169,902 |
| Earnings per share | | | | | | | | | | |
| Basic | \$ 0.34 | \$ 0.32 | \$ 0.29 | \$ 0.22 | \$ 0.25 | \$ 0.26 | \$ 0.50 | \$ 0.36 | \$ 1.38 | \$ 1.15 |
| Diluted | \$ 0.34 | \$ 0.31 | \$ 0.29 | \$ 0.21 | \$ 0.25 | \$ 0.25 | \$ 0.49 | \$ 0.35 | \$ 1.36 | \$ 1.13 |
| Weighted average shares outstanding (000) | | | | | | | | | | |
| Basic | 146,007 | 149,890 | 145,102 | 148,106 | 143,753 | 146,199 | 142,439 | 145,662 | 144,325 | 147,468 |
| Diluted | 148,464 | 153,371 | 147,321 | 150,903 | 145,659 | 148,604 | 144,665 | 148,563 | 146,532 | 150,380 |
| Stores open at end of period | 673 | 599 | 695 | 616 | 735 | 651 | 734 | 649 | 734 | 649 |

** These previously-reported quarterly operating statements reflect the reclassification of certain compensation-related expenses as described in the Company's 2006 First Quarter Earnings Release issued on May 17, 2006. These reclassifications had no effect of total costs and expenses or net earnings before taxes as they were previously reported.