

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

(Mark one)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
--- SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED OCTOBER 28, 2000

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 94-1390387
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

8333 CENTRAL AVENUE, NEWARK, CALIFORNIA 94560-3433
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (510) 505-4400

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

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 X No
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The number of shares of Common Stock, with \$.01 par value, outstanding on November 25, 2000 was 81,011,317.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ROSS STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(\$000)	OCTOBER 28, 2000	January 29, 2000	OCTOBER 30, 1999

ASSET			
	(UNAUDITED)	(Note A)	(UNAUDITED)
CURRENT ASSETS			
Cash and cash equivalents	\$ 34,758	\$ 79,329	\$ 31,645
Accounts receivable	18,748	15,689	15,884
Merchandise inventory	594,428	500,494	570,965
Prepaid expenses and other	19,576	17,682	16,591

Total Current Assets	667,510	613,194	635,085

PROPERTY AND EQUIPMENT			
Land and buildings	54,795	49,919	49,593
Fixtures and equipment	287,009	262,022	236,611
Leasehold improvements	172,382	161,571	150,481
Construction-in-progress	33,306	26,040	46,991
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	547,492	499,552	483,676
Less accumulated depreciation and amortization	255,366	226,388	217,004
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	292,126	273,164	266,672
Deferred income taxes and other assets	60,953	61,320	51,723
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TOTAL ASSETS	\$ 1,020,589	\$ 947,678	\$ 953,480

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES			
Accounts payable	\$ 287,955	\$ 254,293	\$ 263,121
Accrued expenses and other	89,062	102,178	97,755
Accrued payroll and benefits	50,001	48,283	46,176
Income taxes payable	7,879	17,716	20,579
Short-term debt	20,000	-	28,900
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Total Current Liabilities	454,897	422,470	456,531
Long-term debt	80,000	-	24,000
Long-term liabilities	50,224	51,777	47,200
STOCKHOLDERS' EQUITY			
Common stock	811	888	887
Additional paid-in capital	225,888	234,635	220,641
Retained earnings	208,769	237,908	204,221
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	435,468	473,431	425,749
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,020,589	\$ 947,678	\$ 953,480

See notes to condensed consolidated financial statements.

ROSS STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	OCTOBER 28, 2000	October 30, 1999	OCTOBER 28, 2000	October 30, 1999
(\$000, except per share data, unaudited)				
SALES	\$ 639,469	\$ 608,720	\$ 1,929,932	\$ 1,774,121
COSTS AND EXPENSES				
Cost of goods sold and occupancy	439,379	416,442	1,329,601	1,219,963
General, selling and administrative	138,449	125,833	390,541	349,702
Depreciation and amortization	11,279	9,459	32,529	27,911
Interest expense	1,531	147	2,371	167
	-----	-----	-----	-----
	590,638	551,881	1,755,042	1,597,743
Earnings before taxes	48,831	56,839	174,890	176,378
Provision for taxes on earnings	19,093	22,224	68,382	68,964
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Net earnings	\$ 29,738	\$ 34,615	\$ 106,508	\$ 107,414
Net earnings per share:				
Basic	\$.36	\$.38	\$ 1.28	\$ 1.18
Diluted	\$.36	\$.38	\$ 1.27	\$ 1.16
Weighted average shares outstanding:				
Basic	81,837	89,986	83,292	91,015
Diluted	82,389	91,138	84,025	92,444

Stores open at end of period	411	381	411	381
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See notes to condensed consolidated financial statements.

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ROSS STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$000, unaudited)	NINE MONTHS ENDED	
	OCTOBER 28, 2000	October 30, 1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$ 106,508	\$ 107,414
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization of property and equipment	32,529	27,911
Other amortization	7,495	7,442
Change in assets and liabilities:		
Merchandise inventory	(93,934)	(104,505)
Other current assets - net	(4,954)	(5,083)
Accounts payable	36,990	18,023
Other current liabilities - net	(12,779)	20,372
Other	2,164	2,206
Net cash provided by operating activities	74,019	73,780
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(63,501)	(58,918)
Net cash used in investing activities	(63,501)	(58,918)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowing under lines of credit	20,000	28,900
Proceeds of long-term debt	80,000	24,000
Issuance of common stock related to stock plans	4,027	9,536
Repurchase of common stock	(149,741)	(116,845)
Dividends paid	(9,375)	(8,891)
Net cash used in financing activities	(55,089)	(63,300)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(44,571)	(48,438)
Cash and cash equivalents:		
Beginning of year	79,329	80,083
End of quarter	\$ 34,758	\$ 31,645
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest paid	\$ 2,296	\$ 374
Income taxes paid	\$ 78,239	\$ 66,863

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ROSS STORES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three and Nine Months Ended October 28, 2000 and October 30, 1999
(Unaudited)

1. 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 October 28, 2000 and October 30, 1999; the results of operations for the three and nine months ended October 28, 2000 and October 30, 1999; and changes in cash flows for the nine months ended October 28, 2000 and October 30, 1999. The balance sheet at January 29, 2000, 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 January 29, 2000. 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 interim condensed consolidated financial statements. The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements, including notes thereto, for the year ended January 29, 2000.

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

The condensed consolidated financial statements at October 28, 2000 and October 30, 1999, and for the three-months and nine-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.

2. RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1998, the FASB issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities". SFAS 133, as amended by SFAS No. 138 issued in June 2000, defines derivatives, requires that all derivatives be carried at fair value, and provides for hedging accounting when certain conditions are met. Ross Stores, Inc. will adopt this statement in its first fiscal quarter of its fiscal year ending February 2, 2002. Management is completing its assessment of the implications of adopting this new standard, and does not anticipate any material impact to its financial results.

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INDEPENDENT ACCOUNTANTS' REPORT

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 October 28, 2000 and October 30, 1999, and the related condensed consolidated statements of earnings for the three-month and nine-month periods then ended and the condensed consolidated statements of cash flows for the nine-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 auditing standards generally accepted in the United States of America, 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 accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Ross Stores, Inc. as of January 29, 2000, 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 10, 2000, 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 January 29, 2000 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/Deloitte & Touche LLP
 San Francisco, CA
 November 17, 2000

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

This section and other parts of this Form 10-Q contain forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in the subsection entitled "Forward-Looking Statements and Factors Affecting Future Performance" below. The following discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto included elsewhere in this Form 10-Q and the consolidated financial statements in the Company's 1999 Form 10-K. All information is based on the Company's fiscal calendar.

RESULTS OF OPERATIONS

PERCENTAGES OF SALES

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	OCTOBER 28, 2000	October 30, 1999	OCTOBER 28, 2000	October 30, 1999
SALES				
Sales (\$000)	\$ 639,469	\$ 608,720	\$ 1,929,932	\$ 1,774,121
Sales growth	5.1%	14.6%	8.8%	14.3%
Comparable store sales increase (decrease)	(2%)	7%	1%	7%
Cost of goods sold and occupancy	68.7%	68.4%	68.9%	68.8%
General, selling and administrative	21.7%	20.7%	20.2%	19.7%
Depreciation and amortization	1.8%	1.6%	1.7%	1.6%
Interest expense	0.2%	0.0%	0.1%	0.0%
EARNINGS BEFORE TAXES	7.6%	9.3%	9.1%	9.9%
PROVISION FOR TAXES ON EARNINGS	3.0%	3.7%	3.5%	3.9%
NET EARNINGS	4.7%	5.7%	5.5%	6.1%

SALES

The increase in sales for the three months ended October 28, 2000, compared to the same period in the prior year, reflects an increase in the number of stores open during the period, partially offset by a decrease in comparable store sales. The increase in sales for the nine months ended October 28, 2000, compared to the same period in the prior year, reflects an increase in the number of stores open during the period and an increase in comparable store

sales.

COSTS AND EXPENSES

Cost of goods sold and occupancy expenses as a percentage of sales for the three and nine months ended October 28, 2000, increased compared to the same periods in the prior year, primarily due to reduced leverage on occupancy costs resulting from lower comparable store sales than in the prior periods.

The increase in general, selling and administrative expenses as a percentage of sales for the three and nine months ended October 28, 2000, compared to the same periods in the prior year, primarily reflects higher store, benefit and distribution costs as a percentage of sales, partially

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offset by leverage on advertising, and elimination of Year 2000 ("Y2K") related expense in fiscal 2000.

Depreciation and amortization as a percentage of sales for the three and nine months ended October 28, 2000, compared to the same periods in the prior year, increased primarily due to reduced leverage on lower comparable store sales than in the prior periods.

The increase in interest expense as a percentage of sales for the three and nine months ended October 28, 2000, compared to the same periods in the prior year, is due to higher average borrowings primarily to fund the increase in the Company's stock repurchase program and higher capital expenditures.

NET EARNINGS

The decrease in net earnings as a percentage of sales in the three and nine months ended October 28, 2000, compared to the same periods in the prior year, is primarily due to a decline in the rate of comparable store sales growth, increases in both the cost of goods sold and occupancy expenses ratio and the general, selling, and administrative expenses ratio.

INCOME TAXES PAID

The Company paid \$78.2 million in income taxes in the nine months ended October 28, 2000, versus \$66.9 million in the nine months ended October 30, 1999. The Company's effective tax rate in both periods was approximately 39%.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The primary uses of cash during the nine months ended October 28, 2000 were for (i) the repurchase of the Company's common stock; (ii) the purchase of inventory; and (iii) capital expenditures for new stores, improvements to existing stores, improvements in management information systems, and various expenditures to improve the central office and distribution centers.

Total consolidated inventories increased 4% at October 28, 2000 from October 30, 1999, due mainly to an 8% increase in the number of stores open at the end of each period and a planned decrease in the level of in-store merchandise. The increase in accounts payable at October 28, 2000 from October 30, 1999 resulted mainly from the higher level of inventory purchases over the prior year.

The decrease in income taxes payable at October 28, 2000 from October 30, 1999 resulted mainly from an increase in income taxes paid due to a reduction in inventory and fixed asset related timing differences.

In January 2000, the Company announced a \$300.0 million common stock repurchase program to be completed over the next two years. In the nine months ended October 28, 2000, the Company repurchased approximately 9.0 million shares for an aggregate purchase price of approximately \$149.7 million.

The Company has available under its principal bank credit agreement a \$160.0 million revolving credit facility and a \$30.0 million credit facility for the issuance of letters of credit, both of which expire in September 2002. Additionally, the company has uncommitted short-term bank lines of credit totaling \$45.0 million. At October 28, 2000, the Company had \$100.0 million

outstanding under these credit agreements, of which \$80.0 million is classified as long-term debt under the company's revolving credit facility.

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The Company estimates that cash flow from operations, bank credit lines and trade credit are adequate to meet operating cash needs as well as to provide for the two-year stock repurchase program of up to \$300.0 million in 2000 and 2001, dividend payments and planned capital additions during the upcoming year.

FORWARD-LOOKING STATEMENTS AND FACTORS AFFECTING FUTURE PERFORMANCE

In this report and from time to time the Company may make forward-looking statements, which reflect the Company's current beliefs and estimates with respect to future events and the Company's future financial performance, operations and competitive strengths. The words "expect," "anticipate," "estimate," "believe", "looking ahead", "forecast", "plan" and similar expressions identify forward-looking statements.

The Company's continued success depends, in part, upon its ability to increase sales at existing locations, to open new stores and to operate stores on a profitable basis. There can be no assurance that the Company's existing strategies and store expansion program will result in a continuation of revenue and profit growth. Future economic and industry trends that could potentially impact revenue and profitability remain difficult to predict.

As a result, these forward-looking statements are subject to certain risks and uncertainties that could cause the Company's actual results to differ materially from historical results or current expectations. These factors include, without limitation, ongoing competitive pressures in the apparel industry, obtaining acceptable store locations, the Company's ability to continue to purchase attractive name-brand merchandise at desirable discounts, successful implementation of the Company's merchandise diversification strategy, the Company's ability to successfully extend its geographic reach, unseasonable weather trends, changes in the level of consumer spending on or preferences in apparel or home-related merchandise, the Company's ability to complete the two-year \$300.0 million repurchase program in 2000 and 2001 at purchase prices that result in accretion to earnings per share in line with planned expectations, and greater than planned costs. In addition, the Company's corporate headquarters, one of its distribution centers and 41% of its stores are located in California. Therefore, a downturn in the California economy or a major natural disaster there could significantly affect the Company's operating results and financial condition.

In addition to the above factors, the apparel industry is highly seasonal. The combined sales of the Company for the third and fourth (holiday) fiscal quarters are historically higher than the combined sales for the first two fiscal quarters. The Company has realized a significant portion of its profits in each fiscal year during the fourth quarter. If intensified price competition, lower than anticipated consumer demand or other factors, were to occur during the third and fourth quarters, and in particular during the fourth quarter, the Company's fiscal year results could be adversely affected.

The factors underlying any forecasts or forward-looking statements 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 the Company's outlook at any other point in time. The Company does not undertake to update these forward-looking statements.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Management believes that the market risk associated with the Company's ownership of market-risk sensitive financial instruments (including interest rate risk) as of October 28, 2000 is not material.

ITEM 4. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Incorporated herein by reference to the list of Exhibits contained in the Exhibit Index that begins on page 12 of this Report.

(b) Reports on Form 8-K

None.

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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: December 11, 2000

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

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INDEX TO EXHIBITS

Exhibit Number -----	Exhibit -----
3.1	Corrected First Restated Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to the Form 10-K filed by Ross Stores for its year ended January 30, 1999.
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.
10.3	Employment Agreement effective August 14, 2000 between James C. Peters and Ross Stores, Inc.
10.4	Executive Relocation Loan Agreement between James C. Peters and Ross Stores, Inc.
10.5	Form of Employment Agreement between Ross Stores, Inc. and

Senior Vice Presidents.

15 Letter re: Unaudited Interim Financial Information.

27 Financial Data Schedules (submitted for SEC use only).

EXHIBIT 10.3 TO ROSS STORES, INC. THIRD QUARTER 2000 FORM 10-Q

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT is made effective as of August 14, 2000, by and between Ross Stores, Inc. (the "Company") and James Peters (the "Executive").

1. THE TERM. The employment of the Executive by the Company will commence as of the date hereof and end on July 31, 2004, unless extended or terminated in accordance with this Agreement. During March 2003, and during March every other year thereafter (every two years) for so long as the Executive is employed by the Company, upon the written request of the Executive, the Board of Directors of the Company (the "Board") shall consider extending the Executive's employment with the Company. Such request must be delivered to the Chairman of the Compensation Committee no later than the February 28th which precedes the March in which the requested extension will be considered. The Board shall advise the Executive, in writing, on or before the April 1st following its consideration of the Executive's written request, whether it approves of such extension. The failure of the Board to provide such written advice shall constitute approval of the Executive's request for extension. If the Executive's request for an extension is approved, this Agreement shall be extended two additional years.

2. POSITION AND DUTIES. The Executive shall serve as the President and Chief Operating Officer of the Company with overall responsibility for the Company's corporate operations and accomplishment of its plans and objectives. The Executive shall report directly to the Company's Chief Executive Officer and Vice Chairman of the Board of Directors. During the term of his employment, the Executive may engage in outside activities provided those activities do not conflict with his duties and responsibilities hereunder, and provided further that the Executive gives written notice to the Board of any significant outside business activity in which he plans to become involved, whether or not such activity is pursued for profit.

3. PLACE OF PERFORMANCE. The Executive shall be employed at the Company's principal executive offices in Newark, California, except for required travel on the Company's business to an extent substantially consistent with present business travel obligations.

4. COMPENSATION AND RELATED MATTERS.

(a) SALARY. During his employment, the Company shall pay the Executive a salary of not less than \$775,000 per annum. This salary shall be payable in equal installments in accordance with the Company's normal payroll practices applicable to senior officers. Subject to the first sentence of this paragraph, the Executive's salary may be adjusted from time to time by the Board in accordance with normal business practices of the Company.

(b) CHANGE OF CONTROL. In the event of a Change of Control (as defined in paragraph 7(f) hereof), (i) the Executive shall immediately become vested in any shares of restricted stock granted to the Executive by the Company which had not vested prior to the Change of Control in accordance with the terms of the applicable stock grant agreements and (ii) the Company shall pay to the Executive as additional salary an amount equal to \$1,500,000

per year during the period commencing on the effective date of the Change of Control and expiring two years thereafter (the "Remaining Term"), which shall be payable in equal installments during the then Remaining Term in accordance with the Company's normal payroll policies applicable for senior officers. Notwithstanding paragraph 1 hereof to the contrary, the Executive's employment by the Company under this Agreement shall continue until the later of (a) the expiration of the Remaining Term and (b) the expiration of any extension pursuant to Section 1.

(c) BONUS. During his employment, the Company shall pay the Executive an annual bonus in accordance with the terms of a bonus incentive plan

that covers the Executive (or any replacement plan of substantially equivalent or greater value that may subsequently be established and in effect at the time for such action). The foregoing notwithstanding, the Executive shall receive a guaranteed minimum bonus of \$600,000 for fiscal 2000 which shall be paid in March 2001. Should the Executive voluntarily terminate his employment prior to the end of Fiscal 2000 or February 3, 2001, the Executive will not receive the guaranteed minimum bonus. In addition to the bonuses described in the preceding sentences, the Executive shall be entitled to a signing bonus in the amount of \$3,000,000 payable on the effective date of this agreement. In the event that the Executive voluntarily terminates his employment within the first twenty-four (24) months of employment or prior to July 31, 2002, the Executive will be required to reimburse the Company for the net amount of the signing bonus described above.

(d) EXPENSES. During his employment, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by him in performing services hereunder, including all reasonable expenses of travel and living while away from home, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Company.

(e) OTHER BENEFITS. The Executive shall be entitled to participate in all of the Company's employee benefit plans and arrangements in effect on the date hereof in which other senior executives of the company participate (including without limitation each pension and retirement plan and arrangement, supplemental pension and retirement plan, deferred compensation plan, short-term and long-term incentive plan, stock option plan, life insurance and health-and-accident plan and arrangement, medical insurance plan, physical examination program, dental care plan, accidental death and disability plan, survivor income plan, relocation plan, financial, tax and legal counseling programs, and vacation plan). 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 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 executives and key management employees, 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 payable under subparagraphs (a), (b) and (c).

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(f) VACATIONS. The Executive shall be entitled to the number of vacation days in each calendar year, and to compensation in respect of earned but unused vacation days, 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 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 rate of pay at the time of his termination of employment.

(g) 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 his duties during the term of this Agreement and for a period of six months following the date of any termination, except for termination as described in paragraphs 7(a) [Death], 7(c) [Illegal or Grossly Negligent Conduct], or 7(h) [Non-Renewal]. Upon mutual agreement between the Company and the Executive, the office space furnished during the six month period following termination may be at a location other than the Company's principal executive offices.

(h) EXCISE TAX GROSS-UP. If the Executive becomes entitled to one or more payments (with a "payment" including the vesting of restricted stock, a stock option, or other non-cash benefit or property), whether pursuant to the terms of this Agreement or any other plan or agreement with the Company or any affiliated company (collectively, "Change of Control Payments"), which are or become subject to the tax ("Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Company shall pay to the Executive at the time specified below such amount (the "Gross-up Payment") as

may be necessary to place the Executive in the same after-tax position as if no portion of the Change of Control Payments and any amounts paid to the Executive pursuant to this paragraph 4(h) had been subject to the Excise Tax. The Gross-up Payment shall include, without limitation, reimbursement for any penalties and interest that may accrue in respect of such Excise Tax. For purposes of determining the amount of the Gross-up Payment, the Executive shall be deemed: (A) to pay federal income taxes at the highest marginal rate of federal income taxation for the year in which the Gross-up Payment is to be made; and (B) to pay any applicable state and local income taxes at the highest marginal rate of taxation for the calendar year in which the Gross-up Payment is to be made, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes if paid in such year. If the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time the Gross-up Payment is made, the Executive shall repay to the Company at the time that the amount of such reduction in Excise Tax is finally determined (but, if previously paid to the taxing authorities, not prior to the time the amount of such reduction is refunded to the Executive or otherwise realized as a benefit by the Executive) the portion of the Gross-up Payment that would not have been paid if such Excise Tax had been used in initially calculating the Gross-up Payment, plus interest on the amount of such repayment at the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time the Gross-up Payment is made, the Company shall make an additional Gross-up Payment in respect of such excess (plus any interest and penalties payable with respect to such excess) at the time that the amount of such excess is finally determined.

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The Gross-up Payment provided for above shall be paid on the 30th day (or such earlier date as the Excise Tax becomes due and payable to the taxing authorities) after it has been determined that the Change of Control Payments (or any portion thereof) are subject to the Excise Tax; PROVIDED, HOWEVER, that if the amount of such Gross-up Payment or portion thereof cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined by counsel or auditors selected by the Company and reasonably acceptable to the Executive, of the minimum amount of such payments. The Company shall pay to the Executive the remainder of such payments (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to the Executive, payable on the fifth day after demand by the Company (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code). The Company shall have the right to control all proceedings with the Internal Revenue Service that may arise in connection with the determination and assessment of any Excise Tax and, at its sole option, the Company may pursue or forego any and all administrative appeals, proceedings, hearings, and conferences with any taxing authority in respect of such Excise Tax (including any interest or penalties thereon); PROVIDED, HOWEVER, that the Company's control over any such proceedings shall be limited to issues with respect to which a Gross-up Payment would be payable hereunder, and the Executive shall be entitled to settle or contest any other issue raised by the Internal Revenue Service or any other taxing authority. The Executive shall cooperate with the Company in any proceedings relating to the determination and assessment of any Excise Tax and shall not take any position or action that would materially increase the amount of any Gross-up Payment hereunder.

5. OFFICES. Executive agrees to serve, if elected or appointed thereto, in one or more executive offices of any of the Company's subsidiaries, provided that the Executive is indemnified for serving in any and all such capacities on a basis no less favorable than is currently provided by the Company's by-laws and applicable state law.

6. CONFIDENTIAL INFORMATION.

(a) The Executive agrees not to disclose, 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 obtained while in the employ of the Company, including, without limitation, any of the Company's inventions, processes, methods of distribution or customers or trade secrets; PROVIDED, HOWEVER, that this provision shall not preclude the Executive from use or disclosure of information known generally to the public or from disclosure required by law or court order.

(b) The Executive agrees that upon leaving the Company's employ he will make himself reasonably available to answer questions from Company officers regarding his former duties and responsibilities and the knowledge he obtained in connection therewith. In addition, he will not take with him, without the prior written consent of any officer authorized to act in the matter by the Board, any study, memoranda, drawing, blueprint, specification or other document of the Company, its subsidiaries, affiliates and divisions, which is of a confidential nature relating to the Company, its subsidiaries, affiliates and divisions.

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7. TERMINATION. The Executive's employment may be terminated during the term of this Agreement only as follows:

(a) DEATH. The Executive's employment shall terminate upon his death.

(b) DISABILITY. If, as a result of the Executive's incapacity due to physical or mental illness, the Executive shall have been absent from his 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 or the Executive (which may occur before or after the end of such six-month period), the Executive shall not have returned to the performance of his duties hereunder on full-time basis, the Executive's employment shall terminate. A termination of employment pursuant to this paragraph 7(b) shall be deemed an involuntary termination for purposes of this Agreement or any plan or practice of the Company.

(c) FOR CAUSE. Company may terminate the Executive's employment for Cause. The Company shall have "Cause" to terminate the Executive's employment if the Executive either (i) continuously fails to substantially perform his duties hereunder (unless such failure is a result of a disability as defined in paragraph (b)) or (ii) intentionally engages in illegal or grossly negligent conduct which is materially injurious to the Company monetarily or otherwise. A termination for Cause shall not take effect unless: (1) the Executive is given written notice by the Company of its intention to terminate him 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; (3) the notice is given within 90 days of the Company's learning of such act or acts or failure or failures to act; and (4) the Executive fails to substantially cure such conduct, to the extent such cure is possible, within 60 days after the date that such written notice is given to him.

(d) WITHOUT CAUSE. The Company may terminate the Executive's employment at any time Without Cause. A termination "Without Cause" is a termination of the Executive's employment by the Company for any reasons other than those set forth in subsections (a) [Death], (b) [Disability] or (c) [For Cause] of this paragraph.

(e) TERMINATION BY THE EXECUTIVE FOR GOOD REASON. The Executive may terminate his employment with the Company for Good Reason, which shall be deemed to occur if he terminates his employment within six months after (i) written notice of a failure by the Company to comply with any material provision of this Agreement which failure has not been cured within ten days after such written notice of noncompliance has been given by the Executive to the Company, or (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, or (iii) the Executive is relocated more than 40 miles from the Company's principal executive offices in Newark, California without his prior written consent.

(f) TERMINATION FOLLOWING CHANGE OF CONTROL. The Executive may terminate his employment with the Company for Good Reason within one year after a Change of Control. A Change in Control shall be deemed to have occurred if: (i) any person or group (within the meaning of Rule 13d-3 of the rules and regulations promulgated under the Securities Exchange

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Act of 1934, as amended) shall acquire, in one or a series of transactions, whether through sale of stock or merger, ownership of stock of the Company that

possesses more than 30 percent of the total fair market value or total voting power of the stock of the Company or any successor to the Company; (ii) a merger in which the Company is a party after which merger the stockholders of the Company do not retain, directly or indirectly, at least a majority of the beneficial interest in the voting stock of the surviving company, or (iii) the sale, exchange, or transfer of all or substantially all of the Company's assets (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).

(g) VOLUNTARY TERMINATION. The Executive may voluntarily terminate his employment with the Company at any time. A termination of employment by the Executive pursuant to paragraph 7(e) [For Good Reason] shall not be deemed a voluntary termination by the Executive for purposes of this Agreement or any plan or practice of the Company but shall be deemed an involuntary termination.

(h) NON-RENEWAL. If the Executive fails to request an extension of this Agreement in accordance with paragraph 1 or if the Board fails to approve such request, this Agreement shall automatically expire at the end of its term. Such expiration shall not entitle the Executive to any compensation or benefits except as earned by the Executive through the date of expiration of this Agreement and set forth in paragraph 9(e). The parties hereto shall have no further obligations to each other thereafter except as set forth in paragraphs 6 and 13.

8. 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 this Agreement (other than as a result of death) 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 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.

(b) DATE OF TERMINATION. The date of termination shall be:

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

(ii) if the Executive's employment is terminated pursuant to paragraph 7(b) [Disability], the date of termination shall be the 31st day following delivery of the notice of termination;

(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; and

(iv) if the Agreement expires pursuant to paragraph 7(h) [Non-Renewal], the parties' employment relationship shall terminate on the last day of the term of this Agreement without any notice.

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9. COMPENSATION AND BENEFITS UPON TERMINATION.

(a) DISABILITY, WITHOUT CAUSE OR FOR GOOD REASON. If the Executive's employment terminates pursuant to paragraphs 7(b) [Disability], (d) [Without Cause], or (e) [For Good Reason], the Executive shall be entitled to the following:

(i) SALARY. The Company shall continue to pay the Executive his then-current salary through the remaining term of this Agreement as defined in paragraph 1.

(ii) BONUS. The Company shall continue to pay the Executive an annual bonus(es) throughout such remaining term. Each such bonus shall be equal to the greater of (A) the Executive's bonus during the year prior to his termination or (B) the bonus that the Executive would have earned under the Company's bonus plan in the year that he was terminated had he remained in its employment; PROVIDED, HOWEVER, that such post-termination bonuses shall not exceed the lesser of 100% of the targeted amounts for those bonuses in the prior

year and 100% of such targeted amounts for the then-current year. Such bonuses shall not be paid until due under the Company's present bonus plan.

(iii) STOCK OPTIONS. With respect to any stock options granted to the Executive by the Company, the Executive shall immediately become vested in any unvested stock options upon such termination.

(iv) RESTRICTED STOCK. With respect to any restricted stock granted to the Executive by the Company which has not become vested as of such termination, the Executive shall immediately become vested in a pro rata portion of such unvested stock in accordance with the terms of the applicable stock grant agreements.

The Company shall have no further obligations to the Executive as a result of such termination except as set forth in paragraph 13.

(b) FOR CAUSE. If the Executive's employment is terminated for Cause (as defined in paragraph 7(c)), he shall receive only the post-termination compensation and benefits described in paragraph 9(d) [Compensation and benefits upon Termination-Death or Voluntary Termination].

(c) CHANGE OF CONTROL. If the Executive's employment is terminated either by the Company Without Cause (as defined in paragraph 7(d)) or by the Executive for Good Reason (as defined in paragraph 7(a)) within one year of a Change of Control (as defined in paragraph 7(f)), the Executive shall be entitled to the following (in addition to any other payments or benefits provided for in paragraphs 4(b) and (h)):

(i) LUMP SUM PAYMENT. The Company shall pay to the Executive (or his designee or estate), immediately upon such termination, a lump sum amount equal to: (A) the sum of the Executive's then current salary (excluding any payments under paragraph 4(b)) and the greater of the most recent bonus paid to the Executive under the Management Incentive Plan or the target bonus for the fiscal year of the Company in which such termination occurs; times (B) the greater of two or the number of years (including partial years computed on a per day basis) remaining in the term of the Agreement under paragraph 1.

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(ii) STOCK OPTIONS. Upon such termination, the Executive shall immediately become vested in any unvested stock options granted to the Executive by the Company.

(iii) RESTRICTED STOCK. Upon a Change of Control, the Executive shall become vested in any shares of restricted stock granted to the Executive in accordance with paragraph 4(b) hereof.

(d) DEATH OR VOLUNTARY TERMINATION. If the Executive's employment terminates pursuant to paragraphs 7(a) [Death] or 7(g) [Voluntary Termination], he (or his designee or his estate) shall be paid his salary through his termination date and not thereafter. He (or his designee or his estate) shall not be entitled to any bonus payments which were not fully earned prior to his termination date, and he (or his designee or his estate) shall not be entitled to any pro-rated bonus payment for the year in which his employment terminates. Any stock options granted to the Executive by the Company shall continue to vest only through the date on which his employment terminates and any restricted stock that was granted to the Executive by the Company that is unvested as of the date on which his employment terminates shall automatically be reacquired by the Company and the Executive (or his designee or his estate) shall have no further rights with respect to such restricted stock. The Company shall have no further obligations to the Executive as a result of the termination of his employment pursuant to paragraphs 7(a) or 7(g).

(e) NON-RENEWAL. If the Agreement expires as set forth in paragraph 7(h) [Non-Renewal], the Company shall have no further obligations to the Executive except as set forth in paragraph 13; except that with respect to any restricted stock granted to the Executive by the Company which has not become vested as of such expiration date, the Executive shall immediately become vested in a pro rata portion of such unvested stock in accordance with the terms of the applicable stock grant agreements; and provided further, the Executive shall be entitled to a pro rata portion of any bonus that Executive would have received pursuant to paragraph 4(c) had the Executive remained employed through the end of the fiscal year in which such expiration occurs. Any such pro rata portion shall be payable as of the applicable bonus payment date for such fiscal

year.

10. EMPLOYMENT RESTRICTION.

(a) NON-COMPETE. The Company and the Executive acknowledge that the Company has a special interest in and derives significant benefit from the unique skills and experience of the Executive. In addition, 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. Accordingly, except as hereafter noted, during the term of the Executive's employment with the Company and in the event that the Executive voluntarily terminates his employment with the Company prior to July 31, 2004, the Executive agrees that for a period of 36 months following his voluntary termination pursuant to paragraph 7(g) [Voluntary Termination], he shall not provide any labor, work, services or assistance to (whether as an officer, director, employee, partner, agent, owner, independent contractor, stockholder or otherwise) Burlington Coat Factory Warehouse Corporation, Dillard Department Stores, Inc., Filene's Basement Corp., The Federated Stores, The May Department Stores Company, The TJX

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Companies, Inc. and Value City Department Stores, Inc., as well as all subsidiaries, divisions and/or the surviving entity of any of the above that do business in the retail industry in the case of a merger or acquisition. However, this subparagraph shall not prohibit the Executive from making any investment of 1% or less of the equity securities of any publicly-traded corporation or limited partnership that is engaged in any business of the type or character engaged in by the Company. The foregoing restrictions shall have no force or effect in the event that: (i) the Executive's employment with the Company is terminated either by the Company pursuant to paragraphs 7(c) [with Cause] or 7(d) [Without Cause] or by the Executive pursuant or paragraphs 7(e) [Termination by the Executive for Good Reason] or 7(f) [Termination Following Change of Control]; or (ii) the Company fails to approve or grant an extension of this Agreement in accordance with paragraph 1 hereof.

(b) NON-SOLICITATION OF EMPLOYEES. During the term of the Executive's employment with the Company and for a period of 36 months following the termination of that employment for any reason, the Executive shall not directly or indirectly solicit any other employee of the Company to terminate his or her employment with the Company.

11. EXERCISE OF STOCK OPTIONS FOLLOWING TERMINATION. If the Executive's employment terminates pursuant to paragraphs 7(a) [Death] or (b) [Disability], he (or his estate) may exercise his right to purchase any vested stock under the stock options granted to him by the Company for up to one year following the date of his termination, but not later than the termination date of such options. In all other instances, he may exercise that right for up to three months following the date of his termination, but not later than the termination date of such options. 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 him hereunder, all such amounts shall be paid in accordance with the terms of this Agreement to the Executive's written designee or, if there be no such designee, 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 this agreement 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 directors and officers covered thereby. This 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 or with any affiliated 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.

14. NOTICE. For 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

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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: James Peters
 c/o Ross Stores, Inc.
 8333 Central Avenue
 Newark, CA 94560

If to the Company: Ross Stores, Inc.
 8333 Central Avenue
 Newark, CA 94560
 Attention: Corporate Secretary

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. MODIFICATION OR WAIVER; ENTIRE AGREEMENT. No provision of this Agreement may be modified or waived except in a document signed by the Executive and the chairman of the Compensation Committee of the Board or such other person as may be designated by the Board. This Agreement, along with any stock option or restricted stock agreements between the parties, constitute the entire agreement between the parties regarding their employment relationship. To the extent that this Agreement is in any way inconsistent with any prior or contemporaneous restricted stock or stock option agreements between the parties, 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.

16. GOVERNING LAW-SEVERABILITY. The validity, interpretation, construction, performance, and enforcement of this Agreement shall be governed by the laws of the State of California without reference to California choice of law rules. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

17. MITIGATION NOT REQUIRED. In the event the Executive's employment with the Company is terminated for any reason, the Executive shall not be obligated to seek other employment following such termination; provided, however, that the amount of salary and bonus to which the Executive will be entitled under paragraph 9 hereof shall be reduced by the amount of salary and/or bonus earned by the Executive for services performed for another employer during the period that the Executive is entitled to receive continued salary or bonus payments under paragraph 9 hereof.

18. WITHHOLDING. All payments required to be made by the Company hereunder to the Executive or his 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 NASDAQ price on the date preceding the date the withholding is determined.

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19. ARBITRATION. In the event of any dispute or claim 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), all such disputes shall be fully, finally and exclusively resolved by binding arbitration conducted by the American Arbitration Association in San Francisco, California 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 Commercial Arbitration Rules of the American Arbitration Association, PROVIDED, HOWEVER, that this arbitration provision shall not apply to any disputes or claims

relating to or arising out of the misuse or misappropriation of the Company's trade secrets or proprietary information. Notwithstanding the foregoing, if either the Company or the Executive shall request, such arbitration shall be conducted by a panel of three arbitrators, one selected by the Company, one selected by the Executive, and the third selected by agreement of the first two, or, in the absence of such agreement, in accordance with such Rules.

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 this provision shall not preclude Executive from designating in writing one or more beneficiaries to receive any amount that may be payable after Executive's death and shall not preclude the legal representative of Executive's estate 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, his heirs and legal representatives and the Company and its successors.

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

ROSS STORES, INC.

By: /s/Michael Balmuth

/s/James Peters

Its: Vice Chairman & Chief Executive Officer

James Peters

EXHIBIT 10.4 TO ROSS STORES, INC. THIRD QUARTER 2000 FORM 10-Q

EXECUTIVE RELOCATION
LOAN AGREEMENT

THIS LOAN AGREEMENT (the "Agreement") is entered into as of this 14th day of August, 2000, by and between ROSS STORES, INC., a Delaware corporation (the "Company"), and James C. Peters ("Executive").

WHEREAS, Executive has relocated to California to serve as the Company's President and Chief Operating Officer;

WHEREAS, Executive and the Company have agreed that the Company shall lend Executive Two Million Five Hundred Thousand Dollars (\$2,500,000.00) for the purpose of facilitating Executive's relocation to California; and

WHEREAS, the Company has agreed to provide Executive with the loan as additional consideration for Executive's services as an employee of the Company.

NOW THEREFORE, the parties hereto agree as follows:

1. LOAN. The Company shall lend Executive a total of Two Million Five Hundred Thousand Dollars (\$2,500,000.00) (the "Loan") upon the terms and conditions contained herein. The Loan shall be made on or after the date first above written.

2. PROMISSORY NOTE. The Loan shall be made pursuant to a promissory note in the form attached hereto as EXHIBIT A (the "Note"). Executive shall execute and deliver the Note to Company concurrently with the execution of this Agreement.

3. DEED OF TRUST WITH ASSIGNMENTS OF RENTS. The Loan shall be secured by a Deed of Trust on the property purchased by Executive and Executive's spouse as their new principal residence (the "Property") in the form attached hereto as EXHIBIT B (the "Deed of Trust"), which Deed of Trust shall be executed and delivered to Company concurrently with the closing of the purchase of the Property by Executive. The Deed of Trust shall constitute a valid and enforceable first priority lien on the Property.

4. INSURANCE AND PROPERTY TAXES. While the Loan or any portion thereof, including any interest due thereunder, remains unpaid, Executive hereby agrees to maintain at Executive's expense such fire, flood, earthquake, property and casualty insurance coverage on the Property on terms and from an insurance carrier acceptable to the Company in a sufficient total amount to cover the full fair market value of the building and other improvements on the Property, and Executive also hereby agrees to pay all property taxes and any assessments applicable to the Property when due.

5. TITLE INSURANCE. As a condition for the Loan, Executive shall procure title insurance on the Property for the benefit of the Company on terms and from a title insurance company acceptable to the Company.

6. METHOD OF FUNDING. The Loan proceeds shall be advanced by bank wire transfer from the Company to the escrow agent for the purchase of the Property, with directions to be provided by the Company. The escrow agent will be directed not to release such Loan

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proceeds until the Note and Deed of Trust are properly executed by Executive, and his spouse where applicable, and delivered to escrow agent.

7. CONDITION ON FUTURE EMPLOYMENT. The Loan is conditioned on the future performance of substantial services by Executive.

8. REPAYMENT OF LOAN. The Loan shall be repaid in accordance with the terms set forth in the Note.

9. NON-TRANSFERABLE. The right of Executive to request and receive the Loan hereunder, as well as the benefits of the interest arrangements under this Agreement, shall not be assignable or otherwise transferable by Executive.

10. QUALIFICATION AS EMPLOYEE-RELOCATION MORTGAGE LOAN. The parties intend that the loan shall qualify as an employee relocation mortgage loan as permitted by Section 7872 of the Internal Revenue Code of 1986, as amended, and Treasury Regulation Section 1.7872-5T(c)(1)(i). Executive hereby certifies to the Company that he reasonably expects to be entitled to and will itemize income tax deductions for each year the loan is outstanding. Executive agrees that the loan proceeds shall only be used to purchase the new principal residence of the Executive.

11. GENERAL PROVISIONS.

a. This Agreement shall be governed by the laws of the State of California applicable to contracts made and performed in such state, without regard to principles of conflicts of laws.

b. This Agreement, including its Exhibits, contains the entire agreement between Executive and the Company, and is the complete, final, and exclusive embodiment of their agreement with regard to this subject matter. Executive and the Company each acknowledge and represent that this Agreement is entered into without reliance on any promise or representation other than those expressly contained herein and that this Agreement cannot be modified except by a separate written document signed by both parties.

c. Except as otherwise specified herein, any notice, demand or request required or permitted to be given by either the Company or Executive pursuant to the terms of this Agreement shall be in writing and shall be deemed given when delivered personally, three days after being deposited in the U.S. Mail, registered mail, return receipt requested, postage prepaid, or one business day after delivery to an overnight carrier service and addressed to the Company at its then current principal office and to Executive at the address listed for him on the Company's payroll records.

d. Either party's failure to enforce any provision or provisions of this Agreement shall not in any way be construed as a waiver of any such provision or provisions, nor prevent that party thereafter from enforcing each and every other provision of this Agreement. The rights granted both parties herein are cumulative and shall not constitute a waiver of either party's right to assert all other legal remedies available to it under the circumstances.

e. Executive agrees upon request to execute any further documents or instruments necessary or desirable to carry out the purpose or intent of this Agreement.

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f. If any provision of this Agreement shall be held to be invalid or unenforceable by a court of competent jurisdiction, such determination shall not affect the remaining provisions of this Agreement.

g. In the event of any litigation concerning this Agreement, the prevailing party shall be entitled to a reasonable sum for attorneys' fees, costs, and litigation expenses, whether or not such action is prosecuted to judgment. "Prevailing Party" includes without limitation a party who agrees to dismiss an action upon payment by the other party of sums allegedly due or performance of the covenants allegedly breached, or who obtains substantially the relief sought by that party. In the event that the Company is the Prevailing Party, the Company shall also be entitled to reasonable costs associated with the collection of the Loan.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first set forth above.

ROSS STORES, INC.

EXECUTIVE

a Delaware corporation

By: /s/Michael A. Balmuth
Michael A. Balmuth
Chief Executive Officer

/s/James C. Peters
James C. Peters

3.

EXHIBIT A TO EXECUTIVE RELOCATION LOAN AGREEMENT

PROMISSORY NOTE
SECURED BY DEED OF TRUST

\$2,500,000

August 11, 2000

Newark, California

FOR VALUE RECEIVED, James C. Peters ("BORROWER"), an employee of Ross Stores, Inc. a Delaware corporation ("COMPANY") hereby unconditionally promises to pay to the order of Company, in lawful money of the United States of America and in immediately available funds, the principal sum of two million five hundred thousand dollars (\$2,500,000) (the "LOAN") together with accrued and unpaid interest thereon, if any, each due and payable on the dates and in the manner set forth below.

It is the intent of the parties that the purpose of this Note is not for consumer, family or household purposes.

This Promissory Note Secured by Deed of Trust is the Note referred to in and is executed and delivered in connection with that certain Loan Agreement ("LOAN AGREEMENT") and Deed of Trust with Assignment of Rents dated as of even date herewith relating to certain therein-described real property ("PROPERTY") and executed and delivered by Borrower in favor of Company (as the same may from time to time be amended, modified or supplemented or restated, the "DEED OF TRUST"). Additional rights of Company are set forth in the Deed of Trust. All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to them in the Loan Agreement.

1. PRINCIPAL REPAYMENT. The outstanding principal amount of the Loan shall be due and payable on the earliest to occur of: (a) July 31, 2008; or (b) the one hundred twentieth (120th) day following the date of termination of Borrower's employment with the Company for any reason; or (c) any sale, transfer or hypothecation of all or any part of the Property. The earliest of such dates is hereinafter referred to as the "REPAYMENT DATE."

2. INTEREST RATE. From the date hereof through the Repayment Date, this Note shall be a non-interest bearing note and, as such, will be subject to the provisions of Section 7872 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. Borrower represents and warrants that with respect to himself and his spouse (i) they expect to itemize deductions on their annual income tax returns for each year during which any amounts remain outstanding under the Loan, (ii) they are relocating to the Danville, California area due to a transfer to a new work location, (iii) the Loan proceeds shall be used only for the purchase of their new principal residence located on the Property, and (iv) the fair market value of the property described in the Deed of Trust with Assignment of Rent, as determined by an appraiser acceptable to Company, equals or exceeds the aggregate amount of all indebtedness secured by liens upon such property.

4.

From and after the Repayment Date until paid in full, Borrower further promises to pay interest on the outstanding principal amount of the Loan, if any, which interest shall be payable at a fixed rate of ten percent (10.0%) per annum (the "INTEREST RATE"). Interest, if any, shall be paid at the same time that the outstanding principal amount of the Loan is paid and shall be compounded annually and calculated on the basis of a 360-day year for the actual number of days elapsed. Lender shall have all remedies available to it by law as a creditor hereunder.

3. PLACE/MANNER OF PAYMENT. All amounts payable hereunder shall be payable at the office of Company unless another place of payment shall be specified in writing by Company.

4. APPLICATION OF PAYMENTS. Payment on this Note shall be applied first to accrued interest, if any, and thereafter to the outstanding principal balance hereof.

5. SECURED NOTE. The full amount of this Note is secured by the collateral identified and described as security therefor in the Deed of Trust. Borrower shall not, directly or indirectly, create, permit or suffer to exist, and shall defend the collateral against and take such other action as is necessary to remove, any lien on or in the collateral, or in any portion thereof.

6. DEFAULT. Each of the following events shall be an "EVENT OF DEFAULT" hereunder:

a. Borrower fails to pay timely any of the principal amount due under this Note on the date the same becomes due and payable or any accrued interest or other amounts due under this Note on the date the same becomes due and payable;

b. Borrower files a petition or action for relief under any bankruptcy, insolvency or moratorium law or any other law for the relief of, or relating to, debtors, now or hereafter in effect, or makes any assignment for the benefit of creditors or takes any action in furtherance of any of the foregoing;

c. An involuntary petition is filed against Borrower (unless such petition is dismissed or discharged within sixty (60) days) under any bankruptcy statute now or hereafter in effect, or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) is appointed to take possession, custody or control of any property of Borrower;

d. Borrower defaults on an obligation contained in the Loan Agreement; or

e. Borrower's employment by or association with Company is terminated for any reason or no reason, including, without limitation, death of Borrower.

Upon the occurrence of an Event of Default pursuant to (a), (d) or (e) above, all unpaid principal, accrued interest and other amounts owing hereunder shall, at the option of Company, be immediately due, payable and collectible by Company pursuant to applicable law. Upon the occurrence of an Event of Default pursuant to (b) or (c) above, all unpaid principal, accrued interest and other amounts owing hereunder shall automatically be immediately due, payable and collectible by Company pursuant to applicable law. Company shall have all rights and may exercise any remedies available to it under law, successively or concurrently. Borrower expressly acknowledges and agrees that Company shall have the right to offset any obligations of Borrower hereunder against salaries, bonuses or other amounts that may be payable to Borrower by Company.

5.

7. WAIVER. Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Note, and shall pay all costs of collection when incurred, including, without limitation, reasonable attorneys' fees, costs and other expenses.

The right to plead any and all statutes of limitations as a defense to any

demands hereunder is hereby waived to the full extent permitted by law.

8. GOVERNING LAW. This Note shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

9. SUCCESSORS AND ASSIGNS. The provisions of this Note shall inure to the benefit of and be binding on any successor to Borrower and shall extend to any holder hereof. Borrower shall not, without the prior written consent of holder, assign any of its rights or obligations hereunder.

BORROWER: /s/ James C. Peters

James C. Peters

6.

EXHIBIT B TO EXECUTIVE RELOCATION LOAN AGREEMENT

WHEN RECORDED MAIL TO: |
|
|
|

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST WITH ASSIGNMENT OF RENTS
(SHORT FORM)

This DEED OF TRUST, made AUGUST 10, 2000, between JAMES C. PETERS and RHONDA M. PETERS, husband and wife, herein collectively called TRUSTOR, whose address is ,

OLD REPUBLIC TITLE COMPANY, a California corporation, herein called TRUSTEE, and

ROSS STORES, INC. a Delaware corporation, herein called BENEFICIARY.

WITNESSETH: That Trustor grants to Trustee in trust, with power of sale, that property in the City of , County of State of California, described as:

SEE LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF

together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues and profits for the Purpose of Securing (1) payment of the sum of \$2,500,000 with interest thereon according to the terms of a promissory note or notes of even date herewith made by JAMES C. PETERS, payable to order of Beneficiary, and extensions or renewals thereof, (2) the performance of each agreement of Trustor incorporated by reference or contained herein, and (3) payment of additional sums and interest thereon which may hereafter be loaned to Trustor, or Trustor's successors or assigns, when evidenced by a promissory note or notes reciting that they are secured by this Deed of

Trust.

To protect the security of this Deed of Trust, and with respect to the property above described Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

7.

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
ALAMEDA	1288	556	KINGS	858	713	PLACER	1028	379	SIERRA	38	187
ALPINE	3	130-31	LAKE	437	110	PLUMAS	166	1307	SISKIYOU	506	762
AMADOR	133	438	LASSEN	192	367	RIVERSIDE	3778	347	SOLANO	1287	621
BUTTE	1330	513	LOS ANGELES	T-3878	874	SACRAMENTO	5039	124	SONOMA	2067	427
CALAVERAS	185	338	MADERA	911	136	SAN BENITO	300	405	STANISLAUS	1970	56
COLUSA	323	391	MARIN	1849	122	SAN BERNARDINO	6213	768	SUTTER	655	585
CONTRA COSTA	4684	1	MARIPOSA	90	453	SAN FRANCISCO	A-804	596	TEHAMA	457	183
DEL NORTE	101	549	MENDOCINO	667	99	SAN JOAQUIN	2855	283	TRINITY	108	595
EL DORADO	704	635	MERCED	1660	753	SAN LUIS OBISPO	1311	137	TULARE	2530	108
FRESNO	5052	623	MODOC	191	93	SAN MATEO	4778	175	TUOLUMNE	177	160
GLENN	469	76	MONO	69	302	SANTA BARBARA	2065	881	VENTURA	2607	237
HUMBOLDT	801	83	MONTEREY	357	239	SANTA CLARA	6626	664	YOLO	769	16
IMPERIAL	1189	701	NAPA	704	742	SANTA CRUZ	1638	607	YUBA	398	693
INYO	165	672	NEVADA	363	94	SHASTA	800	633			
KERN	3756	690	ORANGE	7182	18	SAN DIEGO SERIES 5 BOOK 1964, PAGE 149774					

shall inure to and bind the parties hereto, with respect to the property above described. Said agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and printed on Pages 3 and 4 hereof) are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby, provided the charge therefor does not exceed the maximum allowed by law.

The undersigned Trustor, requests that a copy of any Notice of Default and any Notice of Sale hereunder be mailed to Trustor at the address hereinbefore set forth.

SEE ADDENDUM 1 AND ADDENDUM 2 ATTACHED HERETO AND INCORPORATED HEREIN BY THIS REFERENCE FOR ADDITIONAL PROVISIONS.

STATE OF _____ }
 _____ }SS.
 COUNTY OF _____ }
 Signature of Trustor
 /s/ James C. Peters
 James C. Peters

On _____
 before me, _____,
 personally appeared _____,
 _____,
 /s/ Rhonda M. Peters
 Rhonda M. Peters

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument. WITNESS my hand and official seal.

Signature _____

(This area for official notarial seal)

DO NOT RECORD

The following is a copy of Subdivisions A and B of the fictitious Deed of Trust recorded in each county in California as stated in the foregoing Deed of Trust and incorporated by reference in said Deed of Trust as being a part thereof as if set forth at length therein.

A. To protect the security of this Deed of Trust, Trustor agrees:

(1) To keep said property in good condition and repair; not to remove or demolish any building thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon and to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said property or requiring any alterations or improvements to be made thereon; not to commit or permit waste thereof; not to commit, suffer or permit any act upon said property in violation of law; to cultivate, irrigate, fertilize, fumigate, prune and do all other acts which from the character or use of said property may be reasonably necessary, the specific enumerations herein not excluding the general.

(2) To provide, maintain and deliver to Beneficiary fire insurance satisfactory to and with loss payable to Beneficiary. The amount collected under any fire or other insurance policy may be applied by Beneficiary upon any indebtedness secured hereby and in such order as Beneficiary may determine, or at option of Beneficiary the entire amount so collected or any part thereof may be released to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(3) To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and to pay all costs and expenses, including cost of evidence of title and attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear, and in any suit brought by Beneficiary to foreclose this Deed.

(4) To pay: at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his reasonable fees.

(5) To pay immediately and without demand all sums so expended by Beneficiary or Trustee, with interest from date of expenditure at the amount allowed by law in effect at the date hereof, and to pay for any statement provided for by law in effect at the date hereof regarding the obligation secured hereby any amount demanded by the Beneficiary not to exceed the maximum allowed by law at the time when said statement is demanded.

B. It is mutually agreed:

(1) That any award of damages in connection with any condemnation for public use of or injury to said property or any part thereof is hereby assigned and shall be paid to Beneficiary who may apply or release such monies received by him in the same manner and with the same effect as above provided for disposition of proceeds of fire or other insurance.

(2) That by accepting payment of any sum secured hereby after its due date, Beneficiary does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure so to pay.

(3) That at any time or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this Deed and said note for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby, Trustee may: reconvey any part of said property; consent to the making of any map or plat thereof; join in granting any easement thereon; or join in any extension agreement or any agreement subordinating the lien or charge hereof.

(4) That upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon surrender of this Deed and said note to Trustee for cancellation and retention or other disposition as Trustee in its sole discretion may choose and upon payment of its fees, Trustee shall reconvey, without warranty, the property then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The Grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

(5) That as additional security, Trustor hereby gives to and confers upon Beneficiary the right, power and authority, during the continuance of these Trusts, to collect the rents, issues and profits of said property, reserving unto Trustor the right, prior to any default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any such default, Beneficiary may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said property or any part thereof, in his own name sue

9.

for or otherwise collect such rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

(6) That upon default by Trustor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale and of written notice of default and of election to cause to be sold said property, which notice Trustee shall cause to be filed for record. Beneficiary also shall deposit with Trustee this Deed, said note and all documents evidencing expenditures secured hereby.

After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said property by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to such purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee, or Beneficiary as hereinafter defined, may purchase at such sale.

After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the amount allowed by law in effect at the date hereof; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

(7) Beneficiary, or any successor in ownership of any indebtedness secured hereby, may from time to time, by instrument in writing, substitute a successor or successors to any Trustee named herein or acting hereunder, which instrument, executed by the Beneficiary and duly acknowledged and recorded in the office of the recorder of the county or counties where said property is situated, shall be conclusive proof of proper substitution of such successor Trustee or Trustees, who shall, without conveyance from the Trustee predecessor, succeed to all its title, estate, rights, powers and duties. Said instrument must contain the name of the original Trustor, Trustee and Beneficiary hereunder, the book and page where this Deed is recorded and the name and address of the new Trustee.

(8) That this Deed applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Beneficiary shall mean the owner and holder, including pledgees of the note secured hereby, whether or not named as Beneficiary herein. In this Deed, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

(9) That Trustee accepts this Trust when this Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other Deed of Trust or of any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party unless brought by Trustee.

DO NOT RECORD

REQUEST FOR FULL RECONVEYANCE

TO OLD REPUBLIC TITLE COMPANY, TRUSTEE:

The undersigned is the legal owner and holder of the note or notes, and of all other indebtedness secured by the foregoing Deed of Trust. Said note or notes, together with all other indebtedness secured by said Deed of Trust, have been fully paid and satisfied; and you are hereby requested and directed, on payment to you of any sums owing to you under the terms of said Deed of Trust, to cancel said note or notes above mentioned, and all other evidences of indebtedness secured by said Deed of Trust delivered to you herewith, together with the said Deed of Trust, and to reconvey, without warranty, to the parties designated by the terms of said Deed of Trust, all the estate now held by you under the same.

Dated _____

Please mail Deed of Trust, _____
Note and Reconveyance to _____

DO NOT LOSE OR DESTROY THIS DEED OF TRUST OR THE NOTE WHICH IT SECURES. BOTH MUST BE DELIVERED TO THE TRUSTEE FOR CANCELLATION BEFORE RECONVEYANCE WILL BE MADE.

[To be provided by escrow agent]

2.

ADDENDUM 1

ADDITIONAL PROVISIONS

Trustor also agrees that it shall not encumber, hypothecate, sell, assign, or otherwise transfer the property above described, and the performance of such agreement is one of the purposes secured by this Deed of Trust.

3.

ADDENDUM 2

Attached to and made a part of the Deed of Trust dated August 10, 2000, executed by James C. Peters and Rhonda M. Peters, husband and wife, collectively as Trustor ("Deed of Trust").

1. DEFINITIONS. As used in this Addendum:

- a. "Third Party Secured Obligation" means any obligation which is required to be performed by Employee which is secured by this Deed of Trust;
- b. "Spouse" means Rhonda M. Peters; and
- c. "Employee" means James C. Peters.

As used herein, "Beneficiary" shall mean Beneficiary (as defined in the Deed of Trust) or Trustee (as defined in the Deed of Trust) if acting on behalf of Beneficiary (as defined in the Deed of Trust). All other capitalized words are used herein as they are defined in the attached Deed of Trust.

2. RIGHTS OF BENEFICIARY. Spouse authorizes Beneficiary to perform any or all of the following acts at any time in its sole discretion, all without notice to Spouse and without affecting Beneficiary's rights or Spouse's obligations under this Deed of Trust:

- a. Beneficiary may alter any terms of the Third Party Secured Obligation or any part of it, including renewing, compromising, extending or accelerating, or otherwise changing the time for payment of, or increasing or decreasing the rate of interest on, the Third Party Secured Obligation or any part of it.
- b. Beneficiary may take and hold any additional security for the Third Party Secured Obligation, accept substituted security for that obligation, and subordinate, exchange, enforce, waive, release, compromise, fail to perfect and sell or otherwise dispose or any such security.

c. Beneficiary may direct the order and manner of any sale of all or any part of any security now or later to be held for the Third Party Secured Obligation, and Beneficiary may also bid at any such sale.

d. Beneficiary may apply any payments or recoveries from Employee or any other source, and any proceeds of any security, to the Third Party Secured Obligation in such manner, order and priority as Beneficiary may elect, whether that obligation is secured by this Deed of Trust or not at the time of the application.

e. Beneficiary may release Employee of Employee's liability for the Third Party Secured Obligation or any part of it.

f. Beneficiary may substitute, add or release any one or more guarantors or endorsers.

4.

g. In addition to the Third Party Secured Obligation, Beneficiary may extend other credit to Employee, and may take and hold security for the credit so extended, all without affecting Beneficiary's rights or Spouse's liability under this Deed of Trust.

3. DEED OF TRUST TO BE ABSOLUTE. Spouse expressly agrees that until each and every term, covenant and condition of this Deed of Trust and the Third Party Secured Obligation is fully performed, Spouse shall not be released by or because of:

a. Any act or event which might otherwise discharge, reduce, limit or modify Spouse's obligations under this Deed of Trust.

b. Any waiver, extension, modification, forbearance, delay or other act or omission of Beneficiary, or its failure to proceed promptly or otherwise as against Employee, any other person or any security.

c. Any action, omission or circumstance which might increase the likelihood that Spouse may be called upon to perform under this Deed of Trust or which might affect the rights or remedies of Spouse as against Employee; or

d. Any dealings occurring at any time between Employee and Beneficiary, whether relating to the Third Party Secured Obligation or otherwise.

Spouse hereby expressly waives and surrenders any defense to Spouse's liability under this Deed of Trust based upon any of the foregoing acts, omissions, agreements, waivers or matters. It is the purpose and intent of this Deed of Trust that the obligations of Spouse under it shall be absolute and unconditional under any and all circumstances.

4. SPOUSE'S WAIVERS. Spouse waives:

a. All statutes of limitations as a defense to any action or proceeding brought against Spouse by Beneficiary, to the fullest extent permitted by law;

b. Any right it may have to require Beneficiary to proceed against Employee, proceed against or exhaust any other security held from Employee, or pursue any other remedy in Beneficiary's power to pursue;

c. Any defense based on any claim that Spouse's obligations exceed or are more burdensome than those of Employee.

d. Any defense based on: (i) any legal disability of Employee, (ii) any release, discharge, modification, impairment or limitation of the liability of Employee to Beneficiary from any cause, whether consented to by Beneficiary or arising by operation of law or from any bankruptcy or other voluntary or involuntary proceeding, in or out of court, for the adjustment of debtor-creditor relationships ("Insolvency Proceeding") and (iii) any rejection or disaffirmance of the Third Party Secured Obligation, or any part of it, or any security held for it, in any such Insolvency Proceeding;

5.

e. Any defense based on any action taken or omitted by Beneficiary in any Insolvency Proceeding involving Employee, including any election to have Beneficiary's claim allowed as being secured, partially secured or unsecured, any extension of credit by Beneficiary to Employee in any Insolvency Proceeding, and the taking and holding by Beneficiary of any security for any such extension of credit.

f. All presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this Deed of Trust and of the existence, creation, or incurring of new or additional indebtedness, and demands and notices of every kind;

g. Any defense based on or arising out of any defense that Employee may have to the payment or performance of the Third Party Secured Obligation or any part of it;

h. All rights and defenses that the Spouse may have because the Third Party Secured Obligation is secured by real property. This means, among other things:

(i) The Beneficiary may foreclose under this Deed of Trust without first foreclosing on any other real or personal property collateral.

(ii) If the Beneficiary forecloses on any real property collateral pledged as collateral:

(1) The amount of the Third Party Secured Obligation may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price.

(2) The Beneficiary may foreclose pursuant to this Deed of Trust even if the Beneficiary, by foreclosing on the real property collateral, has destroyed any right the Spouse may have to collect from the Employee.

i. The Spouse waives all rights and defenses arising out of an election of remedies by the Beneficiary, even though that election of remedies, such as a nonjudicial foreclosure, has destroyed the Spouse's rights of subrogation and reimbursement against the Employee by the operation of Section 580d of the California Code of Civil Procedure or otherwise.

This is an unconditional and irrevocable waiver of any rights and defenses the Spouse may have because the Third Party Secured Obligation is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure.

5. WAIVERS OF SUBROGATION AND OTHER RIGHTS.

a. Upon a default by Employee, Beneficiary in its sole discretion, without prior notice to or consent of Spouse, may elect to: (i) foreclose either judicially or nonjudicially against any real or personal property security it may hold for the Third Party Secured Obligation, (ii) accept a transfer of any such security in lieu of foreclosure, (iii) compromise or adjust the

6.

Third Party Secured Obligation or any part of it or make any other accommodation with Employee or Spouse, or (iv) exercise any other remedy against Employee or any security. No such action by Beneficiary shall release or limit the liability of Spouse, who shall remain liable under this Deed of Trust after the action, even if the effect of the action is to deprive Spouse of any subrogation rights, rights of indemnity, or other rights to collect reimbursement from Employee for any sums paid to Beneficiary, whether contractual or arising by operation of law or otherwise. Spouse expressly agrees that under no circumstances shall it be

deemed to have any right, title, interest or claim in or to any real or personal property to be held by Beneficiary or any third party after any foreclosure or transfer in lieu of foreclosure of any security for the Third Party Secured Obligation.

b. Regardless of whether Spouse may have made any payments to Beneficiary, Spouse hereby waives: (i) all rights of subrogation, all rights of indemnity, and any other rights to collect reimbursement from Employee for any sums paid to Beneficiary, whether contractual or arising by operation of law (including the United Bankruptcy Code or any successor or similar statute) or otherwise, (ii) all rights to enforce any remedy that Beneficiary may have against Employee, and (iii) all rights to participate in any security now or later to be held by Beneficiary for the Third Party Secured Obligation. The waivers given in this subsection 5(b) shall be effective until the Third Party Secured Obligation has been paid and performed in full.

c. Spouse understands and acknowledges that if Beneficiary forecloses judicially or nonjudicially against any real property security for the Third Party Secured Obligation, that foreclosure could impair or destroy any ability that Spouse may have to seek reimbursement, contribution, or indemnification from Employee or others based on any right Spouse may have of subrogation, reimbursement, contribution or indemnification. Spouse further understands and acknowledges that in the absence of this Deed of Trust and Addendum, such potential impairment or destruction of Spouse's rights, if any, may entitle Spouse to assert a defense to this Deed of Trust and Addendum based on Section 580d of the California Code of Civil Procedure as defined in UNION BANK V. GRADSKY, 265 Cal.App.2d 40 (1968). By executing this Deed of Trust and Addendum, Spouse freely, irrevocably and unconditionally: (i) waives and relinquishes that defense and agrees that Spouse will be fully liable under this Deed of Trust and Addendum even though Beneficiary may foreclose judicially or nonjudicially against any real property security for the Third Party Secured Obligation; (ii) agrees that Spouse will not assert that defense in any action or proceeding which Beneficiary may commence to enforce this Deed of Trust; (iii) acknowledges and agrees that the rights and defense that Spouse may have or be entitled to assert based upon or arising out of any one or more Sections 580a, 580b, 580d or 726 of the California Code of Civil Procedure or Section 2848 of the California Civil Code; and (iv) acknowledges and agrees that Beneficiary is relying on this waiver in making the Third Party Secured Obligation, and that this waiver is a material part of the consideration which Beneficiary is receiving for making the Third Party Secured Obligation.

6. REVIVAL AND REINSTATEMENT. If Beneficiary is required to pay, return or restore to Employee or any other person any amounts previously paid on the Third Party Secured Obligation because of any Insolvency Proceeding of Employee, any stop notice or any other reason, the obligations of Spouse shall be reinstated and revived and the rights of Beneficiary shall continue with regard to such amounts, all as though they had never been paid.

7.

7. INFORMATION REGARDING EMPLOYEE. Before signing this Deed of Trust, Spouse acknowledges that Spouse is aware of the financial condition and business operations of Employee and such other matters as Spouse deemed appropriate to assure Spouse of Employee's ability to discharge its obligations in connection with the Third Party Secured Obligation. Spouse assumes full responsibility for that due diligence, as well as for keeping informed of all matters which may affect Employee's ability to pay and perform its obligations to Beneficiary. Beneficiary has no duty to disclose to Spouse any information which Beneficiary may have or receive about Employee's financial condition or business operations, or any other circumstances.

8.

EXHIBIT 10.5 TO ROSS STORES, INC. THIRD QUARTER 2000 FORM 10-Q

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT is made effective as of _____, by and between Ross Stores, Inc. (the "Company"), a Delaware corporation, and _____ (the "Executive").

RECITALS

A. 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 the start of the term of this Agreement 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 under this Agreement shall be as follows.

(a) INITIAL TERM. The initial term of the employment of the Executive by the Company under this Agreement shall begin on the date hereof and end on _____, unless extended or terminated earlier in accordance with this Agreement.

(b) RENEWAL TERMS. Upon the written request of the Executive to extend the Executive's term of employment under this Agreement prior to the termination of the Executive's employment with the Company, the Board of Directors of the Company ("Board") shall consider extending the Executive's employment with the Company under this Agreement. Such request must be delivered to the Chairman of the Compensation Committee of the Board not later than twelve (12) months prior to the end of the initial or renewal term of employment. Within thirty (30) days following the receipt of such notice, the Board shall consider the Executive's request and advise the Executive, in writing, within thirty (30) days following its consideration of the Executive's written request, whether it approves of such extension. The failure of the Board to provide such written advice shall constitute approval of the Executive's request for extension. If the Executive's request for an extension is approved, this Agreement shall be extended two (2) additional years. Such additional two-year period is referred to herein as a "Renewal Term."

2. POSITION AND DUTIES. During the term of the Executive's employment under this Agreement, the Executive shall serve as the Senior Vice President, _____ of the Company with overall responsibility for the _____ function of the Company. The Executive shall report directly to the Chief Executive Officer, Chief Operating Officer or Executive Vice President, Merchandising of the Company. During the term of the

Executive's employment, the Executive may engage in outside activities provided those activities do not conflict with the Executive's duties and responsibilities hereunder, and provided further that the Executive gives written notice to the Board of any significant outside business activity in which 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 _____, 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 Executive's employment, the Company shall

pay the Executive a salary of not less than _____ Dollars (\$_____) per year. The Executive's salary, shall be payable in equal installments in accordance with the Company's normal payroll practices applicable to senior officers. Subject to the first sentence of this Section 4(a), the Executive's salary may be adjusted from time to time by the Board in accordance with normal business practices of the Company.

(b) BONUS. During the Executive's employment, the Company shall pay the Executive an annual bonus in accordance with the terms of the existing bonus incentive plan that covers the Executive (which is currently the Incentive Compensation Plan) or any replacement plan of substantially equivalent or greater value that may subsequently be established and in effect during the term of Executive's employment with the Company.

(c) EXPENSES. During the Executive's employment, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by Executive in performing services hereunder, including all reasonable expenses of travel and living while away from home, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Company.

(d) BENEFITS. The Executive shall be entitled to participate in all of the Company's employee benefit plans and arrangements in effect on the date hereof in which senior executives of the Company are eligible to participate (including without limitation each pension and retirement plan and arrangement, supplemental pension and retirement plan, deferred compensation plan, short-term and long-term incentive plan, stock option plan (but not including the Company's Outside Directors Option Plan or 2000 Equity Incentive Plan), life insurance and health-and-accident plan and arrangement, medical insurance plan, physical examination program, dental care plan, accidental death and disability plan, survivor income plan, relocation plan, financial, tax and legal counseling programs, and vacation plan). 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 benefits of the Executive as compared with any other senior executive of the Company. The Executive shall be entitled to participate in, or receive benefits under, any employee benefit plan arrangement made available by the Company in the future to its executives and key management

employees, 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. The Executive shall be entitled to the number of vacation days in each calendar year, and to compensation in respect of earned but unused vacation days, 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 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 rate of pay 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 this Agreement.

5. CONFIDENTIAL INFORMATION

(a) The Executive agrees not to disclose, 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 obtained while in the employ of the Company, including, without limitation, any of the Company's inventions, processes, methods of distribution or customers or trade secrets; provided, however, that the Executive's provision shall not preclude the Executive from use or disclosure of information known generally to the public or from disclosure required by law or court order.

(b) The Executive agrees that upon leaving the Company's employ

Executive will make himself or herself reasonably available to answer questions from Company officers regarding the Executive's former duties and responsibilities and the knowledge Executive obtained in connection therewith. In addition, Executive will not take with Executive, without the prior written consent of any officer authorized to act in the matter by the Board, any study, memoranda, drawing, blueprint, specification or other document of the Company, its subsidiaries, affiliates and divisions, which is of a confidential nature relating to the Company, its subsidiaries, affiliates and divisions.

6. TERMINATION. The Executive's employment may be terminated during the term of this Agreement 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 or the Executive (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. A termination of employment pursuant to this Section 6(b) shall be deemed an involuntary termination for purposes of this Agreement or any plan or practice of the Company. For purposes of this Agreement, the term "Disability" shall mean a physical or mental illness, impairment or condition reasonably determined by the Board that prevents the Executive from performing the duties of the Executive's position under this Agreement.

(c) CAUSE. The Company may terminate the Executive's employment for Cause. The Company shall have "Cause" to terminate the Executive's employment if the Executive either (i) continuously fails to substantially perform the Executive's duties hereunder (unless such failure is a result of a disability as defined in Section (b)) or (ii) intentionally engages in illegal or grossly negligent conduct which is materially injurious to the Company monetarily or otherwise. A termination for Cause shall not take effect unless: (1) the Executive is given written notice by the Company of its intention to terminate 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; (3) the notice is given within 90 days of the Company's learning of such act or acts or failure or failures to act; and (4) the Executive fails to substantially cure such conduct, to the extent such cure is possible, within 60 days after the date that such written notice is given to the Executive.

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

(e) TERMINATION BY THE EXECUTIVE FOR GOOD REASON. The Executive may terminate the Executive's employment with the Company for Good Reason, which shall be deemed to occur if Executive terminates the Executive's employment within six months after (1) written notice of 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 target bonus opportunity) which failure has not been cured within ten days after such written notice of noncompliance has been given by the Executive to the Company, or (2) 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, or (3) the Executive is relocated more than 25 miles from the Executive's Principal Place of Employment as described in Section 3 without the Executive's prior written consent.

(f) VOLUNTARY TERMINATION. The Executive may voluntarily terminate the Executive's employment with the Company at any time. A voluntary termination of employment by the Executive pursuant to Section 6(e) above for Good Reason shall not be deemed a voluntary termination by the Executive for purposes of this Agreement or any plan or practice of the Company but shall be deemed an involuntary termination.

(g) NON-RENEWAL. If the Executive fails to request an extension of the term of the Executive's employment in accordance with Section 1 or if the Board fails to approve such

request, this Agreement shall automatically expire at the end of the then current term. Such expiration shall not entitle the Executive to any compensation or benefits except as earned by the Executive through the date of expiration of the then current term of the employment and as set forth in Section 8(e) [Special Change of Control Provisions]. The parties hereto shall have no further obligations to each other thereafter except as set forth in Sections 5 and 12.

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 this Agreement (other than as a result of death) 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 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.

(b) DATE OF TERMINATION. The date of termination shall be:

(i) if the Executive's employment is terminated by 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 31st day following delivery of the notice of termination;

(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; and

(iv) if the Agreement expires pursuant to Section 6(g) [Non-Renewal], the parties' employment relationship shall terminate on the last day of the term of Executive's employment under this Agreement 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 Sections 6(b) [Disability], (d) [Without Cause], or (e) [For Good Reason], the Executive shall be entitled to the following:

(i) SALARY. The Company shall continue to pay the Executive the Executive's then-current salary through the remaining term of the Executive's employment under this Agreement as defined in Section 1.

(ii) BONUS. The Company shall continue to pay the Executive an annual bonus(es) throughout such remaining term. Each such bonus shall be equal to the greater of (A) the Executive's bonus during the year prior to the Executive's termination or (B) the bonus that the Executive would have earned under the Company's bonus plan in the year that Executive was terminated had Executive remained in its employment; provided, however, that such post-termination bonuses shall not exceed the lesser of 100% of the targeted amounts for

those bonuses in the prior year and 100% of such targeted amounts for the then-current year. Such bonuses shall not be paid until due under the Company's present bonus plan.

(iii) STOCK OPTIONS. With respect to any stock options granted to the Executive by the Company, the Executive shall immediately become vested in any unvested stock options upon such termination.

(iv) RESTRICTED STOCK. With respect to any restricted stock granted to the Executive by the Company which has not become vested as of such termination, the Executive shall immediately become vested in a pro rata portion of such unvested stock in accordance with the terms of the applicable stock grant agreements.

The Company shall have no further obligations to the Executive as a result of such termination except as set forth in Section 12.

(b) FOR CAUSE. If the Executive's employment is terminated for Cause (as defined in Section 6(c), Executive shall receive only the post-termination compensation and benefits described in Section 8(c) [Death or Voluntary Termination].

(c) DEATH OR VOLUNTARY TERMINATION. If the Executive's employment terminates pursuant to Section 6(a) [Death] or 6(f) [Voluntary Termination], Executive (or the Executive's designee or the Executive's estate) shall be paid the Executive's salary through the Executive's termination date and not thereafter. Executive shall not be entitled to any bonus payments which were not fully earned prior to the Executive's termination date, and Executive shall not be entitled to any pro-rated 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 employment terminates and any restricted stock that was granted to the Executive by the Company that is unvested as of the date on which the Executive's employment terminates shall automatically be reacquired by the Company and the Executive shall have no further rights with respect to such restricted stock. The Company shall have no further obligations to the Executive as a result of the termination of the Executive's employment pursuant to Section 6(a) or (f).

(d) NON-RENEWAL. If the Agreement expires as set forth in Section 6(g) [Non-Renewal], the Executive shall be entitled only to the following:

(i) SALARY. The Company shall continue to pay the Executive the Executive's then-current salary through the remaining term of the Executive's employment under this Agreement as defined in Section 1.

(ii) BONUS. The Company shall continue to pay the Executive an annual bonus for the year of termination which shall be pro-rated for the portion of the bonus year that Executive is employed by the Company. The calculation of such bonus prior to pro-ration shall be equal to the greater of (A) the Executive's bonus during the year prior to the Executive's termination or (B) the bonus that the Executive would have earned under the Company's bonus plan in the year that Executive was terminated had Executive remained in its employment; provided, however, that such post-termination bonuses shall not exceed the lesser of 100% of the targeted amounts for those bonuses in the prior year and 100% of such targeted

amounts for the then-current year. Such bonuses shall not be paid until due under the Company's present bonus plan.

(iii) STOCK OPTIONS. With respect to any stock options granted to the Executive by the Company, the Executive shall be vested in the stock options only through the date on which the Executive's employment terminates according to the original terms of the stock option agreements and the respective plan.

(iv) RESTRICTED STOCK. Any restricted stock that was granted to the Executive by the Company that is unvested as of the date on which the Executive's employment terminates due to a nonrenewal shall automatically become vested in a pro-rata portion of such restricted stock determined on the basis of the number of full months that have elapsed from the date of grant of such restricted stock until the termination date divided by the total number of months required for the restricted stock to become vested if not for the termination or this provision. Thereafter, the unvested portion of the restricted stock shall automatically be reacquired by the Company and the Executive shall have no further rights in such unvested portion of the restricted stock.

The Company shall have no further obligations to the Executive as a result of such termination except as set forth in Section 12.

(e) SPECIAL CHANGE OF CONTROL PROVISIONS.

(i) CHANGE OF CONTROL BENEFITS.

(1) In the event of a Change of Control (as defined below), Executive shall be entitled to receive the immediate acceleration of the vesting of any restricted stock that was granted to the Executive by the Company

and an additional salary equal to _____ Dollars (\$_____) per month for a period of two (2) years following the Change of Control unless and until Executive's employment is Voluntarily Terminated (as defined in Section 6(f)) or is terminated for Cause (as defined in Section 6(c)).

(2) Notwithstanding the foregoing, 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)) within one month prior and twelve (12) months following a Change of Control, the Executive shall be entitled to the following (in addition to any other payments or benefits provided under this Agreement):

a. SALARY. The salary that shall be payable to Executive under Section 8(a) shall be for a period of not less than two (2) years.

b. BONUS. The bonus that shall be payable to Executive under Section 8(a) shall be for a period of not less than two (2) years.

(3) HEALTH CARE COVERAGE. In the event of the termination of Executive's employment following a Change of Control, then Executive shall be entitled to the continuation of the Executive's health care coverage under the Company's employee benefit plans (including medical, dental, vision and mental coverage) which the Executive had at the

time of the termination (including coverage for the Executive's dependents) at the Company's expense for a period of two (2) years. Such health care continuation rights will be in addition to any rights the Executive may have under ERISA Sections 600 and thereafter and Section 4980B of the Internal Revenue Code ("COBRA coverage").

(4) ESTATE PLANNING. In the event of the termination of Executive's employment following a Change of Control, then Executive shall also be entitled to the reimbursement of the Executive's estate planning expenses (including attorneys' fees) as to which and on the terms of which Executive was entitled prior to the termination for a period of two (2) years following the date of termination of employment.

(ii) CHANGE OF 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, in one or a series of transactions, whether through sale of stock or merger, ownership of stock of the Company that possesses more than 30 percent of the total fair market value or 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 after which merger the stockholders of the Company do not retain, directly or indirectly, at least a majority of the beneficial interest in the voting stock of the surviving company, or (3) the sale, exchange, or transfer of all or substantially all of the Company's assets (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 GROSS-UP. If the Executive becomes entitled to one or more payments (with a "payment" including the vesting of restricted stock, a stock option, or other non-cash benefit or property), whether pursuant to the terms of this Agreement or any other plan or agreement with the Company or any affiliated company (collectively, "Change of Control Payments"), which are or become subject to the tax ("Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Company shall pay to the Executive at the time specified below such amount (the "Gross-up Payment") as may be necessary to place the Executive in the same after-tax position as if no portion of the Change of Control Payments and any amounts paid to the Executive pursuant to Section 8 had been subject to the Excise Tax. The Gross-up Payment shall include, without limitation, reimbursement for any penalties and interest that may accrue in respect of such Excise Tax. For purposes of determining the amount of the Gross-up Payment, the Executive shall be deemed: (A) to pay federal income taxes at the highest marginal rate of federal income taxation for the calendar year in which the Gross-up Payment is to be made; and (B) to pay any applicable state and local income taxes at the highest marginal rate of taxation for the calendar year in which the Gross-up Payment is to be

made, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes if paid in such year. If the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time the Gross-up Payment is made, the Executive shall repay to the Company at the time that the amount such reduction in Excise Tax is finally determined (but, if previously paid to the taxing authorities, not prior to the time the amount of such reduction is refunded to the Executive or otherwise realized as a benefit by the Executive) the portion of the Gross-up Payment that would

not have been paid if such Excise Tax had been used in initially calculating the Gross-up payment, plus interest on the amount of such repayment at the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time the Gross-up Payment is made, the Company shall make an additional Gross-up Payment in respect of such excess (plus any interest and penalties payable with respect to such excess) at the time that the amount of such excess is finally determined.

(iv) The Gross-up Payment provided for above shall be paid on the 30th day (or such earlier date as the Excise Tax becomes due and payable to the taxing authorities) after it has been determined that the Change of Control Payments (or any portion thereof) are subject to the Excise Tax; provided, however, that if the amount of such Gross-up Payment or portion thereof cannot be finally determined on or before such day, the Company shall pay to the Executive on such day an estimate, as determined by counsel or auditors selected by the Company and reasonably acceptable to the Executive, of the minimum amount of such payments. The Company shall pay to the Executive the remainder of such payments (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code) as soon as the amount thereof can be determined. In the event that the amount of the estimated payments exceeds the amount subsequently determined to have been due, such excess shall constitute a loan by the Company to the Executive, payable on the fifth day after demand by the Company (together with interest at the rate provided in Section 1274(b)(2)(B) of the Code). The Company shall have the right to control all proceedings with the Internal Revenue Service that may arise in connection with the determination and assessment of any Excise Tax and, at its sole option, the Company may pursue or forego any and all administrative appeals, proceedings, hearings, and conferences with any taxing authority in respect of such Excise Tax (including any interest or penalties thereon); provided, however, that the Company's control over any such proceedings shall be limited to issues with respect to which a Gross-up Payment would be payable hereunder, and the Executive shall be entitled to settle or contest any other issue raised by the Internal Revenue Service or any other taxing authority. The Executive shall cooperate with the Company in any proceedings relating to the determination and assessment of any Excise Tax and shall not take any position or action that would materially increase the amount of any Gross-up Payment hereunder.

9. EMPLOYMENT RESTRICTION.

(a) NON-COMPETE. The Company and the Executive acknowledge that the Company has a special interest in and derives significant benefit from the unique skills and experience of the Executive. In addition, 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. Accordingly, except as hereafter noted, during the term of the Executive's employment with the Company for a period of 36 months following the Executive's termination of employment with the Company, Executive shall not provide any labor, work, services or assistance to (whether as an officer, director, employee, partner, agent, owner, independent contractor, stockholder or otherwise) any off-price retailers and to Burlington Coat Factory Warehouse Corporation, Dillard Department Stores, Inc., Filene's Basement Corp., The Federated Stores, The May Department Stores Company, The TJX Companies, Inc. and Value City Department Stores, Inc., as well as all subsidiaries, divisions and/or the surviving entity of any of the above that do business in the retail industry in the case of a merger or acquisition.

However, this Section 9(a) shall not prohibit the Executive from making any investment of 1% or less of the equity securities of any publicly-traded corporation or limited partnership that is engaged in any business of the type or character engaged in by the Company.

The foregoing restrictions shall have no force or effect in the event that: (i)

the Executive's employment with the Company is terminated either by the Company pursuant to Section 6(d) [Without Cause] or by the Executive pursuant or Sections 6(e) [Termination by the Executive for Good Reason]; or (ii) the Company fails to approve or grant an extension of this Agreement in accordance with Section 1 hereof.

(b) NON-SOLICITATION OF EMPLOYEES. During the term of the Executive's employment with the Company and for a period of 36 months following the termination of that employment for any reason, the Executive shall not directly or indirectly solicit any other employee of the Company to terminate his or her employment with the Company.

10. 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 agreements. All such purchases must be made by the Executive in accordance with the applicable stock option plans and agreements between the parties.

11. 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 Executive hereunder, all such amounts shall be paid in accordance with the terms of this Agreement to the Executive's written designee or, if there be no such designee, to the Executive's estate.

12. INSURANCE AND INDEMNITY. The Company shall, to the extent permitted by law, include the Executive during the term of the Executive's agreement 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 directors and officers covered thereby. The Executive'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 or with any affiliated 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.

13. 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:

If to the Company:

Ross Stores, Inc.
8333 Central Avenue
Newark, CA 94560
Attention: President and COO

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.

14. COMPLETE AGREEMENT; MODIFICATION OR WAIVER; ENTIRE AGREEMENT. The Executive's document 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. No provision of this Agreement may be modified or waived except in a document signed by the Executive and the chairman of the Compensation Committee of the Board or such other person as may be designated by the Board. This Agreement, along with any stock option or restricted stock agreements between the parties, constitute the entire agreement between the parties regarding their employment

relationship. To the extent that this Agreement is in any way inconsistent with any prior or contemporaneous restricted stock or stock option agreements between the parties, 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.

15. GOVERNING LAW - SEVERABILITY. The validity, interpretation, construction, performance, and enforcement of this Agreement shall be governed by the laws of the state in which Executive's principle place of employment is located without reference to that state's choice of law rules. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

16. MITIGATION NOT REQUIRED. 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. Any amounts due the Executive under this Agreement shall be offset by any remuneration attributable to any subsequent employment that Executive may obtain during the period of payment of compensation under this Agreement following the termination of Executive's employment with the Company.

17. 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 NASDAQ price on the date preceding the date the withholding is determined.

18. ARBITRATION. In the event of any dispute or claim 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), all such disputes shall be fully, finally and exclusively resolved by binding arbitration conducted by the American Arbitration Association in the city in which Executive's principle 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 Commercial Arbitration Rules of the American Arbitration Association, provided, however, that the Executive's arbitration provision shall not apply to any disputes or claims relating to or arising out of the misuse or misappropriation of the Company's trade secrets or proprietary information. Notwithstanding the foregoing, if either the Company or the Executive shall request, such arbitration shall be conducted by a panel of three arbitrators, one selected by the Company, one selected by the Executive, and the third selected by agreement of the first two, or, in the absence of such agreement, in accordance with such Rules.

If there is termination of your employment with the Company followed by a dispute as to whether you are entitled to the benefits provided under this Agreement, then, during the period of that dispute the Company shall pay you fifty percent (50%) of the amount specified in Section 8 hereof (except that the Company shall pay one hundred percent (100%) of any insurance premiums provided for in Section 8), if, and only if, you agree in writing that if the dispute is resolved against you, you shall promptly refund to the Company all payments you receive. If the dispute is resolved in your favor, promptly after resolution of the dispute the Company shall pay you 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.

19. 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.

20. MISCELLANEOUS. No right or interest to, or in, any payments shall be assignable by the Executive; provided, however, that the Executive's provision shall not preclude Executive from designating in writing one or more beneficiaries to receive any amount that may be payable after Executive's death and shall not preclude the legal representative of Executive's estate 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.

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

By: Michael Balmuth

December 11, 2000

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 and nine-month periods ended October 28, 2000, and October 30, 1999, as indicated in our independent accountants' report dated November 17, 2000; 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 October 28, 2000 is incorporated by reference in Registration Statements Nos. 33-61373, 33-51916, 33-51896, 33-51898, 33-41415, 33-41413, 33-29600, 333-56831, 333-06119, 333-34988 and 333-51478 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,

/s/Deloitte & Touche LLP
San Francisco, California

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
CONDENSED CONSOLIDATED BALANCE SHEETS AND STATEMENTS OF EARNINGS FOR THE NINE
MONTHS ENDED OCTOBER 28, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO
SUCH FINANCIAL STATEMENTS.

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<CASH>		34,758
<SECURITIES>		0
<RECEIVABLES>		18,748
<ALLOWANCES>		0
<INVENTORY>		594,428
<CURRENT-ASSETS>		667,510
<PP&E>		547,492
<DEPRECIATION>		255,366
<TOTAL-ASSETS>		1,020,589
<CURRENT-LIABILITIES>		454,897
<BONDS>		0
<PREFERRED-MANDATORY>		0
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<COMMON>		811
<OTHER-SE>		434,657
<TOTAL-LIABILITY-AND-EQUITY>		1,020,589
<SALES>		1,929,932
<TOTAL-REVENUES>		1,929,932
<CGS>		1,329,601
<TOTAL-COSTS>		1,755,042
<OTHER-EXPENSES>		0
<LOSS-PROVISION>		0
<INTEREST-EXPENSE>		2,371
<INCOME-PRETAX>		174,890
<INCOME-TAX>		68,382
<INCOME-CONTINUING>		106,508
<DISCONTINUED>		0
<EXTRAORDINARY>		0
<CHANGES>		0
<NET-INCOME>		106,508
<EPS-BASIC>		1.28
<EPS-DILUTED>		1.27