

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Sec.240.14a-11(c) or Sec. 240.14a-12

ROSS STORES, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

\$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), 14a-6(i)(2) or Item 22(a)(2) of Schedule 14A.

\$500 per each party to the controversy pursuant to Exchange Act Rule 14a-6(i)(3).

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No:

3) Filing Party:

4) Date Filed:

April 24, 1996

Dear Stockholder:

Enclosed with this letter are the proxy materials for the upcoming Annual Meeting. Among the items on the Agenda are proposals to approve amendments to the company's Restricted Stock Plan and Outside Directors Stock Option Plan, along with a proposal requesting approval of the company's Incentive Compensation Plan. On behalf of the Compensation Committee of the Board of Directors, which unanimously recommends a "YES" vote for each of these proposals, I would like to take this opportunity to explain the Committee's compensation philosophy and how these equity and incentive plans fit into our goal of protecting and increasing the value of the stockholders' investment.

COMPENSATION PHILOSOPHY

The cornerstone of our philosophy is the alignment of the Board of Directors' and management's financial interests with those of the stockholders. A meaningful amount of total compensation for our executives is at risk in the form of equity-based grants and the potential for incentive bonuses based on the achievement of certain targets for pre-tax earnings. We believe this compensation structure focuses management's attention on developing and implementing strategies that will positively affect the value of the stock over the long-term. Further, these programs are primarily directed to those employees who can have a meaningful effect on the company's performance.

RECORD 1995 EARNINGS RESULTS

The company's results in 1995 indicate that this strategy is working. During the year, same store sales increased 2% and earnings per share rose almost 40% to \$1.73, compared to \$1.24 in 1994 before one-time insurance proceeds of about \$.25 per share. We are proud of this performance, especially considering that Ross Stores was the only publicly-traded off-price retailer in 1995 to deliver a second consecutive year of both comparable store sales and earnings growth. We believe that our ability to attract -- and more importantly retain -- what we consider to be the best talent available in the off-price industry is the number one reason for our strong financial results in 1995.

RESTRICTED STOCK PLAN

The company's Restricted Stock Plan is an important component of our compensation program that has enabled Ross to attract, motivate and retain those employees, particularly in the merchandising organization, necessary to compete in an increasingly tough environment for off-price apparel retailers. A key management focus over the past few years has been the expansion and strengthening of the company's merchandising staff through the addition of talented merchants at every level of the organization -management, buyers and assistant buyers. The proposal in the Proxy Statement requests stockholder approval to increase this plan's reserve by one million shares.

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Ross Stockholder
April 24, 1996
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OUTSIDE DIRECTORS STOCK OPTION PLAN

The company has in place an Outside Directors Stock Option Plan that, as part of the directors compensation program, enables the company to attract and retain experienced and qualified individuals to serve on the company's Board of Directors. The Plan also serves to align the financial interests of the Board members with those of the company's stockholders. The proposal in the Proxy Statement requests stockholder approval to increase this plan's reserve by 50,000 shares.

INCENTIVE COMPENSATION PLAN

The Incentive Compensation Plan has been in place since 1987. Its purpose is to provide management and certain key employees with financial incentives to meet or exceed pre-determined financial goals of the company. Exceeding the profit performance goal -- as the company did in 1995 -- results in a larger incentive award. Conversely, failure to achieve profit performance goals will reduce or eliminate the incentive payments under the Plan. The Incentive Compensation Plan as submitted in the enclosed Proxy Statement is intended to qualify payments made thereunder as deductible performance-based compensation in accordance with Section 162(m) of the Internal Revenue Code.

STOCK REPURCHASE PROGRAM

The total proposed increase in the share reserves for the two equity plans discussed above amounts to just over one million shares, or about 4% of total common stock outstanding. Dilution from the equity compensation plans has been offset in recent years by the company's stock repurchase programs. Since 1993, the company has announced stock repurchase programs totaling five million shares, of which approximately 3.4 million shares had been purchased through the end of March 1996.

Because enhancing stockholder value remains a top priority for your Board of Directors and management, we shall continue to evaluate how our dividend and repurchase programs can return value to stockholders.

Please feel free to call either John Vuko, Senior Vice President and Controller, or Katie Loughnot, Director of Investor Relations and Assistant Secretary, at 1-510-505-4509, with any questions you may have.

Respectfully,

/s/G. Orban

George P. Orban
Ross Stores, Inc.
Board of Directors Compensation Committee

April 24, 1996

Dear Stockholder:

You are cordially invited to attend the 1996 Ross Stores' Annual Meeting of Stockholders which will be held at 11:00 a.m. on Thursday, May 30, 1996 at the corporate headquarters located at 8333 Central Avenue, Newark, California. If you will need special assistance at the meeting, please contact Ms. Catherine C. Brady, Manager, Legal Affairs, Ross Stores, Inc., 8333 Central Avenue, Newark, CA 94560-3433 at least 10 days before the meeting.

Please complete the enclosed proxy card and return it in the envelope provided for that purpose as soon as possible so that your shares will be represented and voted at the meeting.

Thank you for your commitment to Ross Stores and for your cooperation in returning your proxy without delay.

Sincerely,

ROSS STORES, INC.

/s/Norman A. Ferber

Norman A. Ferber
Chairman of the Board and
Chief Executive Officer

PRINTED ON RECYCLED PAPER

ROSS STORES, INC.

Notice of Annual Meeting of Stockholders
To Be Held May 30, 1996

To the Stockholders:

Please take notice that the Annual Meeting of the Stockholders of Ross Stores, Inc., a Delaware corporation (the "company"), will be held on Thursday, May 30, 1996 at 11:00 a.m. PDT, at the company's corporate headquarters

located at 8333 Central Avenue, Newark, California for the following purposes:

1. To elect three Class I directors for a three-year term.
2. To approve an amendment to the 1988 Restricted Stock Plan to increase the share reserve by 1,000,000 shares.
3. To approve an amendment to the 1991 Outside Directors Stock Option Plan to increase the share reserve by 50,000 shares.
4. To approve the company's Incentive Compensation Plan.
5. To ratify the appointment of Deloitte & Touche LLP as the company's independent certified public accountants for the fiscal year ending February 1, 1997.
6. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Stockholders of record at the close of business on April 10, 1996 are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof. For ten days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder for any purpose related to the Annual Meeting during ordinary business hours at the principal office of the company located at 8333 Central Avenue, Newark, California.

By order of the Board of Directors,

Kathleen B. Loughnot, Assistant Secretary

Dated: April 24, 1996

IMPORTANT: PLEASE FILL IN, DATE, SIGN AND MAIL PROMPTLY THE ENCLOSED PROXY IN THE POST-PAID ENVELOPE PROVIDED TO ASSURE THAT YOUR SHARES ARE REPRESENTED AT THE MEETING. IF YOU ATTEND THE MEETING, YOU MAY VOTE IN PERSON IF YOU WISH TO DO SO, EVEN THOUGH YOU HAVE SENT IN YOUR PROXY.

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PROXY STATEMENT
1996 Annual Stockholders Meeting
ROSS STORES, INC.
8333 Central Avenue
Newark, California 94560
(510) 505-4400

PROXY SOLICITATION

The accompanying Proxy is solicited by the management of Ross Stores, Inc., a Delaware corporation (the "company"), for use at the Annual Meeting of Stockholders to be held on Thursday, May 30, 1996, at 11:00 a.m. PDT, or any adjournment thereof, at which stockholders of record at the close of business on April 10, 1996, shall be entitled to vote. The meeting will be held at the company's corporate offices, 8333 Central Avenue, Newark, California.

The date of this Proxy Statement is April 24, 1996, the approximate date on which this Proxy Statement and the accompanying Proxy were first sent or given to stockholders. The Annual Report to Stockholders for the fiscal year ended February 3, 1996, including financial statements, is enclosed with this Proxy Statement.

The purpose of this Proxy Statement is to provide the company's stockholders with certain information regarding the company and its management and to provide summaries of the matters to be voted upon at the Annual Meeting of Stockholders. The stockholders will be asked to (i) elect three Class I directors to serve a three-year term, (ii) approve increases in the share reserves of the company's 1988 Restricted Stock Plan and 1991 Outside Directors Stock Option Plan; (iii) approve the company's Incentive Compensation Plan in order for that plan to comply with Section 162(m) of the Internal Revenue Code and (iv) ratify the appointment of Deloitte & Touche LLP as the company's independent certified public accountants.

The company had outstanding, on April 10, 1996, 25,188,142 shares of common stock, par value \$0.01, all of which are entitled to vote with respect to all matters to be acted upon at the meeting. Each stockholder is entitled to one vote for each share of stock held by him or her. The company's Bylaws provide that a majority of all shares entitled to vote, whether present, in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. For ten days prior to the Annual Meeting, the company's stockholder list is available for viewing by the stockholders for any purpose related to the Annual Meeting during ordinary business hours at the company's principal place of business located at 8333 Central Avenue, Newark, California.

Any Proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is exercised by filing with the Assistant Secretary of the company an instrument revoking it, by presenting at the meeting a duly executed Proxy bearing a later date or by attending the meeting and voting in person.

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STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table contains information as of April 4, 1996 (except for the institutional investors as noted in footnote (2)) regarding the ownership of the common stock of the company by (i) all persons who, to the knowledge of the company, were the beneficial owners of 5% or more of the outstanding shares of common stock of the company, (ii) each director and each of the executive officers named in the Summary Compensation Table, and (iii) all executive officers and directors of the company as a group. Common stock is the only issued and outstanding equity security of the company.

Name of Beneficial Owner and Common the Directors and Executive Officers	Amount and Nature of Beneficial Ownership <F1>	Percent of Stock Outstanding
First Pacific Advisors 11400 W. Olympic Blvd., Ste. 1200 Los Angeles, CA 90064	2,169,600 <F2>	8.9%
BZW Barclays Global Investors, N.A. 45 Fremont Street San Francisco, CA 94105	1,326,421 <F2>	5.4%
FMR Corp. 82 Devonshire Street Boston, MA 02109	1,280,200 <F2>	5.3%
John Hancock Subsidiaries, Inc. P.O. Box 111 Boston, MA 02117	1,239,810 <F3>	5.1%
Stuart G. Moldaw	572,691 <F4>	2.3%

Norman A. Ferber	259,000	<F5>	1.0%
Maynard Jenkins	0	<F6>	*
George P. Orban	189,352	<F7>	*
Philip Schlein	13,600	<F8>	*
Donald H. Seiler	134,210	<F9>	*
Donna L. Weaver	16,000	<F10>	*
Melvin A. Wilmore	192,113	<F11>	*
Michael Balmuth	158,945	<F12>	*
Barbara Levy	87,298	<F13>	*
Barry S. Gluck	113,623	<F14>	*
All executive officers and directors as a group (18 persons, including the executive officers and directors named above)	2,159,637	<F15>	8.4%

*Less than 1%

<page 3>

[FN]

- <F1> To the knowledge of the company, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable and the information contained in the footnotes to this table.
- <F2> Information is as of December 31, 1995, pursuant to the Form 13G filed with the SEC, a copy of which was sent to the company.
- <F3> John Hancock Subsidiaries, Inc. Information is as of December 31, 1995, pursuant to the Form 13G filed with the SEC, a copy of which was sent to the company. John Hancock Subsidiaries, Inc. holds 1,176,710 shares through its indirect, wholly-owned subsidiary, NM Capital Management, Inc., 55,000 shares through its indirect, wholly-owned subsidiary, John Hancock Advisers, Inc. and 8,100 shares through its indirect, wholly-owned subsidiary, Tucker Anthony Incorporated.
- <F4> Mr. Moldaw. Includes 467,112 shares held in the name of The SGM and PIM Trust dated December 22, 1981; 48,579 shares held by the Moldaw Family Foundation and 40,000 shares held by the Moldaw Family Supporting Foundation. Mr. Moldaw, a director of the company, is a trustee of the Trust, and president of the Moldaw Family Foundation and president and a director of the Moldaw Family Supporting Foundation. Also includes options to purchase 17,000 shares of the company's common stock exercisable within 60 days of April 4, 1996.
- <F5> Mr. Ferber. Includes immediately exercisable options to purchase 159,000 shares of the company's common stock. Also includes 100,000 shares of the company's common stock that were granted under the company's 1988 Restricted Stock Plan and remain subject to vesting.
- <F6> Mr. Jenkins. None of Mr. Jenkins' stock options to purchase the company's common stock are exercisable within 60 days of

April 4, 1996.

- <F7> Mr. Orban. Includes 169,352 shares held in the name of Orban Partners and 3,000 shares held indirectly by Mr. Orban for his minor children. Mr. Orban, a director of the company, is a general partner and managing partner of Orban Partners. Also includes options to purchase 17,000 shares of the company's common stock exercisable within 60 days of April 4, 1996.
- <F8> Mr. Schlein. Includes options to purchase 12,000 shares of the company's common stock exercisable within 60 days of April 4, 1996.
- <F9> Mr. Seiler. Includes options to purchase 17,000 shares of the company's common stock exercisable within 60 days of April 4, 1996. Excludes 323,698 shares of common stock held by the 1976 Moldaw Family Trust. Mr. Seiler, a director of the company, is a co-trustee of the 1976 Moldaw Family Trust and disclaims beneficial ownership of the shares held by this trust.
- <F10> Ms. Weaver. Includes options to purchase 13,000 shares of the company's common stock exercisable within 60 days of April 4, 1996.
- <F11> Mr. Wilmore. Includes immediately exercisable options to purchase 88,613 shares of the company's common stock. Also includes 103,500 shares of the company's common stock that were granted under the company's 1988 Restricted Stock Plan and remain subject to vesting.
- <F12> Mr. Balmuth. Includes immediately exercisable options to purchase 73,945 shares of the company's common stock. Also includes 85,000 shares of the company's common stock that were granted under the company's 1988 Restricted Stock Plan and remain subject to vesting.
- <F13> Ms. Levy. Includes immediately exercisable options to purchase 37,335 shares of the company's common stock. Also includes 49,000 shares of the company's common stock that were granted under the company's 1988 Restricted Stock Plan and remain subject to vesting.
- <page 4>
- <F14> Mr. Gluck. Includes immediately exercisable options to purchase 73,019 shares of the company's common stock. Also includes 39,000 shares of the company's common stock that were granted under the company's 1988 Restricted Stock Plan and remain subject to vesting.
- <F15> Includes 793,128 shares subject to outstanding options held by directors and executive officers which were exercisable at April 4, 1996 or within 60 days thereof. Also includes 496,500 shares of the company's common stock granted to executive officers under the company's Restricted Stock Plan, all of which remain subject to vesting.

[/FN]

INFORMATION REGARDING NOMINEES AND INCUMBENT DIRECTORS

The Certificate of Incorporation and the Bylaws of the company provide that the number of members of the Board of Directors of the company (the "Board") may be fixed from time to time exclusively by the Board and that the directors shall be divided into three classes as nearly equal in number as possible. The term of office of each

class of directors is three years and the terms of office of the three classes overlap. The Board of Directors presently consists of nine members with the Class II directors having one vacant seat which the Board intends to fill. The three Class I directors to be elected at the 1996 Annual Meeting are being elected to hold office until the 1999 Annual Meeting and until their successors shall have been elected and qualified. Proxies cannot be voted for more than three nominees.

The following table indicates the name, age, business experience, principal occupation and term of office of each nominee and of each director of the company whose term of office as a director will continue after the Annual Meeting.

	Principal Position During Last Five Years	Age	Director Since
Nominees for Election as Class I Directors For Terms Expiring in 1999			
Stuart G. Moldaw	Chairman Emeritus of the company since March 1993. From August 1982 until March 1993, Chairman of the Board and, from February 1987 until January 1988, Chief Executive Officer of the company. Until February 1990, general partner of U.S. Venture Partners. Consultant to the company. Chairman of the Board of Gymboree Corporation and Director of Natural Wonders, Inc.	69	1982
George P. Orban	Managing partner of Orban Partners, a private investment company, since May 1984. Director of Egghead, Inc.	50	1982
Donald H. Seiler	Founder and senior partner of Seiler and Company, Certified Public Accountants. Mr. Seiler is a Certified Public Accountant. Director of Mid-Peninsula Bancorp.	67	1982

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	Principal Position During Last Five Years	Age	Director Since
Incumbent Class II Directors With Terms Expiring in 1997			
Donna L. Weaver	Chairman of Weaver, Field & London, Inc., an investor relations and corporate communications firm. Director of Crown Vantage, Inc. and Hancock Fabrics, Inc.	52	1986
Maynard Jenkins	President, Chief Executive Officer and Director of Orchard Supply Hardware, a home improvement retailer.	54	1996
Incumbent Class III Directors With Terms Expiring in 1998			
Philip Schlein	General partner of U.S. Venture Partners and USVP-Schlein Marketing Fund since April 1985. From January 1974 to January 1985, Mr. Schlein was Chief Executive Officer of Macy's California. Director of ReSound	61	1987

Corp.

Norman A. Ferber	Chairman of the Board and Chief Executive Officer of the company since March 1993; President and Chief Executive Officer from January 1988 to March 1993; President and Chief Operating Officer from February 1987 to January 1988. Prior to February 1987, Mr. Ferber was Executive Vice President, Merchandising, Marketing, and Distribution of the company.	47	1987
Melvin A. Wilmore	President and Chief Operating Officer of the company since March 1993; from December 1991 to March 1993, Executive Vice President and Chief Operating Officer. From October 1989 to December 1991, President and Chief Operating Officer of Live Specialty Retail, a division of LIVE Entertainment, Inc. From March 1988 to June 1989, President and General Partner of Albert's Hosiery and Bodywear. Director of Hechinger Company.	50	1993

During fiscal 1995, the Board of Directors held five meetings. Each member of the Board of Directors attended 100% of the total number of Board and applicable Committee meetings held during the year. The company has an Audit Committee, a Compensation Committee and a Nominating Committee.

Audit Committee. During fiscal 1995, Messrs. Seiler and Orban and Ms. Weaver served as members of the Audit Committee, which held two meetings. Mr. Seiler is chairman of the Audit Committee. The functions of the Audit Committee include recommending the independent accountants to the Board of Directors; reviewing and approving the planned scope of the annual audit, proposed fee arrangements and the results of the annual audit; reviewing the adequacy of accounting and financial controls; and reviewing the independence of the independent accountants.

Compensation Committee. During fiscal 1995, Messrs. Donald G. Fisher, Orban and Schlein served as members of the Compensation Committee, which held one meeting in March. After the company's Annual Stockholder meeting in May 1995, Mr. Fisher resigned from the Board of Directors and its committees. Mr. Orban currently is chairman of the Compensation Committee. The Compensation Committee is responsible for establishing and administering the policies that govern the compensation of all executive officers of the company, including the Chief Executive Officer. The

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Committee evaluates the performance of the executive officers and makes recommendations concerning their cash and equity compensation levels. The Committee also administers the company's Incentive Compensation Plan and determines the performance goals under that Plan. All decisions by the Compensation Committee relating to the compensation of the company's executive officers are reviewed and ratified by the full Board of Directors.

Nominating Committee. During fiscal 1995, Messrs. Fisher (until his resignation from the Board), Orban, Schlein and Seiler and Ms. Weaver served as members of the Nominating Committee. The Nominating Committee is primarily responsible for evaluating the qualifications of and making recommendations concerning potential new director nominees to the company's Board of Directors. Stockholders who wish to submit

names of prospective nominees for consideration by the Nominating Committee should do so in writing to the office of the Secretary of the company in accordance with the Bylaws of the company. The last day for submissions for next year's meeting will be December 30, 1996. The Nominating Committee held one meeting during fiscal 1995.

Information concerning the executive officers of the company is set forth in the company's Annual Report on Form 10-K for the fiscal year ended February 3, 1996.

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COMPENSATION AND OTHER TRANSACTIONS
WITH OFFICERS AND DIRECTORS

SUMMARY COMPENSATION TABLE

The following table provides certain summary information concerning compensation paid or accrued by the company to or on behalf of the company's Chief Executive Officer and each of the four other most highly compensated executive officers of the company for the 1995, 1994 and 1993 fiscal years.

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation Awards		All Other Compensation <F4> (\$)
		Salary <F1> (\$)	Bonus <F2> (\$)	Other Annual Compensation (\$)	Restricted Stock Awards <F3> (\$)	Securities Underlying Options (#)	
Norman A. Ferber Chairman of the Board & Chief Executive Officer	1995	\$544,333	\$546,000	\$2,305	\$0	45,000	\$7,173
	1994	\$513,750	\$204,198	\$0	\$1,587,500	150,000	\$4,538
	1993	\$497,917	\$0	\$5,071	\$0	15,000	\$7,138
Melvin A. Wilmore President & Chief Operating Officer	1995	\$477,333	\$489,000	\$1,441	\$847,500	30,000	\$4,625
	1994	\$423,750	\$142,588	\$1,790	\$158,750	25,000	\$4,538
	1993	\$407,083	\$0	\$19,358	\$197,500	25,000	\$29,559
Michael Balmuth Executive Vice President, Merchandising	1995	\$427,333	\$404,100	\$7,980	\$788,750	20,000	\$7,033
	1994	\$359,167	\$87,840	\$6,050	\$396,875	40,000	\$7,015
	1993	\$332,083	\$0	\$25,479	\$138,250	12,000	\$34,867
Barbara Levy Senior Vice President & General Merchandising Manager	1995	\$288,167	\$191,400	\$466	\$146,875	20,000	\$4,512
	1994	\$267,333	\$75,774	\$4,474	\$0	8,000	\$4,690
	1993	\$195,000	\$25,000	\$0	\$340,625	50,000	\$0
Barry S. Gluck Senior Vice President & General Merchandising Manager	1995	\$288,167	\$191,400	\$2,895	\$70,500	10,000	\$6,356
	1994	\$266,500	\$45,774	\$2,597	\$317,500	20,000	\$5,973
	1993	\$230,000	\$0	\$845	\$98,750	8,000	\$7,278

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<FN>
<F1> Includes all payments of salary and deferred compensation consisting of employee contributions to the Ross Stores, Inc. Employees' Profit Sharing Retirement Plan, a qualified plan under Sections 401(a) and 401(k) of the Internal Revenue Code of 1986, as amended (the "401(k) Plan") and the Ross Stores, Inc. Non-Qualified Deferred Compensation Plan (the "Deferred Compensation Plan"), described in footnote 4 below. Ms. Levy joined Ross in May 1993.

<F2> Includes all payments made to those executive officers listed in the above Table under the company's Incentive Compensation

Plan as described in the Compensation Committee Report below. For Ms. Levy the amount paid in 1994 includes part of her sign-on bonus (\$30,000) and the amount paid to Ms. Levy in 1993 was part of her sign-on bonus.

<F3> Under the terms of his Restricted Stock Grant Agreement, dated March 15, 1994, Mr. Ferber was granted 100,000 shares of common stock that vest on February 3, 1997. Under the terms of his Restricted Stock Grant Agreement, dated March 16, 1995, Mr. Wilmore was granted 20,000 shares of common stock, that vest as follows: 10,000 shares each on March 16th of 1997 and 1998. Under the terms of his Restricted Stock Grant Agreement, dated July 28, 1995, Mr. Wilmore was granted 50,000 shares of common stock, that vest as follows: 15,000 shares on February 1, 1996, 10,000 shares on February 1, 1997 and 25,000 shares on February 1, 1998. Under the terms of his Restricted Stock agreement dated March 16, 1995, Mr. Balmuth was granted 15,000 shares of common stock that vest as follows: 5,000 shares on March 16, 1997 and 10,000 shares on March 16, 1998. Under the terms of his Restricted Stock Agreement, dated July 28, 1995, Mr. Balmuth was granted 50,000 shares of common stock, that vest as follows: 25,000 shares on February 1, 1996, 10,000 shares on February 1, 1997 and 15,000 shares on February 1, 1998. Under the terms of her Restricted Stock Agreement, dated May 26, 1993, Ms. Levy was granted 25,000 shares of common stock that vest as follows: 5,000 shares on each May 3rd of 1995, 1996, and 1997 and 10,000 shares on May 3, 1998. Under the terms of her Restricted Stock Agreement, dated March 16, 1995, Ms. Levy was granted 12,500 shares of common stock that vest as follows: 10,000 shares on March 16, 1997 and 2,500 shares on March 16, 1998. Under the terms of his Restricted Stock Agreement, dated March 15, 1994, Mr. Gluck was granted 20,000 shares that vest as follows: 5,000 shares on March 15, 1996 and 15,000 shares on March 15, 1997. Under the terms of his Restricted Stock Agreement, dated March 16, 1995, Mr. Gluck was granted 6,000 shares of common stock that vest on March 16, 1997. At February 3, 1996, unvested shares of restricted stock were held by Mr. Ferber in the amount of 100,000 shares with a market value of \$2,012,500; by Mr. Wilmore in the amount of 87,500 shares with a market value of \$1,760,938; by Mr. Balmuth in the amount of 99,000 shares with a market value of \$1,992,375; by Ms. Levy in the amount of 32,500 shares with a market value of \$654,063; and by Mr. Gluck in the amount of 38,000 shares with a market value of \$764,750. Dividends are payable to all holders of restricted stock at the same rate as paid to all stockholders.

<F4> The company's 401(k) Plan provides that eligible employees generally may contribute by authorizing a pre-tax payroll deduction of a minimum of 1% and a maximum of 15% of their yearly compensation. For every dollar that an eligible employee contributes through payroll withholding, up to a maximum of 3% of compensation, the company also contributes \$1.00. The Deferred Compensation Plan, in addition to the 401(k) Plan, allows eligible employees to contribute by authorizing a pre-tax payroll deduction of a percentage of their salary -- up to 100%. If an employee elects to defer 100% of his/her salary, and, therefor is unable to participate in the 401(k) Plan, then for every dollar that an eligible employee contributes through payroll withholding, up to a maximum of 3% of compensation, the company also contributes \$1.00. The amounts listed for 1995, 1994 and 1993 for Messrs. Ferber and Gluck and Ms. Levy consist of company contributions made for the account of

executive officers under the company's 401(k) Plan. The amount listed listed for Mr. Wilmore (i) in 1995 consists of the company contribution under the 401(k) Plan and the Deferred Compensation Plan; (ii) in 1994 consists of the company contribution under the 401(k) Plan; and (iii) in 1993 consists of \$22,396 for reimbursement of moving expenses and \$7,163 for company contributions under the 401(k) Plan. The amounts listed for Mr. Balmuth (i) in 1995 and 1994 consist of the company contribution under the 401(k) Plan; and (ii) in 1993 consists of \$25,617 for reimbursement of moving expenses and \$9,250 for company contributions under the 401(k) Plan.

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OPTION GRANTS IN LAST FISCAL YEAR

The following table contains information with respect to the named executive officers concerning the grant of stock options under the company's 1992 Stock Option Plan during fiscal 1995. There are no provisions under the terms of this Plan for the granting of Stock Appreciation Rights (SARs).

Name and Principal Position	Individual Grants		Exercise or Base Price (\$/Sh) <F1>	Expiration Date <F3>	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term <F4>		
	Number of Securities Underlying Options Granted <F1>	% of Total Options Granted to Employees in Fiscal Year <F2>			0%	5%	10%
Norman A. Ferber Chairman of the Board & Chief Executive Officer	45,000	5.99%	\$11.75	03/16/05	\$0	\$332,528	\$842,691
Melvin A. Wilmore President & Chief Operating Officer	30,000	3.99%	\$11.75	03/16/05	\$0	\$221,685	\$561,794
Michael Balmuth Executive Vice President, Merchandising	20,000	2.66%	\$11.75	03/16/05	\$0	\$147,790	\$374,529
Barbara Levy Senior Vice President & General Merchandising Manager	20,000	2.66%	\$11.75	03/16/05	\$0	\$147,790	\$374,529
Barry S. Gluck Senior Vice President & General Merchandising Manager	10,000	1.33%	\$11.75	03/16/05	\$0	\$73,895	\$187,265
All Stockholders	N/A	N/A	N/A	N/A	\$0	\$170,696,392	\$430,805,180
Named executive officers' gain as a percent of all stockholders' gain	N/A	N/A	N/A	N/A	0%	.54%	.54%

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<FN>

<F1> All options listed in the above table were granted on March 16, 1995, with an exercise price equal to the fair market value of the company's common stock as determined by the closing price on the date of grant. The stock option grants made in fiscal 1995 to those executive officers listed above vest monthly in increments that increase annually over a three year period from the date of grant. The Board of Directors has the ability to change the terms of outstanding options. See "Employment Contracts,

Termination of Employment and Change-In-Control Arrangements".

- <F2> A total of 751,000 shares were granted in the form of non-qualified stock options during fiscal 1995 to all participants in the 1992 Stock Option Plan. No incentive stock options were granted during 1995.
- <F3> All non-qualified stock option grants made under the 1992 Stock Option Plan are made for a term of ten years from the date of grant.
- <F4> The dollar amounts under these columns are the result of calculations at 0% and at the assumed 5% and 10% rates mandated by the Securities and Exchange Commission and, therefore, are not intended to forecast possible future appreciation, if any, of the company's stock price. The company did not use an alternative formula for a grant date valuation, as the company is not aware of any formula which will determine with reasonable accuracy a present value based on future unknown or volatile factors. No gain to the optionees is possible without an increase in stock price, which will benefit all stockholders commensurably. A zero percent gain in stock price will result in zero dollars for the optionee. Appreciation in stockholder value is based on the same rates of appreciation as shown for those options granted to executive officers and assumes each outstanding share at March 31, 1995, the last trading day of the fiscal month, was valued at \$11.00, the closing price of Ross Stores, Inc.'s common stock.

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AGGREGATED OPTION EXERCISES AND YEAR-END VALUE TABLE

The following table provides information with respect to the named executive officers concerning the exercise of stock options during the last fiscal year and unexercised options held as of the end of last fiscal year.

Name and Principal Position	Number of Shares Acquired on Exercise	Value Realized <F1>	Aggregated Option Exercises in Last Fiscal Year and FY-End Option Values	
			Number of Securities Underlying Unexercised Options at Fiscal Year-End (#) Exercisable/Unexercisable <F2>	Value of Unexercised In-the-Money Options at Fiscal Year-End (\$) Exercisable/Unexercisable<F3>
Norman A. Ferber Chairman of the Board & Chief Executive Officer	0	\$0	240,000/0	\$1,053,750/0
Melvin A. Wilmore President & Chief Operating Officer	54,165	\$216,090	225,835/0	\$1,011,209/0
Michael Balmuth Executive Vice President, Merchandising	7,324	\$54,081	89,500/0	\$343,563/0
Barbara Levy Senior Vice President & General Merchandising Manager	0	\$0	78,000/0	\$407,750/0
Barry S. Gluck Senior Vice President & General Merchandising Manager	2,000	\$22,250	71,019/0	\$395,844/0

<FN>

<F1> The value realized on exercise of the stock option is the difference between the exercise price of the shares exercised and the fair market value of the shares on the date of exercise.

<F2> All options granted under the terms of the company's 1992 Stock Option Plan are exercisable in full as of the date of grant, but any shares acquired are subject to certain vesting restrictions. Under the terms of the stock option agreements, the company has the right to repurchase all unvested shares at the optionee's cost. A portion of the exercisable shares shown in the Table above are unvested and subject to the right of repurchase by the company.

<F3> The value of unexercised in-the-money options at the end of the fiscal year is calculated by multiplying the number of exercisable in-the-money shares by the difference between the closing price (\$20.125) of Ross Stores common stock on February 2, 1996 (the last trading date of the fiscal year) and the exercise price per share of the shares. A portion of the shares subject to these options are unvested and subject to repurchase provisions as described in footnote (2) above.

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BOARD OF DIRECTORS COMPENSATION COMMITTEE REPORT
ON EXECUTIVE COMPENSATION

The Compensation Committee of the Board of Directors (the "Committee"), which consists of two independent outside directors, establishes and administers the policies that govern the compensation of all executive officers of the company. The Committee considers the performance of the executive officers and makes recommendations concerning their compensation levels. All decisions by the Committee relating to the compensation of the company's executive officers are reviewed and approved by the full Board of Directors. The Board of Directors did not revise or make any modifications to the Committee's recommendations concerning executive officer compensation during the last fiscal year.

Compensation Philosophy

The company's compensation policies aim to align the financial interests of the company's management with those of its stockholders. The company's executive compensation philosophy is also to integrate executive pay with the long-term strategic objectives of the company, recognize individual initiative and achievements and assist the company in attracting, motivating and retaining a group of high-performing executives.

Compensation for the company's executive officers, including those individuals named in the foregoing Tables, consists of the following elements: base salary, annual incentive bonus, restricted stock granted under the 1988 Restricted Stock Plan, stock options granted under the 1992 Stock Option Plan and other benefits typically offered to corporate executives. A majority of the total potential compensation for the company's executive officers is in the form of annual incentive bonuses and stock plan awards that may vary according to the company's achievement of its strategic objectives in addition to those motivational and retentive factors deemed necessary and appropriate by the Committee. The Committee believes that the components of the total compensation program for executives outlined in this report work together to enable the company to attract, motivate and retain the executive talent necessary to successfully execute the company's strategies over the long term in an increasingly challenging environment for apparel retailers.

Section 162(m) of the Internal Revenue Code of 1986

It is the Committee's policy to seek to qualify executive compensation for deductibility under Section 162(m) of the Internal Revenue Code of 1986 to the extent consistent with the company's overall objectives in attracting, motivating and retaining

its executives. The Committee has reviewed the company's executive compensation structure in light of the current tax law. The Committee believes that grants made under its 1992 Stock Option Plan will be fully deductible when an option is exercised. Grants under the company's 1988 Restricted Stock Plan do not qualify as performance-based compensation and, therefore, may not be fully deductible to the extent the vesting of restricted stock, when added to other non-exempt compensation for a particular executive, exceeds the \$1 million limit in any tax year. However, the Committee believes that only compensation paid to the company's (i) Chairman and Chief Executive Officer; or (ii) President and Chief Operating Officer; or (iii) Executive Vice President, Merchandising is at risk of not being fully deductible because of the size of their restricted stock awards. The Committee has concluded that amending the Restricted Stock Plan to comply with the requirements for performance-based compensation under Section 162(m) would weaken the company's efforts to recruit and retain key executives over the long term. The Committee has recommended that the company request stockholder approval of the company's Incentive Compensation Plan so that future bonuses paid under the plan will qualify for deductibility under Section 162(m). (See "Proposal 4, Incentive Compensation Plan" for further discussion of the Plan). The Committee will continue to evaluate the advisability of qualifying certain elements of the company's executive compensation as fully deductible performance-based compensation.

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Executive Officers' 1995 Compensation

Salary. Base salaries for executive officers are initially determined by competitive requirements to recruit the executive. Salaries are then reviewed annually with recommended adjustments made based upon the individual performance of each executive officer and his or her relative contribution in achieving the company's strategic goals. During 1995, the average merit increase in base salaries for all executive officers as a group was 4%.

Annual Incentive Bonus. The company's Incentive Compensation Plan was adopted by the Board of Directors, effective May 1987, and is designed to allow management to share in the company's success based on the company's attainment of varying levels of pre-tax earnings. At the commencement of each fiscal year, the Committee determines the incentive awards payable at varying levels of pre-tax earnings achieved by the company. Such awards are expressed as a percentage of year-end base salary and are payable in the form of cash bonuses after fiscal year-end based on this previously determined formula. (See "Proposal 4, Incentive Compensation Plan" for further discussion of the Plan.)

Based on the targeted pre-tax earnings goal set for 1995, the Plan provided for awards to executive officers that ranged from 33% to 65% of base salary, depending on the position of the executive officer. During fiscal 1995, the company exceeded its targeted pre-tax earnings goal. Total payments made under the Plan for fiscal 1995 to all executive officers as a group represented approximately 80% of their total salaries as a group. Potential and actual awards over the last three fiscal years have ranged from 0% to 100% of executive officers' base salaries, based on the actual level of pre-tax earnings achieved each year relative to the targeted goal, as well as the position of the executive officer.

Stock Award Programs. The company's stock award programs consist of the 1988 Restricted Stock Plan ("Restricted Stock Plan") and the 1992 Stock Option Plan ("Option Plan"). A majority of the members of the Board are not employees of the

company and are therefore not eligible to receive awards under either the Restricted Stock Plan or the Option Plan. The Restricted Stock Plan and the Option Plan were established with two important objectives: (i) to align the financial interests of the company's stockholders and the executive officers by providing incentives that focus management's attention on the successful long-term strategic management of the business and appreciation in stockholder value; and (ii) to recruit, motivate and retain a high-performing group of senior and middle managers.

The Committee makes recommendations to the Board of Directors concerning the granting of awards to executive officers from both the Restricted Stock Plan and the Option Plan. The levels of stock awards granted to executive officers under the Option Plan are based on the following factors: the executive officer's position, past and expected future contributions to the achievement of the company's strategic objectives, existing stock ownership position and the level of previous stock awards. Each member of the Committee individually weighs the above factors and then the Committee reaches a consensus as to what the awards should be. The levels of stock awards granted to executive officers under the Restricted Stock Plan are determined primarily by the retentive value of the grant necessary to retain key executives over the long term as well as to protect the company against outside offers of employment to key individuals as well as the same factors listed above for stock option awards. The officers must satisfy vesting requirements in order to retain the stock.

All stock option awards are granted with an exercise price based on the fair market value of the company's common stock on the date of grant. These awards provide value to the executive officers only when and to the extent that the fair market value of the company's common stock appreciates over the fair market value on the date of grant. All awards made in fiscal 1995 to executive officers under the Option Plan have a term of ten years and vest monthly in progressively increasing annual increments over a three year period. Unless otherwise specified in the stock option agreement, all options are immediately exercisable, subject to the company's right to repurchase unvested shares at the optionee's cost.

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Chief Executive Officer's 1995 Compensation

A majority of the total potential compensation for the company's Chief Executive Officer is in the form of annual incentive bonuses and stock plan awards that may vary according to the company's achievement of its strategic objectives in addition to those motivational and retentive factors deemed necessary and appropriate by the Committee, which are discussed below. Mr. Ferber's 1995 incentive bonus and stock award compensation were earned under the same plans made available to all executive officers, as discussed above.

Salary. Mr. Ferber's base salary is established by the terms of his employment agreement entered into with the company on June 1, 1995 which extends through February 3, 1997, unless earlier extended, re-negotiated or terminated by the parties. It provided for an annual salary of not less than \$542,000. Mr. Ferber's 1995 annual base salary of \$546,000 represented an increase of 6% over his 1994 base salary. (See "Employment Contracts, Termination of Employment and Change-In-Control Arrangements" for further discussion of Mr. Ferber's employment agreement.)

Bonus. The annual incentive bonus portion of Mr.

meeting of a committee of the Board. For both fiscal 1996 and 1995, if more than one committee meeting is held on the same day, each committee member receives payment for only one committee meeting. Travel expenses are reimbursed.

In addition to compensation received as a Board member, Stuart G. Moldaw, Chairman Emeritus, receives administrative support and an annual fee of \$80,000 for his services as consultant to the company. The company pays the annual premiums of \$128,500 on a split dollar life insurance policy, with a face value of \$4 million. In the most recent fiscal year, \$70,630 of the premium was reported as taxable compensation to Mr. Moldaw and \$57,930 of the premium was added to the amount refundable to the company upon death or cancellation of the policy. The company also pays the premiums of the executive medical insurance for Mr. Moldaw and his spouse. (See also "Certain Transactions.")

Directors who are not employees of the company are eligible to receive stock options automatically granted under the terms of the company's 1991 Outside Directors Stock Option Plan (the "Directors Plan"), which is intended to qualify as a "formula plan" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934 (the "Exchange Act"). During the 1995 fiscal year, Messrs. Moldaw, Orban, Schlein and Seiler and Ms. Weaver each were automatically granted an option to purchase 1,000 shares of common stock under the Directors Plan on March 18, 1995, with an exercise price of \$11.6875, which was the closing price of the company's common stock as reported on the Nasdaq National Market on such date. For further information regarding the Directors Plan, see Proposal 3.

Compensation Committee Interlocks and Insider Participation

Mr. Fisher, Mr. Orban and Mr. Schlein served on the Compensation Committee of the Board of Directors for the past fiscal year. Mr. Fisher resigned from the Board of Directors after the company's 1995 Annual Stockholders Meeting on May 25, 1995. Mr. Orban is currently the Chairman of the Compensation Committee.

Employment Contracts, Termination of Employment and Change-In-Control Arrangements

Norman A. Ferber. The company and Norman A. Ferber, Chairman of the Board and Chief Executive Officer, entered into an employment agreement on June 1, 1995 which extends through February 3, 1997. Upon notice from Mr. Ferber, at specified times, the Board will consider extending the agreement for successive one-year periods. The agreement provides that Mr. Ferber will receive an annual salary of not less than \$542,000; however, for the fiscal year beginning February 4, 1996, Mr. Ferber will be paid an annual salary of not less than \$750,000.

During the period (a) beginning on the earlier of (i) February 4, 1997 or (ii) the effective date of the election of a successor to Mr. Ferber as Chief Executive Officer of the company and (b) ending on January 31, 1998 ("Consultancy Termination Date"), Mr. Ferber shall cease to be an employee of the company and shall be retained as a consultant to the company. If Mr. Ferber's employment with the company is extended one additional year, then Mr. Ferber's retention as a consultant shall commence on the expiration of his extended employment and shall be for a twelve month period. While he serves as a consultant to the company, Mr. Ferber shall be paid a consulting fee of \$62,500 per month. If, as a result of Mr. Ferber's status as a consultant to the company, he is (i) subject to an increased tax liability or (ii) ineligible to participate in any of the company's employee benefit plans, then the consulting fees shall be

increased so that his tax liability is the same as when he was an employee and to enable Mr. Ferber to procure (to the extent available) such benefits at no additional after tax cost to him.

During his employment or consultancy, Mr. Ferber shall be paid an annual bonus under the company's Incentive Compensation Plan. However, each such bonus shall be in an amount equal to the greater of (i) the bonus attributable to fiscal 1995 (\$546,000) or (ii) the bonus attributable to the fiscal year prior to the year in which Mr. Ferber's employment or consultancy terminated or (iii) the bonus Mr. Ferber would have earned under the Incentive Compensation Plan in the year he was terminated had he remained in its employment or as a consultant to the company.

In the event (i) Mr. Ferber's employment or consultancy involuntarily terminates due to disability; (ii) the company terminates his employment or consultancy without cause and, in certain instances, for cause; or (iii) he resigns for good reason, Mr. Ferber would be entitled to continued payment of his then current salary, including an annual bonus, through the Consultancy Termination Date or any extension thereof; all stock options held by Mr. Ferber would become fully vested and he would be entitled to those restricted stock shares which are vested as of the date of his termination based upon vesting in equal monthly installments over a three-year period beginning February 3, 1994. Additionally, if Mr. Ferber's employment or consultancy terminates for any reason, the company would continue Mr. Ferber's (and/or his eligible dependents) health care coverage under the company's benefit plans at no cost to Mr. Ferber (and/or his eligible dependents) for a five year period. In the event there is a change-in-control of the company, Mr. Ferber would be entitled to continued payment of his then current salary, including an annual bonus, through the Consultancy Termination Date or any extension thereof; all restricted stock and stock options held by Mr. Ferber would become fully vested (except as described below). Further, he would be reimbursed for any excise taxes paid pursuant to Internal Revenue Code Section 4999.

Melvin A. Wilmore. The company and Melvin A. Wilmore, President and Chief Operating Officer, entered into an employment agreement as of March 15, 1994, amended March 16, 1995 and June 1, 1995, which extends through February 3, 1999. Upon notice from Mr. Wilmore at specified times, the Board will consider extending the term of the agreement for successive two-year periods. The agreement, as amended, provides that Mr. Wilmore will receive an annual salary of not less than \$475,000. In the event (i) Mr. Wilmore's employment involuntarily terminates due to disability; (ii) the company terminates his employment without cause and, in certain instances, for cause; or (iii) he resigns for good reason, Mr. Wilmore would be entitled to continued payment of his then current salary, including an annual bonus, through the remaining term of the employment agreement, and all stock options held by Mr. Wilmore would become fully vested. Additionally, under the above circumstance, Mr. Wilmore's restricted stock grant agreements, dated March 15, 1994 and March 16, 1995, provide that he would be entitled to those shares of restricted stock (45,000 and 20,000 shares, respectively) which are vested as of the date of his termination based upon vesting in equal monthly installments over a three-year period beginning on the date of grant. In the event there is a change-in-control of the company, Mr. Wilmore would be entitled to continued payment of his then current salary, including an annual bonus, through the remaining term of the employment agreement, and all restricted stock and stock options held by Mr. Wilmore would become fully vested (except as described below). Additionally, he would be reimbursed for any excise taxes paid pursuant to Internal Revenue Code Section 4999.

Michael Balmuth. The company and Michael Balmuth, Executive Vice President, Merchandising, entered into an employment agreement as of February 1, 1995, amended June 1, 1995, which extends through February 3, 1999. Upon notice from Mr. Balmuth at specified times, the Board will consider extending the term of the agreement for successive two-year periods. The agreement, as amended, provides that Mr. Balmuth will receive an annual salary of not less than \$440,000. In the event (i) Mr. Balmuth's employment involuntarily terminates due to disability; (ii) the company terminates his employment without cause and, in certain instances, for cause; or (iii) he resigns for good reason, Mr. Balmuth would be entitled to continued payment of his then current salary, including an annual bonus, through the remaining term of the employment agreement; all stock options held by Mr. Balmuth would become fully vested; and he would be entitled to certain restricted stock shares which are vested as of the date of his termination based upon vesting in equal monthly installments over a two-year period beginning February 1, 1995. In the event there is a change-in-control of the company, Mr. Balmuth would be entitled to continued payment of his then current salary, including an annual bonus, through the

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remaining term of the employment agreement, and all restricted stock and stock options held by Mr. Balmuth would become fully vested (except as described below). Additionally, he would be reimbursed for any excise taxes paid pursuant to Internal Revenue Code Section 4999.

Barry S. Gluck and Barbara Levy. Effective as of March 1, 1996, the company entered into employment agreements with its Senior Vice Presidents and General Merchandising Managers -- Barry S. Gluck and Barbara Levy. The terms are the same for each employment agreement. The term of each employment agreement extends through March 1, 1999. Upon notice from the officer, at specified times, the Board will consider extending the term of the agreement for successive two-year periods. The agreement provides that the officer will receive an annual salary of not less than \$330,000. In the event (i) the officer's employment involuntarily terminates due to disability; (ii) the company terminates his or her employment without cause and, in certain instances, for cause; or (iii) he or she resigns for good reason, the officer would be entitled to continued payment of his or her then current salary, including an annual bonus, through the remaining term of the employment agreement; all stock options held by the officer would become fully vested; and he or she would be entitled to certain restricted stock shares which are prorata vested as of the date of his or her termination over the original vesting period beginning on the date of grant. In the event there is a change-in-control of the company, the officer would be entitled to continued payment of his or her then current salary, including an annual bonus, through the remaining term of the employment agreement, and all restricted stock and stock options held by the officer would become fully vested (except as described below). Additionally, he or she would be reimbursed for any excise taxes paid pursuant to Internal Revenue Code Section 4999.

Participants in the 1988 Restricted Stock Plan and 1992 Stock Option Plan. Under the terms of the individual agreements for all the participants in the company's 1988 Restricted Stock Plan and 1992 Stock Option Plan, each employee, including executive officers, is entitled only to those shares vested as of the date of termination. However, the company's Board of Directors generally has the discretion to accelerate vesting or change other terms of an outstanding agreement. In the event of certain mergers or acquisition transactions which result in a change-in-control of

the company, any unvested shares of restricted stock automatically become vested shares and the company's Board of Directors must either accelerate vesting of all outstanding stock options or arrange for the options to be assumed by the acquiring or successor corporation.

Certain Transactions

On February 5, 1993, the company made a relocation loan of \$300,000 to Mr. Wilmore at an annual interest rate of 0%. The loan, which is secured by a deed of trust on his home, was originally due on February 5, 1996. However, on January 25, 1996, the Board approved an extension of the loan for another three years with an annual interest rate of 5.5%. The amount of principal outstanding on March 31, 1996 was \$300,000.

The company leases two stores, one in Roseville, California and one in Dublin, California, from entities affiliated with Stuart G. Moldaw, a current director. The Roseville, California store is leased from a partnership in which trusts established by a former director of the company and Stuart G. Moldaw are partners. Donald H. Seiler, also a director, is a trustee of these trusts. In fiscal 1995, the company paid \$262,500 in rent. Mr. Moldaw's and his trusts' interests in the partnership total 40.38%. The Dublin, California store is leased from a partnership in which Mr. Moldaw, trusts established by Mr. Moldaw and members of his family are limited partners. In fiscal 1995, the company paid \$243,571 in rent. Mr. Moldaw's and his family's interests in the partnership total 86.57%. The company believes that the general terms and conditions of the above leases, including the rental payments by the company, were made at prevailing market rates.

Compliance With Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires the company's officers and directors and persons who own more than ten percent of a registered class of the company's equity securities to file reports of

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ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish the company with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons that no Forms 5 were required to be filed for those persons, the company believes that, during fiscal 1995, all filing requirements applicable to its officers, directors and greater than ten percent owners were complied with, except that Mr. Ferguson, Senior Vice President, Distribution, was late in reporting an option grant for 40,000 shares which was reported on an amended Form 3.

PROPOSAL 1

ELECTION OF CLASS I DIRECTORS

If elected, each nominee will hold office for a three-year term or until his successor is elected and qualified unless he resigns or his office becomes vacant by death, removal, or other cause in accordance with the Bylaws of the company. Management knows of no reason why any of these nominees should be unable or

unwilling to serve, but if any nominee(s) should for any reason be unable or unwilling to serve, the proxies will be voted for the election of such other person(s) for the office of director as management may recommend in the place of such nominee(s).

Vote Required

The plurality of the votes cast by the shares of common stock present or represented and voting at the Annual Meeting will determine the election of the directors. Abstentions and broker non-votes will be counted as present in determining if a quorum is present but will not affect the election of directors.

The Board of Directors unanimously recommends that the stockholders vote FOR the three nominees listed under "Information Regarding Nominees and Incumbent Directors."

PROPOSAL 2

1988 RESTRICTED STOCK PLAN APPROVAL OF AN AMENDMENT TO INCREASE THE SHARE RESERVE BY 1,000,000 SHARES

Background

The Board of Directors believes that, for the reasons discussed below, the availability of an adequate number of shares in the share reserve for the 1988 Restricted Stock Plan ("Restricted Stock Plan") is an important factor in attracting, retaining and motivating the qualified officers and employees essential to the success of the company. Therefore, subject to stockholder approval, the Board has amended the Restricted Stock Plan to increase the number of shares reserved for issuance under the Restricted Stock Plan by 1,000,000 shares.

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Supporting Arguments For Increasing The Share Reserve For The Restricted Stock Plan

The Board of Directors believes that the company's Restricted Stock Plan has played a key role in enabling the company to recruit, motivate and retain an effective group of senior and middle level management. The need to amend the Restricted Stock Plan has caused management and the Board of Directors to re-evaluate its long-term role in providing appropriate incentives to increase the value of the company for the benefit of its stockholders. From that review, it was determined that this stock award program continues to deliver substantial benefits to the company and its stockholders, as discussed below.

The cornerstone of the company's compensation philosophy is the alignment of management's financial interests with those of the stockholders. A meaningful amount of total compensation in the form of equity-based grants focuses management's attention on developing and implementing strategies that will positively affect long-term valuation of the stock. Further, equity-based compensation is directed to those employees who can have a meaningful effect on the company's performance.

The Board of Directors recommends a vote in favor of this proposal primarily because the Restricted Stock Plan is an effective program that enables Ross to attract, motivate and retain the key employees, particularly in the merchandising organization, necessary to compete in an increasingly tough environment for off-price apparel retailers.

A key management focus over the past few years has been the expansion and strengthening of the company's merchandising staff through the addition of talented merchants at every level of the organization -- management, buyers and assistant buyers. The Restricted Stock Plan is an important vehicle that strengthens the overall competitiveness of the company's compensation packages and enables Ross to accomplish this strategic objective. The Board of Directors believes that this program helped the company deliver respectable financial results in both 1994 and 1995. Despite one of the toughest climates ever for off-price retailers, Ross was the only publicly-traded company in the off-price apparel industry to report gains in both same store sales and earnings per share over the past two years. During 1994, Ross Stores comparable store sales increased 2%, and earnings per share rose 9% to \$1.24. In 1995, earnings per share increased 40% on a comparable store sales gain of 2%.

The total proposed increase in the Restricted Stock Plan's share reserve is for 1.0 million shares, or about 4% of total common stock outstanding. Dilution from the equity compensation plans has been offset by the company's stock repurchase programs over the past several years. As a result, fully-diluted shares outstanding today are actually lower than they were in 1988 when the company initiated its first stock repurchase program.

The company's Board of Directors and management firmly believe that effective equity compensation programs represent a key competitive advantage in today's increasingly difficult environment for apparel retailers, and in particular, the off-price sector. Approval of this proposal is critical to enabling the company to continue to make progress in 1996 and beyond.

Vote Required

The affirmative vote of a majority of the shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting is required for approval of this proposal. Abstentions will be counted as present in determining if a quorum is present and will be counted as if voted against this proposal. Broker non-votes will be counted as present in determining if a quorum is present but will have no effect on this proposal.

The Board of Directors unanimously recommends that stockholders vote FOR approval of this proposal to increase the share reserve for the Restricted Stock Plan.

Summary of the Restricted Stock Plan

The following summary of the Restricted Stock Plan is qualified in its entirety by the specific language of the Restricted Stock Plan, as amended. Copies of the Restricted Stock Plan are available to any stockholder upon request addressed to Investor Relations, Ross Stores, Inc., 8333 Central Avenue, Newark, California 94560.

The Restricted Stock Plan is administered by the Board of Directors or a committee of members of the Board appointed by the

Board. Under the Restricted Stock Plan, all employees (including officers) of the company and any current or future parent or subsidiary corporation of the company are eligible to receive shares of common stock pursuant to the Restricted Stock Plan ("Plan Shares"). The Board in its sole discretion, determines which individuals will be awarded Plan Shares ("Participants"), the number of shares awarded and the vesting of the Plan Shares. Plan Shares are granted at no cost to the Participant.

Subject to approval by the stockholders, the Board has amended the Restricted Stock Plan to increase the aggregate number of shares issuable under the plan by 1,000,000 shares. As of April 10, 1996, excluding the proposed increase, 517,050 shares remained available for future awards. The Restricted Stock Plan provides that appropriate adjustments will be made to the share reserve in the event of any stock dividend, stock split, reverse stock split, combination, reclassification or similar change in the capital structure of the company. To the extent that any Plan Shares are reacquired by the company, such shares are returned to the plan and become available for future grants.

Vesting of Plan Shares is set forth in a stock grant agreement executed between the company and the Participant. Plan Shares typically vest two to five years after the date of grant. In the event a Participant's employment with the company is terminated before his or her Plan Shares vest, all unvested shares are automatically reacquired by the company at no cost. (See "Employment Contracts, Termination of Employment and Change-In-Control Arrangements" for certain exceptions.)

The Board of Directors may at any time terminate or amend the Restricted Stock Plan. However, the rights of a Participant with respect to Plan Shares granted prior to any such action by the Board may not be impaired without such Participant's consent. Unless extended by the Board, the Restricted Stock Plan will terminate on March 14, 1998.

Summary of the Federal Income Tax Consequences of the Restricted Stock Plan

The following summary is a general guide as to the United States federal income tax consequences under current law with respect to participation in the Restricted Stock Plan and does not attempt to describe all possible federal or other tax consequences of such participation or tax consequences based on particular circumstances.

A Participant will recognize ordinary income on the Determination Date (as described below) in an amount equal to the fair market value on the Determination Date of the stock acquired under the Restricted Stock Plan. Generally, such ordinary income is subject to withholding of income and employment taxes. The company generally should be entitled to a deduction equal to the amount of ordinary income recognized by the Participant, subject to the limit on the deductibility of compensation paid to certain executives imposed under Section 162(m) of the Code.

Under Section 162(m) of the Code, certain kinds of compensation, including qualified "performance-based compensation," are disregarded for purposes of this deduction limitation. Since the company's standard form of stock grant agreement does not make vesting of these grants contingent upon the achievement of an objective performance goal, compensation received from grants made under the Restricted Stock Plan will not be treated as "performance-based compensation" and, therefore, will be included for purposes of calculating the \$1 million deduction limit.

The Determination Date for a Participant's Plan Shares is the date those Plan Shares vest or, if applicable, the later date when they are no longer subject to a substantial risk of forfeiture pursuant to

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Section 16(b) of the Exchange Act or a violation of the company's trading window policy. However, the Participant may elect pursuant to Section 83(b) of the Code to have the determination date be the date the Plan Shares are transferred to the Participant by filing an election (a "Section 83(b) Election") with the Internal Revenue Service not later than 30 days after the date of such transfer.

In general, any gain or loss recognized by the Participant on the sale or exchange of the Plan Shares should be capital gain or loss. Such gain or loss will be long-term if the Participant holds the Plan Shares for more than twelve months after the Determination Date and short-term if the Participant holds the Plan Shares for twelve months or less after the Determination Date. The Participant's basis in the Plan Shares should generally be the fair market value of such Plan Shares on the Determination Date. There are no federal income tax consequences to the company as a result of a sale or exchange of the Plan Shares by the Participant.

Pro Forma Benefits Under the Restricted Stock Plan

The stock awards to be made under the Restricted Stock Plan for the remainder of fiscal 1996 and future years are not determinable now. The following table shows the grants made to the indicated executive officers and groups for fiscal 1996, as of April 5, 1996, under the Restricted Stock Plan. The majority of restricted stock awards granted by the Compensation Committee in any fiscal year is in March. Any awards made under this plan during the remainder of the fiscal year will be to new hires or due to promotions. Non-employee directors are not eligible to participate in the company's Restricted Stock Plan.

1988 RESTRICTED STOCK PLAN		
NAME & POSITION	DOLLAR VALUE (F1)	NUMBER OF SHARES
Norman A. Ferber -- Chairman & Chief Executive Officer	\$0	0
Melvin A. Wilmore -- President & Chief Operating Officer	\$432,000	16,000
Michael Balmuth -- Executive Vice President, Merchandising	\$540,000	20,000
Barbara Levy -- Senior Vice President & General Merchandising Manager	\$445,500	16,500
Barry S. Gluck -- Senior Vice President & General Merchandising Manager	\$486,000	18,000
Executive Officers as a group (13 persons, including the above)	\$2,632,500	97,500
Eligible employees as a group (119 persons, excluding executive officers)	\$2,727,000	101,000
<FN>		
<F1> Based on the fair market value of the company's common stock on April 4, 1996, the last trading day of the fiscal month (\$27.00).		
</FN>		

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PROPOSAL 3
1991 OUTSIDE DIRECTORS STOCK OPTION PLAN
APPROVAL OF AN AMENDMENT TO INCREASE THE SHARE RESERVE
BY 50,000 SHARES

Background

The Board of Directors believes that the availability of an adequate number of shares in the share reserve for the company's Directors Plan is an important factor in attracting and retaining experienced and qualified persons to serve on the company's Board of Directors. The Board of Directors also believes that the Directors Plan works to align the financial interests of the Board members with those of the company's stockholders. Therefore, subject to stockholder approval, the Board has amended the Directors Plan to increase the number of shares reserved for issuance under the Directors Plan by 50,000 shares.

Vote Required

The affirmative vote of a majority of the shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting is required for approval of this proposal. Abstentions will be counted as present in determining if a quorum is present and will be counted as if voted against this proposal. Broker non-votes will be counted as present in determining if a quorum is present but will have no effect on this proposal.

The Board of Directors unanimously recommends that the stockholders vote FOR approval of this proposal to increase the share reserve for the Directors Plan.

Summary of the Directors Plan

The following summary of the Directors Plan is qualified in its entirety by the specific language of the Directors Plan, as amended. Copies of the Directors Plan are available to any stockholder upon request addressed to Investor Relations, Ross Stores, Inc., 8333 Central Avenue, Newark, California 94560.

Only directors of the company who are not employees of the company or any parent and/or subsidiary corporations (the "Outside Directors") are eligible to participate in the Directors Plan. The Directors Plan by its terms provides for the following schedule of grants to be made automatically. Each existing Outside Director has received, and upon initial election to the Board of Directors each new Outside Director will receive, a onetime grant of an option to purchase 5,000 shares of common stock (an "Initial Option"). Each existing Outside Director received in 1991 a one-time grant of an option to purchase 1,000 shares of common stock for each full year of past services as an Outside Director (a "Past Service Option"). In addition, each Outside Director is to be granted an option to purchase 1,000 shares of common stock after completion of each full year of future service as an Outside Director after the Initial Option grant (an "Annual Option"). The exercise price of any option granted under the Directors Plan may not be less than 100% of the fair market value of the common stock of the company on the date of grant as determined by the closing price of the company's common stock reported on the Nasdaq National Market. As of April 4, 1996, such closing price was \$27.00 per share. Shares subject to an option granted under the Directors Plan may be purchased for cash, by check or cash equivalent, or by assignment of the proceeds of a sale of some or all of the shares being acquired upon exercise of an option.

Subject to approval by the stockholders, the Board has amended the Directors Plan to increase the aggregate number of shares issuable under the Directors Plan by 50,000 shares (subject to adjustment in the event of stock dividends, stock splits, reverse stock splits, combinations, reclassifications, or like changes in the capital structure of the company). As of April 10, 1996, excluding the proposed increase, 19,000 shares remained available for future stock option grants and options to purchase 86,000 shares were outstanding.

Under the Directors Plan, options are first exercisable six months after the date of grant (the "Initial Exercise Date"), and, unless otherwise specified by the Board of Directors, one-sixth of each Initial Option and each Annual Option vests upon the Initial Exercise Date, with the balance of such grants vesting and becoming exercisable monthly in equal amounts over a two and one-half year period from the Initial Exercise Date. Each Past Service Option was fully vested upon the date of grant. No option will be exercisable after the expiration of 10 years after the date such option is granted. During the lifetime of an optionee, an option may be exercised only by the optionee. An option may not be transferred or assigned, except by will or by the laws of descent and distribution.

Generally, if an optionee ceases to be a director of the company for any reason, except death or disability, the optionee may exercise his or her option (to the extent unexercised and exercisable on the date of termination) within three months after the date of termination of service as a director, but in any event not later than the expiration of the option term. If an optionee ceases to be a director of the company due to death or disability, the optionee (or his or her legal representative) may generally exercise the option (to the extent unexercised and exercisable on the date of such death or disability) within twelve months after the date of termination of service as a director, but in any event not later than the expiration of the option term. Any options which are not exercisable on the date of termination, or which are not exercised within the allotted time after the date of termination, are returned to the share reserve. The period for exercise of an option upon termination of service as a director is extended under certain circumstances if exercise of the option would be a violation of applicable federal or state securities law.

In the event of a transfer of control of the company, any unexercisable portion of an option shall be immediately exercisable as of a date prior to the transfer of control. The Board of Directors may terminate or amend the Directors Plan at any time. However, without the approval of the company's stockholders, no amendment may increase the number of shares subject to the Directors Plan, materially change the class of persons eligible to receive options thereunder, or materially change the amount, timing or exercise price formula applicable to grants of options under the Directors Plan. No amendment may adversely affect any outstanding option without the consent of the optionee.

Summary of the Federal Tax Consequences of the Directors Plan

The following summary is a general guide as to the United States federal income tax consequences under current law with respect to participation in the Directors Plan and does not attempt to describe all possible federal or other tax consequences of such participation or tax consequences based on particular circumstances.

The Directors Plan allows only grants of nonqualified stock options. Nonqualified stock options have no special tax status. An optionee generally recognizes no taxable income as the result of the grant of such an option. Upon exercise of a nonqualified stock option, the optionee normally recognizes ordinary income in the amount of the difference between the option price and the fair market value of the stock on the Determination Date. The Determination Date is the date on which the option is exercised unless the shares are not vested and/or the sale of

the shares at a profit would subject the optionee to suit under Section 16(b) of the Exchange Act, in which case the determination date is the later of (i) the date on which the shares vest, or (ii) the date the sale of the shares at a profit would no longer subject the optionee to suit under Section 16(b) of the Exchange Act. Section 16(b) of the Exchange Act is applicable only to executive officers, directors and beneficial owners of more than 10% of the common stock of the company. Upon the sale of stock acquired by the exercise of a nonqualified stock option, any gain or loss, based on the difference between the sale price and fair market value on the date of

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recognition of income, will be taxed as a capital gain or loss. A capital gain or loss will be long-term if the optionee has held the shares more than twelve months from the Determination Date. The company generally should be entitled to a deduction equal to the amount of ordinary income recognized by the optionee as a result of the exercise of a nonqualified stock option. The deduction limitations of Section 162(m) are not applicable to the Directors Plan since it applies only to compensation of certain employees of the company and only directors who are not employees of the company are eligible to participate in the Directors Plan.

Pro Forma Benefits Under the Directors Plan

Stock options to be granted under the Directors Plan for future years are not determinable now. The following table shows the stock option grants made to the outside directors for fiscal 1996, as of March 18, 1996, under the Directors Plan. In addition, on March 20, 1996, Maynard Jenkins became a new director of the company and was automatically granted an Initial Option under the Directors Plan. Employees of the company are not eligible to participate in the Directors Plan.

1991 OUTSIDE DIRECTORS STOCK OPTION PLAN		
OUTSIDE DIRECTORS	DOLLAR VALUE <F1>	NUMBER OF SHARES
Stuart G. Moldaw	\$0	1,000
Maynard Jenkins	\$0	5,000
George P. Orban	\$0	1,000
Philip Schlein	\$0	1,000
Donald H. Seiler	\$0	1,000
Donna L. Weaver	\$0	1,000

[FN]

<F1> Based on the difference between the exercise price of the options (\$27.25 for the Annual Options and \$27.0625 for Mr. Jenkins' Initial Option) and the fair market value of the company's common stock on April 4, 1996, the last trading day of the fiscal month, (\$27.00). All options are granted with an exercise price equal to the fair market value as determined by the closing price of the company's common stock on the date of grant as reported on the Nasdaq National Market.

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PROPOSAL 4

APPROVAL OF INCENTIVE COMPENSATION PLAN

Background

The stockholders are being asked to approve the company's Incentive Compensation Plan ("Incentive Plan"). The Incentive Plan is designed to provide members of the company's management and certain key employees with financial incentives to meet or exceed pre-determined financial goals of the company. Exceeding the profit performance goal results in a larger incentive award for each participant and failure to achieve the profit performance goal will eliminate, or substantially reduce, the incentive award.

Compensation paid under the Incentive Plan is intended to qualify as "performance-based compensation" under Section 162(m) of the Internal Revenue Code. Under Section 162(m), the federal

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income tax deductibility of compensation paid to the company's chief executive officer and to each of its next four most highly compensated executive officers may be limited to the extent that it exceeds \$1 million in any one year. However, the company can continue to deduct compensation in excess of that amount if the compensation qualifies as "performancebased compensation."

In order that the company might continue to provide incentive compensation to its executive officers, and continue to receive a federal income tax deduction for the payment of such compensation, the company's Board of Directors has amended the Incentive Plan in order to comply with Section 162(m). The plan is now being submitted to stockholders for their approval.

Vote Required

The affirmative vote of a majority of the shares of common stock present or represented by proxy and entitled to vote at the Annual Meeting is required for approval of this proposal. Abstentions will be counted as present in determining if a quorum is present and will be counted as if voted against this proposal. Broker non-votes will be counted as present in determining if a quorum is present but will have no effect on this proposal.

The Board of Directors unanimously recommends that the stockholders vote FOR approval of the Incentive Compensation Plan.

Summary of the Incentive Plan

The following summary of the Incentive Plan is qualified in its entirety by the specific language of the Incentive Plan. Copies of the Incentive Plan are available to any stockholder upon request addressed to Investor Relations, Ross Stores, Inc., 8333 Central Avenue, Newark, California 94560.

Eligible participants of the Incentive Plan are the officers of the company and those employees designated as District Managers, Directors, Buyers, Counselors and other employees designated by the Compensation Committee.

The Compensation Committee establishes a profit performance goal for each fiscal year and a threshold for incentive award

payments set at a percentage of the profit performance goal, below which no incentive award is payable, except to those participants, other than Executive Officers, whose performance is rated as "exceptional" during the fiscal year. In the event the threshold for incentive award payments is not achieved, but the company is profitable, those participants (excluding Executive Officers) who receive an "exceptional" rating will be paid the amount of incentive award that would otherwise have been payable had 100% of the profit performance goal been achieved. Target awards will be expressed as a percentage of the participant's base salary.

The profit performance goal is established to reflect operating performance. For purposes of the Incentive Plan, "profit" shall mean adjusted pretax earnings, prior to the payment of the incentive awards, excluding, however, extraordinary items. Extraordinary items are significant unanticipated and/or non-recurring items that would impact the year's pretax earnings either positively or negatively. The individual bonus targets and the profit performance goal shall be adopted by the Compensation Committee in its sole discretion with respect to each performance period no later than the latest time permitted by Section 162(m) of the Code.

In setting the target awards and performance goals for a fiscal year, the Committee will establish threshold (or minimum), target and maximum award payment levels which apply depending upon the participant's position and the actual level of performance achieved. The payout levels for differing positions and performance results will be established by the Committee for each fiscal year, with payouts which increase or decrease as performance increases or decreases, depending upon the extent to which

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the pre-determined goals for a fiscal year are achieved or exceeded. After the end of each fiscal year, and prior to any payment being made under the Incentive Plan, the Compensation Committee must certify in writing the extent to which the performance goals were achieved or exceeded.

Under the Incentive Plan, all awards are to be paid in cash. Additionally, participants who are not Executive Officers may have their incentive award amounts increased or decreased from the amount otherwise payable, based on their individual job performance for the year and the nature of their position. The Compensation Committee shall have no discretion or authority to increase the amount of an incentive award paid to an Executive Officer in excess of the amount determined under the incentive award formula applicable to such participant. In addition, under no circumstances may the maximum award payable to any participant under the Incentive Plan for any fiscal year exceed 200% of the Chief Executive Officer's salary at the time the Incentive Plan is approved by the company's stockholders. If a participant's employment with the company is terminated, unless by death or disability, prior to the end of a fiscal year, the participant will not be eligible for an award for that fiscal year. If a participant's employment terminates prior to the end of the fiscal year due to death or disability, then the company will pay a prorata portion of the incentive award that the participant would have otherwise received for such fiscal year.

The Compensation Committee may amend the Incentive Plan at any time; however, in doing so, the requirements of Section 162(m) must be met in order that awards made to the participants thereunder remain eligible as deductible expense to the company for federal tax purposes.

Pro Forma Benefits Under Incentive Plan

The awards to be paid under the Incentive Plan for future years are not determinable now. The following table shows the awards paid under the Incentive Plan in March 1996 for the company's 1995 fiscal year. Nonemployee directors are not eligible to participate in the company's Incentive Plan.

INCENTIVE COMPENSATION PLAN

NAME & POSITION	DOLLAR VALUE	NUMBER OF SHARES <F1>
Norman A. Ferber -- Chairman & Chief Executive Officer	\$546,000	N/A
Melvin A. Wilmore -- President & Chief Operating Officer	\$489,000	N/A
Michael Balmuth -- Executive Vice President, Merchandising	\$404,100	N/A
Barbara Levy -- Senior Vice President & General Merchandising Manager	\$191,400	N/A
Barry S. Gluck -- Senior Vice President & General Merchandising Manager	\$191,400	N/A
Executive Officers as a group (13 persons, including the above)	\$3,045,192	N/A
Eligible employees as a group (171 persons, excluding executive officers) <F2>	\$5,308,055	N/A

<FN>

<F1> There is no equity component to the company's Incentive Compensation Plan.

<F2> As described previously, not all employees are eligible to participate in the company's Incentive Compensation Plan.

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PROPOSAL 5

RATIFICATION OF APPOINTMENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Directors, upon the recommendation of the company's Audit Committee, has appointed Deloitte & Touche LLP as the independent certified public accountants for the company for the fiscal year ending February 1, 1997. Deloitte & Touche LLP, or its predecessor Touche Ross & Co., has acted in such capacity since 1982. It is anticipated that a representative of Deloitte & Touche LLP will be present at the Annual Meeting to respond to appropriate questions and to make a statement if he or she so desires.

Vote Required

The affirmative vote of a majority of the shares of common stock present or represented by proxy and voting at the Annual Meeting is required for approval of this proposal. Abstentions and broker non-votes each will be counted as present in determining if a quorum is present, but will not be counted as having been voted on this proposal.

The Board of Directors unanimously recommends that the stockholders vote FOR approval of the ratification of the appointment of Deloitte & Touche LLP as the company's independent certified public accountants for the fiscal year ending February 1, 1997.

PROXY SOLICITATION

The cost of solicitation of Proxies will be borne by the company. The company has retained Georgeson & Co. to assist in soliciting proxies by mail, telephone and personal interview for a fee of \$10,000 plus expenses. Management may use the services of its directors, officers and others to solicit Proxies, personally or by telephone. Arrangements may also be made with brokerage houses and other custodians, nominees and fiduciaries to forward solicitation material to the beneficial owners of the stock held of record by such persons, and the company may reimburse them for reasonable out-of-pocket expenses incurred by them in so doing.

TRANSACTION OF OTHER BUSINESS

At the date of this Proxy Statement, the only business which management intends to present or knows that others will present at the Annual Meeting is as set forth above. If any other matter or matters are properly brought before the Annual Meeting, or any adjournment thereof, it is the intention of the persons named in the accompanying Proxy to vote the Proxy on such matters in accordance with their best judgment.

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STOCKHOLDER PROPOSALS TO BE PRESENTED
AT NEXT ANNUAL MEETING

Proposals of stockholders intended to be presented at the next annual meeting of stockholders of the company (1) must be received by the company at its offices at 8333 Central Avenue, Newark, California 94560 no later than December 26, 1996 and (2) must satisfy the conditions established by the Securities and Exchange Commission for stockholder proposals to be included in the company's Proxy Statement for that meeting.

By Order of the Board of Directors,
Kathleen B. Loughnot
Assistant Secretary

Dated: April 24, 1996

Front:
PROXY
ROSS STORES, INC.

The undersigned hereby appoints Norman A. Ferber and Melvin A. Wilmore, and either of them, as attorneys of the undersigned with full power of substitution, to vote all shares of stock which the undersigned is entitled to vote at the Annual Meeting of Stockholders of Ross Stores, Inc., to be held on May 30, 1996 at 11:00 a.m. PDT, at the company's corporate offices, 8333 Central Avenue, Newark, California, and at any continuation or adjournment thereof, with all powers which the undersigned might have if personally present at the meeting.

WHERE NO CONTRARY CHOICE IS INDICATED BY THE STOCKHOLDER, THIS PROXY, WHEN RETURNED, WILL BE VOTED FOR SUCH NOMINEES AND PROPOSALS AND WITH DISCRETIONARY AUTHORITY UPON SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING. THIS PROXY MAY BE REVOKED AT ANY TIME PRIOR TO THE TIME IT IS VOTED.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.

The undersigned hereby acknowledges receipt of: (a) Notice of Annual Meeting of Stockholders dated April 24, 1996; (b)

such persons should sign the Proxy. If shares of stock are held of record by a corporation, the Proxy should be signed by the President or Vice President or the Secretary or Assistant Secretary. Executors or administrators or other fiduciaries who execute the above Proxy for a deceased stockholder should give their full titles.

YOUR VOTE IS IMPORTANT TO THE COMPANY

THIRD AMENDED AND RESTATED
ROSS STORES, INC.
1988 RESTRICTED STOCK PLAN
(As Amended March 19, 1996)

1. Purpose. The Ross Stores, Inc. 1988 Restricted Stock Plan (the "Initial Plan") was adopted on March 14, 1988. On March 17, 1989, the Initial Plan was amended and restated in its entirety (the "First Plan"). On March 18, 1991, the First Plan was amended and restated in its entirety (the "Second Plan"). The Second Plan is hereby amended and restated in its entirety (the "Plan"), effective March 16, 1992. The Plan is established to create additional incentive for key employees of Ross Stores, Inc. and any successor corporation thereto (collectively referred to as the "Company"), and any present or future parent and/or subsidiary corporations of such corporation (all of whom along with the Company being individually referred to as a "Participating Company" and collectively referred to as the "Participating Company Group") to promote the financial success and progress of the Participating Company Group. For purposes of the Plan, a parent corporation and a subsidiary corporation shall be as defined in sections 424(e) and 424(f) of the Internal Revenue Code of 1986, as amended (the "Code").

2. Administration. The Plan shall be administered by the Board of Directors of the Company (the "Board") and/or by a duly appointed committee of the Board having such powers as shall be specified by the Board. Any subsequent references to the Board shall also mean the committee if it has been appointed. All questions of interpretation of the Plan or of the provisions of the grant of shares under the Plan shall be determined by the Board, and such determinations shall be final and binding upon all persons having an interest in the Plan. Any officer of a Participating Company shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the officer has apparent authority with respect to such matter, right, obligation, or election.

3. Eligibility. All employees (including officers) of a Participating Company are eligible to participate in the Plan. The Board shall, in the Board's sole discretion, determine which individuals shall have the right to acquire shares under the Plan (the "Participants").

4. Share Reserve. There shall be a share reserve of 3,650,000 shares of the common stock of the Company (the "Stock"). Such share reserve shall be reduced by the number of shares of Stock granted under the Plan. (In the event that any shares granted pursuant to the Plan are reacquired under the terms of the Plan by a Participating Company, the shares so reacquired shall be

returned to the share reserve.) Appropriate adjustments shall be made in the number and class of shares of Stock in such share reserve in the event of a stock dividend, stock split, reverse stock split, combination, reclassification or like change in the capital structure of the Company.

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5. Compliance with Securities Laws. Inability of the Company to obtain from any regulatory body having jurisdiction authority deemed by the Company's counsel to be necessary to the lawful issuance of any Stock hereunder shall relieve the Company of any liability in respect of the nonissuance of such Stock as to which such requisite authority shall not have been obtained.

6. Stock Grant. After the Board has granted a Participant shares of Stock under the Plan, the Company shall advise such Participant in writing of the terms, conditions and restrictions of the grant, including the number of shares of Stock which the Participant has been granted. The number of shares of Stock which a Participant may receive under the Plan shall be determined by the Board in its sole discretion. Subject to the provisions of paragraph 7 hereof, the grant shall be made in the form attached hereto as Exhibit A ("Stock Grant Agreement"). Notwithstanding any other provision of the Plan to the contrary, the Board may not require a Participant to make any monetary payment as a condition of receiving a grant under the Plan. Therefore, for purposes of Rule 16b-3(a)(1), the "price at which securities may be offered" shall be zero (0) dollars.

7. Authority to Vary Terms. The Board shall have the authority from time to time to vary the terms of the standard form of Stock Grant Agreement set forth as Exhibit A either in connection with a single grant or in connection with the authorization of a new standard form or forms; provided, however, that the terms and conditions of such revised or amended stock grant agreements shall be in accordance with the terms of the Plan.

8. Provision of Information. Each Participant who receives a grant shall be given access to information concerning the Company equivalent to that information generally made available to the Company's common stockholders so long as the Participant retains ownership of such shares.

9. Term. Unless otherwise terminated, the Plan shall continue until March 14, 1998.

10. Termination or Amendment of Plan. The Board may terminate or amend the Plan at any time. In any event, no amendment may adversely affect any outstanding grant without the consent of the Participant. A grant shall be considered as outstanding as of the effective date of such grant as determined by the Board.

11. Continuation of Initial Plan, First Plan and Second Plan. Notwithstanding any other provision of the Plan to the contrary, the terms of the Initial Plan, the First Plan and the Second Plan shall remain in effect and apply to grants made pursuant to the terms of the Initial Plan, the First Plan and the Second Plan.

ROSS STORES, INC.
1991 OUTSIDE DIRECTORS STOCK OPTION PLAN
(As Amended March 19, 1996)

1. Purpose. The Ross Stores, Inc. 1991 Outside Directors Stock Option Plan (the "Plan") is established effective as of March

18, 1991 (the "Effective Date") to create additional incentive for the non-employee directors of Ross Stores, Inc. and any successor corporation thereto (collectively referred to as the "Company"), to promote the financial success and progress of the Company.

2. Administration. The Plan shall be administered by the Board of Directors of the Company (the "Board") and/or by a duly appointed committee of the Board having such powers as shall be specified by the Board. Any subsequent references herein to the Board shall also mean the committee if such committee has been appointed and, unless the powers of the committee have been specifically limited, the committee shall have all of the powers of the Board granted herein, including, without limitation, the power to terminate or amend the Plan at any time, subject to the terms of the Plan and any applicable limitations imposed by law. All questions of interpretation of the Plan or of any options granted under the Plan (an "Option") shall be determined by the Board, and such determinations shall be final and binding upon all persons having an interest in the Plan and/or any Option. Any officer of the Company shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, or election which is the responsibility of or which is allocated to the Company herein, provided the officer has apparent authority with respect to such matter, right, obligation, or election.

3. Eligibility and Type of Option. Options may be granted only to directors of the Company who are not employees of the Company or any parent and/or subsidiary corporations of the Company. Options granted to eligible directors of the Company ("Outside Directors") shall be nonqualified stock options; that is, options which are not treated as having been granted under section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). For purposes of the Plan, a parent corporation and a subsidiary corporation shall be as defined in sections 424(e) and 424(f) of the Code.

4. Shares Subject to Option. Options shall be options for the purchase of the authorized but unissued common stock of the Company (the "Stock"), subject to adjustment as provided in paragraph 7 below. The maximum number of shares of Stock which may be issued under the Plan shall be one hundred seventy-five thousand (175,000) shares. In the event that any outstanding Option for any reason expires or is terminated or cancelled and/or shares of Stock subject to repurchase are repurchased by the Company, the shares allocable to the unexercised portion of such Option, or such repurchased shares, may again be subjected to an Option grant.

5. Terms, Conditions and Form of Options. Options granted pursuant to the Plan shall be evidenced by written agreements specifying the number of shares of Stock covered

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thereby, in substantially the form attached hereto as Exhibit A for grants made pursuant to paragraphs (a)(i) or (a)(iii) below, in substantially the form attached hereto as Exhibit B for grants made pursuant to paragraph (a)(ii) below, or in substantially the form attached hereto as Exhibit C for grants made pursuant to paragraph (a)(iv) below, and incorporated herein by reference (the "Option Agreements"). Options shall comply with and be subject to the following terms and conditions:

(a) Automatic Grant of Options. Subject to

execution by each Outside Director of the appropriate Option Agreement:

(i) On the Effective Date, each present Outside Director shall be granted an Option to purchase five thousand (5,000) shares of Stock.

(ii) Furthermore, on the Effective Date, each present Outside Director shall be granted an additional option to purchase that number of shares of Stock equal to one thousand (1,000) multiplied by the number of such Outside Director's full years of past service as a nonemployee director ending on the Effective Date. The preceding sentence shall not apply to Outside Directors elected after the Effective Date.

(iii) After the Effective Date, each new Outside Director shall be granted an Option to purchase five thousand (5,000) shares of Stock upon the date such Outside Director is first elected to serve on the Board.

(iv) Each Outside Director shall be granted an additional Option to purchase one thousand (1,000) shares of Stock upon each Anniversary Date of such Outside Director.

(v) The Anniversary Date of an Outside Director who was first elected to the Board prior to the Effective Date shall be March 18, commencing with March 18, 1992. The Anniversary Date of an Outside Director who is first elected to the Board on or after the Effective Date shall be the date which is twelve (12) months after such election and successive anniversaries thereof.

(vi) Notwithstanding any other provision of the Plan, no Option shall be granted to any individual who is no longer serving as an Outside Director of the Company on an Anniversary Date which would otherwise be a date of grant.

(b) Option Exercise Price. The option exercise price per share of Stock for an Option shall be the fair market value of the common stock of the Company, as determined by the closing price of a share of such common stock on the National Association of Securities Dealers Automated Quotations system (the "NASDAQ System") or other national securities exchange on which the shares of such common stock are then trading, on the date of the granting of the Option. If the date of the granting of the Option does not fall on a day on

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which the common stock of the Company is trading on the NASDAQ System or other national securities exchange, the date on which the option exercise price per share shall be established shall be the last day on which the common stock of the Company was so traded prior to the date of the granting of the Option. Notwithstanding the foregoing, an Option may be granted with an option exercise price lower than the minimum exercise price set forth above if such Option is granted pursuant to an assumption or substitution for another option in a manner qualifying with the provisions of section 424(a) of the Code.

(c) Exercise Period of Options. Any Option granted pursuant to the Plan shall be exercisable for a term of ten (10) years.

(d) Payment of Option Price. Payment of the option exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check or in cash equivalent, or (ii) by the assignment in a form acceptable to the Company of

the proceeds of a sale of some or all of the shares being acquired upon the exercise of an Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System). The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve and/or terminate any program and/or procedures for the exercise of Options by means of an assignment of the proceeds of a sale of some or all of the shares of Stock to be acquired upon such exercise.

(e) Stockholder Approval. Any Option granted pursuant to the Plan shall be subject to obtaining stockholder approval of the Plan at the first annual meeting of stockholders after the Effective Date. Notwithstanding the foregoing, stockholder approval shall not be necessary in order to grant any Option granted on the Effective Date; provided, however, that the exercise of any such Option shall be subject to obtaining stockholder approval of the Plan.

6. Authority to Vary Terms. The Board shall have the authority from time to time to vary the terms of the Option Agreements set forth as Exhibit A, Exhibit B, and Exhibit C, respectively, either in connection with the grant of an individual Option or in connection with the authorization of a new standard form or forms; provided, however, that the terms and conditions of such revised or amended standard form or forms of stock option agreement shall be in accordance with the terms of the Plan. Such authority shall include, but not by way of limitation, the authority to grant Options which are immediately exercisable subject to the Company's right to repurchase any unvested shares of Stock acquired by the Optionee on exercise of an Option in the event such Optionee's service as a director of the Company is terminated for any reason.

7. Effect of Change in Stock Subject to Plan. Appropriate adjustments shall be made in the number and class of shares of Stock which may be issued under the Plan and to any outstanding Options and in the option exercise price of any outstanding Options in the event of a stock dividend, stock split, reverse stock split, combination, reclassification, or like change in the capital structure of the Company. No adjustment shall be made pursuant to this paragraph to the number of shares of Stock subject to the automatic grant of an Option pursuant to paragraph 5(a) above.

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8. Ownership Change and Transfer of Control. An "Ownership Change" shall be deemed to have occurred in the event any of the following occurs with respect to the Company:

(a) the direct or indirect sale or exchange by the stockholders of the Company of all or substantially all of the stock of the Company;

(b) a merger in which the Company is a party; or

(c) 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 such sale, exchange, or transfer retain, directly or indirectly, at least a majority of the beneficial interest in the voting stock of the corporation(s) to which the assets were transferred).

A "Transfer of Control" shall mean an Ownership Change in which the stockholders of the Company before such Ownership Change do not

retain, directly or indirectly, at least a majority of the beneficial interest in the voting stock of the Company.

In the event of a Transfer of Control, any unexercisable portion of an outstanding Option shall be immediately exercisable and vested as of a date prior to the Transfer of Control. The exercise and vesting of any Option that is permissible solely by reason of this paragraph 8 shall be conditioned upon the consummation of the Transfer of Control. Any Options which are not exercised as of the date of the Transfer of Control shall terminate effective as of the date of the Transfer of Control.

9. Options Non-Transferable. During the lifetime of the Optionee, an Option shall be exercisable only by the Optionee. No Option shall be assignable or transferable by the Optionee, except by will or by the laws of descent and distribution.

10. Termination or Amendment of Plan. The Board, including any duly appointed committee of the Board, may terminate or amend the Plan at any time; provided, however, that without the approval of the Company's stockholders, there shall be (a) no increase in the total number of shares of Stock covered by the Plan (except by operation of the provisions of paragraph 7 above), (b) no material change in the class of persons eligible to receive Options, and (c) no material change in the amount, timing or exercise price formula of automatic grants of Options pursuant to paragraph 5(a) above. In any event, no amendment may adversely affect any then outstanding Option, or any unexercised portion thereof, without the consent of the Optionee.

ROSS STORES, INC.
INCENTIVE COMPENSATION PLAN

The Incentive Compensation Plan (the "Plan") of Ross Stores, Inc., a Delaware corporation (the "company"), is authorized annually by the Compensation Committee of the company's Board of Directors which shall be comprised solely of directors who are "outside directors" as defined by Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

The Plan is based on a total compensation concept and is designed to allow members of management to share in the company's profits based on the attainment of pre-established, corporate profit performance and individual performance goals.

The Plan is designed so that if adjusted pretax earnings, prior to payment of Plan incentive awards, are equal to or exceed the profit performance goal, each participant in the Plan will be paid an incentive award equal to a preestablished percent of salary. Exceeding the profit performance goal results in a larger incentive award for each participant and failure to achieve the profit performance goal will eliminate, or substantially reduce, the incentive award. Additionally, Plan participants other than the Chief Executive Officer, President, Executive Vice Presidents and Senior Vice Presidents ("Executive Officers") may have their incentive award amounts increased or decreased based on individual, appraised job performance.

PARTICIPANTS

Participants shall be the Officers of the company and those employees designated as District Managers, Directors, Buyers, Counselors and other employees designated by the Compensation Committee.

PLAN DESIGN

At the beginning of each fiscal year, the Compensation Committee shall establish in writing a profit performance goal for such fiscal year and a threshold for incentive award payment set at a percentage of the profit performance goal, below which no incentive award is payable, except to those eligible participants, other than Executive Officers, whose performance is rated as "exceptional" during the fiscal year. In the event the threshold for incentive award payment is not achieved, but the company is profitable, those participants who are not Executive Officers and who have received an appraisal rating of "exceptional" will be paid the amount of incentive award that would otherwise have been payable had 100% of the profit performance goal been achieved (the individual performance factor is not applicable in this event).

The incentive award payable upon meeting or exceeding the threshold level of achievement of the profit performance goal consists of preestablished percentages of base salary based on the organizational level of the participant and the actual profit performance of the company. At the beginning of each fiscal year, the Compensation

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Committee shall establish in writing for each participant organizational level, a formula setting forth the percentage of base salary payable as an incentive award determined by the actual profit performance relative to the profit performance goal for the fiscal year (the "Incentive Award Formula"). Additionally, participants who are not Executive Officers may have their incentive award amount increased or decreased from the amount otherwise payable, based on their individual job performance for the year and the nature of their position. Notwithstanding the individual performance factor, the incentive award payable is a function of the percentage of the profit performance goal actually achieved, which determines the percentage of the incentive award which would otherwise have been payable at 100% of target.

The terms "salary" and/or "base salary" shall mean the employee's base salary in effect on the final day of the company's fiscal year. Notwithstanding the above, all awards shall be subject to the limit set forth in "Maximum Award Payable" below.

MAXIMUM AWARD PAYABLE

For any fiscal year, no Executive Officer of the company shall be paid an award in excess of 200% of the Chief Executive Officer's salary at the time the Plan is approved by the company's stockholders.

PROFIT GOALS

At the beginning of each fiscal year, the Management Committee will submit to the Compensation Committee of the Board of Directors recommendations for the profit performance goal and the Incentive Award Formula for the fiscal year. The profit performance goal and Incentive Award Formula will then be

reviewed, approved and established in writing by the Compensation Committee as described above. The establishment by the Compensation Committee of the profit performance goal and the Incentive Award Formula for the fiscal year shall be no later than the latest time permitted under Section 162(m) of the Code. At the end of the company's fiscal year, the Compensation Committee will determine whether or not the company's profit performance goal has been met and will certify such determination in writing prior to payment of the incentive awards earned.

The profit performance goal is established to reflect operating performance. For purposes of the Plan, "profit" shall mean adjusted pretax earnings, prior to the payment of the incentive awards, excluding, however, extraordinary items. Extraordinary items are significant unanticipated and/or non-recurring items that would impact the year's pretax earnings either positively or negatively.

Each participant in the Plan shall be advised of the profit performance goal for the coming fiscal year and the Incentive Award Formula that will determine for a participant at such participant's organizational level the incentive award that will be payable upon achieving or exceeding the threshold percentage of the profit performance goal.

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ELIGIBILITY FOR PAYMENT OF INCENTIVE AWARD

Except as otherwise provided below, in order to be eligible for an incentive award, a participant must be an active, full-time employee of the company on the last day of the fiscal year for which the incentive award is earned.

New Employees and Promotions. New employees who become eligible participants after the beginning of the fiscal year will receive a prorata incentive award based on length of employment. An employee who is promoted into a position eligible for an incentive award (or subject to an Incentive Award Formula for a higher organizational level) during the fiscal year will receive an incentive award prorated on the basis of the starting date in his or her new position. An employee who is promoted into a position as an Executive Officer during the fiscal year will be eligible for an incentive award on a prorata basis and will not be eligible for an additional individual performance award.

Termination. Voluntary resignation prior to the end of a fiscal year will serve as a forfeiture of all incentive awards that the participant would have otherwise received. In the event of death prior to the last day of the applicable fiscal year, the company will pay to the estate of the participant a prorata portion of the incentive award that the participant would have otherwise received for such fiscal year.

An eligible participant involuntarily terminated for reasons other than cause prior to the last day of the applicable fiscal year, will be entitled to a prorata share of the incentive award that the participant would otherwise have received for such fiscal year. If employment is terminated for cause, including, but not limited to, dishonesty, violation of company policy or other actions harmful to the company, the Compensation Committee may at its discretion declare any incentive award forfeited.

Eligible employees, who terminate for any reason, other than for cause, after the end of the applicable fiscal year,

will be entitled to full payment of any earned incentive award on the date fixed for payment.

The prorated portion of an incentive award paid in the event of death or involuntary termination will be determined on the basis of the period of employment during the applicable fiscal year prior to the date of death or termination, as the case may be. In no event will such prorated portion be paid unless achievement of the profit performance goal has been certified in writing by the Compensation Committee.

Disability. If a participant is disabled by an accident or illness and is disabled long enough to be placed on the company's long term disability plan, his or her incentive award for the fiscal year shall be prorated, so that no incentive award shall be earned during the period the participant remains on long term disability.

Nothing in the Plan shall confer upon the participant any right to continue in the employ of the company or interfere in any way with the right of the company to terminate the participant's employment at any time. The Incentive Compensation Plan will not be

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deemed to constitute a contract of employment with any participant, nor be deemed to be consideration for the employment of any Participant.

Payment. Incentive awards shall be paid by check, as soon as possible, after the fiscal year financial results are available and achievement of the profit performance goal has been certified in writing by the Compensation Committee.

To receive payment an eligible participant, whose employment relationship with the company has terminated, must submit a written request for such payment to the Senior Vice President, Human Resources by February 15th of the following year (e.g., to receive an award for the 1996 fiscal year, a written request is due February 15, 1995). The notification must include the participant's current home address and telephone number.

Non-Transferability. An incentive award shall be payable only to the participant and may not be transferred in any manner other than by will or laws of descent and distribution. An award cannot be alienated by assignment or by any other means, and shall not be subject to any action taken by the participant's creditors.

Withholding. All appropriate taxes will be deducted and withheld from the award payments, as required by foreign, federal, state and/or local laws.

Any rights accruing to a participant or his or her beneficiary under the Plan shall be solely those of an unsecured general creditor of the company. Nothing contained in the Plan and no action taken pursuant to the provisions thereof will create or be construed to create a trust of any kind, or a pledge, or a fiduciary relationship between the company or the Compensation Committee and the participant, or his or her beneficiary, or any other person. Nothing herein will be construed to require the company or the Compensation Committee to maintain any fund or to segregate any amount for a participant's benefit.

PLAN AUTHORITY AND ADMINISTRATION

The Plan, as set forth in this document, represents the general guidelines the company presently intends to utilize to determine what incentive awards, if any, will be paid. If, however, at the sole discretion of the Compensation Committee, the company's best interest is served by applying different guidelines to certain individuals, or to individuals under special or unusual circumstances, it reserves the right to do so by notice to such individuals at any time, or from time to time. To the extent that such applications are contrary to any provisions of the Plan, the Plan will be deemed amended to such extent. Notwithstanding the foregoing, the Compensation Committee shall have no discretion or authority to increase the amount of an incentive award paid to an Executive Officer in excess of the amount determined under the Incentive Award Formula applicable to such participant.

The Compensation Committee shall have full power and authority to interpret and administer the Plan and shall be the sole arbiter of all matters of interpretation and application of the Plan and the Compensation Committee's determination shall be final.

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STOCKHOLDER APPROVAL

The material terms of this Plan shall be submitted to the company's stockholders for approval in accordance with Section 162(m) of the Code. The payment of awards under this Plan, for fiscal years beginning in 1996, is contingent upon the company obtaining such stockholder approval.

PLAN TERM

This Plan shall continue until terminated by the company's Board of Directors. The Board of Directors may at any time amend or terminate this Plan; provided, however, that if, and to the extent required to ensure the Plan's qualification under Section 162(m) of the Code as "performance-based compensation", any such amendment shall be subject to stockholder approval.