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# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

**(Mark one)**

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

**For the quarterly period ended November 3, 2001**

OR

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

For the transition period from ________ to ________

Commission file number 0-14678

## ROSS STORES, INC.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Delaware**<br>(State or other jurisdiction of incorporation or organization) | **94-1390387**<br>(I.R.S. Employer Identification No.) |
| **8333 Central Avenue, Newark, California**<br>(Address of principal executive offices) | **94560-3433**<br>(Zip Code) |

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

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

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

The number of shares of Common Stock, with $.01 par value, outstanding on November 30, 2001 was 79,519,539.

## PART I. FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

**ROSS STORES, INC.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

| ($000) | November 3, 2001 | February 3, 2001 | October 28, 2000 |
|---|---|---|---|
| | (Unaudited) | (Note A) | (Unaudited) |
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | **$ 36,182** | $ 37,154 | $ 34,758 |
| Accounts receivable | **22,221** | 14,421 | 18,748 |
| Merchandise inventory, net | **697,854** | 559,565 | 594,428 |
| Prepaid expenses and other | **29,837** | 19,929 | 19,576 |

| | | | |
|---|---|---|---|
| Total Current Assets | **786,094** | 631,069 | 667,510 |
| **PROPERTY AND EQUIPMENT** | | | |
| Land and buildings | **54,329** | 55,315 | 54,795 |
| Fixtures and equipment | **334,263** | 307,291 | 287,009 |
| Leasehold improvements | **199,167** | 187,668 | 172,382 |
| Construction-in-progress | **30,382** | 18,469 | 33,306 |
| | **618,141** | 568,743 | 547,492 |
| Less accumulated depreciation and amortization | **294,335** | 267,078 | 255,366 |
| | **323,806** | 301,665 | 292,126 |
| Deferred income taxes and other assets | **39,992** | 42,313 | 60,953 |
| **TOTAL ASSETS** | **$ 1,149,892** | $ 975,047 | $ 1,020,589 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | |
| **CURRENT LIABILITIES** | | | |
| Accounts payable | **$ 309,602** | $ 260,138 | $ 287,955 |
| Accrued expenses and other | **95,200** | 89,793 | 89,062 |
| Accrued payroll and benefits | **64,418** | 50,340 | 50,001 |
| Income taxes payable | **25,875** | (206) | 7,879 |
| Short-term debt | **15,900** | 34,000 | 20,000 |
| Total Current Liabilities | **510,995** | 434,065 | 454,897 |
| Long-term debt | **75,000** | 30,000 | 80,000 |
| Long-term liabilities | **39,029** | 43,435 | 50,224 |
| **STOCKHOLDERS' EQUITY** | | | |
| Common stock | **799** | 805 | 811 |
| Additional paid-in capital | **268,745** | 236,124 | 225,888 |
| Retained earnings | **255,324** | 230,618 | 208,769 |
| | **524,868** | 467,547 | 435,468 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | **$ 1,149,892** | $ 975,047 | $ 1,020,589 |

See notes to condensed consolidated financial statements.



**ROSS STORES, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS**

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| **($000, except per share data, unaudited)** | **November 3, 2001** | **October 28, 2000** | **November 3, 2001** | **October 28, 2000** |
| **Sales** | **$ 739,272** | $ 639,469 | **$ 2,138,223** | $ 1,929,932 |
| **Costs and Expenses** | | | | |
| Cost of goods sold and occupancy | **508,746** | 439,379 | **1,478,668** | 1,329,601 |
| General, selling and administrative | **159,755** | 138,449 | **446,981** | 390,541 |
| Depreciation and amortization | **12,792** | 11,279 | **36,869** | 32,529 |
| Interest expense-net | **463** | 1,531 | **3,168** | 2,371 |
| | **681,756** | 590,638 | **1,965,686** | 1,755,042 |
| Earnings before taxes | **57,516** | 48,831 | **172,537** | 174,890 |
| Provision for taxes on earnings | **22,489** | 19,093 | **67,462** | 68,382 |
| Net earnings | **$ 35,027** | $ 29,738 | **$ 105,075** | $ 106,508 |
| Net earnings per share: | | | | |
| Basic | **$ .44** | $ .36 | **$ 1.31** | $ 1.28 |
| Diluted | **$ .43** | $ .36 | **$ 1.29** | $ 1.27 |
| Weighted average shares outstanding: | | | | |
| Basic | **79,925** | 81,837 | **80,059** | 83,292 |
| Diluted | **81,479** | 82,389 | **81,236** | 84,025 |
| Stores open at end of period | **453** | 411 | **453** | 411 |

See notes to condensed consolidated financial statements.



**ROSS STORES, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

| ($000, unaudited) | Nine Months Ended November 3, 2001 | Nine Months Ended October 28, 2000 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Net earnings | **$ 105,075** | $ 106,508 |
| Adjustments to reconcile net earnings to net cash provided by operating activities: | | |
| Depreciation and amortization of property and equipment | **36,869** | 32,529 |
| Other amortization | **9,553** | 7,495 |
| Change in assets and liabilities: | | |
| Merchandise inventory | **(138,289)** | (93,934) |
| Other current assets-net | **(17,708)** | (4,954) |
| Accounts payable | **52,887** | 36,990 |
| Other current liabilities-net | **50,192** | (12,779) |
| Other | **2,384** | 2,164 |
| Net cash provided by operating activities | **100,963** | 74,019 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Additions to property and equipment | **(68,700)** | (63,501) |
| Net cash used in investing activities | **(68,700)** | (63,501) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Borrowings from (repayments of) short term lines of credit | **(18,100)** | 20,000 |
| Proceeds from long-term debt | **45,000** | 80,000 |
| Issuance of common stock related to stock plans | **32,328** | 4,027 |
| Repurchase of common stock | **(82,247)** | (149,741) |
| Dividends paid | **(10,216)** | (9,375) |
| Net cash used in financing activities | **(33,235)** | (55,089) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | **(972)** | (44,571) |
| Cash and cash equivalents: | | |
| Beginning of year | **37,154** | 79,329 |
| End of quarter | **$ 36,182** | $ 34,758 |

See notes to condensed consolidated financial statements.



**ROSS STORES, INC.**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**Three Months and Nine Months Ended November 3, 2001 and October 28, 2000 (Unaudited)**

**A. BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements have been prepared from the records of the Company without audit and, in the opinion of management, include all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position at November 3, 2001 and October 28, 2000; the results of operations for the three and nine months ended November 3, 2001 and October 28, 2000; and changes in cash flows for the nine months ended November 3, 2001 and October 28, 2000. The balance sheet at February 3, 2001, presented herein, has been derived from the audited financial statements of the Company for the fiscal year then ended.

Accounting policies followed by the Company are described in Note A to the audited consolidated financial statements for the fiscal year ended February 3, 2001. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted for purposes of the interim condensed consolidated financial statements. The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements, including notes thereto, for the year ended February 3, 2001.

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

The condensed consolidated financial statements at November 3, 2001 and October 28, 2000, and for the three-months and nine-months then ended have been reviewed, prior to filing, by the registrant's independent accountants whose report covering their review of the financial statements is included in this report on page 6.

**B. RECENTLY ISSUED ACCOUNTING STANDARDS**

SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities," as amended, requires the Company to record all derivatives as either assets or liabilities on the balance sheet and to measure those instruments at fair value, and is effective for all fiscal years beginning after June 15, 2000. The Company implemented SFAS 133, as amended, on February 4, 2001. Adoption of this statement did not have a material impact on the Company's financial position or results of operations.

In July 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations" (effective July 1, 2001) and SFAS No. 142, "Goodwill and Other Intangible Assets" (effective for the Company on February 3, 2002). SFAS No. 141 prohibits pooling-of-interests accounting for acquisitions. SFAS No. 142 specifies that goodwill and certain intangible assets will no longer be amortized but instead will be subject to periodic impairment testing. The new standards will not have a material impact on the Company's financial position or results of operations.

**C. BANK CREDIT FACILITIES**

In August 2001, the Company entered into a new three-year, $350.0 million revolving credit facility replacing its prior $160.0 million bank credit agreement and $35.0 million uncommitted bank line arrangement. This new facility also contains a $75.0 million sublimit for issuances of letters of credit. Interest is LIBOR based and is payable upon borrowing maturity but no less than quarterly. Borrowing under this credit facility is subject to the Company maintaining certain interest rate coverage and leverage ratios. At November 3, 2001, the Company had $90.9 million outstanding under the revolving credit facility.



**INDEPENDENT ACCOUNTANTS' REPORT**

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

We have reviewed the accompanying condensed consolidated balance sheets of Ross Stores, Inc. and subsidiaries (the "Company") as of November 3, 2001 and October 28, 2000, and the related condensed consolidated statements of earnings for the three-month and nine-month periods then ended and cash flows for the nine-month period then ended. These condensed consolidated financial statements are the responsibility of the Company's management.

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

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

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Ross Stores, Inc. as of February 3, 2001, and the related consolidated statements of earnings, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated March 16, 2001, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of February 3, 2001 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/Deloitte & Touche LLP
San Francisco, California
November 20, 2001



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

This section and other parts of this Form 10-Q contain forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in the subsection entitled "Forward-Looking Statements and Factors Affecting Future Performance" below. The following discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto included elsewhere in this Form 10-Q and the consolidated financial statements in the Company's 2000 Form 10-K. All information is based on the Company's fiscal calendar.

**RESULTS OF OPERATIONS**

**PERCENTAGES OF SALES**

| | Three Months Ended | Nine Months Ended |
|---|---|---|

| | November 3, 2001 | October 28, 2000 | November 3, 2001 | October 28, 2000 |
|---|---|---|---|---|
| **SALES** | | | | |
| Sales ($000) | **$ 739,272** | $ 639,469 | **$ 2,138,223** | $ 1,929,932 |
| Sales growth | **15.6%** | 5.1% | **10.8%** | 8.8% |
| Comparable store sales increase (decrease) | **5%** | (2%) | **1%** | 1% |
| Cost of goods sold and occupancy | **68.8%** | 68.7% | **69.2%** | 68.9% |
| General, selling and administrative | **21.6%** | 21.7% | **20.9%** | 20.2% |
| Depreciation and amortization | **1.7%** | 1.8% | **1.7%** | 1.7% |
| Interest expense | **0.1%** | 0.2% | **0.2%** | 0.1% |
| **EARNINGS BEFORE TAXES** | **7.8%** | 7.6% | **8.1%** | 9.1% |
| **PROVISION FOR TAXES ON EARNINGS** | **3.0%** | 3.0% | **3.2%** | 3.5% |
| **NET EARNINGS** | **4.7%** | 4.7% | **4.9%** | 5.5% |

**Sales**

The increase in sales for the three and nine months ended November 3, 2001, compared to the same period in the prior year, reflects an increase in the number of stores open during the current period and an increase in comparable store sales.

**Costs and Expenses**

Cost of goods sold and occupancy expenses as a percentage of sales for the three months ended November 3, 2001, increased compared to the same period in the prior year, primarily due to a lower mark-up on goods sold, partially offset by leverage on occupancy costs realized from the increase in comparable store sales. Cost of goods sold and occupancy expenses as a percentage of sales for the nine months ended November 3, 2001, increased compared to the same period in the prior year, primarily due to higher freight costs, and a lower mark-up on goods sold.

The decrease in general, selling and administrative expense as a percentage of sales for the three months ended November 3, 2001, compared to the same period in the prior year, primarily reflects leverage on higher comparable store sales, partially offset by higher store payroll, benefits, and distribution costs as a percentage of sales. The increase in general, selling and administrative expense as a percentage of sales for the nine months ended November 3, 2001, compared to the same period in



the prior year, primarily reflects higher store payroll, benefits, and distribution costs as a percentage of sales.

The decrease in interest expense as a percentage of sales for the three months ended November 3, 2001, compared to the same period in the prior year, is due to lower average borrowings and a lower borrowing rate. The increase in interest expense as a percentage of sales for the nine months ended November 3, 2001, compared to the same period in the prior year, is due to higher average borrowings, partially offset by a lower borrowing rate.

**Net Earnings**

The decrease in net earnings as a percentage of sales for the nine months ended November 3, 2001, compared to the same period in the prior year, is primarily due to increases in both the cost of goods sold and occupancy expense ratio and the general, selling, and administrative expense ratio.

**Income Taxes**

The Company's effective tax rate in both periods was approximately 39%.

**FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

The primary uses of cash during the nine months ended November 3, 2001 were for (i) the purchase of inventory; (ii) the repurchase of the Company's common stock, and (iii) capital expenditures for new stores and improvements to existing stores and management information systems.

Total consolidated inventories increased 17% at November 3, 2001 from October 28, 2000, due to an increase in the number of stores open at the end of each period and an increase in comparable store inventories resulting from an earlier inventory buildup due to a Thanksgiving calendar shift. The increase in accounts payable at November 3, 2001 from October 28, 2000 resulted mainly from higher inventory purchases and related amounts due to vendors versus the prior year.

In January 2000, the Company announced a common stock repurchase program of up to $300.0 million over two years. During the nine months ended November 3, 2001, the Company repurchased approximately 3.4 million shares for an aggregate purchase price of $82.2 million. As of November 3, 2001, the Company had cumulative repurchases of 13.5 million shares for an aggregate purchase price of $251.6 million under this two-year program.

In May 2001, the Company entered into an agreement to lease a 108 acre parcel of land in South Carolina, upon which a 1.3 million square foot distribution center is under construction. The total turnkey cost for the land, distribution center and related systems is projected to be $95.0 million, which the Company will finance through an operating lease. Lease payments will commence upon completion of the distribution center in mid 2002.

At November 3, 2001, the Company had available under its principal bank credit agreement a $350.0 million revolving credit facility which contains a $75.0 million sublimit for issuances of letter of credit. At November 3, 2001, the Company had $90.9 million outstanding under the revolving credit facility of which $75.0 million was classified as long-term.

In addition, the Company had $30.3 million in stand-by letters of credit and $2.9 million in trade letters of credit outstanding at November 3, 2001, which were outside the revolving credit facility.

The Company estimates that cash flows from operations, available bank credit and trade credit are adequate to meet operating cash needs as well as to repurchase common stock, and provide for dividend payments and planned capital additions for the next twelve months.



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**FORWARD-LOOKING STATEMENTS AND FACTORS AFFECTING FUTURE PERFORMANCE**

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

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

As a result, these forward-looking statements are subject to certain risks and uncertainties that could cause the Company's actual results to differ materially from historical results or current expectations. These factors include, without limitation, a general deterioration in economic trends, ongoing competitive pressures in the apparel industry, obtaining acceptable store locations, the Company's ability to continue to purchase attractive name-brand merchandise at desirable discounts, the Company's ability to successfully open a third distribution center in South Carolina in a timely and cost effective manner, the Company's ability to successfully extend its geographic reach, unseasonable weather trends, changes in the level of consumer spending on or preferences in apparel or home-related merchandise, and greater than planned costs. In addition, the Company's corporate headquarters, one of its distribution centers and 37% of its stores are located in California. Therefore, a downturn in the California economy or a major natural disaster there could significantly affect the Company's operating results and financial condition.

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

The factors underlying any forecasts or forward-looking statements are dynamic and subject to change. As a result, any forecasts or forward-looking statements speak only as of the date they are given and do not necessarily reflect the Company's outlook at any other point in time. The Company does not undertake to update these forward-looking statements.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Management believes that the market risk associated with the Company's ownership of market-risk sensitive financial instruments (including interest rate risk and equity price risk) as of November 3, 2001 is not material.

**ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K**

(a) Exhibits

Incorporated herein by reference to the list of Exhibits contained in the Exhibit Index that begins on page 11 of this Report.

(b) Reports on Form 8-K

None.



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**SIGNATURES**

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

ROSS STORES, INC.
Registrant

Date: December 14, 2001

/s/ J. CALL

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



**INDEX TO EXHIBITS**

| Exhibit Number | Exhibit |
|---|---|
| 3.1 | Corrected First Restated Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to the Form 10-K filed by Ross Stores for its year ended January 30, 1999. |
| 3.2 | Amended By-laws, dated August 25, 1994, incorporated by reference to Exhibit 3.2 to the Form 10-Q filed by Ross Stores for its quarter ended July 30, 1994. |
| 10.3 | First Amendment to the Employment Agreement, effective November 1, 2001, between James C. Peters and Ross Stores, Inc. |
| 15 | Letter re: Unaudited Interim Financial Information. |

QuickLinks

PART I. FINANCIAL INFORMATION
SIGNATURES
INDEX TO EXHIBITS

QuickLinks -- Click here to rapidly navigate through this document

# FIRST AMENDMENT TO THE EMPLOYMENT AGREEMENT

**THE FIRST AMENDMENT TO THE EMPLOYMENT AGREEMENT** (the "Amendment") is made and entered into this 1st day of November, by Ross Stores, Inc. (the "Company") and James Peters (the "Executive"). The Executive and the Company previously entered into an Employment Agreement (the "Agreement") effective August 14, 2000 (attached hereto) and it is now the intention of the Executive and the Company to amend the Agreement as set forth below. Accordingly, the Executive and the Company now enter into this Amendment.

I.

The Executive and the Company hereby amend the Agreement by deleting Paragraph 9 (c) (i) of the Agreement in its entirety and by replacing it with the following new paragraph 9 (c) (i):

**(i)**

**Lump Sum Payment**. The Company shall pay to the Executive (or his designee or estate), immediately upon such termination, a lump sum amount equal to: (A) the sum of the Executive's then current salary and the greater of the most recent bonus paid to the Executive under the Management Incentive Plan or the target bonus for the fiscal year of the Company in which such termination occurs; times (B) the greater of two or the number of years (including partial years computed on a per day basis) remaining in the term of the Agreement under paragraph 1 (as extended pursuant to paragraphs 1 and 4(b)). The Executive will not receive the additional salary (i.e., $1,500,000 for two years) described in paragraph 4 (b) {Change of Control} as part of this lump sum payment. Rather, the additional salary provided in paragraph 4(b) will be paid over two years in accordance with the Company's normal payroll policies applicable to senior officers.

II.

The Executive and the Company further amend the Agreement by adding Paragraph 9 (c) (iv) to the Agreement:

**(iv)**

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

Except for the amendments, as set forth above, the Agreement and all of its terms remain in force and in effect.

**IN WITNESS WHEREOF**, the parties have executed this First Amendment to the Agreement as of , effective through .

| **ROSS STORES, INC.** | **EXECUTIVE** |
|---|---|
| /s/ Michael Balmuth | /s/ James Peters |
| Michael Balmuth, Vice Chairman and CEO | James Peters, President and COO |
| 11/01/01 | 11/11/01 |
| Date | Date |

**EXHIBIT 15**

December 14, 2001

Ross Stores, Inc.
Newark, California

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim condensed consolidated financial statements of Ross Stores, Inc. for the three-month and nine-month periods ended November 3, 2001, and October 28, 2000, as indicated in our reports dated November 20, 2001, and November 17, 2000, respectively; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our reports referred to above, which were included in your Quarterly Reports on Form 10-Q for the quarters ended November 3, 2001, and October 28, 2000, are incorporated by reference in Registration Statements Nos. 33-61373, 33-51916, 33-51896, 33-51898, 33-41415, 33-41413, 33-29600, 333-56831, 333-06119, 333-34988 and 333-51478 of Ross Stores, Inc. on Form S-8.

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

Yours truly,

/s/Deloitte & Touche LLP
San Francisco, California