

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

**FORM 10-Q**

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

**For the quarterly period ended October 30, 2021**

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 0-14678

**Ross Stores, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

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

**5130 Hacienda Drive, Dublin, California**  
(Address of principal executive offices)

**94568-7579**  
(Zip Code)

Registrant's telephone number, including area code

**(925) 965-4400**

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

N/A

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$.01	ROST	NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares of Common Stock, with \$.01 par value, outstanding on November 12, 2021 was 353,329,735.

**Ross Stores, Inc.**  
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**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**Condensed Consolidated Statements of Operations**

(\$000, except stores and per share data, unaudited)	Three Months Ended		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
<b>Sales</b>	<b>\$ 4,574,541</b>	<b>\$ 3,754,509</b>	<b>\$ 13,895,595</b>	<b>\$ 8,281,894</b>
<b>Costs and Expenses</b>				
Cost of goods sold	<b>3,326,004</b>	2,711,419	<b>9,935,271</b>	6,681,530
Selling, general and administrative	<b>725,761</b>	877,857	<b>2,118,602</b>	1,812,657
Interest expense, net	<b>18,744</b>	28,740	<b>56,500</b>	64,261
<b>Total costs and expenses</b>	<b>4,070,509</b>	<b>3,618,016</b>	<b>12,110,373</b>	<b>8,558,448</b>
Earnings (loss) before taxes	<b>504,032</b>	136,493	<b>1,785,222</b>	(276,554)
Provision (benefit) for taxes on earnings (loss)	<b>119,002</b>	5,296	<b>429,455</b>	(123,956)
<b>Net earnings (loss)</b>	<b>\$ 385,030</b>	<b>\$ 131,197</b>	<b>\$ 1,355,767</b>	<b>\$ (152,598)</b>
<b>Earnings (loss) per share</b>				
Basic	<b>\$ 1.10</b>	\$ 0.37	<b>\$ 3.85</b>	\$ (0.43)
Diluted	<b>\$ 1.09</b>	\$ 0.37	<b>\$ 3.82</b>	\$ (0.43)
<b>Weighted-average shares outstanding (000)</b>				
Basic	<b>351,071</b>	352,481	<b>352,308</b>	352,320
Diluted	<b>353,081</b>	354,457	<b>354,477</b>	352,320
<b>Store count at end of period</b>	<b>1,924</b>	<b>1,869</b>	<b>1,924</b>	<b>1,869</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Condensed Consolidated Statements of Comprehensive Income (Loss)**

(\$000, unaudited)	Three Months Ended		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Net earnings (loss)	\$ 385,030	\$ 131,197	\$ 1,355,767	\$ (152,598)
Other comprehensive income (loss)	—	—	—	—
Comprehensive income (loss)	\$ 385,030	\$ 131,197	\$ 1,355,767	\$ (152,598)

The accompanying notes are an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Balance Sheets

(\$000, except share data, unaudited)	October 30, 2021	January 30, 2021	October 31, 2020
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 5,259,595	\$ 4,819,293	\$ 4,416,124
Accounts receivable	158,765	115,067	122,654
Merchandise inventory	2,231,242	1,508,982	1,630,390
Prepaid expenses and other	195,309	249,149	347,399
Total current assets	7,844,911	6,692,491	6,516,567
<b>Property and Equipment</b>			
Land and buildings	1,194,125	1,187,045	1,185,442
Fixtures and equipment	3,357,986	3,243,206	3,201,940
Leasehold improvements	1,317,979	1,278,134	1,243,755
Construction-in-progress	506,903	376,076	372,950
	6,376,993	6,084,461	6,004,087
Less accumulated depreciation and amortization	3,592,707	3,373,965	3,297,203
Property and equipment, net	2,784,286	2,710,496	2,706,884
Operating lease assets	3,032,175	3,084,819	3,132,056
Other long-term assets	254,362	230,061	215,159
Total assets	\$ 13,915,734	\$ 12,717,867	\$ 12,570,666
<b>Liabilities and Stockholders' Equity</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 2,652,881	\$ 2,256,928	\$ 2,426,390
Accrued expenses and other	625,426	592,122	655,408
Current operating lease liabilities	620,675	598,120	590,122
Accrued payroll and benefits	512,336	400,273	269,709
Income taxes payable	—	54,680	—
Current portion of long-term debt	64,991	64,910	—
Total current liabilities	4,476,309	3,967,033	3,941,629
Long-term debt	2,451,283	2,448,175	2,512,037
Non-current operating lease liabilities	2,551,162	2,621,594	2,672,139
Other long-term liabilities	296,819	268,558	290,795
Deferred income taxes	156,944	121,867	135,029
Commitments and contingencies			
<b>Stockholders' Equity</b>			
Common stock, par value \$.01 per share			
Authorized 1,000,000,000 shares			
Issued and outstanding 353,694,000, 356,503,000 and 356,449,000 shares, respectively	3,537	3,565	3,564
Additional paid-in capital	1,681,802	1,579,824	1,546,078
Treasury stock	(535,642)	(478,550)	(478,419)
Retained earnings	2,833,520	2,185,801	1,947,814
Total stockholders' equity	3,983,217	3,290,640	3,019,037
Total liabilities and stockholders' equity	\$ 13,915,734	\$ 12,717,867	\$ 12,570,666

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Condensed Consolidated Statements of Stockholders' Equity**
**Nine Months Ended October 30, 2021**

(000)	Common stock		Additional paid-in capital	Treasury stock	Retained earnings	Total
	Shares	Amount				
<b>Balance at January 30, 2021</b>	356,503	\$ 3,565	\$ 1,579,824	\$ (478,550)	\$ 2,185,801	\$ 3,290,640
Net earnings	—	—	—	—	476,479	476,479
Common stock issued under stock plans, net of shares						
used for tax withholding	614	6	6,057	(47,378)	—	(41,315)
Stock-based compensation	—	—	28,674	—	—	28,674
Dividends declared (\$0.285 per share)	—	—	—	—	(101,657)	(101,657)
<b>Balance at May 1, 2021</b>	357,117	\$ 3,571	\$ 1,614,555	\$ (525,928)	\$ 2,560,623	\$ 3,652,821
Net earnings	—	—	—	—	494,258	494,258
Common stock issued under stock plans, net of shares						
used for tax withholding	30	—	6,471	(1,637)	—	4,834
Stock-based compensation	—	—	29,584	—	—	29,584
Common stock repurchased	(1,449)	(14)	(5,492)	—	(170,278)	(175,784)
Dividends declared (\$0.285 per share)	—	—	—	—	(101,727)	(101,727)
<b>Balance at July 31, 2021</b>	355,698	\$ 3,557	\$ 1,645,118	\$ (527,565)	\$ 2,782,876	\$ 3,903,986
Net earnings	—	—	—	—	385,030	385,030
Common stock issued under stock plans, net of shares						
used for tax withholding	97	1	6,091	(8,077)	—	(1,985)
Stock-based compensation	—	—	38,517	—	—	38,517
Common stock repurchased	(2,101)	(21)	(7,924)	—	(233,250)	(241,195)
Dividends declared (\$0.285 per share)	—	—	—	—	(101,136)	(101,136)
<b>Balance at October 30, 2021</b>	353,694	\$ 3,537	\$ 1,681,802	\$ (535,642)	\$ 2,833,520	\$ 3,983,217

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Condensed Consolidated Statements of Stockholders' Equity**
**Nine Months Ended October 31, 2020**

(000)	Common stock		Additional paid-in capital	Treasury stock	Retained earnings	Total
	Shares	Amount				
<b>Balance at February 1, 2020</b>	356,775	\$ 3,568	\$ 1,458,307	\$ (433,328)	\$ 2,330,702	\$ 3,359,249
Net loss	—	—	—	—	(305,842)	(305,842)
Common stock issued under stock plans, net of shares						
used for tax withholding	318	3	5,441	(32,317)	—	(26,873)
Stock-based compensation	—	—	24,739	—	—	24,739
Common stock repurchased	(1,171)	(12)	(3,576)	—	(128,879)	(132,467)
Dividends declared (\$0.285 per share)	—	—	—	—	(101,414)	(101,414)
<b>Balance at May 2, 2020</b>	355,922	\$ 3,559	\$ 1,484,911	\$ (465,645)	\$ 1,794,567	\$ 2,817,392
Net earnings	—	—	—	—	22,047	22,047
Common stock issued under stock plans, net of shares						
used for tax withholding	84	1	5,630	(29)	—	5,602
Stock-based compensation	—	—	22,158	—	—	22,158
<b>Balance at August 1, 2020</b>	356,006	\$ 3,560	\$ 1,512,699	\$ (465,674)	\$ 1,816,614	\$ 2,867,199
Net earnings	—	—	—	—	131,197	131,197
Common stock issued under stock plans, net of shares						
used for tax withholding	443	4	6,009	(12,745)	3	(6,729)
Stock-based compensation	—	—	27,370	—	—	27,370
<b>Balance at October 31, 2020</b>	356,449	\$ 3,564	\$ 1,546,078	\$ (478,419)	\$ 1,947,814	\$ 3,019,037

The accompanying notes are an integral part of these condensed consolidated financial statements.

## Condensed Consolidated Statements of Cash Flows

(\$000, unaudited)	Nine Months Ended	
	October 30, 2021	October 31, 2020
<b>Cash Flows From Operating Activities</b>		
Net earnings (loss)	\$ 1,355,767	\$ (152,598)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Depreciation and amortization	262,139	268,193
Loss on early extinguishment of debt	—	239,769
Stock-based compensation	96,775	74,267
Deferred income taxes	35,077	(14,650)
Change in assets and liabilities:		
Merchandise inventory	(722,260)	201,949
Other current assets	(50,139)	(31,732)
Accounts payable	422,277	1,126,574
Other current liabilities	160,984	118,679
Income taxes	(60,442)	(119,513)
Operating lease assets and liabilities, net	4,767	8,979
Other long-term, net	(1,292)	63,206
Net cash provided by operating activities	1,503,653	1,783,123
<b>Cash Flows From Investing Activities</b>		
Additions to property and equipment	(377,916)	(339,545)
Net cash used in investing activities	(377,916)	(339,545)
<b>Cash Flows From Financing Activities</b>		
Issuance of common stock related to stock plans	18,626	17,088
Treasury stock purchased	(57,092)	(45,091)
Repurchase of common stock	(416,979)	(132,467)
Dividends paid	(304,520)	(101,411)
Net proceeds from issuance of short-term debt	—	805,601
Payments of short-term debt	—	(804,972)
Net proceeds from issuance of long-term debt	—	2,965,115
Payments of long-term debt	—	(775,009)
Payments of debt extinguishment and debt issuance costs	—	(232,000)
Net cash (used in) provided by financing activities	(759,965)	1,696,854
Net increase in cash, cash equivalents, and restricted cash and cash equivalents	365,772	3,140,432
Cash, cash equivalents, and restricted cash and cash equivalents:		
Beginning of period	4,953,769	1,411,410
End of period	\$ 5,319,541	\$ 4,551,842
<b>Supplemental Cash Flow Disclosures</b>		
Interest paid	\$ 82,209	\$ 70,347
Income taxes paid	\$ 454,821	\$ 10,207

The accompanying notes are an integral part of these condensed consolidated financial statements.



## Notes to Condensed Consolidated Financial Statements

Three and Nine Months Ended October 30, 2021 and October 31, 2020  
(Unaudited)

### Note A: Summary of Significant Accounting Policies

**Basis of presentation.** The accompanying unaudited interim condensed consolidated financial statements have been prepared from the records of Ross Stores, Inc. and subsidiaries (the "Company") without audit and, in the opinion of management, include all adjustments (consisting of only normal, recurring adjustments) necessary to present fairly the Company's financial position as of October 30, 2021 and October 31, 2020, the results of operations, comprehensive income (loss), and stockholders' equity for the three and nine month periods ended October 30, 2021 and October 31, 2020, and cash flows for the nine month periods ended October 30, 2021 and October 31, 2020. The Condensed Consolidated Balance Sheet as of January 30, 2021, presented herein, has been derived from the Company's audited consolidated financial statements for the fiscal year then ended.

Certain information and disclosures normally included in the notes to annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted for purposes of these 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, contained in the Company's Annual Report on Form 10-K for the year ended January 30, 2021.

The results of operations, comprehensive income (loss), and stockholders' equity for the three and nine month periods ended October 30, 2021 and October 31, 2020, and cash flows for the nine month periods ended October 30, 2021 and October 31, 2020 presented herein are not necessarily indicative of the results to be expected for the full fiscal year.

**Use of accounting estimates.** The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the condensed consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. The Company's significant accounting estimates include valuation reserves for inventory, packaway and other inventory carrying costs, useful lives of fixed assets, insurance reserves, reserves for uncertain tax positions, employee retention credits under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), and legal claims. The ongoing uncertainties and continued impacts from the COVID-19 pandemic increase the challenge of making estimates; actual results could differ materially from the Company's estimates.

**Revenue recognition.** The following sales mix table disaggregates revenue by merchandise category for the three and nine month periods ended October 30, 2021 and October 31, 2020:

	Three Months Ended		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020 <sup>1</sup>
Ladies	26 %	23 %	26 %	24 %
Home Accents and Bed and Bath	25 %	26 %	25 %	26 %
Men's	15 %	15 %	14 %	14 %
Accessories, Lingerie, Fine Jewelry, and Cosmetics	13 %	15 %	14 %	14 %
Shoes	11 %	12 %	12 %	13 %
Children's	10 %	9 %	9 %	9 %
Total	100 %	100 %	100 %	100 %

<sup>1</sup> Sales mix for the nine month period ended October 31, 2020 represents sales for the period the stores were open.

**Cash, restricted cash, and restricted investments.** Restricted cash, cash equivalents, and investments serve as collateral for certain insurance and trade payable obligations of the Company. These restricted funds are invested in bank deposits, money market mutual funds, U.S. Government and agency securities, and corporate securities and cannot be withdrawn from the Company's account without the prior written consent of the secured parties. The classification between current and long-term is based on the timing of expected payments of the obligations.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash and cash equivalents in the Condensed Consolidated Balance Sheets that reconcile to the amounts shown on the Condensed Consolidated Statements of Cash Flows:

(\$000)	October 30, 2021		January 30, 2021		October 31, 2020	
Cash and cash equivalents	\$	5,259,595	\$	4,819,293	\$	4,416,124
Restricted cash and cash equivalents included in:						
Prepaid expenses and other		10,790		85,711		85,322
Other long-term assets		49,156		48,765		50,396
Total restricted cash and cash equivalents		59,946		134,476		135,718
Total cash and cash equivalents, and restricted cash and cash equivalents	\$	5,319,541	\$	4,953,769	\$	4,551,842

**Property and equipment.** As of October 30, 2021 and October 31, 2020, the Company had \$14.4 million and \$22.4 million, respectively, of property and equipment purchased but not yet paid. These purchases are included in Property and equipment, Accounts payable, and Accrued expenses and other in the accompanying Condensed Consolidated Balance Sheets.

**Operating leases.** In response to the COVID-19 pandemic, the Financial Accounting Standards Board (“FASB”) provided relief under Accounting Standards Update (“ASU”) 2016-02, *Leases* (Accounting Standards Codification “ASC” 842). Under this relief, companies can make a policy election on how to treat lease concessions resulting directly from the COVID-19 pandemic, provided that the modified contracts result in total cash flows that are substantially the same or less than the cash flows in the original contract.

The Company made the policy election to account for lease concessions that result from the COVID-19 pandemic as if they were made under enforceable rights in the original contract. Additionally, the Company made the policy election to account for these concessions outside of the lease modification framework described under ASC 842. The Company recorded accruals for deferred rental payments and recognized rent abatements or concessions as variable lease costs in the periods incurred. Accruals for rent payment deferrals are included in Accrued expenses and other in the accompanying Condensed Consolidated Balance Sheets.

Supplemental cash flow disclosures related to leases. Operating lease assets obtained in exchange for new operating lease liabilities (includes new leases and remeasurements or modifications of existing leases) were as follows:

(\$000)	Three Months Ended		Nine Months Ended					
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020				
Operating lease assets obtained in exchange for new operating lease liabilities	\$	208,767	\$	225,345	\$	395,428	\$	509,696

**Cash dividends.** The Company’s Board of Directors declared a quarterly cash dividend of \$0.285 per common share in March 2020. In May 2020, the Company suspended its quarterly dividends due to the economic uncertainty stemming from the COVID-19 pandemic. On March 2, 2021, the Company’s Board of Directors declared a quarterly cash dividend of \$0.285 per common share, payable on March 31, 2021, resuming quarterly dividends. The Company’s Board of Directors also declared cash dividends of \$0.285 per common share in May 2021 and August 2021.

In November 2021, the Company’s Board of Directors declared a cash dividend of \$0.285 per common share, payable on December 31, 2021.

**Litigation, claims, and assessments.** Like many retailers, the Company has been named in class/representative action lawsuits, primarily in California, alleging violation of wage and hour/employment laws and consumer protection laws. Class/representative action litigation remains pending as of October 30, 2021.

The Company is also party to various other legal and regulatory proceedings arising in the normal course of business. Actions filed against the Company may include commercial, product and product safety, consumer, intellectual property,

environmental, and labor and employment-related claims, including lawsuits in which private plaintiffs or governmental agencies allege that the Company violated federal, state, and/or local laws. Actions against the Company are in various procedural stages. Many of these proceedings raise factual and legal issues and are subject to uncertainties.

In the opinion of management, the resolution of pending class/representative action litigation and other currently pending legal and regulatory proceedings will not have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

**Recently adopted accounting standards.** In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxes* (ASC 740). ASU 2019-12 eliminates certain exceptions in ASC 740 related to the methodology for calculating income taxes in an interim period. It also clarifies and simplifies other aspects of the accounting for income taxes. The amendments in ASU 2019-12 are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted, including adoption in any interim period. The Company adopted ASU 2019-12 on a prospective basis in the first quarter of fiscal 2020. The most significant impact to the Company is the removal of a limit on the tax benefit recognized on pre-tax losses in interim periods. The adoption of this standard did not have a material impact on the Company's fiscal 2020 results.

**Recently issued accounting standards.** The Company considers the applicability and impact of all ASUs issued by the FASB. For the three and nine month periods ended October 30, 2021, the ASUs issued by the FASB were assessed and determined to be either not applicable or are expected to have minimal impact on the Company's condensed consolidated financial results.

#### Note B: Fair Value Measurements

The carrying value of cash and cash equivalents, short- and long-term investments, restricted cash and cash equivalents, restricted investments, accounts receivable, other long-term assets, accounts payable, and other long-term liabilities approximates their estimated fair value.

Accounting standards pertaining to fair value measurements establish a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value. The inputs used to measure fair value include: Level 1, observable inputs such as quoted prices in active markets; Level 2, inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, unobservable inputs in which little or no market data exists. This fair value hierarchy requires the Company to develop its own assumptions, maximize the use of observable inputs, and minimize the use of unobservable inputs when measuring fair value. Corporate, U.S. government and agency, and mortgage-backed securities are classified within Level 1 or Level 2 because these securities are valued using quoted market prices or alternative pricing sources and models utilizing market observable inputs.

The fair value of the Company's financial instruments are as follows:

(\$000)	October 30, 2021	January 30, 2021	October 31, 2020
<b>Cash and cash equivalents (Level 1)</b>	<b>\$ 5,259,595</b>	<b>\$ 4,819,293</b>	<b>\$ 4,416,124</b>
<b>Restricted cash and cash equivalents (Level 1)</b>	<b>\$ 59,946</b>	<b>\$ 134,476</b>	<b>\$ 135,718</b>

The underlying assets in the Company's non-qualified deferred compensation program as of October 30, 2021, January 30, 2021, and October 31, 2020 (included in Other long-term assets and in Other long-term liabilities) primarily consist of participant-directed money market, stable value, stock, and bond funds. The fair value measurement for funds with quoted market prices in active markets (Level 1) and for funds without quoted market prices in active markets (Level 2) are as follows:

(\$000)	October 30, 2021	January 30, 2021	October 31, 2020
Level 1	\$ 178,966	\$ 159,116	\$ 134,991
Level 2	—	—	10,391
<b>Total</b>	<b>\$ 178,966</b>	<b>\$ 159,116</b>	<b>\$ 145,382</b>

### Note C: Management Incentive Plan and Stock-Based Compensation

The Company has incentive compensation programs which provide cash incentive bonuses and performance share awards to key management and employees based on Company and individual performance.

For fiscal 2021, the Compensation Committee of the Board of Directors established the performance measures for determining incentive compensation amounts as based on a combination of profitability-based performance goals and the attainment of specific management priorities related to business challenges from the COVID-19 pandemic, as measured and approved by the Compensation Committee. As of October 30, 2021, the Company has established an accrual for this incentive compensation based on its forecasted attainment of the profitability-based performance goals and the Compensation Committee's assessment of progress towards achievement of the specific business priorities.

For the fiscal 2020 management incentive bonus plan and performance share awards, the Compensation Committee approved modifications in August 2020 to the performance measurement goals, to be based on the attainment of specific management priorities related to business challenges from the COVID-19 pandemic, as measured and approved by the Compensation Committee, as an alternative to the previously established profitability-based performance goals for 2020.

**Stock-based compensation.** For the three and nine month periods ended October 30, 2021 and October 31, 2020, the Company recognized stock-based compensation expense as follows:

(\$000)	Three Months Ended		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Restricted stock	\$ 18,841	\$ 17,330	\$ 53,487	\$ 51,450
Performance awards	18,601	8,979	40,000	19,801
Employee stock purchase plan	1,075	1,061	3,288	3,016
Total	\$ 38,517	\$ 27,370	\$ 96,775	\$ 74,267

Total stock-based compensation expense recognized in the Company's Condensed Consolidated Statements of Operations for the three and nine month periods ended October 30, 2021 and October 31, 2020, is as follows:

Statements of Operations Classification (\$000)	Three Months Ended		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Cost of goods sold	\$ 18,594	\$ 13,767	\$ 48,354	\$ 38,282
Selling, general and administrative	19,923	13,603	48,421	35,985
Total	\$ 38,517	\$ 27,370	\$ 96,775	\$ 74,267

The tax benefits related to stock-based compensation expense for the three and nine month periods ended October 30, 2021 were \$8.4 million and \$19.4 million, respectively. The tax benefits related to stock-based compensation expense for the three and nine month periods ended October 31, 2020 were \$5.1 million and \$15.3 million, respectively.

**Restricted stock awards.** The Company grants shares of restricted stock or restricted stock units to directors, officers, and key employees. The market value of shares of restricted stock and restricted stock units at the date of grant is amortized to expense over the vesting period of generally three to five years.

During the three and nine month periods ended October 30, 2021 and October 31, 2020, shares purchased by the Company for tax withholding totaled 70,488 and 471,081, and 142,350 and 492,171, respectively, and are considered treasury shares which are available for reissuance.

**Performance share awards.** The Company has a performance share award program for senior executives. A performance share award represents a right to receive shares of restricted stock on a specified settlement date based on the Company's attainment of performance goals during the performance period, which is the Company's fiscal year. If attained, the restricted stock then vests over a service period, generally two to three years from the date the performance award was granted.

As of October 30, 2021, shares related to unvested restricted stock, restricted stock units, and performance share awards totaled 4.0 million shares. A summary of restricted stock, restricted stock units, and performance share award activity for the nine month period ended October 30, 2021, is presented below:

(000, except per share data)	Number of shares	Weighted-average grant date fair value
Unvested at January 30, 2021	4,230	\$ 85.15
Awarded	1,110	121.06
Released	(1,222)	75.57
Forfeited	(121)	94.90
<b>Unvested at October 30, 2021</b>	<b>3,997</b>	<b>\$ 97.79</b>

The unamortized compensation expense at October 30, 2021, was \$193.8 million, which is expected to be recognized over a weighted-average remaining period of 2.1 years. The unamortized compensation expense at October 31, 2020, was \$178.2 million, which was expected to be recognized over a weighted-average remaining period of 2.1 years.

**Employee stock purchase plan.** Under the Employee Stock Purchase Plan (“ESPP”), eligible employees participating in the quarterly offering period can choose to have up to the lesser of 10% of their annual base earnings or the IRS annual share purchase limit of \$25,000 in aggregate market value to purchase the Company’s common stock. The purchase price of the stock is 85% of the closing market price on the date of purchase. Purchases occur on a quarterly basis (on the last trading day of each calendar quarter). The Company recognizes expense for ESPP purchase rights equal to the value of the 15% discount given on the purchase date.

#### Note D: Earnings (Loss) Per Share

The Company computes and reports both basic earnings (loss) per share (“EPS”) and diluted EPS. Basic EPS is computed by dividing net earnings (loss) by the weighted-average number of common shares outstanding for the period. Diluted EPS is computed by dividing net earnings (loss) by the sum of the weighted-average number of common shares and dilutive common stock equivalents outstanding during the period, except in cases where the effect of the common stock equivalents would be anti-dilutive. Diluted EPS reflects the total potential dilution that could occur from outstanding equity plan awards and unvested shares of both performance and non-performance based awards of restricted stock and restricted stock units. For periods of net loss, basic and diluted EPS are the same as the effect of the assumed vesting of restricted stock, restricted stock units, and performance share awards are anti-dilutive.

For the three and nine month periods ended October 30, 2021, approximately 13,200 and 3,000 weighted-average shares were excluded from the calculation of diluted EPS because their effect would have been anti-dilutive for the periods presented. For the three month period ended October 31, 2020, approximately 80,600 weighted-average shares were excluded from the calculation of diluted EPS because their effect would have been anti-dilutive for the period presented. For the nine month period ended October 31, 2020, basic and diluted EPS were the same due to the Company’s net loss.

The following is a reconciliation of the number of shares (denominator) used in the basic and diluted EPS computations:

Shares in (000s)	Three Months Ended			Nine Months Ended		
	Basic EPS	Effect of dilutive common stock equivalents	Diluted EPS	Basic EPS	Effect of dilutive common stock equivalents	Diluted EPS
<b>October 30, 2021</b>						
Shares	351,071	2,010	353,081	352,308	2,169	354,477
Amount	\$ 1.10	\$ (0.01)	\$ 1.09	\$ 3.85	\$ (0.03)	\$ 3.82
<b>October 31, 2020</b>						
Shares	352,481	1,976	354,457	352,320	—	352,320
Amount	\$ 0.37	\$ —	\$ 0.37	\$ (0.43)	\$ —	\$ (0.43)

#### Note E: Debt

**Long-term debt.** Unsecured senior debt, net of unamortized discounts and debt issuance costs, consisted of the following:

(\$000)	October 30, 2021	January 30, 2021	October 31, 2020
6.530% Series B Senior Notes due 2021	\$ 64,991	\$ 64,910	\$ 64,883
3.375% Senior Notes due 2024	248,697	248,365	248,256
4.600% Senior Notes due 2025	695,571	694,624	694,310
0.875% Senior Notes due 2026	494,508	493,595	493,297
4.700% Senior Notes due 2027	239,364	239,049	238,944
4.800% Senior Notes due 2030	132,388	132,262	132,220
1.875% Senior Notes due 2031	494,551	494,132	493,998
5.450% Senior Notes due 2050	146,204	146,148	146,129
<b>Total long-term debt</b>	<b>\$ 2,516,274</b>	<b>\$ 2,513,085</b>	<b>\$ 2,512,037</b>
Less: current portion	64,991	64,910	—
<b>Total due beyond one year</b>	<b>\$ 2,451,283</b>	<b>\$ 2,448,175</b>	<b>\$ 2,512,037</b>

**Revolving credit facilities.** The Company's \$800 million unsecured revolving credit facility expires in July 2024, and contains a \$300 million sublimit for issuance of standby letters of credit. The facility also contains an option allowing the Company to increase the size of its credit facility by up to an additional \$300 million, with the agreement of the lenders. Interest on borrowings under this facility is based on LIBOR (or an alternate benchmark rate, if LIBOR is no longer available) plus an applicable margin and is payable quarterly and upon maturity. The revolving credit facility may be extended, at the Company's option, for up to two additional one year periods, subject to customary conditions.

In March 2020, the Company borrowed \$800 million available under its revolving credit facility. Interest on the loan was based on LIBOR plus 0.875% (or 1.76%).

In May 2020, the Company amended its \$800 million unsecured revolving credit facility (the "Amended Credit Facility") to temporarily suspend, for the second and third quarters of fiscal 2020, the Consolidated Adjusted Debt to EBITDAR ratio financial covenant, and to apply a transitional modification to that ratio effective in the fourth quarter of fiscal 2020. In October 2020, the Company repaid in full the \$800 million it borrowed under the unsecured revolving credit facility. As of October 30, 2021, the Company had no borrowings or standby letters of credit outstanding under this facility, the \$800 million credit facility remains in place and available, and the Company was in compliance with the amended covenant.

In May 2020, the Company also entered into an additional \$500 million 364-day senior revolving credit facility which was scheduled to expire in April 2021. In October 2020, the Company terminated this senior revolving credit facility. The Company had no borrowings under that credit facility at any time.

**Senior notes.** As of October 30, 2021, the Company had outstanding Series B unsecured Senior Notes in the aggregate principal amount of \$65 million held by various institutional investors. The Series B notes are due in December 2021, and bear interest at a rate of 6.530%. Borrowings under these Senior Notes are subject to certain financial covenants that were amended in June 2020. As of October 30, 2021, the Company was in compliance with these covenants.

As of October 30, 2021, the Company also had outstanding unsecured 3.375% Senior Notes due September 2024 (the "2024 Notes") with an aggregate principal amount of \$250 million. Interest on the 2024 Notes is payable semi-annually.

In April 2020, the Company issued an aggregate of \$2.0 billion in unsecured senior notes in four tenors as follows: 4.600% Senior Notes due April 2025 (the "2025 Notes") with an aggregate principal amount of \$700 million, 4.700% Senior Notes due April 2027 (the "2027 Notes") with an aggregate principal amount of \$400 million, 4.800% Senior Notes due April 2030 (the "2030 Notes") with an aggregate principal amount of \$400 million, and 5.450% Senior Notes due April 2050 (the "2050 Notes") with an aggregate principal amount of \$500 million. Cash proceeds, net of discounts and other issuance costs, were approximately \$1.973 billion. Interest on the 2025, 2027, 2030, and 2050 Notes is payable semi-annually beginning October 2020.

In October 2020, the Company accepted for repurchase approximately \$775 million in aggregate principal amount of the senior notes issued in April 2020, pursuant to cash tender offers as follows: \$351 million of the 2050 Notes, \$266 million of the 2030 Notes, and \$158 million of the 2027 Notes. The Company paid approximately \$1.003 billion in aggregate consideration (including transaction costs, and accrued and unpaid interest) and recorded an approximately \$240 million loss on the early extinguishment for the accepted senior notes.

In October 2020, the Company issued an aggregate of \$1.0 billion in unsecured senior notes in two tenors as follows: 0.875% Senior Notes due April 2026 (the "2026 Notes") with an aggregate principal amount of \$500 million and 1.875% Senior Notes due April 2031 (the "2031 Notes") with an aggregate principal amount of \$500 million. Cash proceeds, net of discounts and other issuance costs, were approximately \$987.2 million. Interest on the 2026 and 2031 Notes is payable semi-annually beginning April 2021. The Company used the net proceeds from the offering of the 2026 and 2031 Notes to fund the purchase of the accepted senior notes from its tender offers.

As of October 30, 2021, January 30, 2021, and October 31, 2020, total unamortized discount and debt issuance costs were \$23.7 million, \$26.9 million, and \$28.0 million, respectively, and were classified as a reduction of Long-term debt.

All of the Senior Notes are subject to prepayment penalties for early payment of principal.

As of October 30, 2021, January 30, 2021, and October 31, 2020 the aggregate fair value of the eight outstanding series of Senior Notes was approximately \$2.6 billion, \$2.8 billion, and \$2.8 billion, respectively. The fair value is estimated by obtaining comparable market quotes which are considered to be Level 1 inputs under the fair value measurements and disclosures guidance.

The table below shows the components of interest expense and income for the three and nine month periods ended October 30, 2021 and October 31, 2020:

(\$000)	Three Months Ended		Nine Months Ended	
	October 30, 2021	October 31, 2020	October 30, 2021	October 31, 2020
Interest expense on long-term debt	\$ 22,227	\$ 27,826	\$ 66,626	\$ 66,338
Interest expense on short-term debt	—	2,565	—	7,861
Other interest expense	391	2,535	1,012	3,844
Capitalized interest	(3,682)	(3,856)	(10,511)	(9,359)
Interest income	(192)	(330)	(627)	(4,423)
Interest expense, net	\$ 18,744	\$ 28,740	\$ 56,500	\$ 64,261



## Note F: Taxes on Earnings (Loss)

On March 27, 2020, the CARES Act was signed into law. The CARES Act made several significant changes to business tax provisions, including modifications for net operating losses, employee retention credits, and deferral of employer payroll tax payments. The modifications for net operating losses eliminate the taxable income limitation for certain net operating losses and allow the carry back of net operating losses arising in 2018, 2019, and 2020 to the five prior tax years, respectively. Subsequently, the Consolidated Appropriations Act of 2021 ("CAA") and the American Rescue Plan Act ("ARPA") were signed into law on December 27, 2020 and March 11, 2021, respectively. The CAA and ARPA made several changes to business tax provisions, including increasing and extending the employee retention credits through December 31, 2021, extending certain employment-related tax credits through December 31, 2025, and limiting certain executive compensation deductions, effective fiscal 2027.

The Company's effective tax rates for the three month periods ended October 30, 2021 and October 31, 2020, were approximately 24% and 4%, respectively. The increase in the effective tax rate of 20% for the three month period ended October 30, 2021 compared to the three month period ended October 31, 2020 was primarily due to fluctuations in pre-tax earnings (loss).

The Company's effective tax rates for the nine month periods ended October 30, 2021 and October 31, 2020, were approximately 24% and 45%, respectively. The decrease in the effective tax rate of 21% for the nine month period ended October 30, 2021 compared to the nine month period ended October 31, 2020 was primarily due to fluctuations in pre-tax earnings (loss). The Company's effective tax rate is impacted by changes in tax law and accounting guidance, location of new stores, level of earnings, tax effects associated with share-based compensation, and uncertain tax positions.

As of October 30, 2021, January 30, 2021, and October 31, 2020, the reserves for unrecognized tax benefits were \$76.9 million, \$67.9 million, and \$76.1 million, inclusive of \$9.8 million, \$7.7 million, and \$9.4 million of related interest and penalties, respectively. The Company accounts for interest and penalties related to unrecognized tax benefits as a part of its provision for taxes on earnings. If recognized, \$61.4 million would impact the Company's effective tax rate. It is reasonably possible that certain state tax matters may be concluded or statutes of limitations may lapse during the next 12 months. Accordingly, the total amount of unrecognized tax benefits may decrease by up to \$9.5 million. The difference between the total amount of unrecognized tax benefits and the amounts that would impact the effective tax rate relates to amounts attributable to deferred income tax assets and liabilities. These amounts are net of federal and state income taxes.

The Company is open to audit by the Internal Revenue Service under the statute of limitations for fiscal years 2018 through 2020. The Company's state income tax returns are generally open to audit under the various statutes of limitations for fiscal years 2016 through 2020. Certain state tax returns are currently under audit by various tax authorities. The Company does not expect the results of these audits to have a material impact on the condensed consolidated financial statements.



## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Ross Stores, Inc.:

### Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheets of Ross Stores, Inc. and subsidiaries (the "Company") as of October 30, 2021 and October 31, 2020, the related condensed consolidated statements of operations, comprehensive income (loss), and stockholders' equity for the three and nine month periods ended October 30, 2021 and October 31, 2020, and cash flows for the nine month periods ended October 30, 2021 and October 31, 2020, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of January 30, 2021, and the related consolidated statements of earnings, comprehensive income, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated March 30, 2021, we expressed an unqualified opinion on those consolidated financial statements and included an explanatory paragraph regarding a change in accounting principle. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of January 30, 2021 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

### Basis for Review Results

This interim financial information is the responsibility of the Company's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, 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.

/s/ Deloitte & Touche LLP

San Francisco, California  
December 8, 2021

## **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. Our 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 below under the caption "Forward-Looking Statements" and also those in Part I, Item 1A (Risk Factors) of our Annual Report on Form 10-K for 2020. The following discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto included elsewhere in this Quarterly Report on Form 10-Q, in our Quarterly Report on Form 10-Q for the third quarter of fiscal 2019, and in conjunction with the consolidated financial statements and notes thereto in our Annual Report on Form 10-K for 2020. All information is based on our fiscal calendar.

### **Overview**

Ross Stores, Inc. operates two brands of off-price retail apparel and home fashion stores -- Ross Dress for Less® ("Ross") and dd's DISCOUNTS®. Ross is the largest off-price apparel and home fashion chain in the United States, with 1,629 locations in 40 states, the District of Columbia, and Guam as of October 30, 2021. Ross offers first-quality, in-season, name brand and designer apparel, accessories, footwear, and home fashions for the entire family at savings of 20% to 60% off department and specialty store regular prices every day. We also operate 295 dd's DISCOUNTS stores in 21 states that feature a more moderately-priced assortment of first-quality, in-season, name brand apparel, accessories, footwear, and home fashions for the entire family at savings of 20% to 70% off moderate department and discount store regular prices every day.

### **Results of Operations**

In this quarterly report, and in our reports throughout fiscal 2021, we will compare our results of operations to fiscal 2020 and also to fiscal 2019. We believe the extended closure of our operations in the spring of 2020, and the disruptions caused by COVID-19 throughout fiscal 2020, make fiscal 2019 a more useful and relevant basis for comparison in assessing our ongoing results of operations.

We achieved strong sales results in the third quarter of fiscal 2021 as consumers continued to respond favorably to our broad assortment of bargains despite waning government stimulus and ongoing uncertainty related to the spread of COVID variants. During the quarter, we continued to experience expense pressures from higher freight costs of approximately 125 basis points while higher ocean freight costs negatively impacted merchandise margin which declined 40 basis points compared to the third quarter of fiscal 2019. We also incurred ongoing COVID-related operating costs of approximately 35 basis points (the vast majority of which impacted our selling, general and administrative expenses ("SG&A")). We expect higher freight costs, higher distribution expenses, and the ongoing COVID-related operating costs to continue throughout fiscal 2021.

There remains significant uncertainty related to the ongoing and worsening industry-wide supply chain congestion as we enter the important holiday season. In addition, there continues to be significant uncertainty surrounding the COVID-19 pandemic, including its unknown duration, the potential for new virus variants and future resurgences, as well as possible vaccine mandates or restrictions, and the potential adverse impact on consumer demand and our business.

The following table summarizes the financial results for the three and nine month periods ended October 30, 2021, October 31, 2020, and November 2, 2019:

	Three Months Ended			Nine Months Ended		
	October 30, 2021	October 31, 2020	November 2, 2019	October 30, 2021	October 31, 2020	November 2, 2019
<b>Sales</b>						
Sales (millions)	\$ 4,575	\$ 3,755	\$ 3,849	\$ 13,896	\$ 8,282	\$ 11,626
Comparable store sales growth (decline)	14.0 % <sup>1</sup>	(3 %) <sup>2</sup>	5 % <sup>3</sup>	14.0 % <sup>1</sup>	n/a <sup>4</sup>	3 % <sup>3</sup>
<b>Costs and expenses (as a percent of sales)</b>						
Cost of goods sold	72.7 %	72.2 %	71.9 %	71.5 %	80.7 %	71.5 %
Selling, general and administrative	15.9 %	23.4 %	15.7 %	15.2 %	21.9 %	15.1 %
Interest expense (income), net	0.4 %	0.8 %	(0.1 %)	0.4 %	0.8 %	(0.1 %)
<b>Earnings (loss) before taxes (as a percent of sales)</b>						
	11.0 %	3.6 %	12.5 %	12.9 %	(3.4 %)	13.5 %
<b>Net earnings (loss) (as a percent of sales)</b>						
	8.4 %	3.5 %	9.6 %	9.8 %	(1.8 %)	10.4 %

<sup>1</sup> Amount shown is for fiscal 2021 compared to fiscal 2019. Comparable store sales for this purpose represents sales from stores that were open at the end of fiscal 2018, plus new stores opened in fiscal 2019, less stores closed in fiscal 2019 and fiscal 2020.

<sup>2</sup> Amount shown is for the three month period of fiscal 2020 compared to the same period of fiscal 2019 for stores that have been open for more than 14 complete months.

<sup>3</sup> Amount shown is for the three and nine month periods of fiscal 2019 compared to the same periods of fiscal 2018 for stores that have been open for more than 14 complete months.

<sup>4</sup> Given that stores were open for less than seven weeks of the 13-week period ended May 2, 2020, the comparable store sales metric for the nine months ended October 31, 2020, is not meaningful.

**Stores.** We have opened 65 new stores in fiscal 2021. Looking forward to 2022, we expect to return to our historical annual opening program of approximately 100 new stores. Our longer term expansion strategy is to open additional stores based on market penetration, local demographic characteristics, competition, expected store profitability, and the ability to leverage overhead expenses. We continually evaluate opportunistic real estate acquisitions and opportunities for potential new store locations. We also evaluate our current store locations and determine store closures based on similar criteria.

Store Count	Three Months Ended			Nine Months Ended		
	October 30, 2021	October 31, 2020	November 2, 2019	October 30, 2021	October 31, 2020	November 2, 2019
Beginning of the period	1,896	1,832	1,772	1,859	1,805	1,717
Opened in the period	28	39 <sup>1</sup>	42	65	66 <sup>1</sup>	98
Closed in the period	—	(2)	(4) <sup>2</sup>	—	(2)	(5) <sup>2</sup>
End of the period	1,924	1,869	1,810	1,924	1,869	1,810

<sup>1</sup> Includes the reopening of a store previously temporarily closed due to a weather event.

<sup>2</sup> Includes a temporary closure of a store impacted by a weather event.

**Sales.** Sales for the three month period ended October 30, 2021 increased \$820.0 million, or 21.8%, compared to the three month period ended October 31, 2020, primarily due to the continued strong execution of our merchandising strategies, the benefit from government stimulus payments, increasing vaccination rates, and the further easing of COVID-19 restrictions. Sales also benefited from the opening of 55 net new stores between October 31, 2020 and October 30, 2021.

Sales for the nine month period ended October 30, 2021 increased \$5.6 billion, or 67.8%, compared to the nine month period ended October 31, 2020. This was primarily due to all store locations being open throughout the first nine months of fiscal 2021, compared to the negative impact from the COVID-19 related closures of all our stores during significant portions of the March 2020 to June 2020 period. Sales also benefited from a combination of government stimulus payments, increasing vaccination rates, diminishing COVID-19 restrictions, pent-up consumer demand, and strong execution of our

merchandising strategies. Sales also increased due to the opening of 55 net new stores between October 31, 2020 and October 30, 2021.

Sales for the three month period ended October 30, 2021 increased \$725.4 million, or 18.8%, compared to the three month period ended November 2, 2019. This was primarily due to a 14% increase in comparable store sales (comparing the third quarter of fiscal 2021 to the same period in fiscal 2019) which was mainly driven by the continued strong execution of our merchandising strategies despite waning government stimulus and the uncertainty related to the spread of COVID variants. Sales also increased due to the opening of 114 net new stores between November 2, 2019 and October 30, 2021.

Sales for the nine month period ended October 30, 2021 increased \$2.3 billion, or 19.5%, compared to the nine month period ended November 2, 2019. This was primarily due to a 14% increase in comparable store sales (comparing the first nine months of fiscal 2021 to the same period in fiscal 2019) which was mainly driven by the continued strong execution of our merchandising strategies, and a combination of government stimulus payments, increasing vaccination rates, diminishing COVID-19 restrictions, and pent-up consumer demand. Sales also increased due to the opening of 114 net new stores between November 2, 2019 and October 30, 2021.

Our sales mix for the three and nine month periods ended October 30, 2021, October 31, 2020, and November 2, 2019 is shown below:

	Three Months Ended			Nine Months Ended		
	October 30, 2021	October 31, 2020	November 2, 2019	October 30, 2021	October 31, 2020 <sup>1</sup>	November 2, 2019
Ladies	26 %	23 %	26 %	26 %	24 %	27 %
Home Accents and Bed and Bath	25 %	26 %	24 %	25 %	26 %	24 %
Men's	15 %	15 %	14 %	14 %	14 %	14 %
Accessories, Lingerie, Fine Jewelry, and Cosmetics	13 %	15 %	13 %	14 %	14 %	13 %
Shoes	11 %	12 %	14 %	12 %	13 %	14 %
Children's	10 %	9 %	9 %	9 %	9 %	8 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

<sup>1</sup> Sales mix for the nine month period ended October 31, 2020 represents sales for the period the stores were open.

We intend to address the competitive climate for off-price apparel and home goods by pursuing and refining our existing strategies and by continuing to strengthen our merchant organization, diversify our merchandise mix, and more fully develop our systems to improve regional and local merchandise offerings.

We remain optimistic about our prospects for the remainder of fiscal 2021, based on our recent results, increasing vaccination rates, and diminishing pandemic-related restrictions. However, it is difficult to predict the lasting impact from the factors that benefited our sales results for the first nine months of fiscal 2021, in particular the benefit from the government stimulus payments. There remains significant uncertainty related to the ongoing and worsening industry-wide supply chain congestion. In addition, there continues to be significant uncertainty surrounding the COVID-19 pandemic, including its unknown duration, the potential for new virus variants and future resurgences, as well as possible vaccine mandates or restrictions, and the potential adverse impact on consumer demand and our business. We cannot be sure that our strategies and our store expansion program will result in a continuation of our historical sales growth, or an increase in net earnings.

**Cost of goods sold.** Cost of goods sold for the three and nine month periods ended October 30, 2021 increased \$614.6 million and \$3.3 billion, respectively, compared to the three and nine month periods ended October 31, 2020, primarily due to higher sales, given that all our stores were open throughout the first nine months of fiscal 2021, compared to the negative impact from the COVID-19 related closures of all our stores during significant portions of the March 2020 to June 2020 period. Cost of goods also increased due to the opening of 55 net new stores between October 31, 2020 and October 30, 2021.

Cost of goods sold for the three and nine month periods ended October 30, 2021 increased \$559.6 million and \$1.6 billion, respectively, compared to the three and nine month periods ended November 2, 2019, primarily due to a 14% increase in comparable store sales for both the three and nine month periods, higher freight and distribution costs, and higher sales due to the opening of 114 net new stores between November 2, 2019 and October 30, 2021.

Cost of goods sold as a percentage of sales for the three month period ended October 30, 2021 increased approximately 85 basis points compared to the three month period ended November 2, 2019, primarily due to a 125 basis point increase in freight costs, mainly driven by worsening industry-wide supply chain congestion, a 40 basis point decline in merchandise margin primarily due to higher ocean freight costs, and a 10 basis point increase in buying costs. These increases were partially offset by leverage of 65 basis points in occupancy costs and 25 basis points in distribution expenses.

Cost of goods sold as a percentage of sales for the nine month period ended October 30, 2021 remained flat compared to the nine month period ended November 2, 2019. The offsetting components of cost of goods sold as a percentage of sales included a 45 basis point improvement in merchandise margin and leverage of 70 basis points in occupancy costs. These improvements were offset by a 95 basis point increase in freight costs, mainly driven by ongoing industry-wide supply chain congestion, a 15 basis point increase in distribution expenses, primarily due to higher wages, and a five basis point increase in buying costs. We expect higher freight costs and higher distribution expenses to continue throughout fiscal 2021.

**Selling, general and administrative expenses.** For the three month period ended October 30, 2021, SG&A decreased \$152.1 million, compared to the three month period ended October 31, 2020. The decrease was primarily due to the approximately \$240 million in long-term debt refinancing costs incurred in the third quarter of fiscal 2020, partially offset by higher store operating expenses on higher sales, and the opening of 55 net new stores between October 31, 2020 and October 30, 2021.

For the nine month period ended October 30, 2021, SG&A increased \$305.9 million, compared to the nine month period ended October 31, 2020. The increase was primarily due to all our stores being open throughout the first nine months of fiscal 2021, compared to the impact from the COVID-19 related closures of all our stores during significant portions of the March 2020 to June 2020 period, and to the opening of 55 net new stores between October 31, 2020 and October 30, 2021, partially offset by approximately \$240 million in long-term debt refinancing costs incurred in the third quarter of fiscal 2020.

For the three and nine month periods ended October 30, 2021, SG&A increased \$121.2 million and \$363.8 million, respectively, compared to the three and nine month periods ended November 2, 2019, primarily due to a 14% increase in comparable store sales for both the three and nine month periods, to the opening of 114 net new stores between November 2, 2019 and October 30, 2021, net COVID-related operating expenses for supplies, cleaning, and payroll related to additional safety protocols, and to higher incentive compensation costs due to better-than-expected results.

Selling, general and administrative expenses as a percentage of sales for the three and nine month periods ended October 30, 2021 increased 15 basis points, compared to the three and nine month periods ended November 2, 2019, primarily due to net COVID-related operating expenses for supplies, cleaning, and payroll related to additional safety protocols, and to higher incentive compensation costs due to better-than-expected results. We expect our operating costs to continue to reflect ongoing COVID-related expenses and also higher wages.

**Interest expense (income), net.** Interest expense, net for the three month period ended October 30, 2021 decreased \$10.0 million compared to the same period in the prior year. This decrease was primarily due to lower interest expense on long-term debt due to the October 2020 refinancing at lower interest rates of a portion of the Senior Notes issued in April 2020, and elimination of interest expense on short-term debt due to the repayment of our \$800 million revolving credit facility in October 2020.

Interest expense, net for the nine month period ended October 30, 2021 decreased \$7.8 million compared to the same period in the prior year. This decrease was primarily due to the elimination of interest expense on short-term debt due to the repayment of our \$800 million revolving credit facility in October 2020 and higher capitalized interest primarily related to the construction of our Brookshire, Texas distribution center, partially offset by lower interest income due to lower interest rates.

Interest expense (income), net for the three and nine month periods ended October 30, 2021 increased \$23.1 million and \$71.3 million, respectively, compared to the three and nine month periods ended November 2, 2019. These increases were primarily due to higher interest expense on long-term debt due to the issuance of Senior Notes in April 2020 and October 2020, and to lower interest income due to lower interest rates, partially offset by higher capitalized interest primarily related to the construction of our Brookshire, Texas distribution center.

Interest expense (income), net for the three and nine month periods ended October 30, 2021, October 31, 2020, and November 2, 2019 consists of the following:

(\$000)	Three Months Ended			Nine Months Ended		
	October 30, 2021	October 31, 2020	November 2, 2019	October 30, 2021	October 31, 2020	November 2, 2019
Interest expense on long-term debt	\$ 22,227	\$ 27,826	\$ 3,284	\$ 66,626	\$ 66,338	\$ 9,850
Interest expense on short-term debt	—	2,565	—	—	7,861	—
Other interest expense	391	2,535	216	1,012	3,844	756
Capitalized interest	(3,682)	(3,856)	(1,186)	(10,511)	(9,359)	(3,069)
Interest income	(192)	(330)	(6,716)	(627)	(4,423)	(22,356)
Interest expense (income), net	\$ 18,744	\$ 28,740	\$ (4,402)	\$ 56,500	\$ 64,261	\$ (14,819)

**Taxes on earnings (loss).** Our effective tax rates for the three month periods ended October 30, 2021, October 31, 2020, and November 2, 2019 were approximately 24%, 4%, and 23%, respectively. The increase in the effective tax rate of 20% for the three month period ended October 30, 2021 compared to the three month period ended October 31, 2020 was primarily due to fluctuations in pre-tax earnings (loss). The increase in the effective tax rate of 1% for the three month period ended October 30, 2021 compared to the three month period ended November 2, 2019 was primarily due to the resolution of tax positions with various tax authorities during the three month period ended November 2, 2019.

Our effective tax rates for the nine month periods ended October 30, 2021, October 31, 2020, and November 2, 2019 were approximately 24%, 45%, and 23%, respectively. The decrease in the effective tax rate of 21% for the nine month period ended October 30, 2021 compared to the nine month period ended October 31, 2020 was primarily due to fluctuations in pre-tax earnings (loss). The increase in the effective tax rate of 1% for the nine month period ended October 30, 2021 compared to the nine month period ended November 2, 2019 was primarily due to the resolution of tax positions with various tax authorities during the nine month period ended November 2, 2019. Our effective tax rate is impacted by changes in tax law and accounting guidance, location of new stores, level of earnings, tax effects associated with share-based compensation, and uncertain tax positions.

On March 27, 2020, the CARES Act was signed into law. The CARES Act made several significant changes to business tax provisions, including modifications for net operating losses, employee retention credits, and deferral of employer payroll tax payments. The modifications for net operating losses eliminate the taxable income limitation for certain net operating losses and allow the carry back of net operating losses arising in 2018, 2019, and 2020 to the five prior tax years, respectively. Subsequently, the Consolidated Appropriations Act of 2021 ("CAA") and the American Rescue Plan Act ("ARPA") were signed into law on December 27, 2020 and March 11, 2021, respectively. The CAA and ARPA made several changes to business tax provisions, including increasing and extending the employee retention credits through December 31, 2021, extending certain employment-related tax credits through December 31, 2025, and limiting certain executive compensation deductions, effective fiscal 2027.

**Net earnings (loss).** Net earnings as a percentage of sales for the three month periods ended October 30, 2021 and October 31, 2020 were 8.4% and 3.5%, respectively. Net earnings as a percentage of sales for the three month period ended October 30, 2021 was higher primarily due to lower SG&A expense and lower interest expense, partially offset by higher taxes on earnings and higher cost of goods sold.

Net earnings as a percentage of sales for the nine month period ended October 30, 2021 was 9.8% compared to the net loss as a percentage of sales of 1.8% for the nine month period ended October 31, 2020. Net earnings as a percentage of sales for the nine month period ended October 30, 2021 was higher primarily due to lower cost of goods sold, lower SG&A expense, and lower interest expense, partially offset by higher taxes on earnings.

Net earnings as a percentage of sales for the three month periods ended October 30, 2021 and November 2, 2019 were 8.4% and 9.6%, respectively. Net earnings as a percentage of sales for the three month period ended October 30, 2021 was lower primarily due to higher cost of goods sold, higher interest expense, and higher SG&A expense, partially offset by lower taxes on earnings.

Net earnings as a percentage of sales for the nine month periods ended October 30, 2021 and November 2, 2019 was 9.8% and 10.4%, respectively. Net earnings as a percentage of sales for the nine month period ended October 30, 2021 was lower primarily due to higher interest expense and higher SG&A expense, partially offset by lower taxes on earnings.

**Earnings (loss) per share.** Diluted earnings per share for the three month periods ended October 30, 2021 and October 31, 2020 were \$1.09 and \$0.37, respectively. Diluted earnings per share for the nine month period ended October 30, 2021 was \$3.82, compared to diluted loss per share of \$(0.43), for the nine month period ended October 31, 2020. The \$0.72 and \$4.25 increases in the diluted earnings per share for the three and nine month periods ended October 30, 2021 were primarily due to all our store locations being open throughout the first nine months of fiscal 2021, compared to the negative impact from the COVID-19 related closures of all our stores during significant portions of the March 2020 to June 2020 period.

Diluted earnings per share for the three and nine month periods ended October 30, 2021 were \$1.09 and \$3.82, respectively, compared to \$1.03 and \$3.32, respectively, for the three and nine month periods ended November 2, 2019. The 6% and 15% increases in diluted earnings per share for the three and nine month periods ended October 30, 2021, were attributable to 4% and 13% increases in net earnings, and to the reduction in weighted-average diluted shares outstanding of 2% for both the three and nine month periods, largely due to stock repurchases under our stock repurchase programs.

## Financial Condition

### Liquidity and Capital Resources

Our primary sources of funds for our business activities are cash flows from operations and short-term trade credit. Our primary ongoing cash requirements are for merchandise inventory purchases, payroll, operating and variable lease costs, taxes, and for capital expenditures in connection with new and existing stores, and investments in distribution centers, information systems, and buying and corporate offices. We also use cash to pay dividends, to repay debt, and to repurchase stock under active stock repurchase programs.

(\$000)	Nine Months Ended		
	October 30, 2021	October 31, 2020	November 2, 2019
Cash provided by operating activities	\$ 1,503,653	\$ 1,783,123	\$ 1,410,930
Cash used in investing activities	(377,916)	(339,545)	(400,734)
Cash (used in) provided by financing activities	(759,965)	1,696,854	(1,284,748)
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	\$ 365,772	\$ 3,140,432	\$ (274,552)

In this report, we compare our cash flows from operating activities to both fiscal 2020 and fiscal 2019. We believe fiscal 2019 is a more useful and relevant basis of comparison given that our stores were open for full 39-week periods in fiscal 2021 and fiscal 2019. Our cash flows from investing and financing activities are compared to fiscal 2020, given the continued construction of our Brookshire, Texas distribution center and the significant financing actions we took in fiscal 2020 to preserve our financial liquidity and enhance our financial flexibility in response to the COVID-19 pandemic.

### Operating Activities

Net cash provided by operating activities was \$1.5 billion for the nine month period ended October 30, 2021. This was primarily driven by net earnings excluding non-cash expenses for depreciation and amortization. Net cash provided by operating activities was \$1.8 billion for the nine month period ended October 31, 2020. This was primarily driven by lower merchandise receipts as we closely managed inventory levels and used packaway inventory to replenish our stores, and higher accounts payable due to longer payment terms. This was partially offset by the net loss due to the lower sales from the closing of all store locations starting on March 20, 2020 and continuing through a portion of the second quarter of fiscal 2020, and COVID-19's negative impact on consumer demand. Net cash provided by operating activities was \$1.4 billion for the nine month period ended November 2, 2019 and was primarily driven by net earnings excluding non-cash expenses for depreciation and amortization.

The decrease in cash flow from operating activities for the nine month period ended October 30, 2021, compared to the same period in the prior year was primarily driven by lower Accounts payable leverage (defined as accounts payable divided by merchandise inventory), partially offset by net earnings in the current year versus a net loss in the prior year due to the lack of sales from the COVID-19 related closures of all our stores during significant portions of the March 2020 to June 2020 period. Accounts payable leverage was 119% and 149% as of October 30, 2021 and October 31, 2020, respectively. The decrease in Accounts payable leverage from the prior year was primarily driven by higher inventory receipts to support higher sales and the timing of receipts and payments compared to 2020.

The increase in cash flow from operating activities for the nine month period ended October 30, 2021, compared to the nine month period ended November 2, 2019 was primarily driven by higher net earnings and higher Accounts payable leverage. Accounts payable leverage was 119% and 68% as of October 30, 2021 and November 2, 2019, respectively. The increase in Accounts payable leverage from November 2, 2019 was primarily driven by longer payment terms and timing of receipts and payments compared to 2019.

As a regular part of our business, packaway inventory levels will vary over time based on availability of compelling opportunities in the marketplace. Packaway merchandise is purchased with the intent that it will be stored in our warehouses until a later date. The timing of the release of packaway inventory to our stores is principally driven by the product mix and seasonality of the merchandise, and its relation to our store merchandise assortment plans. As such, the aging of packaway varies by merchandise category and seasonality of purchases, but typically packaway remains in storage less than six months. We expect to continue to take advantage of packaway inventory opportunities to maximize our ability to deliver bargains to our customers.

Changes in packaway inventory levels impact our operating cash flow. As of October 30, 2021, packaway inventory was 31% of total inventory compared to 38% at the end of fiscal 2020, which reflects our use of a substantial amount of packaway merchandise to support our increased level of sales. In addition, there were receipt delays due to supply chain congestion. As of October 31, 2020, packaway inventory was 26% of total inventory compared to 46% at the end of fiscal 2019. As of November 2, 2019, packaway inventory was 39% of total inventory compared to 46% at the end of fiscal 2018.

### **Investing Activities**

Net cash used in investing activities was \$377.9 million and \$339.5 million for the nine month periods ended October 30, 2021 and October 31, 2020, respectively, and was related to our capital expenditures. Our capital expenditures include costs to build, expand, and improve distribution centers (primarily related to the ongoing construction of our Brookshire, Texas distribution center); open new stores and improve existing stores; and for various other expenditures related to our information technology systems, buying and corporate offices.

Capital expenditures for fiscal 2021 are projected to be approximately \$550 million. Our planned capital expenditures are expected to be used for continued construction of our Brookshire, Texas distribution center, costs for fixtures and leasehold improvements to open planned new Ross and dd's DISCOUNTS stores, investments in certain information technology systems, and for various other needed expenditures related to our stores, distribution centers, buying, and corporate offices. We expect to fund capital expenditures with available cash.

### **Financing Activities**

Net cash used in financing activities was \$760.0 million for the nine month period ended October 30, 2021. Net cash provided by financing activities was \$1.7 billion for the nine month period ended October 31, 2020. The decrease in cash provided by financing activities for the nine month period ended October 30, 2021, compared to the nine month period ended October 31, 2020, was primarily due to the completion of our public debt offerings, net of refinancing costs in fiscal 2020, the resumption of cash dividend payments in the first quarter of fiscal 2021, and the resumption of our share repurchases in the second quarter of fiscal 2021.

**Revolving credit facilities.** Our \$800 million unsecured revolving credit facility expires in July 2024, and contains a \$300 million sublimit for issuance of standby letters of credit. The facility also contains an option allowing us to increase the size of our credit facility by up to an additional \$300 million, with the agreement of the lenders. Interest on borrowings under this facility is based on LIBOR (or an alternate benchmark rate, if LIBOR is no longer available) plus an applicable margin and is payable quarterly and upon maturity. The revolving credit facility may be extended, at our option, for up to two additional one-year periods, subject to customary conditions.



In March 2020, we borrowed \$800 million under our revolving credit facility. Interest on the loan was based on LIBOR plus 0.875% (or 1.76%).

In May 2020, we amended the \$800 million revolving credit facility (the "Amended Credit Facility") to temporarily suspend for the second and third quarters of fiscal 2020 the Consolidated Adjusted Debt to EBITDAR ratio financial covenant, and to apply a transitional modification to that ratio effective in the fourth quarter of fiscal 2020. In October 2020, we repaid in full the \$800 million we borrowed under the unsecured revolving credit facility. As of October 30, 2021, we had no borrowings or standby letters of credit outstanding under this facility, the \$800 million credit facility remains in place and available, and we were in compliance with the amended covenant.

In May 2020, we entered into an additional \$500 million 364-day senior revolving credit facility which was scheduled to expire in April 2021. In October 2020, we terminated this senior revolving credit facility. We had no borrowings under that credit facility at any time.

**Senior notes.** In April 2020, we issued an aggregate of \$2.0 billion in unsecured senior notes in four tenors as follows: \$700 million of 4.600% Senior Notes due April 2025, \$400 million of 4.700% Senior Notes due April 2027, \$400 million of 4.800% Senior Notes due April 2030, and \$500 million of 5.450% Senior Notes due April 2050.

In October 2020, we accepted for repurchase approximately \$775 million in aggregate principal amount of the senior notes issued in April 2020, pursuant to cash tender offers as follows: \$351 million of the 2050 Notes, \$266 million of the 2030 Notes, and \$158 million of the 2027 Notes. We paid approximately \$1.003 billion in aggregate consideration (including transaction costs, and accrued and unpaid interest) and recorded an approximately \$240 million loss on the early extinguishment for the accepted senior notes.

In October 2020, we issued an aggregate of \$1.0 billion in unsecured senior notes in two tenors as follows: 0.875% Senior Notes due April 2026 (the "2026 Notes") with an aggregate principal amount of \$500 million and 1.875% Senior Notes due April 2031 (the "2031 Notes") with an aggregate principal amount of \$500 million. Cash proceeds, net of discounts and other issuance costs, were approximately \$987.2 million. Interest on the 2026 and 2031 Notes is payable semi-annually beginning April 2021. We used the net proceeds from the offering of the 2026 and 2031 Notes to fund the purchase of the accepted senior notes from our tender offers.

In June 2020, we amended the covenants associated with the \$65 million outstanding Series B unsecured senior notes. As of October 30, 2021, we were in compliance with these covenants.

**Other financing activities.** In May 2021, our Board of Directors authorized a new program to repurchase up to \$1.5 billion of our common stock through fiscal 2022, with plans to buy back \$650 million in fiscal 2021 and \$850 million in fiscal 2022. In March 2019, our Board of Directors had approved a two-year \$2.55 billion stock repurchase program through fiscal 2020. Due to the economic uncertainty stemming from the severe impact of the COVID-19 pandemic, we suspended that stock repurchase program in March 2020, at which time we had repurchased \$1.407 billion under the prior two-year \$2.55 billion stock repurchase program.

We repurchased 3.5 million and 1.2 million shares of common stock for aggregate purchase prices of approximately \$417.0 million and \$132.5 million during the nine month periods ended October 30, 2021 and October 31, 2020, respectively. We also acquired 0.5 million and 0.5 million shares of treasury stock under our employee equity compensation programs, for aggregate purchase prices of approximately \$57.1 million and \$45.1 million during the nine month periods ended October 30, 2021 and October 31, 2020, respectively.

In November 2021, our Board of Directors declared a cash dividend of \$0.285 per common share, payable on December 31, 2021. In August 2021, our Board of Directors declared a cash dividend of \$0.285 per common share, payable on September 30, 2021. In May 2021, our Board of Directors declared a cash dividend of \$0.285 per common share, payable on June 30, 2021. On March 2, 2021, our Board of Directors declared a quarterly cash dividend of \$0.285 per common share, payable on March 31, 2021. Prior to fiscal 2021, our most recent quarterly dividend was a quarterly cash dividend of \$0.285 per common share declared by our Board of Directors in March 2020. In May 2020, we temporarily suspended our quarterly dividends, due to the economic uncertainty stemming from the COVID-19 pandemic. Our Board of Directors declared quarterly cash dividends of \$0.255 per common share in March, May, August, and November 2019, respectively.

For the nine month periods ended October 30, 2021 and October 31, 2020, we paid cash dividends of \$304.5 million and \$101.4 million, respectively.

Short-term trade credit represents a significant source of financing for merchandise inventory. Trade credit arises from customary payment terms and trade practices with our vendors. We regularly review the adequacy of credit available to us from all sources and expect to be able to maintain adequate trade credit, bank credit facility, and other credit sources to meet our capital and liquidity requirements, including lease and interest payment obligations.

We estimate that existing cash and cash equivalent balances, cash flows from operations, bank credit facility, and trade credit are adequate to meet our operating cash needs and to fund our planned capital investments, repayment of debt, common stock repurchases, and quarterly dividend payments for at least the next 12 months.

### Contractual Obligations and Off-Balance Sheet Arrangements

The table below presents our significant contractual obligations as of October 30, 2021:

(\$000)	Less than one year	1 - 3 years	3 - 5 years	After 5 years	Total <sup>1</sup>
<b>Recorded contractual obligations:</b>					
Senior notes	\$ 65,000	\$ 250,000	\$ 1,200,000	\$ 1,024,991	\$ 2,539,991
Operating leases	645,047	1,200,915	780,816	568,239	3,195,017
New York buying office ground lease <sup>2</sup>	6,107	14,177	14,178	935,122	969,584
<b>Unrecorded contractual obligations:</b>					
Real estate obligations <sup>3</sup>	7,917	43,510	45,908	132,745	230,080
Interest payment obligations	82,438	160,631	93,269	261,550	597,888
Purchase obligations <sup>4</sup>	5,295,843	11,796	635	—	5,308,274
<b>Total contractual obligations</b>	<b>\$ 6,102,352</b>	<b>\$ 1,681,029</b>	<b>\$ 2,134,806</b>	<b>\$ 2,922,647</b>	<b>\$ 12,840,834</b>

<sup>1</sup> We have a \$74.3 million liability for unrecognized tax benefits that is included in Other long-term liabilities on our interim Condensed Consolidated Balance Sheet. This liability is excluded from the schedule above as the timing of payments cannot be reasonably estimated.

<sup>2</sup> Our New York buying office building is subject to a 99-year ground lease.

<sup>3</sup> Minimum lease payments for leases signed that have not yet commenced.

<sup>4</sup> Purchase obligations primarily consist of merchandise inventory purchase orders, commitments related to construction projects, store fixtures and supplies, and information technology services, transportation, and maintenance contracts.

Other than the unrecorded contractual obligations noted above, we do not have any material off-balance sheet arrangements as of October 30, 2021.

**Standby letters of credit and collateral trust.** We use standby letters of credit outside of our revolving credit facility in addition to a funded trust to collateralize some of our insurance obligations. We have also used standby letters of credit outside of our revolving credit facility to collateralize some of our trade payable obligations. As of October 30, 2021, January 30, 2021, and October 31, 2020, we had \$3.3 million, \$15.3 million, and \$16.2 million, respectively, in standby letters of credit outstanding and \$56.6 million, \$56.1 million, and \$56.5 million, respectively, in a collateral trust. The standby letters of credit are collateralized by restricted cash and the collateral trust consists of restricted cash, cash equivalents, and investments.

**Trade letters of credit.** We had \$30.6 million, \$16.3 million, and \$24.7 million in trade letters of credit outstanding at October 30, 2021, January 30, 2021, and October 31, 2020, respectively.

**Dividends.** In November 2021, our Board of Directors declared a cash dividend of \$0.285 per common share, payable on December 31, 2021.

## Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations is based on our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of our condensed consolidated financial statements requires our management to make estimates and assumptions that affect the reported amounts. These estimates and assumptions are evaluated on an ongoing basis and are based on historical experience and on various other factors that management believes to be reasonable. The ongoing uncertainties and continuing impacts from the COVID-19 pandemic increase the challenge of making these estimates; actual results could differ materially from our estimates. During the third quarter of fiscal 2021, there have been no significant changes to the critical accounting policies discussed in our Annual Report on Form 10-K for the year ended January 30, 2021.

See Note A to the Condensed Consolidated Financial Statements - Summary of Significant Accounting Policies (Recently Adopted Accounting Standards) for information regarding our adoption of ASU 2019-12.

## Forward-Looking Statements

This report may contain a number of forward-looking statements regarding, without limitation, the rapidly developing challenges arising from the COVID-19 pandemic and related economic disruptions, and our plans and responses to them, including adjustments to our operations, planned new store growth, capital expenditures, and other matters. These forward-looking statements reflect our then-current beliefs, plans, and estimates with respect to future events and our projected financial performance, operations, and competitive position. The words "plan," "expect," "target," "anticipate," "estimate," "believe," "forecast," "projected," "guidance," "looking ahead," and similar expressions identify forward-looking statements.

Future impact from the ongoing COVID-19 pandemic, and other economic and industry trends that could potentially impact revenue, profitability, operating conditions, and growth are difficult to predict. Our forward-looking statements are subject to risks and uncertainties which could cause our actual results to differ materially from those forward-looking statements and our previous expectations, plans, and projections. Such risks are not limited to but may include:

- The uncertainties and potential for the recurrence of significant business disruptions arising from the COVID-19 pandemic, including its unknown duration, the potential for new virus variants and future resurgences, as well as possible vaccine mandates or restrictions, and the potential adverse impact on consumer demand and our business.
- Unexpected changes in the level of consumer spending on, or preferences for, apparel and home-related merchandise, which could adversely affect us.
- Impacts from the macro-economic environment, including inflation, housing costs, energy and fuel costs, financial and credit markets, geopolitical conditions, pandemics, or public health and public safety issues, that affect consumer confidence and consumer disposable income.
- Our need to effectively manage our inventories, markdowns, and inventory shortage in order to achieve our planned gross margins.
- Competitive pressures in the apparel and home-related merchandise retailing industry.
- Risks associated with importing and selling merchandise produced in other countries, including risks from supply chain disruptions due to port of exit/entry congestion, shipping delays, and ocean freight cost increases, and risks from other supply chain related disruptions in other countries, including those due to COVID-19 closures.
- Unseasonable weather that may affect shopping patterns and consumer demand for seasonal apparel and other merchandise.
- Our dependence on the market availability, quantity, and quality of attractive brand name merchandise at desirable discounts, and on the ability of our buyers to purchase merchandise to enable us to offer customers a wide assortment of merchandise at competitive prices.
- Information or data security breaches, including cyber-attacks on our transaction processing and computer information systems, which could result in theft or unauthorized disclosure of customer, credit card, employee, or other private and valuable information that we handle in the ordinary course of our business.
- Disruptions in our supply chain or in our information systems that could impact our ability to process sales and to deliver product to our stores in a timely and cost-effective manner.
- Our need to obtain acceptable new store sites with favorable consumer demographics to achieve our planned new store openings.
- Our need to expand in existing markets and enter new geographic markets in order to achieve planned market penetration.

- Consumer problems or legal issues involving the quality, safety, or authenticity of products we sell, which could harm our reputation, result in lost sales, and/or increase our costs.
- An adverse outcome in various legal, regulatory, or tax matters, or the adoption of new federal or state tax legislation that increases tax rates or adds new taxes, that could increase our costs.
- Damage to our corporate reputation or brands that could adversely affect our sales and operating results.
- Our need to continually attract, train, and retain associates with the retail talent necessary to execute our off-price retail strategies.
- Our need to effectively advertise and market our business.
- Changes in U.S. tax, tariff, or trade policy regarding apparel and home-related merchandise produced in other countries, which could adversely affect our business.
- Possible volatility in our revenues and earnings.
- An additional public health or public safety crisis, demonstrations, natural or man-made disaster in California or in another region where we have a concentration of stores, offices, or a distribution center that could harm our business.
- Our need to maintain sufficient liquidity to support our continuing operations and our new store openings.

The factors underlying our forecasts 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 our outlook at any other point in time. We disclaim any obligation to update or revise these forward-looking statements.

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

We are exposed to market risks, which primarily include changes in interest rates. We do not engage in financial transactions for trading or speculative purposes.

We may occasionally use forward contracts to hedge against fluctuations in foreign currency prices. We had no outstanding forward contracts as of October 30, 2021.

Interest that is payable on our revolving credit facility is based on variable interest rates, and is therefore affected by changes in market interest rates. As of October 30, 2021, we had no borrowings outstanding under our revolving credit facility.

As of October 30, 2021, we have outstanding eight series of unsecured Senior Notes. Interest that is payable on all series of our Senior Notes is based on fixed interest rates, and is therefore unaffected by changes in market interest rates.

Interest is receivable on our short- and long-term investments. Changes in interest rates may impact interest income recognized in the future, or the fair value of our investment portfolio.

A hypothetical 100 basis point increase or decrease in prevailing market interest rates would not have had a material negative impact on our condensed consolidated financial position, results of operations, cash flows, or the fair values of our short- and long-term investments as of and for the three and nine month periods ended October 30, 2021. We do not consider the potential losses in future earnings and cash flows from reasonably possible, near-term changes in interest rates to be material.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our “disclosure controls and procedures” (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at that reasonable assurance level as of the end of the period covered by this report.

It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events.

## Quarterly Evaluation of Changes in Internal Control Over Financial Reporting

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, also conducted an evaluation of our internal control over financial reporting to determine whether any change occurred during the third fiscal quarter of 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, our management concluded that there was no such change during the third fiscal quarter of 2021.

## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

The matters under the caption “Litigation, claims, and assessments” in Note A of Notes to Condensed Consolidated Financial Statements are incorporated herein by reference.

### ITEM 1A. RISK FACTORS

See Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended January 30, 2021 for a description of the risks and uncertainties associated with our business.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Information regarding shares of common stock we repurchased during the third quarter of fiscal 2021 is as follows:

Period	Total number of shares (or units) purchased <sup>1</sup>	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs (\$000) <sup>2</sup>
August (8/1/2021 - 8/28/2021)	499,501	\$122.76	499,501	\$ 1,262,895
September (8/29/2021 - 10/02/2021)	925,723	\$114.71	855,235	\$ 1,164,782
October (10/03/2021 - 10/30/2021)	746,270	\$109.56	746,270	\$ 1,083,021
Total	<u>2,171,494</u>	<u>\$114.79</u>	<u>2,101,006</u>	<u>\$ 1,083,021</u>

<sup>1</sup> We acquired 70,488 shares of treasury stock during the quarter ended October 30, 2021. Treasury stock includes shares acquired from employees for tax withholding purposes related to vesting of restricted stock grants. All remaining shares were repurchased under our publicly announced stock repurchase program.

<sup>2</sup> In May 2021, our Board of Directors authorized a new program to repurchase up to \$1.5 billion of our common stock through fiscal 2022, with plans to buy back \$650 million in fiscal 2021 and \$850 million in fiscal 2022.

## ITEM 6. EXHIBITS

Exhibit Number	Exhibit
3.1	<a href="#">Certificate of Incorporation of Ross Stores, Inc. as amended (Corrected First Restated Certificate of Incorporation, dated March 17, 1999, together with amendments thereto through Amendment of Certificate of Incorporation dated May 29, 2015) incorporated by reference to Exhibit 3.1 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended August 1, 2015.</a>
3.2	<a href="#">Amended and Restated Bylaws of Ross Stores, Inc. (as amended March 8, 2017), incorporated by reference to Exhibit 3.2 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 28, 2017.</a>
10.1	<a href="#">Employment Agreement effective October 1, 2021 between Adam Orvos and Ross Stores, Inc.</a>
15	<a href="#">Letter re: Unaudited Interim Financial Information from Deloitte &amp; Touche LLP dated December 8, 2021.</a>
31.1	<a href="#">Certification of Chief Executive Officer Pursuant to Sarbanes-Oxley Act Section 302(a).</a>
31.2	<a href="#">Certification of Chief Financial Officer Pursuant to Sarbanes-Oxley Act Section 302(a).</a>
32.1	<a href="#">Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.</a>
32.2	<a href="#">Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.</a>
101.INS	XBRL Instance Document. (The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.)
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File. (The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.)

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

**ROSS STORES, INC.**

\_\_\_\_\_  
(Registrant)

Date: December 8, 2021

By: /s/Adam Orvos

Adam Orvos

Executive Vice President, Chief Financial Officer

## EXECUTIVE EMPLOYMENT AGREEMENT

**THIS EXECUTIVE EMPLOYMENT AGREEMENT** (this "Agreement") is made effective **October 1, 2021** (the "Effective Date") by and between Ross Stores, Inc., a Delaware corporation, and **Adam Orvos** (the "Executive"). References herein to the "Company" shall mean Ross Stores, Inc. and, where appropriate, Ross Stores, Inc. and each and any of its divisions, affiliates or subsidiaries.

### RECITALS

A. The Company wishes to employ the Executive, and the Executive is willing to accept such employment, as **Executive Vice President, Chief Financial Officer**.

B. It is now the mutual desire of the Company and the Executive to enter into a written employment agreement to govern the terms of the Executive's employment by the Company as of and following the Effective Date on the terms and conditions set forth below.

### TERMS AND CONDITIONS

In consideration for the promises of the parties set forth below, the Company and the Executive hereby agree as follows:

1. **Term.** Subject to the provisions of Section 6 of this Agreement, the term of employment of the Executive by the Company under this Agreement shall be as follows:

(a) **Initial Term.** The initial term of employment of the Executive by the Company under this Agreement shall begin on the Effective Date and end on **September 30, 2025** (the "Initial Term"), unless extended or terminated earlier in accordance with this Agreement. The Initial Term plus any Extension (as defined in Section 1(c) hereof) thereof shall be the "Term of Employment."

(b) **Extension Intent Notice.** By December 31, 2022, the Executive shall advise the CEO of the Company or his/her designee whether the Executive would like the Term of Employment extended. If the Executive does not timely notify the Company of his/her desire to extend (or not to extend) the Term of Employment, then such action shall be deemed to result in the Executive's Voluntary Termination as of the Term of Employment end date unless the Company determines otherwise in its sole and absolute discretion.

(c) **New Agreement.** Provided that, in accordance with Section 1(b) hereof, the Executive has timely notified the CEO of the Executive's desire to extend the Executive's employment, the Company will consider whether to offer the Executive an extension under this Agreement or a new Employment Agreement. If the Company decides in its sole and absolute discretion to offer the Executive an extension or a new Employment Agreement, the Company will notify the Executive accordingly (an "Extension Notice") not less than one hundred eighty (180) days prior to the expiration of the Term of Employment. If the Company timely provides an Extension Notice and the Executive and the Company enter into such extension (or a new Employment Agreement), the Initial Term hereof will be extended by such additional period of time set forth in the Extension Notice (each an "Extension"). If the Company timely provides an



Extension Notice and offers the Executive an extension or a new Employment Agreement providing at least comparable terms to the Executive's then current Employment Agreement but the Executive does not agree to enter into such extension or new Employment Agreement, such action shall be deemed to result in Executive's Voluntary Termination as of the Term of Employment end date unless the Company determines otherwise in its sole and absolute discretion.

2. **Position and Duties.** During the Term of Employment, the Executive shall serve as **Executive Vice President, Chief Financial Officer**. During the Term of Employment, the Executive may engage in outside activities provided (i) such activities (including but not limited to membership on boards of directors of not-for-profit and for-profit organizations) do not conflict with the Executive's duties and responsibilities hereunder and (ii) the Executive obtains written approval from the Company's Chief Executive Officer of any significant outside business activity in which the Executive plans to become involved, whether or not such activity is pursued for profit.

3. **Principal Place of Employment.** The Executive shall be employed at the Company's offices in **Dublin, CA**, except for required travel on the Company's business to an extent substantially consistent with present business travel obligations of the Executive's position.

4. **Compensation and Related Matters.**

(a) **Salary.** During the Term of Employment, the Company shall pay to the Executive a salary at a rate of not less than **Seven Hundred Fifty Thousand Dollars (\$750,000)** per annum. The Executive's salary shall be payable in substantially equal installments in accordance with the Company's normal payroll practices applicable to senior executives. Subject to the first sentence of this Section 4(a), the Executive's salary may be adjusted from time to time in accordance with normal business practices of the Company.

(b) **Bonus.** During the Term of Employment, the Executive shall be eligible to receive an annual bonus paid under the Company's existing incentive bonus plan under which the Executive is eligible (which is currently the Incentive Compensation Plan) or any replacement plan that may subsequently be established and in effect during the Term of Employment. The current target annual bonus the Executive is eligible to earn upon achievement of 100% of all applicable performance targets under such incentive bonus plan is **70%** of the Executive's then effective annual salary rate. Annual bonuses are not earned until the date any such bonus is paid in accordance with the terms of the applicable bonus plan. As such, the Executive's termination for Cause or Voluntary Termination (as described in Sections 6(c) and 6(f), respectively) prior to the Company's payment of the bonus for a fiscal year of the Company will cause the Executive to be ineligible for any annual bonus for that fiscal year or any pro-rata portion of such bonus.

(c) **Expenses.** During the Term of Employment, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in performing services hereunder, including, but not limited to, all reasonable expenses of travel and living while away from home, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Company.

(d) **Benefits.** During the Term of Employment, the Executive shall be entitled to participate in all of the Company's employee benefit plans and arrangements in which senior executives of the Company are eligible to participate. The Company shall not make any changes in such plans or arrangements which would adversely affect the Executive's rights or benefits thereunder, unless such change occurs pursuant to a program applicable to all senior executives of the Company and does not result in a proportionately greater reduction in the rights or benefits of the Executive as compared with any other similarly situated senior executive of the Company. The Executive shall be entitled to participate in, or receive benefits under, any employee benefit plan or arrangement made available by the Company in the future to its senior executives, subject to, and on a basis consistent with, the terms, conditions and overall administration of such plans and arrangements. Except as otherwise specifically provided herein, nothing paid to the Executive under any plan or arrangement presently in effect or made available in the future shall be in lieu of the salary or bonus otherwise payable under this Agreement.

(e) **Vacations.** During the Term of Employment, the Executive shall be entitled to **twenty** vacation days in each calendar year, determined in accordance with the Company's vacation plan. The Executive shall also be entitled to all paid holidays given by the Company to its senior executives. Unused vacation days shall not be forfeited once they have been earned and, if still unused at the time of the Executive's termination of employment with the Company, shall be promptly paid to the Executive at their then-current value, based on the Executive's daily salary rate at the time of the Executive's termination of employment.

(f) **Services Furnished.** The Company shall furnish the Executive with office space and such services as are suitable to the Executive's position and adequate for the performance of the Executive's duties during the Term of Employment.

## 5. **Confidential Information and Intellectual Property.**

(a) This Agreement is intended to supplement, and not to supersede, any rights the Company may have in law or equity with respect to the protection of trade secrets or confidential or proprietary information.

(b) Other than in the performance of the Executive's duties hereunder, the Executive agrees not to use in any manner or disclose, distribute, publish, communicate or in any way cause to be used, disclosed, distributed, published, or communicated in any way or at any time, either while in the Company's employ or at any time thereafter, to any person not employed by the Company, or not engaged to render services to the Company, any Confidential Information (as defined below) obtained while in the employ of the Company.

(c) Confidential Information includes any non-public written or unwritten information which relates to and/or is used by the Company or its subsidiaries, affiliates or divisions, including, without limitation: (i) the Company's compilation of the buying habits and other proprietary information regarding past, present and potential customers, employees and suppliers of the Company as developed by or specifically for the Company (including, but not limited to, under the direction of the Executive while employed by the Company) and not generally known to the public; (ii) customer and supplier contracts and transactions or price lists of the Company and suppliers; (iii) the Company's methods of distribution; (iv) all Company agreements, files, books, logs, charts, records, studies, reports, processes, schedules and

statistical information that are specific to the Company's business and/or strategy; (v) data, figures, projections, estimates, pricing data, customer lists (as described in this section), buying manuals or procedures, distribution manuals or procedures, and other policy and procedure manuals or handbooks; (vi) supplier information that the Company has devoted significant resources to develop and determine, tax records, personnel histories and records, sales information and property information; (vii) information regarding the present or future phases of the Company's business; (viii) inventions, trademarks and the Company's non-public business information processes, techniques, improvements, designs, redesigns, creations, discoveries, trade secrets, and developments; (ix) all computer software licensed or developed by the Company or its subsidiaries, affiliates or divisions, computer programs, computer-based and web-based training programs, and systems; and (x) the Company's finances and financial information. However, Confidential Information will not include information of the Company or its subsidiaries, affiliates or divisions that (1) became or becomes a matter of public knowledge through sources independent of the Executive, (2) has been or is disclosed by the Company or its subsidiaries, affiliates or divisions without restriction on its use, or (3) has been or is required or specifically permitted to be disclosed by law or governmental order or regulation, provided that the disclosure does not exceed the extent of disclosure required by such law, order or regulation. The Executive shall provide prompt written notice of any such order to the Company's CEO or his or her designee sufficiently in advance of making any disclosure to permit the Company to contest the order or seek confidentiality protections, as determined in the Company's sole and absolute discretion. The Executive agrees that, if there is any reasonable doubt whether an item is public knowledge, the Executive will not regard the item as public knowledge until and unless the Company's CEO confirms to the Executive that the information is public knowledge.

(d) The provisions of this Section 5 shall not preclude the Executive from disclosing such information to the Executive's professional tax advisor or legal counsel solely to the extent necessary to the rendering of their professional services to the Executive if such individuals agree to keep such information confidential.

(e) Notwithstanding the foregoing, the U.S. Defend Trade Secrets Act of 2016 ("DTSA") provides that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (iii) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, DTSA provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

(f) The Executive agrees that upon leaving the Company's employ, the Executive will remain reasonably available to answer questions from Company officers regarding the Executive's former duties and responsibilities and the knowledge the Executive obtained in connection therewith.

(g) The Executive agrees that upon leaving the Company's employ the Executive will not communicate directly or indirectly with, or give statements to, any member of

the media (including print, television, radio or social media) relating to any matter (including pending or threatened lawsuits or administrative investigations) about which the Executive has knowledge or information (other than knowledge or information that is not Confidential Information) as a result of employment with the Company. The Executive further agrees to notify the CEO or his or her designee immediately after being contacted by any member of the media with respect to any matter affected by this section.

(h) The Executive agrees that all information, inventions and discoveries, whether or not patented or patentable, protected by a copyright or copyrightable, or registered as a trademark or eligible to be registered as a trademark, made or conceived by the Executive, either alone or with others, at any time while employed by the Company, which arise out of such employment or is pertinent to any field of business or research in which, during such employment, the Company, its subsidiaries, affiliates or divisions is engaged or (if such is known to or ascertainable by the Executive) is considering engaging (“Intellectual Property”) shall (i) be and remain the sole property of the Company and the Executive shall not seek a patent or copyright or trademark protection with respect to such Intellectual Property without the prior consent of an authorized representative of the Company and (ii) be disclosed promptly to an authorized representative of the Company along with all information the Executive possesses with regard to possible applications and uses. Further, at the request of the Company, and without expense or additional compensation to the Executive, the Executive agrees to, during and after his or her employment, execute such documents and perform such other acts as the Company deems necessary to obtain, perfect, maintain, protect and enforce patents on such Intellectual Property in a jurisdiction or jurisdictions designated by the Company, and to assign and transfer to the Company or its designee all such Intellectual Property rights and all patent applications and patents relating thereto. The Executive hereby irrevocably grants the Company power of attorney to execute and deliver any such documents on the Executive’s behalf in his or her name and to do all other lawfully permitted acts to transfer the work product to the Company and further the transfer, issuance, prosecution, and maintenance of all Intellectual Property rights therein, to the full extent permitted by law, if the Executive does not promptly cooperate with the Company’s request (without limiting the rights the Company shall have in such circumstances by operation of law). The power of attorney is coupled with an interest and shall not be affected by the Executive’s subsequent incapacity.

(i) Executive represents and warrants that, as of the Effective Date, there is no Intellectual Property that: (i) has been created by or on behalf of Executive, and/or (ii) is owned exclusively by Executive or jointly by Executive with others or in which Executive has an interest, and that relate in any way to any of the Company’s actual or proposed businesses, products, services, or research and development, and which are not assigned to the Company hereunder. Executive understands further that the Intellectual Property will not include, and the provisions of this Agreement requiring assignment of inventions to the Company do not apply to, any invention that qualifies fully for exclusion under the provisions of Section 2870 of the California Labor Code.

(j) The Executive and the Company agree that the Executive intends all original works of authorship within the purview of the copyright laws of the United States authored or created by the Executive in the course of the Executive’s employment with the Company will be works for hire within the meaning of such copyright law.

(k) Upon termination of the Executive's employment, or at any time upon request of the Company, the Executive will (i) promptly return to the Company all Confidential Information and Intellectual Property, in any form, including but not limited to letters, memoranda, reports, notes, notebooks, books of account, drawings, prints, specifications, formulae, data printouts, microfilms, magnetic tapes, disks, recordings, documents, and all copies thereof, and (ii) delete or destroy all copies of any such documents and materials not returned to the Company that remain in the Executive's possession or control, including those stored on any non-Company devices, networks, storage locations, and media in the Executive's possession or control.

6. **Termination.** The Executive's employment may be terminated during the Term of Employment only as follows:

(a) **Death.** The Executive's employment shall terminate upon the Executive's death.

(b) **Disability.** If, as a result of the Executive's Disability (as defined below), the Executive shall have been absent from the Executive's duties hereunder on a full-time basis for the entire period of six consecutive months, and, within thirty days after written notice of termination is given by the Company (which may occur before or after the end of such six-month period), the Executive shall not have returned to the performance of the Executive's duties hereunder on a full-time basis, the Executive's employment shall terminate. For purposes of this Agreement, the term "Disability" shall have the same meaning as ascribed to such term under the Company's long-term disability plan in which Executive is participating; provided that in the absence of such plan (or the absence of Executive's participation in such plan), Disability shall mean Executive's inability to substantially perform his or her duties hereunder due to a medically determinable physical or mental impairment which has lasted for a period of not less than one hundred twenty (120) consecutive days.

(c) **For Cause.** The Company may terminate the Executive's employment for Cause. For this purpose, "Cause" means the occurrence of any of the following (i) the Executive's repeated failure to substantially perform the Executive's duties hereunder (unless such failure is a result of a Disability as defined in Section 6(b)); (ii) the Executive's theft, dishonesty, breach of fiduciary duty for personal profit or falsification of any documents of the Company; (iii) the Executive's material failure to abide by the applicable code(s) of conduct or other policies (including, without limitation, policies relating to confidentiality and reasonable workplace conduct) of the Company; (iv) knowing or intentional misconduct by the Executive as a result of which the Company is required to prepare an accounting restatement; (v) the Executive's unauthorized use, misappropriation, destruction or diversion of any tangible or intangible asset or corporate opportunity of the Company (including, without limitation, the Executive's improper use or disclosure of confidential or proprietary information of the Company); (vi) any intentional misconduct or illegal or grossly negligent conduct by the Executive which is materially injurious to the Company monetarily or otherwise; (vii) any material breach by the Executive of the provisions of Section 9 [Certain Employment Obligations] of this Agreement; or (viii) the Executive's conviction (including any plea of guilty or nolo contendere) of any criminal act involving fraud, dishonesty, misappropriation or moral turpitude, or which materially impairs the Executive's ability to perform his or her duties with the Company. A termination for Cause shall not take effect unless: (1) the Executive is given

written notice by the Company of its intention to terminate the Executive for Cause; (2) the notice specifically identifies the particular act or acts or failure or failures to act which are the basis for such termination; and (3) where practicable, the notice is given within sixty days of the Company's learning of such act or acts or failure or failures to act.

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

(e) **Termination by the Executive for Good Reason.**

(i) **Termination Not in Connection with a Change in Control.** At any time during the Term of Employment, other than within the period commencing one month prior to and ending twelve months following a Change in Control (as defined below in Section 8(e)(ii)), the Executive may terminate the Executive's employment with the Company for "Good Reason," which shall be deemed to occur if, within sixty days after receipt of written notice to the Company by the Executive of the occurrence of one or more of the following conditions, any of the following conditions have not been cured: (i) a failure by the Company to comply with any material provision of this Agreement (including but not limited to the reduction of the Executive's salary or the target annual bonus opportunity set forth in Section 4(b)); (ii) a significant diminishment in the nature or scope of the authority, power, function or duty attached to the position which the Executive currently maintains without the express written consent of the Executive; *provided*, that the Executive's employment may be transferred, assigned, or re-assigned to Ross Stores, Inc. or a division, affiliate or subsidiary of Ross Stores, Inc.; the division, affiliate or subsidiary with respect to which the Executive is performing services may be reorganized; and the Executive's direct reports or the person or title of the person to whom the Executive reports may be changed; and no such transfer, assignment, re-assignment, reorganization or change shall constitute "Good Reason" for the Executive's termination of employment under this Section 6(e)(i); or (iii) the relocation of the Executive's Principal Place of Employment as described in Section 3 to a location that increases the regular one-way commute distance between the Executive's residence and Principal Place of Employment by more than 25 miles without the Executive's prior written consent. In order to constitute a termination of employment for Good Reason, the Executive must provide written notice to the Company of the existence of the condition giving rise to the Good Reason termination within sixty days of the initial existence of the condition, and in the event such condition is cured by the Company within sixty days from its receipt of such written notice, the termination shall not constitute a termination for Good Reason.

(ii) **Termination in Connection with a Change in Control.** Within the period commencing a month prior to and ending twelve months following a Change in Control, the Executive may terminate the Executive's employment with the Company for "Good Reason," which shall be deemed to occur if, within sixty days after receipt of written notice to the Company by the Executive of the occurrence of one or more of the following conditions, any of the following conditions have not been cured: (i) a failure by the Company to comply with any provision of this Agreement (including, but not limited to, the reduction of the Executive's salary, the target annual bonus opportunity or any other incentive opportunity, in each case, as of

immediately prior to the Change in Control); (ii) a change in title, the nature or scope of the authority, power, function, responsibilities, reporting relationships or duty attached to the position which the Executive currently maintains without the express written consent of the Executive; (iii) the relocation of the Executive's Principal Place of Employment as described in Section 3 to a location that increases the regular one-way commute distance between the Executive's residence and Principal Place of Employment by more than 25 miles without the Executive's prior written consent; (iv) a change in the benefits to which the Executive is entitled to immediately prior to the Change in Control; or (v) the failure of the Company to assign this Agreement to any successor to the Company. In order to constitute a termination of employment for Good Reason, the Executive must provide written notice to the Company of the existence of the condition giving rise to the Good Reason termination within sixty days of the initial existence of the condition, and in the event such condition is cured by the Company within sixty days from its receipt of such written notice, the termination shall not constitute a termination for Good Reason.

(f) **Voluntary Termination.** The Executive may voluntarily resign from the Executive's employment with the Company at any time (a "Voluntary Termination"). A voluntary resignation from employment by the Executive for Good Reason pursuant to Section 6(e) shall not be deemed a Voluntary Termination.

(g) **Non-Renewal Termination.** If the Company does not provide Executive an Extension Notice in accordance with Section 1(c), this Agreement shall automatically expire at the end of the then current Term of Employment (a "Non-Renewal Termination").

## 7. **Notice and Effective Date of Termination.**

(a) **Notice.** Any termination of the Executive's employment by the Company or by the Executive during the Term of Employment (other than as a result of the death of the Executive or a Non-Renewal Termination described in Section 6(g)) shall be communicated by written notice of termination to the other party hereto. Such notice shall indicate the specific termination provision in this Agreement relied upon and, except in the case of termination Without Cause and Voluntary Termination as described in Sections 6(d) and 6(f), respectively, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under that provision.

(b) **Date of Termination.** The date of termination of the Executive's employment shall be:

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

(ii) if the Executive's employment is terminated due to Disability pursuant to Section 6(b), the date of termination shall be the last to occur of the 31st day following delivery of the notice of termination to the Executive by the Company or the end of the consecutive six-month period referred to in Section 6(b);

(iii) if the Executive's employment is terminated for any other reason by either party, the date on which a notice of termination is delivered to the other party or, in the

event of the Company's termination of the Executive, such date as the Company may specify in such notice; and

(iv) if the Agreement expires pursuant to a Non-Renewal Termination described in Section 6(g), the parties' employment relationship shall terminate on the last day of the then current Term of Employment without any notice.

## 8. **Compensation and Benefits Upon Termination.**

(a) **Termination Due To Disability, Without Cause or For Good Reason.** If the Executive's employment terminates pursuant to Section 6(b) [Disability], Section 6(d) [Without Cause], or Section 6(e)(i) [Termination by Executive for Good Reason Not in Connection with a Change in Control], then, subject to Section 22 [Compliance with Section 409A], in addition to all salary, annual bonuses, expense reimbursements, benefits and accrued vacation days earned by the Executive pursuant to Section 4 through the date of the Executive's termination of employment, the Executive shall be entitled to the compensation and benefits set forth in Sections 8(a)(i) through (vii), provided that within sixty days following the Executive's termination of employment (i) the Executive has executed and delivered to the Company a general release of claims against the Company and its subsidiaries, affiliates, stockholders, directors, officers, employees, agents, successors and assigns in the current form approved by the Company and attached as Exhibit A (subject to any amendments required by law or regulation) (the "Release"), and (ii) the Release has become irrevocable:

(i) **Salary.** Commencing on the sixtieth day after the date of the Executive's termination of employment, the Company shall continue to pay to the Executive the Executive's salary, at the rate in effect immediately prior to such termination of employment, through the remainder of the Term of Employment then in effect; provided, however, that any such salary otherwise payable during the 60-day period immediately following the date of such termination of employment shall be paid to the Executive sixty days following such termination of employment.

(ii) **Bonus.** The Company shall continue to pay to the Executive an annual bonus through the remainder of the Term of Employment then in effect; provided, however, that the amount of the annual bonus determined in accordance with this Section 8(a) (ii) for the fiscal year of the Company ("Fiscal Year") in which such Term of Employment ends shall be prorated on the basis of the number of days of such Term of Employment occurring within such fiscal year. The amount of each annual bonus payable pursuant to this Section 8(a)(ii), prior to any proration, shall be equal to the annual bonus that the Executive would have earned had no such termination under Section 8(a) occurred, contingent on the relevant annual bonus plan performance goals for the respective year having been obtained. However, in no case shall any such annual bonus attributable to any Fiscal Year commencing on or after the first day of the Fiscal Year in which the Executive's termination of employment occurs exceed 100% of the Executive's target bonus for the Fiscal Year in which the Executive's termination of employment occurs. Such bonuses shall be paid on the later of the date they would otherwise be paid in accordance with the applicable Company bonus plan or sixty days after the date of the Executive's termination of employment.



(iii) **Stock Options.** Stock options granted to the Executive by the Company and which remain outstanding immediately prior to the date of termination of the Executive's employment, as provided in Section 7(b), shall remain outstanding until and shall immediately become vested in full upon the Release becoming irrevocable.

(iv) **Restricted Stock.** Shares of restricted stock granted to the Executive by the Company, according to the terms of the Ross Stores, Inc. Restricted Stock Agreement, which have not become vested as of the date of termination of the Executive's employment, as provided in Section 7(b), shall immediately become vested on a pro rata basis upon the Release becoming irrevocable. The number of such additional shares of restricted stock that shall become vested as of the date of the Executive's termination of employment shall be that number of additional shares that would have become vested through the date of such termination of employment at the rate(s) determined under the vesting schedule applicable to such shares had such vesting schedule provided for the accrual of vesting on a daily basis (based on a 365 day year). The pro rata amount of shares vesting through the date of termination shall be calculated by multiplying the number of unvested shares scheduled to vest in each respective vesting year by the ratio of the number of days from the date of grant through the date of termination and the number of days from the date of grant through the original vesting date of the respective vesting tranche. Any shares of restricted stock remaining unvested after such pro rata vesting shall automatically be reacquired by the Company in accordance with the provisions of the applicable restricted stock agreement, and the Executive shall have no further rights in such unvested portion of the restricted stock. In addition, the Company shall waive any reacquisition or repayment rights for dividends paid on restricted stock prior to Executive's termination of employment.

(v) **Performance Share Awards.** On the Performance Share Vesting Date (as defined in the Executive's Notice of Grant of Performance Shares and Performance Share Agreement from the Company (collectively the "Performance Share Agreement")) next following the Executive's date of termination of employment, the number of Performance Shares that shall become Vested Performance Shares (as defined in the Performance Share Agreement) shall be determined by multiplying (a) that number of shares of Company Common Stock subject to the Performance Share Agreement that would have become Vested Performance Shares had no such termination occurred; provided, however, in no case shall the number of Performance Shares that become Vested Performance Shares prior to proration exceed 100% of the Target Number of Performance Shares set forth in the Performance Share Agreement by (b) the ratio of the number of full months of the Executive's employment with the Company during the Performance Period (as defined in the Performance Share Agreement) to the number of full months contained in the Performance Period. Vested Common Shares shall be issued in settlement of such Vested Performance Shares on the Settlement Date next following the date of the Executive's termination of employment.

(vi) **Unvested Common Shares Issued in Settlement of Performance Share Awards.** If the Executive terminates employment pursuant to Sections 6(b), 6(d) or 6(e)(i) after the Performance Share Vesting Date, all Unvested Common Shares (as defined in the Performance Share Agreement) issued in settlement of the Performance Share Award shall become vested in full effective as of the date of such termination.

(vii) **Health Care Coverage.** The Company shall continue to provide Executive with medical, dental, vision and mental health care coverage at or equivalent to the level of coverage that the Executive had at the time of the termination of employment (including coverage for the Executive's eligible dependents to the extent such dependents were covered immediately prior to such termination of employment) for the remainder of the Term of Employment, except coverage for dependent will end when dependent is no longer eligible for coverage, if earlier than the Term of Employment end date, **provided, however** that in the event such coverage may no longer be extended to Executive following termination of Executive's employment either by the terms of the Company's health care plans or under then applicable law, the Company shall instead reimburse Executive for Executive's cost of substantially equivalent health care coverage available to Executive under ERISA Section 601 and thereafter and Section 4980B of the Internal Revenue Code (i.e., COBRA coverage) for a period not to exceed the lesser of (A) 18 months after the termination of Executive's employment or (B) the remainder of the Term of Employment, and **provided further** that (1) any such health care coverage or reimbursement for health care coverage shall cease at such time that Executive becomes eligible for health care coverage through another employer and (2) any such reimbursement shall be made no later than the last day of the calendar year following the end of the calendar year with respect to which such coverage or reimbursement is provided. The Executive must notify the Company within five business days of becoming eligible for such other coverage and promptly repay the Company any benefits he or she received in error.

The Company shall have no further obligations to the Executive as a result of termination of employment described in this Section 8(a) except as set forth in Section 13.

(b) **Termination for Cause or Voluntary Termination.** If the Executive's employment terminates pursuant to Section 6(c) [For Cause] or Section 6(f) [Voluntary Termination], the Executive shall be entitled to receive only the salary, annual bonuses, expense reimbursements, benefits and accrued vacation days earned by the Executive pursuant to Section 4 through the date of the Executive's termination of employment. Annual bonuses are not earned until the date any such bonus is paid in accordance with the terms of the applicable bonus plan. As such, the Executive shall not be entitled to any bonus not paid prior to the date of the Executive's termination of employment, and the Executive shall not be entitled to any prorated bonus payment for the year in which the Executive's employment terminates. Any stock options granted to the Executive by the Company shall continue to vest only through the date on which the Executive's employment terminates, and unless otherwise provided by their terms, any restricted stock, performance share awards or other equity awards that were granted to the Executive by the Company that remain unvested as of the date on which the Executive's employment terminates shall automatically be forfeited and the Executive shall have no further rights with respect to such awards. The Company shall have no further obligations to the Executive as a result of termination of employment described in this Section 8(b) except as set forth in Section 13.

(c) **Death.** If the Executive's employment terminates pursuant to Section 6(a) [Death], (i) the Executive's designated beneficiary or the Executive's estate shall be entitled to receive only the salary, any unpaid annual bonus for the fiscal year of the Company occurring immediately prior to the fiscal year in which the Executive's death occurred, expense reimbursements, benefits, and accrued vacation earned by the Executive pursuant to Section 4

through the date of the Executive's death; (ii) at the time payable under the applicable Company bonus plan, an annual bonus shall be paid to the Executive's designated beneficiary or the Executive's estate for the fiscal year of the Executive's death based on the annual bonus that the Executive would have earned under the Company's bonus plan for such fiscal year had the Executive not died, contingent on the relevant annual bonus plan performance goals for said year having been obtained, capped at 100% of the Executive's target bonus for such fiscal year and pro-rated for the number of days the Executive is employed during such fiscal year until the Executive's death; (iii) any shares of restricted stock granted to the Executive by the Company at least 12 months prior to the Executive's date of death that are unvested as of such date shall immediately become fully vested and any shares of restricted stock granted to the Executive by the Company within the 12-month period ending on the Executive's date of death that are unvested as of such date shall automatically be forfeited and the Executive shall have no further rights with respect to such restricted stock; and (iv) the Company shall waive any reacquisition or repayment rights for dividends paid on restricted stock prior to the Executive's death.

(i) **Performance Share Awards.** On the Performance Share Vesting Date next following the Executive's date of death, the number of Performance Shares that shall become Vested Performance Shares shall be determined by multiplying (a) that number of shares of Company Common Stock subject to the Performance Share Agreement that would have become Vested Performance Shares had no such termination occurred; provided, however, in no case shall the number of Performance Shares that become Vested Performance Shares prior to proration exceed 100% of the Target Number of Performance Shares set forth in the Performance Share Agreement, by (b) the ratio of the number of full months of the Executive's employment with the Company during the Performance Period (as defined in the Performance Share Agreement) to the number of full months contained in the Performance Period. Vested Common Shares shall be issued in settlement of such Vested Performance Shares on the Settlement Date next following the Executive's date of death.

(ii) **Unvested Common Shares Issued in Settlement of Performance Share Awards.** If the Executive dies after the Performance Share Vesting Date, all Unvested Common Shares issued in settlement of the Performance Share Award shall become vested in full effective as of the date of such termination.

(d) **Non-Renewal Termination.** If the Agreement expires as set forth in Section 6(g) [Non-Renewal Termination], then, subject to Section 22 [Compliance with Section 409A], in addition to all salary, annual bonuses, expense reimbursements, benefits and accrued vacation days earned by the Executive pursuant to Section 4 through the date of the Executive's termination of employment, the Executive shall be entitled to the compensation set forth in Sections 8(d)(i) through (v), provided that within sixty days following the Executive's termination of employment (i) the Executive has executed and delivered the Release to the Company, and (ii) the Release has become irrevocable:

(i) **Bonus.** The Company shall pay the Executive an annual bonus for the fiscal year of the Company ("Fiscal Year") in which the date of the Executive's termination of employment occurs, which shall be prorated for the number of days of such Fiscal Year that the Executive is employed by the Company. The amount of such annual bonus, prior to proration, shall be equal to the annual bonus that the Executive would have earned under the Company's bonus plan for the Fiscal Year in which the Executive's termination of employment

occurs had the Executive remained in its employment, contingent on the relevant annual bonus plan performance goals for the year in which Executive terminates having been obtained. However, in no case shall any such annual bonus attributable to any Fiscal year commencing on or after the first day of the Fiscal Year in which the Executive's termination of employment occurs exceed 100% of the Executive's target bonus for the Fiscal Year in which the Executive's termination of employment occurs. Such bonus shall be paid on the later of the date they would otherwise be paid in accordance with the applicable Company bonus plan or sixty days after the date of the Executive's termination of employment.

(ii) **Stock Options.** Stock options granted to the Executive by the Company and which remain outstanding immediately prior to the date of termination of the Executive's employment, as provided in Section 7(b), shall remain outstanding until and shall immediately become vested in full upon the Release becoming irrevocable.

(iii) **Restricted Stock.** Shares of restricted stock granted to the Executive by the Company which have not become vested as of the date of termination of the Executive's employment, as provided in Section 7(b), shall immediately become vested on a pro rata basis upon the Release becoming irrevocable. The number of such additional shares of restricted stock that shall become vested as of the date of the Executive's termination of employment shall be that number of additional shares that would have become vested through the date of such termination of employment at the rate(s) determined under the vesting schedule applicable to such shares had such vesting schedule provided for the accrual of vesting on a daily basis (based on a 365-day year). The pro rata amount of shares vesting through the date of non-renewal shall be calculated by multiplying the number of unvested shares scheduled to vest in each respective vesting year by the ratio of the number of days from the date of grant through the date of non-renewal, and the number of days from the date of grant through the original vesting date of the respective vesting tranche. Any shares of restricted stock remaining unvested after such pro rata vesting shall automatically be reacquired by the Company in accordance with the provisions of the applicable restricted stock agreement, and the Executive shall have no further rights in such unvested portion of the restricted stock. In addition, the Company shall waive any reacquisition or repayment rights for dividends paid on restricted stock prior to Executive's termination of employment.

(iv) **Performance Share Awards.** On the Performance Share Vesting Date on or next following the Executive's date of termination of employment, the number of Performance Shares that shall become Vested Performance Shares shall be determined by multiplying (a) that number of shares of Company Common Stock subject to the Performance Share Agreement that would have become Vested Performance Shares had no such termination occurred; provided, however, in no case shall the number of Performance Shares that become Vested Performance Shares prior to proration exceed 100% of the Target Number of Performance Shares set forth in the Performance Share Agreement, by (b) the ratio of the number of full months of the Executive's employment with the Company during the Performance Period (as defined in the Performance Share Agreement) to the number of full months contained in the Performance Period. Vested Common Shares shall be issued in settlement of such Vested Performance Shares on the Settlement Date next following the date of the Executive's termination of employment.

(v) **Unvested Common Shares Issued in Settlement of Performance Share Awards.** If the Executive terminates employment pursuant to Section 6(g) after the Performance Share Vesting Date, all Unvested Common Shares issued in settlement of the Performance Share Award shall become vested in full effective as of the date of such termination.

(e) **Special Change in Control Provisions.**

(i) **Termination of Employment in Connection with a Change in Control.** If the Executive's employment is terminated either by the Company Without Cause (as defined in Section 6(d)) or by the Executive for Good Reason (as defined in Section 6(e)(ii)), in either case within the period commencing one month prior to and ending twelve months following a Change in Control, then, subject to Section 22 [Compliance with Section 409A], the Executive shall be entitled to the compensation and benefits set forth in Sections 8(e)(i)(a) through (e) (in addition to any other payments or benefits provided under this Agreement), provided that within sixty days following the Executive's termination of employment (i) the Executive has executed and delivered the Release to the Company, and (ii) the Release has become irrevocable:

a. **Salary.** The Executive shall be entitled to a cash payment equal to 2.99 times the Executive's then-current annual base salary, which shall be paid to the Executive sixty days following such termination of employment. The payment under this Section 8(e)(i)(a) shall take the place of any payment under Section 8(a)(i) and the Executive shall not be entitled to receive a payment under Section 8(a)(i) if the Executive is entitled to a payment under this Section 8(e)(i)(a).

b. **Bonus.** The Executive shall be entitled to a cash payment equal to 2.99 times the Executive's target annual bonus for the Company's fiscal year then in effect on the date termination of employment occurs, which shall be paid to the Executive sixty days following such termination of employment. The payment under this Section 8(e)(i)(b) shall take the place of any payment under Section 8(a)(ii) and the Executive shall not be entitled to receive a payment under Section 8(a)(ii) if the Executive is entitled to a payment under this Section 8(e)(i)(b).

c. **Equity.** All shares of restricted stock granted to the Executive by the Company shall become vested in full upon the termination. Additionally, if the termination occurs prior to the Performance Share Vesting Date, 100% of the Target Number of Performance Shares shall be deemed Vested Performance Shares effective as of the date of the termination. All Unvested Common Shares issued in settlement of the Performance Share Award shall become vested effective as of the date of such termination. Except as set forth in this Section 8(e), the treatment of stock options, performance share awards and all other equity awards granted to the Executive by the Company that remain outstanding immediately prior to the date of such Change in Control shall be determined in accordance with their terms.

d. **Estate Planning.** The Executive shall be entitled to reimbursement of the Executive's estate planning expenses (including attorneys' fees) on the same basis, if any, as to which the Executive was entitled to such reimbursements immediately

prior to such termination of employment for the remainder of the Term of Employment then in effect.

e. **Health Care Coverage.** The Company shall continue to provide Executive with medical, dental, vision, and mental health care coverage at or equivalent to the level of coverage which the Executive had at the time of the termination of employment (including coverage for the Executive's eligible dependents to the extent such dependents were covered immediately prior to such termination of employment) for the remainder of the Term of Employment, except coverage for dependents will end when dependent is no longer eligible for coverage, if earlier than the Term of Employment end date; **provided, however** that in the event such coverage may no longer be extended to Executive following termination of Executive's employment either by the terms of the Company's health care plans or under then applicable law, the Company shall instead reimburse Executive for Executive's cost of substantially equivalent health care coverage available to Executive under ERISA Section 601 and thereafter and Section 4980B of the Internal Revenue Code (i.e., COBRA coverage) for a period not to exceed 18 months after the termination of Executive's employment; and **provided further** that (1) any such health care coverage or reimbursement for health care coverage shall cease at such time that Executive becomes eligible for health care coverage through another employer and (2) any such reimbursement shall be made by the last day of the calendar year following the end of the calendar year with respect to which such coverage or reimbursement is provided. The Executive must notify the Company within five business days of becoming eligible for such other coverage and promptly repay the Company any benefits he or she received in error.

(ii) **Change in Control Defined.** "Change in Control" means the occurrence of any one or more of the following with respect to the Company:

(1) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended ("Exchange Act")) acquires during a twelve-month period ending on the date of the most recent acquisition by such person, in one or a series of transactions, "beneficial ownership" (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing thirty-five percent (35%) or more of the total combined voting power of the Company's then-outstanding securities entitled to vote generally in the election of directors; provided, however, that a Change in Control shall not be deemed to have occurred if such degree of beneficial ownership results from any of the following: (A) an acquisition by any person who, on the Effective Date of the then current Equity Incentive Plan, is the beneficial owner of thirty-five percent (35%) or more of such voting power; (B) any acquisition directly from the Company, including, without limitation, pursuant to or in connection with a public offering of securities; (C) any acquisition by the Company; (D) any acquisition by a trustee or other fiduciary under an employee benefit plan of the Company; or (E) any acquisition by an entity owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the voting securities of the Company; or

(2) any of the following events ("Ownership Change Event") or series of related Ownership Change Events (collectively, a "Transaction"): (A) the direct or indirect sale or exchange in a single or series of related transactions by the stockholders of the Company of securities of the Company representing more than fifty percent (50%) of the

combined voting power of the Company's then outstanding securities then entitled to vote generally in the election of directors; (B) a merger or consolidation in which the Company is a party; or (C) the sale, exchange, or transfer of all or substantially all of the assets of the Company (other than a sale, exchange, or transfer to one or more subsidiaries of the Company), provided that with respect to any such Transaction the stockholders of the Company immediately before the Transaction do not retain immediately after such Transaction direct or indirect beneficial ownership of more than fifty percent (50%) of the total combined voting power of the outstanding securities entitled to vote generally in the election of directors or, in the Ownership Change Event described in clause (C), the entity to which the assets of the Company were transferred (the "Transferee"), as the case may be; or

(3) a date specified by the Compensation Committee of the Board following approval by the stockholders of a plan of complete liquidation or dissolution of the Company. For purposes of the preceding sentence, indirect beneficial ownership shall include, without limitation, an interest resulting from ownership of the voting securities of one or more corporations or other business entities which own the Company or the Transferee, as the case may be, either directly or indirectly or through one or more subsidiary corporations or other business entities. The Committee shall determine whether multiple events described in clauses (1), (2), or (3) are related and to be treated in the aggregate as a single Change in Control, and its determination shall be final, binding and conclusive.

(iii) **Excise Tax - Best After-Tax Result.** In the event that any payment or benefit received or to be received by Executive pursuant to this Agreement or otherwise ("Payments") would (a) constitute a "parachute payment" within the meaning of Section 280G of the Code and (b) but for this section, be subject to the excise tax imposed by Section 4999 of the Code, any successor provisions, or any comparable federal, state, local or foreign excise tax ("Excise Tax"), then, subject to the provisions of Section 8(e)(iv), such Payments shall be either (1) provided in full pursuant to the terms of this Agreement or any other applicable agreement, or (2) provided as to such lesser extent which would result in no portion of such Payments being subject to the Excise Tax ("Reduced Amount"), whichever of the foregoing amounts, taking into account the applicable federal, state, local and foreign income, employment and other taxes and the Excise Tax (including, without limitation, any interest or penalties on such taxes), results in the receipt by Executive, on an after-tax basis, of the greatest amount of payments and benefits provided for hereunder or otherwise, notwithstanding that all or some portion of such Payments may be subject to the Excise Tax. If Executive's payments or benefits are delivered to a lesser extent in accordance with this clause (2) above, then Executive's aggregate benefits shall be reduced in the following order: (i) cash severance pay that is exempt from Section 409A; (ii) any other cash severance pay; (iii) reimbursement payments under Section 4(c), above; (iv) any restricted stock; (v) any equity awards other than restricted stock and stock options; and (vi) stock options. Unless the Company and Executive otherwise agree in writing, any determination required under this Section shall be made by an independent advisor designated by the Company and reasonably acceptable to Executive ("Independent Advisor"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required under this Section, Independent Advisor may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code; provided that Independent Advisor shall assume that Executive pays all

taxes at the highest marginal rate. The Company and Executive shall furnish to Independent Advisor such information and documents as Independent Advisor may reasonably request in order to make a determination under this Section. The Company shall bear all costs that Independent Advisor may incur in connection with any calculations contemplated by this Section. In the event that this Section 8(e)(iii) applies, then based on the information provided to Executive and the Company by Independent Advisor, Executive may, in Executive's sole discretion and within thirty days of the date on which Executive is provided with the information prepared by Independent Advisor, determine which and how much of the Payments (including the accelerated vesting of equity compensation awards) to be otherwise received by Executive shall be eliminated or reduced (as long as after such determination the value (as calculated by Independent Advisor in accordance with the provisions of Sections 280G and 4999 of the Code) of the amounts payable or distributable to Executive equals the Reduced Amount). If the Internal Revenue Service (the "IRS") determines that any Payment is subject to the Excise Tax, then Section 8(e)(iv) hereof shall apply, and the enforcement of Section 8(e)(iv) shall be the exclusive remedy to the Company.

(iv) **Adjustments.** If, notwithstanding any reduction described in Section 8(e)(iii) (or in the absence of any such reduction), the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of one or more Payments, then Executive shall be obligated to surrender or pay back to the Company, within 120 days after a final IRS determination, an amount of such payments or benefits equal to the "Repayment Amount." The Repayment Amount with respect to such Payments shall be the smallest such amount, if any, as shall be required to be surrendered or paid to the Company so that Executive's net proceeds with respect to such Payments (after taking into account the payment of the excise tax imposed on such Payments) shall be maximized. Notwithstanding the foregoing, the Repayment Amount with respect to such Payments shall be zero if a Repayment Amount of more than zero would not eliminate the Excise Tax imposed on such Payments or if a Repayment Amount of more than zero would not maximize the net amount received by Executive from the Payments. If the Excise Tax is not eliminated pursuant to this Section, Executive shall pay the Excise Tax.

(v) **Acquirer Does Not Assume Performance Share Award.** In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the "Acquirer"), may, without the consent of the Executive, assume or continue in full force and effect the Company's rights and obligations under a Performance Share Award or substitute for the Award a substantially equivalent award for the Acquirer's stock. For purposes of this Section, a Performance Share Award shall be deemed assumed if, following the Change in Control, the Award confers the right to receive, subject to the terms and conditions of the applicable Company incentive plan and this Agreement, for each Performance Share or Unvested Common Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled. Notwithstanding any other provision of this Agreement to the contrary, if the Acquirer elects not to assume, continue or substitute for the outstanding Performance Share Awards in connection with a Change in Control prior to the Performance Share Vesting Date, (i) the Target Number of Performance Shares shall become fully vested and such Performance Shares shall be deemed Vested Performance Shares and one Vested Common Share shall be issued to the Executive for each such Vested Performance Share



immediately prior to the Change in Control and (ii) any Unvested Common Shares issued in settlement of Performance Share Awards shall become fully vested effective immediately prior to the Change in Control, provided that the Executive's employment with the Company has not terminated immediately prior to the Change in Control. The vesting of Performance Shares and settlement of Awards that were permissible solely by reason of this Section shall be conditioned upon the consummation of the Change in Control.

(vi) **Acquirer Does Not Assume Restricted Stock Award.** In the event of a Change in Control, the Acquirer, may, without the consent of the Executive, assume or continue in full force and effect the Company's rights and obligations under a Restricted Stock Award or substitute for the Award a substantially equivalent award for the Acquirer's stock. For purposes of this Section, a Restricted Stock Award shall be deemed assumed if, following the Change in Control, the Award confers the right to receive, subject to the terms and conditions of the applicable Company incentive plan and this Agreement, for each Share subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Stock on the effective date of the Change in Control was entitled. Notwithstanding any other provision of this Agreement to the contrary, if the Acquirer elects not to assume, continue or substitute for the outstanding Stock Award in connection with a Change in Control, all of the Shares shall become vested immediately prior to the Change in Control, provided that the Executive's employment with the Company has not terminated immediately prior to the Change in Control. The vesting of Shares and settlement of Awards that were permissible solely by reason of this Section shall be conditioned upon the consummation of the Change in Control.

#### 9. **Certain Employment Obligations.**

(a) **Employee Acknowledgement.** The Company and the Executive acknowledge that (i) the Company has a special interest in and derives significant benefit from the unique skills and experience of the Executive; (ii) as a result of the Executive's service with the Company, the Executive will use and have access to some of the Company's proprietary and valuable Confidential Information during the course of the Executive's employment; (iii) the Confidential Information has been developed and created by the Company at substantial expense and constitutes valuable proprietary assets of the Company, and the Company will suffer substantial damage and irreparable harm which will be difficult to compute if, during the term of the Executive's employment or thereafter, the Executive should disclose or improperly use such Confidential Information in violation of the provisions of this Agreement; (iv) the Company will suffer substantial damage which will be difficult to compute if, the Executive solicits or interferes with the Company's employees; (v) the provisions of this Agreement are reasonable and necessary for the protection of the business of the Company; and (vi) the provisions of this Agreement will not preclude the Executive from obtaining other gainful employment or service.

(b) **Non-Solicitation of Employees.** During the period of the Executive's employment with the Company and for a period of 24 months following the Executive's termination of that employment with the Company, the Executive shall not, without the written permission of the Company or an affected affiliate, directly or indirectly (i) solicit, recruit, attempt to recruit or raid, or have or cause any other person or entity to solicit, recruit, attempt to recruit or raid, or otherwise induce the termination of employment of any person who is employed by the Company; or (ii) encourage any such person not to devote his or her full

business time to the Company. Executive also shall not use any of the Company's trade secrets to directly or indirectly solicit the employees of the Company.

(c) **Non-Solicitation of Third Parties.** During the period of the Executive's employment with the Company for a period of 24 months following the Executive's termination of employment with the Company, the Executive shall not in any way use any of the Company's trade secrets to directly or indirectly solicit or otherwise influence any entity with a business arrangement with the Company, including, without limitation, suppliers, sales representatives, lenders, lessors, and lessees, to discontinue, reduce, or otherwise materially or adversely affect such relationship.

(d) **Non-Disparagement.** The Executive acknowledges and agrees that the Executive will not defame or criticize the services, business, integrity, veracity, or personal or professional reputation of the Company or any of its directors, officers, employees, affiliates, or agents of any of the foregoing in either a professional or personal manner either during the term of the Executive's employment or thereafter.

#### 10. **Company Remedies for Executive's Breach of Certain Obligations.**

(a) The Executive acknowledges and agrees that in the event that the Executive breaches or threatens to breach Sections 5 or 9 of this Agreement, all compensation and benefits otherwise payable pursuant to this Agreement and the vesting and/or exercisability of all stock options, restricted stock, performance shares and other forms of equity compensation previously awarded to the Executive, notwithstanding the provisions of any agreement evidencing any such award to the contrary, shall immediately cease.

(b) The Company shall give prompt notice to the Executive of its discovery of a breach by the Executive of Sections 5 or 9 of this Agreement. If it is determined by a vote of not less than two-thirds of the members of the Board that the Executive has breached Sections 5 or 9 of this Agreement and has not cured such breach within ten business days of such notice, then:

(i) the Executive shall forfeit to the Company (A) all stock options, stock appreciation rights, performance shares and other equity compensation awards (other than shares of restricted stock, restricted stock units, common shares issued in settlement of performance share awards or similar awards) granted to the Executive by the Company which remain outstanding and unexercised or unpaid as of the date of such determination by the Board (the "Breach Determination Date") and (B) all shares of restricted stock, restricted stock units, common shares issued in settlement of performance share awards and similar awards granted to the Executive by the Company which continue to be held by the Executive as of the Breach Determination Date to the extent that such awards vested during the Forfeiture Period (as defined below); and

(ii) the Executive shall pay to the Company all gains realized by the Executive upon (A) the exercise by or payment in settlement to the Executive on and after the commencement of the Forfeiture Period of stock options, stock appreciation rights, performance shares and other equity compensation awards (other than shares of restricted stock, restricted stock units or similar awards) granted to the Executive by the Company and (B) the sale on and

after the commencement of the Forfeiture Period of shares or other property received by the Executive pursuant to awards of restricted stock, restricted stock units or similar awards granted to the Executive by the Company and which vested during the Forfeiture Period.

(c) For purposes of this Section, the gain realized by the Executive upon the exercise or payment in settlement of stock options, stock appreciation rights, performance shares and other equity compensation awards shall be equal to (A) the closing sale price on the date of exercise or settlement (as reported on the stock exchange or market system constituting the principal market for the shares subject to the applicable award) of the number of vested shares issued to the Executive upon such exercise or settlement, reduced by the purchase price, if any, paid by the Executive to acquire such shares, or (B) if any such award was settled by payment in cash to the Executive, the gain realized by the Executive shall be equal to the amount of cash paid to the Executive. Further, for purposes of this Section, the gain realized by the Executive upon the sale of shares or other property received by the Executive pursuant to awards of restricted stock, restricted stock units or similar awards shall be equal to the gross proceeds of such sale realized by the Executive. Gains determined for purposes of this Section shall be determined without regard to any subsequent increase or decrease in the market price of the Company's stock or taxes paid by or withheld from the Executive with respect to such transactions.

(d) For the purposes of this Section, the "Forfeiture Period" shall be the period ending on the Breach Determination Date and beginning on the earlier of (A) the date six months prior to the Breach Determination Date or (B) the business day immediately preceding the date of the Executive's termination of employment with the Company.

(e) The Executive agrees to pay to the Company immediately upon the Breach Determination Date the amount payable by the Executive to the Company pursuant to this Section.

(f) The Executive acknowledges that money will not adequately compensate the Company for the substantial damages that will arise upon the breach or threatened breach of Sections 5 or 9 of this Agreement and that the Company will not have any adequate remedy at law. For this reason, such breach or threatened breach will not be subject to the arbitration clause in Section 19; rather, the Company will be entitled, in addition to other rights and remedies, to specific performance, injunctive relief, and other equitable relief to prevent or restrain such breach or threatened breach. The Company may obtain such relief from an arbitrator pursuant to Section 19 hereof, or by simultaneously seeking arbitration under Section 19 and a temporary injunction from a court pending the outcome of the arbitration. It shall be the Company's sole and exclusive right to elect which approach to use to vindicate its rights. The Executive further agrees that in the event of a breach or threatened breach, the Company shall be entitled to obtain an immediate injunction and restraining order to prevent such breach and/or threatened breach and/or continued breach, without posting a bond or having to prove irreparable harm or damages, and to obtain all costs and expenses, including reasonable attorneys' fees and costs. In addition, the existence of any claim or cause of action by the Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the restrictive covenants in this Agreement.

(g) **Recoupment.** Executive hereby understands and agrees that the Executive is subject to the Company's recoupment policy. Under the current policy applicable to the Company's senior executives, subject to the discretion and approval of the Board, the Company may, to the extent permitted by governing law, require reimbursement of any cash payments and reimbursement and/or cancellation of any Performance Share or Common Shares issued in settlement of a Performance Share to the Executive where all of the following factors are present: (1) the award was predicated upon the achievement of certain financial results that were subsequently the subject of a material restatement, (2) the Board determines that the Executive engaged in fraud or intentional misconduct that was a substantial contributing cause to the need for the restatement, and (3) a lower award would have been made to the Executive based upon the restated financial results. In each instance, the Company may seek to recover the Executive's entire gain received by the Executive within the relevant period, plus a reasonable rate of interest.

11. **Exercise of Stock Options Following Termination.** If the Executive's employment terminates, Executive (or the Executive's estate) may exercise the Executive's right to purchase any vested stock under the stock options granted to Executive by the Company as provided in the applicable stock option agreement or Company plan. All such purchases must be made by the Executive in accordance with the applicable stock option plans and agreements between the parties.

12. **Successors; Binding Agreement.** This Agreement and all rights of the Executive hereunder shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts would still be payable to the Executive hereunder, all such amounts shall be paid in accordance with the terms of this Agreement and applicable law to the Executive's beneficiary pursuant to a valid written designation of beneficiary, as determined by the Compensation Committee in its discretion, or, if there is no effective written designation of beneficiary by the Executive, to the Executive's estate.

13. **Insurance and Indemnity.** The Company shall, to the extent permitted by law, include the Executive during the Term of Employment under any directors and officers' liability insurance policy maintained for its directors and officers, with coverage at least as favorable to the Executive in amount and each other material respect as the coverage of other officers covered thereby. The Company's obligation to provide insurance and indemnify the Executive shall survive expiration or termination of this Agreement with respect to proceedings or threatened proceedings based on acts or omissions of the Executive occurring during the Executive's employment with the Company. Such obligations shall be binding upon the Company's successors and assigns and shall inure to the benefit of the Executive's heirs and personal representatives.

14. **Notice.** For the purposes of this Agreement, notices, demands and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or (unless otherwise specified) mailed by United States registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: Adam Orvos  
5130 Hacienda Drive  
Dublin, CA 94568-7579

If to the Company: Ross Stores, Inc.  
5130 Hacienda Drive  
Dublin, CA 94568-7579  
Attention: General Counsel

or to such other address as any party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

15. **Complete Agreement; Modification, Waiver; Entire Agreement.** This Agreement, along with any compensation and benefits summary, stock option, restricted stock, performance share or other equity compensation award agreements between the parties, represents the complete agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, promises or representations of the parties, including any prior employment agreement or similar agreement between the parties, except those relating to repayment of signing and related bonuses, or relocation expense reimbursements. To the extent that the bonus payment provisions (i.e., post-termination bonus payments) provided in this Agreement differ from the provisions of the Company's incentive bonus plans (currently the Incentive Compensation Plan) or any replacement plans, such bonus payments shall be paid pursuant to the provisions of this Agreement except to the extent expressly prohibited by law. Except as provided by Section 22 [Compliance with Section 409A], no provision of this Agreement may be amended or modified except in a document signed by the Executive and such person as may be designated by the Company. No waiver by the Executive or the Company of any breach of, or lack of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or the same condition or provision at another time. To the extent that this Agreement is in any way deemed to be inconsistent with any prior or contemporaneous compensation and benefits summary, stock option, restricted stock, performance share or other equity compensation award agreements between the parties, or term sheet referencing such specific awards, the terms of this Agreement shall control. No agreements or representations, oral or otherwise, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement shall be modified to comply with any federal securities law or rule or any NASDAQ listing rule adopted to comply therewith.

16. **Governing Law - Severability.** The validity, interpretation, construction, performance, and enforcement of this Agreement shall be governed by the laws of the state in which the Executive's principal place of employment described in Section 3 is located without reference to that state's choice of law rules. If any provision of this Agreement shall be held or deemed to be invalid, illegal, or unenforceable in any jurisdiction, for any reason, the invalidity of that provision shall not have the effect of rendering the provision in question unenforceable in any other jurisdiction or in any other case or of rendering any other provisions herein unenforceable, but the invalid provision shall be substituted with a valid provision which most closely approximates the intent and the economic effect of the invalid provision and which would be enforceable to the maximum extent permitted in such jurisdiction or in such case.

17. **Mitigation.** In the event the Executive's employment with the Company terminates for any reason, the Executive shall not be obligated to seek other employment following such termination. However, any amounts due the Executive under Sections 8(a)(i), 8(a)(ii), 8(a)(vii), 8(e)(i)(a), 8(e)(i)(b), 8(e)(i)(d) or 8(e)(i)(e) (collectively, "Mitigable Severance") shall be offset by any cash remuneration, health care coverage and/or estate planning reimbursements (collectively, "Mitigable Compensation") attributable to any subsequent employment or consulting/independent contractor arrangement that the Executive may obtain during the period of payment of compensation under this Agreement following the termination of the Executive's employment with the Company. For any calendar quarter, the Executive shall not be entitled to any Mitigable Severance unless the Executive certifies in writing to the Company on or before the first day of any such calendar quarter the amount and nature of Mitigable Compensation the Executive expects to receive during such quarter. In addition, the Executive must notify the Company within five business days of any increase in the amount and/or nature of Mitigable Compensation not previously reported in the most recent quarterly certification. The Executive shall repay to the Company any Mitigable Severance the Executive received in error within ten days of the receipt of such Mitigable Severance.

18. **Withholding.** All payments required to be made by the Company hereunder to the Executive or the Executive's estate or beneficiaries shall be subject to the withholding of such amounts as the Company may reasonably determine it should withhold pursuant to any applicable law. To the extent permitted, the Executive may provide all or any part of any necessary withholding by contributing Company stock with value, determined on the date such withholding is due, equal to the number of shares contributed multiplied by the closing price per share as reported on the securities exchange constituting the primary market for the Company's stock on the date preceding the date the withholding is determined.

19. **Arbitration.** Except as otherwise provided by applicable law, the Company and Executive shall resolve all disputes or claims relating to or arising out of the parties' employment relationship or this Agreement (including, but not limited to, any claims of breach of contract, wrongful termination, discrimination, harassment, retaliation, failure to accommodate, or wage and hour violations), pursuant to the Federal Arbitration Act and, as applicable, in accordance with the Company's then-current Dispute Resolution Agreement ("Arbitration Agreement"). The Executive and the Company hereby mutually agree that all such disputes shall be fully, finally, and exclusively resolved by binding arbitration in the city in which the Executive's principal place of employment is located. Notwithstanding the Arbitration Agreement, arbitration shall be conducted by JAMS arbitration services pursuant to its Employment Arbitration Rules and Procedures ("JAMS Arbitration Rules") by an arbitrator mutually agreed upon by the parties hereto or, in the absence of such agreement, by an arbitrator selected in accordance with JAMS' then-current Arbitration Rules. To the extent permitted by law, the Company and Executive agree that each may file claims against the other only in their individual capacities, and may not file claims as a named plaintiff, or participate as a class member, in any class or collective action against the other. Nothing in this arbitration provision or the Arbitration Agreement shall prevent either the Executive or the Company from seeking interim or temporary injunctive or equitable relief from a court of competent jurisdiction pending arbitration. This provision fully incorporates the Arbitration Agreement provided, however, that in the event of any conflict between this provision and the Arbitration Agreement, this provision shall govern.

If there is termination of the Executive's employment with the Company followed by a dispute as to whether the Executive is entitled to the benefits provided under this Agreement, then, during the period of that dispute the Company shall pay the Executive 50% of the amount specified in Section 8 hereof (except that the Company shall pay 100% of any insurance premiums provided for in Section 8), if, and only if, the Executive agrees in writing that if the dispute is resolved against the Executive, the Executive shall promptly refund to the Company all such payments received by, or made by the Company on behalf of, the Executive. If the dispute is resolved in the Executive's favor, promptly after resolution of the dispute the Company shall pay the Executive the sum that was withheld during the period of the dispute plus interest at the rate provided in Section 1274(d) of the Code.

20. **Attorney's Fees.** Except as otherwise provided herein, each party shall bear its own attorney's fees and costs incurred in any action or dispute arising out of this Agreement.

21. **Miscellaneous.** No right or interest to, or in, any payments shall be assignable by the Executive; provided, however, that the Executive shall not be precluded from designating in writing one or more beneficiaries to receive any amount that may be payable after the Executive's death and the legal representative of the Executive's estate shall not be precluded from assigning any right hereunder to the person or persons entitled thereto. This Agreement shall be binding upon and shall inure to the benefit of the Executive, the Executive's heirs and legal representatives and, the Company and its successors.

22. **Compliance with Section 409A.** Notwithstanding any other provision of this Agreement to the contrary, the provision, time and manner of payment or distribution of all compensation and benefits provided by this Agreement that constitute nonqualified deferred compensation subject to and not exempted from the requirements of Code Section 409A ("Section 409A Deferred Compensation") shall be subject to, limited by and construed in accordance with the requirements of Code Section 409A and all regulations and other guidance promulgated by the Secretary of the Treasury pursuant to such Section (such Section, regulations and other guidance being referred to herein as "Section 409A"), including the following:

(a) **Separation from Service.** Payments and benefits constituting Section 409A Deferred Compensation otherwise payable or provided pursuant to Section 8 upon the Executive's termination of employment shall be paid or provided only at the time of a termination of the Executive's employment that constitutes a Separation from Service. For the purposes of this Agreement, a "Separation from Service" is a separation from service within the meaning of Treasury Regulation Section 1.409A-1(h).

(b) **Six-Month Delay Applicable to Specified Employees.** If, at the time of a Separation from Service of the Executive, the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) (a "Specified Employee"), then any payments and benefits constituting Section 409A Deferred Compensation to be paid or provided pursuant to Section 8 upon the Separation from Service of the Executive shall be paid or provided commencing on the later of (i) the date that is six months after the date of such Separation from Service or, if earlier, the date of death of the Executive (in either case, the "Delayed Payment Date"), or (ii) the date or dates on which such Section 409A Deferred Compensation would otherwise be paid or provided in accordance with Section 8. All such amounts that would, but for this Section 22(b), become

payable prior to the Delayed Payment Date shall be accumulated and paid on the Delayed Payment Date.

(c) **Health Care and Estate Planning Benefits.** In the event that all or any of the health care or estate planning benefits to be provided pursuant to Sections 8(a)(vii); 8(e)(i)(d) or 8(e)(i)(e) as a result of a Participant's Separation from Service constitute Section 409A Deferred Compensation, the Company shall provide for such benefits constituting Section 409A Deferred Compensation in a manner that complies with Section 409A. To the extent necessary to comply with Section 409A, the Company shall determine the health care premium cost necessary to provide such benefits constituting Section 409A Deferred Compensation for the applicable coverage period and shall pay such premium cost which becomes due and payable during the applicable coverage period on the applicable due date for such premiums; provided, however, that if the Executive is a Specified Employee, the Company shall not pay any such premium cost until the Delayed Payment Date. If the Company's payment pursuant to the previous sentence is subject to a Delayed Payment Date, the Executive shall pay the premium cost otherwise payable by the Company prior to the Delayed Payment Date, and on the Delayed Payment Date the Company shall reimburse the Executive for such Company premium cost paid by the Executive and shall pay the balance of the Company's premium cost necessary to provide such benefit coverage for the remainder of the applicable coverage period as and when it becomes due and payable over the applicable period.

(d) **Stock-Based Awards.** The vesting of any stock-based compensation awards which constitute Section 409A Deferred Compensation and are held by the Executive, if the Executive is a Specified Employee, shall be accelerated in accordance with this Agreement to the extent applicable; provided, however, that the payment in settlement of any such awards shall occur on the Delayed Payment Date. Any stock based compensation which vests and becomes payable upon a Change in Control in accordance with Section 8(e) shall not be subject to this Section 22(d).

(e) **Change in Control.** Notwithstanding any provision of this Agreement to the contrary, to the extent that any amount constituting Section 409A Deferred Compensation would become payable under this Agreement by reason of a Change in Control, such amount shall become payable only if the event constituting a Change in Control would also constitute a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company within the meaning of Section 409A.

(f) **Installments.** Executive's right to receive any installment payments payable hereunder shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment for purposes of Section 409A.

(g) **Reimbursements.** To the extent that any reimbursements payable to Executive pursuant to this Agreement are subject to the provisions of Section 409A of the Code, such reimbursements shall be paid to Executive no later than December 31 of the year following the year in which the cost was incurred; the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year; and Executive's right to reimbursement under this Agreement will not be subject to liquidation or exchange for another benefit.



(h) **Rights of the Company; Release of Liability.** It is the mutual intention of the Executive and the Company that the provision of all payments and benefits pursuant to this Agreement be made in compliance with the requirements of Section 409A. To the extent that the provision of any such payment or benefit pursuant to the terms and conditions of this Agreement would fail to comply with the applicable requirements of Section 409A, the Company may, in its sole and absolute discretion and without the consent of the Executive, make such modifications to the timing or manner of providing such payment and/or benefit to the extent it determines necessary or advisable to comply with the requirements of Section 409A; provided, however, that the Company shall not be obligated to make any such modifications. Any such modifications made by the Company shall, to the maximum extent permitted in compliance with the requirements of Section 409A, preserve the aggregate monetary face value of such payments and/or benefits provided by this Agreement in the absence of such modification; provided, however, that the Company shall in no event be obligated to pay any interest or other compensation in respect of any delay in the provision of such payments or benefits in order to comply with the requirements of Section 409A. The Executive acknowledges that (i) the provisions of this Section 22 may result in a delay in the time at which payments would otherwise be made pursuant to this Agreement and (ii) the Company is authorized to amend this Agreement, to void or amend any election made by the Executive under this Agreement and/or to delay the payment of any monies and/or provision of any benefits in such manner as may be determined by the Company, in its discretion, to be necessary or appropriate to comply with Section 409A (including any transition or grandfather rules thereunder) without prior notice to or consent of the Executive. The Executive hereby releases and holds harmless the Company, its directors, officers and stockholders from any and all claims that may arise from or relate to any tax liability, penalties, interest, costs, fees or other liability incurred by the Executive as a result of the application of Code Section 409A.

23. **Future Equity Compensation.** The Executive understands and acknowledges that all awards, if any, of stock options, restricted stock, performance shares and other forms of equity compensation by the Company are made at the sole discretion of the Board or such other committee or person designated by the Board. The Executive further understands and acknowledges, however, that unless the Executive has executed this Agreement and each successive amendment extending the Term of Employment as may be agreed to by the Company and the Executive, it is the intention of the Board and the Executive that, notwithstanding any continued employment with the Company, (a) the Company shall have no obligation to grant any award of stock options, restricted stock, performance shares or any other form of equity compensation which might otherwise have been granted to the Executive on or after the intended commencement of the Initial Term or any Extension thereof for which the Executive has failed to sign the Agreement or the applicable Extension amendment and (b) any such award which is nevertheless granted to the Executive after the intended commencement of the Initial Term or any Extension thereof for which the Executive has failed to sign such Agreement or applicable Extension amendment shall not vest unless and until the Executive has executed the Agreement or applicable Extension amendment, notwithstanding the provisions of any agreement evidencing such award to the contrary.

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

**ROSS STORES, INC. and Subsidiaries**

/s/Barbara Rentler

By: Barbara Rentler  
Chief Executive Officer

**EXECUTIVE**

/s/Adam Orvos

Adam Orvos  
Executive Vice President,  
Chief Financial Officer

## CONFIDENTIAL SEPARATION AGREEMENT AND GENERAL RELEASE

This is an Agreement between \_\_\_\_\_ ("Executive") and Ross Stores, Inc. and its subsidiaries (collectively "Ross"). The parties agree to the following terms and conditions:

1. Executive \_\_\_\_\_ employment with Ross effective \_\_\_\_\_ (the "Separation Date").
2. Any inquiries by prospective employers or others should be referred to Ross' third party provider The Work Number, phone number 1-800-367-5690 or <http://www.theworknumber.com>.
3. Executive understands that the Executive Employment Agreement, effective \_\_\_\_\_ ("Executive Agreement"), requires Executive to execute this General Release as a condition to receiving cash payments, benefits and equity as may be provided under the terms of the Executive Agreement.
4. In consideration for Ross' promises herein, Executive knowingly and voluntarily releases and forever discharges Ross, and all parent corporations, affiliates, subsidiaries, divisions, successors and assignees, as well as the current and former employees, attorneys, officers, directors and agents thereof (collectively referred to throughout the remainder of this Agreement as "Releasees"), of and from any and all claims, judgments, promises, agreements, obligations, damages, losses, costs, expenses (including attorneys' fees) or liabilities of whatever kind and character, known and unknown, which Executive may now have, has ever had, or may in the future have, arising from or in any way connected with any and all matters from the beginning of time to the date hereof, including but not limited to any alleged causes of action for:
  - Title VII of the Civil Rights Act of 1964, as amended
  - The National Labor Relations Act, as amended
  - The Civil Rights Act of 1991
  - Sections 1981 through 1988 of Title 42 of the United States Code, as amended
  - The Employee Retirement Income Security Act of 1974, as amended
  - The Immigration Reform and Control Act, as amended
  - The Americans with Disabilities Act of 1990, as amended
  - The Age Discrimination in Employment Act of 1967, as amended
  - The Federal Workers Adjustment and Retraining Notification Act, as amended
  - The Occupational Safety and Health Act, as amended
  - The Sarbanes-Oxley Act of 2002
  - The United States Equal Pay Act of 1963
  - California Family Rights Act - Cal. Govt. Code § 12945.2 et seq.
  - California Fair Employment and Housing Act - Cal. Gov't Code § 12900 et seq.
  - Statutory Provisions Regarding Retaliation/Discrimination for Filing a Workers

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Executive's Initials

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Ross' Initials

- Compensation Claim - Cal. Lab. Code §132a (1) to (4)
- Statutory Provision Regarding Representations and Relocation of Employment (Cal. Lab. Code §970 et seq.)
- California Unruh Civil Rights Act - Civ. Code § 51 et seq.
- California Sexual Orientation Bias Law - Cal. Lab. Code §1101 et seq.
- California AIDS Testing and Confidentiality Law - Cal. Health & Safety Code §199.20 et seq.
- California Confidentiality of Medical Information - Cal. Civ. Code §56 et seq.
- California Smokers' Rights Law - Cal. Lab. Code §96
- California Parental Leave Law - Cal. Lab. Code §230.7 et seq.
- California Apprenticeship Program Bias Law - Cal. Lab. Code §3070 et seq.
- California Equal Pay Law - Cal. Lab. Code §1197.5 et seq.
- California Whistleblower Protection Law - Cal. Lab. Code § 1102-5(a) to (c)
- California Military Personnel Bias Law - Cal. Mil. & Vet. Code §394 et seq.
- California Family and Medical Leave - Cal. Lab. Code §233
- California Parental Leave for School Visits Law - Cal. Lab. Code §230.7 et seq.
- California Electronic Monitoring of Employees - Cal. Lab. Code §435 et seq.
- Cal/OSHA law, as amended
- California Consumer Reports: Discrimination Law - Cal. Civ. Code §1786.10 et seq.
- California Political Activities of Employees Act - Cal. Lab. Code §1101 et seq.
- California Domestic Violence Victim Employment Leave Act - Cal. Lab. Code §230.1
- California Voting Leave Law - Cal. Elec. Code §14350 et seq.
- California Court Leave Law - Cal. Lab. Code §230
- California Consumer Reports: Discrimination Law - Cal. Civ. Code §1786.10 et seq.
- California Political Activities of Employees Act - Cal. Lab. Code §1101 et seq.
- California Domestic Violence Victim Employment Leave Act - Cal. Lab. Code §230.1
- California Labor Code §§ 2698 and 2699
- Any other federal, state or local civil or human rights law or any other local, state or federal law, regulation or ordinance
- Any public policy, contract, tort, or common law, or
- Any claim for costs, fees, or other expenses including attorneys' fees incurred in these matters

In granting the release herein, you understand that this Agreement includes a release of all claims known or unknown. In giving this release, which includes claims which may be unknown to you at present, you acknowledge that you have read and understand Section 1542 of the California Civil Code which reads as follows: "**A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.**" You hereby expressly waive and relinquish all rights and benefits under that section and any law of any jurisdiction of similar effect with respect to the release of any unknown or unsuspected claims you may have against the Company.

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Executive's Initials

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Ross' Initials

5. Executive agrees to release and discharge Ross not only from any and all claims which he or she could make on his or her own behalf but also specifically waive any right to become, and promise not to become, a member of any class in any proceeding or case in which a claim or claims against Ross may arise, in whole or in part, from any event which occurred as of the date of this Agreement. Executive agrees to pay for any legal fees or costs incurred by Ross as a result of any breach of the promises in this paragraph. The parties agree that if Executive, by no action of his or her own, becomes a mandatory member of any class from which he or she cannot, by operation of law or order of court, opt out, Executive shall not be required to pay for any legal fees or costs incurred by Ross as a result. Notwithstanding the above, this Agreement does not prevent Executive from filing (i) a charge of discrimination with the Equal Employment Opportunity Commission, although by signing this Agreement Executive waives his or her right to recover any damages or other relief in any claim or suit brought by or through the Equal Employment Opportunity Commission or any other state or local agency on his or her behalf under any federal or state discrimination law, except where prohibited by law, (ii) an application to the Securities and Exchange Commission for whistleblower awards and obtaining such awards under Section 21F of the Securities Exchange Act, or (iii) a claim with a government agency and recovering damages or other relief related to such claim, where preventing an employee from filing such a claim and receiving such damages or relief is prohibited by law.
6. Executive affirms that he or she has been paid and/or has received all leave (paid or unpaid), compensation, wages, bonuses, commissions, and/or benefits to which he or she may be entitled and that no other leave (paid or unpaid), compensation, wages, bonuses, commissions and/or benefits are due to him or her, except as provided in this Agreement. Executive furthermore affirms that he or she has no known workplace injuries or occupational diseases and has been provided and/or has not been denied any leave requested, including any under the Family and Medical Leave Act, California Family Rights Act or any other leaves authorized by federal, state or local law, and that Executive has not reported any purported improper, unethical or illegal conduct or activities to any supervisor, manager, executive human resources representative or agent of Ross Stores and has no knowledge of any such improper, unethical or illegal conduct or activities. Executive additionally represents and affirms that during the course of employment at Ross, Executive has taken no actions contrary to or inconsistent with Executive's job responsibilities or the best interests of Ross' business.
7. The parties expressly acknowledge that those certain employment obligations set forth in the Executive Agreement, including but not limited to all obligations set forth in Paragraph 9 of the Executive Agreement, shall remain in full force and effect for the time period(s) specified in the Executive Agreement.
8. Executive agrees that this is a private agreement and that he or she will not discuss the fact that it exists or its terms with anyone else except with his or her spouse, attorney, accountant,

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Executive's Initials

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Ross' Initials

or as required by law. Further, Executive agrees not to defame, disparage or demean Ross in any way (excluding actions or communications expressly required or permitted by law). This Section 8 does not in any way restrict or impede Executive from disclosing the underlying facts or circumstances giving rise to a claim by Executive of sexual harassment and/or discrimination, failure to prevent harassment or discrimination, or an act of retaliation for reporting sexual harassment or discrimination, if any, in violation of laws prohibiting such harassment and discrimination, or as otherwise provided by law.

9. Any party to this Agreement may bring an action in law or equity for its breach. Unless otherwise ordered by the Court, only the provisions of this Agreement alleged to have been breached shall be disclosed.
10. This Agreement has been made in the State of California and the law of said State shall apply to it. If any part of this Agreement is found to be invalid, the remaining parts of the Agreement will remain in effect as if no invalid part existed.
11. This Agreement sets forth the entire agreement between the parties hereto, and fully supersedes any prior agreements or understandings between the parties, except for any confidentiality, trade secrets and inventions agreements previously entered into with the company (which will remain in full force and effect), and may not be modified except in a writing agreed to and signed by both parties, providing however that Employer may modify this form of agreement from time to time solely as needed to comply with federal, state or local laws in effect at the time this Agreement is to be executed. Executive acknowledges that he or she has not relied on any representations, promises, or agreements of any kind made to him or her in connection with his or her decision to accept this Agreement except for those set forth in this Agreement.
12. Executive further agrees to make him or herself available as needed and fully cooperate with Ross in defending any anticipated, threatened, or actual litigation that currently exists, or may arise subsequent to the execution of this Agreement. Such cooperation includes, but is not limited to, meeting with internal Ross employees to discuss and review issues which Executive was directly or indirectly involved with during employment with Ross, participating in any investigation conducted by Ross either internally or by outside counsel or consultants, signing declarations or witness statements, preparing for and serving as a witness in any civil or administrative proceeding by both depositions or a witness at trial, reviewing documents and similar activities that Ross deems necessary. Executive further agrees to make him or herself available as needed and cooperate in answering questions regarding any previous or current project Executive worked on while employed by Ross so as to insure a smooth transition of responsibilities and to minimize any adverse consequences of Executive's departure.

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Executive's Initials

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Ross' Initials

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13. **Waiver:** By signing this Agreement, Executive acknowledges that he or she:

- (a) Has carefully read and understands this Agreement;
- (b) Has been given a full twenty-one (21) days within which to consider the terms of this Agreement and consult with an attorney of his or her choice, and to the extent he or she executes this Agreement prior to expiration of the full twenty-one (21) days, knowingly and voluntarily waives that period following consultation with an attorney of his or her choice;
- (c) Is, through this Agreement, releasing Ross from any and all claims he or she may have against it that have arisen as of the date of this Agreement, including but not limited to, rights or claims arising under the Age Discrimination in Employment Act of 1967 (29 U.S.C. §621, *et seq.*);
- (d) Knowingly and voluntarily agrees to all of the terms set forth in this Agreement;
- (e) Knowingly and voluntarily intends to be legally bound by the same;
- (f) Is hereby advised in writing to consider the terms of this Agreement and to consult with an attorney of his or her choice prior to executing this Agreement;
- (g) Has consulted with an attorney of his or her choosing prior to signing this Agreement;
- (h) Understands that rights or claims under the Age Discrimination in Employment Act of 1967 (29 U.S.C. § 621, *et seq.*) that may arise after the date of this Agreement are not waived;
- (i) Has a full seven (7) days following the execution of this Agreement to revoke this Agreement (the "Revocation Period") in writing and hereby is advised that this Agreement shall not become effective or enforceable until the Revocation Period has expired.

14. Executive fully understands the final and binding effect of the Agreement. Executive acknowledges that he or she signs this Agreement voluntarily of his or her own free will.

The parties hereto knowingly and voluntarily executed this Agreement as of the date set forth below:

Dated:

By:

[INSERT EXECUTIVE NAME]

Dated:

By:

ROSS STORES INC. and  
Subsidiaries ("ROSS")

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Executive's Initials

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Ross' Initials

**EXHIBIT 15**

December 8, 2021

Ross Stores, Inc.:

We are aware that our report dated December 8, 2021, on our review of the interim financial information of Ross Stores, Inc. appearing in this Quarterly Report on Form 10-Q for the quarter ended October 30, 2021, is incorporated by reference in Registration Statements Nos. 333-06119, 333-34988, 333-51478, 333-56831, 333-115836, 333-151116, 333-210465, and 333-218052 on Form S-8, and No. 333-237546 on Form S-3.

Yours truly,

/s/Deloitte & Touche LLP

San Francisco, California



## EXHIBIT 31.1

Ross Stores, Inc.  
Certification of Chief Executive Officer  
Pursuant to Sarbanes-Oxley Act Section 302(a)

I, Barbara Rentler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ross Stores, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 8, 2021

/s/Barbara Rentler  
\_\_\_\_\_  
Barbara Rentler  
Chief Executive Officer

## EXHIBIT 32.2

Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Ross Stores, Inc. (the "Company") on Form 10-Q for the quarter ended October 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Adam Orvos, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 8, 2021

/s/Adam Orvos

Adam Orvos

Executive Vice President, Chief Financial Officer

**EXHIBIT 32.1**

Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350,  
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Ross Stores, Inc. (the "Company") on Form 10-Q for the quarter ended October 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Barbara Rentler, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 8, 2021

/s/Barbara Rentler

Barbara Rentler  
Chief Executive Officer

## EXHIBIT 31.2

Ross Stores, Inc.  
Certification of Chief Financial Officer  
Pursuant to Sarbanes-Oxley Act Section 302(a)

I, Adam Orvos, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ross Stores, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 8, 2021

/s/Adam Orvos

Adam Orvos

Executive Vice President, Chief Financial Officer