

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 May 2, 2015**

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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes  No

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

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

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 May 20, 2015 was 205,678,629.

**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**Condensed Consolidated Statements of Earnings**

(\$000, except stores and per share data, unaudited)	Three Months Ended	
	May 2, 2015	May 3, 2014
<b>Sales</b>	<b>\$ 2,938,148</b>	<b>\$ 2,680,593</b>
<b>Costs and Expenses</b>		
Cost of goods sold	2,067,455	1,908,184
Selling, general and administrative	409,298	379,802
Interest expense (income), net	2,003	(104)
Total costs and expenses	2,478,756	2,287,882
Earnings before taxes	459,392	392,711
Provision for taxes on earnings	177,187	148,798
Net earnings	<b>\$ 282,205</b>	<b>\$ 243,913</b>

**Earnings per share**

Basic	<b>\$ 1.38</b>	<b>\$ 1.17</b>
Diluted	<b>\$ 1.37</b>	<b>\$ 1.15</b>

**Weighted average shares outstanding (000)**

Basic	<b>203,827</b>	208,949
Diluted	<b>205,693</b>	211,515

**Dividends**

Cash dividends declared per share	<b>\$ 0.235</b>	<b>\$ 0.200</b>
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Stores open at end of period	<b>1,399</b>	1,309
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The accompanying notes are an integral part of these condensed consolidated financial statements.

**Condensed Consolidated Statements of Comprehensive Income**

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(\$000, unaudited)	Three Months Ended	
	May 2, 2015	May 3, 2014
Net earnings	\$ 282,205	\$ 243,913
Other comprehensive (loss) income:		
Change in unrealized loss on investments, net of tax	(82)	(33)
Comprehensive income	\$ 282,123	\$ 243,880

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

## Condensed Consolidated Balance Sheets

(\$000, unaudited)	May 2, 2015	January 31, 2015	May 3, 2014
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 761,356	\$ 696,608	\$ 595,950
Short-term investments	500	500	—
Accounts receivable	88,258	73,278	84,492
Merchandise inventory	1,504,281	1,372,675	1,250,759
Prepaid expenses and other	119,381	106,778	118,751
Deferred income taxes	12,590	12,951	13,070
Total current assets	2,486,366	2,262,790	2,063,022
<b>Property and Equipment</b>			
Land and buildings	948,551	952,428	625,371
Fixtures and equipment	1,962,115	1,933,383	1,722,928
Leasehold improvements	876,002	854,572	819,524
Construction-in-progress	302,464	293,715	362,076
	4,089,132	4,034,098	3,529,899
Less accumulated depreciation and amortization	1,812,385	1,760,346	1,605,861
Property and equipment, net	2,276,747	2,273,752	1,924,038
Long-term investments	3,141	3,110	3,670
Other long-term assets	169,795	160,669	160,558
Total assets	\$ 4,936,049	\$ 4,700,321	\$ 4,151,288
<b>Liabilities and Stockholders' Equity</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 1,128,808	\$ 1,000,700	\$ 930,576
Accrued expenses and other	389,804	385,325	352,559
Accrued payroll and benefits	198,081	256,141	171,535
Income taxes payable	108,314	17,202	121,683
Total current liabilities	1,825,007	1,659,368	1,576,353
Long-term debt	395,677	395,562	149,694
Other long-term liabilities	296,490	279,500	286,672
Deferred income taxes	85,376	86,681	63,291
Commitments and contingencies			
<b>Stockholders' Equity</b>			
Common stock	2,060	2,075	2,119
Additional paid-in capital	1,068,554	1,015,681	970,187
Treasury stock	(222,571)	(160,600)	(157,030)
Accumulated other comprehensive income	248	330	356
Retained earnings	1,485,208	1,421,724	1,259,646
Total stockholders' equity	2,333,499	2,279,210	2,075,278
Total liabilities and stockholders' equity	\$ 4,936,049	\$ 4,700,321	\$ 4,151,288

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

**Condensed Consolidated Statements of Cash Flows**

(\$000, unaudited)	Three Months Ended	
	May 2, 2015	May 3, 2014
<b>Cash Flows From Operating Activities</b>		
Net earnings	\$ 282,205	\$ 243,913
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	63,316	56,465
Stock-based compensation	14,288	12,035
Deferred income taxes	(944)	1,577
Tax benefit from equity issuance	37,320	23,141
Excess tax benefit from stock-based compensation	(37,255)	(22,943)
Change in assets and liabilities:		
Merchandise inventory	(131,606)	6,396
Other current assets	(27,539)	(36,623)
Accounts payable	143,038	157,254
Other current liabilities	63,217	71,446
Other long-term, net	7,948	(8,084)
Net cash provided by operating activities	413,988	504,577
<b>Cash Flows From Investing Activities</b>		
Additions to property and equipment	(106,928)	(148,700)
Increase in restricted cash and investments	(9)	(6,980)
Purchases of investments	(718)	—
Proceeds from investments	601	12,022
Net cash used in investing activities	(107,054)	(143,658)
<b>Cash Flows From Financing Activities</b>		
Excess tax benefit from stock-based compensation	37,255	22,943
Issuance of common stock related to stock plans	7,036	5,668
Treasury stock purchased	(61,977)	(35,471)
Repurchase of common stock	(175,757)	(138,696)
Dividends paid	(48,743)	(42,581)
Net cash used in financing activities	(242,186)	(188,137)
Net increase in cash and cash equivalents	64,748	172,782
Cash and cash equivalents:		
Beginning of period	696,608	423,168
End of period	\$ 761,356	\$ 595,950
<b>Supplemental Cash Flow Disclosures</b>		
Interest paid	\$ 4,148	\$ —
Income taxes paid	\$ 43,302	\$ 28,936

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

## Notes to Condensed Consolidated Financial Statements

Three Months Ended May 2, 2015 and May 3, 2014  
(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 May 2, 2015 and May 3, 2014, the results of operations and comprehensive income for the three month periods ended May 2, 2015 and May 3, 2014, and cash flows for the three month periods ended May 2, 2015 and May 3, 2014. The Condensed Consolidated Balance Sheet as of January 31, 2015, presented herein, has been derived from the Company's audited consolidated financial statements for the fiscal year then ended.

Accounting policies followed by the Company are described in Note A to the audited consolidated financial statements for the fiscal year ended January 31, 2015. 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 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 31, 2015.

The results of operations and comprehensive income for the three month periods ended May 2, 2015 and May 3, 2014 presented herein are not necessarily indicative of the results to be expected for the full fiscal year.

**Restricted cash, cash equivalents, and investments.** The Company has restricted cash, cash equivalents, and investments that serve as collateral for certain insurance 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 following table summarizes total restricted cash, cash equivalents, and investments which were included in Prepaid expenses and other and Other long-term assets in the Condensed Consolidated Balance Sheets as of May 2, 2015, January 31, 2015, and May 3, 2014:

<b>Restricted Assets (\$000)</b>	<b>May 2, 2015</b>	January 31, 2015	May 3, 2014
Prepaid expenses and other	\$ 19,706	\$ 19,713	\$ 22,751
Other long-term assets	56,085	56,107	55,699
<b>Total</b>	<b>\$ 75,791</b>	<b>\$ 75,820</b>	<b>\$ 78,450</b>

The classification between current and long-term is based on the timing of expected payments of the insurance obligations.

**Property and equipment.** As of May 2, 2015 and May 3, 2014, the Company had \$18.0 million and \$17.8 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.

**Sales mix.** The Company's sales mix is shown below for the three month periods ended May 2, 2015 and May 3, 2014:

	Three Months Ended	
	May 2, 2015	May 3, 2014
Ladies	30%	31%
Home Accents and Bed and Bath	23%	23%
Shoes	14%	13%
Accessories, Lingerie, Fine Jewelry, and Fragrances	13%	13%
Men's	12%	12%
Children's	8%	8%
Total	100%	100%

**Dividends.** Dividends included in the Condensed Consolidated Statements of Cash Flows reflect dividends paid during the periods shown. Dividends per share reported on the Condensed Consolidated Statements of Earnings reflect dividends declared during the periods shown.

In February 2015, the Company's Board of Directors declared a quarterly cash dividend of \$0.235 per common share, that was paid in March 2015. The Company's Board of Directors declared cash dividends of \$0.20 per common share in February, May, August, and November 2014, respectively.

In May 2015, the Company's Board of Directors declared a cash dividend of \$0.235 per common share, payable on June 30, 2015.

In March 2015, the Company's Board of Directors approved a two-for-one stock split in the form of a 100 percent stock dividend, to be paid on June 11, 2015 to stockholders of record as of April 22, 2015. The stock split will not have an impact on the Company's consolidated financial position or results of operations. Share and per share amounts have not been restated to reflect the pending stock split.

**Litigation, claims, and assessments.** Like many California retailers, the Company has been named in class action lawsuits alleging violation of wage and hour and other employment laws. Class action litigation remains pending as of May 2, 2015.

The Company is also party to various other legal and regulatory proceedings arising in the normal course of business. Actions filed against the Company include commercial, product and product safety, customer, intellectual property, 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 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 issued and adopted accounting standards.** In April 2015, the FASB issued Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). The standard amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of as an asset. ASU 2015-03 is effective for annual and interim reporting periods after December 15, 2015, with early adoption permitted. The Company early adopted ASU 2015-03 retrospectively in its first fiscal quarter ended May 2, 2015. As a result of the retrospective adoption, the Company reclassified unamortized debt issuance costs of \$2.8 million and \$0.3 million as of January 31, 2015 and May 3, 2014, respectively, from Other long-term assets to a reduction in Long-term debt on the condensed consolidated balance sheets. Adoption of this standard did not impact results of operations, retained earnings, or cash flows in the current or previous interim and annual reporting periods.

## 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 and maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

There were no transfers between Level 1 and Level 2 categories during the three month period ended May 2, 2015.

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

(\$000)	May 2, 2015	January 31, 2015	May 3, 2014
<b>Cash and cash equivalents</b>			
Level 1	\$ 761,356	\$ 696,608	\$ 595,950
<b>Investments</b>			
Level 2	3,641	3,610	3,670
<b>Restricted cash and cash equivalents</b>			
Level 1	\$ 72,006	\$ 71,992	\$ 74,518
<b>Restricted investments</b>			
Level 1	\$ 3,785	\$ 3,828	\$ 3,819
Level 2	—	—	113

The underlying assets in the Company's non-qualified deferred compensation program as of May 2, 2015, January 31, 2015, and May 3, 2014 (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)	May 2, 2015	January 31, 2015	May 3, 2014
Level 1	\$ 89,536	\$ 81,926	\$ 79,361
Level 2	13,325	12,128	13,517
Total	\$ 102,861	\$ 94,054	\$ 92,878



**Note C: Stock-Based Compensation**

**Stock-based compensation.** For the three month periods ended May 2, 2015 and May 3, 2014, the Company recognized stock-based compensation expense as follows:

(\$000)	Three Months Ended	
	May 2, 2015	May 3, 2014
Restricted stock	\$ 8,573	\$ 7,953
Performance awards	5,106	3,524
Employee stock purchase plan	609	558
<b>Total</b>	<b>\$ 14,288</b>	<b>\$ 12,035</b>

Total stock-based compensation recognized in the Company's Condensed Consolidated Statements of Earnings for the three month periods ended May 2, 2015 and May 3, 2014 is as follows:

Statements of Earnings Classification (\$000)	Three Months Ended	
	May 2, 2015	May 3, 2014
Cost of goods sold	\$ 7,063	\$ 6,178
Selling, general and administrative	7,225	5,857
<b>Total</b>	<b>\$ 14,288</b>	<b>\$ 12,035</b>

**Restricted stock.** 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 of the stock underlying 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 month periods ended May 2, 2015 and May 3, 2014, shares purchased by the Company for tax withholding totaled 586,599 and 484,354, respectively, and are considered treasury shares which are available for reissuance.

**Performance shares.** The Company has a performance share award program for senior executives. A performance share award represents a right to receive shares of restricted stock or restricted stock units on a specified settlement date based on the Company's attainment of a profitability-based performance goal during the performance period, which is the Company's fiscal year. If attained, the restricted stock or units then vest over a service period, generally two to three years from the date the performance award was granted. The release of shares related to restricted stock units earned are deferred generally for one year from the date earned.

As of May 2, 2015, shares subject to repurchase related to unvested restricted stock and performance share awards totaled 3.0 million shares. A summary of restricted stock and performance share award activity for the three month period ended May 2, 2015 is presented below:

(000, except per share data)	Number of shares	Weighted average grant date fair value
Unvested at January 31, 2015	3,491	\$ 48.02
Awarded	888	103.95
Released	(1,187)	32.46
Forfeited	(171)	57.08
<b>Unvested at May 2, 2015</b>	<b>3,021</b>	<b>\$ 66.67</b>

The unamortized compensation expense at May 2, 2015 was \$120.9 million which is expected to be recognized over a weighted-average remaining period of 2.3 years. The unamortized compensation expense at May 3, 2014 was \$98.1 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 spend 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 each year. 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.

**Stock option activity.** A summary of the stock option activity for the three month period ended May 2, 2015 is presented below:

(000, except per share data)	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
Outstanding at January 31, 2015	519	\$ 14.09		
Granted	—	—		
Exercised	(259)	13.90		
Forfeited	—	—		
<b>Outstanding at May 2, 2015, all vested</b>	<b>260</b>	<b>\$ 14.28</b>	<b>1.00</b>	<b>\$ 22,756</b>

No stock options were granted during the three month periods ended May 2, 2015 and May 3, 2014.

The following table summarizes information about the weighted average remaining contractual life (in years) and the weighted average exercise prices for stock options both outstanding and exercisable as of May 2, 2015 (number of shares in thousands):

Exercise price range	Options outstanding and exercisable		
	Number of shares	Remaining life	Exercise price
\$ 11.47 to \$ 13.77	69	0.80	\$ 13.31
13.85 to 13.85	18	0.05	13.85
13.91 to 13.91	85	0.86	13.91
13.92 to 16.39	88	1.49	15.52
<b>\$ 11.47 to \$ 16.39</b>	<b>260</b>	<b>1.00</b>	<b>\$ 14.28</b>

#### Note D: Earnings Per Share

The Company computes and reports both basic earnings per share ("EPS") and diluted EPS. Basic EPS is computed by dividing net earnings by the weighted average number of common shares outstanding for the period. Diluted EPS is computed by dividing net earnings by the sum of the weighted average number of common shares and dilutive common stock equivalents outstanding during the period. Diluted EPS reflects the total potential dilution that could occur from outstanding equity plan awards, including unexercised stock options, and unvested shares of both performance and non-performance based awards of restricted stock and restricted stock units.

For the three month periods ended May 2, 2015 and May 3, 2014, approximately 142,500 and 127,000 weighted average shares, respectively, were excluded from the calculation of diluted EPS because their effect would have been anti-dilutive for those periods presented.

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		
	Basic EPS	Effect of dilutive common stock equivalents	Diluted EPS
<b>May 2, 2015</b>			
Shares	203,827	1,866	205,693
Amount	\$ 1.38	\$ (0.01)	\$ 1.37
May 3, 2014			
Shares	208,949	2,566	211,515
Amount	\$ 1.17	\$ (0.02)	\$ 1.15

#### Note E: Debt

**Senior notes.** Unsecured senior debt, net of unamortized discounts and debt issuance costs, consists of the following:

(\$000)		May 2, 2015		January 31, 2015		May 3, 2014
6.38% Series A Senior Notes due 2018	\$	84,881	\$	84,873	\$	84,848
6.53% Series B Senior Notes due 2021		64,866		64,861		64,846
3.375% Senior Notes due 2024		245,930		245,828		—
Total	\$	395,677	\$	395,562	\$	149,694

In September 2014, the Company issued 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.

As of May 2, 2015, the Company also had outstanding two other series of unsecured senior notes in the aggregate principal amount of \$150 million, held by various institutional investors. The Series A notes totaling \$85 million are due in December 2018 and bear interest at a rate of 6.38%. The Series B notes totaling \$65 million are due in December 2021 and bear interest at a rate of 6.53%. Borrowings under these senior notes are subject to certain financial covenants, including interest coverage and other financial ratios. As of May 2, 2015, the Company was in compliance with these covenants.

As of May 2, 2015, January 31, 2015, and May 3, 2014, total unamortized discount and debt issuance costs were \$4.3 million, \$4.4 million, and \$0.3 million, respectively, and were classified as a reduction of Long-term debt.

The 2024 Notes, Series A, and Series B senior notes are all subject to prepayment penalties for early payment of principal.

The aggregate fair value of the long-term debt was approximately \$430 million, \$442 million, and \$182 million as of May 2, 2015, January 31, 2015, and May 3, 2014, respectively. The fair values are estimated by obtaining comparable market quotes which are considered to be Level 1 inputs under the fair value measurements and disclosures guidance.

Interest expense and income for the three month periods ended May 2, 2015 and May 3, 2014 consists of the following:

(\$000)	Three Months Ended	
	May 2, 2015	May 3, 2014
Interest expense on long-term debt	\$ 4,642	\$ 2,430
Other interest expense	341	341
Capitalized interest	(2,810)	(2,771)
Interest income	(170)	(104)
Interest expense (income), net	\$ 2,003	\$ (104)

**Revolving credit facility.** The Company's \$600 million unsecured revolving credit facility expires in June 2017 and contains a \$300 million sublimit for issuance of standby letters of credit. Interest on this facility is based on LIBOR plus an applicable margin (currently 100 basis points) and is payable quarterly and upon maturity. As of May 2, 2015 the Company had no borrowings or standby letters of credit outstanding under this facility and the \$600 million credit facility remains in place and available.

The revolving credit facility is subject to certain financial covenants, including interest coverage and other financial ratios. In addition, the interest rates under the revolving credit facility may vary depending on actual interest coverage ratios achieved. As of May 2, 2015, the Company was in compliance with these covenants.

#### Note F: Taxes on Earnings

As of May 2, 2015, January 31, 2015, and May 3, 2014, the reserves for unrecognized tax benefits were \$108.1 million, \$101.7 million, and \$96.7 million inclusive of \$25.1 million, \$23.6 million, and \$22.4 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, \$54.4 million would impact the Company's effective tax rate. 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.

During the next twelve months, it is reasonably possible that the statute of limitations may lapse pertaining to positions taken by the Company in prior year tax returns. If this occurs, the total amount of unrecognized tax benefits may decrease, reducing the provision for taxes on earnings by up to \$3.6 million.

The Company is generally open to audit by the Internal Revenue Service under the statute of limitations for fiscal years 2011 through 2014. The Company's state income tax returns are generally open to audit under the various statutes of limitations for fiscal years 2010 through 2014. Certain state tax returns are currently under audit by state tax authorities. The Company does not expect the results of these audits to have a material impact on the consolidated financial statements.

## Report of Independent Registered Public Accounting Firm

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

We have reviewed the accompanying condensed consolidated balance sheets of Ross Stores, Inc. and subsidiaries (the "Company") as of May 2, 2015 and May 3, 2014, and the related condensed consolidated statements of earnings and comprehensive income for the three-month periods ended May 2, 2015 and May 3, 2014, and of cash flows for the three-month periods ended May 2, 2015 and May 3, 2014. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Ross Stores, Inc. and subsidiaries as of January 31, 2015, 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 31, 2015, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of January 31, 2015, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/Deloitte & Touche LLP

San Francisco, California  
June 10, 2015

## 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 in Part II, Item 1A (Risk Factors) below. 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 and the consolidated financial statements and notes thereto in our Annual Report on Form 10-K for 2014. 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 1,242 locations in 33 states, the District of Columbia and Guam as of May 2, 2015. 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 157 dd's DISCOUNTS stores in 15 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

The following table summarizes the financial results for the three month periods ended May 2, 2015 and May 3, 2014:

	Three Months Ended	
	May 2, 2015	May 3, 2014
<b>Sales</b>		
Sales (millions)	\$ 2,938	\$ 2,681
Sales growth	9.6%	5.5 %
Comparable store sales growth	5%	1 %
<b>Costs and expenses (as a percent of sales)</b>		
Cost of goods sold	70.4%	71.2 %
Selling, general and administrative	13.9%	14.2 %
Interest expense (income), net	0.1%	0.0 %
<b>Earnings before taxes (as a percent of sales)</b>	<b>15.6%</b>	<b>14.6 %</b>
<b>Net earnings (as a percent of sales)</b>	<b>9.6%</b>	<b>9.1 %</b>

**Stores.** Our 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	
	May 2, 2015	May 3, 2014
Beginning of the period	1,362	1,276
Opened in the period	37	37
Closed in the period	—	(4)
End of the period	1,399	1,309

**Sales.** Sales for the three month period ended May 2, 2015 increased \$257 million, or 9.6%, compared to the three month period ended May 3, 2014, due to the opening of 90 net new stores between May 3, 2014 and May 2, 2015 and a 5% increase in “comparable” store sales (defined as stores that have been open for more than 14 complete months).

Our sales mix for the three month periods ended May 2, 2015 and May 3, 2014 is shown below:

	Three Months Ended	
	May 2, 2015	May 3, 2014
Ladies	30%	31%
Home Accents and Bed and Bath	23%	23%
Shoes	14%	13%
Accessories, Lingerie, Fine Jewelry, and Fragrances	13%	13%
Men's	12%	12%
Children's	8%	8%
Total	100%	100%

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 organization, diversify our merchandise mix, and improve regional and local merchandise offerings. Although our strategies and store expansion program contributed to sales gains for the three month period ended May 2, 2015, we cannot be sure that they will result in a continuation of sales growth or in an increase in net earnings.

**Cost of goods sold.** Cost of goods sold for the three month period ended May 2, 2015 increased \$159 million compared to the same period in the prior year, mainly due to increased sales from the opening of 90 net new stores between May 3, 2014 and May 2, 2015 and a 5% increase in comparable store sales.

Cost of goods sold as a percentage of sales for the three month period ended May 2, 2015 decreased approximately 80 basis points from the same period in the prior year, benefiting from a 60 basis point improvement in merchandise margin and five basis points of leverage on occupancy costs. In addition, distribution costs were lower by 25 basis points due to the timing of packaway-related costs. These improvements were partially offset by a 10 basis point increase in freight costs.

We cannot be sure that the gross profit margins realized for the three month period ended May 2, 2015 will continue in the future.

**Selling, general and administrative expenses.** For the three month period ended May 2, 2015, selling, general and administrative expenses (“SG&A”) increased \$29 million compared to the same period in the prior year, mainly due to increased store operating costs reflecting the opening of 90 net new stores between May 3, 2014 and May 2, 2015.

Selling, general and administrative expenses as a percentage of sales for the three month period ended May 2, 2015 improved 25 basis points compared to the same period in the prior year mainly from leverage resulting from the 5% comparable store sales increase.

**Interest expense (income), net.** Net interest expense as a percentage of sales for the three month period ended May 2, 2015 increased as compared to the same period in the prior year, primarily due to the issuance of our 2024 Notes in the third quarter of fiscal 2014.

Interest expense and income for the three month periods ended May 2, 2015 and May 3, 2014 consists of the following:

(\$000)	Three Months Ended	
	May 2, 2015	May 3, 2014
Interest expense on long-term debt	\$ 4,642	\$ 2,430
Other interest expense	341	341
Capitalized interest	(2,810)	(2,771)
Interest income	(170)	(104)
Interest expense (income), net	\$ 2,003	\$ (104)

**Taxes on earnings.** Our effective tax rate for the three month periods ended May 2, 2015 and May 3, 2014 was approximately 39% and 38%, respectively, which represents the applicable combined federal and state statutory rates reduced by the federal benefit of state taxes deductible on federal returns. The effective tax rate is impacted by changes in law, location of new stores, level of earnings, and the resolution of tax positions with various taxing authorities. We anticipate that our effective tax rate for fiscal 2015 will be between 37% and 38%.

**Net earnings.** Net earnings as a percentage of sales for the three month period ended May 2, 2015 was higher compared to the same period in the prior year primarily due to both lower cost of goods sold and lower SG&A expenses as a percentage of sales.

**Earnings per share.** Diluted earnings per share for the three month period ended May 2, 2015 was \$1.37 compared to \$1.15 in the prior year period. The increase in diluted earnings per share is attributable to an increase in net earnings and a 3% reduction in weighted average diluted shares outstanding due to the stock repurchase program. These earnings results include a benefit of about \$0.04 per share mainly from the favorable timing of packaway-related costs that are expected to reverse in subsequent quarters of fiscal 2015.

## 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, rent, taxes, and 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 repurchase stock under our stock repurchase program and to pay dividends.

(\$000)	Three Months Ended	
	May 2, 2015	May 3, 2014
Cash provided by operating activities	\$ 413,988	\$ 504,577
Cash used in investing activities	(107,054)	(143,658)
Cash used in financing activities	(242,186)	(188,137)
Net increase in cash and cash equivalents	\$ 64,748	\$ 172,782



## Operating Activities

Net cash provided by operating activities was \$414.0 million and \$504.6 million for the three month periods ended May 2, 2015 and May 3, 2014, respectively, and was primarily driven by net earnings excluding non-cash expenses for depreciation and amortization. Our primary source of operating cash flow is the sale of our merchandise inventory. We regularly review the age and condition of our merchandise and are able to maintain current merchandise inventory in our stores through replenishment processes and liquidation of slower-moving merchandise through clearance markdowns.

The decrease in cash flow from operating activities for the three month period ended May 2, 2015, compared to the same period in the prior year was primarily due to an increase in packaway inventory partially offset by higher earnings. The increase in packaway inventory was driven by opportunistic buys available in the marketplace. Accounts payable leverage (defined as accounts payable divided by merchandise inventory) was 75%, 73%, and 74% as of May 2, 2015, January 31, 2015, and May 3, 2014, respectively. Changes in accounts payable leverage are primarily driven by the levels and timing of inventory receipts and payments.

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 purchase, but typically packaway remains in storage less than six months. We expect to continue to take advantage of packaway inventory opportunities to deliver bargains to our customers.

Changes in packaway inventory levels impact our operating cash flow. As of May 2, 2015, packaway inventory was 45% of total inventory compared to 45% at the end of fiscal 2014. As of May 3, 2014, packaway inventory was 45% of total inventory compared to 49% at the end of fiscal 2013.

## Investing Activities

Net cash used in investing activities was \$107.1 million and \$143.7 million for the three month periods ended May 2, 2015 and May 3, 2014, respectively. The decrease in cash used for investing activities for the three month period ended May 2, 2015, compared to the three month period ended May 3, 2014 was primarily due to a reduction in our capital expenditures.

Our capital expenditures were \$106.9 million and \$148.7 million for the three month periods ended May 2, 2015 and May 3, 2014, respectively. Our capital expenditures include costs to build or expand distribution centers, open new stores and improve existing stores, and for various other expenditures related to our information technology systems, buying, and corporate offices. The decrease in capital expenditures for the three month period ended May 2, 2015 compared to the three month period ended May 3, 2014 is due to lower distribution center related spending.

We are currently forecasting approximately \$450 million in capital expenditures for fiscal year 2015 to fund costs for fixtures and leasehold improvements to open new Ross and dd's DISCOUNTS stores, the upgrade or relocation of existing stores, investments in information technology systems, and for various other expenditures related to our stores, distribution centers, buying and corporate offices. We expect to primarily fund capital expenditures with available cash and cash flows from operations.

We had purchases of investments of \$0.7 million for the three month period ended May 2, 2015 and no purchases of investments for the three month period ended May 3, 2014. We had proceeds from investments of \$0.6 million and \$12.0 million for the three month periods ended May 2, 2015 and May 3, 2014, respectively.

## Financing Activities

Net cash used in financing activities was \$242.2 million and \$188.1 million for the three month periods ended May 2, 2015 and May 3, 2014, respectively. For the three month periods ended May 2, 2015 and May 3, 2014, our liquidity and capital requirements were provided by available cash and cash flows from operations.

We repurchased 1.7 million and 2.0 million shares of common stock for aggregate purchase prices of approximately \$175.8 million and \$138.7 million during the three month periods ended May 2, 2015, and May 3, 2014, respectively. We also acquired 0.6 million and 0.5 million shares of treasury stock from our employee stock equity compensation programs, for aggregate purchase prices of approximately \$62.0 million and \$35.5 million during the three month periods ended May 2, 2015 and May 3, 2014, respectively. In February 2015, our Board of Directors approved a new two-year \$1.4 billion stock repurchase program for fiscal 2015 and 2016.

For the three month periods ended May 2, 2015 and May 3, 2014, we paid dividends of \$48.7 million and \$42.6 million, respectively.

In March 2015, our Board of Directors approved a two-for-one stock split in the form of a 100 percent stock dividend, to be paid on June 11, 2015 to stockholders of record as of April 22, 2015. The stock split will not have an impact on our consolidated financial position or results of operations. Share and per share amounts have not been restated to reflect the pending stock split.

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 lines, and other credit sources to meet our capital and liquidity requirements, including lease payment obligations in 2015.

Our existing \$600 million unsecured revolving credit facility expires in June 2017 and contains a \$300 million sublimit for issuance of standby letters of credit. Interest on this facility is based on LIBOR plus an applicable margin (currently 100 basis points) and is payable quarterly and upon maturity. As of May 2, 2015 we had no borrowings or standby letters of credit outstanding on this facility and our \$600 million credit facility remains in place and available.

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

## Contractual Obligations

The table below presents our significant contractual obligations as of May 2, 2015:

(\$000)	Less than one year	1 - 3 years	3 - 5 years	After 5 years	Total <sup>1</sup>
Senior notes	\$ —	\$ —	\$ 85,000	\$ 315,000	\$ 400,000
Interest payment obligations	18,105	36,210	30,109	45,927	130,351
Operating leases (rent obligations)	438,265	864,311	590,730	502,676	2,395,982
New York buying office ground lease <sup>2</sup>	6,418	12,835	12,835	957,382	989,470
Purchase obligations	2,153,190	32,053	—	—	2,185,243
Total contractual obligations	\$ 2,615,978	\$ 945,409	\$ 718,674	\$ 1,820,985	\$ 6,101,046

<sup>1</sup>We have a \$108.1 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.

**Senior notes.** In September 2014, we issued unsecured 3.375% Senior Notes due September 2024 with an aggregate principal amount of \$250 million. Interest on the 2024 Notes is payable semi-annually.

At May 2, 2015 we also had outstanding two other series of unsecured senior notes in the aggregate principal amount of \$150 million, held by various institutional investors. The Series A notes totaling \$85 million are due in December 2018 and bear interest at a rate of 6.38%. The Series B notes totaling \$65 million are due in December 2021 and bear interest at a rate of 6.53%. Borrowings under these senior notes are subject to certain financial covenants, including interest coverage and other financial ratios. As of May 2, 2015, we were in compliance with these covenants.

The 2024 Notes, Series A, and Series B senior notes are all subject to prepayment penalties for early payment of principal.

### Off-Balance Sheet Arrangements

**Operating leases.** We currently lease all but three of our store locations, three warehouse facilities, and a buying office. In addition, we have a ground lease related to our New York buying office. Except for certain leasehold improvements and equipment, these leased locations do not represent long-term capital investments.

Two of our leased warehouses are in Carlisle, Pennsylvania with leases expiring in 2016 and 2017. The third warehouse lease is in Fort Mill, South Carolina, with a lease expiring in 2019. The leases for the two Carlisle, Pennsylvania warehouses contain renewal provisions.

We currently lease approximately 68,000 square feet of office space for our Los Angeles buying office. The lease term for this facility expires in 2017 and contains renewal provisions.

**Purchase obligations.** As of May 2, 2015 we had purchase obligations of approximately \$2,185 million. These 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.

### Commercial Credit Facilities

The table below presents our significant available commercial credit facilities at May 2, 2015:

(\$000)	Amount of Commitment Expiration Per Period				Total amount committed
	Less than 1 year	1 - 3 years	3 - 5 years	After 5 years	
Revolving credit facility	\$ —	\$ 600,000	\$ —	\$ —	\$ 600,000
Total commercial commitments	\$ —	\$ 600,000	\$ —	\$ —	\$ 600,000

For additional information relating to this credit facility, refer to Note E of Notes to Condensed Consolidated Financial Statements.

**Revolving credit facility.** Our existing \$600 million unsecured revolving credit facility expires in June 2017 and contains a \$300 million sublimit for issuance of standby letters of credit. Interest on this facility is based on LIBOR plus an applicable margin (currently 100 basis points) and is payable quarterly and upon maturity. As of May 2, 2015 we had no borrowings outstanding or standby letters of credit issued under this facility.

Our revolving credit facility has covenant restrictions requiring us to maintain certain interest coverage and other financial ratios. In addition, the interest rates under the revolving credit facility may vary depending on actual interest coverage ratios achieved. As of May 2, 2015 we were in compliance with these covenants.

**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 our insurance obligations. As of May 2, 2015 and May 3, 2014, we had \$19.5 million and \$24.3 million, respectively, in standby letters of credit outstanding and \$56.3 million and \$54.2 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 \$32.8 million and \$31.6 million in trade letters of credit outstanding at May 2, 2015 and May 3, 2014, respectively.

**Dividends.** In May 2015, our Board of Directors declared a cash dividend of \$0.235 per common share, payable on June 30, 2015.

**Effects of inflation or deflation.** We do not consider the effects of inflation or deflation to be material to our financial position and results of operations.

## Critical Accounting Policies

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. Actual results may differ significantly from these estimates. During the first quarter of fiscal 2015, there have been no significant changes to the policies discussed in our Annual Report on Form 10-K for the year ended January 31, 2015.

**Recently issued and adopted accounting standards.** In April 2015, the FASB issued Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). The standard amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of as an asset. ASU 2015-03 is effective for annual and interim reporting periods after December 15, 2015, with early adoption permitted. We early adopted ASU 2015-03 retrospectively in our first fiscal quarter ended May 2, 2015. As a result of the retrospective adoption, we reclassified unamortized debt issuance costs of \$2.8 million and \$0.3 million as of January 31, 2015 and May 3, 2014, respectively, from Other long-term assets to a reduction in Long-term debt on the condensed consolidated balance sheets. Adoption of this standard did not impact results of operations, retained earnings, or cash flows in the current or previous interim and annual reporting periods.

## Forward-Looking Statements

This report may contain a number of forward-looking statements regarding, without limitation, planned store growth, new markets, expected sales, projected earnings levels, capital expenditures, and other matters. These forward-looking statements reflect our then current beliefs, projections, 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 economic and industry trends that could potentially impact revenue, profitability, and growth remain difficult to predict. As a result, 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 and projections. Refer to Part II, Item 1A in this Quarterly Report on Form 10-Q for a more complete discussion of risk factors for Ross and dd's DISCOUNTS. 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.

Other risk factors are detailed in our filings with the Securities and Exchange Commission including, without limitation, our Annual Report on Form 10-K for 2014.

## 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 occasionally use forward contracts to hedge against fluctuations in foreign currency prices. We had no outstanding forward contracts as of May 2, 2015.

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 May 2, 2015, we had no borrowings outstanding under our revolving credit facility.

We have two outstanding series of unsecured notes held by institutional investors: Series A Senior Notes due December 2018 for \$85 million accrues interest at 6.38% and Series B Senior Notes due December 2021 for \$65 million accrues interest at 6.53%. The amount outstanding under these notes as of May 2, 2015 was \$150 million. We also have unsecured 3.375% Senior Notes due September 2024 with an aggregate principal amount of \$250 million. Interest that is payable on 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 a material impact on our 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 month period ended May 2, 2015. 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 first fiscal quarter of 2015 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 2015 first fiscal quarter.

## **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**

Our Quarterly Report on Form 10-Q for our first fiscal quarter of 2015, and information we provide in our press releases, and other investor communications, including those on our corporate website, may contain forward-looking statements with respect to anticipated future events and our projected growth, financial performance, operations, and competitive position that are subject to risks and uncertainties that could cause our actual results to differ materially from those forward-looking statements and our prior expectations and projections. Refer to Management’s Discussion and Analysis for a more complete identification and discussion of “Forward-Looking Statements.”

We are subject to the economic and industry risks that affect large, multi-store retailers operating in the United States. We must continually and efficiently obtain and distribute a supply of merchandise our customers value throughout a large and growing network of stores and distribution centers around the country. The continued success and growth of our business depends in part upon our ability to increase sales and improve efficiencies at our existing store locations, open new stores, operate existing and new stores on a profitable basis, and maintain or reduce our costs.

We are also subject to various operational risks as we attempt to execute on our off-price retail merchandising and growth strategies. We must effectively manage all operating costs of the business, the largest of which are payroll and benefit costs for store and distribution center employees. Further, in order to support planned store growth, we must also add capacity to our existing distribution centers, find new distribution center sites, and build out planned additional distribution centers timely and cost effectively. Our existing strategies and store, buying organization, and distribution center expansion programs may not result in a continuation of our anticipated revenue or profit growth.

Our financial condition, results of operations, cash flows, and the performance of our common stock may be adversely affected by a number of risk factors. Risks and uncertainties that apply to both Ross and dd’s DISCOUNTS include, without limitation, the following:

- Competitive pressures in the apparel and home-related merchandise retailing industry are high.

- Unexpected changes may occur in the level of consumer spending on or preferences for apparel or home-related merchandise.
- We depend 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.
- We are subject to impacts from the macro-economic environment, financial and credit markets, and geopolitical conditions that affect consumer confidence and consumer disposable income.
- We must continually attract, train, and retain associates with the retail talent necessary to execute our off-price retail strategies.
- Unseasonable weather may affect shopping patterns and consumer demand for seasonal apparel and other merchandise.
- Data security breaches, including cyber-attacks on our transaction processing and computer information systems, 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. A breach of our data security, or our failure or delay in detecting and mitigating a loss of personal or business information, could result in damage to our reputation, loss of customer confidence, violation (or alleged violation) of applicable laws, and expose us to civil claims, litigation and regulatory action, and to unanticipated costs and disruption of our operations.
- Disruptions in our supply chain or in our information systems could impact our ability to process sales and to distribute merchandise to our stores in a timely and cost-effective manner.
- Issues involving the quality, safety, or authenticity of products we sell could increase our costs and/or adversely impact our sales.
- In order to achieve our planned gross margins, we must effectively manage our inventories, markdowns, and inventory shortage.
- We may experience volatility in revenues and earnings.
- An adverse outcome in various legal, regulatory, or tax matters could negatively impact our business.
- A natural or man-made disaster in California or in another region where we have a concentration of stores or a distribution center could harm our business.
- Our labor costs may increase as a result of industry trends and minimum wage requirements.
- To achieve growth, we need to expand in existing markets and enter new geographic markets where we are less well known.
- We need to obtain acceptable new store sites with favorable demographics to achieve our planned growth.
- Damage to our corporate reputation or brands could adversely affect our sales and operating results.
- We are subject to risks associated with importing merchandise from other countries.
- To support our continuing operations, our new store and distribution center growth plans, and our stock repurchase program and dividend programs, we must maintain sufficient liquidity.

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

Information regarding shares of common stock we repurchased during the first quarter of fiscal 2015 is as follows:

<b>Period</b>	<b>Total number of shares (or units) purchased<sup>1</sup></b>	<b>Average price paid per share (or unit)</b>	<b>Total number of shares (or units) purchased as part of publicly announced plans or programs</b>	<b>Maximum number (or approximate dollar value) of shares (or units) that may yet be purchased under the plans or programs (\$000)<sup>2</sup></b>
February (2/01/2015 - 2/28/2015)	31,706	\$93.13	—	\$1,400,000
March (3/01/2015 - 4/04/2015)	1,462,112	\$105.92	907,408	\$1,304,100
April (4/05/2015 - 5/02/2015)	<u>775,277</u>	\$103.07	<u>775,088</u>	\$1,224,200
Total	<u>2,269,095</u>	\$104.77	<u>1,682,496</u>	

<sup>1</sup>We acquired 586,599 shares of treasury stock during the quarter ended May 2, 2015. 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 February 2015 our Board of Directors approved a new two-year \$1.4 billion stock repurchase program for fiscal 2015 and 2016.

## ITEM 6. EXHIBITS

Incorporated herein by reference to the list of exhibits contained in the Index to Exhibits within this Report.

**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: June 10, 2015

By: /s/Michael J. Hartshorn

\_\_\_\_\_  
Michael J. Hartshorn

Group Senior Vice President, Chief Financial Officer, and Principal  
Accounting Officer



## INDEX TO EXHIBITS

Exhibit Number	Exhibit
3.1	Amendment of Certificate of Incorporation dated May 21, 2004 and Amendment of Certificate of Incorporation dated June 5, 2002 and Corrected First Restated Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to the Form 10-Q filed by Ross Stores for its quarter ended July 31, 2004.
3.2	Amendment of Certificate of Incorporation dated July 18, 2011, incorporated by reference to Exhibit 3.3 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended July 30, 2011.
3.3	Amended and Restated Bylaws of Ross Stores, Inc. as amended, January 23, 2013, incorporated by reference to Exhibit 3.3 to the Form 10-K filed by Ross Stores, Inc. for the year ended February 2, 2013.
10.1	Forms of Executive Employment Agreement between Ross Stores, Inc. and Executives.
10.2	Forms of Amendment to Executive Employment Agreement between Ross Stores, Inc. and Executives.
10.3	Amendment to Independent Contractor Consultancy Agreement effective February 17, 2015 between Norman A. Ferber and Ross Stores, Inc.
10.4	Amendment to Retirement Benefit Package Agreement effective February 17, 2015 between Norman A. Ferber and Ross Stores, Inc.
10.5	Amendment to Executive Employment Agreement effective March 16, 2015 between Barbara Rentler and Ross Stores, Inc.
10.6	Amendment to Executive Employment Agreement effective March 16, 2015 between Michael O'Sullivan and Ross Stores, Inc.
10.7	Executive Employment Agreement effective March 16, 2015 between Michael Hartshorn and Ross Stores, Inc.
10.8	Severance Agreement effective January 31, 2015 between Doug Baker and Ross Stores, Inc.
15	Letter re: Unaudited Interim Financial Information from Deloitte & Touche LLP dated June 10, 2015.
31.1	Certification of Chief Executive Officer Pursuant to Sarbanes-Oxley Act Section 302(a).
31.2	Certification of Chief Financial Officer Pursuant to Sarbanes-Oxley Act Section 302(a).
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase

101.LAB XBRL Taxonomy Extension Label Linkbase

101.PRE XBRL Taxonomy Extension Presentation Linkbase

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made effective \_\_\_\_\_, \_\_\_\_ (the "Effective Date") by and between Ross Stores, Inc., a Delaware corporation, and \_\_\_\_\_ (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 \_\_\_\_\_.
- 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 (the "Term of Employment") 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 \_\_\_\_\_ (the "Initial Term"), unless extended or terminated earlier in accordance with this Agreement.

(b) **Renewal Term.** Subject to the provisions for early termination set forth in Section 6, below, unless the Company has delivered written notice of such party's intent to continue this Agreement (an "Extension Notice") not less than one hundred eighty (180) days prior to the expiration of the Initial Term, this Agreement shall terminate on the expiration of the Initial Term. If the Company timely provides an Extension Notice, the Initial Term automatically will be extended by such additional period of time set forth in the Extension Notice (each an "Extension"). The Initial Term, together with any Extensions, if applicable, shall be the Term of Employment.

2. **Position and Duties.** During the Term of Employment, the Executive shall serve as \_\_\_\_\_. 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 \_\_\_\_\_, 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 \_\_\_\_\_ (\$ \_\_\_\_\_) per annum. The Executive's salary shall

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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 \_\_\_% 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 other reasonable expenses incurred by the Executive in performing services hereunder, including all reasonable expenses of travel and living while away from home, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Company.

(d) **Benefits.** 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 \_\_\_\_\_ 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) 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

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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.

(b) Confidential Information includes any 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 names, addresses, buying habits and other special information regarding past, present and potential customers, employees and suppliers of the Company; (ii) customer and supplier contracts and transactions or price lists of the Company and suppliers; (iii) methods of distribution; (iv) all agreements, files, books, logs, charts, records, studies, reports, processes, schedules and statistical information; (v) data, figures, projections, estimates, pricing data, customer lists, buying manuals or procedures, distribution manuals or procedures, and other policy and procedure manuals or handbooks; (vi) supplier information, tax records, personnel histories and records, sales information and property information; (vii) information regarding the present or future phases of business; (viii) ideas, inventions, trademarks, business information, know-how, 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) 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. 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.

(c) 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.

(d) 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.

(e) The Executive agrees that upon leaving the Company's employ the Executive will not communicate 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.

(f) The Executive agrees that all information, inventions and discoveries, whether or not patented or patentable, 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 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,

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and without expense or additional compensation to the Executive, the Executive agrees to execute such documents and perform such other acts as the Company deems necessary to obtain patents on such Intellectual Property in a jurisdiction or jurisdictions designated by the Company, and to assign to the Company or its designee such Intellectual Property and all patent applications and patents relating thereto.

(g) 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.

(h) Upon termination of the Executive's employment, or at any time upon request of the Company, the Executive will 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.

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 continuous 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

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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

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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(b), 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

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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 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 post-termination annual bonus exceed 100% of the Executive's target bonus for the fiscal year of the Company 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 acceleration of 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

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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 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, the vesting of all Unvested Common Shares (as defined in the Performance Share Agreement) issued in settlement of the Performance Share Award shall be accelerated 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 dependents to the extent such dependents were covered immediately prior to such termination of employment) for the remainder of the Term of Employment, **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 the amount equivalent to the Company's cost of substantially equivalent health care coverage 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 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 12.

(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

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obligations to the Executive as a result of termination of employment described in this Section 8(b) except as set forth in Section 12.

(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, 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 restricted stock granted to the Executive by the Company on or after January 22, 2014 and at least 12 months before the date of the Executive's death, and which remains unvested as of the date of the Executive's death shall become fully vested as of such date of death and any restricted stock granted to the Executive by the Company prior to January 22, 2014 or within the 12-month period ending on the date of the Executive's death that remains unvested as of the date of the Executive's death 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 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, the vesting of all Unvested Common Shares issued in settlement of the Performance Share Award shall be accelerated 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 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 of the Company in which the Executive's

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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 post-termination annual bonus exceed 100% of the Executive's target bonus for the fiscal year of the Company 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 acceleration of 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 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, the vesting of all Unvested Common Shares issued in settlement of the Performance Share Award shall be accelerated 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

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**EXHIBIT 10.1**

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, the vesting of 100% of the Target Number of Performance Shares shall be accelerated and such Performance Shares shall be deemed Vested Performance Shares effective as of the date of the termination. The vesting of all Unvested Common Shares issued in settlement of the Performance Share Award shall be accelerated in full effective as of the date of such termination. Except as set forth in this Section 8(e)(i)(c), 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 dependents to the extent such dependents were covered immediately prior to such termination of employment) for the remainder of the Term of Employment; **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.

(ii) **Change in Control Defined.** A "Change in Control" shall be deemed to have occurred if: (1) any person or group (within the meaning of Rule 13d-3 of the rules and regulations promulgated

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## EXHIBIT 10.1

under the Securities Exchange Act of 1934, as amended) shall acquire during the twelve-month period ending on the date of the most recent acquisition by such person or group, in one or a series of transactions, whether through sale of stock or merger, ownership of stock of the Company that constitutes 35% or more of the total voting power of the stock of the Company or any successor to the Company; (2) a merger in which the Company is a party pursuant to which any person or such group acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company (provided such person or group held not more than 50% of the total fair market value and total voting power of the stock of the Company prior to such merger); or (3) the sale, exchange, or transfer of all or substantially all of the Company's assets (other than a sale, exchange, or transfer to one or more corporations where the stockholders of the Company before and after such sale, exchange, or transfer, directly or indirectly, are the beneficial owners of at least a majority of the voting stock of the corporation(s) to which the assets were transferred).

(iii) **Excise Tax - 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.

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(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 vesting of 100% of the target number of Performance Shares shall be accelerated 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) the vesting of any Unvested Common Shares issued in settlement of Performance Share Awards shall be accelerated in full 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, the vesting of the Shares shall be accelerated in full 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 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.

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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, clients, or customers; (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 Term of Employment 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, employ or retain, or have or cause any other person or entity to solicit, employ or retain, any person who is employed by the Company or was employed by the Company during the 6-month period prior to such solicitation, employment, or retainer; (ii) encourage any such person not to devote his or her full business time to the Company; or (iii) agree to hire or employ any such person.

(c) **Non-Solicitation of Third Parties.** During the Term of Employment and for a period of 24 months following the Executive's termination of employment with the Company, the Executive shall not 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 Section 9 of this Agreement and has not cured such breach within ten business days of such notice, then:

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(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 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 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,

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## EXHIBIT 10.1

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 written designation of beneficiary, 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:

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If to the Executive: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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 principle 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), (b), (d) or (e) shall be offset by any cash remuneration, health care coverage and/or estate planning reimbursements attributable to

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**EXHIBIT 10.1**

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.

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.** 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, or age, race, sex, disability or other discrimination) in accordance with the Company's then-current Dispute Resolution Agreement ("Arbitration Agreement"). In the event that Executive has not signed the Arbitration Agreement, the Executive and the Company hereby mutually agree that all such disputes shall be fully, finally and exclusively resolved by binding arbitration conducted by the American Arbitration Association in the city in which the Executive's principal place of employment is located by an arbitrator mutually agreed upon by the parties hereto or, in the absence of such agreement, by an arbitrator selected in accordance with the then-current Employment Arbitration Rules of the American Arbitration Association (which can be found at [www.adr.org](http://www.adr.org) under "Rules & Procedures"), provided, however, that 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.

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, compounded quarterly.

20. **Attorney's Fees.** Each party shall bear its own attorney's fees and costs incurred in any action or dispute arising out of this Agreement.

21. **Miscellaneous.** No right or interest to, or in, any payments shall be assignable by the Executive; provided, however, that 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

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**EXHIBIT 10.1**

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)(i) shall not be subject to this Section 22(d).

(e) **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.

(f) **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

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**EXHIBIT 10.1**

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.

(g) **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 Initial Term or any subsequent Renewal Term of the Agreement 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 such successive Renewal Term for which the Executive has failed to sign the Agreement or the applicable Term of Employment extension amendment and (b) any such award which is nevertheless granted to the Executive after the intended commencement of the Initial Term or Renewal Term 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.

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**EXHIBIT 10.1**

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

**EXECUTIVE**

**ROSS STORES, INC.**

\_\_\_\_\_  
By: Barbara Rentler  
Chief Executive Officer

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_

**CONFIDENTIAL SEPARATION AGREEMENT AND GENERAL RELEASE**

This is an Agreement between \_\_\_\_\_ (“Executive”) and Ross Stores, Inc. (“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 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 Provision Regarding Retaliation/Discrimination for Filing a Workers 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.

\_\_\_\_\_  
Executive's Initials

\_\_\_\_\_  
Ross' Initials



**EXHIBIT 10.1**

- California Wage Payment Act, as amended
  - 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 Labor Code sections 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
5. This Agreement does not prevent Executive from filing 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. 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.
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 or any other leaves authorized by federal or state 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

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Executive's Initials

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Ross' Initials

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**EXHIBIT 10.1**

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, 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).
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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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.*);

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Executive's Initials

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Ross' Initials

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**EXHIBIT 10.1**

- (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: \_\_\_\_\_  
("Executive")

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
ROSS STORES, INC. ("Ross")

\_\_\_\_\_  
Executive's Initials

\_\_\_\_\_  
Ross' Initials

\_\_\_\_\_

EXECUTIVE EMPLOYMENT AGREEMENT

**THIS EXECUTIVE EMPLOYMENT AGREEMENT** (this "Agreement") is made effective \_\_\_\_\_, \_\_\_\_ (the "Effective Date") by and between Ross Stores, Inc., a Delaware corporation, and \_\_\_\_\_ (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 \_\_\_\_\_.
- 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 (the "Term of Employment") 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 \_\_\_\_\_ (the "Initial Term"), unless extended or terminated earlier in accordance with this Agreement.
    - (b) **Renewal Term.** Subject to the provisions for early termination set forth in Section 6, below, unless the Company has delivered written notice of such party's intent to continue this Agreement (an "Extension Notice") not less than one hundred eighty (180) days prior to the expiration of the Initial Term, this Agreement shall terminate on the expiration of the Initial Term. If the Company timely provides an Extension Notice, the Initial Term automatically will be extended by such additional period of time set forth in the Extension Notice (each an "Extension"). The Initial Term, together with any Extensions, if applicable, shall be the Term of Employment.
  - 2. **Position and Duties.** During the Term of Employment, the Executive shall serve as \_\_\_\_\_ . 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 New York, NY, except for required travel on the Company's business to an extent substantially consistent with present business travel obligations of the Executive's position.
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EXHIBIT 10.1

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 \_\_\_\_\_ (\$ \_\_\_\_\_) 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 \_\_\_% 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 other reasonable expenses incurred by the Executive in performing services hereunder, including all reasonable expenses of travel and living while away from home, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Company.

(d) **Benefits.** 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 \_\_\_\_\_ 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.

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**EXHIBIT 10.1**

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

(a) 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.

(b) Confidential Information includes any 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 names, addresses, buying habits and other special information regarding past, present and potential customers, employees and suppliers of the Company; (ii) customer and supplier contracts and transactions or price lists of the Company and suppliers; (iii) methods of distribution; (iv) all agreements, files, books, logs, charts, records, studies, reports, processes, schedules and statistical information; (v) data, figures, projections, estimates, pricing data, customer lists, buying manuals or procedures, distribution manuals or procedures, and other policy and procedure manuals or handbooks; (vi) supplier information, tax records, personnel histories and records, sales information and property information; (vii) information regarding the present or future phases of business; (viii) ideas, inventions, trademarks, business information, know-how, 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) 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. 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.

(c) 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.

(d) 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.

(e) The Executive agrees that upon leaving the Company's employ the Executive will not communicate 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.

(f) The Executive agrees that all information, inventions and discoveries, whether or not patented or patentable, 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

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## EXHIBIT 10.1

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 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 execute such documents and perform such other acts as the Company deems necessary to obtain patents on such Intellectual Property in a jurisdiction or jurisdictions designated by the Company, and to assign to the Company or its designee such Intellectual Property and all patent applications and patents relating thereto.

(g) 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.

(h) Upon termination of the Executive’s employment, or at any time upon request of the Company, the Executive will 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.

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 continuous 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]

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**EXHIBIT 10.1**

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

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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(b), 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

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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 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 post-termination annual bonus exceed 100% of the Executive's target bonus for the fiscal year of the Company 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 acceleration of 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

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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 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, the vesting of all Unvested Common Shares (as defined in the Performance Share Agreement) issued in settlement of the Performance Share Award shall be accelerated 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 dependents to the extent such dependents were covered immediately prior to such termination of employment) for the remainder of the Term of Employment, **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 the amount equivalent to the Company's cost of substantially equivalent health care coverage 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 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 12.

(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

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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 12.

(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, 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 restricted stock granted to the Executive by the Company on or after January 22, 2014 and at least 12 months before the date of the Executive's death, and which remains unvested as of the date of the Executive's death shall become fully vested as of such date of death and any restricted stock granted to the Executive by the Company prior to January 22, 2014 or within the 12-month period ending on the date of the Executive's death that remains unvested as of the date of the Executive's death 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 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, the vesting of all Unvested Common Shares issued in settlement of the Performance Share Award shall be accelerated 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:

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(i) **Bonus.** The Company shall pay the Executive an annual bonus for the fiscal year of the Company 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 of the Company 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 post-termination annual bonus exceed 100% of the Executive's target bonus for the fiscal year of the Company 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 acceleration of 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 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, the vesting of all Unvested Common Shares issued in settlement of the Performance Share Award shall be accelerated in full effective as of the date of such termination.

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(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, the vesting of 100% of the Target Number of Performance Shares shall be accelerated and such Performance Shares shall be deemed Vested Performance Shares effective as of the date of the termination. The vesting of all Unvested Common Shares issued in settlement of the Performance Share Award shall be accelerated in full effective as of the date of such termination. Except as set forth in this Section 8(e)(i)(c), 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 dependents to the extent such dependents were covered immediately prior to such termination of employment) for the remainder of the Term of Employment; **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

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(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.

(ii) **Change in Control Defined.** A “Change in Control” shall be deemed to have occurred if: (1) any person or group (within the meaning of Rule 13d-3 of the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) shall acquire during the twelve-month period ending on the date of the most recent acquisition by such person or group, in one or a series of transactions, whether through sale of stock or merger, ownership of stock of the Company that constitutes 35% or more of the total voting power of the stock of the Company or any successor to the Company; (2) a merger in which the Company is a party pursuant to which any person or such group acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company (provided such person or group held not more than 50% of the total fair market value and total voting power of the stock of the Company prior to such merger); or (3) the sale, exchange, or transfer of all or substantially all of the Company’s assets (other than a sale, exchange, or transfer to one or more corporations where the stockholders of the Company before and after such sale, exchange, or transfer, directly or indirectly, are the beneficial owners of at least a majority of the voting stock of the corporation(s) to which the assets were transferred).

(iii) **Excise Tax - 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

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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 vesting of 100% of the target number of Performance Shares shall be accelerated 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) the vesting of any Unvested Common Shares issued in settlement of Performance Share Awards shall be accelerated in full 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

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in connection with a Change in Control, the vesting of the Shares shall be accelerated in full 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 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 and irreparable harm which will be difficult to compute if the Executive competes with the company in violation of this Agreement; (v) the Company will suffer substantial damage which will be difficult to compute if, the Executive solicits or interferes with the Company's employees, clients, or customers; (vi) the provisions of this Agreement are reasonable and necessary for the protection of the business of the Company; and (vii) the provisions of this Agreement will not preclude the Executive from obtaining other gainful employment or service.

### (b) Non-Compete.

(i) During the Term of Employment and for a period of 24 months following the Executive's termination of employment with the Company, the Executive shall not, directly or indirectly, own, manage, control, be employed by, consult with, participate in, or be connected in any manner with the ownership, management, operation, control of, or otherwise become involved with, any Competing Business, nor shall the Executive undertake any planning to engage in any such activity, without the Company's written consent.

For purposes of this Agreement, a Competing Business shall mean any of the following: (1) any off-price retailer including, without limitation, Burlington Stores, Inc., The TJX Companies, Inc., and Stein Mart, Inc.; (2) Macy's, Inc.; and (3) any affiliates, subsidiaries or successors of the businesses identified above.

(ii) Section 9(b)(i) shall not prohibit the Executive from making any investment of 1% or less of the equity securities of any publicly-traded corporation which is considered to be a Competing Business.

(c) **Non-Solicitation of Employees.** During the Term of Employment 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, employ or retain, or have or cause any other person or entity to solicit, employ or retain, any person who is employed by the Company or was employed by the Company during the 6-month period prior to such solicitation, employment, or retainer; (ii) encourage any such person not to devote his or her full business time to the Company; or (iii) agree to hire or employ any such person.

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**EXHIBIT 10.1**

(d) **Non-Solicitation of Third Parties.** During the Term of Employment and for a period of 24 months following the Executive's termination of employment with the Company, the Executive shall not 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.

(e) **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 Section 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 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 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,

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**EXHIBIT 10.1**

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

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with the terms of this Agreement and applicable law to the Executive's beneficiary pursuant to a written designation of beneficiary, 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: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

If to the Company: Ross Stores, Inc.  
1372 Broadway, 10th Floor  
New York, NY 10018  
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

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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), (b), (d) or (e) shall be offset by any cash remuneration, health care coverage and/or estate planning reimbursements 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.

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.** 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, or age, race, sex, disability or other discrimination) in accordance with the Company's then-current Dispute Resolution Agreement ("Arbitration Agreement"). In the event that Executive has not signed the Arbitration Agreement, the Executive and the Company hereby mutually agree that all such disputes shall be fully, finally and exclusively resolved by binding arbitration conducted by the American Arbitration Association in the city in which the Executive's principal place of employment is located by an arbitrator mutually agreed upon by the parties hereto or, in the absence of such agreement, by an arbitrator selected in accordance with the then-current Employment Arbitration Rules of the American Arbitration Association (which can be found at [www.adr.org](http://www.adr.org) under "Rules & Procedures"), provided, however, that 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.

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

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**EXHIBIT 10.1**

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, compounded quarterly.

20. **Attorney's Fees.** Each party shall bear its own attorney's fees and costs incurred in any action or dispute arising out of this Agreement.

21. **Miscellaneous.** No right or interest to, or in, any payments shall be assignable by the Executive; provided, however, that 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

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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)(i) shall not be subject to this Section 22(d).

(e) **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.

(f) **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.

(g) **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 Initial Term or any subsequent Renewal Term of the Agreement as may be agreed to by the Company and the Executive, it is the intention

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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 such successive Renewal Term for which the Executive has failed to sign the Agreement or the applicable Term of Employment extension amendment and (b) any such award which is nevertheless granted to the Executive after the intended commencement of the Initial Term or Renewal Term 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.

**EXECUTIVE**

**ROSS STORES, INC.**

\_\_\_\_\_  
By: Barbara Rentler  
Chief Executive Officer

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_



**CONFIDENTIAL SEPARATION AGREEMENT AND GENERAL RELEASE**

This is an Agreement between \_\_\_\_\_ (“Executive”) and Ross Stores, Inc. (“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 Occupational Safety and Health Act, as amended
  - The Sarbanes-Oxley Act of 2002
  - The United States Equal Pay Act of 1963
  - The New York State Civil Rights Act, as amended
  - The New York Equal Pay Law, as amended
  - The New York State Human Rights Law, as amended
  - The New York City Administrative Code and Charter, as amended
  - The New York State Labor Law, as amended
  - The Retaliation Provisions of the New York State Workers Compensation Law and the New York State Disability Benefits Law, as amended
  - 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
  - Any claim for costs, fees, or other expenses including attorneys’ fees incurred in these matters

\_\_\_\_\_  
Executive's Initials

\_\_\_\_\_  
Ross' Initials

**EXHIBIT 10.1**

5. This Agreement does not prevent Executive from filing 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. 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.
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 or any other leaves authorized by federal or state 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, 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).
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 New York 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.

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Executive's Initials

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Ross' Initials

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**EXHIBIT 10.1**

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 that 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.

**FOR 40+**

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

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Executive's Initials

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Ross' Initials

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**EXHIBIT 10.1**

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: \_\_\_\_\_  
("Executive")

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
ROSS STORES, INC. ("Ross")

\_\_\_\_\_  
Executive's Initials

\_\_\_\_\_  
Ross' Initials

AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT (this “Amendment”) is made effective \_\_\_\_\_, 2015 (the “Effective Date”) by and between Ross Stores, Inc., a Delaware corporation (“Ross” or “the Company”), and \_\_\_\_\_ (the “Executive”), and is made in consideration for Executive’s continued eligibility for future equity awards (the sufficiency of such consideration is acknowledged by the parties). The parties hereby amend the Executive Employment Agreement between the Company and the Executive previously executed effective \_\_\_\_\_ (the “Agreement”), as follows:

1. **Paragraph 6(c) (Termination for Cause) is hereby deleted in its entirety and replaced with the following new Paragraph 6(c):**

(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 continuous 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.

2. **Paragraph 9(b) (Non-Compete) is hereby deleted in its entirety and Paragraphs 9(c), (d) and (e) are re-designated Paragraphs 9(b), (c) and (d), respectively.**

Except as specifically provided above, all other provisions of the Agreement shall remain in full force and effect.

\_\_\_\_\_  
Executive's Initials

\_\_\_\_\_  
Ross' Initials

**Exhibit 10.2**

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

**EXECUTIVE**

**ROSS STORES, INC.**

\_\_\_\_\_  
By: Barbara Rentler  
Chief Executive Officer

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Executive's Initials

\_\_\_\_\_  
Ross' Initials

\_\_\_\_\_

AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT (this "Amendment") is made effective \_\_\_\_\_, 2015 (the "Effective Date") by and between Ross Stores, Inc., a Delaware corporation ("Ross" or "the Company"), and \_\_\_\_\_ (the "Executive"), and is made in consideration for Executive's continued eligibility for future equity awards (the sufficiency of such consideration is acknowledged by the parties). The parties hereby amend the Executive Employment Agreement between the Company and the Executive previously executed effective \_\_\_\_\_ (the "Agreement"), as follows:

1. **Paragraph 6(c) (Termination for Cause) is hereby deleted in its entirety and replaced with the following new Paragraph 6(c):**

(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 continuous 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.

2. **Paragraph 9(b) (Non-Compete) is hereby deleted in its entirety and replaced with the following new Paragraph 9(b):**

(i) During the Term of Employment and for a period of 24 months following the Executive's termination of employment with the Company, the Executive shall not, directly or indirectly, own, manage, control, be employed by, consult with, participate in, or be connected in any manner with the ownership, management, operation, control of, or otherwise become involved with, any Competing Business, nor shall the Executive undertake any planning to engage in any such activity, without the Company's written consent.

For purposes of this Agreement, a Competing Business shall mean any of the following: (1) any off-price retailer including, without limitation, Burlington Stores, Inc., The TJX Companies, Inc., and Stein Mart, Inc.; (2) Macy's, Inc.; and (3) any affiliates, subsidiaries or successors of the businesses identified above.

\_\_\_\_\_  
Executive's Initials

\_\_\_\_\_  
Ross' Initials

**Exhibit 10.2**

(ii) Section 9(b)(i) shall not prohibit the Executive from making any investment of 1% or less of the equity securities of any publicly-traded corporation which is considered to be a Competing Business.

**Except as specifically provided above, all other provisions of the Agreement shall remain in full force and effect.**

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

**EXECUTIVE**

**ROSS STORES, INC.**

\_\_\_\_\_  
By: Barbara Rentler  
Chief Executive Officer

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Executive's Initials

\_\_\_\_\_  
Ross' Initials



## EXHIBIT 10.3

### AMENDMENT TO INDEPENDENT CONTRACTOR CONSULTANCY AGREEMENT

This Amendment to Independent Contractor Consultancy Agreement (the "Amendment") is made and entered into as of February 17, 2015 (the "Effective Date") by and between Ross Stores, Inc. ("Company" or "Ross") and Norman A. Ferber, an individual ("Contractor" or "Ferber"), and amends the Amended and Restated Independent Contractor Consultancy Agreement entered into by the Company and Contractor effective as of January 6, 2010 and subsequently amended effective January 30, 2012 (collectively, the "Agreement") as follows:

1. Section 2.1 of the Agreement is deleted in its entirety and replaced with the following new Section 2.1:

2.1 Fees. Company will pay Contractor an annual fee for services rendered in the amount of \$1,523,000, payable in equal monthly installments on or before the tenth day of each month during the Term (as defined herein).

2. The first two sentences of Section 2.3 of the Agreement are deleted in their entirety and replaced with the following new first sentences of Section 2.3:

2.3 Life Insurance. Company will pay directly to Contractor the amount necessary to cover the aggregate premium payments for the period through May 31, 2018 (the "Remaining Insured Period") for the existing (or a replacement) life insurance policy on the life of Contractor (the policy issued for the benefit of the Norman A. Ferber and Rosine Ferber 2001 Insurance Trust or as otherwise designated by Contractor), with a death benefit in the amount of \$2,000,000 (the "Policy"). Company acknowledges and agrees that it shall pay amounts each year during the Remaining Insured Period equal to that year's premiums on the Policy through May 31, 2018.

3. The second sentence of Section 3 of the Agreement is deleted in its entirety and replaced with the following new second sentence of Section 3:

3. Independent Contractor Relationship... Contractor is not authorized to make any representation, contract or commitment on behalf of Company unless specifically requested or authorized in writing to do so by Company's Executive Chairman or CEO.

4. The last sentence of Section 3.1 of the Agreement is deleted in its entirety and replaced with the following new last sentence of Section 3.1:

3.1 Method of Performing Services; Results... Contractor shall perform such consultancy services as shall be reasonably requested by Company's Executive Chairman or CEO.

5. The first sentence of Section 8.1 of the Agreement is deleted in its entirety and replaced with the following new first sentence of Section 8.1:

8.1 Term. This Agreement is effective as of the Effective Date and will continue until May 31, 2018 (such date, the "Termination Date" and such period, the "Term").

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**EXHIBIT 10.3**

6. The portion of Section 9.6 of the Agreement setting forth the address of Company is deleted in its entirety and replaced with the following new address:

If to Company: Ross Stores, Inc.  
5130 Hacienda Drive  
Dublin, CA 94568  
Attn: General Counsel

6. Except as so amended, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment to the Agreement as of the first date first above written.

Company:

Contractor:

ROSS STORES, INC.

/s/ G. Orban

By: George Orban  
Chairman, Compensation Committee

/s/ Norman A. Ferber

Norman A. Ferber

**EXHIBIT 10.4**

**AMENDMENT TO RETIREMENT BENEFIT PACKAGE AGREEMENT**

This Amendment to Retirement Benefit Package Agreement (the "Amendment") is made and entered into as of February 17, 2015 (the "Effective Date") by and between Ross Stores, Inc. ("Company" or "Ross") and Norman A. Ferber, an individual ("Ferber"), and amends the Amended and Restated Retirement Benefit Package Agreement entered into by the Company and Ferber effective as of January 6, 2010 and subsequently amended effective January 30, 2012 (collectively, the "Agreement") as follows:

1. The following additional sentence is added to the end of Section 1.3 of the Agreement:

1.3. Estate Planning.... Upon Ferber's death, the benefits of this Section 1.3 shall then inure to Ferber's then-spouse (at the time of his death), until her death, with respect to estate planning fees or expenses actually incurred by Ferber's then-spouse.

2. The portion of Section 4.4 of the Agreement setting forth the address of Company is deleted in its entirety and replaced with the following new address:

4.4. Notice....

If to Company: Ross Stores, Inc.  
5130 Hacienda Drive  
Dublin, CA 94568  
Attn: General Counsel

3. Except as so amended, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment to the Agreement as of the first date first above written.

Company:

Contractor:

ROSS STORES, INC.

/s/ G. Orban

/s/ Norman A. Ferber

By: George Orban  
Chairman, Compensation Committee

Norman A. Ferber

AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT (this “Amendment”) is made effective March 16, 2015 (the “Effective Date”) by and between Ross Stores, Inc., a Delaware corporation (“Ross” or “the Company”), and **Barbara Rentler** (the “Executive”), and is made in consideration for Executive’s continued eligibility for future equity awards (the sufficiency of such consideration is acknowledged by the parties). The parties hereby amend the Executive Employment Agreement between the Company and the Executive previously executed effective **June 1, 2014** (the “Agreement”), as follows:

**1. Paragraph 6(c) (Termination for Cause) is hereby deleted in its entirety and replaced with the following new Paragraph 6(c):**

(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 continuous 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.

**2. Paragraph 9(b) (Non-Compete) is hereby deleted in its entirety and replaced with the following new Paragraph 9(b):**

(i) During the Term of Employment and for a period of 24 months following the Executive's termination of employment with the Company, the Executive shall not, directly or indirectly, own, manage, control, be employed by, consult with, participate in, or be connected in any manner with the ownership, management, operation, control of, or otherwise become involved with, any Competing Business, nor shall the Executive undertake any planning to engage in any such activity, without the Company’s written consent.

For purposes of this Agreement, a Competing Business shall mean any of the following: (1) any off-price retailer including, without limitation, Burlington Stores, Inc., The TJX Companies, Inc., and Stein Mart, Inc.; (2) Macy’s, Inc.; and (3) any affiliates, subsidiaries or successors of the businesses identified above.

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Executive's Initials

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Ross' Initials

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**EXHIBIT 10.5**

(ii) Section 9(b)(i) shall not prohibit the Executive from making any investment of 1% or less of the equity securities of any publicly-traded corporation which is considered to be a Competing Business.

**Except as specifically provided above, all other provisions of the Agreement shall remain in full force and effect.**

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

**EXECUTIVE**

**ROSS STORES, INC.**

/s/Michael Balmuth

\_\_\_\_\_  
By: Michael Balmuth  
Executive Chairman

/s/Barbara Rentler

\_\_\_\_\_  
By: Barbara Rentler  
Chief Executive Officer

\_\_\_\_\_  
Executive's Initials

\_\_\_\_\_  
Ross' Initials

AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

**THIS AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT** (this "Amendment") is made effective March 16, 2015 (the "Effective Date") by and between Ross Stores, Inc., a Delaware corporation ("Ross" or "the Company"), and **Michael O'Sullivan** (the "Executive"), and is made in consideration for Executive's continued eligibility for future equity awards (the sufficiency of such consideration is acknowledged by the parties). The parties hereby amend the Executive Employment Agreement between the Company and the Executive previously executed effective **June 1, 2014** (the "Agreement"), as follows:

1. **Paragraph 6(c) (Termination for Cause) is hereby deleted in its entirety and replaced with the following new Paragraph 6(c):**

(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 continuous 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.

2. **Paragraph 9(b) (Non-Compete) is hereby deleted in its entirety and Paragraphs 9(c), (d) and (e) are re-designated Paragraphs 9(b), (c) and (d), respectively.**

**Except as specifically provided above, all other provisions of the Agreement shall remain in full force and effect.**

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**EXHIBIT 10.6**

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

**EXECUTIVE**

**ROSS STORES, INC.**

/s/Barbara Rentler

\_\_\_\_\_  
By: Barbara Rentler  
Chief Executive Officer

/s/ Michael O'Sullivan

\_\_\_\_\_  
By: Michael O'Sullivan  
President and Chief Operating Officer

## EXECUTIVE EMPLOYMENT AGREEMENT

**THIS EXECUTIVE EMPLOYMENT AGREEMENT** (this "Agreement") is made effective March 16, 2015 (the "Effective Date") by and between Ross Stores, Inc., a Delaware corporation, and Michael Hartshorn (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 Group Senior 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 (the "Term of Employment") 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 March 31, 2019 (the "Initial Term"), unless extended or terminated earlier in accordance with this Agreement.

(b) **Renewal Term.** Subject to the provisions for early termination set forth in Section 6, below, unless the Company has delivered written notice of such party's intent to continue this Agreement (an "Extension Notice") not less than one hundred eighty (180) days prior to the expiration of the Initial Term, this Agreement shall terminate on the expiration of the Initial Term. If the Company timely provides an Extension Notice, the Initial Term automatically will be extended by such additional period of time set forth in the Extension Notice (each an "Extension"). The Initial Term, together with any Extensions, if applicable, shall be the Term of Employment.

2. **Position and Duties.** During the Term of Employment, the Executive shall serve as Group Senior 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.

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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 Six Hundred and Forty Thousand Dollars (\$640,000) 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 63% 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 other reasonable expenses incurred by the Executive in performing services hereunder, including all reasonable expenses of travel and living while away from home, provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Company.

(d) **Benefits.** 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-five 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.

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

(a) 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.

(b) Confidential Information includes any 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 names, addresses, buying habits and other special information regarding past, present and potential customers, employees and suppliers of the Company; (ii) customer and supplier contracts and transactions or price lists of the Company and suppliers; (iii) methods of distribution; (iv) all agreements, files, books, logs, charts, records, studies, reports, processes, schedules and statistical information; (v) data, figures, projections, estimates, pricing data, customer lists, buying manuals or procedures, distribution manuals or procedures, and other policy and procedure manuals or handbooks; (vi) supplier information, tax records, personnel histories and records, sales information and property information; (vii) information regarding the present or future phases of business; (viii) ideas, inventions, trademarks, business information, know-how, 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) 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. 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.

(c) 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.

(d) 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.

(e) The Executive agrees that upon leaving the Company's employ the Executive will not communicate 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.

(f) The Executive agrees that all information, inventions and discoveries, whether or not patented or patentable, 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

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**EXHIBIT 10.7**

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 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 execute such documents and perform such other acts as the Company deems necessary to obtain patents on such Intellectual Property in a jurisdiction or jurisdictions designated by the Company, and to assign to the Company or its designee such Intellectual Property and all patent applications and patents relating thereto.

(g) 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.

(h) Upon termination of the Executive’s employment, or at any time upon request of the Company, the Executive will 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.

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 continuous 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]

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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

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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(b), 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

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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 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 post-termination annual bonus exceed 100% of the Executive's target bonus for the fiscal year of the Company 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 acceleration of 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

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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 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, the vesting of all Unvested Common Shares (as defined in the Performance Share Agreement) issued in settlement of the Performance Share Award shall be accelerated 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 dependents to the extent such dependents were covered immediately prior to such termination of employment) for the remainder of the Term of Employment, **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 the amount equivalent to the Company's cost of substantially equivalent health care coverage 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 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 12.

(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

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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 12.

(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, 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 restricted stock granted to the Executive by the Company on or after January 22, 2014 and at least 12 months before the date of the Executive's death, and which remains unvested as of the date of the Executive's death shall become fully vested as of such date of death and any restricted stock granted to the Executive by the Company prior to January 22, 2014 or within the 12-month period ending on the date of the Executive's death that remains unvested as of the date of the Executive's death 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 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, the vesting of all Unvested Common Shares issued in settlement of the Performance Share Award shall be accelerated 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:

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(i) **Bonus.** The Company shall pay the Executive an annual bonus for the fiscal year of the Company 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 of the Company 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 post-termination annual bonus exceed 100% of the Executive's target bonus for the fiscal year of the Company 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 acceleration of 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 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, the vesting of all Unvested Common Shares issued in settlement of the Performance Share Award shall be accelerated in full effective as of the date of such termination.

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(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, the vesting of 100% of the Target Number of Performance Shares shall be accelerated and such Performance Shares shall be deemed Vested Performance Shares effective as of the date of the termination. The vesting of all Unvested Common Shares issued in settlement of the Performance Share Award shall be accelerated in full effective as of the date of such termination. Except as set forth in this Section 8(e)(i)(c), 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 dependents to the extent such dependents were covered immediately prior to such termination of employment) for the remainder of the Term of Employment; **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

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(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.

(ii) **Change in Control Defined.** A “Change in Control” shall be deemed to have occurred if: (1) any person or group (within the meaning of Rule 13d-3 of the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended) shall acquire during the twelve-month period ending on the date of the most recent acquisition by such person or group, in one or a series of transactions, whether through sale of stock or merger, ownership of stock of the Company that constitutes 35% or more of the total voting power of the stock of the Company or any successor to the Company; (2) a merger in which the Company is a party pursuant to which any person or such group acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company (provided such person or group held not more than 50% of the total fair market value and total voting power of the stock of the Company prior to such merger); or (3) the sale, exchange, or transfer of all or substantially all of the Company’s assets (other than a sale, exchange, or transfer to one or more corporations where the stockholders of the Company before and after such sale, exchange, or transfer, directly or indirectly, are the beneficial owners of at least a majority of the voting stock of the corporation(s) to which the assets were transferred).

(iii) **Excise Tax - 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

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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 vesting of 100% of the target number of Performance Shares shall be accelerated 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) the vesting of any Unvested Common Shares issued in settlement of Performance Share Awards shall be accelerated in full 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

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**EXHIBIT 10.7**

in connection with a Change in Control, the vesting of the Shares shall be accelerated in full 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 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, clients, or customers; (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 Term of Employment 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, employ or retain, or have or cause any other person or entity to solicit, employ or retain, any person who is employed by the Company or was employed by the Company during the 6-month period prior to such solicitation, employment, or retainer; (ii) encourage any such person not to devote his or her full business time to the Company; or (iii) agree to hire or employ any such person.

(c) **Non-Solicitation of Third Parties.** During the Term of Employment and for a period of 24 months following the Executive's termination of employment with the Company, the Executive shall not 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.

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**EXHIBIT 10.7**

(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 Section 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 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 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

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**EXHIBIT 10.7**

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 written designation of beneficiary, 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:

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**EXHIBIT 10.7**

If to the Executive: Michael Hartshorn  
Ross Stores, Inc.  
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), (b), (d) or (e) shall be offset by any cash remuneration, health care coverage and/or estate planning reimbursements attributable to any subsequent employment or consulting/independent contractor arrangement that the Executive may obtain

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**EXHIBIT 10.7**

during the period of payment of compensation under this Agreement following the termination of the Executive's employment with the Company.

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.** 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, or age, race, sex, disability or other discrimination) in accordance with the Company's then-current Dispute Resolution Agreement ("Arbitration Agreement"). In the event that Executive has not signed the Arbitration Agreement, the Executive and the Company hereby mutually agree that all such disputes shall be fully, finally and exclusively resolved by binding arbitration conducted by the American Arbitration Association in the city in which the Executive's principal place of employment is located by an arbitrator mutually agreed upon by the parties hereto or, in the absence of such agreement, by an arbitrator selected in accordance with the then-current Employment Arbitration Rules of the American Arbitration Association (which can be found at [www.adr.org](http://www.adr.org) under "Rules & Procedures"), provided, however, that 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.

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, compounded quarterly.

20. **Attorney's Fees.** Each party shall bear its own attorney's fees and costs incurred in any action or dispute arising out of this Agreement.

21. **Miscellaneous.** No right or interest to, or in, any payments shall be assignable by the Executive; provided, however, that 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

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**EXHIBIT 10.7**

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)(i) shall not be subject to this Section 22(d).

(e) **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.

(f) **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

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**EXHIBIT 10.7**

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.

(g) **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 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 Initial Term or any subsequent Renewal Term of the Agreement 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 such successive Renewal Term for which the Executive has failed to sign the Agreement or the applicable Term of Employment extension amendment and (b) any such award which is nevertheless granted to the Executive after the intended commencement of the Initial Term or Renewal Term 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.

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**EXHIBIT 10.7**

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

**EXECUTIVE**

**ROSS STORES, INC.**

/s/Barbara Rentler

By: Barbara Rentler  
Chief Executive Officer

/s/ Michael J. Hartshorn

Michael Hartshorn  
Group Senior Vice President,  
Chief Financial Officer

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**CONFIDENTIAL SEPARATION AGREEMENT AND GENERAL RELEASE**

This is an Agreement between \_\_\_\_\_ (“Executive”) and Ross Stores, Inc. (“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 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 Provision Regarding Retaliation/Discrimination for Filing a Workers 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 Wage Payment Act, as amended

\_\_\_\_\_  
Executive's Initials

\_\_\_\_\_  
Ross' Initials

**EXHIBIT 10.7**

- 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 Labor Code sections 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
5. This Agreement does not prevent Executive from filing 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. 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.
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 or any other leaves authorized by federal or state 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.

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Executive's Initials

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Ross' Initials

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**EXHIBIT 10.7**

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, 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).
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 that 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.

FOR 40+

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.*);

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Executive's Initials

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Ross' Initials

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**EXHIBIT 10.7**

- (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: \_\_\_\_\_  
("Executive")

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
ROSS STORES, INC. ("Ross")

\_\_\_\_\_  
Executive's Initials

\_\_\_\_\_  
Ross' Initials



**FOR SETTLEMENT PURPOSES ONLY  
NOT ADMISSIBLE**

January 28, 2015

Mr. Douglas Baker  
Ross Stores, Inc.  
1372 Broadway  
New York, NY 10018

Dear Doug:

This Severance Agreement (the “Severance Agreement”) is between you and Ross Stores, Inc., its predecessors, successors, branches, divisions, affiliates, parents, subsidiaries, and related entities (collectively the “Company”). This Severance Agreement will (i) confirm our conversation concerning the termination of your employment for Cause (pursuant to Section 6(c)(i) of the Executive Employment Agreement between you and the Company, effective March 16, 2013 (the “Executive Employment Agreement”), effective at the close of business January 31, 2015 (“Termination Date”), and (ii) supplement the Confidential Separation Agreement and General Release (the “General Release”) attached hereto as *Exhibit A*.

1. In consideration of your agreement to the terms and conditions of this Severance Agreement, provided you sign and date this Severance Agreement and the General Release on a timely basis and do not revoke within the applicable revocation period, the Company will provide you with the following benefits, in lieu of any other company benefits, and by signing this Severance Agreement you acknowledge that such benefits are more valuable than the benefits to which you would otherwise be entitled:
    - A. The salary (based on your current rate of \$960,000 per year) and bonus (based on your current target of 75% of salary) described in Section 8(a)(i) and (ii) of the Executive Employment Agreement [Termination Without Cause] (“Severance Pay”) will be paid to you (i.e., your current salary paid through March 31, 2017, and annual bonuses (based on Company performance and capped at target) through March 31, 2017, with a pro-rated fiscal year bonus relating to February and March of 2017 payable in March 2018), less applicable deductions and withholdings. The timing of these payments will be in accordance with the payroll practices of the Company. The period you are paid under this paragraph shall be referred to as the “Severance Period.” You hereby acknowledge that any salary continuation on account of periods on or after the Termination Date shall be applied as a credit against any amounts payable under this and all other paragraphs of this Severance Agreement.
    - B. You will become vested in 37,066 shares of Restricted Stock (granted on March 17, 2010) in which you would have become vested had you remained employed through March 17, 2015, which will be settled consistent with the terms of the applicable Restricted Stock awards and agreements and the 2008 Equity Incentive Plan.
    - C. You will become vested in 5,647 shares of Performance Shares (granted on March 14, 2012) in which you would have become vested had you remained employed through
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**EXHIBIT 10.8**

March 18, 2015, which will be settled consistent with the terms of the applicable Performance Share awards and agreements and the 2008 Equity Incentive Plan.

2. All applicable employee benefits including, without limitation, participation in the following Company plans shall terminate as of the Termination Date: executive medical, dental, and vision benefits; the 401(k) plan; life insurance; short- and long-term disability; incentive bonus plans, and any paid time off programs. Effective as of the day following the Termination Date, you will be entitled to enroll in group health coverage continuation in accordance with COBRA, the cost of which will be your responsibility. You will receive information regarding COBRA under separate cover.
  3. The provisions of Sections 9(b) [Non-Compete], 9(c)[ Non-Solicitation of Employees], 9(d)[Non-Solicitation of Third Parties], and 9(e)[Non-Disparagement] of the Executive Employment Agreement shall remain in full force and effect, provided, however, that notwithstanding any of the provisions of the Executive Employment Agreement to the contrary, you will be subject to the provisions of Section 9(b)(i) of the Executive Employment Agreement (i.e., Section 9(b)(ii) of the Executive Employment Agreement shall not apply to you).
  4. You will not be obligated to seek other employment following your termination of employment with the Company. However, any amount due you under paragraph 1 of this Severance Agreement will be offset by any cash remuneration, healthcare coverage and/or estate planning reimbursement attributable to any subsequent employment or consulting/independent contractor arrangement that you may obtain during the Severance Period.
  5. The Company will pay you for accrued, unused vacation time through the Termination Date and will reimburse you for any expenses incurred through your actual last day worked, provided they were incurred and accounted for in a timely manner and otherwise in accordance with the Company's policy and procedures.
  6. You agree to treat as confidential and not disclose the terms, contents, or execution of this Severance Agreement, except as required by law, other than to your spouse, legal counsel, or tax advisor, with the understanding that he or she will maintain the confidentiality thereof. You also agree that this Severance Agreement will not be admissible into evidence in any future proceeding, except brought to enforce its terms.
  7. You further agree to refrain from disparaging or holding up to ridicule the name of the Company, its successors, and their current and former officers, directors, attorneys, agents and employees. Notwithstanding the foregoing or anything else in this Severance Agreement, nothing in this Severance Agreement shall be construed to prohibit you from cooperating in an official investigation by a state or federal employment discrimination agency, although you waive your right to any monetary relief or monetary damages in connection therewith.
  8. You reaffirm your continuing obligations under the Ross Code of Business Conduct and Ethics.
  9. You represent that you have returned all materials and/or property of the Company and have not/will not retain any copies, whether in hard copy or electronic form.
  10. You understand that in consideration for the severance payments and benefits described herein, on behalf of yourself, your heirs, executors, administrators, successors and assigns, you will execute the General Release as a condition to receiving cash payments and other compensation and benefits as may be provided under the terms of this agreement. This Severance Agreement does not affect or limit your rights to any benefits to which you may otherwise be entitled pursuant to:
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**EXHIBIT 10.8**

(a) any Company benefit plan or plans governed by the Employee Retirement Income Security Act of 1974 (ERISA), including any applicable pension or health and welfare benefit plan; and (b) Workers' compensation or unemployment insurance.

11. You and the Company agree to resolve all disputes or disagreements arising out of or relating to this Severance Agreement and the General Release in accordance with Section 19 [Arbitration] of the Executive Employment Agreement.

You will have 21 days from the date you receive this Severance Agreement to consider accepting this offer (the "Consideration Period"). If you choose not to accept the Severance Agreement within the Consideration Period, it is withdrawn. You agree that any modifications, material or otherwise, made to this Severance Agreement do not restart or affect in any manner the original Consideration Period. If you accept the offer and sign this Severance Agreement you will then have seven (7) calendar days to reconsider and revoke your acceptance, if you choose. Any revocation must be submitted by you, in writing, and mailed to Ken Jew, Group Vice President, Corporate Counsel and Assistant Corporate Secretary, Ross Stores, Inc., 5130 Hacienda Drive, Dublin, CA 94568, [ken.jew@ros.com](mailto:ken.jew@ros.com), (925) 965-4848, and postmarked within seven (7) calendar days of execution of this Severance Agreement.

\* \* \*

**We advise you to take time to consider this Severance Agreement and to consult with an attorney of your choice prior to signing it.** Please indicate your understanding, acceptance and approval of this Severance Agreement by signing your name and dating your signature where indicated below.

**BY SIGNING BELOW, YOU ACKNOWLEDGE THAT YOU HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS SEVERANCE AGREEMENT, THAT YOU HAVE BEEN ADVISED TO CONSULT WITH COUNSEL OF YOUR CHOICE AND THAT YOU KNOWINGLY AND VOLUNTARILY ENTER INTO THIS SEVERANCE AGREEMENT INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS YOU HAVE OR MIGHT HAVE AGAINST THE COMPANY UP TO THE DATE OF THIS SEVERANCE AGREEMENT.**

Kindly return the original of this Severance Agreement to me.

On behalf of the Company's senior management, let me take this opportunity to express our thanks for your services and support and to wish you every success in your future endeavors.

Sincerely,

/s/Michael Balmuth

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Michael Balmuth  
Executive Chairman

Accepted and Agreed by:

/s/Doug Baker

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Douglas Baker

Date February 10, 2015

**CONFIDENTIAL SEPARATION AGREEMENT AND GENERAL RELEASE**

This is an Agreement between Douglas Baker (“Executive”) and Ross Stores, Inc. (“Ross”). The parties agree to the following terms and conditions:

1. Executive’s employment with Ross is terminated, effective at the close of business January 31, 2015 (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 March 16, 2013 (“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 and/or the attached Severance 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 Occupational Safety and Health Act, as amended  
The Sarbanes-Oxley Act of 2002  
The United States Equal Pay Act of 1963  
The New York State Civil Rights Act, as amended;  
The New York Equal Pay Law, as amended  
The New York State Human Rights Law, as amended  
The New York City Administrative Code and Charter, as amended  
The New York State Labor Law, as amended  
The Retaliation Provisions of the New York State Workers Compensation Law and the New York State Disability Benefits Law, as amended  
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

5. This Agreement does not prevent Executive from filing a charge of discrimination with the Equal Employment Opportunity Commission, although by signing this Agreement Executive waives his or
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**EXHIBIT 10.8**

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. 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.

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 or any other leaves authorized by federal or state 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, 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).
  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 New York 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 and the Severance Agreement set 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 Ross (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 Ross may modify this form of agreement from time to time solely as needed to comply with federal, state or local laws in effect that the time this Agreement is to be executed. Executive acknowledges that he or she has not relied on any representations, promises,
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**EXHIBIT 10.8**

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.
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.
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**EXHIBIT 10.8**

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: February 10, 2015

By: /s/Doug Baker  
("Executive")

Dated: February 17, 2015

By: /s/Michael Balmuth  
ROSS STORES, INC. ("Ross")

**EXHIBIT 15**

June 10, 2015  
Ross Stores, Inc.  
Dublin, California

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited interim financial information of Ross Stores, Inc. and subsidiaries for the periods ended May 2, 2015, and May 3, 2014, as indicated in our report dated June 10, 2015; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended May 2, 2015, is incorporated by reference in Registration Statements No. 33-61373, No. 333-06119, No. 333-34988, No. 333-51478, No. 333-56831, No. 333-115836, and No. 333-151116 on Form S-8, and No. 333-198738 on Form S-3.

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

Yours truly,

/s/Deloitte & Touche LLP  
San Francisco, California



**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: June 10, 2015

/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, Michael J. Hartshorn, 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: June 10, 2015

/s/Michael J. Hartshorn

Michael J. Hartshorn

Group Senior Vice President, Chief Financial Officer, and Principal  
Accounting 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 May 2, 2015 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: June 10, 2015

/s/Barbara Rentler

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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 May 2, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Hartshorn, 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: June 10, 2015

/s/Michael J. Hartshorn

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Michael J. Hartshorn

Group Senior Vice President, Chief Financial Officer, and Principal  
Accounting Officer

