

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 AUGUST 2, 1997

OR

TRANSITION REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 0-14678

ROSS STORES, INC.
(Exact name of registrant as specified in its charter)

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

8333 Central Avenue, 94560-3433
Newark, California (Zip Code)
(Address of principal executive offices)

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

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

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

The number of shares of Common Stock, with \$.01 par value, outstanding on
August 30, 1997 was 49,041,095.

2

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ROSS STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(\$000)	August 2,	February 1,	August 3,
ASSETS	1997	1997	1996
	(Unaudited)	(Note A)	(Unaudited)

Current Assets

Cash and cash equivalents	\$ 31,770	\$ 44,777	\$ 35,080
Accounts receivable	9,250	7,832	9,153
Merchandise inventory	427,114	373,689	357,778
Prepaid expenses and other	14,253	13,289	12,489
Total Current Assets	<u>482,387</u>	<u>439,587</u>	<u>414,500</u>
Property and Equipment			
Land and buildings	24,115	24,115	24,115
Fixtures and equipment	180,521	164,980	155,084
Leasehold improvements	141,235	135,810	123,672
Construction-in-progress	10,196	23,798	20,035
	<u>356,067</u>	<u>348,703</u>	<u>322,906</u>
Less accumulated depreciation and amortization	164,458	156,056	144,685
	<u>191,609</u>	<u>192,647</u>	<u>178,221</u>
Deferred income taxes and other assets	30,191	27,244	22,473
	<u>\$704,187</u>	<u>\$659,478</u>	<u>\$615,194</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable	\$196,444	\$184,101	\$175,821
Accrued expenses and other	66,618	61,761	45,840
Accrued payroll and benefits	33,944	36,356	27,442
Income taxes payable	11,608	22,567	16,427
Total Current Liabilities	<u>308,614</u>	<u>304,785</u>	<u>265,530</u>
Long-term debt			9,665
Deferred income taxes and other liabilities	29,592	25,850	24,905
Stockholders' Equity			
Capital stock	496	493	504
Additional paid-in capital	170,803	164,166	153,493
Retained earnings	194,682	164,184	161,097
	<u>365,981</u>	<u>328,843</u>	<u>315,094</u>
	<u>\$704,187</u>	<u>\$659,478</u>	<u>\$615,194</u>

See notes to condensed consolidated financial statements.

3

ROSS STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(\$'000 except per share data, unaudited)	Three Months Ended		Six Months Ended	
	August 2, 1997	August 3, 1996	August 2, 1997	August 3, 1996
Sales	\$490,679	\$405,656	\$933,520	\$776,604
Costs and Expenses				
Cost of goods sold and occupancy	341,109	285,618	650,622	549,675
General, selling and administrative	95,556	81,762	182,220	157,982
Depreciation and amortization	7,635	7,164	14,910	14,425
Interest expense (income)	(283)	31	(483)	215
	<u>444,017</u>	<u>374,575</u>	<u>847,269</u>	<u>722,297</u>
Earnings before taxes	46,662	31,081	86,251	54,307
Provision for taxes on earnings	18,664	12,432	34,500	21,723
Net earnings	<u>\$ 27,998</u>	<u>\$ 18,649</u>	<u>\$ 51,751</u>	<u>\$ 32,584</u>
Net earnings per share:				
Primary	\$.55	\$.36	\$ 1.02	\$.63
Fully diluted	\$.55	\$.36	\$ 1.02	\$.63

Weighted average shares outstanding:

Primary	50,851	51,858	50,666	51,612
Fully diluted	50,888	51,860	50,766	51,630
Stores open at end of period			318	299

See notes to condensed consolidated financial statements.

4

ROSS STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$000, unaudited)	Six Months Ended	
	August 2, 1997	August 3, 1996
Cash Flows From Operating Activities		
Net earnings	\$51,751	\$ 32,584
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation and amortization of property and equipment	14,910	14,425
Other amortization	4,060	3,100
Change in current assets and current liabilities:		
Merchandise inventory	(53,425)	(61,814)
Other current assets - net	(2,382)	(570)
Accounts payable	14,563	39,904
Other current liabilities - net	(8,694)	12,727
Other	1,276	1,162
Net cash provided by operating activities	<u>22,059</u>	<u>41,518</u>
Cash Flows From Investing Activities		
Additions to property and equipment	(19,202)	(16,335)
Net cash used in investing activities	<u>(19,202)</u>	<u>(16,335)</u>
Cash Flows From Financing Activities		
Borrowing under line of credit agreement	4,600	
Repayment of long-term debt	(59)	(170)
Issuance of common stock related to stock plan	5,693	24,413
Repurchase of common stock	(21,642)	(34,252)
Dividends paid	(4,456)	(3,520)
Net cash used in financing activities	<u>(15,864)</u>	<u>(13,529)</u>
Net Increase (Decrease) In Cash	<u>(13,007)</u>	<u>11,654</u>
Cash		
Beginning of year	44,777	23,426
End of quarter	<u>\$ 31,770</u>	<u>\$ 35,080</u>
Interest Paid	\$ 83	\$ 570
Income Taxes Paid	\$ 45,671	\$ 15,851

See notes to condensed consolidated financial statements.

5

ROSS STORES, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three and Six Months Ended August 2, 1997 and August 3, 1996
(Unaudited)

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have

been prepared from the records of the company without audit and, in the opinion of management, include all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position at August 2, 1997 and August 3, 1996; the interim results of operations for the three and six months ended August 2, 1997 and August 3, 1996; and changes in cash flows for the six months then ended. The balance sheet at February 1, 1997, presented herein, has been derived from the audited financial statements of the company for the fiscal year then ended.

Accounting policies followed by the company are described in Note A to the audited consolidated financial statements for the fiscal year ended February 1, 1997. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted for purposes of the condensed consolidated interim financial statements. The condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements, including notes thereto, for the year ended February 1, 1997.

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

The condensed consolidated financial statements at August 2, 1997 and August 3, 1996, and for the three and six months then ended have been reviewed, prior to filing, by the registrant's independent auditors whose report covering their review of the financial statements is included in this report on page 6.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, (SFAS 128), Earnings per Share (EPS). SFAS 128 requires dual presentation of basic EPS and diluted EPS on the face of all income statements issued after December 15, 1997 for all entities with complex capital structures. Basic EPS is computed as net income divided by the weighted average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur from common shares issuable through stock options, warrants and other convertible securities. The pro forma effect assuming adoption of SFAS 128 at the beginning of each period is presented below.

	Three Months Ended		Six Months Ended	
	August 2, 1997	August 3, 1996	August 2, 1997	August 3, 1996
Pro forma EPS:				
Basic	\$.56	\$.37	\$1.04	\$.65
Diluted	\$.55	\$.36	\$1.02	\$.63

6

INDEPENDENT AUDITORS' REPORT

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

We have reviewed the accompanying condensed consolidated balance sheets of Ross Stores, Inc. (the "Company") as of August 2, 1997 and August 3, 1996, and the related condensed consolidated statements of earnings for the three-month and six-month periods then ended and the related condensed consolidated statements of cash flows for the six-month periods then ended. These condensed consolidated financial statements are the responsibility of the Company's management.

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

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

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Ross Stores, Inc. as of February 1, 1997, and the related consolidated statements of earnings, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated March 7, 1997, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of February 1, 1997 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Deloitte & Touche LLP
San Francisco, California

August 22, 1997

7

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

RESULTS OF OPERATIONS

PERCENTAGE OF SALES

	Three Months Ended		Six Months Ended	
	August 2, 1997	August 3, 1996	August 2, 1997	August 3, 1996
SALES				
Sales (\$000)	\$490,679	\$405,656	\$933,520	\$776,604
Sales growth	21.0%	15.5%	20.2%	19.7%
Comparable store sales growth	12 %	9 %	12 %	11 %
COSTS AND EXPENSES				
Cost of goods sold and occupancy	69.5%	70.4%	69.7%	70.8%
General, selling and administrative	19.5%	20.2%	19.5%	20.3%
Depreciation and amortization	1.6%	1.8%	1.6%	1.9%
Interest	(0.1)%	0.0%	(0.1)%	0.0%
NET EARNINGS	5.7%	4.6%	5.5%	4.2%

Sales

The results of operations for the three and six months ended August 2, 1997, over the same period last year, reflect an increase in comparable store sales and a greater number of open stores during the current period.

Costs and Expenses

The decline from the prior year in the cost of goods sold and occupancy as a percentage of sales for the three and six month periods was primarily due to (i) leverage on occupancy costs; (ii) lower markdowns as a percentage of sales; and (iii) a modest increase in the initial mark-up from purchasing more opportunistically.

General, selling and administrative expenses as a percentage of sales also declined from the comparable quarter in the prior year. This improvement was due to the company's continued focus on strict expense controls combined with leverage on both store and advertising expenses realized from the strong comparable store sales gain of 12%, partially offset by higher expenses related to the company's incentive plan and slightly higher distribution costs.

Net earnings for the three months ended August 2, 1997, totaled \$28.0 million, or \$.55 per share, compared to net earnings of \$18.6 million, or \$.36 per share, for the three months ended August 3, 1996.

8

Taxes on Earnings

The company's effective tax rate for the second quarter of 1997 and 1996 was 40%. The rate for both periods reflects the applicable statutory tax rates.

LIQUIDITY AND CAPITAL RESOURCES

The primary uses of cash, other than for operating expenses, during the first six months of fiscal 1997 were for (i) purchase of inventory, (ii) repurchase of the company's common stock, and (iii) capital expenditures for new stores, improvements to existing locations and improvements in operating systems.

Total consolidated inventories were up 19% at the end of the second quarter from the same quarter last year driven by (i) a planned increase in packaway inventories and (ii) a larger number of open stores over the prior year.

The decline in interest expense reflects the decline in borrowings which resulted primarily from higher earnings levels combined with lower capital spending and a temporary slowdown in stock repurchase activity during the second quarter of 1997.

On June 30, 1997, the company allowed its \$60 million revolving term facility to expire to re-negotiate a new revolving credit facility for \$160 million plus a separate \$30 million letter of credit facility (the "Facilities"). The closing on the Facilities is expected to be in mid-September 1997.

The company believes it can fund its capital needs for the remainder of the fiscal year and complete the current stock repurchase program through internally generated cash, trade credit, established bank lines and lease financing.

PART II. OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the Annual Meeting of Stockholders held on July 16, 1997 (the "1997 Annual Meeting"), the stockholders of the company voted on and approved the following proposals:

Proposal 1 to reelect two Class II Directors for a three-year term.

Proposal 2 to ratify the appointment of Deloitte & Touche LLP as the company's certified public accountants for the fiscal year ending January 31, 1998.

INFORMATION ON THE BOARD OF DIRECTORS

The following are the company's directors who were not up for reelection and whose terms of office continue after the 1997 Annual Meeting:

Incumbent Class I Directors whose terms expire in 1999:
Stuart G. Moldaw, Donald H. Seiler and George P. Urban

Incumbent Class III Directors whose terms expire in 1998:
Norman A. Ferber, Philip Schlein and Melvin A. Wilmore

9

Nominees reelected at the 1997 Annual Meeting as the company's Class II Directors whose terms expire in 2000:

Michael Balmuth and Donna L. Weaver

1997 ANNUAL MEETING ELECTION RESULTS

PROPOSAL 1: ELECTION OF DIRECTORS

DIRECTOR	IN FAVOR	WITHHELD	BROKER NON-VOTES
Michael Balmuth	45,351,750	661,243	n/a
Donna L. Weaver	45,377,914	635,079	n/a

PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

	FOR	AGAINST	ABSTAIN	BROKER NON-VOTES
Appointment of Deloitte & Touch LLP	45,813,987	7,077	191,929	n/a

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

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

(b) Reports on Form 8-K

None.

10

SIGNATURES

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

ROSS STORES, INC.

Registrant

Date: September 15, 1997 /s/John G. Call
John G. Call, Senior Vice President,
Chief Financial Officer, Corporate Secretary
and Principal Accounting Officer

11

INDEX TO EXHIBITS

Exhibit
Number

Exhibit

- 3.1 Certificate of Incorporation, as amended, incorporated by reference to Exhibit 3.1 to the Registration Statement on Form 8-B (the "Form 8-B") filed September 1, 1989 by Ross Stores, Inc., a Delaware corporation ("Ross Stores").
- 3.2 Amended By-laws, dated August 25, 1994, incorporated by reference to Exhibit 3.2 to the Form 10-Q filed by Ross Stores for its quarter ended July 30, 1994.
- 10.1 Agreement of Lease, dated November 24, 1986, for Ross Stores' corporate headquarters and distribution center in Newark, CA, incorporated by reference to Exhibit 10.5 to the Form 8-B.
- 10.2 Revolving Credit Agreement, dated July 31, 1993, among Ross Stores, Wells Fargo Bank, National Association, Bank of America, National Trust and Savings Association, and Security Pacific National Bank ("Banks"); and Wells Fargo Bank, National Association ("Wells Fargo"), as agent for Banks, incorporated by reference to Exhibit 10.17 on the Form 10-Q filed by Ross Stores for its quarter ended July 31, 1993.
- 10.3 First Amendment to Revolving Credit Agreement, effective on July 31, 1994, by and among Ross Stores, Banks and Wells Fargo, as agent for Banks, incorporated by reference to Exhibit 10.5 to the Form 10-Q filed by Ross Stores for its quarter ended July 30, 1994.
- 10.4 Second Amendment to Revolving Credit Agreement, effective on June 15, 1995, by and among Ross Stores, Banks and Wells Fargo, as agent for Banks, incorporated by reference to Exhibit 10.4 to the Form 10-Q filed by Ross Stores for its quarter ended July 29, 1995.
- 10.5 Third Amendment to Revolving Credit Agreement, effective on December 2, 1996, by and among Ross Stores, Banks and Wells Fargo, as agent for Banks, incorporated by reference to Exhibit 10.5 to the Form 10-K405 filed by Ross Stores for its fiscal year ended February 1, 1997.
- 10.6 Credit Agreement, dated as of June 22, 1994, among Ross Stores, Bank of America National Trust and Savings Association as Agent, the Industrial Bank of Japan as Co-Agent and the other financial institutions party thereto, incorporated by reference to Exhibit 10.6 to the Form 10-Q filed by Ross Stores for its quarter ended July 30, 1994.
- 10.7 First Amendment to Credit Agreement, dated as of June 20, 1995, among Ross Stores, Bank of America National Trust and Savings Association as Agent, the Industrial Bank of Japan as

Co-Agent, incorporated by reference to Exhibit 10.6 to the Form 10-Q filed by Ross Stores for its quarter ended July 29, 1995.

10.8 Second Amendment to Credit Agreement, dated as of June 12, 1996, Ross Stores, Bank of America National Trust and Savings Association as Agent, the Industrial Bank of Japan as Co-Agent, incorporated by reference to Exhibit 10.7 to the Form 10-Q filed by Ross Stores for its quarter ended August 3, 1996.

MANAGEMENT CONTRACTS AND COMPENSATORY PLANS
(EXHIBITS 10.9 - 10.36)

Exhibit
Number

Exhibit

- 10.9 Amended and Restated 1992 Stock Option Plan, incorporated by reference to the appendix to the Proxy Statement filed by Ross Stores on April 24, 1995 for its Annual Stockholders Meeting held May 25, 1995 ("1995 Proxy Statement").
- 10.10 Third Amended and Restated Ross Stores Employee Stock Purchase Plan, incorporated by reference to the appendix to the 1995 Proxy Statement.
- 10.11 Third Amended and Restated Ross Stores 1988 Restricted Stock Plan, incorporated by reference to the appendix to the Proxy Statement filed by Ross Stores on April 24, 1996 for its Annual Stockholders Meeting held May 30, 1996 ("1996 Proxy Statement").
- 10.12 1991 Outside Directors Stock Option Plan, incorporated by reference to the appendix to the 1996 Proxy Statement.
- 10.13 Ross Stores Executive Medical Plan, incorporated by reference to Exhibit 10.13 to the 1993 Form 10-K filed by Ross Stores for its year ended January 29, 1994 ("1993 Form 10-K").
- 10.14 Third Amended and Restated Ross Stores Executive Supplemental Retirement Plan, incorporated by reference to Exhibit 10.14 to the 1993 Form 10-K.
- 10.15 Ross Stores Non-Qualified Deferred Compensation Plan, incorporated by reference to Exhibit 10.15 to the 1993 Form 10-K.
- 10.16 Ross Stores Incentive Compensation Plan, incorporated by reference to the appendix to the 1996 Proxy Statement.
- 10.17 Amended and Restated Employment Agreement between Ross Stores and Norman A. Ferber, effective as of June 1, 1995, incorporated by reference to Exhibit 10.17 to the Form 10-Q filed by Ross Stores for its quarter ended October 28, 1995.
- 10.18 Amendment to Amended and Restated Employment Agreement between Ross Stores and Norman A. Ferber, entered into July 29, 1996, incorporated by reference to Exhibit 10.17 to the Form 10-Q filed by Ross Stores for its quarter ended August 3, 1996.
- 10.19 Amendment to Amended Restated Employment Agreement between Ross Stores and Norman A. Ferber, effective as of March 20, 1997, incorporated by reference to Exhibit 10.19 to the Form 10-Q filed by Ross Stores for its quarter ended May 3, 1997.
- 10.20 Third Amendment to Amended and Restated Employment Agreement between Ross Stores and Norman A. Ferber, effective as of April 15, 1997, incorporated by reference to Exhibit 10.20 to the Form 10-Q filed by Ross Stores for its quarter ended May 3, 1997.

Exhibit
Number

Exhibit

- 10.21 Employment Agreement between Ross Stores and Melvin A. Wilmore, effective as of March 15, 1994, incorporated by reference to Exhibit 10.20 to the Form 10-Q filed by Ross Stores for its quarter ended April 30, 1994.
- 10.22 Amendment to Employment and Stock Grant Agreements by and between Ross Stores and Melvin A. Wilmore, effective as of March 16, 1995, incorporated by reference to Exhibit 10.20 to the Form 10-Q filed by Ross Stores for its quarter ended October 28, 1995.
- 10.23 Second Amendment to Employment Agreement by and between Ross Stores and Melvin A. Wilmore, effective as of June 1, 1995, incorporated by reference to Exhibit 10.21 to the Form 10-Q filed by Ross Stores for its quarter ended October 28, 1995.
- 10.24 Third Amendment to Employment Agreement by and between Ross Stores and Melvin A. Wilmore, entered into July 29, 1996, incorporated by reference to Exhibit 10.22 to the Form 10-Q filed by Ross Stores for its quarter ended August 3, 1996.
- 10.25 Fourth Amendment to Employment Agreement by and between Ross Stores and Melvin A. Wilmore, entered into May 19, 1997.
- 10.26 Employment Agreement between Ross Stores and Michael Balmuth, effective as of February 1, 1995, incorporated by reference to Exhibit 10.15 to the Form 10-Q filed by Ross Stores for its quarter ended April 29, 1995.
- 10.27 Amendment to Employment Agreement between Ross Stores and Michael Balmuth, effective as of June 1, 1995, incorporated by reference to Exhibit 10.24 to the Form 10-Q filed by Ross Stores for its quarter ended October 28, 1995.
- 10.28 Second Amendment to Employment Agreement between Ross Stores and Michael Balmuth, entered into July 29, 1996, incorporated by reference to Exhibit 10.26 to the Form 10-Q filed by Ross Stores for its quarter ended August 3, 1996.
- 10.29 Third Amendment to Employment Agreement between Ross Stores and Michael Balmuth, entered into May 19, 1997.
- 10.30 Employment Agreement between Ross Stores and Barry S. Gluck, effective as of March 1, 1996, incorporated by reference to Exhibit 10.23 to the Form 10-Q filed by Ross Stores for its quarter ended May 4, 1996.
- 10.31 First Amendment to Employment Agreement between Ross Stores and Barry S. Gluck, dated September 1, 1996, incorporated by reference to Exhibit 10.28 to the Form 10-Q filed by Ross Stores for its quarter ended October 2, 1996.
- 10.32 Employment Agreement between Ross Stores and Irene A. Jamieson, effective as of March 1, 1996, incorporated by reference to Exhibit 10.24 to the Form 10-Q filed by Ross Stores for its quarter ended May 4, 1996.

Exhibit
Number

Exhibit

- 10.33 First Amendment to Employment Agreement between Ross Stores and Irene A. Jamieson, dated September 1, 1996, incorporated by reference to Exhibit 10.30 to the Form 10-Q filed by Ross Stores for its quarter ended October 2, 1996.
- 10.34 Employment Agreement between Ross Stores and Barbara Levy, effective as of March 1, 1996, incorporated by reference to Exhibit 10.25 to the Form 10-Q filed by Ross Stores for its quarter ended May 4, 1996.
- 10.35 First Amendment to Employment Agreement between Ross Stores and Barbara Levy, dated September 1, 1996, incorporated by reference to Exhibit 10.32 to the Form 10-Q filed by Ross Stores for its quarter ended October 2, 1996.
- 10.36 Consulting Agreement between Ross Stores and Stuart G. Moldaw, effective as of April 1, 1997, incorporated by reference to Exhibit 10.34 to the Form 10-Q filed by Ross Stores for its quarter ended May 3, 1997.
- 11 Statement re: Computation of Per Share Earnings.
- 15 Letter re: Unaudited Interim Financial Information.
- 27 Financial Data Schedules (submitted for SEC use only).

FOURTH AMENDMENT TO EMPLOYMENT AGREEMENT

THIS FOURTH AMENDMENT TO EMPLOYMENT AGREEMENT (the "Amendment") is made and entered into this 19th day of May, 1997, by and between ROSS STORES, INC. (the "Company") and Melvin A. Wilmore (the "Executive").

A. The Company and the Executive have previously entered into an Employment Agreement as of March 15, 1994, as amended (the "Agreement").

B. It is now the intention of the Company and the Executive to further amend the Agreement.

1. Accordingly, the Company and the Executive hereby amend the Agreement to add the following to the end of paragraph 4(a):

"In the event of the occurrence of a Change of Control (as defined in paragraph 7(f) hereof), then during the period commencing on the effective date of the Change of Control and expiring two years thereafter (the "Remaining Term"), the Executive shall receive as additional salary the aggregate amount of \$1,500,000 per year (the "Additional Salary") which shall be payable in equal installments during the Remaining Term in accordance with the Company's normal payroll policies applicable for senior officers. The provisions of Section 1 ("Term") of the Agreement, notwithstanding the Executive's employment by the Company under this Agreement shall continue until the later of (a) the expiration of the Remaining Term and (b) the expiration of any extension pursuant to Section 1. If any portion of the Additional Salary is subject to the tax ("Excise Tax") imposed by Section 4999 of the Internal Revenue Code, the Company shall reimburse the Executive in such amounts so that, after deduction of any Excise Taxes paid by the Executive and any federal, state or local income tax and Excise Taxes paid as a result of such reimbursements, the net amounts retained by the Executive are equal to the Additional Salary. For all purposes of Section 9 hereof ("Compensation and Benefits Upon Termination"), the Additional Salary shall be included within the term "salary" as used in such Section. The Executive's entitlement to this Additional Salary is expressly conditional upon the Executive's compliance with the terms of this Agreement."

2

2. Except as modified by this Amendment, the Agreement shall remain in full force and effect.

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

ROSS STORES, INC.

EXECUTIVE

By: /s/G. Orban
Its: Chairman, Compensation Committee

/s/M. Wilmore
Melvin A. Wilmore

THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

THIS THIRD AMENDMENT TO EMPLOYMENT AGREEMENT (the "Amendment") is made and entered into this 19th day of May, 1997, by and between ROSS STORES, INC. (the "Company") and Michael Balmuth (the "Executive").

A. The Company and the Executive have previously entered into an Employment Agreement as of February 1, 1995, as amended (the "Agreement").

B. It is now the intention of the Company and the Executive to further amend the Agreement.

1. Accordingly, the Company and the Executive hereby amend the Agreement to add the following to the end of paragraph 4(a):

"In the event of the occurrence of a Change of Control (as defined in paragraph 7(f) hereof), then during the period commencing on the effective date of the Change of Control and expiring two years thereafter (the "Remaining Term"), the Executive shall receive as additional salary the aggregate amount of \$1,500,000 per year (the "Additional Salary") which shall be payable in equal installments during the Remaining Term in accordance with the Company's normal payroll policies applicable for senior officers. The provisions of Section 1 ("Term") of the Agreement, notwithstanding the Executive's employment by the Company under this Agreement shall continue until the later of (a) the expiration of the Remaining Term and (b) the expiration of any extension pursuant to Section 1. If any portion of the Additional Salary is subject to the tax ("Excise Tax") imposed by Section 4999 of the Internal Revenue Code, the Company shall reimburse the Executive in such amounts so that, after deduction of any Excise Taxes paid by the Executive and any federal, state or local income tax and Excise Taxes paid as a result of such reimbursements, the net amounts retained by the Executive are equal to the Additional Salary. For all purposes of Section 9 hereof ("Compensation and Benefits Upon Termination"), the Additional Salary shall be included within the term "salary" as used in such Section. The Executive's entitlement to this Additional Salary is expressly conditional upon the Executive's compliance with the terms of this Agreement."

2

2. Except as modified by this Amendment, the Agreement shall remain in full force and effect.

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

ROSS STORES, INC.

EXECUTIVE

By: /s/G. Orban

Its: Chairman, Compensation Committee

/s/Michael Balmuth

Michael Balmuth

ROSS STORES, INC.

STATEMENT RE: COMPUTATION OF EARNINGS PER SHARE
(Amounts in thousands, except per share amounts)

	Three Months Ended			
	August 2, 1997		August 3, 1996	
	Primary	Fully Diluted	Primary	Fully Diluted
Net earnings	\$27,998	\$27,998	\$18,649	\$18,649
Weighted average shares outstanding:				
Common shares	49,791	49,791	50,594	50,594
Common equivalent shares:				
Stock options	1,060	1,097	1,264	1,266
Weighted average common and common equivalent shares outstanding	50,851	50,888	51,858	51,860
Earnings per common and common equivalent share	\$.55	\$.55	\$.36	\$.36

	Six Months Ended			
	August 2, 1997		August 3, 1996	
	Primary	Fully Diluted	Primary	Fully Diluted
Net earnings	\$ 51,751	\$ 51,751	\$ 32,584	\$ 32,584
Weighted average shares outstanding:				
Common shares	49,595	49,594	50,326	50,326
Common equivalent shares:				
Stock options	1,071	1,172	1,286	1,304
Weighted average common and common equivalent shares outstanding	50,666	50,766	51,612	51,630
Earnings per common and common equivalent share	\$1.02	\$1.02	\$.63	\$.63

EXHIBIT 15

September 11, 1997

Ross Stores, Inc.
Newark, California

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited interim condensed consolidated financial statements of Ross Stores, Inc. for the three-month and six-month periods ended August 2, 1997 and August 3, 1996, as indicated in our independent accountants' report dated August 21, 1997; 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 August 2, 1997 is incorporated by reference in Registration Statements Nos. 333-06119, 33-61373, 33-51916, 33-51896, 33-51898, 33-41415, 33-41413 and 33-29600 of Ross Stores, Inc. on Form S-8.

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

Yours truly,

Deloitte & Touche LLP
San Francisco, California

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED CONSOLIDATED BALANCE SHEETS AND STATEMENTS OF EARNINGS FOR THE THREE AND SIX MONTHS ENDED AUGUST 2, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

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