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

FORM 10-Q

(Mark one)

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

For the quarterly period ended October 30, 2004

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 incorporation or organization)	**(I.R.S. Employer Identification No.)**
4440 Rosewood Drive, Pleasanton, California	**94588-3050**
(Address of principal executive offices)	**(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 is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☒ No ☐

The number of shares of Common Stock, with $.01 par value, outstanding on November 18, 2004 was 146,789,488.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

($000, except stores and per share data, unaudited)	Three Months Ended October 30, 2004	Three Months Ended November 1, 2003	Nine Months Ended October 30, 2004	Nine Months Ended November 1, 2003
SALES	**$ 1,027,744**	$ 976,940	**$ 3,028,236**	$ 2,821,834
COSTS AND EXPENSES				
Cost of goods sold, including related buying, distribution and occupancy costs	**804,521**	730,245	**2,328,259**	2,107,699
Selling, general and administrative	**162,509**	163,962	**487,599**	460,933
Impairment/(gain on disposal) of long-lived assets	**(2,182)**	—	**15,818**	—
Interest expense (income), net	**391**	(142)	**897**	(273)
Total costs and expenses	**965,239**	894,065	**2,832,573**	2,568,359
Earnings before taxes	**62,505**	82,875	**195,663**	253,475
Provision for taxes on earnings	**24,439**	32,404	**76,504**	99,109
Net earnings	**$ 38,066**	$ 50,471	**$ 119,159**	$ 154,366
EARNINGS PER SHARE				
Basic	**$ .26**	$ .33	**$ .80**	$ 1.01
Diluted	**$ .26**	$ .33	**$ .79**	$ .99
WEIGHTED AVERAGE SHARES OUTSTANDING (000)				
Basic	**146,199**	151,290	**148,071**	152,646
Diluted	**148,604**	154,476	**150,983**	155,480
Stores open at end of period	**651**	573	**651**	573

See notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

($000)	October 30, 2004	January 31, 2004	November 1, 2003
	(Unaudited)	(Note A)	(Unaudited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents (includes $10,000 of restricted cash)	**$ 57,787**	$ 201,546	$ 117,717
Accounts receivable	**33,077**	25,292	26,310
Merchandise inventory	**999,603**	841,491	866,864
Prepaid expenses and other	**48,052**	29,467	31,034
Deferred income taxes	**22,742**	22,742	16,645
Total current assets	**1,161,261**	1,120,538	1,058,570
PROPERTY AND EQUIPMENT			
Land and buildings	**29,342**	57,057	54,772
Fixtures and equipment	**607,211**	517,350	457,408
Leasehold improvements	**285,505**	254,968	246,600
Construction-in-progress	**14,097**	74,507	107,769
	936,155	903,882	866,549
Less accumulated depreciation and amortization	**434,186**	419,683	399,752
Property and equipment, net	**501,969**	484,199	466,797
Other long-term assets	**58,005**	52,473	50,850
Total assets	**$ 1,721,235**	$ 1,657,210	$ 1,576,217
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	**$ 512,672**	$ 448,044	$ 448,029
Accrued expenses and other	**168,147**	142,370	150,192
Accrued payroll and benefits	**97,367**	112,284	99,834
Income taxes payable	—	9,146	37,785
Total current liabilities	**778,186**	711,844	735,840
Long-term debt	**50,000**	50,000	50,000
Other long-term liabilities	**69,092**	60,238	57,693
Deferred income taxes	**87,929**	79,709	41,666
Total liabilities	**985,207**	901,791	885,199
STOCKHOLDERS' EQUITY			
Common stock	**1,472**	1,514	1,514
Additional paid-in capital	**428,210**	412,104	387,150
Treasury stock	**(11,188)**	(3,656)	(3,352)
Deferred compensation	**(22,573)**	(26,892)	(26,703)
Retained earnings	**340,107**	372,349	332,409
Total stockholders' equity	**736,028**	755,419	691,018
Total liabilities and stockholders' equity	**$ 1,721,235**	$ 1,657,210	$ 1,576,217

See notes to condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

($000, unaudited)	Nine Months Ended October 30, 2004	Nine Months Ended November 1, 2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	**$ 119,159**	$ 154,366
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	**66,415**	54,740
Impairment of long-lived assets	**15,818**	—
Change in assets and liabilities:		
Merchandise inventory	**(158,112)**	(150,346)
Other current assets, net	**(26,370)**	(2,091)
Accounts payable	**71,054**	55,292
Other current liabilities	**1,713**	59,518
Other long-term, net	**10,541**	1,222
Net cash provided by operating activities	**100,218**	172,701
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions to property and equipment	**(105,657)**	(109,261)
Proceeds from sale of Newark facility	**17,400**	—
Net cash used in investing activities	**(88,257)**	(109,261)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Issuance of common stock related to stock plans, net	**20,982**	20,415
Proceeds from long-term debt	—	25,000
Treasury stock related to tax withholding	**(7,532)**	(3,352)
Repurchase of common stock	**(150,141)**	(125,214)
Dividends paid	**(19,029)**	(13,221)
Net cash used in financing activities	**(155,720)**	(96,372)
Net decrease in cash and cash equivalents	**(143,759)**	(32,932)
Cash and cash equivalents:		
Beginning of period	**201,546**	150,649
End of period	**$ 57,787**	$ 117,717

See notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Three and Nine Months Ended October 30, 2004 and November 1, 2003
(Unaudited)

Note A: Summary of Significant Accounting Policies

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 necessary to present fairly the financial position at October 30, 2004 and November 1, 2003; the results of operations for the three and nine months ended October 30, 2004 and November 1, 2003; and changes in cash flows for the nine months ended October 30, 2004 and November 1, 2003. The balance sheet at January 31, 2004, presented herein, has been derived from the audited financial statements of the Company as of 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, 2004. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted for purposes of the interim condensed consolidated financial statements. The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements, including notes thereto, contained in the Company's Annual Report on Form 10-K for the year ended January 31, 2004.

All share and per share information has been adjusted to reflect the effect of the Company's two-for-one stock split effected in the form of a 100% stock dividend paid on December 18, 2003.

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

The condensed consolidated financial statements as of October 30, 2004 and November 1, 2003, and for the three and nine months then ended have been reviewed, prior to filing, by the registrant's independent registered public accounting firm whose report covering their review of the financial statements is included in this report on page 8.

Reclassifications. Certain reclassifications have been made in the 2003 financial statements to conform to the current presentation.

Treasury Stock. The Company records treasury stock purchases at cost. Treasury stock consists of shares used for tax withholding purposes related to grants of restricted stock to employees.

Stock-Based Compensation. The Company accounts for stock-based awards to employees using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Because the Company grants stock option awards at fair market value, no compensation expense is recorded at issuance. Deferred compensation related to restricted stock is recorded based on the market value of the shares awarded at the date of grant and is amortized to compensation expense on a straight-line basis over the vesting period. The disclosure requirements of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," and SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure—an amendment of FASB Statement No. 123" are set forth below.

Had compensation costs for the Company's stock option plan been determined based on the fair value at the grant dates for awards under the plan consistent with the methods of SFAS No. 123, the Company's net earnings and earnings per share would have been reduced to the pro forma amounts indicated below:

($000, except per share data)		Three Months Ended October 30, 2004	Three Months Ended November 1, 2003	Nine Months Ended October 30, 2004	Nine Months Ended November 1, 2003
Net earnings	As reported	**$ 38,066**	$ 50,471	**$ 119,159**	$ 154,366
Add: Stock-based employee compensation expense included in reported net earnings, net of tax		**2,054**	1,975	**6,543**	6,321
Deduct: Stock-based employee compensation expense determined under the fair value based method for all awards, net of tax		**(4,188)**	(4,071)	**(13,304)**	(12,865)
Net earnings	Pro forma	**$ 35,932**	$ 48,375	**$ 112,398**	$ 147,822
Basic earnings per share	As reported	**$ .26**	$ .33	**$ .80**	$ 1.01
	Pro forma	**$ .25**	$ .32	**$ .76**	$ .97
Diluted earnings per share	As reported	**$ .26**	$ .33	**$ .79**	$ .99
	Pro forma	**$ .24**	$ .32	**$ .75**	$ .96

At October 30, 2004, the Company had two stock-based compensation plans. SFAS No. 123 establishes a fair value method of accounting for stock options and other equity instruments. For determining pro forma earnings per share, the fair value of the stock options and employees' purchase rights were estimated using the Black-Scholes option pricing model using the following assumptions:

Stock Options	Three Months Ended October 30, 2004	Three Months Ended November 1, 2003	Nine Months Ended October 30, 2004	Nine Months Ended November 1, 2003
Expected life from grant date (years)	**3.1**	2.8	**3.1**	3.0
Expected volatility	**38.5%**	39.4%	**37.1%**	43.9%
Risk-free interest rate	**3.0%**	2.0%	**2.8%**	2.0%
Dividend yield	**0.7%**	0.5%	**0.6%**	0.5%

Employee Stock Purchase Plan	Three Months Ended October 30, 2004	Three Months Ended November 1, 2003	Nine Months Ended October 30, 2004	Nine Months Ended November 1, 2003
Expected life from grant date (years)	**1.0**	1.0	**1.0**	1.0
Expected volatility	**28.3%**	31.7%	**28.3%**	31.7%
Risk-free interest rate	**1.3%**	1.4%	**1.3%**	1.4%
Dividend yield	**0.5%**	0.5%	**0.5%**	0.5%

The weighted average fair values per share of stock options granted for the three-month periods ended October 30, 2004 and November 1, 2003, were $6.61 and $6.43, and for the nine-month periods ended October 30, 2004 and November 1, 2003, were $7.78 and $6.21, respectively. The weighted average fair values per share of employee stock purchase awards for the three-month periods ended October 30, 2004 and November 1, 2003, were $6.81 and $5.93, and for the nine-month periods ended October 30, 2004 and November 1, 2003, were $6.81 and $5.97, respectively.

Note B: Earnings Per Share ("EPS")

SFAS No. 128, "Earnings Per Share," requires earnings per share to be computed and reported as both basic EPS and diluted EPS. Basic EPS is computed by dividing net earnings by the weighted average number of common shares outstanding during 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 potential dilution that could occur if options to issue common stock were exercised into common stock.

For the three months ended October 30, 2004 and November 1, 2003, there were approximately 1,834,000 and 30,000 shares, and for the nine months ended October 30, 2004 and November 1, 2003, there were approximately 1,057,000 and 291,000 shares, that could potentially dilute basic EPS in the future that were excluded from the calculation of diluted EPS because their effect would have been anti-dilutive (option exercise price exceeds average stock price) in the periods presented.

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

	Three Months Ended			Nine Months Ended		
	Basic EPS	Effect of Dilutive Common Stock Equivalents	Diluted EPS	Basic EPS	Effect of Dilutive Common Stock Equivalents	Diluted EPS
October 30, 2004						
Shares	**146,199**	**2,405**	**148,604**	**148,071**	**2,912**	**150,983**
Amount	**$ .26**	**$ .00**	**$ .26**	**$ .80**	**$ (.01)**	**$ .79**
November 1, 2003						
Shares	151,290	3,186	154,476	152,646	2,834	155,480
Amount	$ .33	$ .00	$ .33	$ 1.01	$ (.02)	$ .99

Note C: Impairment/Gain on Disposal of Long-Lived Assets

During the second quarter, the Company relocated its corporate headquarters from Newark, California ("Newark Facility") to Pleasanton, California and decided to pursue a sale of its Newark Facility. The Company recognized a non-cash impairment charge of $18 million before taxes in the second quarter 2004 to write-down the carrying value of its Newark Facility from its net book value of approximately $33 million to the estimated fair value at the time of approximately $15 million. During the third quarter, the Company sold the Newark Facility for net proceeds of approximately $17 million. The Company recognized a gain (reduction in impairment loss) of approximately $2 million in the third quarter 2004 on the sale of its Newark Facility. For the nine months ended October 30, 2004, the net impairment charge recognized by the Company was approximately $16 million.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Ross Stores, Inc.

We have reviewed the accompanying condensed consolidated balance sheets of Ross Stores, Inc. and subsidiaries (the "Company") as of October 30, 2004 and November 1, 2003, and the related condensed consolidated statements of earnings for the three-month and nine-month periods then ended, and cash flows for the nine-month periods then ended. These condensed consolidated financial statements are the responsibility of the Company's management.

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

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Ross Stores, Inc. as of January 31, 2004, 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 April 1, 2004, 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, 2004 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

December 8, 2004

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

This section and other parts of this Form 10-Q contain forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in the subsection below entitled "Forward-Looking Statements and Factors Affecting Future Performance." The following discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto included elsewhere in this Form 10-Q and the consolidated financial statements and notes thereto in the Company's 2003 Form 10-K. All information is based on the Company's fiscal calendar.

Overview

The Company is the second largest off-price apparel retail company in the United States, with 651 stores in 26 states and Guam at October 30, 2004. The Company's primary strategy has been a continued focus on pursuing and refining its existing off-price business, and steadily expanding the number of stores and its geographic markets. In establishing growth objectives for the business, the Company closely monitors market share trends for the off-price industry. According to data from the NPD Group, which provides global sales and marketing information on the retail industry, the off-price share of total apparel sales in 2003 grew to 7.8% from 7.4% in 2002, reflecting the ongoing importance of value to consumers. Full-priced department stores and mass merchandise retailers experienced a decline in apparel market share over the same period. The Company's strategies are designed to take advantage of these growth trends and continued customer demand for name-brand fashions for the family and the home at competitive everyday discounts.

In addition, the Company recently introduced a new off-price concept, dd's DISCOUNTS SM, to target what it believes to be an underserved but fast-growing demographic group – lower income households. The Company believes that ultimately the United States can support a total of 1,500 Ross locations and over 500 dd's DISCOUNTSSM stores – for an aggregate potential of over 2,000 locations. Considering the significant expansion opportunities that remain in both existing and new markets, the Company plans to grow to over 1,000 stores by the end of fiscal 2008 and generate more than $7 billion annually in revenue by fiscal 2008.

Results of Operations

	Three Months Ended		Nine Months Ended	
	October 30, 2004	November 1, 2003	October 30, 2004	November 1, 2003
SALES				
Sales (millions)	**$ 1,028**	$ 977	**$ 3,028**	$ 2,822
Sales growth	**5.2%**	12.3%	**7.3%**	9.9%
Change in comparable store sales	**(3)%**	2%	**(1)%**	0%
COSTS AND EXPENSES (as a percent of sales)				
Cost of goods sold, including related buying, distribution and occupancy costs	**78.3%**	74.7%	**76.9%**	74.7%
Selling, general and administrative	**15.8%**	16.8%	**16.1%**	16.3%
Impairment/(gain on disposal) of long-lived assets	**(0.2)%**	—	**0.5%**	—
EARNINGS BEFORE TAXES	**6.1%**	8.5%	**6.5%**	9.0%
NET EARNINGS	**3.7%**	5.2%	**3.9%**	5.5%

Stores. The Company's operating strategy is to open additional stores in new and existing geographic markets based on the following considerations: market penetration, the ability to reduce overhead expenses, local demographic characteristics, competition and population density. Management continually evaluates opportunistic real estate acquisitions and opportunities for potential new store locations. The Company also evaluates its current store locations and determines store closures based on similar criteria.

	Three Months Ended		Nine Months Ended	
	October 30, 2004	November 1, 2003	October 30, 2004	November 1, 2003
Stores at the beginning of the period	**616**	553	**568**	507
Stores opened in the period	**35**	20	**83**	66
Stores at the end of the period	**651**	573	**651**	573

Sales. Sales increased $50.8 million, or 5%, for the three months ended October 30, 2004 compared to the same period in the prior year due to the opening of 83 new stores during the first nine months of 2004, and the impact of the stores opened in 2003, partially offset by a 3% decrease in sales from "comparable" stores (defined as stores that have been open for more than 14 complete months). For the nine months ended October 30, 2004, sales increased $206.4 million, or 7%, compared to the same period in the prior year due to the opening of 83 new stores during the period, and the impact of the stores opened in 2003, partially offset by a 1% decrease in comparable store sales.

The Company's sales mix for the three and nine months ended October 30, 2004 and November 1, 2003 was as follows:

	Three Months Ended		Nine Months Ended	
	October 30, 2004	**November 1, 2003**	**October 30, 2004**	**November 1, 2003**
Ladies	**37%**	35%	**37%**	35%
Home accents and bed and bath	**20%**	20%	**19%**	19%
Men's	**14%**	16%	**16%**	17%
Fine jewelry, accessories, lingerie and fragrances	**12%**	11%	**12%**	12%
Children's	**9%**	10%	**7%**	9%
Shoes	**8%**	8%	**9%**	8%
Total	**100%**	100%	**100%**	100%

Management expects to address the competitive climate for apparel and home goods off-price retailers by pursuing and refining the Company's existing strategies and by continuing to strengthen its organization, to diversify the merchandise mix, and to more fully develop the organization and systems to strengthen regional merchandise offerings. Although the Company's existing strategies and store expansion program contributed to sales gains for the three and nine month periods ended October 30, 2004, there can be no assurance that these strategies will result in a continuation of revenue growth or profit growth.

During April 2004, the Company installed a new Core Merchandising System, which is a computer-based information system that over time is expected to improve the Company's ability to plan, buy and allocate merchandise more precisely. Since the installation of the new merchandising system, the Company has experienced difficulties in generating all necessary merchandising related information. Although the Company is unable to quantify the impact, it believes the Core Merchandising System problems have had an adverse effect on third quarter and year to date sales and earnings. The Company continued to make progress during the third quarter of 2004 in remedying the problems associated with the Core Merchandising System. Information to support the allocation function returned to normal during the second quarter of 2004. In addition, the information requirements that the Company believes are most important to the buying process were addressed during the third quarter of 2004. The Company anticipates remedying the remaining merchant reporting issues by the end of fiscal year 2004. The Company continues to expect a residual impact to its sales and earnings throughout the fourth quarter of 2004 as it cycles through merchandise imbalances created by these system issues.

Cost of Goods Sold. Cost of goods sold increased $74.3 million for the three months ended October 30, 2004 compared to the same period in the prior year mainly due to increased sales from the opening of 83 new stores during the year to date period, the impact of the stores opened in 2003, and increased distribution and logistics costs.

Cost of goods sold as a percentage of sales for the three months ended October 30, 2004 increased approximately 350 basis points compared with the same period in the prior year. This increase is largely attributable to higher distribution and logistics costs, lower merchandise gross margin during the quarter largely due to higher markdowns and lower initial mark-ups, the reduced leverage resulting from the 3% decrease in comparable store sales, and increased occupancy and buying expenses related to dd's DISCOUNTS SM. Distribution and logistics costs as a percentage of sales increased by approximately 160 basis points due mainly to lower productivity

associated with new distribution center systems. Higher markdowns and lower initial mark-ups contributed to an approximate 120 basis point increase in merchandise cost of goods sold. In addition, store occupancy costs as a percentage of sales increased by approximately 45 basis points. Buying costs related to dd's DISCOUNTS^{SM} as a percentage of sales increased by approximately 25 basis points compared to the prior year.

Cost of goods sold increased $220.6 million for the nine months ended October 30, 2004 compared to the same period in the prior year, reflecting increased sales from the opening of 83 new stores during the period, the impact of the stores opened in 2003, increased distribution and logistics costs, lower merchandise gross margins, and increased occupancy and buying expenses related to dd's DISCOUNTS ^{SM}.

Cost of goods sold as a percentage of sales for the nine months ended October 30, 2004, increased approximately 220 basis points compared with the same period in the prior year. This increase is largely attributable to higher distribution and logistics costs, lower merchandise gross margin during the period largely due to higher markdowns and lower initial mark-ups, the reduced leverage resulting from the 1% decrease in comparable store sales during the period, and increased occupancy and buying expenses related to dd's DISCOUNTS^{SM}. As a percentage of sales, distribution and logistics costs increased by approximately 130 basis points mainly due to lower productivity associated with new distribution center systems. In addition, the Company incurred recovery costs resulting from the partial roof collapse and temporary closing of the Fort Mill, South Carolina distribution center at the end of January 2004. The Company continues to pursue potential insurance coverage with the various entities involved, although there can be no assurances regarding the amount of any recovery. In addition, an approximate 30 basis point increase in cost of goods sold compared to the prior year was the result of dd's DISCOUNTS^{SM} buying-related expenses. Store occupancy costs as a percentage of sales increased by approximately 35 basis points and merchandise margin decreased by approximately 25 basis points compared to the same period in the prior year.

There can be no assurance that the gross profit margins realized for the three and nine months ended October 30, 2004 will continue in the future.

Selling, General and Administrative Expenses. Selling, general, and administrative expenses decreased $1.5 million for the three months ended October 30, 2004 compared to the same period in the prior year due primarily to lower management incentive plan costs, partially offset by increased store operating costs reflecting the opening of 83 new stores during the nine month period, and the impact of the stores opened in 2003.

For the three months ended October 30, 2004, selling, general and administrative expenses as a percentage of sales decreased by approximately 100 basis points. Approximately 150 basis points of the decline related to lower incentive plan expenses in the third quarter, combined with a reversal of incentive plan costs accrued during the first six months of the year. This decrease was partially offset by a 30 basis point increase in store payroll and benefit costs, and a 20 basis point increase in depreciation resulting from decreased leverage related to the 3% decline in comparable store sales for the three months ended October 30, 2004.

For the nine months ended October 30, 2004, selling, general and administrative expenses increased $26.7 million compared to the same period in the prior year, due to increased store operating costs reflecting the opening of 83 new stores during the period, partially offset by lower incentive plan costs.

Selling, general and administrative expenses as a percentage of sales decreased by approximately 25 basis points, primarily due to an approximate 65 basis point decrease in

incentive plan costs and a 5 basis point decrease in occupancy. This decrease was partially offset by a 30 basis point increase in store payroll and benefit costs as a percentage of sales, and a 15 basis point increase in depreciation resulting from decreased leverage related to the 1% decline in comparable store sales for the nine months ended October 30, 2004.

Impairment/Gain on Disposal of Long-Lived Assets. During the second quarter, the Company relocated its corporate headquarters from Newark, California to Pleasanton, California and decided to pursue a sale of its Newark Facility. The Company recognized a non-cash impairment charge of $18 million before taxes in the second quarter 2004 to write-down the carrying value of its Newark Facility from its net book value of approximately $33 million to the estimated fair value at the time of approximately $15 million. During the third quarter, the Company sold the Newark Facility for net proceeds of approximately $17 million. The Company recognized a gain (reduction in impairment loss) of approximately $2 million in the third quarter 2004 on the sale of its Newark Facility. For the nine months ended October 30, 2004, the net impairment charge recognized by the Company was approximately $16 million.

Taxes on Earnings. The Company's effective tax rate for the three and nine months ended October 30, 2004 and November 1, 2003 was approximately 39%, which represents the applicable Federal and State statutory rates reduced by the Federal benefit received for State taxes. During 2004, the Company expects its effective tax rate to remain at approximately 39%.

Net Earnings. Net earnings decreased $12.4 million for the three months ended October 30, 2004 compared to the same period in the prior year due to higher cost of goods sold, partially offset by lower selling, general and administrative expenses and the gain on the sale of the Newark Facility. As a percentage of sales, net earnings decreased for the three months ended October 30, 2004, compared to the same period in the prior year due to higher cost of goods sold as a percentage of sales. Diluted earnings per share decreased by 21% as a result of a decrease in net earnings partially offset by a decrease in weighted average diluted shares outstanding, which was largely attributable to the acquisition of common stock under the Company's stock repurchase program.

Net earnings decreased $35.2 million for the nine months ended October 30, 2004 compared to the same period in the prior year due to higher cost of goods sold and higher selling, general and administrative expenses, and the impairment of long-lived assets during the second quarter. As a percentage of sales, net earnings decreased for the nine months ended October 30, 2004, compared to the same period in the prior year, primarily due to higher cost of goods sold as a percentage of sales and the impairment of long-lived assets in the second quarter. Diluted earnings per share decreased by 20% as a result of a decrease in net earnings partially offset by a decrease in weighted average diluted shares outstanding, which was largely attributable to the acquisition of common stock under the Company's stock repurchase program.

Financial Condition

Liquidity and Capital Resources

The Company's primary sources of funds for its business activities are cash flows from operations and short-term trade credit. The Company's primary ongoing cash requirements are for seasonal and new store inventory purchases and capital expenditures in connection with new stores and investments in information systems and infrastructure. The Company also uses cash to repurchase stock under its stock repurchase program and to pay dividends.

	Nine Months Ended	
($000)	October 30, 2004	November 1, 2003
Cash flows from operating activities	**$ 100,218**	$ 172,701
Cash flows used in investing activities	**(88,257)**	(109,261)
Cash flows used in financing activities	**(155,720)**	(96,372)
Net decrease in cash and cash equivalents	**$ (143,759)**	$ (32,932)

Operating Activities

Net cash provided by operating activities was $100.2 million for the nine months ended October 30, 2004, and $172.7 million for the nine months ended November 1, 2003. The primary source of cash from operations for the nine months ended October 30, 2004 related to net earnings excluding non-cash expenses for depreciation and amortization and the second quarter impairment of long-lived assets, partially offset by cash used to finance merchandise inventory and other current assets. The decrease in cash flows from operations for the nine months ended October 30, 2004 is primarily due to lower earnings, reduced incentive plan accruals and prepayment of taxes. Working capital (defined as current assets less current liabilities) was $383.1 million as of October 30, 2004, compared to $322.7 million as of November 1, 2003. The Company's primary source of liquidity is the sale of its merchandise inventory. Management regularly reviews the age and condition of its merchandise and is able to maintain current inventory in its stores through the replenishment processes and liquidation of non-current merchandise through clearance markdowns.

Investing Activities

During the nine-month periods ended October 30, 2004 and November 1, 2003, the Company spent approximately $105.7 million and $109.3 million, respectively, for capital expenditures (excluding leased equipment) for fixtures and leasehold improvements to open new stores, implementation of management information systems, implementation of materials handling equipment and related distribution center systems and for various other expenditures for existing stores, merchant and corporate offices. The Company opened 83 and 66 new stores during the nine months ended October 30, 2004 and November 1, 2003, respectively. In addition, during the nine-month period ended October 30, 2004, the Company received approximately $17.4 million in proceeds from the sale of the Newark Facility.

The Company is forecasting approximately $145 million in capital expenditures for fiscal 2004 to fund fixtures and leasehold improvements to open 71 net new Ross stores and ten dd's DISCOUNTS[SM] stores. In addition, these capital expenditures are expected to cover the relocation, or remodel of existing stores, and investments in store and merchandising systems, distribution center equipment and systems and various central office expenditures. The Company expects to fund these expenditures out of cash flows from operations.

Financing Activities

During the nine-month periods ended October 30, 2004 and November 1, 2003, liquidity and capital requirements were provided by cash flows from operations and trade credit.

The Company repurchased 5.6 million and 5.9 million shares of common stock for an aggregate purchase price of approximately $150.1 million and $125.2 million during the nine-month periods ended October 30, 2004 and November 1, 2003, respectively. These stock repurchases were funded by cash flows from operations.

Short-term trade credit represents a significant source of financing for investments in merchandise inventory. Trade credit arises from customary payment terms and trade practices with the Company's vendors. Management regularly reviews the adequacy of credit available to the Company from all sources and has been able to maintain adequate lines to meet the capital and liquidity requirements of the Company.

The table below presents significant contractual payment obligations of the Company as of October 30, 2004:

($000) Contractual Obligations	Less than 1 Year	1 – 3 Years	3 – 5 Years	After 5 Years	Total
Long-term debt	$ 1,715	$ 52,001	$ —	$ —	$ 53,716
Operating leases	209,978	371,926	294,789	388,595	1,265,288
Other financings:					
Synthetic leases	11,059	10,063	8,182	15,340	44,644
Other synthetic lease obligations	—	89,598	—	56,000	145,598
Purchase obligations	603,087	7,977	826	783	612,673
Total contractual obligations	$ 825,839	$ 531,565	$ 303,797	$ 460,718	$ 2,121,919

Long-Term Debt. The Company has a $50 million senior unsecured term loan agreement to finance the equipment and information systems for the new Southern California distribution center. Total borrowings under the term loan were $50 million as of October 30, 2004. The Company has estimated interest on long-term debt of $3.7 million during the term of the loan,

which is calculated based upon prevailing interest rates (LIBOR plus 150 basis points) and is included in "Long-term debt" in the table above. Interest is payable no less than quarterly at the bank's applicable prime rate or at LIBOR plus an applicable margin (currently 150 basis points) which resulted in an effective interest rate of 3.3% at October 30, 2004. All amounts outstanding under the term loan will be due and payable in December 2006. Borrowings under this term loan are subject to certain operating and financial covenants including maintaining certain interest coverage and leverage ratios.

Off-Balance Sheet Arrangements

Operating Leases. Substantially all of the Company's store sites, certain distribution centers, and the Company's buying offices and new corporate headquarters are leased and, except for certain leasehold improvements and equipment, do not represent long-term capital investments. The Company owns its distribution center in Carlisle, Pennsylvania.

The Company has lease arrangements for certain equipment in its stores for its point-of-sale ("POS") hardware and software systems. These leases are accounted for as operating leases for financial reporting purposes. The initial terms of these leases are typically two years and the Company typically has options to renew the leases for three one-year periods respectively. Alternatively, the Company may purchase or return the equipment at the end of the initial or each renewal term. The Company has guaranteed the value of the equipment at the end of the respective initial lease terms of $15.4 million, which is included in "Other synthetic lease obligations" in the table above.

In January 2004, the Company commenced its lease on its new corporate headquarters in Pleasanton, California. The lease has an initial term of 10.5 years with three five-year renewal options. The Company occupied the space in July 2004.

In October 2004, the Company entered into a leaseback to use a portion of the Newark Facility to support distribution activities for dd's DISCOUNTS[SM] for an initial lease term of two years with three one-year renewal options, a minor part of its remaining useful life.

Other Financings. The Company leases a 1.3 million square foot distribution center in Fort Mill, South Carolina. This distribution center, including equipment and systems, is being financed under an $87.3 million, five-year operating lease, commonly referred to as a synthetic lease, which expires in May 2006. Monthly rent expense is currently payable at 75 basis points over 30-day LIBOR on the lease balance of $87.3 million. The Company has estimated interest on the lease which is calculated based upon prevailing interest rates (LIBOR plus 75 basis points) and is included in "Other synthetic lease obligations" in the table above. At the end of the lease term, the Company must refinance the $87.3 million synthetic lease facility, purchase the distribution center at the amount of the then-outstanding lease balance, or arrange a sale of the distribution center to a third party. The Company has agreed under a residual value guarantee to pay the lessor up to 85% of the lease balance. The Company's obligation under this residual value guarantee of $74.2 million is included in "Other synthetic lease obligations" in the table above.

In July 2003, the Company refinanced its existing five-year operating lease, commonly referred to as a synthetic lease, for its Southern California distribution center with a new ten-year synthetic lease facility that expires in July 2013. Rent expense on this center is payable monthly at a fixed annual rate of 5.8% on the lease balance of $70 million. At the end of the lease term, the Company must refinance the $70 million synthetic lease facility, purchase the distribution center at the amount of the then-outstanding lease balance, or arrange a sale of the distribution center to a third party. If the distribution center is sold to a third party for less than $70 million, the Company has agreed under a residual value guarantee to pay the lessor the shortfall below $70 million not

to exceed $56 million. The Company's contractual obligation of $56 million is included in "Other synthetic lease obligations" in the above table. The equipment and systems for the Southern California center were financed with a $50 million, five-year senior unsecured term debt facility, which is included in "Long-term debt" in the table above.

In accordance with Financial Accounting Standards Board ("FASB") Interpretation ("FIN") No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," the Company has recognized a liability and corresponding asset for the fair value of the residual value guarantee in the amount of $8.3 million for the Southern California distribution center and $1.5 million for the POS lease. These residual value guarantees are being amortized on a straight-line basis over the original terms of the leases. The current portion of the related asset and liability is recorded in "Prepaid expenses and other" and "Accrued expenses and other," respectively, and the long-term portion of the related assets and liabilities is recorded in "Other long-term assets" and "Other long-term liabilities," respectively, in the accompanying consolidated balance sheets.

In addition, the Company leases two separate warehouse facilities in Carlisle, Pennsylvania with operating leases expiring through 2011. In January 2004, the Company entered into a two-year lease with two one-year options for a warehouse facility in Fort Mill, South Carolina. These three leased facilities are being used primarily to store packaway merchandise.

The synthetic lease facilities described above, as well as the Company's long-term debt and revolving credit facility, have covenant restrictions requiring the Company to maintain certain interest coverage and leverage ratios. In addition, the interest rates under these agreements may vary depending on the Company's actual interest coverage ratios. As of October 30, 2004, the Company was in compliance with these covenants.

In December 2003, the FASB issued the revised FIN No. 46(R),"Consolidation of Variable Interest Entities," which addresses consolidation by business enterprises of entities that are not controllable through voting interests or in which the equity investors do not bear the residual economic risks and rewards. FIN No. 46(R) explains how to identify variable interest entities and how an enterprise should assess its interest in an entity to decide whether to consolidate that entity.

The Company was not required under FIN No. 46(R) to consolidate its $87.3 million synthetic lease facility for its South Carolina distribution center and its $70 million synthetic lease facility for its Southern California distribution center because the lessors/owners of these distribution centers are not variable interest entities.

Purchase Obligations. As of October 30, 2004, the Company had purchase obligations of $612.7 million. These purchase obligations primarily consist of merchandise inventory purchase orders, commitments related to store fixtures, supplies, and information technology service and maintenance contracts. Total merchandise inventory purchase orders of $563.7 million are all purchase obligations of less than one year.

Commercial Credit Facilities

The table below presents significant commercial credit facilities available to the Company as of October 30, 2004:

($000) Commercial Credit Available	Amount of Commitment Expiration Per Period Less than 1 Year	1 - 3 Years	3 - 5 Years	Over 5 Years	Total Amount Committed
Revolving credit facility*	$ —	$ —	$ 600,000	$ —	$ 600,000
Standby letters of credit, excluding those secured by the revolving credit facility	10,000	—	—	—	10,000
Total commercial commitments	$ 10,000	$ —	$ 600,000	$ —	$ 610,000

* Contains a $200 million sublimit for issuances of letters of credit, of which $50.7 million was outstanding and $149.3 million was available as of October 30, 2004.

Revolving Credit Facility. During the quarter ended May 1, 2004, the Company entered into a $600 million revolving credit facility with its banks, which contains a $200 million sublimit for issuances of letters of credit of which $149.3 million was available at October 30, 2004. Interest is LIBOR-based plus an applicable margin (currently 75 basis points) and is payable upon borrowing maturity but no less than quarterly. Borrowing under this credit facility is subject to the Company maintaining certain interest coverage and leverage ratios. As of October 30, 2004, the Company had no borrowings outstanding under this facility. This existing revolving credit facility is scheduled to expire in March 2009.

Standby Letters of Credit. The Company uses standby letters of credit to collateralize certain obligations related to its self-insured workers' compensation and general liability claims. The Company had $60.7 million and $67.3 million in standby letters of credit outstanding at October 30, 2004 and November 1, 2003, respectively.

Trade Letters of Credit. The Company had $18.7 million and $15.7 million in trade letters of credit outstanding at October 30, 2004 and November 1, 2003, respectively.

Dividends. In May 2004, a quarterly cash dividend payment of $.0425 per common share was declared by the Company's Board of Directors, and was paid on July 1, 2004. In August 2004, a quarterly cash dividend of $.0425 per common share was declared by the Company's Board of Directors, and was paid on October 1, 2004. On November 17, 2004, a quarterly cash dividend of $.0425 per common share was declared by the Company's Board of Directors, payable on or about January 3, 2005, to stockholders of record as of December 8, 2004.

Stock Repurchase Program. In January 2004, the Company announced that the Board of Directors authorized a new stock repurchase program of up to $350 million for 2004 and 2005. During the nine months ended October 30, 2004, the Company repurchased approximately 5.6 million shares for an aggregate purchase price of approximately $150 million.

The Company estimates that cash flows from operations, existing bank credit lines and trade credit are adequate to meet operating cash needs, fund the planned capital investments, repurchase common stock and make quarterly dividend payments for at least the next twelve months.

Critical Accounting Policies

The preparation of the Company's consolidated financial statements requires management of the Company to make estimates and assumptions that affect the reported amounts. The estimates and assumptions are evaluated on an on-going basis and are based on historical experience and on various other factors that management believes to be reasonable. The Company believes the following critical accounting policies describe the more significant judgments and estimates used in the preparation of its consolidated financial statements:

Inventory. The Company's merchandise inventory is stated at the lower of cost or market with cost determined on a weighted average cost method. The Company purchases manufacturer overruns and canceled orders both during and at the end of a season which are referred to as "packaway" inventory. Packaway inventory is purchased with the intent that it will be stored in the Company's warehouses until a later date, which may even be the beginning of the same selling season in the following year. Included in the carrying value of the Company's inventory is a provision for shrinkage. The shrinkage reserve is based on historical shrinkage rates as evaluated through the Company's physical inventory counts and cycle counts. If actual market conditions are less favorable than those projected by management, or if sales or shrinkage rates of the inventory are different than anticipated, additional inventory write-downs may be required.

Long-Lived Assets. The Company records a long-lived asset impairment charge when events or changes in circumstances indicate that the carrying amount of a long-lived asset may not be recoverable based on estimated future cash flows. An impairment loss would be recognized if analysis of the undiscounted cash flow of an asset group was less than the carrying value of the asset group.

Self-Insurance. The Company self insures certain of its workers' compensation and general liability risks as well as certain of its health insurance plans. The Company's self-insurance liability is determined actuarially, based on claims filed and an estimate of claims incurred but not reported. Should a greater amount of claims occur compared to what is estimated or the costs of medical care and state statutory requirements increase beyond what was anticipated, reserves recorded may not be sufficient and additional charges could be required.

The above listing is not intended to be a comprehensive list of all of the Company's accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by Generally Accepted Accounting Principles, with no need for management's judgment in their application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result.

Forward-Looking Statements and Factors Affecting Future Performance

This report includes certain forward-looking statements, which reflect the Company's current beliefs, projections and estimates with respect to future events and the Company's future financial performance, operations and competitive position. The words "expect," "anticipate," "estimate," "believe," "looking ahead," "forecast," "plan," "projected," and similar expressions identify forward-looking statements.

In particular, this report contains forward-looking statements regarding planned new store growth, the time needed to remedy difficulties with the new core merchandising systems and the severity,

duration and financial impact of resulting in-store inventory imbalances, all of which are subject to risks and uncertainties that could cause the Company's actual results to differ materially from historical results or current expectations. The Company is continuing to assess the implementation of new information systems, and cannot be certain that all problems have currently been discovered or that their scope is understood.

Risks and uncertainties that apply to both Ross and dd's DISCOUNTS SM stores include, without limitation, the Company's ability to successfully and quickly implement, integrate and correct difficulties in its new core merchandising system and various other new supply chain and merchandising systems, including generation of all necessary information in a timely and cost effective manner, interruptions in the Company's ability to operate its distribution center network in a timely and cost effective manner, achieving and maintaining targeted levels of productivity and efficiency in its distribution centers, the Company's ability to continue to purchase attractive brand-name merchandise at desirable discounts, the anticipated relaxation of trade restrictions with China in January 2005, which may affect the Company's buying strategies and price points, the Company's ability to obtain acceptable new store locations, the Company's ability to identify and successfully enter new geographic markets, and the Company's ability to attract and retain personnel with the retail talent necessary to execute its strategies.

The Company's corporate headquarters, certain of its distribution centers and 30% of its stores are located in California. Therefore, a downturn in the California economy or a major California natural disaster could significantly affect the Company's operating results and financial condition.

In addition, the Company is subject to a number of risks and uncertainties that are common to companies in the retail apparel and home-related merchandise markets, including competitive pressures in the apparel industry, changes in the level of consumer spending on or preferences for apparel or home-related merchandise, changes in geopolitical conditions and deterioration or uncertainty regarding general economic conditions, or unseasonable weather trends.

The Company's continued success depends, in part, upon its ability to increase sales at existing locations, and to open new stores and to operate stores on a profitable basis. There can be no assurance that the Company's existing strategies and store expansion program will result in a continuation of revenue growth or profit growth.

Future economic and industry trends that could potentially impact revenue and profitability remain difficult to predict. The factors underlying the Company's forecasts are dynamic and subject to change. As a result, any forecasts speak only as of the date they are given and do not necessarily reflect the Company's outlook at any other point in time. The Company disclaims any obligation to update or revise these forward-looking statements.

Other risk factors are detailed in the Company's Form 10-K for fiscal 2003.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risks, which primarily include changes in interest rates. The Company does not engage in financial transactions for trading or speculative purposes.

Interest that is payable on the Company's credit facilities and long-term debt is based on variable interest rates and is, therefore, affected by changes in market interest rates. In addition, lease payments under certain synthetic lease agreements are determined based on variable interest rates and are, therefore, affected by changes in market interest rates.

A hypothetical 100 basis point increase in prevailing market interest rates would not have materially impacted its consolidated financial position, results of operations, or cash flows for the three and nine months ended October 30, 2004. The Company does not consider the potential losses in future earnings and cash flows from reasonably possible near term changes in interest rates or foreign exchange rates to be material.

The Company uses forward contracts to hedge against fluctuations in foreign currency prices. The Company had no outstanding forward contracts at October 30, 2004.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the Company's "disclosure controls and procedures" (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report. The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, also conducted an evaluation of the Company's internal control over financial reporting to determine whether any change occurred during the third fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. Based on that evaluation, the Company's management concluded that there was no such change during the third quarter.

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.

PART II – OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Information regarding shares of common stock repurchased by the Company during the third quarter of 2004 is as follows:

Period	Total Number of Shares (or Units) Purchased (1)	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs ($000)
August (8/1/2004-8/28/2004)	264,000	$ 22.46	264,000	$ 220,000
September (8/29/2004-10/2/2004)	487,734	$ 23.35	487,734	$ 209,000
October (10/3/2004-10/30/2004)	496,770	$ 23.59	379,642	$ 200,000
Total	1,248,504	$ 23.36	1,131,376	$ 200,000

(1) The Company acquired 117,128 shares for the quarter ended October 30, 2004 related to required income tax withholdings for restricted stock. All remaining shares were repurchased under the $350 million stock repurchase program publicly announced on February 5, 2004, which expires February 4, 2006.

ITEM 6. EXHIBITS

Incorporated herein by reference to the list of Exhibits contained in the Exhibit Index 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 by the undersigned thereunto duly authorized.

ROSS STORES, INC.
Registrant

Date: December 9, 2004

/s/ J. CALL

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

INDEX TO EXHIBITS

Exhibit Number	Exhibit
3.1	Amendment of Certificate of Incorporation dated May 21, 2004, 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	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.
15	Letter re: Unaudited Interim Financial Information from Deloitte & Touche LLP dated December 8, 2004.
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.

EXHIBIT 15

December 8, 2004

Ross Stores, Inc.
Pleasanton, California

We have made a review, in accordance with standards of the Public Company Accounting Oversight Board (United States), of the unaudited interim condensed consolidated financial statements of Ross Stores, Inc. for the periods ended October 30, 2004 and November 1, 2003, as indicated in our reports dated December 8, 2004 and December 12, 2003, respectively; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our reports referred to above, which were included in your Quarterly Reports on Form 10-Q for the quarters ended October 30, 2004, and November 1, 2003, are incorporated by reference in Registration Statements Nos. 33-61373, 33-51916, 33-51896, 33-51898, 33-41415, 33-41413, 33-29600, 333-56831, 333-06119, 333-34988, 333-51478, and 333-115836 of Ross Stores, Inc. on Form S-8.

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 Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

Yours truly,

/s/ DELOITTE & TOUCHE LLP
San Francisco, California

EXHIBIT 31.1

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

I, Michael Balmuth, 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)) 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) 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
>
> (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

> (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
>
> (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 9, 2004

/s/ MICHAEL BALMUTH

Michael Balmuth
Vice Chairman and Chief Executive Officer

EXHIBIT 31.2

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

I, John G. Call, 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)) 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) 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

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 9, 2004

/s/ J. CALL

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

EXHIBIT 32.1

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

In connection with the Quarterly Report of Ross Stores, Inc. (the "Company") on Form 10-Q for the quarter ended October 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Balmuth, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 9, 2004

/s/ MICHAEL BALMUTH

Michael Balmuth
Vice Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

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

In connection with the Quarterly Report of Ross Stores, Inc. (the "Company") on Form 10-Q for the quarter ended October 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John G. Call, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002 ("Section 906") , that, to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 9, 2004

/s/ J. CALL

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.