

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark one)

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

For the fiscal year ended **January 28, 2017**

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

(State or other jurisdiction of incorporation or organization)

94-1390387

(I.R.S. Employer Identification No.)

5130 Hacienda Drive, Dublin, California

(Address of principal executive offices)

94568-7579

(Zip Code)

Registrant's telephone number, including area code

(925) 965-4400

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

Title of each class

Name of each exchange on which registered

Common stock, par value \$.01

Nasdaq Global Select Market

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

Title of each class

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting common stock held by non-affiliates of the Registrant as of July 30, 2016 was \$24,019,302,284, based on the closing price on that date as reported by the NASDAQ Global Select Market®. Shares of voting stock held by each director and executive officer have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of shares of Common Stock, with \$.01 par value, outstanding on March 6, 2017 was 391,895,145.

Documents incorporated by reference:

Portions of the Proxy Statement for the Registrant's 2017 Annual Meeting of Stockholders, which will be filed on or before May 29, 2017, are incorporated herein by reference into Part III.

PART I

ITEM 1. BUSINESS

Ross Stores, Inc. and its subsidiaries (“we” or the “Company”) operate two brands of off-price retail apparel and home fashion stores—Ross Dress for Less® (“Ross”) and dd’s DISCOUNTS®.

Ross is the largest off-price apparel and home fashion chain in the United States, with 1,340 locations in 36 states, the District of Columbia and Guam, as of January 28, 2017. Ross offers first-quality, in-season, name brand and designer apparel, accessories, footwear, and home fashions for the entire family at savings of 20% to 60% off department and specialty store regular prices every day. Ross’ target customers are primarily from middle income households.

We also operate 193 dd’s DISCOUNTS stores in 15 states as of January 28, 2017. dd’s DISCOUNTS features more moderately-priced first-quality, in-season, name brand apparel, accessories, footwear, and home fashions for the entire family at savings of 20% to 70% off moderate department and discount store regular prices every day. The typical dd’s DISCOUNTS store is located in an established shopping center in a densely populated urban or suburban neighborhood and its target customers typically come from households with more moderate incomes than Ross customers.

The merchant, store field, and distribution organizations for Ross and dd’s DISCOUNTS are separate and distinct. The two chains share certain other corporate and support services.

Both our Ross and dd’s DISCOUNTS brands target value-conscious women and men between the ages of 18 and 54. The decisions we make, from merchandising, purchasing, and pricing, to the locations of our stores, are based on these customer profiles. We believe that both brands derive a competitive advantage by offering a wide assortment of product within each of our merchandise categories in organized and easy-to-shop store environments.

Our mission is to offer competitive values to our target customers by focusing on the following key strategic objectives:

- Maintain an appropriate level of recognizable brands, labels, and fashions at strong discounts throughout the store.
- Meet customer needs on a local basis.
- Deliver an in-store shopping experience that reflects the expectations of the off-price customer.
- Manage real estate growth to compete effectively across all our markets.

We refer to our fiscal years ended January 28, 2017, January 30, 2016, and January 31, 2015 as fiscal 2016, fiscal 2015, and fiscal 2014, respectively, all of which were 52-week years.

Merchandising, Purchasing, and Pricing

We seek to provide our customers with a wide assortment of first-quality, in-season, brand name and designer apparel, accessories, footwear, and home merchandise for the entire family at savings of 20% to 60% below department and specialty store regular prices every day at Ross, and 20% to 70% below moderate department and discount store regular prices at dd’s DISCOUNTS. We sell recognizable brand name merchandise that is current and fashionable in each category. New merchandise typically is received from three to six times per week at both Ross and dd’s DISCOUNTS stores. Our buyers review their merchandise assortments on a weekly basis, enabling them to respond to selling trends and purchasing opportunities in the market. Our merchandising strategy is reflected in our advertising, which emphasizes a strong value message. Our stores offer a treasure-hunt shopping experience where customers can find great savings every day on a broad assortment of brand name bargains for the family and the home.

Merchandising. Our merchandising strategy incorporates a combination of off-price buying techniques to purchase advance-of-season, in-season, and past-season merchandise for both Ross and dd’s DISCOUNTS. We believe nationally recognized name brands sold at compelling discounts will continue to be an important determinant of our success. We generally leave the brand name label on the merchandise we sell.

We have established merchandise assortments that we believe are attractive to our target customers. Although we offer fewer classifications of merchandise than most department stores, we generally offer a large selection within each classification with a wide assortment of vendors, labels, prices, colors, styles, and fabrics within each size or item. Our merchandise offerings include, but are not limited to, apparel (including footwear and accessories), small furniture, home accents, bed and bath, toys, luggage, gourmet food, cookware, watches, and sporting goods.

Purchasing. We have a combined network of more than 8,000 merchandise vendors and manufacturers for both Ross and dd's DISCOUNTS and believe we have adequate sources of first-quality merchandise to meet our requirements. We purchase the vast majority of our merchandise directly from manufacturers, and we have not experienced any difficulty in obtaining sufficient merchandise inventory.

We believe our ability to effectively execute certain off-price buying strategies is a key factor in our success. Our buyers use a number of methods that enable us to offer our customers brand name and designer merchandise at strong discounts every day relative to department and specialty stores for Ross and moderate department and discount stores for dd's DISCOUNTS. By purchasing later in the merchandise buying cycle than department, specialty, and discount stores, we are able to take advantage of imbalances between retailers' demand for products and manufacturers' supply of those products.

Unlike most department and specialty stores, we typically do not require that manufacturers provide promotional allowances, co-op advertising allowances, return privileges, split shipments, drop shipments to stores, or delayed deliveries of merchandise. For most orders, only one delivery is made to one of our six distribution centers. These flexible requirements further enable our buyers to obtain significant discounts on purchases.

The majority of the apparel and apparel-related merchandise that we offer in all of our stores is acquired through opportunistic purchases created by manufacturer overruns and canceled orders both during and at the end of a season. These buys are referred to as "close-out" purchases. Close-outs can be shipped to stores in-season, allowing us to get in-season goods into our stores at great values or can be stored as packaway merchandise.

Packaway merchandise is purchased with the intent that it will be stored in our warehouses until a later date, which may even be the beginning of the same selling season in the following year. Packaway purchases are an effective method of increasing the percentage of prestige and national brands at competitive savings within our merchandise assortments. Packaway merchandise is mainly fashion basics and, therefore, not usually affected by shifts in fashion trends.

In fiscal 2016, we continued our emphasis on this important sourcing strategy in response to compelling opportunities available in the marketplace. Packaway accounted for approximately 49% and 47% of total inventories as of January 28, 2017 and January 30, 2016, respectively. We believe the strong discounts we offer on packaway merchandise are one of the key drivers of our business results.

Our primary buying offices are located in New York City and Los Angeles, the nation's two largest apparel markets. These strategic locations allow our buyers to be in the market on a daily basis, sourcing opportunities and negotiating purchases with vendors and manufacturers. These locations also enable our buyers to strengthen vendor relationships—a key element to the success of our off-price buying strategies.

At the end of fiscal 2016, we had approximately 760 merchants for Ross and dd's DISCOUNTS combined. The Ross and dd's DISCOUNTS buying organizations are separate and distinct, and each includes merchandise management, buyers, and assistant buyers. Ross and dd's DISCOUNTS buyers have on average eight years of experience, including merchandising positions with other retailers such as Bloomingdale's, Burlington Stores, Foot Locker, Kohl's, Lord & Taylor, Macy's, Nordstrom, Saks, and TJX. We expect to continue to make additional targeted investments in our merchant organization to further develop our relationships with an expanding number of manufacturers and vendors. Our ongoing objective is to strengthen our ability to procure the most desirable brands and fashions at competitive discounts.

The off-price buying strategies utilized by our experienced team of merchants enable us to purchase Ross merchandise at net prices that are lower than prices paid by department and specialty stores, and to purchase dd's DISCOUNTS merchandise at net prices that are lower than prices paid by moderate department and discount stores.

Pricing. Our policy is to sell brand name merchandise at Ross that is priced 20% to 60% below most department and specialty store regular prices. At dd's DISCOUNTS, we sell more moderate brand name product and fashions that are priced 20% to 70% below most moderate department and discount store regular prices. Our pricing policy is reflected on the price tag displaying our selling price as well as the comparable value for that item in department and specialty stores for Ross merchandise, or in more moderate department and discount stores for dd's DISCOUNTS merchandise.

Our pricing strategy at Ross differs from that of a department or specialty store. We purchase our merchandise at lower prices and mark it up less than a department or specialty store. This strategy enables us to offer customers

consistently low prices and compelling value. On a weekly basis our buyers review specified departments in our stores for possible markdowns based on the rate of sale as well as at the end of fashion seasons to promote faster turnover of merchandise inventory and to accelerate the flow of fresh product. A similar pricing strategy is in place at dd's DISCOUNTS where prices are compared to those in moderate department and discount stores.

Stores

As of January 28, 2017, we operated a total of 1,533 stores comprised of 1,340 Ross stores and 193 dd's DISCOUNTS stores. Our stores are located predominantly in community and neighborhood shopping centers in heavily populated urban and suburban areas. Where the size of the market and real estate opportunities permit, we cluster Ross stores to benefit from economies of scale in advertising, distribution, and field management. We do the same for dd's DISCOUNTS stores.

We believe a key element of our success at both Ross and dd's DISCOUNTS is our organized, attractive, easy-to-shop, in-store environments which allow customers to shop at their own pace. While our stores promote a self-service, treasure hunt shopping experience, the layouts are designed to enhance customer convenience in their merchandise presentation, dressing rooms, checkout, and merchandise return areas. Our store's sales area is based on a prototype single floor design with a racetrack aisle layout. A customer can locate desired departments by signs displayed just below the ceiling of each department. We enable our customers to select among sizes and prices through prominent category and sizing markers. At most stores, shopping carts and/or baskets are available at the entrance for customer convenience. Cash registers are primarily located at store exits for customer ease and efficient staffing.

We accept a variety of payment methods. We provide refunds on all merchandise (not used, worn, or altered) returned with a receipt within 30 days. Merchandise returns having a receipt older than 30 days are exchanged or refunded with store credit.

Operating Costs

Consistent with the other aspects of our business strategy, we strive to keep operating costs as low as possible. Among the factors which have enabled us to do this are: labor costs that are generally lower than full-price department and specialty stores due to a store design that creates a self-service retail format and due to the utilization of labor saving technologies; economies of scale with respect to general and administrative costs resulting from centralized merchandising, marketing, and purchasing decisions; and flexible store layout criteria which facilitate conversion of existing buildings to our formats.

Information Systems

We continue to invest in new information systems and technology to provide a platform for growth over the next several years. Recent initiatives include enhancements to our information and data security, merchandising, distribution, transportation, and store systems. These initiatives support future growth, the execution and achievement of our plans, as well as ongoing stability and compliance.

Distribution

We own and operate six distribution processing facilities—three in California, one in Pennsylvania, and two in South Carolina. We ship all of our merchandise to our stores through these distribution centers, which are large, highly automated, and built to suit our specific off-price business model.

Currently we own four and lease three other warehouse facilities for packaway storage. We also use other third-party facilities, including two warehouses for storage of packaway inventory.

We utilize third-party cross dock facilities to distribute merchandise to stores on a regional basis. Shipments are made by contract carriers to the stores three to six times per week depending on location.

We believe that our distribution centers with their current expansion capabilities will provide adequate processing capacity to support our current store growth. Information on the size and locations of our distribution centers and warehouse facilities is found under "Properties" in Item 2.

Advertising

Advertising for Ross Dress for Less relies primarily on television to communicate the Ross value proposition—savings off the same brands carried at leading department or specialty stores every day. This strategy reflects our belief that television is the most efficient and cost effective medium for communicating our brand position. While television is our primary advertising medium, we continue to utilize additional channels, including social media, to communicate our brand position. Advertising for dd's DISCOUNTS is primarily focused on new store grand openings and local media initiatives.

Trademarks

The trademarks for ROSS®, Ross Dress For Less®, and dd's DISCOUNTS® have been registered with the United States Patent and Trademark Office.

Employees

As of January 28, 2017, we had approximately 78,600 total employees, which includes both full and part-time employees. Additionally, we hire temporary employees especially during the peak seasons. Our employees are non-union. Management considers the relationship between the Company and our employees to be good.

Competition

We believe the principal competitive factors in the off-price retail apparel and home fashion industry are offering significant discounts on brand name merchandise, offering a well-balanced assortment that appeals to our target customers, and consistently providing store environments that are convenient and easy to shop. To execute this concept, we continue to make strategic investments in our merchandising organization. We also continue to make improvements to our core merchandising system to strengthen our ability to plan, buy, and allocate product based on more local versus regional trends. We believe that we are well-positioned to compete based on each of these factors.

Nevertheless, the retail apparel market is highly fragmented and competitive. We face a challenging macro-economic and retail environment that creates intense competition for business from department stores, specialty stores, discount stores, warehouse stores, other off-price retailers, and manufacturer-owned outlet stores, many of which are units of large national or regional chains that have substantially greater resources. We also compete with online retailers that sell apparel and home fashions. The retail apparel and home-related businesses may become even more competitive in the future.

Available Information

The internet address for our corporate website is www.rossstores.com. Our Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Proxy Statements, and any amendments to those reports are made available free of charge on or through the Investors section of our corporate website promptly after being electronically filed with the Securities and Exchange Commission. The information found on our corporate website is not part of this, or any other report or regulatory filing we file with or furnish to the Securities and Exchange Commission.

ITEM 1A. RISK FACTORS

Our Annual Report on Form 10-K for fiscal 2016, and information we provide in our Annual Report to Stockholders, press releases, and other investor communications, including those on our corporate website, may contain forward-looking statements with respect to anticipated future events and our projected growth, financial performance, operations, and competitive position that are subject to risks and uncertainties that could cause our actual results to differ materially from those forward-looking statements and our prior expectations and projections. Refer to Management's Discussion and Analysis for a more complete identification and discussion of "Forward-Looking Statements."

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

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

The retail industry is highly competitive and the marketplace is highly fragmented, as many different retailers compete for market share by utilizing a variety of store and online formats and merchandising strategies. We expect competition to increase in the future. There are no significant economic barriers for others to enter our retail sector. We compete with many other local, regional, and national retailers, traditional department stores, upscale mass merchandisers, other off-price retailers, specialty stores, internet and catalog businesses, and other forms of retail commerce, for customers, associates, store locations, and merchandise. Our retail competitors constantly adjust their pricing, business strategies and promotional activity (particularly during holiday periods) in response to changing market conditions or their own financial condition. The substantial sales growth in the e-commerce industry within the last decade has also encouraged the entry of many new competitors, new business models, and an increase in competition from established companies looking for ways to create successful online off-price shopping alternatives. Intense pressures from our competitors, our inability to adapt effectively and quickly to a changing competitive landscape, or a failure to effectively execute our off-price model, could reduce demand for our merchandise, decrease our inventory turnover, cause greater markdowns, and negatively affect our sales and margins.

Unexpected changes in the level of consumer spending on or preferences for apparel and home-related merchandise could adversely affect us.

Our success depends on our ability to effectively buy and resell merchandise that meets customer demand. We work on an ongoing basis to identify customer trends and preferences, and to obtain merchandise inventory to meet anticipated customer needs. It is very challenging to successfully do this well and consistently across our diverse merchandise categories and in the multiple markets in which we operate throughout the United States. Although our off-price business model provides us certain advantages and could allow us greater flexibility than traditional retailers in adjusting our merchandise mix to ever-changing consumer tastes, our merchandising decisions may still fail to correctly anticipate and match consumer trends and preferences, particularly in our newer geographic markets. Failure to correctly anticipate and match the trends, preferences, and demands of our customers could adversely affect our business, financial condition, and operating results.

Unseasonable weather may affect shopping patterns and consumer demand for seasonal apparel and other merchandise.

Unseasonable weather and prolonged, extreme temperatures, and events such as storms, affect consumers' buying patterns and willingness to shop, and could adversely affect the demand for merchandise in our stores, particularly in apparel and seasonal merchandise. Among other things, weather conditions may also affect our ability to deliver our products to our stores or require us to close certain stores temporarily, thereby reducing store traffic. Even if stores are not closed, many customers may be unable to go, or may decide to avoid going to stores in bad weather. As a result, unseasonable weather in any of our markets could lead to disappointing sales and increase our markdowns, which may negatively affect our sales and margins.

We are subject to impacts from the macro-economic environment, financial and credit markets, and geopolitical conditions that affect consumer confidence and consumer disposable income.

Consumer spending habits for the merchandise we sell are affected by many factors, including prevailing economic conditions, recession and fears of recession, levels of unemployment, salaries and wage rates, housing costs, energy and fuel costs, income tax rates and the timing of tax refunds, inflation, consumer confidence in future economic conditions, consumer perceptions of personal well-being and security, availability of consumer credit, consumer debt levels, and consumers' disposable income. Adverse developments in any of these areas could reduce demand for our merchandise, decrease our inventory turnover, cause greater markdowns, and negatively affect our sales and margins. All of our stores are located in the United States and its territories, so we are especially susceptible to changes in the U.S. economy.

In order to achieve our planned gross margins, we must effectively manage our inventories, markdowns, and inventory shortage.

We purchase the majority of our inventory based on our sales plans. If our sales plans significantly differ from actual demand, we may experience higher inventory levels and need to take markdowns on excess or slow-moving inventory, resulting in decreased profit margins. We also may have insufficient inventory to meet customer demand, leading to lost sales opportunities. As a regular part of our business, we purchase "packaway" inventory with the intent that it will be stored in our warehouses until a later date. The timing of the release of packaway inventory to our stores varies by merchandise category and by season, but it typically remains in storage less than six months. Packaway inventory is frequently a significant portion of our overall inventory. If we make packaway purchases that do not meet consumer preferences at the later time of release to our stores, we could have significant inventory markdowns. Changes in packaway inventory levels could impact our operating cash flow. Although we have various systems to help protect against loss or theft of our inventory, both when in storage and once distributed to our stores, we may have damaged, lost, or stolen inventory (called "shortage") in higher amounts than we forecast, which would result in write-offs, lost sales, and reduced margins.

We depend on the market availability, quantity, and quality of attractive brand name merchandise at desirable discounts, and on the ability of our buyers to purchase merchandise to enable us to offer customers a wide assortment of merchandise at competitive prices.

Opportunistic buying, lean inventory levels, and frequent inventory turns are critical elements of our off-price business strategy. And maintaining an overall pricing differential to department and specialty stores is key to our ability to attract customers and sustain our sales and gross margins. Our opportunistic buying places considerable discretion on our merchants, who are in the marketplace continually and who are generally purchasing merchandise for the current or upcoming season. Our ability to meet or exceed our operating performance targets depends upon the continuous, sufficient availability of high quality merchandise that we can acquire at prices sufficiently below those paid by conventional retailers and that represent a value to our customers. To the extent that certain of our vendors are better able to manage their inventory levels and reduce the amount of their excess inventory, the amount of high quality merchandise available to us could be materially reduced. To the extent that certain of our vendors decide not to sell to us or go out of business, the amount of high quality merchandise available to us could also be materially reduced. Because a significant portion of the apparel and other goods we sell is originally manufactured in other countries, changes in U.S. tariffs, trade relationships, or tax policies that reduce the supply or increase the relative cost of imported goods, could also result in disruptions to our existing supply relationships. Shortages or disruptions in the availability to us of high quality merchandise would likely have a material adverse effect on our sales and margins.

Information or data security breaches, including cyber-attacks on our transaction processing and computer information systems, could result in theft or unauthorized disclosure of customer, credit card, employee, or other private and valuable information that we handle in the ordinary course of our business.

Like other large retailers, we rely on commercially available computer and telecommunications systems to process, transmit, and store payment card and other personal and confidential information, and to provide information or data security for those transactions. Some of the key information systems and processes we use to handle payment card transactions and check approvals, and the levels of security technology utilized in payment cards, are controlled by the banking and payment card industry, not by us. Cyber criminals may attempt to penetrate our information systems to misappropriate customer or business information, including but not limited to credit/debit card, personnel, or trade information. Despite security measures we have in place, our facilities and systems (or those of third-party service providers we utilize or connect to) may be vulnerable to security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors, phishing and similar fraudulent attacks, or other similar events. It is also possible that an associate within our Company or a third party we do business with may purposefully or inadvertently cause a security breach involving such information. The increasing sophistication of cyber criminals

and advances in computer capabilities and remote access increases these risks. A breach of our information or data security, or our failure or delay in detecting and mitigating a loss of personal or business information, could result in damage to our reputation, loss of customer confidence, violation (or alleged violation) of applicable laws, and expose us to civil claims, litigation, and regulatory action and to unanticipated costs and disruption of our operations.

Disruptions in our supply chain or in our information systems could impact our ability to process sales and to deliver product to our stores in a timely and cost-effective manner.

Various information systems are critical to our ability to operate and to manage key aspects of our business. We depend on the integrity and consistent operations of these systems to process transactions in our stores, track inventory flow, manage merchandise allocation and distribution logistics, generate performance and financial reports, and support merchandising decisions.

We are currently making, and will continue to make, significant technology investments to improve or replace information processes and systems that are key to managing our business. We must monitor and choose the right investments and implement them at the right pace. The risk of system disruption is increased whenever significant system changes are undertaken. Excessive technological change could impact the effectiveness of adoption, and could make it more difficult for us to realize benefits from new technology. Targeting the wrong opportunities, failing to make the best investments, or making an investment commitment significantly above or below our needs could damage our competitive position and adversely impact our business and results of operations. Additionally, the potential problems and interruptions associated with implementing technology system changes could disrupt or reduce the efficiency of our operations in the short term. These initiatives might not provide the anticipated benefits or may provide them on a delayed schedule or at a higher cost.

Our information systems, including our back-up systems, are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, internal or external security breaches, catastrophic events such as severe storms, fires, earthquakes, floods, acts of terrorism, and design or usage errors by our employees or by third parties. If our information systems or our back-up systems are damaged or cease to function properly, we may have to make significant investments to fix or replace them, and we may suffer interruptions in our operations in the interim. Any material interruption in our computer systems could have a material adverse effect on our business and results of operations.

A disruption within our logistics or supply chain network could adversely affect our ability to timely and efficiently transport merchandise to our stores or our distribution centers, which could impair our ability to meet customer demand for products and result in lost sales or increased supply chain costs. Such disruptions may result from: damage or destruction to our distribution centers; weather-related events; natural disasters; trade restrictions; tariffs; third-party strikes, work stoppages or slowdowns; shipping capacity constraints; supply or shipping interruptions or costs; or other factors beyond our control. Any such disruptions could negatively impact our financial performance or financial condition.

We need to obtain acceptable new store sites with favorable consumer demographics to achieve our planned growth.

Successful growth requires us to find appropriate real estate sites in our targeted market areas. We compete with other retailers and businesses for acceptable store locations. For the purpose of identifying locations we rely, in part, on consumer demographics. While we believe consumer demographics are helpful indicators of acceptable store locations, we recognize that this information cannot predict future consumer preferences and buying trends with complete accuracy. Time frames for negotiations and store development vary from location to location and can be subject to unforeseen delays or unexpected cancellations. We may not be able to open new stores or, if opened, operate those stores profitably. Construction and other delays in store openings could have a negative impact on our business and operating results. Additionally, we may not be able to renegotiate our current lease terms which could negatively impact our operating results. New stores may not achieve the same sales or profit levels as our existing stores, and adding stores to existing markets may adversely affect the sales and profitability of other existing stores. If we cannot acquire sites on attractive terms, it could limit our ability to grow or adversely affect the economics of our new stores in various markets.

To achieve growth, we need to expand in existing markets and enter new geographic markets.

Our growth strategy is based on successfully expanding our off-price model in current markets and in new geographic regions. There are significant risks associated with our ability to continue to expand our current business and to enter new markets. Stores we open in new markets may take longer to reach expected sales and profit levels on a consistent basis and may have higher construction, occupancy, advertising, or operating costs than stores we open in existing markets, thereby affecting our overall profitability. New markets may have competitive conditions, consumer tastes

and discretionary spending patterns that are more difficult to predict or satisfy than our existing markets. Our limited operating experience and limited brand recognition in new markets may require us to build brand awareness in that market through greater investments in advertising and promotional activity than we originally planned. We may find it more difficult in new markets to hire, motivate, and retain qualified associates.

Consumer problems or legal issues involving the quality, safety, or authenticity of products we sell could harm our reputation, result in lost sales, and/or increase our costs.

Various governmental authorities regulate the quality and safety of merchandise we sell. These laws and regulations frequently change, and the ultimate cost of compliance cannot be precisely estimated. Because of our opportunistic buying strategy, we sometimes obtain merchandise in new categories or from new vendors that we have not dealt with before. Although our vendor arrangements typically place contractual responsibility on the vendor for resulting liability and we generally rely on our vendors to provide authentic merchandise that matches the stated quality attributes and complies with applicable product safety and other laws, vendor non-compliance with consumer product safety laws may subject us to product recalls, make certain products unsalable, or require us to incur significant compliance costs.

Regardless of fault, any real or perceived issues with the quality and safety of merchandise, particularly products such as food and children's items, issues with the authenticity of merchandise, or our inability, or that of our vendors, to comply on a timely basis with such laws and regulatory requirements, could adversely affect our reputation, result in lost sales, inventory write-offs, uninsured product liability or other legal claims, penalties or losses, merchandise recalls, and increased costs.

An adverse outcome in various legal, regulatory, or tax matters could increase our costs.

As an ordinary part of our business, we are involved in various legal proceedings, regulatory reviews, tax audits, or other legal matters. These may include lawsuits, inquiries, demands, or other claims or proceedings by governmental entities and private plaintiffs, including those relating to employment and employee benefits (including classification, employment rights, discrimination, wage and hour, and retaliation), securities, real estate, tort, commercial, consumer protection, privacy, product compliance and safety, advertising, comparative pricing, intellectual property, tax, escheat, and whistle-blower claims. We continue to be involved in a number of employment-related lawsuits, including class actions which are primarily in California.

We are subject to federal, state, and local rules and regulations in the United States, and to various international laws, which change from time to time. These legal requirements collectively affect multiple aspects of our business, including the cost of health care, workforce management and employee benefits, minimum wages, advertising, comparative pricing, import/export, sourcing and manufacturing, data protection, intellectual property, and others. If we fail to comply (or are alleged not to comply) with any of these requirements, we may be subject to fines, settlements, penalties, or other costs. We are also subject to the continuous examination of our tax returns and reports by federal, state, and local tax authorities, and these examining authorities may challenge positions we take.

Significant judgment is required in evaluating and estimating our provision and accruals for both legal claims and for taxes. Actual results may differ and our costs may exceed the reserves we establish in estimating the probable outcomes. In addition, applicable accounting principles and interpretations may change from time to time, and those changes could have material effects on our reported operating results and financial condition.

Damage to our corporate reputation or brands could adversely affect our sales and operating results.

Our reputation is partially based on perceptions of various subjective qualities and overall integrity. Any incident that erodes the trust or confidence of our customers or the general public could adversely affect our reputation and business, particularly if the incident results in significant adverse publicity or governmental inquiry. Such an incident could also include alleged acts or omissions by or situations involving our suppliers (or their contractors or subcontractors). The use of social media platforms, including blogs, social media websites, and other forms of internet-based communications which allow individuals access to a broad audience of consumers and other interested persons, continues to increase. The availability of information (whether correct or erroneous) on social media platforms is virtually immediate, as is its impact. Many social media platforms immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information concerning our Company may be posted on such platforms at any time. Information posted may be adverse to our interests or may be inaccurate, each of which could negatively impact sales, diminish customer trust, reduce employee morale and productivity, and lead to difficulties in recruiting and retaining qualified associates. The harm may be immediate, without affording us an opportunity for redress or correction.

We must continually attract, train, and retain associates with the retail talent necessary to execute our off-price retail strategies.

Like other retailers, we face challenges in recruiting and retaining sufficient talent in our buying organization, management, and other key areas. Many of our retail store associates are in entry level or part-time positions with historically high rates of turnover. Our ability to control labor costs is subject to numerous external factors, including prevailing wage rates and health and other insurance costs, as well as the impact of legislation or regulations governing minimum wage or healthcare benefits.

Any increase in labor costs may adversely impact our profitability or, if we fail to pay such higher wages, may result in increased turnover. Excessive turnover may result in higher costs associated with finding, hiring, and training new associates. If we cannot hire enough qualified associates, or if there is a disruption in the supply of personnel we hire from third-party providers, especially during our peak season, our operations could be negatively impacted.

Because of the distinctive nature of our off-price model, we must also attract, train, and retain our key associates across the Company, including within our buying organization. The loss of one or more of our key personnel or the inability to effectively identify a suitable successor for a key role could have a material adverse effect on our business. There is no assurance that we will be able to attract or retain highly qualified associates in the future, and any failure to do so could have a material adverse effect on our growth, operations, or financial position.

We must effectively advertise and market our business.

Customer traffic and demand for our merchandise is influenced by our advertising and marketing activities, the name recognition and reputation of our brands, and the location of our stores. Although we use marketing and advertising programs to attract customers to our stores, particularly through television, our competitors may spend more or use different approaches, which could provide them with a competitive advantage. Our advertising and other promotional programs may not be effective or may be perceived negatively, or could require increased expenditures, which could adversely affect sales or increase costs.

We are subject to risks associated with selling and importing merchandise produced in other countries.

A predominant portion of the apparel and other goods we sell (even when purchased domestically, often as excess inventory sold to us by a domestic vendor) is originally manufactured in other countries. In addition, we directly source a portion of the products sold in our stores from foreign vendors predominantly in Asia (including China). We also buy product from foreign sources indirectly through domestic vendors and manufacturers' representatives. Although our foreign purchases of merchandise are negotiated and paid for in U.S. dollars, decreases in the value of the U.S. dollar relative to foreign currencies could increase the cost of products we purchase from overseas vendors.

To the extent that our vendors are located overseas or rely on overseas sources for a large portion of their products, any event causing a disruption of imports, including the imposition of import restrictions, war, and acts of terrorism could adversely affect our business. The flow of merchandise from our vendors could also be adversely affected by financial or political instability in any of the countries in which the goods we purchase are manufactured, if the instability affects the production or export of merchandise from those countries. Trade restrictions in the form of tariffs or quotas, or both, applicable to the products we sell could also affect the importation of those products and could increase the cost and reduce the supply of products available to us.

When we are the importer of record, we may be subject to regulatory or other requirements similar to those applicable to a manufacturer. These risks and uncertainties include import duties and quotas, compliance with anti-dumping regulations, work stoppages, economic uncertainties and adverse economic conditions (including inflation and recession), foreign government regulations, employment and labor matters, concerns relating to human rights, working conditions, and other issues in factories or countries where merchandise is produced, transparency of sourcing and supply chains, exposure on product warranty and intellectual property issues, consumer perceptions of the safety of imported merchandise, wars and fears of war, political unrest, natural disasters, regulations to address climate change, and trade restrictions. We cannot predict whether any of the countries from which our products are sourced, or in which our products are currently manufactured or may be manufactured in the future, will be subject to trade restrictions imposed by the U.S. or foreign governments or the likelihood, type or effect of any such restrictions.

We require our vendors (for both import and domestic purchasing) to adhere to various conduct, compliance, and other requirements including those relating to environmental, employment and labor (including wages and working conditions), health, safety, and anti-bribery standards. From time to time, our vendors, their contractors, or their subcontractors may be alleged to not be in compliance with these standards or applicable local laws. Although we have implemented policies and procedures to facilitate our compliance with laws and regulations relating to doing

business in foreign markets and importing merchandise, there can be no assurance that suppliers and other third parties with whom we do business will not violate such laws and regulations or our policies. Significant or continuing noncompliance with such standards and laws by one or more vendors could have a negative impact on our reputation, could subject us to claims and liability, and could have an adverse effect on our results of operations.

Changes in U.S. tax or tariff policy regarding apparel and home-related merchandise produced in other countries could adversely affect our business.

The U.S. government has indicated an intention to review and potentially to significantly change U.S. tax and trade policies. Potential changes may include disallowance of the tax deductions for imported merchandise or the imposition of significant tariffs on products imported into the U.S. This exposes us to risks of disruption and cost increases in our established patterns for sourcing our merchandise, and creates increased uncertainties in planning our sourcing strategies and forecasting our margins.

A predominant portion of the apparel and other goods we sell is originally manufactured in other countries. Changes in U.S. tariffs, quotas, trade relationships, or tax provisions that reduce the supply or increase the relative cost of goods produced in other countries are likely to increase our cost of goods and/or increase our effective tax rate. Although such changes would have implications across the entire industry, we may fail to effectively adapt and to manage the adjustments in strategy that would be necessary in response to those changes. In addition to the general uncertainty and overall risk from those potential changes in U.S. laws and policies, as we make business decisions in the face of the uncertainty of those potential changes, we may incorrectly anticipate the outcomes, miss out on business opportunities, or fail to effectively adapt our business strategies and manage the adjustments that are necessary in response to those changes. These risks could adversely affect our revenues, increase our effective tax rates, and reduce our profitability.

We may experience volatility in revenues and earnings.

Our business has slower and busier periods based on holiday and back-to-school seasons, weather, and other factors. Although our off-price business is historically subject to less seasonality than traditional retailers, we may still experience unexpected decreases in sales from time to time, which could result in increased markdowns and reduced margins. Significant operating expenses, such as rent expense and associate salaries, do not adjust proportionately with our sales. If sales in a certain period are lower than our plans, we are generally not able to adjust these operating expenses concurrently, which may impact our operating results.

A natural or man-made disaster in California or in another region where we have a concentration of stores, offices, or a distribution center could harm our business.

Our corporate headquarters, Los Angeles buying office, three operating distribution centers, two warehouses, and approximately 24% of our stores are located in California. Natural or other disasters, such as earthquakes and hurricanes, tornadoes, floods, or other extreme weather and climate conditions, or fires, explosions, and acts of war or terrorism, or public health issues (such as epidemics), in any of our markets could disrupt our operations or our supply chain, or could shut down, damage, or destroy our stores or distribution facilities.

To support our continuing operations, our new store and distribution center growth plans, and our stock repurchase program and quarterly dividends, we must maintain sufficient liquidity.

We depend upon our operations to generate strong cash flows to support our general operating activities, and to supply capital to finance our operations, make capital expenditures and acquisitions, manage our debt levels, and return value to our stockholders through dividends and stock repurchases. If we are unable to generate sufficient cash flows from operations to support these activities, our growth plans and our financial performance would be adversely affected. If necessary to support our operations, we could be forced to suspend our stock repurchase program and/or discontinue payment of our quarterly cash dividends. Any failure to pay dividends or repurchase stock, after we have announced our intention to do so, may negatively impact our reputation and investor confidence in us, and may negatively impact our stock price.

We have borrowed on occasion to finance some of our activities. If our access to capital is restricted or our borrowing costs increase, our operations and financial condition could be adversely impacted. In addition, if we do not properly allocate our capital to maximize returns, our operations, cash flows, and returns to stockholders could be adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

At January 28, 2017, we operated a total of 1,533 stores, of which 1,340 were Ross stores in 36 states, the District of Columbia and Guam, and 193 were dd's DISCOUNTS stores in 15 states. All stores are leased, with the exception of three locations which we own.

During fiscal 2016, we opened 71 new Ross stores and closed five existing stores. The average approximate Ross store size is 28,400 square feet.

During fiscal 2016, we opened 22 new dd's DISCOUNTS stores and closed one existing store. The average approximate dd's DISCOUNTS store size is 23,200 square feet.

During fiscal 2016, no one store accounted for more than 1% of our sales.

We carry earthquake insurance to help mitigate the risk of financial loss due to an earthquake.

Our real estate strategy in 2017 is to primarily open stores in states where we currently operate, to increase our market penetration and reduce overhead and advertising expenses as a percentage of sales in each market. We also expect to continue our store expansion in newer markets in 2017. Important considerations in evaluating a new store location in both newer and more established markets are the availability and quality of potential sites, demographic characteristics, competition, and population density of the local trade area. In addition, we continue to consider opportunistic real estate acquisitions.

The following table summarizes the locations of our stores by state/territory as of January 28, 2017 and January 30, 2016.

State/Territory	January 28, 2017	January 30, 2016
Alabama	23	19
Arizona	74	71
Arkansas	8	6
California	364	347
Colorado	33	31
Delaware	2	1
District of Columbia	1	1
Florida	185	179
Georgia	56	55
Guam	1	1
Hawaii	17	17
Idaho	11	11
Illinois	62	55
Indiana	9	8
Kansas	10	7
Kentucky	9	9
Louisiana	18	17
Maryland	24	23
Mississippi	8	8
Missouri	21	17
Montana	6	6
Nevada	33	32
New Jersey	13	13
New Mexico	12	11
North Carolina	45	42
North Dakota	1	0
Oklahoma	23	22
Oregon	30	31
Pennsylvania	44	43
South Carolina	23	22
South Dakota	1	0
Tennessee	31	30
Texas	222	211
Utah	17	17
Virginia	38	36
Washington	42	41
Wisconsin	13	3
Wyoming	3	3
Total	1,533	1,446

Where possible, we obtain sites in buildings requiring minimal alterations, allowing us to establish stores in new locations in a relatively short period of time at reasonable costs in a given market. At January 28, 2017, the majority of our stores had unexpired original lease terms ranging from three to ten years with three to four renewal options of five years each. The average unexpired original lease term of our leased stores is five years or 21 years if renewal options are included. See Note E of Notes to Consolidated Financial Statements.

See additional discussion under “Stores” in Item 1.

The following table summarizes the location and approximate sizes of our distribution centers, warehouses, and office locations as of January 28, 2017. Square footage information for the distribution centers and warehouses represents total ground floor area of the facility. Square footage information for office space represents total space owned and leased. See additional discussion in Management’s Discussion and Analysis.

Location	Approximate Square Footage	Own / Lease
Distribution centers		
Carlisle, Pennsylvania	465,000	Own
Fort Mill, South Carolina	1,200,000	Own
Moreno Valley, California	1,300,000	Own
Perris, California	1,300,000	Own
Rock Hill, South Carolina	1,200,000	Own
Shafter, California	1,700,000	Own
Warehouses		
Carlisle, Pennsylvania	239,000	Lease
Carlisle, Pennsylvania	246,000	Lease
Fort Mill, South Carolina	251,000	Lease
Fort Mill, South Carolina	423,000	Own
Fort Mill, South Carolina	428,000	Own
Perris, California	699,000	Own
Riverside, California	449,000	Own
Office space		
Dublin, California	414,000	Own
Los Angeles, California	87,000	Lease
New York City, New York	572,000	Own

See additional discussion under “Distribution” in Item 1.

ITEM 3. LEGAL PROCEEDINGS

Like many retailers, we have been named in class action lawsuits, primarily in California, alleging violation of wage and hour laws and consumer protection laws. Class action litigation remains pending as of January 28, 2017.

We are also party to various other legal and regulatory proceedings arising in the normal course of business. Actions filed against us may include commercial, product and product safety, consumer, intellectual property, and labor and employment-related claims, including lawsuits in which private plaintiffs or governmental agencies allege that we violated federal, state, and/or local laws. Actions against us are in various procedural stages. Many of these proceedings raise factual and legal issues and are subject to uncertainties.

We believe that the resolution of our pending class action litigation and other currently pending legal and regulatory proceedings will not have a material adverse effect on our financial condition, results of operations, or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Executive Officers of the Registrant

The following sets forth the names and ages of our executive officers, indicating each person's principal occupation or employment during at least the past five years. The term of office is at the discretion of our Board of Directors.

Name	Age	Position
Michael Balmuth	66	Executive Chairman of the Board
Barbara Rentler	59	Chief Executive Officer
Bernie Brautigan	52	President, Merchandising, Ross Dress for Less
James S. Fassio	62	President and Chief Development Officer
Brian Morrow	57	President and Chief Merchandising Officer, dd's DISCOUNTS
Michael O'Sullivan	53	President and Chief Operating Officer
Lisa Panattoni	54	President, Merchandising, Ross Dress for Less
John G. Call	58	Executive Vice President, Finance and Legal, and Corporate Secretary
Michael J. Hartshorn	49	Group Senior Vice President, Chief Financial Officer and Principal Accounting Officer

Mr. Balmuth has served as Executive Chairman of the Board of Directors since 2014. From 1996 to 2014, he was Vice Chairman of the Board of Directors and Chief Executive Officer. He also served as President from 2005 to 2009. Previously, Mr. Balmuth was Executive Vice President, Merchandising from 1993 to 1996 and Senior Vice President and General Merchandise Manager from 1989 to 1993. Before joining Ross, he was Senior Vice President and General Merchandising Manager at Bon Marché in Seattle from 1988 to 1989 and Executive Vice President and General Merchandising Manager for Karen Austin Petites from 1986 to 1988.

Ms. Rentler has served as Chief Executive Officer and a member of the Board of Directors since 2014. From 2009 to 2014, she was President and Chief Merchandising Officer, Ross Dress for Less and Executive Vice President, Merchandising, from 2006 to 2009. She also served at dd's DISCOUNTS as Executive Vice President and Chief Merchandising Officer from 2005 to 2006 and Senior Vice President and Chief Merchandising Officer from 2004 to 2005. Prior to that, she held various merchandising positions since joining the Company in 1986.

Mr. Brautigan has served as President, Merchandising, Ross Dress for Less since March 2016 with responsibility for the Ladies and Children's apparel businesses, Shoes, and Accessories. Previously he was Group Executive Vice President, Merchandising, Ross Dress for Less from 2014 to 2016. He was also Executive Vice President of Merchandising at Ross from 2009 to 2014, Senior Vice President and General Merchandise Manager, from 2006 to 2009, and Group Vice President of Shoes from 2003 to 2006. Prior to Ross, he spent 20 years in various merchandising positions at Macy's East.

Mr. Fassio has served as President and Chief Development Officer since 2009. Prior to that, he was Executive Vice President, Property Development, Construction and Store Design from 2005 to 2009 and Senior Vice President, Property Development, Construction and Store Design from 1991 to 2005. He joined the Company in 1988 as Vice President of Real Estate. Prior to joining Ross, Mr. Fassio held various retail and real estate positions with Safeway Stores, Inc.

Mr. Morrow has served as President and Chief Merchandising Officer, dd's DISCOUNTS since December 2015. Prior to joining Ross, Mr. Morrow served as President, Chief Merchandising Officer of Stein Mart from 2014 to 2015 and Executive Vice President and Chief Merchandising Officer from 2010 to 2014. From 2008 to 2009, he served as Executive Vice President, General Merchandise Manager at Macy's West. He also held roles as Senior Vice President, General Merchandise Manager at Mervyn's in 2008 and Macy's North/Marshall Field's from 2006 to 2008. For approximately 20 years prior to this, Mr. Morrow held various merchandising roles at The May Department Stores Company.

Mr. O'Sullivan has served as President and Chief Operating Officer since 2009 and a member of the Board of Directors since 2014. From 2005 to 2009, he was Executive Vice President and Chief Administrative Officer and Senior Vice President, Strategic Planning and Marketing from 2003 to 2005. Before joining Ross, Mr. O'Sullivan was a partner with Bain & Company, providing consulting advice to retail, consumer goods, financial services and private equity clients since 1991.

Ms. Panattoni has served as President, Merchandising, Ross Dress for Less since 2014 with responsibility for all of the Home businesses, Men's, Lingerie, and Cosmetics. Previously, she was Group Executive Vice President, Merchandising at Ross from 2009 to 2014. She joined the Company in 2005 as Senior Vice President and General Merchandise Manager of Home and was promoted to Executive Vice President later that same year. Prior to joining Ross, Ms. Panattoni was with The TJX Companies, where she served as Senior Vice President of Merchandising and Marketing for HomeGoods from 1998 to 2004 and as Divisional Merchandise Manager of the Marmaxx Home Store from 1994 to 1998.

Mr. Call has served as Executive Vice President, Finance and Legal, and Corporate Secretary since 2014. From 2012 to 2014, Mr. Call was Group Senior Vice President and Chief Financial Officer, with additional oversight for Legal and the Corporate Secretary function. From 1997 to 2012, he was Senior Vice President and Chief Financial Officer and also served as Corporate Secretary from 1997 to 2009. Mr. Call was Senior Vice President, Chief Financial Officer, Secretary and Treasurer of Friedman's from 1993 until 1997. For ten years prior to joining Friedman's, Mr. Call held various positions with Ernst & Young LLP.

Mr. Hartshorn has served as Group Senior Vice President, Chief Financial Officer since March 2015. Previously, he was Senior Vice President and Chief Financial Officer from 2014 to March 2015, Senior Vice President and Deputy Chief Financial Officer from 2012 to 2014, Group Vice President, Finance and Treasurer from 2011 to 2012, and Vice President, Finance and Treasurer from 2006 to 2011. From 2002 to 2006, he held a number of management roles in the Ross IT and supply chain organizations. He initially joined the Company in 2000 as Director and Assistant Controller. For seven years prior to joining Ross, Mr. Hartshorn held various financial roles at The May Department Stores Company.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

General information. See the information set forth under the caption "Quarterly Financial Data (Unaudited)" under Note K of Notes to Consolidated Financial Statements in Item 8 of this Annual Report, which is incorporated herein by reference. Our stock is traded on The NASDAQ Global Select Market® under the symbol ROST. There were 847 stockholders of record as of March 6, 2017 and the closing stock price on that date was \$67.40 per share.

Cash dividends. On February 28, 2017, our Board of Directors declared a quarterly cash dividend of \$0.1600 per common share, payable on March 31, 2017. Our Board of Directors declared cash dividends of \$0.1350 per common share in March, May, August, and November 2016, cash dividends of \$0.1175 per common share in February, May, August, and November 2015, and cash dividends of \$0.1000 per common share in February, May, August, and November 2014.

Issuer purchases of equity securities. Information regarding shares of common stock we repurchased during the fourth quarter of fiscal 2016 is as follows:

Period	Total number of shares (or units) purchased¹	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)
November (10/30/2016 - 11/26/2016)	662,860	\$64.23	660,463	\$127,300
December (11/27/2016 - 12/31/2016)	1,074,861	\$67.66	1,074,861	\$54,500
January (01/01/2017 - 01/28/2017)	829,184	\$66.15	824,491	\$0
Total	2,566,905	\$66.29	2,559,815	\$0

¹ We acquired 7,090 shares of treasury stock during the quarter ended January 28, 2017. Treasury stock includes shares acquired from employees for tax withholding purposes related to vesting of restricted stock grants. All remaining shares were repurchased under our publicly announced stock repurchase program.

In February 2017, our Board of Directors approved a new, two-year \$1.75 billion stock repurchase program through fiscal 2018.

See Note H of Notes to Consolidated Financial Statements for equity compensation plan information. The information under Item 12 of this Annual Report on Form 10-K under the caption "Equity compensation plan information" is incorporated herein by reference.

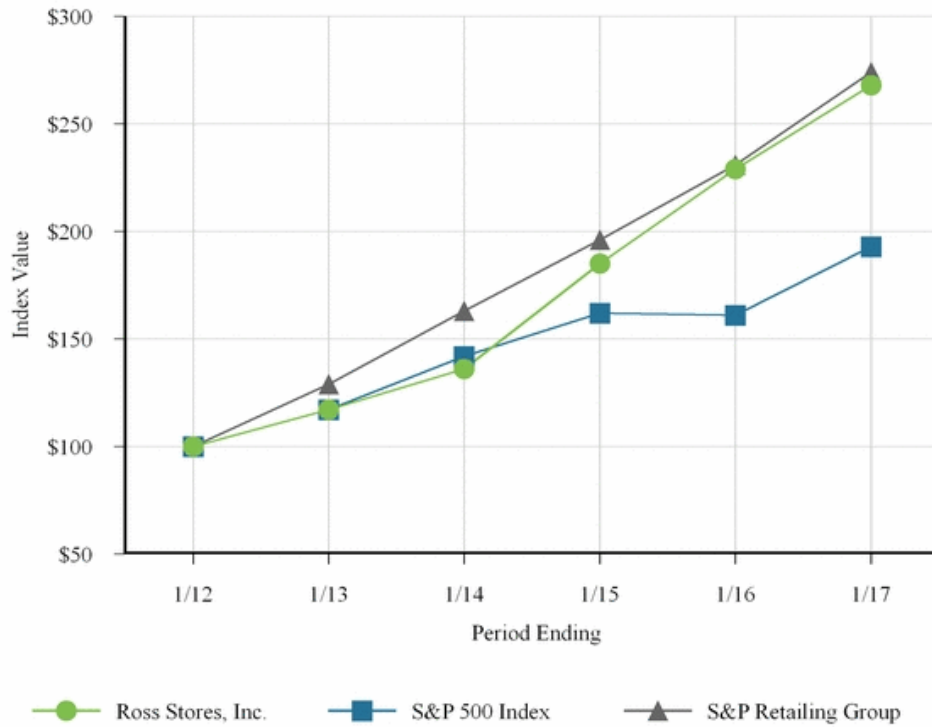
Stockholder Return Performance Graph

The following information in this Item 5 shall not be deemed filed for purposes of Section 18 of the Securities Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

The graph below compares total stockholder returns over the last five years for our common stock with the Standard & Poor's ("S&P") 500 Index and the S&P Retailing Group. The cumulative total return listed below assumed an initial investment of \$100 and reinvestment of dividends at each fiscal year end, and measures the performance of this investment as of the last trading day in the month of January for each of the following five years. These measurement dates are based on the historical month-end data available and may vary slightly from our actual fiscal year-end date for each period. Data with respect to returns for the S&P indexes is not readily available for periods shorter than one month. The graph is a historical representation of past performance only and is not necessarily indicative of future performance.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN

Among Ross Stores, Inc., the S&P 500 Index, and S&P Retailing Group



Company / Index	Indexed Returns for Years Ended					
	Base Period 2012	2013	2014	2015	2016	2017
Ross Stores, Inc.	100	117	136	185	229	268
S&P 500 Index	100	117	142	162	161	193
S&P Retailing Group	100	129	163	196	231	274

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data is derived from our consolidated financial statements. The data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," the section "Forward-Looking Statements" in this Annual Report on Form 10-K and our consolidated financial statements and notes thereto.

(\$000, except per share data)	2016	2015	2014	2013	2012 ¹
Operations					
Sales	\$ 12,866,757	\$ 11,939,999	\$ 11,041,677	\$ 10,230,353	\$ 9,721,065
Cost of goods sold	9,173,705	8,576,873	7,937,956	7,360,924	7,011,428
Percent of sales	71.3%	71.8%	71.9%	72.0%	72.1%
Selling, general and administrative	1,890,408	1,738,755	1,615,371	1,526,366	1,437,886
Percent of sales	14.7%	14.6%	14.6%	14.9%	14.8%
Interest expense (income), net	16,488	12,612	2,984	(247)	6,907
Earnings before taxes	1,786,156	1,611,759	1,485,366	1,343,310	1,264,844
Percent of sales	13.9%	13.5%	13.5%	13.1%	13.0%
Provision for taxes on earnings	668,502	591,098	560,642	506,006	478,081
Net earnings	\$ 1,117,654	\$ 1,020,661	\$ 924,724	\$ 837,304	\$ 786,763
Percent of sales	8.7%	8.5%	8.4%	8.2%	8.1%
Basic earnings per share ²	\$ 2.85	\$ 2.53	\$ 2.24	\$ 1.97	\$ 1.80
Diluted earnings per share ²	\$ 2.83	\$ 2.51	\$ 2.21	\$ 1.94	\$ 1.77
Cash dividends declared					
per common share ²	\$ 0.540	\$ 0.470	\$ 0.400	\$ 0.255 ³	\$ 0.295

¹ Fiscal 2012 was a 53-week year; all other fiscal years presented were 52 weeks.

² All per share amounts have been adjusted for the two-for-one stock split effective June 11, 2015.

³ Dividend declaration of \$0.10 per share for the fourth quarter which historically had been declared in January was declared in February 2014.

Selected Financial Data

(\$000, except per share data)	2016	2015	2014	2013	2012 ¹
Financial Position					
Cash and cash equivalents	\$ 1,111,599	\$ 761,602	\$ 696,608	\$ 423,168	\$ 646,761
Merchandise inventory	1,512,886	1,419,104	1,372,675	1,257,155	1,209,237
Property and equipment, net	2,328,048	2,342,906	2,273,752	1,875,299	1,493,284
Total assets	5,309,351	4,869,119	4,687,370	3,886,251	3,649,782
Return on average assets	22%	21%	22%	22%	23%
Working capital	1,060,543	769,348	590,471	463,875	588,438
Current ratio	1.6:1	1.5:1	1.4:1	1.3:1	1.4:1
Long-term debt	396,493	396,025	395,562	149,681	149,628
Long-term debt as a percent of total capitalization	13%	14%	15%	7%	8%
Stockholders' equity	2,748,017	2,471,991	2,279,210	2,007,302	1,766,863
Return on average stockholders' equity	43%	43%	43%	44%	48%
Book value per common share outstanding at year-end ²	\$ 7.01	\$ 6.14	\$ 5.49	\$ 4.70	\$ 4.00
Operating Statistics					
Number of stores opened	93	90	95	88	82
Number of stores closed	6	6	9	11	8
Number of stores at year-end	1,533	1,446	1,362	1,276	1,199
Comparable store sales increase ³ (52-week basis)	4%	4%	3%	3%	6%
Sales per average square foot of selling space (52-week basis)	\$ 395	\$ 383	\$ 372	\$ 362	\$ 355
Square feet of selling space at year-end (000)	33,300	31,900	30,400	28,900	27,800
Number of employees at year-end	78,600	77,800	71,400	66,300	57,500
Number of common stockholders of record at year-end	848	842	817	823	831

¹ Fiscal 2012 was a 53-week year; all other fiscal years presented were 52 weeks.

² All per share amounts have been adjusted for the two-for-one stock split effective June 11, 2015.

³ Comparable stores are stores open for more than 14 complete months.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Ross Stores, Inc. operates two brands of off-price retail apparel and home fashion stores—Ross Dress for Less® (“Ross”) and dd’s DISCOUNTS®. Ross is the largest off-price apparel and home fashion chain in the United States with 1,340 locations in 36 states, the District of Columbia and Guam as of January 28, 2017. Ross offers first-quality, in-season, name brand and designer apparel, accessories, footwear, and home fashions for the entire family at savings of 20% to 60% off department and specialty store regular prices every day. We also operate 193 dd’s DISCOUNTS stores in 15 states as of January 28, 2017 that feature a more moderately-priced assortment of first-quality, in-season, name brand apparel, accessories, footwear, and home fashions for the entire family at savings of 20% to 70% off moderate department and discount store regular prices every day.

Our primary objective is to pursue and refine our existing off-price strategies to maintain and improve both profitability and financial returns over the long term. In establishing appropriate growth targets for our business, we closely monitor market share trends for the off-price industry and believe our share gains over the past few years were driven mainly by continued focus on value by consumers. Our sales and earnings gains in 2016 continued to benefit from efficient execution of our off-price model throughout all areas of our business. Our merchandise and operational strategies are designed to take advantage of the expanding market share of the off-price industry as well as the ongoing customer demand for name brand fashions for the family and home at compelling discounts every day.

We refer to our fiscal years ended January 28, 2017, January 30, 2016, and January 31, 2015 as fiscal 2016, fiscal 2015, and fiscal 2014, respectively.

All share and per share amounts have been adjusted for the two-for-one stock split effective June 11, 2015.

Results of Operations

The following table summarizes the financial results for fiscal 2016, 2015, and 2014:

	2016	2015	2014
Sales			
Sales (millions)	\$ 12,867	\$ 11,940	\$ 11,042
Sales growth	7.8%	8.1%	7.9%
Comparable store sales growth	4%	4%	3%
Costs and expenses (as a percent of sales)			
Cost of goods sold	71.3%	71.8%	71.9%
Selling, general and administrative	14.7%	14.6%	14.6%
Interest expense, net	0.1%	0.1%	0.0%
Earnings before taxes (as a percent of sales)			
	13.9%	13.5%	13.5%
Net earnings (as a percent of sales)			
	8.7%	8.5%	8.4%

Stores. Total stores open at the end of fiscal 2016, 2015, and 2014 were 1,533, 1,446, and 1,362, respectively. The number of stores at the end of fiscal 2016, 2015, and 2014 increased by 6%, 6%, and 7% from the respective prior years. Our expansion strategy is to open additional stores based on market penetration, local demographic characteristics, competition, expected store profitability, and the ability to leverage overhead expenses. We continually evaluate opportunistic real estate acquisitions and opportunities for potential new store locations. We also evaluate our current store locations and determine store closures based on similar criteria.

Store Count	2016	2015	2014
Beginning of the period	1,446	1,362	1,276
Opened in the period	93	90	95
Closed in the period	(6)	(6)	(9)
End of the period	1,533	1,446	1,362
<hr/>			
Selling square footage at the end of the period (000)	33,300	31,900	30,400

Sales. Sales for fiscal 2016 increased \$0.9 billion, or 7.8%, compared to the prior year due to the opening of 87 net new stores during 2016 and a 4% increase in comparable store sales (defined as stores that have been open for more than 14 complete months). Sales for fiscal 2015 increased \$0.9 billion, or 8.1%, compared to the prior year due to the opening of 84 net new stores during 2015 and a 4% increase in sales from comparable stores.

Our sales mix is shown below for fiscal 2016, 2015, and 2014:

	2016	2015	2014
Ladies	28%	29%	29%
Home Accents and Bed and Bath	25%	25%	24%
Accessories, Lingerie, Fine Jewelry, and Fragrances	13%	13%	13%
Men's	13%	13%	13%
Shoes	13%	12%	13%
Children's	8%	8%	8%
Total	100%	100%	100%

We intend to address the competitive climate for off-price apparel and home goods by pursuing and refining our existing strategies and by continuing to strengthen our organization, diversify our merchandise mix, and more fully develop our systems to improve regional and local merchandise offerings. Although our strategies and store expansion program contributed to sales gains in fiscal 2016, 2015, and 2014, we cannot be sure that they will result in a continuation of sales growth or in an increase in net earnings.

Cost of goods sold. Cost of goods sold in fiscal 2016 increased \$596.8 million compared to the prior year mainly due to increased sales from the opening of 87 net new stores during the year and a 4% increase in sales from comparable stores.

Cost of goods sold as a percentage of sales for fiscal 2016 decreased approximately 55 basis points from the prior year primarily due to a 35 basis point increase in merchandise gross margin, a 10 basis point decrease in buying expenses, and lower distribution and occupancy costs by five basis points each.

Cost of goods sold in fiscal 2015 increased \$638.9 million compared to the prior year mainly due to increased sales from the opening of 84 net new stores during the year and a 4% increase in sales from comparable stores.

Cost of goods sold as a percentage of sales for fiscal 2015 decreased approximately five basis points from the prior year primarily due to a 45 basis point increase in merchandise gross margin and five basis points of occupancy leverage. This improvement was partially offset by a 35 basis point increase in distribution expenses related to infrastructure investments and higher freight costs of 10 basis points.

We cannot be sure that the gross profit margins realized in fiscal 2016, 2015, and 2014 will continue in future years.

Selling, general and administrative expenses. For fiscal 2016, selling, general and administrative expenses (“SG&A”) increased \$151.7 million compared to the prior year, mainly due to increased store operating costs reflecting the opening of 87 net new stores during the year. SG&A as a percentage of sales for fiscal 2016 increased by approximately 15 basis points compared to the prior year primarily due to higher wages.

For fiscal 2015, SG&A increased \$123.4 million compared to the prior year, mainly due to increased store operating costs reflecting the opening of 84 net new stores and the impact of wage rate increases during the year. SG&A as a percentage of sales for fiscal 2015 decreased by approximately five basis points compared to the prior year primarily due to leverage resulting from the 4% increase in comparable store sales.

Interest expense (income), net. In fiscal 2016, net interest expense increased by \$3.9 million primarily due to a reduction of capitalized interest partially offset by an increase in interest income. As a percentage of sales, net interest expense in fiscal 2016 remained flat compared to the prior year. The table below shows the components of interest expense and income for fiscal 2016, 2015, and 2014:

(\$000)	2016	2015	2014
Interest expense on long-term debt	\$ 18,573	\$ 18,568	\$ 12,990
Other interest expense	1,022	1,252	1,230
Capitalized interest	(26)	(6,530)	(10,825)
Interest income	(3,081)	(678)	(411)
Interest expense, net	\$ 16,488	\$ 12,612	\$ 2,984

Taxes on earnings. Our effective tax rates for fiscal 2016, 2015 and 2014 were approximately 37%, 37% and 38%, respectively. The effective tax rate represents the applicable combined federal and state statutory rates reduced by the federal benefit of state taxes deductible on federal returns. The effective rate is impacted by changes in laws, location of new stores, level of earnings, and the resolution of tax positions with various taxing authorities. We anticipate that our effective tax rate for fiscal 2017 will be between 37% and 38%.

Net earnings. Net earnings as a percentage of sales for fiscal 2016 were higher than fiscal 2015 primarily due to lower cost of goods sold partially offset by higher SG&A expenses. Net earnings as a percentage of sales for fiscal 2015 were higher compared to fiscal 2014 primarily due to both lower cost of goods sold and lower SG&A expenses.

Earnings per share. Diluted earnings per share in fiscal 2016 was \$2.83 compared to \$2.51 in the prior year. The 13% increase in diluted earnings per share is attributable to an increase of approximately 10% in net earnings and a 3% reduction in weighted average diluted shares outstanding, largely due to the repurchase of common stock under our stock repurchase program. Diluted earnings per share in fiscal 2015 was \$2.51 compared to \$2.21 in fiscal 2014. The 14% increase in diluted earnings per share is attributable to an increase of approximately 10% in net earnings and a 4% reduction in weighted average diluted shares outstanding, largely due to the repurchase of common stock under our stock repurchase program.

Financial Condition

Liquidity and Capital Resources

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

(\$ millions)	2016		2015		2014	
Cash provided by operating activities	\$	1,558.9	\$	1,326.2	\$	1,372.8
Cash used in investing activities		(292.8)		(362.5)		(639.0)
Cash used in financing activities		(916.1)		(898.7)		(460.4)
Net increase in cash and cash equivalents	\$	350.0	\$	65.0	\$	273.4

Operating Activities

Net cash provided by operating activities was \$1,558.9 million, \$1,326.2 million, and \$1,372.8 million in fiscal 2016, 2015, and 2014, respectively, and was primarily driven by net earnings excluding non-cash expenses for depreciation and amortization. Our primary source of operating cash flow is the sale of our merchandise inventory. We regularly review the age and condition of our merchandise and are able to maintain current merchandise inventory in our stores through replenishment processes and liquidation of slower-moving merchandise through clearance markdowns.

The increase in cash flow from operating activities in 2016 compared to fiscal 2015 was primarily driven by higher earnings, the timing of receipts and related payments versus last year, and by higher income taxes payable. The timing of merchandise receipts and related payments versus last year resulted in higher accounts payable leverage (defined as accounts payable divided by merchandise inventory) which was 68%, 67%, and 73% as of January 28, 2017, January 30, 2016, and January 31, 2015, respectively.

The decrease in cash flow from operating activities in fiscal 2015 compared to fiscal 2014 was primarily driven by the timing of merchandise receipts and related payments versus last year, partially offset by higher earnings.

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

Changes in packaway inventory levels impact our operating cash flow. At the end of fiscal 2016, packaway inventory was 49% of total inventory compared to 47% and 45% at the end of fiscal 2015 and 2014, respectively.

Investing Activities

Net cash used in investing activities was \$292.8 million, \$362.5 million, and \$639.0 million in fiscal 2016, 2015, and 2014, respectively. The decrease in cash used for investing activities in fiscal 2016 compared to fiscal 2015 and fiscal 2014 was primarily due to a reduction in our capital expenditures.

In fiscal 2016, 2015, and 2014, our capital expenditures were \$297.9 million, \$367.0 million, and \$646.7 million, respectively. Our capital expenditures include costs to build, expand, and improve distribution centers, open new stores and improve existing stores, and for various other expenditures related to our information technology systems, buying, and corporate offices. The decrease in capital expenditures in fiscal 2016 compared to fiscal 2015 was primarily due to the completion in 2015 of the rollout of new point of sale equipment in our stores and construction of a distribution center. The decrease in capital expenditures in fiscal 2015 compared to fiscal 2014 was primarily due to the purchase in September 2014 of our New York buying office and the construction of two distribution centers. We opened 93, 90, and 95 new stores in fiscal 2016, 2015, and 2014, respectively.

Our capital expenditures over the last three years are set forth in the table below:

(\$ millions)	2016	2015	2014
New stores	\$ 117.7	\$ 105.8	\$ 119.8
Existing stores	90.3	124.0	79.5
Information systems, corporate, and other	48.5	44.3	43.3
Distribution and transportation	41.4	92.9	193.2
New York buying office purchase	—	—	210.9
Total capital expenditures	\$ 297.9	\$ 367.0	\$ 646.7

We are forecasting approximately \$400 million in capital expenditures for fiscal year 2017 to fund costs for fixtures and leasehold improvements to open new Ross and dd's DISCOUNTS stores, the upgrade or relocation of existing stores, investments in information technology systems, and for various other expenditures related to our stores, distribution centers, buying and corporate offices. We expect to fund capital expenditures with available cash and cash flows from operations.

We had no purchases of investments in fiscal 2016 and 2014 and \$0.7 million of purchases of investments in fiscal 2015. We had proceeds from investments of \$1.7 million, \$1.1 million, and \$12.0 million in fiscal 2016, 2015, and 2014, respectively.

Financing Activities

Net cash used in financing activities was \$916.1 million, \$898.7 million, and \$460.4 million in fiscal 2016, 2015, and 2014, respectively. During fiscal 2016, 2015, and 2014, our liquidity and capital requirements were provided by available cash and cash flows from operations and in fiscal 2014, the issuance of our unsecured 3.375% Senior Notes due September 2024 ("2024 Notes").

In September 2014, we issued \$250 million of unsecured 2024 Notes and used most of the net proceeds of approximately \$246 million to purchase our New York buying office building for \$222 million and the remaining \$24 million for other general corporate purposes.

We repurchased 11.6 million, 13.7 million, and 14.8 million shares of common stock for aggregate purchase prices of approximately \$700 million, \$700 million, and \$550 million in fiscal 2016, 2015, and 2014, respectively. We also acquired 0.7 million, 1.3 million, and 1.1 million shares in fiscal 2016, 2015, and 2014, respectively, of treasury stock from our employee stock equity compensation programs, for aggregate purchase prices of approximately \$43.3 million, \$68.9 million, and \$39.0 million during fiscal 2016, 2015, and 2014, respectively.

In February 2017, our Board of Directors approved a new, two-year \$1.75 billion stock repurchase program through fiscal 2018.

On February 28, 2017, our Board of Directors declared a quarterly cash dividend of \$0.1600 per common share, payable on March 31, 2017. Our Board of Directors declared cash dividends of \$0.1350 per common share in March, May, August, and November 2016, cash dividends of \$0.1175 per common share in February, May, August, and November 2015, and cash dividends of \$0.1000 per common share in February, May, August, and November 2014.

During fiscal 2016, 2015, and 2014, we paid dividends of \$214.6 million, \$192.3 million, and \$168.5 million, respectively.

Short-term trade credit represents a significant source of financing for merchandise inventory. Trade credit arises from customary payment terms and trade practices with our vendors. We regularly review the adequacy of credit available to us from all sources and expect to be able to maintain adequate trade credit, bank lines, and other credit sources to meet our capital and liquidity requirements, including lease payment obligations, in 2017.

In April 2016, we entered into a new \$600 million unsecured revolving credit facility. This credit facility, which replaced our previous \$600 million unsecured revolving credit facility, expires in April 2021 and contains a \$300 million sublimit for issuance of standby letters of credit (subject to increase in proportion to any increase in the size of the credit facility). The facility also contains an option allowing us to increase the size of our revolving credit facility by up to an additional \$200 million, with the agreement of the lenders. Interest on any borrowings under this facility is based on LIBOR plus

an applicable margin (currently 100 basis points) and is payable quarterly and upon maturity. The revolving credit facility may be extended, at our option, for up to two additional one year periods, subject to customary conditions. As of January 28, 2017, we had no borrowings or standby letters of credit outstanding on this facility and our \$600 million credit facility remains in place and available.

The revolving credit facility is subject to a financial leverage ratio covenant. As of January 28, 2017, we were in compliance with this covenant.

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

Contractual Obligations

The table below presents our significant contractual obligations as of January 28, 2017:

(\$000)	Less than 1 year	1 - 3 years	3 - 5 years	After 5 years	Total ¹
Senior notes	\$ —	\$ 85,000	\$ 65,000	\$ 250,000	\$ 400,000
Interest payment obligations	18,105	30,787	25,364	25,313	99,569
Operating leases (rent obligations)	484,518	924,319	604,751	504,389	2,517,977
New York buying office ground lease ²	6,418	12,835	12,835	946,150	978,238
Purchase obligations	2,123,046	15,627	5,204	1,957	2,145,834
Total contractual obligations	\$ 2,632,087	\$ 1,068,568	\$ 713,154	\$ 1,727,809	\$ 6,141,618

¹We have a \$97.5 million liability for unrecognized tax benefits that is included in Other long-term liabilities on our Consolidated Balance Sheets. This liability is excluded from the schedule above as the timing of payments cannot be reasonably estimated.

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

Senior notes. As of January 28, 2017, we had outstanding unsecured 3.375% Senior Notes due September 2024 with an aggregate principal amount of \$250 million. Interest on the 2024 Notes is payable semi-annually.

As of January 28, 2017, we also had outstanding two series of unsecured senior notes in the aggregate principal amount of \$150 million, held by various institutional investors. The Series A notes totaling \$85 million are due in December 2018 and bear interest at a rate of 6.38%. The Series B notes totaling \$65 million are due in December 2021 and bear interest at a rate of 6.53%. Borrowings under these senior notes are subject to certain financial covenants, including interest coverage and other financial ratios. As of January 28, 2017, we were in compliance with those covenants.

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

Off-Balance Sheet Arrangements

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

Two of the warehouses are in Carlisle, Pennsylvania with leases expiring in 2018 and 2019. The third warehouse is in Fort Mill, South Carolina, with a lease expiring in 2019. The leases for the two Carlisle, Pennsylvania warehouses contain renewal provisions.

We currently lease approximately 87,000 square feet of office space for our Los Angeles buying office. The lease term for this facility expires in 2017 and contains renewal provisions.

Purchase obligations. As of January 28, 2017 we had purchase obligations of approximately \$2,146 million. These purchase obligations primarily consist of merchandise inventory purchase orders, commitments related to construction projects, store fixtures and supplies, and information technology service, transportation, and maintenance contracts.

Standby letters of credit and collateral trust. We use standby letters of credit outside of our revolving credit facility in addition to a funded trust to collateralize our insurance obligations. As of January 28, 2017 and January 30, 2016, we had \$11.6 million and \$15.3 million, respectively, in standby letters of credit outstanding and \$56.6 million and \$56.4 million, respectively, in a collateral trust. The standby letters of credit are collateralized by restricted cash and the collateral trust consists of restricted cash, cash equivalents, and investments.

Trade letters of credit. We had \$26.5 million and \$32.0 million in trade letters of credit outstanding at January 28, 2017 and January 30, 2016, respectively.

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

Other

Critical Accounting Policies

The preparation of our consolidated financial statements requires our management to make estimates and assumptions that affect the reported amounts. These estimates and assumptions are evaluated on an ongoing basis and are based on historical experience and on various other factors that management believes to be reasonable. We believe the following critical accounting policies describe the more significant judgments and estimates used in the preparation of our consolidated financial statements and are not intended to be a comprehensive list of all of our accounting policies.

In many cases, the accounting treatment of a particular transaction is specifically dictated by Generally Accepted Accounting Principles ("GAAP"), with no need for management's judgment in their application. There are also areas in which management's judgment in selecting one alternative accounting principle over another would not produce a materially different result. See our audited consolidated financial statements and notes thereto under Item 8 in this Annual Report on Form 10-K, which contain accounting policies and other disclosures required by GAAP.

Merchandise inventory. Our merchandise inventory is stated at the lower of cost (determined using a weighted average basis) or net realizable value. We purchase inventory that can either be shipped to stores or processed as packaway merchandise with the intent that it will be warehoused and released to stores at a later date. The timing of the release of packaway inventory to our stores is principally driven by the product mix and seasonality of the merchandise, and its relation to the Company's store merchandise assortment plans. As such, the aging of packaway varies by merchandise category and seasonality of purchase, but typically packaway remains in storage less than six months. Packaway inventory accounted for approximately 49%, 47%, and 45% of total inventories as of January 28, 2017, January 30, 2016, and January 31, 2015, respectively. Merchandise inventory includes acquisition, processing, and storage costs related to packaway inventory.

Included in the carrying value of our merchandise inventory is a provision for shortage. The shortage reserve is based on historical shortage rates as evaluated through our annual physical merchandise inventory counts and cycle counts. If actual market conditions, markdowns, or shortage are less favorable than those projected by us, or if sales of the merchandise inventory are more difficult than anticipated, additional merchandise inventory write-downs may be required.

Long-lived assets. We review for 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. If analysis of the undiscounted cash flow of an asset group was less than the carrying value of the asset group, an impairment loss would be recognized to write the asset group down to its fair value. If our actual results differ materially from projected results, an impairment charge may be required in the future. In the course of performing our annual analysis, we determined that no long-lived asset impairment charge was required for fiscal 2016, 2015, or 2014.

Depreciation and amortization expense. Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful life of the asset, typically ranging from three to 12 years for equipment and information systems and 20 to 40 years for land improvements and buildings. The cost of leasehold improvements is amortized over the lesser of the useful life of the asset or the applicable lease term.

Lease accounting. When a lease contains “rent holidays” or requires fixed escalations of the minimum lease payments, we record rental expense on a straight-line basis over the term of the lease and the difference between the average rental amount charged to expense and the amount payable under the lease is recorded as deferred rent. We begin recording rent expense on the lease possession date. Tenant improvement allowances are included in Other long-term liabilities and are amortized over the lease term. Changes in tenant improvement allowances are included as a component of operating activities in the Consolidated Statements of Cash Flows. See Recently issued accounting standards below.

Insurance obligations. We use a combination of insurance and self-insurance for a number of risk management activities, including workers’ compensation, general liability, and employee-related health care benefits. Our self-insurance and deductible 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 increase beyond what was anticipated, our recorded reserves may not be sufficient and additional charges could be required.

Stock-based compensation. We recognize compensation expense based upon the grant date fair value of all stock-based awards. We use historical data to estimate pre-vesting forfeitures and to recognize stock-based compensation expense. All stock-based compensation awards are expensed over the service and performance periods of the awards.

Income taxes. We account for our uncertain tax positions in accordance with Accounting Standards Codification (“ASC”) 740. We are required to make assumptions and judgments regarding our income tax exposures. Our policy is to recognize interest and/or penalties related to all tax positions in income tax expense. To the extent that accrued interest and penalties do not ultimately become payable, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision in the period that such determination is made.

Recently issued accounting standards. In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle of the guidance is that a company should recognize revenue when the customer obtains control of promised goods or services in an amount that reflects the consideration which the company expects to receive in exchange for those goods or services. ASU 2014-09 is effective for our annual and interim reporting periods beginning in fiscal 2018. We do not expect the adoption of this new guidance to be material to our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The ASU requires balance sheet recognition for all leases with lease terms greater than one year including a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 is effective for our annual and interim reporting periods beginning in fiscal 2019. We are currently evaluating the effect adoption of this new guidance will have on our consolidated financial statements. Due to the substantial number of leases that we have, we believe this ASU will increase assets and liabilities by the same material amount on our consolidated balance sheet. See Note E for disclosure of our current undiscounted minimum commitments under noncancelable operating leases. We do not believe adoption of this ASU will have a significant impact to our consolidated statements of earnings, stockholders’ equity, and cash flows.

In March 2016, the FASB issued ASU 2016-09, *Compensation - Stock Compensation (Topic 718) - Improvements to Employee Share-Based Payment Accounting*. ASU 2016-09 provides for changes to accounting for stock compensation including 1) excess tax benefits and tax deficiencies related to share based payment awards will be recognized as income tax benefit or expense in the reporting period in which they occur (previously such amounts were recognized in additional paid-in capital); 2) excess tax benefits will be classified as an operating activity in the statement of cash flows; and 3) the option to elect to estimate forfeitures or account for them when they occur. ASU 2016-09 is effective for us beginning in the first quarter of 2017. Upon adoption of ASU 2016-09, we plan to account for forfeitures as incurred and expect this adoption along with the retrospective impact on our classification of cash flows between operating and financing activities to be immaterial. We believe the impact of recording excess tax benefits in income taxes in our consolidated statement of earnings may be material. The magnitude of such impact is dependent upon our future stock price in relation to the fair value of awards on grant date and our future grants of stock-based compensation. See Note F for disclosure of our historical accounting treatment of excess tax benefits.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the total beginning and ending amounts on the statement of cash flows. The standard also requires

companies who report cash and restricted cash separately on the balance sheet to reconcile those amounts to the statement of cash flows. ASU 2016-18 is effective for our annual and interim reporting periods beginning in fiscal 2018. We do not believe adoption of this ASU will have a significant impact to our consolidated financial statements.

Forward-Looking Statements

Our Annual Report on Form 10-K for fiscal 2016, and information we provide in our Annual Report to Stockholders, press releases, and other investor communications including those on our corporate website, may contain a number of forward-looking statements regarding, without limitation, planned store growth, new markets, expected sales, projected earnings levels, capital expenditures, and other matters. These forward-looking statements reflect our then current beliefs, projections, and estimates with respect to future events and our projected financial performance, operations, and competitive position. The words "plan," "expect," "target," "anticipate," "estimate," "believe," "forecast," "projected," "guidance," "looking ahead" and similar expressions identify forward-looking statements.

Future economic and industry trends that could potentially impact revenue, profitability, and growth remain difficult to predict. Our forward-looking statements are subject to risks and uncertainties which could cause our actual results to differ materially from those forward-looking statements and our previous expectations and projections. Refer to Item 1A in this Annual Report on Form 10-K for a more complete discussion of risk factors for Ross and dd's DISCOUNTS. The factors underlying our forecasts are dynamic and subject to change. As a result, any forecasts or forward-looking statements speak only as of the date they are given and do not necessarily reflect our outlook at any other point in time. We disclaim any obligation to update or revise these forward-looking statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

We occasionally use forward contracts to hedge against fluctuations in foreign currency prices. We had no outstanding forward contracts as of January 28, 2017.

Interest that is payable on our revolving credit facility is based on variable interest rates and is, therefore, affected by changes in market interest rates. As of January 28, 2017, we had no borrowings outstanding under our revolving credit facility.

We have two outstanding series of unsecured notes held by institutional investors: Series A Senior Notes due December 2018 for \$85 million accrue interest at 6.38% and Series B Senior Notes due December 2021 for \$65 million accrue interest at 6.53%. The amount outstanding under these notes as of January 28, 2017 was \$150 million. We also have unsecured 3.375% Senior Notes due September 2024 with an aggregate principal amount of \$250 million. Interest that is payable on our senior notes is based on fixed interest rates and is therefore unaffected by changes in market interest rates.

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

A hypothetical 100 basis point increase or decrease in prevailing market interest rates would not have a material impact on our consolidated financial position, results of operations, cash flows, or the fair values of our short- and long-term investments as of and for the year ended January 28, 2017. We do not consider the potential losses in future earnings and cash flows from reasonably possible, near-term changes in interest rates to be material.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Consolidated Statements of Earnings

(\$000, except per share data)	Year Ended January 28, 2017	Year Ended January 30, 2016	Year Ended January 31, 2015
Sales	\$ 12,866,757	\$ 11,939,999	\$ 11,041,677
Costs and Expenses			
Cost of goods sold	9,173,705	8,576,873	7,937,956
Selling, general and administrative	1,890,408	1,738,755	1,615,371
Interest expense, net	16,488	12,612	2,984
Total costs and expenses	11,080,601	10,328,240	9,556,311
Earnings before taxes	1,786,156	1,611,759	1,485,366
Provision for taxes on earnings	668,502	591,098	560,642
Net earnings	\$ 1,117,654	\$ 1,020,661	\$ 924,724
Earnings per share			
Basic	\$ 2.85	\$ 2.53	\$ 2.24
Diluted	\$ 2.83	\$ 2.51	\$ 2.21
Weighted average shares outstanding (000)			
Basic	392,124	403,034	413,553
Diluted	394,958	406,405	418,077

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

Consolidated Statements of Comprehensive Income

(\$000)	Year Ended January 28, 2017	Year Ended January 30, 2016	Year Ended January 31, 2015
Net earnings	\$ 1,117,654	\$ 1,020,661	\$ 924,724
Other comprehensive income (loss):			
Change in unrealized loss on investments, net of tax	(91)	(148)	(59)
Comprehensive income	\$ 1,117,563	\$ 1,020,513	\$ 924,665

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

Consolidated Balance Sheets

(\$000, except share data)	January 28, 2017	January 30, 2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,111,599	\$ 761,602
Short-term investments	—	1,737
Accounts receivable	75,154	73,627
Merchandise inventory	1,512,886	1,419,104
Prepaid expenses and other	113,410	116,125
Total current assets	2,813,049	2,372,195
Property and Equipment		
Land and buildings	1,101,334	1,084,328
Fixtures and equipment	2,421,645	2,244,790
Leasehold improvements	998,508	920,392
Construction-in-progress	69,767	90,399
	4,591,254	4,339,909
Less accumulated depreciation and amortization	2,263,206	1,997,003
Property and equipment, net	2,328,048	2,342,906
Long-term investments	1,288	1,331
Other long-term assets	166,966	152,687
Total assets	\$ 5,309,351	\$ 4,869,119
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 1,021,735	\$ 945,559
Accrued expenses and other	398,126	376,522
Accrued payroll and benefits	316,492	280,766
Income taxes payable	16,153	—
Total current liabilities	1,752,506	1,602,847
Long-term debt	396,493	396,025
Other long-term liabilities	290,950	268,168
Deferred income taxes	121,385	130,088
Commitments and contingencies		
Stockholders' Equity		
Common stock, par value \$.01 per share	3,919	4,023
Authorized 1,000,000,000 shares		
Issued and outstanding 391,893,000 and 402,339,000 shares, respectively		
Additional paid-in capital	1,215,715	1,122,329
Treasury stock	(272,846)	(229,525)
Accumulated other comprehensive income	91	182
Retained earnings	1,801,138	1,574,982
Total stockholders' equity	2,748,017	2,471,991
Total liabilities and stockholders' equity	\$ 5,309,351	\$ 4,869,119

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

Consolidated Statements of Stockholders' Equity

(000)	Common stock		Additional paid-in capital	Treasury stock	Accumulated other comprehensive income (loss)	Retained earnings	Total
	Shares	Amount					
Balance at February 1, 2014	426,840	\$ 4,268	\$ 933,457	\$ (121,559)	\$389	\$ 1,190,747	\$ 2,007,302
Net earnings	—	—	—	—	—	924,724	924,724
Unrealized investment loss, net	—	—	—	—	(59)	—	(59)
Common stock issued under stock plans, net of shares							
used for tax withholding	2,904	29	21,949	(39,041)	—	—	(17,063)
Tax benefit from equity issuance	—	—	29,759	—	—	—	29,759
Stock-based compensation	—	—	53,001	—	—	—	53,001
Common stock repurchased	(14,805)	(148)	(24,559)	—	—	(525,293)	(550,000)
Dividends declared (\$0.400 per share)	—	—	—	—	—	(168,454)	(168,454)
Balance at January 31, 2015	414,939	\$ 4,149	\$ 1,013,607	\$ (160,600)	\$330	\$ 1,421,724	\$ 2,279,210
Net earnings	—	—	—	—	—	1,020,661	1,020,661
Unrealized investment loss, net	—	—	—	—	(148)	—	(148)
Common stock issued under stock plans, net of shares							
used for tax withholding	1,053	11	20,175	(68,925)	—	—	(48,739)
Tax benefit from equity issuance	—	—	42,382	—	—	—	42,382
Stock-based compensation	—	—	70,937	—	—	—	70,937
Common stock repurchased	(13,653)	(137)	(24,772)	—	—	(675,091)	(700,000)
Dividends declared (\$0.470 per share)	—	—	—	—	—	(192,312)	(192,312)
Balance at January 30, 2016	402,339	\$ 4,023	\$ 1,122,329	\$ (229,525)	\$182	\$ 1,574,982	\$ 2,471,991
Net earnings	—	—	—	—	—	1,117,654	1,117,654
Unrealized investment loss, net	—	—	—	—	(91)	—	(91)
Common stock issued under stock plans, net of shares							
used for tax withholding	1,192	12	18,527	(43,321)	—	—	(24,782)
Tax benefit from equity issuance	—	—	23,331	—	—	—	23,331
Stock-based compensation	—	—	74,554	—	—	—	74,554
Common stock repurchased	(11,638)	(116)	(23,026)	—	—	(676,858)	(700,000)
Dividends declared (\$0.540 per share)	—	—	—	—	—	(214,640)	(214,640)
Balance at January 28, 2017	391,893	\$ 3,919	\$ 1,215,715	\$ (272,846)	\$91	\$ 1,801,138	\$ 2,748,017

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

Consolidated Statements of Cash Flows

(\$000)	Year Ended January 28, 2017	Year Ended January 30, 2016	Year Ended January 31, 2015
Cash Flows From Operating Activities			
Net earnings	\$ 1,117,654	\$ 1,020,661	\$ 924,724
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	302,515	274,828	232,959
Stock-based compensation	74,554	70,937	53,001
Deferred income taxes	(8,703)	56,358	25,086
Tax benefit from equity issuance	23,331	42,382	29,759
Excess tax benefit from stock-based compensation	(23,331)	(42,302)	(29,415)
Change in assets and liabilities:			
Merchandise inventory	(93,782)	(46,429)	(115,520)
Other current assets	(928)	(13,496)	(16,410)
Accounts payable	83,085	(41,464)	204,158
Other current liabilities	76,676	7,796	69,568
Other long-term, net	7,780	(3,019)	(5,045)
Net cash provided by operating activities	1,558,851	1,326,252	1,372,865
Cash Flows From Investing Activities			
Additions to property and equipment	(297,880)	(366,960)	(646,691)
Decrease (increase) in restricted cash and investments	3,388	4,065	(4,329)
Purchases of investments	—	(718)	—
Proceeds from investments	1,729	1,104	12,021
Net cash used in investing activities	(292,763)	(362,509)	(638,999)
Cash Flows From Financing Activities			
Excess tax benefit from stock-based compensation	23,331	42,302	29,415
Net proceeds from issuance of long-term debt	—	—	245,676
Issuance of common stock related to stock plans	18,539	20,186	21,978
Treasury stock purchased	(43,321)	(68,925)	(39,041)
Repurchase of common stock	(700,000)	(700,000)	(550,000)
Dividends paid	(214,640)	(192,312)	(168,454)
Net cash used in financing activities	(916,091)	(898,749)	(460,426)
Net increase in cash and cash equivalents	349,997	64,994	273,440
Cash and cash equivalents:			
Beginning of year	761,602	696,608	423,168
End of year	\$ 1,111,599	\$ 761,602	\$ 696,608
Supplemental Cash Flow Disclosures			
Interest paid	\$ 18,105	\$ 18,035	\$ 9,668
Income taxes paid	\$ 628,441	\$ 523,597	\$ 510,145

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

Notes to Consolidated Financial Statements

Note A: Summary of Significant Accounting Policies

Business. Ross Stores, Inc. and its subsidiaries (the “Company”) is an off-price retailer of first-quality, in-season, name brand and designer apparel, accessories, footwear, and home fashions for the entire family. At the end of fiscal 2016, the Company operated 1,340 Ross Dress for Less® (“Ross”) locations in 36 states, the District of Columbia and Guam, and 193 dd’s DISCOUNTS® stores in 15 states. The Ross and dd’s DISCOUNTS stores are supported by six distribution centers. The Company’s headquarters, one buying office, three operating distribution centers, two warehouses, and 24% of its stores are located in California.

Segment reporting. The Company has one reportable segment. The Company’s operations include only activities related to off-price retailing in stores throughout the United States.

Basis of presentation and fiscal year. The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. Intercompany transactions and accounts have been eliminated. The Company follows the National Retail Federation fiscal calendar and utilizes a 52-53 week fiscal year whereby the fiscal year ends on the Saturday nearest to January 31. The fiscal years ended January 28, 2017, January 30, 2016 and January 31, 2015 are referred to as fiscal 2016, fiscal 2015, and fiscal 2014, respectively, and were 52-week years.

Stock dividend. In March 2015, the Company’s Board of Directors declared a two-for-one stock split of the Company’s common stock issued in the form of a stock dividend. Stockholders of record as of April 22, 2015 were issued one additional share of common stock on June 11, 2015 for each share held. All share and per share amounts have been adjusted to reflect the stock split.

Use of accounting estimates. The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles in the United States of America (“GAAP”) requires the Company to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The Company’s significant accounting estimates include valuation reserves for inventory shortage, packaway inventory costs, useful lives of fixed assets, insurance reserves, and reserves for uncertain tax positions.

Purchase obligations. As of January 28, 2017, the Company had purchase obligations of approximately \$2,146 million. These purchase obligations primarily consist of merchandise inventory purchase orders, commitments related to construction projects, store fixtures and supplies, and information technology service, transportation, and maintenance contracts.

Cash and cash equivalents. Cash equivalents consist of highly liquid, fixed income instruments purchased with an original maturity of three months or less.

Restricted cash, cash equivalents, and investments. The Company has restricted cash, cash equivalents, and investments that serve as collateral for certain insurance obligations of the Company. These restricted funds are invested in bank deposits, money market mutual funds, U.S. Government and agency securities, and corporate securities and cannot be withdrawn from the Company’s account without the prior written consent of the secured parties. The following table summarizes total restricted cash, cash equivalents, and investments which were included in Prepaid expenses and other and Other long-term assets in the Consolidated Balance Sheets as of January 28, 2017 and January 30, 2016:

Restricted Assets (\$000)	2016	2015
Prepaid expenses and other	\$ 13,642	\$ 15,770
Other long-term assets	54,567	55,913
Total	\$ 68,209	\$ 71,683

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

Estimated fair value of financial instruments. The carrying value of cash and cash equivalents, short- and long-term investments, restricted cash and cash equivalents, restricted investments, accounts receivable, other long-term assets, accounts payable, and other long-term liabilities approximates their estimated fair value. See Note B and Note D for additional fair value information.

Cash and cash equivalents were \$1,111.6 million and \$761.6 million, at January 28, 2017 and January 30, 2016, respectively, and include bank deposits and money market funds for which the fair value was determined using quoted prices for identical assets in active markets, which are considered to be Level 1 inputs under the fair value measurements and disclosures guidance.

Investments. The Company's investments are comprised of various debt securities. At January 28, 2017 and January 30, 2016, these investments were classified as available-for-sale and are stated at fair value. Investments are classified as either short- or long-term based on their maturity dates and the Company's intent. Investments with a maturity of less than one year are classified as short-term. See Note B for additional information.

Merchandise inventory. Merchandise inventory is stated at the lower of cost (determined using a weighted average basis) or net realizable value. The Company purchases inventory that can either be shipped to stores or processed as packaway merchandise with the intent that it will be warehoused and released to stores at a later date. The timing of the release of packaway inventory to the stores is principally driven by the product mix and seasonality of the merchandise, and its relation to the Company's store merchandise assortment plans. As such, the aging of packaway varies by merchandise category and seasonality of purchase, but typically packaway remains in storage less than six months. Merchandise inventory includes acquisition, processing, and storage costs related to packaway inventory. The cost of the Company's merchandise inventory is reduced by valuation reserves for shortage based on historical shortage experience from the Company's physical merchandise inventory counts and cycle counts.

Cost of goods sold. In addition to product costs, the Company includes in cost of goods sold its buying, distribution and freight expenses as well as occupancy costs, and depreciation and amortization related to the Company's retail stores, buying, and distribution facilities. Buying expenses include costs to procure merchandise inventories. Distribution expenses include the cost of operating the Company's distribution centers and warehouse facilities.

Property and equipment. Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful life of the asset, typically ranging from three to 12 years for equipment and information systems and 20 to 40 years for land improvements and buildings. Depreciation and amortization expense on property and equipment was \$302.5 million, \$274.8 million, and \$233.0 million for fiscal 2016, 2015, and 2014, respectively. The cost of leasehold improvements is amortized over the useful life of the asset or the applicable lease term, whichever is less. The Company capitalizes interest during the construction period. Interest capitalized was \$0.0 million, \$6.5 million and \$10.8 million in fiscal 2016, 2015, and 2014, respectively. As of January 28, 2017, January 30, 2016, and January 31, 2015 the Company had \$25.7 million, \$35.8 million, and \$58.6 million, respectively, of property and equipment purchased but not yet paid. These purchases are included in Property and Equipment and in Accounts payable and Accrued expenses and other in the accompanying Consolidated Balance Sheets.

Other long-term assets. Other long-term assets as of January 28, 2017 and January 30, 2016 consisted of the following:

(\$000)	2016	2015
Deferred compensation (Note B)	\$ 100,423	\$ 86,073
Restricted cash and investments	54,567	55,913
Other	11,976	10,701
Total	\$ 166,966	\$ 152,687

Property and other long-term assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Intangible assets that are not subject to amortization, including goodwill, are tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset may be impaired. Based on the Company's evaluation during fiscal 2016, 2015, and 2014, no impairment charges were recorded.

Store closures. The Company continually reviews the operating performance of individual stores. For stores that are closed, the Company records a liability for future minimum lease payments net of estimated sublease recoveries and

related ancillary costs at the time the liability is incurred. The lease loss liability was \$1.2 million and \$1.8 million, as of January 28, 2017 and January 30, 2016, respectively. Operating costs, including depreciation, of stores to be closed are expensed during the period they remain in use. The Company closed six stores in both 2016 and 2015.

Accounts payable. Accounts payable represents amounts owed to third parties at the end of the period. Accounts payable includes book cash overdrafts (checks issued under zero balance accounts not yet presented for payment) in excess of cash balances in such accounts of approximately \$96.3 million and \$100.3 million at January 28, 2017 and January 30, 2016, respectively. The Company includes the change in book cash overdrafts in operating cash flows.

Insurance obligations. The Company uses a combination of insurance and self-insurance for a number of risk management activities, including workers' compensation, general liability, and employee-related health care benefits. The self-insurance and deductible liability is determined actuarially, based on claims filed and an estimate of claims incurred but not yet reported. Self-insurance and deductible reserves as of January 28, 2017 and January 30, 2016 consisted of the following:

(\$000)	2016	2015
Workers' compensation	\$ 94,920	\$ 93,452
General liability	39,679	39,895
Medical plans	4,899	4,155
Total	\$ 139,498	\$ 137,502

Workers' compensation and self-insured medical plan liabilities are included in Accrued payroll and benefits and accruals for general liability are included in Accrued expenses and other in the accompanying Consolidated Balance Sheets.

Other long-term liabilities. Other long-term liabilities as of January 28, 2017 and January 30, 2016 consisted of the following:

(\$000)	2016	2015
Income taxes	\$ 97,502	\$ 94,194
Deferred compensation (Note G)	100,423	86,073
Deferred rent	67,941	63,241
Tenant improvement allowances	20,554	20,300
Other	4,530	4,360
Total	\$ 290,950	\$ 268,168

Lease accounting. When a lease contains "rent holidays" or requires fixed escalations of the minimum lease payments, the Company records rental expense on a straight-line basis over the term of the lease and the difference between the average rental amount charged to expense and the amount payable under the lease is recorded as deferred rent. The Company begins recording rent expense on the lease possession date. Tenant improvement allowances are included in Other long-term liabilities and are amortized over the lease term. Changes in tenant improvement allowances are included as a component of operating activities in the Consolidated Statements of Cash Flows.

Revenue recognition. The Company recognizes revenue at the point of sale and maintains an allowance for estimated future returns. Sales of stored value cards are deferred until they are redeemed for the purchase of Company merchandise. The Company's stored value cards do not have expiration dates. Based upon historical redemption rates, a small percentage of stored value cards will never be redeemed, which represents breakage. The Company recognizes income from stored value card breakage as a reduction of operating expenses when redemption by a customer is considered to be remote. Income recognized from breakage was not significant in fiscal 2016, 2015, and 2014.

Sales tax collected is not recognized as revenue and amounts outstanding are included in Accrued expenses and other in the Consolidated Balance Sheets.

Allowance for sales returns. An allowance for the gross margin loss on estimated sales returns is included in Accrued expenses and other in the Consolidated Balance Sheets. The allowance for sales returns consists of the following:

(\$000)	Beginning Balance	Additions	Returns	Ending Balance
Year ended:				
January 28, 2017	\$ 7,955	\$ 761,350	\$ (760,899)	\$ 8,406
January 30, 2016	\$ 8,594	\$ 737,727	\$ (738,366)	\$ 7,955
January 31, 2015	\$ 7,431	\$ 717,040	\$ (715,877)	\$ 8,594

Store pre-opening. Store pre-opening costs are expensed in the period incurred.

Advertising. Advertising costs are expensed in the period incurred and are included in Selling, general and administrative expenses. Advertising costs for fiscal 2016, 2015, and 2014 were \$73.0 million, \$77.1 million, and \$72.1 million, respectively.

Stock-based compensation. The Company recognizes compensation expense based upon the grant date fair value of all stock-based awards, typically over the vesting period. See Note C for more information on the Company's stock-based compensation plans.

Taxes on earnings. The Company accounts for income taxes in accordance with Accounting Standards Codification ("ASC") 740, "Accounting for Income Taxes," which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's consolidated financial statements or tax returns. In estimating future tax consequences, the Company generally considers all expected future events other than changes in the tax law or tax rates. ASC 740 clarifies the criteria that an individual tax position must satisfy for some or all of the benefits of that position to be recognized in a company's consolidated financial statements. ASC 740 prescribes a recognition threshold of more-likely-than-not, and a measurement standard for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the consolidated financial statements. See Note F.

Treasury stock. The Company records treasury stock at cost. Treasury stock includes shares purchased from employees for tax withholding purposes related to vesting of restricted stock grants.

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

In fiscal 2016, 2015, and 2014 there were 2,500, 25,000, and 5,100 weighted average shares, respectively, that were excluded from the calculation of diluted EPS because their effect would have been anti-dilutive for those years.

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

Shares in (000s)	Basic EPS		Effect of dilutive common stock equivalents	Diluted EPS
2016				
Shares	392,124		2,834	394,958
Amount	\$	2.85	\$ (0.02)	\$ 2.83
2015				
Shares	403,034		3,371	406,405
Amount	\$	2.53	\$ (0.02)	\$ 2.51
2014				
Shares	413,553		4,524	418,077
Amount	\$	2.24	\$ (0.03)	\$ 2.21

Comprehensive income. Comprehensive income includes net earnings and components of other comprehensive income (loss), net of tax, consisting of unrealized investment gains or losses.

Recently issued accounting standards. In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle of the guidance is that a company should recognize revenue when the customer obtains control of promised goods or services in an amount that reflects the consideration which the company expects to receive in exchange for those goods or services. ASU 2014-09 is effective for the Company's annual and interim reporting periods beginning in fiscal 2018. The Company does not expect the adoption of this new guidance to be material to its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The ASU requires balance sheet recognition for all leases with lease terms greater than one year including a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 is effective for the Company's annual and interim reporting periods beginning in fiscal 2019. The Company is currently evaluating the effect adoption of this new guidance will have on its consolidated financial statements. Due to the substantial number of leases that it has, the Company believes this ASU will increase assets and liabilities by the same material amount on its consolidated balance sheet. See Note E for disclosure of the Company's current undiscounted minimum commitments under noncancelable operating leases. The Company does not believe adoption of this ASU will have a significant impact to its consolidated statements of earnings, stockholders' equity, and cash flows.

In March 2016, the FASB issued ASU 2016-09, *Compensation - Stock Compensation (Topic 718) - Improvements to Employee Share-Based Payment Accounting*. ASU 2016-09 provides for changes to accounting for stock compensation including 1) excess tax benefits and tax deficiencies related to share based payment awards will be recognized as income tax benefit or expense in the reporting period in which they occur (previously such amounts were recognized in additional paid-in capital); 2) excess tax benefits will be classified as an operating activity in the statement of cash flows; and 3) the option to elect to estimate forfeitures or account for them when they occur. ASU 2016-09 is effective for the Company beginning in the first quarter of 2017. Upon adoption of ASU 2016-09, the Company plans to account for forfeitures as incurred and expects this adoption along with the retrospective impact on its classification of cash flows between operating and financing activities to be immaterial. The Company believes the impact of recording excess tax benefits in income taxes in its consolidated statement of earnings may be material. The magnitude of such impact is dependent upon the Company's future stock price in relation to the fair value of awards on grant date and the Company's future grants of stock-based compensation. See Note F for disclosure of the Company's historical accounting treatment of excess tax benefits.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the total beginning and ending amounts on the statement of cash flows. The standard also requires companies who report cash and restricted cash separately on the balance sheet to reconcile those amounts to the

statement of cash flows. ASU 2016-18 is effective for the Company's annual and interim reporting periods beginning in fiscal 2018. The Company does not believe adoption of this ASU will have a significant impact to its consolidated financial statements.

Note B: Investments and Restricted Investments

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

The fair value of the Company's financial instruments as of January 28, 2017 and January 30, 2016 are as follows:

(\$000)	2016		2015
Cash and cash equivalents (Level 1)	\$	1,111,599	\$ 761,602
Investments (Level 2)	\$	1,288	\$ 3,068
Restricted cash and cash equivalents (Level 1)	\$	64,581	\$ 67,947
Restricted investments			
Level 1	\$	—	\$ 3,736
Level 2	\$	3,628	\$ —

Restricted investments in government bonds with a fair value of \$3.6 million at January 28, 2017 were transferred from Level 1 into Level 2 due to the market for the identical bonds being inactive.

The underlying assets in the Company's non-qualified deferred compensation program as of January 28, 2017 and January 30, 2016 (included in Other long-term assets and in Other long-term liabilities) primarily consist of participant-directed money market, stable value, stock, and bond funds. The fair value measurement for funds with quoted market prices in active markets (Level 1) and for funds without quoted market prices in active markets (Level 2) are as follows:

(\$000)	2016		2015
Level 1	\$	84,933	\$ 73,633
Level 2		15,490	12,440
Total	\$	100,423	\$ 86,073

Note C: Stock-Based Compensation

For fiscal 2016, 2015, and 2014, the Company recognized stock-based compensation expense as follows:

(\$000)	2016		2015	2014
Restricted stock	\$	38,234	\$ 37,204	\$ 34,729
Performance awards		33,379	31,056	16,003
ESPP		2,941	2,677	2,269
Total	\$	74,554	\$ 70,937	\$ 53,001

Capitalized stock-based compensation cost was not significant in any year.

No stock options were granted during fiscal 2016, 2015, and 2014. At January 28, 2017, the Company had one active stock-based compensation plan, which is further described in Note H. The Company recognizes expense for ESPP purchase rights equal to the value of the 15% discount given on the purchase date.

Total stock-based compensation recognized in the Company's Consolidated Statements of Earnings for fiscal 2016, 2015, and 2014 is as follows:

Statements of Earnings Classification (\$000)	2016		2015		2014	
Cost of goods sold	\$	34,077	\$	32,922	\$	27,088
Selling, general and administrative		40,477		38,015		25,913
Total	\$	74,554	\$	70,937	\$	53,001

Note D: Debt

Senior notes. Unsecured senior debt, net of unamortized discounts and debt issuance costs, as of January 28, 2017 and January 30, 2016 consisted of the following:

(\$000)	2016		2015	
6.38% Series A Senior Notes due 2018	\$	84,939	\$	84,906
6.53% Series B Senior Notes due 2021		64,902		64,882
3.375% Senior Notes due 2024		246,652		246,237
Total	\$	396,493	\$	396,025

As of January 28, 2017, the Company had outstanding unsecured 3.375% Senior Notes due September 2024 (the "2024 Notes") with an aggregate principal amount of \$250 million. Interest on the 2024 Notes is payable semi-annually.

As of January 28, 2017, the Company also had outstanding two other series of unsecured senior notes in the aggregate principal amount of \$150 million, held by various institutional investors. The Series A notes totaling \$85 million are due in December 2018 and bear interest at a rate of 6.38%. The Series B notes totaling \$65 million are due in December 2021 and bear interest at a rate of 6.53%. Borrowings under these senior notes are subject to certain financial covenants, including interest coverage and other financial ratios. As of January 28, 2017, the Company was in compliance with these covenants.

As of January 28, 2017 and January 30, 2016, total unamortized discount and debt issuance costs were \$3.5 million and \$4.0 million, respectively, and were classified as a reduction of Long-term debt.

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

The aggregate fair value of the three outstanding senior note issuances was approximately \$419 million and \$423 million as of January 28, 2017 and January 30, 2016, respectively. The fair value is estimated by obtaining comparable market quotes which are considered to be Level 1 inputs under the fair value measurements and disclosures guidance.

The following table shows scheduled annual principal payments on Long-term debt:

(\$000)	
2017	\$ —
2018	\$ 85,000
2019	\$ —
2020	\$ —
2021	\$ 65,000
Thereafter	\$ 250,000

The table below shows the components of interest expense and income for fiscal 2016, 2015, and 2014:

(\$000)	2016		2015		2014
Interest expense on long-term debt	\$	18,573	\$	18,568	\$ 12,990
Other interest expense		1,022		1,252	1,230
Capitalized interest		(26)		(6,530)	(10,825)
Interest income		(3,081)		(678)	(411)
Interest expense, net	\$	16,488	\$	12,612	\$ 2,984

Revolving credit facility. In April 2016, the Company entered into a new \$600 million unsecured revolving credit facility. This credit facility, which replaced the Company's previous \$600 million unsecured revolving credit facility, expires in April 2021 and contains a \$300 million sublimit for issuance of standby letters of credit (subject to increase in proportion to any increase in the size of the credit facility). The facility also contains an option allowing the Company to increase the size of its credit facility by up to an additional \$200 million, with the agreement of the lenders. Interest on any borrowings under this facility is based on LIBOR plus an applicable margin (currently 100 basis points) and is payable quarterly and upon maturity. The revolving credit facility may be extended, at the Company's option, for up to two additional one year periods, subject to customary conditions. As of January 28, 2017 the Company had no borrowings or standby letters of credit outstanding under this facility and the \$600 million credit facility remains in place and available.

The revolving credit facility is subject to a financial leverage ratio covenant. As of January 28, 2017, the Company was in compliance with this covenant.

Standby letters of credit and collateral trust. The Company uses standby letters of credit outside of its revolving credit facility in addition to a funded trust to collateralize its insurance obligations. As of January 28, 2017 and January 30, 2016, the Company had \$11.6 million and \$15.3 million, respectively, in standby letters of credit and \$56.6 million and \$56.4 million, respectively, in a collateral trust. The standby letters of credit are collateralized by restricted cash and the collateral trust consists of restricted cash, cash equivalents, and investments.

Trade letters of credit. The Company had \$26.5 million and \$32.0 million in trade letters of credit outstanding at January 28, 2017 and January 30, 2016, respectively.

Note E: Leases

The Company currently leases all but three of its store locations with original, non-cancelable terms that in general range from three to ten years. Store leases typically contain provisions for three to four renewal options of five years each. Most store leases also provide for minimum annual rentals and for payment of certain expenses. In addition, some store leases also have provisions for additional rent based on a percentage of sales.

The Company leases three warehouses. Two of the warehouses are in Carlisle, Pennsylvania with leases expiring in 2018 and 2019. The third warehouse is in Fort Mill, South Carolina, with a lease expiring in 2019. The leases for the two Carlisle, Pennsylvania warehouses contain renewal provisions.

The Company leases approximately 87,000 square feet of office space for its Los Angeles buying office. The lease term for this facility expires in 2017 and contains renewal provisions. In addition, the Company has a ground lease related to its New York buying office.

The aggregate future minimum annual lease payments under leases, including the ground lease related to the New York buying office, in effect at January 28, 2017 are as follows:

(\$000)	Total operating leases
2017	\$ 490,936
2018	507,976
2019	429,178
2020	349,362
2021	268,224
Thereafter	1,450,539
Total minimum lease payments	\$ 3,496,215

Rent expense, including contingent rent and net of sublease income, was \$505.2 million, \$473.2 million, and \$451.9 million in fiscal 2016, 2015, and 2014, respectively. Contingent rent and sublease income was not significant in any year.

Note F: Taxes on Earnings

The provision for income taxes consisted of the following:

(\$000)	2016	2015	2014
Current			
Federal	\$ 632,872	\$ 497,710	\$ 499,009
State	44,333	37,030	36,547
	677,205	534,740	535,556
Deferred			
Federal	(8,350)	55,404	23,452
State	(353)	954	1,634
	(8,703)	56,358	25,086
Total	\$ 668,502	\$ 591,098	\$ 560,642

In fiscal 2016, 2015, and 2014, the Company realized tax benefits of \$23.3 million, \$42.4 million and \$29.8 million, respectively, related to employee equity programs that were recorded in additional paid-in capital.

The provision for taxes for financial reporting purposes is different from the tax provision computed by applying the statutory federal income tax rate. The differences are reconciled below:

	2016	2015	2014
Federal income taxes at the statutory rate	35%	35%	35%
State income taxes (net of federal benefit) and other, net	2%	2%	3%
Total	37%	37%	38%

The components of deferred taxes at January 28, 2017 and January 30, 2016 are as follows:

(\$000)	2016	2015
Deferred Tax Assets		
Accrued liabilities	\$ 71,796	\$ 69,144
Deferred compensation	36,101	29,932
Stock-based compensation	44,865	41,388
Deferred rent	25,221	23,903
State taxes and credits	28,484	21,973
Employee benefits	23,987	22,156
Other	8,223	6,835
Gross Deferred Tax Assets	238,677	215,331
Less: Valuation allowance	(3,730)	—
Deferred Tax Assets	234,947	215,331
Deferred Tax Liabilities		
Depreciation	(313,526)	(304,191)
Merchandise inventory	(28,853)	(28,085)
Supplies	(13,418)	(12,559)
Other	(535)	(584)
Deferred Tax Liabilities	(356,332)	(345,419)
Net Deferred Tax Liabilities	\$ (121,385)	\$ (130,088)

At the end of fiscal 2016 and 2015, the Company's state tax credit carryforwards for income tax purposes were approximately \$22.8 million and \$16.1 million, respectively. The state tax credit carryforwards will begin to expire in fiscal 2019. The Company has provided a valuation allowance of \$3.7 million for deferred tax assets related to state tax credits that are not expected to be realized.

The changes in amounts of unrecognized tax benefits (gross of federal tax benefits and excluding interest and penalties) at fiscal 2016, 2015, and 2014 are as follows:

(\$000)	2016	2015	2014
Unrecognized tax benefits - beginning of year	\$ 75,372	\$ 78,116	\$ 80,323
Gross increases:			
Tax positions in current period	12,394	14,990	15,441
Tax positions in prior period	2,897	—	—
Gross decreases:			
Tax positions in prior periods	(3,231)	(10,589)	(9,432)
Lapse of statute limitations	(6,310)	(4,216)	(5,732)
Settlements	—	(2,929)	(2,484)
Unrecognized tax benefits - end of year	\$ 81,122	\$ 75,372	\$ 78,116

At the end of fiscal 2016, 2015, and 2014, the reserves for unrecognized tax benefits were \$98.6 million, \$94.2 million, and \$101.7 million inclusive of \$17.5 million, \$18.8 million, and \$23.6 million of related interest and penalties, respectively. The Company accounts for interest and penalties related to unrecognized tax benefits as a part of its provision for taxes on earnings. If recognized, \$49.1 million would impact the Company's effective tax rate. The difference between the total amount of unrecognized tax benefits and the amounts that would impact the effective tax rate relates to amounts attributable to deferred tax assets and liabilities. These amounts are net of federal and state income taxes.

It is reasonably possible that certain federal and state tax matters may be concluded or statutes of limitations may lapse during the next twelve months. Accordingly, the total amount of unrecognized tax benefits may decrease, reducing the provision for taxes on earnings by up to \$4.3 million.

The Company is open to audit by the Internal Revenue Service under the statute of limitations for fiscal years 2013 through 2016. The Company's state income tax returns are generally open to audit under the various statutes of limitations for fiscal years 2012 through 2016. Certain federal and state tax returns are currently under audit by various tax authorities. The Company does not expect the results of these audits to have a material impact on the consolidated financial statements.

Note G: Employee Benefit Plans

The Company has a defined contribution plan that is available to certain employees. Under the plan, employee and Company contributions and accumulated plan earnings qualify for favorable tax treatment under Section 401(k) of the Internal Revenue Code. This plan permits employees to make contributions up to the maximum limits allowable under the Internal Revenue Code. The Company matches up to 4% of the employee's salary up to the plan limits. Company matching contributions to the 401(k) plan were \$13.9 million, \$12.7 million, and \$11.4 million in fiscal 2016, 2015, and 2014, respectively.

The Company also has an Incentive Compensation Plan which provides cash awards to key management and employees based on Company and individual performance.

The Company also makes available to management a Non-qualified Deferred Compensation Plan which allows management to make payroll contributions on a pre-tax basis in addition to the 401(k) plan. Other long-term assets include \$100.4 million and \$86.1 million at January 28, 2017 and January 30, 2016, respectively, of long-term plan investments, at market value, set aside or designated for the Non-qualified Deferred Compensation Plan (See Note B). Plan investments are designated by the participants, and investment returns are not guaranteed by the Company. The Company has a corresponding liability to participants of \$100.4 million and \$86.1 million at January 28, 2017 and January 30, 2016, respectively, included in Other long-term liabilities in the Consolidated Balance Sheets.

In addition, the Company has certain individuals who receive or will receive post-employment medical benefits. The estimated liability for these benefits of \$8.0 million and \$13.2 million is included in Accrued expenses and other in the accompanying Consolidated Balance Sheets as of January 28, 2017 and January 30, 2016, respectively.

Note H: Stockholders' Equity

Common stock. In February 2017, the Company's Board of Directors approved a new two-year \$1.75 billion stock repurchase program through fiscal 2018.

The following table summarizes the Company's stock repurchase activity in fiscal 2016, 2015, and 2014:

Fiscal Year	Shares repurchased (in millions)	Average repurchase price	Repurchased (in millions)
2016	11.6	\$60.15	\$700
2015	13.7	\$51.27	\$700
2014	14.8	\$37.15	\$550

Preferred stock. The Company has four million shares of preferred stock authorized, with a par value of \$.01 per share. No preferred stock is issued or outstanding.

Dividends. On February 28, 2017, the Company's Board of Directors declared a quarterly cash dividend of \$0.1600 per common share, payable on March 31, 2017. The Company's Board of Directors declared cash dividends of \$0.1350 per common share in March, May, August, and November 2016, cash dividends of \$0.1175 per common share in February, May, August, and November 2015, and cash dividends of \$0.1000 per common share in February, May, August, and November 2014.

2008 Equity Incentive Plan. The Ross Stores, Inc. 2008 Equity Incentive Plan (the "2008 Plan") has an initial share reserve of 33.0 million shares of the Company's common stock, of which 24.0 million shares can be issued as full value awards. The 2008 Plan provides for various types of incentive awards, which may potentially include the grant of stock options, stock appreciation rights, restricted stock purchase rights, restricted stock bonuses, restricted stock

units, performance shares, performance units, and deferred compensation awards. As of January 28, 2017, there were 12.1 million shares that remained available for grant under the 2008 Plan.

A summary of the stock option activity for fiscal 2016 is presented below:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value (\$'000)
Outstanding at January 30, 2016	310,066	\$7.34		
Granted	—	—		
Exercised	(261,502)	7.18		
Forfeited	—	—		
Outstanding at January 28, 2017, all vested	48,564	\$8.19	0.32	\$2,775

As of January 28, 2017, the outstanding and exercisable options to purchase 48,564 shares of common stock had a weighted average exercise price of \$8.19 and a weighted average remaining contractual life of 0.32 years.

A summary of restricted stock and performance share award activity for fiscal 2016 is presented below:

	Number of shares (000)	Weighted average grant date fair value
Unvested at January 30, 2016	6,104	\$34.87
Awarded	1,537	57.08
Released	(1,916)	27.82
Forfeited	(162)	38.14
Unvested at January 28, 2017	5,563	\$43.19

The market value of shares of restricted stock and of the stock underlying restricted stock units at the date of grant is amortized to expense over the vesting period of generally three to five years. The unamortized compensation expense at January 28, 2017 and January 30, 2016 was \$101.6 million and \$94.5 million, respectively, which is expected to be recognized over a weighted average remaining period of 1.8 years. Intrinsic value for restricted stock, defined as the closing market value on the last business day of fiscal year 2016 (or \$65.33), was \$363.4 million. A total of 12.1 million, 12.7 million, and 13.3 million shares were available for new restricted stock awards at the end of fiscal 2016, 2015, and 2014, respectively. During fiscal 2016, 2015, and 2014, shares purchased by the Company for tax withholding totaled 0.7 million, 1.3 million, and 1.1 million shares, respectively, and are considered treasury shares which are available for reissuance. As of January 28, 2017 and January 30, 2016, the Company held 11.8 million and 11.1 million shares of treasury stock, respectively.

Performance share awards. The Company has a performance share award program for senior executives. A performance share award represents a right to receive shares of restricted stock or restricted stock units on a specified settlement date based on the Company's attainment of a profitability-based performance goal during the performance period, which is the Company's fiscal year. If attained, the restricted stock or units then vest over a service period, generally two to three years from the date the performance award was granted. The release of shares related to restricted stock units earned is deferred generally for one year from the date earned. The Company issued approximately 682,000, 601,000, and 607,000 shares in settlement of the fiscal 2016, 2015, and 2014 awards.

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

During fiscal 2016, 2015, and 2014, employees purchased approximately 0.3 million, 0.4 million, and 0.4 million shares, respectively, of the Company's common stock under the plan at weighted average per share prices of \$51.86, \$43.16,

and \$32.18, respectively. Through January 28, 2017, approximately 39.4 million shares had been issued under this plan and 5.6 million shares remained available for future issuance.

Note I: Related Party Transactions

The Company has a consulting agreement with Norman Ferber, its Chairman Emeritus of the Board of Directors, under which the Company pays him an annual consulting fee of \$1.5 million through May 2018. In addition, the agreement provides for administrative support and health and other benefits for him and his dependents, which totaled approximately \$0.4 million, \$0.3 million, and \$0.3 million in fiscal 2016, 2015, and 2014, respectively, along with amounts to cover premiums through May 2018 on a life insurance policy with a death benefit of \$2.0 million. On termination of Mr. Ferber's consultancy with the Company, the Company will pay Mr. Ferber \$75,000 per year for a period of 10 years.

Robert Ferber, the son of Norman Ferber, is a buyer with the Company. The Company paid Robert Ferber compensation including salary and bonus of approximately \$148,000, \$131,000, and \$133,000 in fiscal 2016, 2015, and 2014, respectively.

Note J: Litigation, Claims, and Assessments

Like many retailers, the Company has been named in class action lawsuits, primarily in California, alleging violation of wage and hour laws and consumer protection laws. Class action litigation remains pending as of January 28, 2017.

The Company is also party to various other legal and regulatory proceedings arising in the normal course of business. Actions filed against the Company may include commercial, product and product safety, consumer, intellectual property, and labor and employment-related claims, including lawsuits in which private plaintiffs or governmental agencies allege that the Company violated federal, state, and/or local laws. Actions against the Company are in various procedural stages. Many of these proceedings raise factual and legal issues and are subject to uncertainties.

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

Note K: Quarterly Financial Data (Unaudited)

Summarized quarterly financial information for fiscal 2016 and 2015 is presented in the tables below.

Year ended January 28, 2017:

(\$000, except per share data)	Quarter Ended			
	April 30, 2016	July 30, 2016	October 29, 2016	January 28, 2017
Sales	\$ 3,088,995	\$ 3,180,917	\$ 3,086,687	\$ 3,510,158
Cost of goods sold	2,176,205	2,251,845	2,206,092	2,539,563
Selling, general and administrative	436,924	469,511	490,171	493,802
Interest expense, net	4,364	4,213	4,156	3,755
Total costs and expenses	2,617,493	2,725,569	2,700,419	3,037,120
Earnings before taxes	471,502	455,348	386,268	473,038
Provision for taxes on earnings	180,868	173,442	141,722	172,470
Net earnings	\$ 290,634	\$ 281,906	\$ 244,546	\$ 300,568

Earnings per share – basic ¹	\$ 0.73	\$ 0.72	\$ 0.63	\$ 0.77
Earnings per share – diluted ¹	\$ 0.73	\$ 0.71	\$ 0.62	\$ 0.77
Cash dividends declared per share				
on common stock	\$ 0.1350	\$ 0.1350	\$ 0.1350	\$ 0.1350
Stock price				
High	\$ 59.30	\$ 61.98	\$ 65.06	\$ 69.53
Low	\$ 52.56	\$ 52.34	\$ 60.68	\$ 61.28

¹ EPS is computed independently for each of the quarters presented. The sum of the quarters may not equal the total year amount due to the impact of changes in average quarterly shares outstanding.

Year ended January 30, 2016:

(\$000, except per share data)	Quarter Ended			
	May 2, 2015	August 1, 2015	October 31, 2015	January 30, 2016
Sales	\$ 2,938,148	\$ 2,968,270	\$ 2,782,855	\$ 3,250,726
Cost of goods sold	2,067,455	2,119,480	2,003,347	2,386,591
Selling, general and administrative	409,298	435,226	443,354	450,877
Interest expense, net	2,003	1,652	4,427	4,530
Total costs and expenses	2,478,756	2,556,358	2,451,128	2,841,998
Earnings before taxes	459,392	411,912	331,727	408,728
Provision for taxes on earnings	177,187	153,273	116,071	144,567
Net earnings	\$ 282,205	\$ 258,639	\$ 215,656	\$ 264,161

Earnings per share – basic ^{1,2}	\$ 0.69	\$ 0.64	\$ 0.54	\$ 0.66
Earnings per share – diluted ^{1,2}	\$ 0.69	\$ 0.63	\$ 0.53	\$ 0.66
Cash dividends declared per share on common stock ²	\$ 0.1175	\$ 0.1175	\$ 0.1175	\$ 0.1175
Stock price ²				
High	\$ 53.73	\$ 53.28	\$ 56.53	\$ 56.26
Low	\$ 45.93	\$ 47.79	\$ 47.22	\$ 44.81

¹ EPS is computed independently for each of the quarters presented. The sum of the quarters may not equal the total year amount due to the impact of changes in average quarterly shares outstanding.

² All per share amounts have been adjusted for the two-for-one stock split effective June 11, 2015.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Ross Stores, Inc. and subsidiaries (the "Company") as of January 28, 2017 and January 30, 2016, and the related consolidated statements of earnings, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended January 28, 2017. We also have audited the Company's internal control over financial reporting as of January 28, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ross Stores, Inc. and subsidiaries as of January 28, 2017 and January 30, 2016, and the results of their operations and their cash flows for each of the three years in the period ended January 28, 2017, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 28, 2017, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/DELOITTE & TOUCHE LLP

San Francisco, California
March 28, 2017

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

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

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

Management’s Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as set forth in *Internal Control — Integrated Framework (2013)*. Based on our evaluation under the framework in *Internal Control — Integrated Framework (2013)*, our management concluded that our internal control over financial reporting was effective as of January 28, 2017.

Our internal control over financial reporting as of January 28, 2017 has also been audited by Deloitte & Touche LLP, an independent registered public accounting firm, and their opinion as to the effectiveness of our internal control over financial reporting is stated in their report, dated March 28, 2017, which is included in Item 8 in this Annual Report on Form 10-K.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. 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. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Quarterly Evaluation of Changes in Internal Control Over Financial Reporting

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, also conducted an evaluation of our internal control over financial reporting to determine whether any change occurred during the fourth fiscal quarter of 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, our management concluded that there was no such change during the fourth fiscal quarter.

ITEM 9B. OTHER INFORMATION

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by Item 401 of Regulation S-K is incorporated herein by reference to the sections entitled "Executive Officers of the Registrant" at the end of Part I of this report; and to the sections of the Ross Stores, Inc. Proxy Statement for the Annual Meeting of Stockholders to be held on Wednesday, May 17, 2017 (the "Proxy Statement") entitled "Information Regarding Nominees and Incumbent Directors." Information required by Item 405 of Regulation S-K is incorporated by reference to the Proxy Statement under the section titled "Section 16(a) Beneficial Ownership Reporting Compliance." Since our last Annual Report on Form 10-K, we have not made any material changes to the procedures by which our stockholders may recommend nominees to the Board of Directors. Information required by Item 407(d)(4) and (d)(5) of Regulation S-K is incorporated by reference to the Proxy Statement under the section entitled "Information Regarding Nominees and Incumbent Directors" under the caption "Audit Committee."

Our Board of Directors has adopted a Code of Ethics for Senior Financial Officers that applies to the Company's Executive Chairman; Chief Executive Officer; Chief Operating Officer; Chief Merchandising Officer; Chief Development Officer; Executive Vice President, Finance and Legal; Chief Financial Officer; Group Vice President, Controller; Group Vice President, Finance and Treasurer; Vice President, Accounting and Assistant Controller; Vice President Finance (FP&A); Vice President Tax; Assistant Treasurer; Investor and Media Relations personnel; and other positions that may be designated by the Company. This Code of Ethics is posted on our corporate website (www.rossstores.com) under Corporate Governance in the Investors Section. We intend to satisfy the disclosure requirements of Item 5.05 of Form 8-K regarding any future amendments to, or waivers from, our Code of Ethics for Senior Financial Officers by posting any changed version on the same corporate website.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 402 of Regulation S-K is incorporated herein by reference to the sections of the Proxy Statement entitled "Compensation of Directors" and "Executive Compensation" under the captions "Compensation Discussion and Analysis," "Summary Compensation Table," "All Other Compensation," "Perquisites," "Discussion of Summary Compensation," "Grants of Plan-Based Awards During Fiscal Year," "Outstanding Equity Awards at Fiscal Year-End," "Option Exercises and Stock Vested," "Non-Qualified Deferred Compensation," and "Potential Payments Upon Termination or Change in Control."

The information required by Items 407(e)(4) and (e)(5) of Regulation S-K are incorporated herein by reference to the sections of the Proxy Statement entitled "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity compensation plan information. The following table summarizes the equity compensation plans under which the Company's common stock may be issued as of January 28, 2017:

Shares in (000s)	(a) Number of securities to be issued upon exercise of outstanding options and rights	(b) Weighted average exercise price per share of outstanding options and rights	(c) Number of securities remaining available for future issuance (excluding securities reflected in column (a)) ¹
Equity compensation plans approved by security holders	49 ²	\$8.19	17,737 ³
Equity compensation plans not approved by security holders	—	—	—
Total	49	\$8.19	17,737

¹ After approval by stockholders of the 2008 Equity Incentive Plan in May 2008, any shares remaining available for grant in the share reserves of the 2004 Equity Incentive Plan, 1992 Stock Option Plan, the 2000 Equity Plan, the 1991 Outside Directors Stock Option Plan, and the 1988 Restricted Stock Plan were automatically canceled.

² Represents shares reserved for options granted under the 2004 Equity Incentive Plan.

³ Includes 5.6 million shares reserved for issuance under the Employee Stock Purchase Plan and 12.1 million shares reserved for issuance under the 2008 Equity Incentive Plan.

The information required by Item 403 of Regulation S-K is incorporated herein by reference to the section of the Proxy Statement entitled "Stock Ownership of Certain Beneficial Owners and Management."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Items 404 and 407(a) of Regulation S-K is incorporated herein by reference to the section of the Proxy Statement entitled "Information Regarding Nominees and Incumbent Directors" including the captions "Audit Committee," "Compensation Committee," and "Nominating and Corporate Governance Committee," and the section of the Proxy Statement entitled "Certain Transactions."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information concerning principal accountant fees and services will appear in the Proxy Statement in the Ross Stores, Inc. Board of Directors Audit Committee Report under the caption "Summary of Audit, Audit-Related, Tax and All Other Fees." Such information is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following consolidated financial statements, schedules, and exhibits are filed as part of this report or are incorporated herein as indicated:

1. List of Consolidated Financial Statements.

The following consolidated financial statements are included herein under Item 8:

Consolidated Statements of Earnings for the years ended January 28, 2017, January 30, 2016, and January 31, 2015.

Consolidated Statements of Comprehensive Income for the years ended January 28, 2017, January 30, 2016, and January 31, 2015.

Consolidated Balance Sheets at January 28, 2017 and January 30, 2016.

Consolidated Statements of Stockholders' Equity for the years ended January 28, 2017, January 30, 2016, and January 31, 2015.

Consolidated Statements of Cash Flows for the years ended January 28, 2017, January 30, 2016, and January 31, 2015.

Notes to Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm.

2. List of Consolidated Financial Statement Schedules.

Schedules are omitted because they are not required, not applicable, or such information is included in the consolidated financial statements or notes thereto which are included in this Report.

3. List of Exhibits (in accordance with Item 601 of Regulation S-K).

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 28, 2017

ROSS STORES, INC.

(Registrant)

By: /s/Barbara Rentler

Barbara Rentler

Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/Barbara Rentler</u> Barbara Rentler	Chief Executive Officer, Director	March 28, 2017
<u>/s/Michael J. Hartshorn</u> Michael J. Hartshorn	Group Senior Vice President, Chief Financial Officer, and Principal Accounting Officer	March 28, 2017
<u>/s/Michael Balmuth</u> Michael Balmuth	Executive Chairman of the Board, Director	March 28, 2017
<u>/s/K. Gunnar Bjorklund</u> K. Gunnar Bjorklund	Director	March 28, 2017
<u>/s/Michael J. Bush</u> Michael J. Bush	Director	March 28, 2017
<u>/s/Norman A. Ferber</u> Norman A. Ferber	Chairman Emeritus of the Board, Director	March 28, 2017
<u>/s/Sharon D. Garrett</u> Sharon D. Garrett	Director	March 28, 2017
<u>/s/Stephen D. Milligan</u> Stephen D. Milligan	Director	March 28, 2017
<u>/s/G. Orban</u> George P. Orban	Director	March 28, 2017
<u>/s/Michael O'Sullivan</u> Michael O'Sullivan	President and Chief Operating Officer, Director	March 28, 2017
<u>/s/Larry S. Peiros</u> Lawrence S. Peiros	Director	March 28, 2017
<u>/s/G. L. Quesnel</u> Gregory L. Quesnel	Director	March 28, 2017

INDEX TO EXHIBITS

Exhibit

Number Exhibit

- 3.1 Certificate of Incorporation of Ross Stores, Inc. as amended (Corrected First Restated Certificate of Incorporation, dated March 17, 1999, together with amendments thereto through Amendment of Certificate of Incorporation dated May 29, 2015) incorporated by reference to Exhibit 3.1 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended August 1, 2015.
- 3.2 Amended and Restated Bylaws of Ross Stores, Inc. (as amended March 8, 2017).
- 4.1 Note Purchase Agreement dated October 17, 2006, incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended October 28, 2006.
- 4.2 Officers' Certificate, dated as of September 18, 2014, establishing the terms and form of the Notes, incorporated by reference to Exhibit 4.2 to the Form 8-K filed by Ross Stores on September 18, 2014.
- 4.3 Form of the 3.375% Senior Notes Due 2024, included in Exhibit 4.2 and incorporated by reference to Exhibit 4.2 to the Form 8-K filed by Ross Stores on September 18, 2014.
- 4.4 Indenture, dated as of September 18, 2014, between Ross Stores, Inc. and U.S. Bank National Association, incorporated by reference to Exhibit 4.1 to the Form 8-K filed by Ross Stores on September 18, 2014.
- 10.1 Revolving Credit Agreement dated April 1, 2016 among Ross Stores, Inc. and various lenders, incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended April 30, 2016.
- 10.2 Underwriting Agreement, dated as of September 15, 2014, by and among Ross Stores, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and J.P. Morgan Securities LLC, as representatives of the underwriters named therein, incorporated by reference to Exhibit 1.1 to the 8-K filed by Ross Stores on September 18, 2014.

MANAGEMENT CONTRACTS AND COMPENSATORY PLANS (EXHIBITS 10.3 - 10.38)

- 10.3 Amended and Restated Ross Stores, Inc. Employee Stock Purchase Plan (amended and restated on March 11, 2015), incorporated by reference to Exhibit 10.1 filed by Ross Stores, Inc. for its quarter ended August 1, 2015.
- 10.4 Ross Stores Executive Medical Plan, incorporated by reference to Exhibit 10.9 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 30, 1999.
- 10.5 Ross Stores Executive Dental Plan, incorporated by reference to Exhibit 10.10 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 30, 1999.
- 10.6 Third Amended and Restated Ross Stores, Inc. Non-Qualified Deferred Compensation Plan effective December 31, 2008, incorporated by reference to Exhibit 10.7 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended April 30, 2011.

- 10.7 Second Amended and Restated Ross Stores, Inc. Incentive Compensation Plan (as amended effective May 18, 2016), incorporated by reference Exhibit 10.1 to the Form 10-Q filed by Ross Stores, Inc. on July 30, 2016.
- 10.8 Second Amendment to the Ross Stores, Inc. 2004 Equity Incentive Plan effective March 22, 2007, incorporated by reference to Exhibit 10.7 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 5, 2007.
- 10.9 Form of Stock Option Agreement for Non-Employee Directors for options granted pursuant to Ross Stores, Inc. 2004 Equity Incentive Plan, incorporated by reference to Exhibit 10.3 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended July 30, 2005.
- 10.10 Ross Stores, Inc. 2008 Equity Incentive Plan (as amended through May 21, 2014), incorporated by reference to Exhibit 10.18 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 30, 2016.
- 10.11 Form of Nonemployee Director Equity Notice of Grant of Restricted Stock Units and Restricted Stock Units Agreement under the Ross Stores, Inc. 2008 Equity Incentive Plan, incorporated by reference to Exhibit 99.3 to the Form 8-K filed by Ross Stores, Inc. on May 23, 2008.
- 10.12 Form of Restricted Stock Agreement, incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 2, 2009.
- 10.13 Form of Restricted Stock Agreement, incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 3, 2014.
- 10.14 Form of Restricted Stock Agreement for Nonemployee Director, incorporated by reference to Exhibit 10.3 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 2, 2009.
- 10.15 Form of Notice of Grant of Performance Shares and Performance Share Agreement under the Ross Stores, Inc. 2008 Equity Incentive Plan, incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended July 30, 2011.
- 10.16 Form of Performance Shares Grant Agreement, incorporated by reference to Exhibit 10.1 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 3, 2014.
- 10.17 Form of Indemnity Agreement between Ross Stores, Inc. for Directors and Executive Officers, incorporated by reference to Exhibit 10.26 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended February 2, 2013.
- 10.18 Form of Executive Employment Agreement, incorporated by reference to Exhibit 10.3 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 3, 2014.
- 10.19 Forms of Executive Employment Agreement for Executive Officers, incorporated by reference to Exhibit 10.1 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 2, 2015.
- 10.20 Forms of Amendment to Executive Employment Agreement for Executive Officers, incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 2, 2015.
- 10.21 Forms of Executive Employment Agreement for Executive Officers, incorporated by reference to Exhibit 10.3 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended April 30, 2016.

- 10.22 Amended and Restated Independent Contractor Consultancy Agreement effective January 6, 2010 between Norman A. Ferber and Ross Stores, Inc., incorporated by reference to Exhibit 10.47 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 30, 2010.
- 10.23 Amended Independent Contractor Consultancy Agreement effective January 30, 2012 between Norman A. Ferber and Ross Stores, Inc., incorporated by reference to Exhibit 10.52 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 28, 2012.
- 10.24 Amendment to Independent Contractor Consultancy Agreement effective February 17, 2015 between Norman A. Ferber and Ross Stores, Inc., incorporated by reference to Exhibit 10.3 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 2, 2015.
- 10.25 Amended and Restated Retirement Benefit Package Agreement effective January 6, 2010 between Norman A. Ferber and Ross Stores, Inc., incorporated by reference to Exhibit 10.48 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 1, 2010.
- 10.26 Amended Retirement Benefits Package Agreement effective January 30, 2012 between Norman A. Ferber and Ross Stores, Inc., incorporated by reference to Exhibit 10.53 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 28, 2012.
- 10.27 Amendment to Retirement Benefit Package Agreement effective February 17, 2015 between Norman A. Ferber and Ross Stores, Inc., incorporated by reference to Exhibit 10.4 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 2, 2015.
- 10.28 Third Amendment to Retirement Benefit Package Agreement effective January 1, 2016 between Norman A. Ferber and Ross Stores, Inc., incorporated by reference to Exhibit 10.39 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 30, 2016.
- 10.29 Employment Agreement effective June 1, 2012 between Michael Balmuth and Ross Stores, Inc., incorporated by reference to Exhibit 10.1 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended October 27, 2012.
- 10.30 First Amendment to Employment Agreement between Michael Balmuth and Ross Stores, Inc. dated March 15, 2015, incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended August 1, 2015.
- 10.31 Second Amendment to Employment Agreement effective January 1, 2016 between Michael Balmuth and Ross Stores, Inc., incorporated by reference to Exhibit 10.49 to the Form 10-K filed by Ross Stores, Inc. for its fiscal year ended January 30, 2016.
- 10.32 Third Amendment to the Employment Agreement effective May 18, 2016 between Michael Balmuth and Ross Stores, Inc., incorporated by reference to Exhibit 10.2 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended July 30, 2016.
- 10.33 Executive Employment Agreement effective June 1, 2014 between Barbara Rentler and Ross Stores, Inc., incorporated by reference to Exhibit 10.1 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended August 2, 2014.
- 10.34 Amendment to Executive Employment Agreement effective March 16, 2015 between Barbara Rentler and Ross Stores, Inc., incorporated by reference to Exhibit 10.5 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 2, 2015.

10.35	Executive Employment Agreement effective June 1, 2014 between Michael O'Sullivan and Ross Stores, Inc., incorporated by reference to Exhibit 10.1 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended August 2, 2014.
10.36	Amendment to Executive Employment Agreement effective March 16, 2015 between Michael O'Sullivan and Ross Stores, Inc., incorporated by reference to Exhibit 10.6 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 2, 2015.
10.37	Executive Employment Agreement effective March 16, 2015 between Michael Hartshorn and Ross Stores, Inc., incorporated by reference to Exhibit 10.7 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended May 2, 2015.
10.38	Executive Employment Agreement effective December 7, 2015 between Brian Morrow and Ross Stores, Inc., incorporated by reference to Exhibit 10.1 to the Form 10-Q filed by Ross Stores, Inc. for its quarter ended April 30, 2016.
21	Subsidiaries.
23	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer Pursuant to Sarbanes-Oxley Act Section 302(a).
31.2	Certification of Chief Financial Officer Pursuant to Sarbanes-Oxley Act Section 302(a).
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

**AMENDED AND RESTATED
BYLAWS
OF
ROSS STORES, INC.
A Delaware Corporation**

As amended, March 8, 2017

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ROSS STORES, INC.
A DELAWARE CORPORATION
BYLAWS

ARTICLE I

STOCKHOLDERS

Section 1. Annual Meeting. An annual meeting of the stockholders, for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly come before the meeting, shall be held at such place, on such date, and at such time as the Board of Directors shall each year fix, which date shall be within thirteen months subsequent to the later of the date of incorporation or the last annual meeting of stockholders.

Section 2. Special Meetings. Special meetings of the stockholders, for any purpose or purposes prescribed in the notice of the meeting, may be called only (a) by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption) or (b) by the holders of not less than ten percent (10%) of all of the shares entitled to cast votes at the meeting, and shall be held at such place, on such date, and at such time as the Board of Directors shall fix. Business transacted at special meetings shall be confined to the purpose or purposes stated in the Corporation's notice of the meeting or in any supplemental notice delivered by the Corporation in accordance with Article I, Section 3 of these Bylaws.

In order for stockholders to call a special meeting (a "stockholder-called special meeting"), a written request to the Board of Directors to fix the place, date and time of a special meeting (a "special meeting request") must be signed by the stockholders of the Corporation (or their duly authorized agents) holding ten percent (10%) of all of the shares entitled to cast votes at the meeting (the "requisite percent") and must be received by the Secretary of the Corporation at the principal executive offices of the Corporation by registered mail, return receipt requested. The special meeting request shall (i) set forth the name and address, as they appear on the Corporation's books, of each stockholder of the Corporation signing such request (or on whose behalf such request is signed) and the beneficial owners, if any, on whose behalf such request is made, (ii) comply with the requirements set forth in Article I, Section 7 and Section 8, and Article II, Section 11 and Section 12, as applicable, of these Bylaws, (iii) bear the date of signature of each such stockholder (or duly authorized agent) signing the special meeting request, (iv) state the purchase date of each share of stock beneficially owned and intended to be counted in determining whether the shares of the Corporation's stock held by the stockholders making such special meeting request satisfy the requisite percent, (v) include

documentary evidence that the stockholders signing the special meeting request own the requisite percent as of the date of such special meeting request, provided, however, that if such stockholders are not the beneficial owners of the shares representing the requisite percent, then to be valid, the special meeting request shall also include documentary evidence that the beneficial owners on whose behalf the special meeting request is made own the requisite percent as of the date of such special meeting request, (vi) provide a representation by each stockholder signing the special meeting request that (A) the stockholder, as of the date of such special meeting request, is, and through the date such stockholder-called special meeting is held, continuously will be, a holder of record of the number of shares of stock of the Corporation that is attributed to such stockholder in its special meeting request and such stockholder intends to appear in person or by proxy at the stockholder-called special meeting, and (B) the beneficial owner(s) on whose behalf the stockholder is making such special meeting request, if any, as of the date of such special meeting request, beneficially owns and, through the date such stockholder-called special meeting is held, continuously will beneficially own, the number of shares of stock of the Corporation that is attributed to such beneficial owner(s) in the stockholder's special meeting request and such beneficial owner(s) intends to appear in person or by proxy at the stockholder-called special meeting, and (vii) include an agreement by each stockholder signing the special meeting request to notify the Corporation immediately in the case of any disposition before the date of the stockholder-called meeting of shares of stock of the Corporation owned of record or beneficially owned by such stockholder or beneficial owner, as applicable, and an acknowledgment that any such disposition shall be deemed a revocation of such special meeting request to the extent of such disposition, such that the number of shares disposed of shall not be included in determining whether the requisite percent has been reached.

In addition, the stockholders signing a special meeting request, the beneficial owners, if any, on whose behalf the special meeting request is being made, and the proposed nominees, if any, shall promptly provide any other information reasonably requested by the Corporation. Each such stockholder, beneficial owner and proposed nominee, if any, shall further update and supplement the special meeting request received by the Corporation pursuant to this Article I, Section 2 so that the information, statements, representations and agreements provided or required to be provided in such special meeting request shall be complete, true and correct as of the record date for determining stockholders entitled to vote at such stockholder-called special meeting and as of the date that is ten (10) business days prior to the stockholder-called meeting or any adjournment or postponement thereof, and such update and supplement shall be received by the Secretary of the Corporation at the principal executive offices of the Corporation by registered mail, return receipt requested not later than five (5) business days after the record date for determining stockholders entitled to vote at the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting or any adjournment or postponement

thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof.

In determining whether a special meeting of stockholders is being called by the record holders of shares representing in the aggregate at least the requisite percent, multiple special meeting requests received by the Secretary will be considered together only if each such special meeting request (x) identifies substantially the same purpose or purposes of the stockholder-called special meeting and substantially the same matter or matters proposed to be acted on at the stockholder-called special meeting (in each case as determined in good faith by the Board of Directors) and (y) has been dated and received by the Secretary within sixty (60) days of the earliest dated special meeting request. Any requesting stockholder may revoke its special meeting request at any time by written revocation received by the Secretary of the Corporation at the principal executive offices of the Corporation; provided, however, that if following such revocation (or any deemed revocation pursuant to clause (vii) above), the unrevoked valid special meeting requests represent in the aggregate less than the requisite percent, there shall be no requirement to hold a special meeting. The first date on which unrevoked valid special meeting requests constituting not less than the requisite percent shall have been received by the Corporation is referred to herein as the “request receipt date.”

In the event of the receipt, in the manner provided in the previous paragraph, by the Corporation of the requisite special meeting request or requests and/or any related revocation or revocations, the Corporation may engage nationally recognized independent inspectors for the purpose of promptly performing a ministerial review of the validity of the requests and revocations. For the purpose of permitting the inspectors to perform such review, no special meeting shall be called until such date as the independent inspectors certify to the Corporation that the requests delivered to the Corporation in accordance with this Article I, Section 2 represent at least the minimum number of shares held for the minimum amount of time to call such a stockholder-called special meeting. Nothing contained in this paragraph shall in any way be construed to suggest or imply that the Corporation or any stockholder shall not be entitled to contest the validity of any request or revocation thereof, whether before or after such certification by the independent inspectors, or take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

Business transacted at any stockholder-called special meeting shall be limited to the purpose(s) stated in the unrevoked valid special meeting request(s) signed by stockholders holding the requisite percent of the Corporation’s voting stock; provided, however, that nothing herein shall prohibit the Board of Directors from submitting matters to the stockholders at any stockholder-called special meeting.

Except as otherwise provided by law, in the case of a stockholder-called special meeting, the Chairman of the meeting shall have the power and duty (X) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures

set forth in these Bylaws, and (Y) if any proposed nomination or business was not made or proposed in compliance with these Bylaws or the stated business to be brought before the special meeting is not a proper subject for stockholder action under applicable law, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding anything in this Article I, Section 2 to the contrary, a stockholder-called special meeting shall not be held if (1) the special meeting request does not comply with this Section 2; (2) the special meeting request relates to an item of business that is not a proper subject for stockholder action under applicable law; (3) the receipt request date is during the period commencing ninety (90) days prior to the first anniversary of the date of the immediately preceding annual meeting of stockholders and ending on the date of the next annual meeting; (4) an annual or special meeting of stockholders that included a substantially similar item of business (“similar business”) (as determined in good faith by the Board of Directors) was held not more than ninety (90) days before the receipt request date; (5) the Board of Directors has called or calls for an annual or special meeting of stockholders to be held within ninety (90) days after the receipt request date, and the Board of Directors determines in good faith that the business to be conducted at such meeting includes similar business; or (6) the special meeting request was made in a manner that involved a violation of the proxy rules of the Securities and Exchange Commission or other applicable law.

Section 3. Notice of Meetings. Written notice of the place, date, and time of all meetings of the stockholders, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting) and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given, by the Corporation, not less than ten (10) nor more than sixty (60) days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting, except as otherwise provided herein or required by law (meaning, here and hereinafter, as required from time to time by the Delaware General Corporation Law or the Certificate of Incorporation of the Corporation).

When a meeting is adjourned to another place, date or time, written notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; provided, however, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, written notice of the place, date, and time of the adjourned meeting shall be given in conformity herewith to each stockholder entitled to vote at the adjourned meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder

of record as of the record date so fixed for notice of such adjourned meeting. At any adjourned meeting, any business may be transacted which might have been transacted at the original meeting.

Except as otherwise required by law, any previously scheduled annual meeting of the stockholders, and any special meeting of the stockholders, may be postponed, rescheduled or cancelled, by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of stockholders.

Section 4. Quorum. At any meeting of the stockholders, the holders of a majority of all of the shares of the stock entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum for all purposes, unless or except to the extent that the presence of a larger number may be required by law.

If a quorum shall fail to attend any meeting, the Chairman of the meeting or the holders of a majority of the shares of stock entitled to vote who are present, in person or by proxy, may adjourn the meeting to another place, date, or time.

The Chairman of the meeting may adjourn any annual or special meeting from time to time, whether or not there is a quorum.

If a notice of any adjourned special meeting of stockholders is sent to all stockholders entitled to vote thereat, stating that it will be held with those present constituting a quorum, then except as otherwise required by law, those present at such adjourned meeting shall constitute a quorum, and all matters shall be determined by a majority of the votes cast at such meeting.

The stockholders present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Section 5. Conduct of the Stockholders' Meeting. At every meeting of the stockholders, the Chief Executive Officer of the Corporation, or, in his absence, the Chairman of the Board, if there is a person holding such position, or if not, the President designated by the Chief Executive Officer, or in the absence of such designation, any President, shall act as Chairman. The Secretary of the Corporation or a person designated by the Chairman shall act as Secretary of the meeting. Unless otherwise approved by the Chairman, attendance at the Stockholders' Meeting is restricted to stockholders of record, persons authorized in accordance with Article I, Section 10 of these Bylaws to act by proxy, and officers of the Corporation.

Section 6. Conduct of Business. The Chairman shall call the meeting to order, establish the agenda, and conduct the business of the meeting in accordance therewith or, at the Chairman's discretion, it may be conducted otherwise in accordance with the wishes of the stockholders in attendance. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting.

The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the Chairman of the meeting of stockholders shall have the right and authority to convene and (for any or no reason) to recess the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such Chairman, are appropriate for the proper conduct of the meeting in an orderly manner, including, without limitation, rule on the precedence of, and procedure on, motions and other procedural matters, and exercise discretion with respect to such procedural matters with fairness and good faith toward all those entitled to take part. The Chairman may impose reasonable limits on the amount of time taken up at the meeting on discussion in general or on remarks by any one stockholder. Should any person in attendance become unruly or obstruct the meeting proceedings, the Chairman shall have the power to have such person removed from participation. Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at a stockholders' meeting except in accordance with the procedures set forth in this Article I, Section 6 and in Article I, Section 7, Section 8 and Section 9 below, as applicable. The Chairman of a stockholders' meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of this Article I, Section 6 and of Article I, Section 7, Section 8, or Section 9, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Section 7. Notice of Stockholder Business. At an annual or special meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. For the avoidance of doubt, "business" as used in these Bylaws shall include nomination for election to the Board of Directors, unless otherwise specified.

(a) *Annual Meetings of Stockholders.* To be properly brought before an annual meeting, business must be (i) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (ii) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (iii) properly requested to be brought before the annual meeting by a stockholder in accordance with these Bylaws. For business to be properly requested to be brought before an annual meeting by a stockholder, a stockholder must (A) be a stockholder of record at the time of giving of notice of such annual meeting by or at the direction of the Board of Directors and at the time of the annual meeting, (B) be entitled to vote at such annual meeting and (C) comply with the procedures set forth in these Bylaws as to such business.

For business to be properly requested to be brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof and timely updates and supplements thereof, in writing

to the Secretary of the Corporation and such business must otherwise be a proper matter for stockholder action.

To be timely, a stockholder proposal to be presented at an annual meeting shall be received at the Corporation's principal executive offices not less than a hundred and twenty (120) days in advance of the date that the Corporation's proxy statement was released to stockholders in connection with the previous year's annual meeting of stockholders, except that if no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) days before or more than sixty (60) days after the date of the previous year's meeting, notice by the stockholder to be timely must be received not earlier than the close of business on the hundred and twentieth (120th) day prior to the date of such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than a hundred (100) days prior to the date of such annual meeting, the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation. In no event shall any adjournment or postponement of an annual meeting, or the public announcement thereof, commence a new time period for the giving of a stockholder's notice as described above.

Notwithstanding anything in the immediately preceding paragraph to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased by the Board of Directors, and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least a hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Article I, Section 7 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

In addition, to be considered timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be complete, true and correct as of the record date for determining stockholders entitled to vote at the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for determining stockholders entitled to vote at the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof.

(b) *Special Meetings of Stockholders.* To be properly brought before a special meeting, subject to Article II, Section 11, business must be (i) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors or pursuant to an unrevoked valid special meeting request in accordance with Article I, Section 2, or (ii) otherwise properly brought before the special meeting, by or at the direction of the Board of Directors.

(c) *General.* Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, the Chairman of any annual or special meeting shall have the power to determine whether any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with these Bylaws and, if any proposed business is not in compliance with these Bylaws, to declare that no action shall be taken on such proposal and such proposal shall be disregarded.

For purposes of these Bylaws, "public announcement" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act").

The annual meeting and special meeting procedures set forth in this Article I, Section 7(a) and (b) shall be the exclusive means for a stockholder to make business proposals (other than pursuant to Rule 14a-8 under the Exchange Act and included in the Corporation's notice of meeting).

Section 8. Disclosure Requirements. To be in proper form, a stockholder's notice to the Secretary of the Corporation must include the following.

As to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is made, a stockholder's notice must set forth: (a) the name and address of such stockholder, as they appear on the Corporation's books, of such beneficial owner, if any, and of their respective affiliates or associates or others acting in concert therewith, (b) (i) the class or series and number of shares of the Corporation which are, directly or indirectly, owned beneficially and of record by such stockholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, (ii) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, or any derivative or synthetic arrangement having the characteristics of a long position in any class or series of shares of the Corporation, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of shares of the Corporation, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of shares of the Corporation, whether or not such instrument, contract or right shall be

subject to settlement in the underlying class or series of shares of the Corporation, through the delivery of cash or other property, or otherwise, and without regard to whether the stockholder of record, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation (any of the foregoing, a “Derivative Instrument”) directly or indirectly owned beneficially by such stockholder, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, (iii) any proxy, contract, arrangement, understanding, or relationship pursuant to which such stockholder has a right to vote any class or series of shares of the Corporation, (iv) any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called “stock borrowing” agreement or arrangement, involving such stockholder, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of the shares of the Corporation by, manage the risk of share price changes for, or increase or decrease the voting power of, such stockholder with respect to any class or series of the shares of the Corporation, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of the shares of the Corporation (any of the foregoing, a “Short Interest”), (v) any rights to dividends on the shares of the Corporation owned beneficially by such stockholder that are separated or separable from the underlying shares of the Corporation, (vi) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such stockholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (vii) any performance-related fees (other than an asset-based fee) that such stockholder is entitled to, based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any, including without limitation any such interests held by members of such stockholder’s immediate family sharing the same household, (viii) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Corporation held by such stockholder, and (ix) any direct or indirect interest of such stockholder in any material contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), and (c) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement and form or proxy or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act.

In addition, if the notice relates to any business other than a nomination of a director or directors that the stockholder proposes to bring before the meeting, a stockholder’s notice to the Secretary shall set forth

as to each matter the stockholder proposes to bring before the annual meeting (A) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting, (B) any material interest of the stockholder and beneficial owner, if any, in such business, (C) the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such proposal or business includes a proposal to amend the Bylaws of the Corporation, the text of the proposed amendment), and (D) a description of all agreements, arrangements and understandings between such stockholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such stockholder. Stockholder proposals shall be no more than five hundred (500) words in length.

No proposal shall be put before the stockholders:

- (1) which is not a proper subject for action by stockholders under Delaware law;
- (2) which is obstructive, frivolous, dilatory or repugnant to good taste;
- (3) which contains any false or misleading statements;
- (4) which relates to the redress of a personal claim or grievance against the Corporation or any other person, or if it is designated to result in a benefit or interest that is not shared by the stockholders at large;
- (5) which relates to operations which account for less than five percent of the Corporation's total assets at the end of its most recent fiscal year, and for less than five percent of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the Corporation's business;
- (6) which deals with a matter beyond the Corporation's power to effectuate;
- (7) which deals with a matter relating to conduct of the ordinary business operations of the Corporation;
- (8) which is counter to or substantially duplicative of a proposal to be submitted by the Corporation at the meeting;
- (9) if the proposal deals with substantially the same subject matter as a prior proposal submitted to stockholders in the Corporation's proxy statement and a form of proxy related to any annual or special meeting of stockholders held within the preceding five calendar years, it may be omitted from the agenda of any meeting of stockholders held within three calendar years after the latest such submission, provided that:
 - (x) if the proposal was submitted at only one meeting during such preceding period, it received less than five percent of the total number of votes cast in regard thereto; or
 - (y) if the proposal was submitted at only two meetings during such preceding period, it received at the time of its second submission less than eight percent of the total number of votes cast in regard thereto; or

(z) if the prior proposal was submitted at three or more meetings during such preceding period, it received at the time of its latest submission less than ten percent of the total number of votes cast in regard thereto.

Notwithstanding the foregoing provisions of this Article I, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present proposed business (including nomination for election to the Board of Directors), such proposed business shall not be transacted and such nomination shall be disregarded, as the case may be, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this provision, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

Notwithstanding the provisions of these Bylaws, a stockholder shall also comply with all applicable requirements of the Exchange Act with respect to the matters set forth in these Bylaws; provided, however, that any references in these Bylaws to the Exchange Act are not intended to and shall not limit the separate and additional requirements set forth in these Bylaws with respect to nominations or proposals as to any other business (other than business properly brought under Rule 14a-8 under the Exchange Act). Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act. Subject to Rule 14a-8 under the Exchange Act, nothing in these Bylaws shall be construed to permit any stockholder, or give any stockholder the right, to include or have disseminated or described in the Corporation's proxy statement any business proposal.

Section 9. Proxy Access - Inclusion of Director Candidates in Proxy Materials.

(a) *Proxy Access.* Subject to compliance with the terms and conditions set forth in these Bylaws, in connection with an annual meeting of stockholders, the Corporation shall include (i) in its proxy statement and form of proxy relating to such annual meeting, in addition to the persons nominated for election by the Board of Directors (or any committee thereof), the name of any person nominated for election to the Board of Directors by a record stockholder who is, or is acting on behalf of, an Eligible Stockholder (as defined in Section 9(e) below) pursuant to this Article I, Section 9 (each such nominated person, a "Stockholder Nominee" and the particular annual meeting of stockholders at which they are nominated, the "Applicable Meeting") and (ii) in its proxy statement the Required Information (as defined below) relating to each Stockholder Nominee.

(b) *Timeliness of Notice.* To nominate a potential Stockholder Nominee, a record stockholder who is, or is acting on behalf of, an Eligible Stockholder must provide a timely, written notice that expressly requests to have the proposed Stockholder Nominee included in the Corporation's proxy materials pursuant to this Article I, Section 9 (the "Notice of Proxy Access Nomination"). To be timely, a Notice of Proxy Access Nomination must be received by the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business (local time) on the 120th day before, nor earlier than the 150th day before, the one-year anniversary of the date on which the Corporation first mailed its proxy materials or a notice of availability of proxy materials (whichever is earlier) for the annual meeting in the year preceding the Applicable Meeting; provided, however, that in the event that no annual meeting was held in the previous year or if the date of the annual meeting is advanced by more than 30 days prior to or delayed by more than 60 days after the one-year anniversary of the date of the previous year's annual stockholder meeting, then, for a Notice of Proxy Access Nomination to be timely, it must be so received by the Secretary of the Corporation not earlier than the close of business on the 120th day prior to the date of the Applicable Meeting and not later than the close of business on the later of (x) the 90th day prior to the date of the Applicable Meeting, or (y) the tenth day following the day on which Public Announcement of the date of the Applicable Meeting is first made (the last day on which a Notice of Proxy Access Nomination may be timely delivered, the "Final Proxy Access Nomination Date"). In no event shall an adjournment of the Applicable Meeting, or postponement of the date scheduled for the Applicable Meeting for which notice has been given (or with respect to which there has been a Public Announcement of the date of the meeting), commence a new time period (or extend any time period) for the giving of a timely Notice of Proxy Access Nomination under this Section 9.

(c) *Information Included in Proxy Materials.* An Eligible Stockholder may provide to the Secretary of the Corporation a written statement for inclusion in the Corporation's proxy statement for the Applicable Meeting, not to exceed 500 words, in support of a proposed Stockholder Nominee (a "Statement"). In order to have a Statement included in the proxy statement, an Eligible Stockholder must submit the Statement to the Secretary of the Corporation at the same time that the corresponding Notice of Proxy Access Nomination is submitted to the Secretary of the Corporation. Notwithstanding anything to the contrary contained in this Article I, Section 9, the Corporation may omit from its proxy materials any information or Statement (or portion thereof) that it believes would violate any applicable law or regulation. Nothing in this Section 9 shall limit the Corporation's ability to solicit against and include in its proxy materials its own statements relating to any Stockholder Nominee.

(d) *Number of Stockholder Nominees.* The number of Stockholder Nominees included in the Corporation's proxy materials with respect to an Applicable Meeting shall not exceed the greater of (i) two (2) or (ii) twenty percent (20%) of the authorized number of directors (as established in accordance with

these Bylaws) as of the Final Proxy Access Nomination Date, or if such number is not a whole number, the closest whole number below twenty percent (20%) (the number determined pursuant to clause (i) or clause (ii) of this sentence, as applicable, and subject to reduction as provided below, the “Permitted Number”); provided, that in the event that one or more vacancies for any reason occurs on the Board of Directors at any time after the Final Proxy Access Nomination Date and before the date of the Applicable Meeting, and the Board of Directors resolves to reduce the size of the Board of Directors in connection therewith such that the authorized number of directors is thereby reduced, the Permitted Number shall be determined based on the number of directors in office as so reduced.

The Permitted Number shall also be reduced by (A) the number of director candidates for which the Corporation shall have received notice that a stockholder intends to nominate candidates at the Applicable Meeting pursuant to Article I, Section 7, (B) the number of director candidates that will be included in the Corporation’s proxy materials with respect to the Applicable Meeting as an unopposed (by the Board of Directors) nominee pursuant to any agreement, arrangement or other understanding with any stockholder or group of stockholders (other than any such agreement, arrangement or understanding entered into in connection with an acquisition of shares by such stockholder or group of stockholders from the Corporation), (C) the number of incumbent director candidates who previously were Stockholder Nominees at either of the two annual meetings of stockholders immediately preceding the Applicable Meeting and whose re-election at the upcoming annual meeting is being recommended by the Board of Directors and (D) the number of director candidates whose names were submitted for inclusion in the Corporation’s proxy materials pursuant to this Article I, Section 9, but who were thereafter nominated by the Board of Directors.

In the event that the number of proposed Stockholder Nominees submitted by Eligible Stockholders pursuant to this Article I, Section 9 exceeds the Permitted Number, each Eligible Stockholder will select one Stockholder Nominee for inclusion in the Corporation’s proxy materials until the Permitted Number is reached, going in order of the amount (largest to smallest) of shares of common stock of the Corporation each Eligible Stockholder disclosed as owned in its respective Notice of Proxy Access Nomination as submitted to the Corporation. If the Permitted Number is not reached after each Eligible Stockholder has selected one Stockholder Nominee, this selection process will continue as many times as necessary, following the same order each time, until the Permitted Number is reached. If any Stockholder Nominee who satisfies the eligibility requirements in this Section 9 (1) thereafter withdraws from the election (or his or her nomination is withdrawn by the applicable Eligible Stockholder) or (2) is thereafter not submitted for director election for any reason (including the failure to comply with this Section 9) other than due to a failure by the Corporation to include such Stockholder Nominee in the proxy materials in violation of this Section 9, no other nominee or nominees shall be substituted for such Stockholder Nominee and included in the Corporation’s proxy materials or otherwise submitted for director election pursuant to this Section 9.

(e) *Provisions to Determine Eligible Stockholder.* An “Eligible Stockholder” is one or more persons who own and have owned, or are acting on behalf of one or more beneficial owners who own and have owned (in each case, as defined in Article I, Section 9(f)), for at least three years as of the date the Notice of Proxy Access Nomination is received by the Corporation, shares representing at least the Required Shares (as defined in Article I, Section 9(n) below), and who continue to own the Required Shares at all times between the date the Notice of Proxy Access Nomination is received by the Corporation and the date of the Applicable Meeting, and who owned at least the Threshold Shares on the Three Year Start Date (each as defined in Section 9(n) below); provided that the aggregate number of record stockholders and beneficial owners in a “group” whose stock ownership is counted for the purposes of satisfying the foregoing ownership requirements shall not exceed twenty (20). Whenever a group of two or more persons (including a group of funds that are part of the same Qualifying Fund (as defined in Section 9(n) below)) are taken together to constitute an Eligible Stockholder for purposes of this Article I, Section 9(e), then (i) the duration and nature of the share ownership criteria, and each provision in this Article I, Section 9 and other provisions of these Bylaws that requires the Eligible Stockholder to provide any written statements, representations, undertakings, agreements or other instruments shall be deemed to require each person (including each individual fund) that is a member of such group (other than a Custodian Holder) to meet such ownership criteria and to provide such statements, representations, undertakings, agreements or other instruments, and (ii) a breach of any obligation, agreement or representation under this Section 9 or other provisions of these Bylaws by any member of such group (other than a Custodian Holder) shall be deemed a breach by the Eligible Stockholder. A Qualifying Fund shall be counted as one record stockholder or beneficial owner for the purpose of determining the aggregate number of record stockholders and beneficial owners in this paragraph, and treated as one person for the purpose of determining “ownership” as defined in Section 9(f), provided that each fund comprising a Qualifying Fund otherwise meets the requirements set forth in this Section 9. No record stockholder (other than a Custodian Holder (as defined in Section 9(n) below)) or beneficial owner is permitted to be a member of more than one group constituting an Eligible Stockholder under this Section 9, and no shares may be attributed to more than one Eligible Stockholder or group constituting an Eligible Stockholder under this Section 9. For the avoidance of doubt, the Required Shares will qualify as such if and only if the beneficial owner of such shares has itself beneficially owned such shares continuously for the three-year period ending on the date the Notice of Proxy Access Nomination is received by the Corporation and through the other applicable dates referred to above (in addition to the other applicable requirements being met). Notwithstanding the foregoing, any Eligible Stockholder (and any persons included as part of a group constituting such Eligible Stockholder) whose Stockholder Nominee for an Applicable Meeting is elected and becomes a director of the Corporation (the “Nominee Incumbent”), will not thereafter be eligible to nominate or participate in the nomination (or to be included as part of any

group that constitutes an Eligible Stockholder) of any other Stockholder Nominee for election at any subsequent annual meeting of stockholders, for so long as that Nominee Incumbent continues to serve as a director of the Corporation and his/her re-election at the upcoming annual meeting is being recommended by the Board of Directors.

(f) *Definition of Ownership.* For purposes of calculating the Required Shares and the Threshold Shares, “ownership” shall be deemed to consist of and include only the outstanding shares as to which a person possesses both (i) the full voting and investment rights pertaining to the shares and (ii) the full economic interest in (including the opportunity for profit and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (A) sold by such person or any of its affiliates in any transaction that has not been settled or closed, including any short sale, (B) borrowed by such person or any of its affiliates for any purposes or purchased by such person or any of its affiliates pursuant to an agreement to resell, or (C) subject to any option, warrant, forward contract, swap, contract of sale, or other derivative or similar instrument or agreement entered into by such person or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of common stock, in any such case which instrument or agreement has, or is intended to have, or if exercised would have, the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, such person’s or its affiliates’ full right to vote or direct the voting of any such shares, and/or (2) hedging, offsetting, or altering to any degree any potential gain or loss arising from the full economic ownership of such shares by such person or its affiliate. “Ownership” shall include shares held in the name of a nominee (including a Custodian Holder) or other intermediary so long as the person claiming ownership of such shares retains the right to instruct how the shares are voted with respect to the election of directors and the right to direct disposition thereof and possesses the full economic interest in the shares; provided that this provision shall not alter the obligations of a record stockholder to provide the Notice of Proxy Access Nomination. Ownership of shares shall be deemed to continue during any period (x) in which shares have been loaned if the person claiming ownership may recall such loaned shares on no more than five (5) business days’ notice or (y) in which any voting power has been delegated by means of a proxy, power of attorney or other instrument or arrangement which is revocable by the person claiming ownership, at any time without condition. The terms “owned,” “owning” and other variations of the word “own” shall have correlative meanings.

(g) *Contents of Notice of Proxy Access Nomination.* The Notice of Proxy Access Nomination shall set forth or be submitted with the following information and materials in writing (including, as applicable, with respect to each Eligible Stockholder, every member of any group that constitutes such Eligible Stockholder other than a Custodian Holder):

(i) with respect to each Stockholder Nominee and each Eligible Stockholder, the information identified in Article I, Section 8 and Article II, Section 11 and Section 12, as applicable;

(ii) the written consent of each Stockholder Nominee to being named in the Corporation's proxy materials as a nominee and to serving as a director if elected;

(iii) a copy of the Schedule 14N that has been, or concurrently is, filed with the Securities and Exchange Commission as required by Rule 14a-18 under the 1934 Act;

(iv) with respect to each Eligible Stockholder and its affiliates or associates or others acting in concert therewith and each Stockholder Nominee, all information as would be required to be disclosed in a solicitation of proxies for the election of such Stockholder Nominee as a director in a contested election pursuant to Section 14 of the 1934 Act and the rules and regulations promulgated thereunder;

(v) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among the Eligible Stockholder and its or their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each of such Eligible Stockholder's Stockholder Nominee(s), and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the Eligible Stockholder, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the Stockholder Nominee were a director or executive officer of such registrant; and

(vi) a completed director questionnaire signed by the Stockholder Nominee (a form of which shall be provided by the Secretary of the Corporation promptly following a request therefor).

In addition, the Notice of Proxy Access Nomination must be submitted with a signed, written agreement of the Eligible Stockholder (and each member of any group that together constitute an Eligible Stockholder other than a Custodian Holder) setting forth:

(A) a representation that the Eligible Stockholder (1) acquired ownership of the Required Shares and Threshold Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and does not presently have such intent, (2) has not nominated and will not nominate for election to the Board of Directors at the Applicable Meeting any person other than its Stockholder Nominee(s), (3) has not engaged and will not engage in, and has not and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the 1934 Act in support of the election of any individual as a director at the Applicable Meeting other than its Stockholder Nominee(s) or other nominees of the Board of Directors, (4) will not distribute to any person any form of proxy for the Applicable Meeting other than the forms distributed by the Corporation and (5) will provide facts, statements and other information in all communications with the Corporation and its stockholders that are or will be true and correct in all

material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading and otherwise will comply with all applicable laws, rules and regulations in connection with any actions taken pursuant to this Article I, Section 9;

(B) a representation that (1) within five business days after the date that the Notice of Proxy Access Nomination is sent to the Corporation, the Eligible Stockholder will provide one or more written statements from the record holder of the Required Shares (and from each intermediary through which the Required Shares are or have been held during the requisite three-year holding period) that, as of a date within seven days prior to the date that the Notice of Proxy Access Nomination was received by the Corporation, the Eligible Stockholder owns, and has owned continuously for the preceding three years, the Required Shares, (2) within five business days after the record date for determining stockholders of the Corporation entitled to vote at the Applicable Meeting, the Eligible Stockholder will provide one or more written statements from the record holder (and from each intermediary through which the Required Shares are held) verifying the Eligible Stockholder's continuous ownership of the Required Shares through such record date and (3) the Eligible Stockholder will provide immediate written notice to the Corporation if the Eligible Stockholder ceases to own any of the Required Shares prior to the convening of the Applicable Meeting;

(C) in the case of a nomination by an Eligible Stockholder consisting of a group, the designation by all group members of one group member that is authorized to act on behalf of all members of that group with respect to the nomination and matters related thereto, including withdrawal of the nomination; and

(D) an undertaking that the Eligible Stockholder agrees to (1) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Stockholder's communications with the stockholders of the Corporation or out of the information that the Eligible Stockholder provides to the Corporation, (2) indemnify and hold harmless the Corporation and each of its directors, officers and employees against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of any nomination, solicitation or other activity by the Eligible Stockholder in connection with its efforts to elect any Stockholder Nominee pursuant to this Article I, Section 9, (3) file with the Securities and Exchange Commission any solicitation materials relating to the Applicable Meeting, regardless of whether any such filing is required under Regulation 14A of the 1934 Act or whether any exemption from filing is available for such solicitation materials under Regulation 14A of the 1934 Act, (4) comply with all laws and regulations applicable to any solicitation in connection with the Applicable Meeting and (5) provide to the Corporation, prior to the Applicable Meeting, such additional information as necessary or reasonably requested by the Corporation. In addition, no later than the Final Proxy Access Nomination Date, a Qualifying Fund whose stock ownership is counted for purposes of qualifying as an Eligible Stockholder must provide

to the Secretary of the Corporation documentation satisfactory to the Corporation that demonstrates that the funds comprising the Qualifying Fund are (x) under common management and investment control, (y) under common management and funded primarily by a single employer or (z) a “group of investment companies,” as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act.

Any information required by this Article I, Section 9 to be provided to the Corporation must be updated and supplemented by the Eligible Stockholder or Stockholder Nominee, as applicable, by delivery to the Secretary of the Corporation (X) no later than 10 days after the record date for determining the stockholders of the Corporation entitled to vote at the Applicable Meeting, of such information as of such record date and (Y) no later than five days before the Applicable Meeting, of such information as of the date that is 10 days before the Applicable Meeting. Further, in the event that any information or communications provided (pursuant to this Article I, Section 9 or otherwise) by the Eligible Stockholder or the Stockholder Nominee to the Corporation or its stockholders ceases to be true and correct in any respect or omits a fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each such Eligible Stockholder or Stockholder Nominee, as the case may be, shall promptly notify the Secretary of the Corporation of any inaccuracy or omission in any previously provided information and of the information that is required to make such information or communication true and correct. For the avoidance of doubt, the requirement to update, supplement and correct such information shall not permit any Eligible Stockholder or other person to change or add any proposed Stockholder Nominee or be deemed to cure any defects or limit the remedies (including without limitation under these Bylaws) available to the Corporation relating to any defect (including any inaccuracy or omission).

(h) *Information and Agreements from Nominees*. Upon the request of the Corporation, each Stockholder Nominee must: (i) provide an executed agreement, in a form satisfactory to the Corporation, that the Stockholder Nominee (A) has read and agrees, if elected to serve as a member of the Board of Directors, to adhere to the Corporation’s Corporate Governance Guidelines and Code of Business Conduct and Ethics, and any other policies and guidelines of the Corporation applicable to directors (which will be provided by the Corporation following a request therefor), (B) is not and will not become a party to any compensatory, payment or other financial agreement, arrangement or understanding with any person or entity in connection with his or her nomination, service or action as a Stockholder Nominee or as a director of the Corporation, in each case that has not been disclosed to the Corporation and (C) is not and will not become a party to any agreement, arrangement or understanding with any person or entity as to how the Stockholder Nominee would vote or act on any issue or question as a director; and (ii) provide (within five business days of the Corporation’s request) such additional information as the Corporation determines may be necessary to permit the Board of Directors to determine whether or not such Stockholder Nominee (A) is independent under the rules and listing standards of the principal U.S. exchange upon which the common stock of the

Corporation is listed, any applicable rules of the Securities and Exchange Commission and any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the Corporation's directors, (B) has any direct or indirect relationship with the Corporation, other than those relationships that have been deemed categorically immaterial pursuant to the standards used by the Corporation for determining director independence, (C) would, by serving on the Board of Directors, violate or cause the Corporation to be in violation of these Bylaws, the Certificate of Incorporation, the rules or listing standards of the principal U.S. exchange upon which the common stock of the Corporation is listed or any applicable law, rule or regulation and (D) is or has been subject to any event specified in Item 401(f) of Regulation S-K (or successor rule) of the Securities and Exchange Commission.

(i) *Ineligibility of Certain Stockholder Nominees.* Any Stockholder Nominee who is included in the Corporation's proxy materials for a particular annual meeting of stockholders but either (i) withdraws from or becomes ineligible or unavailable for election at that annual meeting or (ii) does not receive a number of votes cast in favor of his or her election at least equal to 25% of the votes present in person or represented by proxy and entitled to vote in the election of directors, will be ineligible to be a Stockholder Nominee pursuant to this Article I, Section 9 for the next two annual meetings of stockholders. Any Stockholder Nominee who is included in the Corporation's proxy materials for a particular annual meeting of stockholders, but subsequently is determined not to satisfy the eligibility requirements of this Section 9 or any other provision of these Bylaws, the Certificate of Incorporation, the Corporation's Corporate Governance Guidelines or applicable law or regulation at any time before the Applicable Meeting, will not be eligible or qualified for election at such annual meeting of stockholders and no other nominee may be substituted by the Eligible Stockholder that nominated such Stockholder Nominee (or any other Eligible Stockholder).

(j) *Exclusion of Stockholder Nominees from Nomination and from Proxy Materials.* The Corporation shall not be required to recognize or allow the nomination of a Stockholder Nominee (notwithstanding that proxies in respect of such nominee may have been received by the Board of Directors) or to include a Stockholder Nominee in its proxy materials for any annual meeting of stockholders pursuant to this Article I, Section 9:

(i) who is not independent under (A) the rules or listing standards of the principal U.S. exchange upon which the common stock of the Corporation is listed, (B) any applicable rules of the Securities and Exchange Commission or any other regulatory body with jurisdiction over the Corporation or (C) any publicly disclosed standards used by the Board of Directors in determining and disclosing independence of the Corporation's directors, in each case as determined by the Board of Directors;

(ii) whose election as a member of the Board of Directors would cause the Corporation to be in violation of these Bylaws, the Certificate of Incorporation, the rules or listing standards of the principal U.S. exchange upon which the common stock of the Corporation is listed or any applicable law, rule or regulation;

(iii) who is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past 10 years;

(iv) who is subject to an order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933, as amended;

(v) who is or has been, within the past 3 years, as officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, as amended;

(vi) if such Stockholder Nominee or the nominating Eligible Stockholder (or any member of the underlying group) shall have provided information to the Corporation in connection with such nomination that was untrue in any material respect or omitted to state a material fact necessary in order to make any statement made, in light of the circumstances under which it was made, not misleading, as determined by the Corporation;

(vii) if the nominating Eligible Stockholder (or any member of the underlying group) or applicable Stockholder Nominee otherwise breaches or fails to comply with its representations, undertakings or obligations pursuant to these Bylaws, including, without limitation, this Article I, Section 9;

(viii) if the nominating Eligible Stockholder ceases to be an Eligible Stockholder for any reason, including but not limited to failure to own the Required Shares through the date of the Applicable Meeting; or

(ix) if the Stockholder Nominee is determined not to satisfy the eligibility requirements provided in the Corporate Governance Guidelines.

For the purposes of this subsection 9(j), the occurrence of any events or conditions contemplated by clauses (i) through (v) and (ix) or, to the extent related to a breach or failure by the particular Stockholder Nominee, clauses (vi) and (vii), will result in the ineligibility of such Stockholder Nominee to stand for election and (if the proxy statement for the Applicable Meeting has not already been filed) in the exclusion from the Corporation's proxy materials of each specific Stockholder Nominee to whom the ineligibility applies. The occurrence of any events or conditions contemplated by clause (viii) or, to the extent related to a breach or failure by the nominating Eligible Stockholder (or any member of the underlying group), clauses (vi) or (vii) that results in the shares owned by such Eligible Stockholder being excluded from the Required Shares or the Threshold Shares such that such person (or group of persons) shall no longer constitute an Eligible Stockholder, will result in the ineligibility of such Stockholder Nominee to stand for election and (if the proxy statement for the Applicable Meeting has not already been filed) in the exclusion from the Corporation's proxy materials of each specific Stockholder Nominee to whom the ineligibility applies.

(k) *Interpretation.* The Board of Directors (and any committee or other person or body authorized by the Board of Directors) shall have the power and authority to interpret this Article I, Section 9 and to make

any determinations necessary or advisable to apply this Section 9 to any persons, facts or circumstances, in each case, acting in good faith.

(l) *Attendance of Eligible Stockholder at Annual Meeting.* Notwithstanding the foregoing provisions of this Article I, Section 9, unless otherwise required by law or otherwise determined by the Chairman of the Applicable Meeting, if none of: (i) the Eligible Stockholder, (ii) a Qualified Representative (as defined below) or (iii) if the Eligible Stockholder is comprised of a group, a member of such group, appears at the Applicable Meeting to present the sponsored Stockholder Nominee(s), such nomination or nominations shall be disregarded and conclusively deemed withdrawn, notwithstanding that proxies in respect of the election of the Stockholder Nominee(s) may have been received by the Corporation.

(m) *Exclusive Method of Proxy Access.* This Article I, Section 9 shall be the exclusive method for stockholders to include nominees for director election in the Corporation's proxy materials.

(n) *Definitions.* As used in these Bylaws, the following terms shall have the meanings set forth below:

(i) "Custodian Holder", with respect to any Eligible Stockholder, means any broker, bank or custodian (or similar nominee) who (A) is acting solely as a nominee on behalf of a beneficial owner and (B) does not "own" (as defined in Article I, Section 9(f)) any of the shares comprising the Required Shares or Threshold Shares of the Eligible Stockholder.

(ii) "person" means, as applicable, any individual, corporation, general or limited partnership, limited liability company, joint venture, estate, association, trust or other entity or organization.

(iii) A "Qualified Representative" of an Eligible Stockholder means a person that is a duly authorized officer, manager or partner of such Eligible Stockholder or is authorized by a writing (A) executed by such Eligible Stockholder, (B) delivered (or a reliable reproduction or electronic transmission of the writing is delivered) by such Eligible Stockholder to the Corporation prior to the taking of the action taken by such person on behalf of such Eligible Stockholder and (C) stating that such person is authorized to act for such Eligible Stockholder with respect to the action to be taken.

(iv) A "Qualifying Fund" means two or more funds that are (A) under common management and investment control, (B) under common management and funded primarily by a single employer or (C) a "group of investment companies," as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940 (as amended from time to time the "Investment Company Act").

(v) "Required Information" that the Corporation will include in its proxy statement is (A) the information concerning the Stockholder Nominee and the Eligible Stockholder that the Corporation determines is required to be disclosed in the Corporation's proxy statement by the regulations promulgated under the 1934 Act and (B) if the Eligible Stockholder so elects, a Statement.

(vi) "Required Shares" means that number of shares of common stock of the Corporation that represents at least three percent (3%) of the number of outstanding shares of common stock of the Corporation

as of the most recent date for which such outstanding share amount was given in any filing by the Corporation with the Securities and Exchange Commission prior to the date the Notice of Proxy Access Nomination is provided to the Secretary of the Corporation in accordance with Article I, Section 9(b).

(vii) “Three Year Start Date” means the date at the start of the three year period ending as of the date the Notice of Proxy Access Nomination is received by the Corporation in accordance with Article I, Section 9(b).

(viii) “Threshold Shares” means that number of shares of common stock of the Corporation that represented at least three percent (3%) of the number of outstanding shares of common stock of the Corporation as of the most recent date for which such outstanding share amount was given in any filing by the Corporation with the Securities and Exchange Commission prior to the Three Year Start Date.

Section 10. Proxies and Voting. At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. No stockholder may authorize more than one proxy for his or her shares. Each stockholder shall have one vote for every share of stock entitled to vote which is registered in his or her name on the record date for determining stockholders entitled to vote at the meeting, except as otherwise provided herein or required by law. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile transmission or other reproduction shall be a complete reproduction of the entire original writing or transmission.

All voting, but excepting for the election of directors and where otherwise required by law, may be by a voice vote; provided, however, that upon demand therefor by a stockholder entitled to vote or his or her proxy, a stock vote shall be taken. Every stock vote shall be taken by ballots, each of which shall state the name of the stockholder or proxy voting and such other information as may be required under the procedure established for the meeting. Every vote taken by ballots shall be counted by an inspector or inspectors appointed by the Chairman of the meeting, which inspector or inspectors may, but does not need to, include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives. The Corporation may, and to the extent required by law, shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her

ability. The inspector or inspectors so appointed or designated shall (a) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (b) determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election. The inspectors shall have the duties prescribed by law.

In an election of directors that is not contested, only those nominees who receive a majority approval vote shall be elected. All other elections shall be determined by a plurality of the votes cast, and except as otherwise required by law or by an express provision of these Bylaws, all other matters shall be determined by a majority of the votes cast affirmatively or negatively; provided, however, that proposals relating to employee or director compensation or compensation plans may, in the discretion of the Board of Directors, require such greater affirmative vote as is specified in a resolution adopted by the Board of Directors. For purposes of this Article I, Section 10, the meaning of "majority approval vote" and "not contested" shall be as provided in Article II, Section 13 below.

Section 11. Stock List. A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class of stock and showing the address of each such stockholder and the number of shares registered in his or her name (provided, however, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date), shall be open to the examination of any such stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held.

The stock list shall also be kept at the place of the meeting during the whole time thereof and shall be open to the examination of any such stockholder who is present. This list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Number and Term of Office. The number of directors shall initially be nine and, thereafter, shall be fixed from time to time exclusively by the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption). Until the 2014 annual meeting of stockholders, the directors shall be divided into three classes, as nearly equal in number as reasonably possible, with the term of office of the first class to expire at the 2014 annual meeting of stockholders, the term of office of the second class to expire at the 2012 annual meeting of stockholders and the term of office of the third class to expire at the 2013 annual meeting of stockholders. At each annual meeting of stockholders beginning in 2012, directors shall be elected to succeed those directors whose terms expire, for a one-year term of office, to expire at the next annual meeting of stockholders after their election. Beginning with the 2014 annual meeting of stockholders, the entire Board of Directors shall be subject to election at each annual meeting of stockholders, for a one-year term of office, to expire at the next annual meeting of stockholders after their election, and the Board of Directors will no longer be divided into classes. All directors shall hold office until the expiration of the term for which elected and until their successors are elected, except in the case of the death, resignation or removal of any director. Any incumbent director who stands for reelection as a director and who does not receive a majority approval vote (as defined in Article II, Section 13 below) shall promptly tender an offer of resignation in accordance with Article II, Section 13 below.

Section 2. Vacancies and Newly Created Directorships. Subject to the rights of the holders of any series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, removal from office, disqualification or other cause may be filled only by a majority vote of the directors then in office, though less than a quorum, and directors so chosen shall hold office for a term expiring at the next annual meeting of stockholders (or, prior to the 2014 annual meeting of stockholders, for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been elected expires). No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 3. Removal. Subject to the rights of the holders of any series of Preferred Stock then outstanding, any directors, or the entire Board of Directors, may be removed from office at any time, with or without cause, by the affirmative vote of the holders of at least a majority of the voting power of all of

the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

Section 4. Regular Meetings. Regular meetings of the Board of Directors shall be held at such place or places, on such date or dates, and at such time or times as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called by a majority of the directors then in office (rounded up to the nearest whole number) or by the Chief Executive Officer or the Chairman of the Board and shall be held at such place, on such date, and at such time as they or he or she shall fix. Notice of the place, date, and time of each such special meeting shall be given to each director by whom it is not waived by mailing written notice not fewer than five (5) days before the meeting or by telephone, electronic transmission, telexing, telecopying or personally delivering the same not fewer than twelve (12) hours before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting.

Section 6. Quorum. At any meeting of the Board of Directors, a whole number of directors equal to at least a majority of the total number of authorized directors shall constitute a quorum for all purposes. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date, or time, without further notice or waiver thereof. The directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 7. Participation in Meetings by Conference Telephone. Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and such participation shall constitute presence in person at such meeting.

Section 8. Conduct of Business. At any meeting of the Board of Directors, business shall be transacted in such order and manner as the Board may from time to time determine, and, if a quorum is present, all matters shall be determined by the vote of a majority of the directors present, except as otherwise provided herein or required by law. Action may be taken by the Board of Directors without a meeting if all members thereof consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 9. Powers. The Board of Directors may, except as otherwise required by law, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, including, without limiting the generality of the foregoing, the unqualified power:

- (a) To declare dividends from time to time in accordance with law;
- (b) To purchase or otherwise acquire any property, rights or privileges on such terms as it shall determine;
- (c) To authorize the creation, making and issuance, in such form as it may determine, of written obligations of every kind, negotiable or non-negotiable, secured or unsecured, and to do all things necessary in connection therewith;
- (d) To remove any officer of the Corporation with or without cause, and from time to time to devolve the powers and duties of any officer upon any other person for the time being;
- (e) To confer upon any officer of the Corporation the power to appoint, remove and suspend subordinate officers, employees and agents;
- (f) To adopt from time to time such stock, option, stock purchase, bonus or other compensation plans for directors, officers, employees and agents of the Corporation and its subsidiaries as it may determine;
- (g) To adopt from time to time such insurance, retirement, and other benefit plans for directors, officers, employees and agents of the Corporation and its subsidiaries as it may determine; and
- (h) To adopt from time to time regulations, not inconsistent with these Bylaws, for the management of the Corporation's business and affairs.

Section 10. Compensation of Directors. Directors, as such, may receive, pursuant to resolution of the Board of Directors, fixed fees and other compensation for their services as directors, including, without limitation, their services as members of committees of the Board of Directors.

Section 11. Nomination of Director Candidates. Subject to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, nominations for the election of Directors may be made by the Board of Directors or a committee appointed for that purpose by the Board of Directors, or by any stockholder who (a) is a stockholder of record at the time of giving of notice of such meeting and at the time of the meeting, (b) is entitled to vote at the meeting, and (c) complies with the procedures set forth in these Bylaws as to such nomination. However, any stockholder entitled to vote in the election of Directors generally may nominate one or more persons for election as Directors at a meeting only if timely and proper notice of such stockholder's intent to make such nomination or nominations (including the completed and signed questionnaire, representation and agreement required by Article II, Section 12 of these Bylaws), and timely updates and supplements thereof, have been given in writing to the Secretary of the Corporation in accordance with Article I, Section 7, Section 8 and Section 9 (as applicable), and this Article II, Section 11 of these Bylaws.

In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to

the date of such special meeting and not later than the close of business on the later of the 90th day prior to the date of such special meeting or, if the first public announcement of the date of such special meeting is less than 100 days prior to the date of such special meeting, the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall any adjournment or postponement of a special meeting of stockholders, or the public announcement thereof, commence a new time period for the giving of a stockholder's notice as described above.

In addition, to be considered timely, a stockholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be complete, true and correct as of the record date for determining stockholders entitled to vote at the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for determining stockholders entitled to vote at the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight (8) business days prior to the date for the meeting, any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof.

In addition to the requirements set forth in Article I, Section 7 and Section 8 (or, for a Stockholder Nominee, in Article I, Section 9) of these Bylaws, to be in proper form, each such notice shall set forth: (i) all information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors; (ii) the written consent of each nominee to be named in the proxy statement as a nominee and to serve as a director of the Corporation if so elected; and (iii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among the stockholder intending to make the nomination and the beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the stockholder intending to make the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant. In addition, each such notice shall also

include completed and signed questionnaire, representation and agreement required by Article II, Section 12 of these Bylaws. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee.

In the event that a person is validly designated as a nominee in accordance with this Article II, Section 11 and shall thereafter become unable or unwilling to stand for election to the Board of Directors, the Board of Directors may designate a substitute nominee upon delivery, not fewer than five (5) days prior to the date of the meeting for the election of such nominee, of a written notice to the Secretary setting forth such information regarding such substitute nominee as would have been required to be delivered to the Secretary pursuant to this Section 11 had such substitute nominee been initially proposed as a nominee. Such notice shall include a signed consent to serve as a Director of the Corporation, if elected, of each such substitute nominee.

If the Chairman of a meeting where stockholders are to vote for the election of Directors determines that a nomination of any candidate for election as a Director at such meeting was not made in accordance with the applicable provisions of this Article II, Section 11, such nomination shall be void; provided, however, that nothing in this Section 11 shall be deemed to limit any voting rights upon the occurrence of dividend arrearages provided to holders of Preferred Stock pursuant to the Preferred Stock designation for any series of Preferred Stock.

Section 12. Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee for election or reelection as a director of the Corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under these Bylaws) to the Secretary at the principal executive offices of the Corporation a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be provided by the Secretary upon written request), and a written representation and agreement (in the form provided by the Secretary upon written request) that such person (a) is not and will not become a party to (i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation or (ii) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (b) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed

therein, and (c) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply, with all applicable corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation publicly disclosed from time to time.

Section 13. Majority Approval Vote in Director Elections; Required Offer of Resignation. Any incumbent director who was a nominee at a stockholder meeting and who did not receive a majority approval vote, shall tender to the Board of Directors his or her offer of resignation for consideration by the Board of Directors. Such offer of resignation shall be tendered within 14 days following the certification of the stockholder vote for the respective election of directors. For purposes of this Article II, Section 13, (a) "majority approval vote" means that the number of votes cast by stockholders "for" a nominee for director exceeds the sum of the number of votes cast "against" or to "withhold approval" for such nominee, in an election that is not contested, and (b) an election is "not contested" if the number of nominees is not greater than the number of directors to be elected at the particular stockholder meeting.

Within 60 days following certification of the stockholder vote, the Nominating and Corporate Governance Committee (or such other committee of the Board of Directors as is otherwise designated by the Board of Directors) shall recommend to the Board of Directors whether to accept or reject the resignation, or whether other action should be taken with respect to such offer of resignation, in regard to any incumbent directors who failed to receive a majority approval vote in an election that was not contested. In determining whether or not to recommend that the Board of Directors accept any offer of resignation, the reviewing committee shall be entitled to consider all factors believed relevant by such committee's members, including such factors and guidelines, if any, as may be set forth in the Corporation's Corporate Governance Guidelines or other relevant policies that are then in effect.

The Board of Directors shall act on the recommendation of the Nominating and Corporate Governance Committee (or other committee) within 90 days following certification of the stockholder vote. In determining whether or not to accept any resignation offer, or whether other action should be taken with respect to such offer of resignation, the Board of Directors shall consider the factors considered by the recommending committee, and any additional information and factors that the Board of Directors believes to be relevant. The Board of Directors shall, within five business days after reaching its decision, publicly disclose the decision, including, if applicable, the reasons for not accepting an offer of resignation.

Any incumbent director who fails to receive the requisite majority approval vote in an election that is not contested will remain an active member of the Board of Directors during the period while their offer of resignation is under consideration. However, any director whose offer of resignation is under consideration for potential acceptance pursuant to this Section shall not participate in the Nominating and Corporate Governance Committee (or other committee) discussions and recommendation on that subject, or in the

Board of Directors action regarding whether to accept such director's offer of resignation. If every member of the Nominating and Corporate Governance Committee fails to receive a majority approval vote at the same stockholder meeting, the Board of Directors shall appoint a committee of independent directors who did receive a majority approval vote at that meeting to consider the resignation offers and make recommendations to the Board of Directors. If no independent directors are eligible to serve on such a review committee, then the Board of Directors shall act on the resignation offers in such manner as the Board of Directors determines to be appropriate.

The Nominating and Corporate Governance Committee is authorized to adopt and establish such policies, guidelines, factors for consideration, and director qualification requirements as it determines to be appropriate in order to implement this Article II, Section 13, which may be included in the Corporate Governance Guidelines or elsewhere, and may include, if the committee so determines, the submission by all nominees of irrevocable, contingent resignations.

ARTICLE III

COMMITTEES

Section 1. Committees of the Board of Directors. The Board of Directors, pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption), may from time to time designate committees of the Board, with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee. Any committee so designated may exercise the power and authority of the Board of Directors to declare a dividend, to authorize the issuance of stock or to adopt a certificate of ownership and merger pursuant to Section 253 of the Delaware General Corporation Law if the resolution which designates the committee or a supplemental resolution of the Board of Directors shall so provide. In the absence or disqualification of any member of any committee and any alternate member in his place, the member or members of the committee present at the meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may by unanimous vote appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member.

Section 2. Conduct of Business. Each committee may determine the procedural rules for meeting and conducting its business and shall act in accordance therewith, except as otherwise provided herein or required by law. Adequate provision shall be made for notice to members of all meetings; a majority of the

authorized members shall constitute a quorum unless the committee shall consist of one or two members, in which event one member shall constitute a quorum; and all matters shall be determined by a majority vote of the members present. Action may be taken by any committee without a meeting if all members thereof consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of such committee. The Board shall have power at any time to fill vacancies in, to change the membership of, or to dissolve, any committee. Nothing herein shall be deemed to prevent the Board from appointing one or more committees consisting in whole or in part of persons who are not directors of the Corporation; provided, however, that no such committee shall have or may exercise any authority of the Board.

ARTICLE IV

OFFICERS

Section 1. Generally. The officers of the Corporation shall consist of a Chief Executive Officer, one or more Presidents, a Secretary, and a Chief Financial Officer and/or a Treasurer. At the discretion of the Board of Directors, the Corporation shall have a Chairman of the Board, one or more Assistant Treasurers, and one or more Assistant Secretaries. The Corporation may also have such other officers as the Board of Directors may appoint, and such other officers as the Chief Executive Officer may appoint in accordance with the provisions of Article IV, Section 10. The Board of Directors shall consider the election of officers at its first meeting after every annual meeting of stockholders. Each officer shall hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any number of offices may be held by the same person.

Section 2. Chairman of the Board. The Chairman of the Board, if there is a person holding that position, shall, if present, preside at all meetings of the Board of Directors, and exercise and perform such other powers and duties as may be from time to time assigned to him or her by the Board of Directors or prescribed by these Bylaws.

Section 3. Chief Executive Officer. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there is a person holding that position, the Chief Executive Officer of the Corporation shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and the officers of the Corporation. He shall preside at all meetings of the stockholders and, in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors. He or she shall have the general powers and duties of management usually vested in the office of chief executive officer of a Corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

Section 4. Presidents. Each President shall have such powers and duties as may be delegated to him or her by the Board of Directors. One President shall be designated by the Board to perform the duties and exercise the powers of the Chief Executive Officer in the event of the Chief Executive Officer's absence or disability.

Section 5. Chief Financial Officer. The Chief Financial Officer shall keep and maintain or cause to be kept and maintained, adequate and correct books and records of account of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any director.

The Chief Financial Officer shall deposit all monies and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board of Directors. He shall disburse all funds of the Corporation as may be ordered by the Board of Directors, shall render to the Chief Executive Officer and Directors, whenever they request it, an account of all of his transactions as Chief Financial Officer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by these Bylaws.

Section 6. Secretary. The Secretary shall keep, or cause to be kept, a book of minutes in written form of the proceedings of the Board of Directors, committees of the Board, and stockholders. Such minutes shall include all waivers of notice, consents to the holding of meetings, or approvals of the minutes of meetings executed pursuant to these Bylaws or the General Delaware Corporation Law. The Secretary shall keep, or cause to be kept at the principal executive office or at the office of the Corporation's transfer agent or registrar, a record of its stockholders, giving the names and addresses of all stockholders and the number and class of shares held by each.

The Secretary shall give or cause to be given, notice of all meetings of the stockholders and of the Board of Directors as required by these Bylaws or by law to be given, and shall keep the seal of the Corporation, if one be adopted, in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

Section 7. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

Section 8. Removal, Resignation and Vacancies. Any officer of the Corporation may be removed at any time, with or without cause, by the affirmative vote of a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board for adoption). Any officer appointed by the Chief Executive Officer may be removed by him with or without cause. Any officer may resign at any time, upon written notice to the Corporation, without prejudice of the rights, if any, of the Corporation under any contract to which such

officer is a party. A newly created office and a vacancy in any office because of death, resignation, or removal may be filled by the Board of Directors. Any vacancy in an office appointed by the Chief Executive Officer because of death, resignation, or removal may be filled by the Chairman of the Board or the Chief Executive Officer.

Section 9. Compensation. The compensation of the officers shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such compensation by reason of the fact that he is also a director of the Corporation.

Section 10. Subordinate Officers. The Chief Executive Officer may appoint such vice presidents and other subordinate officers as the business of the Corporation may require, each of whom shall have such duties and such tenure as the Chief Executive Officer decides. Officers appointed by the Chief Executive Officer under this Article IV, Section 10 shall not be considered corporate level or executive officers.

Section 11. Action With Respect to Securities of Other Corporations. Unless otherwise directed by the Board of Directors, the Chief Executive Officer or any officer of the Corporation authorized by the Chief Executive Officer shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

ARTICLE V

STOCK

Section 1. Certificates of Stock. The shares of stock of the Corporation shall be represented by certificates; provided, however, that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the Corporation's stock shall be uncertificated shares; provided, further, that any such resolution shall not apply to shares of stock represented by a certificate until such certificate is surrendered to the Corporation. Each holder of stock of the Corporation that is represented by a certificate shall be entitled to a certificate signed by, or in the name of the Corporation by, the Chief Executive Officer or a President, and by the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer, certifying the number of shares owned by him or her. Any of or all the signatures on the certificate may be facsimile.

Section 2. Transfers of Stock. Stock of the Corporation shall be transferable in the manner prescribed by law, requirements established by the stock exchanges on which the Corporation's stock is listed and in the Bylaws. Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the stock of the Corporation. Except

where a certificate is issued in accordance with Article V, Section 4 of these Bylaws, an outstanding certificate for the number of shares involved shall be surrendered by the holder thereof in person or by such holder's attorney duly authorized in writing, for cancellation before a new certificate is issued therefor, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require. Transfers of uncertificated shares of stock shall be made only upon receipt of proper transfer instructions from the registered holder of the shares or by such holder's attorney duly authorized in writing, and upon compliance with appropriate procedures for transferring shares in uncertificated form. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 3. Record Date. In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders, the Board of Directors may fix in advance a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, unless otherwise required by law, not be more than sixty (60) days nor less than ten (10) days preceding the date of such meeting of stockholders. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business on the business day next preceding the day on which notice is given. If the Board of Directors fails to provide proper notice of a meeting of stockholders but notice is waived, the record date for determining stockholders entitled to notice of and to vote at such meeting shall be at the close of business on the business day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend, or any other distribution or allotment of any rights, or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall not be more than sixty (60) days

prior to such action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the business day on which the Board of Directors adopts the resolution relating thereto.

Section 4. Lost, Stolen or Destroyed Certificates. In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

Section 5. Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 6. Regulations. The issue, transfer, conversion and registration of certificates of stock (or uncertificated stock) shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI

NOTICES

Section 1. Notices. Except as otherwise specifically provided herein or required by law, all notices required to be given to any stockholder, director, officer, employee or agent shall be in writing and may in every instance be effectively given by hand delivery to the recipient thereof, by depositing such notice in the mails, postage paid, or by sending such notice by prepaid telegram or mailgram. Any such notice shall be addressed to such stockholder, director, officer, employee or agent at his or her last known address as the same appears on the books of the Corporation. The time when such notice shall be deemed to be given shall be the time such notice is received by such stockholder, director, officer, employee or agent, or by any person accepting such notice on behalf of such person, if hand delivered, or dispatched, if delivered through the mails or by telegram or mailgram.

Notwithstanding anything to the contrary set forth in these Bylaws, any notice to stockholders given by the Corporation hereunder shall be effective if given by a form of electronic transmission in the manner provided in Section 232 of the Delaware General Corporation Law (except to the extent prohibited by Section 232(e) of the Delaware General Corporation Law). Notice given by a form of electronic transmission in accordance with these Bylaws shall be deemed given at the times provided in the Delaware General Corporation Law. Such further notice shall be given as may be required by law.

Section 2. Waivers. A written waiver of any notice, signed by a stockholder or director, officer, employee or agent entitled to notice, or a waiver by electronic transmission by such person, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such stockholder, director, officer, employee or agent. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VII

MISCELLANEOUS

Section 1. Facsimile Signatures. In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board of Directors or a committee thereof.

Section 2. Corporate Seal. The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary. If and when so directed by the Board of Directors or a committee thereof, duplicates of the seal may be kept and used by the Treasurer or by an Assistant Secretary or Assistant Treasurer.

Section 3. Reliance Upon Books, Reports and Records. Each director, each member of any committee designated by the Board of Directors, and each officer of the Corporation shall, in the performance of his duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation, including reports made to the Corporation by any of its officers, by an independent certified public accountant, or by an appraiser selected with reasonable care.

Section 4. Fiscal Year. The fiscal year of the Corporation shall be as fixed by the Board of Directors.

Section 5. Time Periods. In applying any provision of these Bylaws which require that an act be done or not done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

Section 6. Resignations. Any director or any officer, whether elected or appointed, may resign at any time by giving written notice of such resignation to the Chairman of the Board, the Chief Executive Officer, or the Secretary, without prejudice to the rights, if any, of the Corporation under any contract to which such officer is a party. No formal action shall be required of the Board of Directors or the stockholders to make any such resignation effective immediately; provided, however, that a resignation may by its terms

be made subject to delayed effectiveness or to a formal action to determine whether to accept the resignation, including in the case of any offer of resignation by a director in accordance with Article II, Section 1 and Section 13 above.

Section 7. Severability. If any provision or provisions of these Bylaws shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of these Bylaws (including, without limitation, each portion of any paragraph of these Bylaws containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of these Bylaws (including, without limitation, each such portion of any paragraph of these Bylaws containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

ARTICLE VIII

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 1. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (“proceeding”), by reason of the fact that he or she or a person of whom he or she is the legal representative, is or was, at any time during which this Bylaw is in effect (whether or not such person continues to serve in such capacity at the time any indemnification or advancement of expenses pursuant hereto is sought or at the time any Proceeding relating thereto exists or is brought), a director, officer or employee of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be (and shall be deemed to have a contractual right to be) indemnified and held harmless by the Corporation to the fullest extent authorized by Delaware Law, as the same exists or may hereafter be amended, (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes or penalties, amounts paid or to be paid in settlement and amounts expended in seeking indemnification granted to such person under applicable law, these Bylaws or any agreement with the Corporation) incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in Article

VIII, Section 2, the Corporation shall indemnify any such person seeking indemnity in connection with an action, suit or proceeding (or part thereof) initiated by such person only if such action, suit or proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. All of the rights conferred in this Article VIII to indemnification, advancement of expenses and otherwise, shall be contract rights and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition, such advances to be paid by the Corporation within twenty (20) days after the receipt by the Corporation of a statement or statements from the claimant requesting such advance or advances from time to time. Such rights described in the preceding sentence shall vest at the commencement of such director's or officer's service to or at the request of the Corporation and (a) any amendment or modification of this Article VIII that in any way diminishes or adversely affects any such rights shall be prospective only and shall not in any way diminish or adversely affect any such rights with respect to any actual or alleged state of facts, occurrence, action or omission occurring prior to the time of such amendment or modification, or proceeding previously or thereafter brought or threatened based in whole or in part upon any such actual or alleged state of facts, occurrence, action or omission, and (b) all of such rights shall continue as to any such director or officer who has ceased to be a director or officer of the Corporation or ceased to serve at the Corporation's request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, as described herein, and shall inure to the benefit of such director or officer's heirs, executors and administrators. Notwithstanding any of the foregoing, if the Delaware General Corporation Law then so requires, the payment of such expenses incurred by a director or officer of the Corporation in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of such proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it should be determined ultimately that such director or officer is not entitled to be indemnified under this Section or otherwise.

Section 2. Right of Claimant to Bring Suit. If a claim for indemnification or advancement of expenses under Article VIII, Section 1 is not paid in full by the Corporation within twenty (20) days (including with respect to the advancement of expenses) after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if such suit is not frivolous or brought in bad faith, the claimant shall be entitled to be paid also the expense of prosecuting such claim to the fullest extent permitted by law. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any, has been tendered to this Corporation) that the claimant has not met the standards of conduct which make it permissible under the Delaware General

Corporation Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 3. Non-Exclusivity of Rights. The rights conferred on any person in Article VIII, Section 1 and Section 2 shall not be exclusive of any other right which such persons may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 4. Indemnification Contracts. The Board of Directors is authorized to enter into a contract with any director, officer, employee or agent of the Corporation, or any person serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing for indemnification rights equivalent to or, if the Board of Directors so determines, greater than, those provided for in this Article VIII.

Section 5. Insurance. The Corporation shall maintain insurance to the extent reasonably available, at its expense, to protect itself and any such director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

Section 6. Procedures for Indemnification. To obtain indemnification under this Article VIII, a claimant shall submit to the Corporation a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this Article VIII, Section 6, a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (a) if requested by the claimant, by independent legal counsel (as hereinafter defined), or (b) if no request is made by the claimant for a determination by independent legal counsel, (i) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (ii) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (iii) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by independent legal counsel in a written opinion to the Board, a copy of which shall be delivered to the claimant or (iv) if so directed by the

Board, by the stockholders of the Corporation. In the event the determination of entitlement to indemnification is to be made by independent legal counsel at the request of the claimant, the independent legal counsel shall be selected by the Board of Directors unless there shall have occurred within two (2) years prior to the date of the commencement of the action, suit or proceeding for which indemnification is claimed a Change of Control (as hereinafter defined), in which case the independent legal counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the Board of Directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within ten (10) days after such determination.

Section 7. Effect of Amendment. Any amendment, repeal or modification of any provision of this Article VIII by the stockholders and the directors of the Corporation shall not adversely affect any right or protection of a director, officer, employee or agent of the Corporation hereunder in respect of any occurrence or matter arising prior to any such repeal or modification.

Section 8. Effect and Validity. If a determination shall have been made pursuant to Article VIII, Section 6 that the claimant is entitled to indemnification, the Corporation shall be bound by such determination in any judicial proceeding commenced pursuant to Article VIII, Section 2. The Corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to Article VIII, Section 2 that the procedures and presumptions of this Article VIII are not valid, binding and enforceable and shall stipulate in such proceeding that the Corporation is bound by all the provisions of this Article VIII.

Section 9. Definitions. For purposes of this Article VIII:

(a) "Change of Control" means:

(i) the acquisition by any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of twenty percent (20%) or more of either (A) the then outstanding shares of common stock of the Corporation (the "Outstanding Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "Outstanding Voting Securities"); provided, however, that for purposes of this subsection 9(a), the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from the Corporation, (2) any acquisition by the Corporation, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any corporation controlled by the Corporation or (4) any acquisition pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (a)(iii) of this Article VIII, Section 9; or

(ii) Individuals who, as of the date hereof, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by

the Corporation's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors; or

(iii) Consummation by the Corporation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Corporation or the acquisition of assets of another entity (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individual and entities who were the beneficial owners, respectively, of the Outstanding Common Stock and Outstanding Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the Corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Corporation or all or substantially all of the Corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Common Stock and Outstanding Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, twenty percent (20%) or more of, respectively, the then outstanding shares of common stock of the Corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the Board of Directors of the Corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board of Directors, providing for such Business Combination; or

(iv) Approval by the stockholders of the Corporation of a complete liquidation or dissolution of the Corporation.

(b) "Disinterested Director" means a director of the Corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(c) "independent legal counsel" means a law firm, a member of a law firm, or an independent practitioner that is experienced in matters of corporation law and shall include any person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in

representing either the Corporation or the claimant in an action to determine the claimant's rights under this Article VIII.

ARTICLE IX

AMENDMENTS

The Board of Directors is expressly empowered to adopt, amend or repeal Bylaws of the Corporation. Any adoption, amendment or repeal of Bylaws of the Corporation by the Board of Directors shall require the approval of a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any resolution providing for adoption, amendment or repeal is presented to the Board). The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Corporation. In addition to any vote of the holders of any class or series of stock of this Corporation required by law or by these Bylaws, the affirmative vote of the holders of at least 66 2/3 percent of the combined voting power of the outstanding shares of stock of all classes and series of stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal any provisions of the Bylaws of the Corporation.

CERTIFICATE OF SECRETARY

I hereby certify:

That I am the duly elected and acting Corporate Secretary of Ross Stores, Inc., a Delaware Corporation; and

That attached hereto is a true and complete copy of the Bylaws of said corporation, comprising 41 pages of text (total of 45 pages), as amended and restated by the Board of Directors of the corporation on August 17, 2011, and as further amended by the Board of Directors of the corporation on November 16, 2011, January 23, 2013 and March 8, 2017; such Bylaws have not been modified or rescinded and remain in full force and effect.

IN WITNESS WHEREOF, I hereunder subscribed my name and affixed the seal of said Corporation this 22nd day of March, 2017.

/s/J. Call

John Call

Corporate Secretary

EXHIBIT 21**SUBSIDIARIES & AFFILIATES**

Certain subsidiaries and affiliates of the Registrant and their subsidiaries are listed below. The names of certain subsidiaries, which considered in the aggregate would not constitute a significant subsidiary, have been omitted.

Subsidiary Name	Domiciled	Date of Incorporation
Ross Procurement, Inc.	Delaware	November 22, 2004
Ross Merchandising, Inc.	Delaware	January 12, 2004
Ross Dress For Less, Inc.	Virginia	January 14, 2004
Retail Assurance Group, Inc.	Hawaii	October 15, 1991

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. 33-61373, No. 333-06119, No. 333-34988, No. 333-51478, No. 333-56831, No. 333-115836, No. 333-151116, and No. 333-210465 on Form S-8, and No. 333-198738 on Form S-3 of our report dated March 28, 2017, relating to the consolidated financial statements of Ross Stores, Inc. and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended January 28, 2017.

/s/DELOITTE & TOUCHE LLP

San Francisco, California
March 28, 2017

EXHIBIT 31.1

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

I, Barbara Rentler, certify that:

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

Date: March 28, 2017

/s/Barbara Rentler

Barbara Rentler

Chief Executive Officer

EXHIBIT 31.2

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

I, Michael J. Hartshorn, certify that:

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

Date: March 28, 2017

/s/Michael J. Hartshorn

Michael J. Hartshorn

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

EXHIBIT 32.1

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

In connection with the Annual Report of Ross Stores, Inc. (the "Company") on Form 10-K for the year ended January 28, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Barbara Rentler, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that, to the best of my knowledge:

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

Date: March 28, 2017

/s/Barbara Rentler

Barbara Rentler

Chief Executive Officer

EXHIBIT 32.2

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

In connection with the Annual Report of Ross Stores, Inc. (the "Company") on Form 10-K for the year ended January 28, 2017 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Hartshorn, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), that, to the best of my knowledge:

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

Date: March 28, 2017

/s/Michael J. Hartshorn

Michael J. Hartshorn

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

