

ROSS STORES INC  
Form DEF 14A  
April 04, 2017  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No. )

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

ROSS  
STORES,  
INC.  
(Name of  
Registrant  
as  
Specified  
In Its  
Charter)

(Name of  
Person(s)  
Filing  
Proxy  
Statement,  
if other  
than the  
Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

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1 Amount Previously Paid:

2 Form, Schedule or Registration Statement No.:

3 Filing Party:

4 Date Filed:

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April 4, 2017

Dear Stockholder:

You are cordially invited to attend the 2017 Ross Stores, Inc. Annual Meeting of Stockholders ("Annual Meeting"), which will be held on Wednesday, May 17, 2017 at 1:00 p.m. PDT, at the Garden Court Hotel, 520 Cowper Street, Palo Alto, CA 94301. If you will need special assistance at the meeting, please contact Ms. Angelica Griego, Legal Department, Ross Stores, Inc., 5130 Hacienda Drive, Dublin, CA 94568, (925) 965-4231, at least ten days before the meeting.

We are pleased to make use again this year of the process that permits companies to furnish proxy materials over the Internet, as authorized by the Securities and Exchange Commission. We believe this approach facilitates stockholders' receipt of proxy materials, while reducing the environmental impact of our Annual Meeting. We will mail to our stockholders (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access our proxy materials, including our Proxy Statement and Annual Report to Stockholders for the fiscal year ended January 28, 2017. The Notice also provides instructions on how to vote online or by telephone, and includes instructions on how you can receive a paper copy of the proxy materials by mail. If you receive your Annual Meeting materials by mail, the Notice of Annual Meeting of Stockholders, Proxy Statement, Annual Report to Stockholders, and proxy card will be enclosed.

Thank you for your commitment to Ross Stores and for your cooperation in voting your proxy without delay. You may vote your shares by Internet, toll-free telephone number, or mail. Instructions regarding all three methods of voting are included in this Proxy Statement on the page following the Notice of Annual Meeting of Stockholders.

Sincerely,

ROSS STORES, INC.

Barbara Rentler  
Chief Executive Officer

ROSS STORES, INC.

Notice of Annual Meeting of Stockholders  
to be Held on May 17, 2017

To Our Stockholders:

Please take notice that the 2017 Ross Stores, Inc. Annual Meeting of Stockholders (the "Annual Meeting") will be held on Wednesday, May 17, 2017 at 1:00 p.m. PDT, at the Garden Court Hotel, 520 Cowper Street, Palo Alto, CA 94301, for the following purposes:

1. To elect 11 directors for a one-year term.
2. To approve adoption of our 2017 Equity Incentive Plan (including, without limitation, certain material terms of the 2017 Plan for purposes of Section 162(m) of the Internal Revenue Code, as amended).
3. To hold an advisory vote on executive compensation.
4. To hold an advisory vote on the frequency of holding future advisory votes on executive compensation.
5. To ratify the appointment of Deloitte & Touche LLP ("Deloitte") as the Company's independent registered public accounting firm for the fiscal year ending February 3, 2018.
6. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Stockholders of record at the close of business on March 21, 2017 (the "Record Date") are entitled to notice of and to vote at the Annual Meeting and any adjournments or postponements thereof. For ten days prior to the Annual Meeting, a complete list of stockholders of record entitled to vote at the Annual Meeting will be available for examination by any stockholder for any purpose relevant to the Annual Meeting during ordinary business hours at the Company's corporate offices located at 5130 Hacienda Drive, Dublin, CA 94568.

The available voting methods (by Internet, by telephone, or by mail) are described on the next page. We would appreciate you submitting your proxy vote as soon as possible so that your shares will be represented at the meeting.

By order of the Board of Directors,

John G. Call  
Corporate Secretary

April 4, 2017

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON MAY 17, 2017: A complete set of proxy materials relating to our Annual Meeting is available on the Internet. These materials, consisting of the Notice of Annual Meeting, Proxy Statement, proxy card, and Annual Report, may be viewed at [www.proxyvote.com](http://www.proxyvote.com), where you may also cast your vote.

PRINTED ON RECYCLED PAPER

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## VOTING METHODS

The accompanying Proxy Statement describes proposals that are being submitted for a vote by stockholders at the Ross Stores, Inc. 2017 Annual Meeting to be held on May 17, 2017. If you are a stockholder of record of Ross Stores, Inc. as of March 21, 2017, you have the right to vote your shares, and may elect to do so by Internet, by telephone, or by mail. You may also revoke your proxy at any time before the Annual Meeting. Please help us save time and postage costs by voting by Internet or by telephone. Both methods are generally available 24 hours a day, seven days a week and will ensure that your vote is confirmed and posted immediately. To vote:

### 1. BY INTERNET

- a. Go to the website at [www.proxyvote.com](http://www.proxyvote.com).
- b. Enter the Control Number that appears on the proxy card or on the voting instruction card you received from your broker, bank, or their nominee.
- c. Follow the simple instructions.

### 2. BY TELEPHONE

- a. On a touch-tone telephone, call toll-free 1-800-690-6903.
- b. Enter the Control Number that appears on the proxy card or on the voting instruction card you received from your broker, bank, or their nominee.
- c. Follow the simple recorded instructions.

### 3. BY MAIL (Do not mail the proxy card if you are voting by Internet or telephone.)

- a. Mark your selections on the proxy card.
- b. Date and sign your name exactly as it appears on your proxy card.
- c. Mail the proxy card in the enclosed postage-paid envelope.

If your shares are held in the name of a bank, broker, or other holder of record, you are considered a beneficial owner, whose stock is held in "street name," and instead of a proxy card you will receive instructions from your bank, broker, or other agent. Your broker or nominee will enclose a voting instruction card for you to use in directing your broker or nominee as to how to vote your shares. A number of brokers and banks, however, are participating in a program provided through Broadridge Financial Solutions, Inc. ("Broadridge") that offers the means to grant proxies to vote shares by Internet and by telephone. If your shares are held in an account with a broker or bank participating in the Broadridge program, you may grant a proxy to vote those shares by Internet or by calling the telephone number shown on the instruction form received from your broker or bank.

If you attend the Annual Meeting, you may be asked to present: (1) valid government-issued photo identification (e.g., driver's license, state-issued ID, or passport); (2) if you hold your shares through a broker, bank, trustee, or nominee (i.e., in street name), proof of beneficial ownership as of the Record Date (e.g., a copy of your voting instruction card or brokerage statement reflecting your stock ownership); and/or (3) for analysts or media, appropriate credentials.

Only stockholders of record or their proxyholders have a right to attend and participate in the stockholder meeting. Attendance by others, including members of the media and analysts, are at the discretion of the meeting Secretary. Also, the use of cell phones, smart phones, computers/laptops/tablets, music devices, recording, video, or photographic equipment is not permitted for people attending the Annual Meeting. Security personnel may be present, and coats and bags are subject to search prior to entry.

We must receive votes submitted by Internet, telephone, or mail by 11:59 p.m. PDT on May 16, 2017. Submitting your proxy by telephone or Internet will not affect your right to vote in person should you decide to attend the Annual Meeting.

Your vote is important. Thank you for voting.

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TABLE OF  
CONTENTS

Page	
PROXY	1
SOLICITATION	
STOCK	
OWNERSHIP	
OF	
CERTAIN	2
BENEFICIAL	
OWNERS	
AND	
MANAGEMENT	
PROPOSAL	
1 -	
ELECTION	
OF	
DIRECTORS	
Information	
Regarding	
Nominees	4
and	
Incumbent	
Directors	
Compensation	
of	11
Directors	
PROPOSAL	
2 -	
APPROVE	
ADOPTION	
OF	
THE	14
2017	
EQUITY	
INCENTIVE	
PLAN	
PROPOSAL	
3 -	
ADVISORY	
VOTE	24
TO	
APPROVE	
EXECUTIVE	
COMPENSATION	
PROPOSAL	
4 -	
ADVISORY	



VOTE  
ON  
THE  
FREQUENCY  
OF  
FUTURE  
ADVISORY  
VOTES  
ON  
EXECUTIVE  
COMPENSATION  
PROPOSAL

5-  
RATIFY  
THE  
APPOINTMENT  
OF  
THE  
INDEPENDENT  
REGISTERED  
PUBLIC  
ACCOUNTING  
FIRM

Board  
of  
Directors  
Audit<sup>28</sup>  
Committee

Report  
EXECUTIVE  
COMPENSATION<sup>30</sup>  
Compensation  
Discussion  
and<sup>30</sup>

Analysis  
Compensation  
Philosophy<sup>30</sup>  
and

Objectives  
Oversight  
of

the<sup>31</sup>  
Executive  
Compensation  
Program  
Components  
of

the<sup>33</sup>  
Executive  
Compensation  
Program

Grant  
 Date 36  
 Policy  
 Defined  
 Contribution  
 and 36  
 Deferred  
 Compensation  
 Plans  
 Employment  
 Agreements 36  
 Tax  
 and 36  
 Accounting-Related  
 Matters  
 Additional  
 Executive  
 Compensation 37  
 Policies  
 Compensation  
 Committee 38  
 Report  
 Summary  
 Compensation 39  
 Table  
 Discussion  
 of  
 Summary 41  
 Compensation  
 Table  
 Grants  
 of  
 Plan-Based  
 Awards 41  
 During  
 Fiscal  
 Year  
 Outstanding  
 Equity  
 Awards 43  
 at  
 Fiscal  
 Year-End  
 Option  
 Exercises  
 and 44  
 Stock  
 Vested  
 Non-Qualified  
 Deferred 45  
 Compensation

Potential  
Payments  
Upon  
Termination  
or <sup>46</sup>  
Change  
in  
Control

---

COMPENSATION  
COMMITTEE  
INTERLOCKS  
AND  
INSIDER  
PARTICIPATION  
RELATED  
PERSON  
TRANSACTIONS  
SECTION  
16(a)  
BENEFICIAL  
OWNERSHIP  
REPORTING  
COMPLIANCE  
PROXY  
SOLICITATION  
FEES  
TRANSACTION  
OF  
OTHER  
BUSINESS  
STOCKHOLDER  
PROPOSALS  
TO  
BE  
PRESENTED  
AT  
NEXT  
ANNUAL  
MEETING

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## PROXY STATEMENT

2017 Annual Meeting of Stockholders

ROSS STORES, INC.  
5130 Hacienda Drive, Dublin, CA 94568  
(925) 965-4400  
www.rossstores.com

## PROXY SOLICITATION

The accompanying proxy is solicited by the Board of Directors of Ross Stores, Inc., a Delaware corporation ("we" or the "Company"), for use at the Company's 2017 Annual Meeting of Stockholders to be held on Wednesday, May 17, 2017 at 1:00 p.m. PDT, or any adjournments or postponements thereof (the "Annual Meeting"), at which stockholders of record at the close of business on March 21, 2017 are entitled to vote. The Annual Meeting will be held at the Garden Court Hotel, 520 Cowper Street, Palo Alto, CA 94301.

The date of this Proxy Statement is April 4, 2017, the date on which this Proxy Statement and the accompanying Proxy were first sent or given to stockholders.

The purpose of this Proxy Statement is to provide our stockholders with certain information regarding the Company, and its management and their compensation, and to provide summaries of the matters to be voted upon at the Annual Meeting. The stockholders will be asked to: (1) elect 11 directors to serve a one-year term; (2) approve adoption of the Ross Stores, Inc. 2017 Equity Incentive Plan; (3) provide an advisory vote to approve executive compensation; (4) hold an advisory vote on the frequency of holding future advisory votes on executive compensation; (5) ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending February 3, 2018; and (6) transact such other business as may properly come before the Annual Meeting or any adjournments or postponements.

We had outstanding on March 21, 2017, the Record Date, 391,999,578 shares of common stock, par value \$0.01, all of which are entitled to vote with respect to all matters to be acted upon at the meeting. Each stockholder is entitled to one vote for each share of stock held. Our Bylaws provide that a majority of all shares entitled to vote, whether present in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. For ten calendar days prior to the Annual Meeting, a list of our stockholders of record will be available for viewing by the stockholders for any purpose relevant to the Annual Meeting during ordinary business hours at our corporate offices located at 5130 Hacienda Drive, Dublin, CA 94568.

All valid proxies received before the Annual Meeting, including proxies granted over the Internet or by telephone and submitted prior to midnight PDT the night before the Annual Meeting, will be exercised. All shares represented by a proxy will be voted, and where a proxy specifies a stockholder's choice with respect to any matter to be acted upon, the shares will be voted in accordance with that specification. If no choice is indicated on the proxy, the shares will be voted FOR each nominee, FOR proposals 2, 3, and 5, and FOR the "Every Year" choice on proposal 4. Any proxy given pursuant to this solicitation may be revoked by the person giving it, at any time before it is exercised, by filing with our Corporate Secretary an instrument revoking it, by presenting at the meeting a duly executed proxy bearing a later date, by submitting an updated vote online or by phone, or by attending the Annual Meeting and voting in person.



STOCK OWNERSHIP OF CERTAIN  
BENEFICIAL OWNERS AND MANAGEMENT

The following table contains information as of March 1, 2017 (except as noted in footnote (2)) regarding the ownership of the common stock of the Company by: (i) all persons who, to the knowledge of the Company, were the beneficial owners of more than 5% of the outstanding shares of common stock of the Company; (ii) each director and each of the executive officers named in the Summary Compensation Table; and (iii) all executive officers and directors of the Company as a group. Common stock is the only issued and outstanding equity security of the Company.

Name of Beneficial Person and the Directors and Executive Officers	Amount and Nature of Beneficial Ownership	(1 )	Percent of Common Stock Outstanding
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	34,251,734	(2 )	8.7 %
FMR LLC 245 Summer St. Boston, MA 02210	33,300,972	(2 )	8.4 %
BlackRock, Inc. 55 East 52nd St. New York, NY 10055	26,597,932	(2 )	6.7 %
T. Rowe Price Associates, Inc. 100 East Pratt St. Baltimore, MD 21202	21,062,048	(2 )	5.3 %
Michael Balmuth	145,666	(3 )	*
K. Gunnar Bjorklund	28,242	(4 )	*
Michael J. Bush	43,606	(5 )	*
Norman A. Ferber	31,098	(6 )	*
Sharon D. Garrett	243,766	(7 )	*
Stephen D. Milligan	7,352	(8 )	*
George P. Orban	5,778,890	(9 )	1.5 %
Michael O'Sullivan	488,016	(10 )	*
Lawrence S. Peiros	15,168	(11 )	*
Gregory L. Quesnel	19,370	(12 )	*
Barbara Rentler	645,625	(13 )	*
Bernard Brautigan	217,926	(14 )	*
Michael J. Hartshorn	72,496	(15 )	*
All executive officers (as defined by Rule 3b-7 of the Securities and Exchange Act of 1934) and directors as a group (17 persons, including the executive officers and directors named above)	9,122,936	(16 )	2.3 %

\*Less than 1%

(1) To the knowledge of the Company, the persons named in this table have sole voting and sole investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable, the information provided in Schedule 13G and 13G/A filings made with the Securities and

Exchange Commission, and the information contained in the footnotes to this table.



- Share amounts and beneficial ownership percentages are as of December 31, 2016, and are based solely on Schedule 13G/A filings made with the Securities and Exchange Commission by each beneficial owner. These filings contain further information with respect to the nature of the beneficial ownership and the sole or shared nature of voting and investment power. In particular, the Statement on Schedule 13G/A filed by (A) The Vanguard Group, Inc. indicates sole voting power as to 617,711 shares, shared voting power as to 85,723 shares, sole dispositive power as to 33,549,525 shares, and shared dispositive power as to 702,209 shares; (B) FMR LLC indicates sole voting power as to 3,040,410 shares and no shares subject to shared voting power; (C) BlackRock, Inc. indicates sole voting power as to 22,699,286 shares and no shares subject to shared voting power; and (D) T. Rowe Price indicates sole voting power as to 7,288,379 shares and no shares subject to shared voting power. The table assumes that there have been no change in their reported ownership through March 1, 2017.
- (2) Mr. Balmuth: Includes 144,983 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting.
- (3) Mr. Bjorklund: Includes 5,634 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting.
- (4) Mr. Bush: Includes 5,634 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting. Also includes options to purchase 16,188 shares of the Company's common stock exercisable within 60 days of March 1, 2017.
- (5) Mr. Ferber: Includes 5,634 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting.
- (6) Ms. Garrett: Includes 5,634 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting. Also includes 238,132 shares held in the name of Sharon D. Garrett Living Trust.
- (7) Mr. Milligan: Includes 5,760 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting.
- (8) Mr. Orban: Includes 4,383,654 shares held in the name of Orban Partners; Mr. Orban is a general partner and managing partner of Orban Partners. Also includes options to purchase 32,376 shares of the Company's common stock exercisable within 60 days of March 1, 2017, as well as 5,634 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting. Also includes 653,130 shares held indirectly in trusts for which Mr. Orban holds voting and dispositive power. Also includes 202,980 shares that are part of a testamentary trust for which Mr. Orban is co-executor; in that capacity, Mr. Orban has shared power for voting and disposition, but no pecuniary interest.
- (9) Mr. O'Sullivan: Includes 487,594 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting.
- (10) Mr. Peiros: Includes 5,634 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting.
- (11) Mr. Quesnel: Includes 5,634 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting.
- (12) Ms. Rentler: Includes 576,634 shares of the Company's common stock that were granted under the Company's 2008 Equity Incentive Plan, which remain subject to vesting. Also includes 3,000 shares held by Ms. Rentler's mother, as to which Ms. Rentler has a power of attorney for voting and disposition, but no pecuniary interest.
- (13) Mr. Brautigan: Includes 208,797 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting.
- (14) Mr. Hartshorn: Includes 71,071 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting.
- (15) Includes 48,564 shares subject to outstanding options held by directors and executive officers, which may be acquired within 60 days of March 1, 2017. Also includes 2,181,078 shares of the Company's common stock granted under the Company's 2008 Equity Incentive Plan that remain subject to vesting.
- (16)



PROPOSAL 1  
ELECTION OF DIRECTORS

If elected, each nominee will hold office for a one-year term or until his or her successor is elected and qualified, unless he or she resigns or his or her office becomes vacant by death, removal, or other cause in accordance with the Bylaws of the Company. Management knows of no reason why any of these nominees would be unable or unwilling to serve, but if any nominee(s) should for any reason be unable or unwilling to serve, the proxies will be voted for the election of such other person(s) for the office of director as the Nominating and Corporate Governance Committee may recommend in the place of such nominee(s).

The terms of the 11 current directors - Michael Balmuth, K. Gunnar Bjorklund, Michael J. Bush, Norman A. Ferber, Sharon D. Garrett, Stephen D. Milligan, George P. Orban, Michael O'Sullivan, Lawrence S. Peiros, Gregory L. Quesnel, and Barbara Rentler - will expire on the date of the Annual Meeting. Accordingly, 11 persons are to be elected to serve as directors on the Board of Directors of the Company (the "Board") at the meeting.

Vote Required and Board of Directors' Recommendation

Approval by a majority of the votes cast by the holders of shares of common stock present or represented by proxy and voting at the Annual Meeting will determine the election of the directors. Incumbent directors who receive more votes in favor than votes against (or to withhold authority) will be re-elected. Abstentions and broker non-votes will be counted as present in determining if a quorum is present, but will not affect the election of directors. As further discussed below, under the heading "Bylaws Provide Majority Voting Standard for Director Elections," our Bylaws provide that any incumbent director who fails to receive more votes in favor of election than votes against (or to withhold authority) in an uncontested director election will not be re-elected and also must promptly tender his or her offer of resignation to the Board. At this Annual Meeting, the election of directors is uncontested.

The Board of  
Directors  
unanimously  
recommends  
that the  
stockholders  
vote FOR the  
following 11  
director  
nominees -  
Michael  
Balmuth, K.  
Gunnar  
Bjorklund,  
Michael J.  
Bush,  
Norman A.  
Ferber,  
Sharon D.  
Garrett,  
Stephen D.  
Milligan,  
George P.

Orban,  
Michael  
O'Sullivan,  
Lawrence S.  
Peiros,  
Gregory L.  
Quesnel, and  
Barbara  
Rentler.

#### INFORMATION REGARDING NOMINEES AND INCUMBENT DIRECTORS

The Certificate of Incorporation and the Bylaws of the Company provide that the number of members of the Board may be fixed from time to time exclusively by the Board. The Company has a declassified Board, and all directors are to be re-elected annually. The Board currently consists of 11 authorized members; there are currently no Board vacancies.

The Nominating and Corporate Governance Committee's nominees for election by the stockholders to serve as members of the Board until the 2018 Annual Meeting of Stockholders are the 11 incumbent directors.

The following table indicates the name, age (as of the Annual Meeting), business experience, principal occupation, and term of office of each nominee standing for election at the 2017 Annual Meeting.

Nominees for Election of Directors with Terms Expiring in 2018

	Principal Position	Age	Director Since
Michael Balmuth	Executive Chairman since 2014; Vice Chairman of the Board and Chief Executive Officer of the Company from 1996 to 2014; President from 2005 to 2009; Executive Vice President, Merchandising from 1993 to 1996; Senior Vice President, Merchandising from 1989 to 1993. The Nominating and Corporate Governance Committee has noted Mr. Balmuth's long history and extensive executive and merchandising experience with the Company.	66	1996
K. Gunnar Bjorklund	Executive Chairman, Rev360 LLC since 2014; Senior Advisor, Sverica International, since 2014, Managing Director from 1991 to 2014; Director, Corporate Strategic Planning, American Express Company, from 1987 to 1990; management consultant, McKinsey & Company from 1985 to 1987. The Nominating and Corporate Governance Committee has noted Mr. Bjorklund's executive and consulting experience.	58	2003
Michael J. Bush	Managing Member, B IV Investments, LLC since 2007; Member of the Board of Directors, Home Franchise Concepts since 2016; Executive Chairman, Trumaker, Inc. since 2016; Member of the Board of Directors, Phoebe, Inc. dba Armenta since 2016; Member of the Board of Directors, NTN Buzztime, from 2009 to 2012, President and Chief Executive Officer from 2010 to 2012; President and Chief Executive Officer, 3 Day Blinds, Inc., from 2007 to 2010, Member of the Board of Directors from March 2010 to September 2010; President and Chief Executive Officer, Anchor Blue Retail Group, from 2003 to 2007; President and Chief Executive Officer, Bally, North America, Inc. and member of the Board of Directors, Bally International AG from 2000 to 2002; Executive Vice President, Chief Operating Officer and Director, Movado, Inc. from 1995 to 2000; Senior Vice President of Strategic Planning and Marketing of the Company from 1991 to 1995. The Nominating and Corporate Governance Committee has noted Mr. Bush's executive and retail experience.	56	2001
Norman A. Ferber	Chairman Emeritus since 2014; Consultant to the Company since 1996; Chairman of the Board from 1993 to 2014; Chief Executive Officer of the Company from 1988 to 1996; President from 1993 to 1996; Chief Operating Officer from 1987 to 1988. Prior to 1987, Mr. Ferber was Executive Vice President, Merchandising, Marketing, and Distribution of the Company. The Nominating and Corporate Governance Committee has noted Mr. Ferber's long history and extensive executive and merchandising experience with the Company.	68	1987
Sharon D. Garrett	Management consultant since 2013; Member of the Board of Directors, Scott's Liquid Gold-Inc. from 2014 to 2016 (also member of the Audit and Compensation committees); Executive Vice President, Revenue Cycle Optimization, American Medical Response, Inc. from 2012 to 2013, Senior Vice President, Reimbursement Services from 2007 to 2012; Chief Operating Officer, PT Holdings from 2006 to 2007; Executive Vice President, Enterprise Services, PacifiCare Health Systems from 2002 to 2005; provided interim executive services for various companies from 2000 to 2002, including Chief Executive Officer, Zyan Communications from April to November 2000; Senior Vice President and Chief Information Officer, The Walt Disney Company from 1989 to 2000. The Nominating and Corporate Governance Committee has noted Ms. Garrett's executive and operational experience.	68	2000

Stephen D. Milligan	Chief Executive Officer, Western Digital Corporation since 2013, President from 2012 to 2013; Chief Executive Officer, Hitachi Global Storage Technologies from 2009 to 2012, Chief Financial Officer from 2007 to 2009; Senior Vice President, Finance and Chief Financial Officer, Western Digital from 2004 to 2007, Vice President of Finance from 2002 to 2003. The Nominating and Corporate Governance Committee has noted Mr. Milligan's executive and financial experience. Managing partner, Orban Partners, a private investment company, since 1984; Chairman of the Board, Egghead.com, Inc. from 1997 to 2001, Chief Executive Officer from 1997 to 1999. The Nominating and Corporate Governance Committee has noted Mr. Orban's executive retail experience and his longstanding familiarity with the Company.	53 2015
George P. Orban	President and Chief Operating Officer since 2009 and a member of the Board of Directors since 2014; Executive Vice President and Chief Administrative Officer from 2005 to 2009; Senior Vice President, Strategic Planning and Marketing from 2003 to 2005. Before joining the Company, Mr. O'Sullivan was with Bain & Company as a partner, providing consulting advice to retail, consumer goods, financial services and private equity clients since 1991. The Nominating and Corporate Governance Committee has noted Mr. O'Sullivan's executive experience with the Company and consulting experience.	71 1982
Michael O'Sullivan	Executive Vice President and Chief Operating Officer, The Clorox Company, from 2011 to 2013; Executive Vice President and Chief Operating Officer, Clorox North America from 2007 to 2011; Member of the Board of Directors, Annie's, Inc., from March 2013 until it was acquired in October 2014 (also member of the Compensation Committee (Chair) and Nominating and Corporate Governance committees); Member of the Board of Directors, Potlatch Corporation since 2003 (also member of the Audit, Executive Compensation and Personnel Policies (Chair), and Nominating and Corporate Governance committees). The Nominating and Corporate Governance Committee has noted Mr. Peiros' executive and consumer product and brand experience.	53 2014
Lawrence S. Peiros	Member of the Board of Directors, SYNnex Corporation, since 2005 (also member of the Compensation (Chair) and Executive committees); Member of the Board of Directors, Potlatch Corporation since 2000 (also member of the Audit, Compensation, Finance (Chair), and Nominating and Corporate Governance committees); Chief Executive Officer and Member of the Board of Directors, Con-Way (CNF, Inc.), from 1997 to 2004, Executive Vice President and Chief Financial Officer from 1994 to 1997 (Senior Vice President and Chief Financial Officer from 1991 to 1994; prior executive and management positions from 1975 to 1991); prior finance roles with Evans Products Company and Chevron Corporation. The Nominating and Corporate Governance Committee has noted Mr. Quesnel's executive and financial experience.	62 2013
Gregory L. Quesnel	Chief Executive Officer and a member of the Board of Directors since 2014; President and Chief Merchandising Officer, Ross Dress for Less from 2009 to 2014 and Executive Vice President, Merchandising, from 2006 to 2009; 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, Ms. Rentler held various merchandising positions since joining the Company in 1986. The Nominating and Corporate Governance Committee has noted Ms. Rentler's extensive executive and merchandising experience with the Company.	68 2009
Barbara Rentler		59 2014

Biographical information concerning our executive officers is contained in our Annual Report on Form 10-K for the fiscal year ended January 28, 2017.

During fiscal 2016, the Board held five meetings. No incumbent member of the Board, while serving in such capacity, attended fewer than 75% of the total number of Board meetings and applicable committee meetings held during the year. The Board of Directors has determined that Ms. Garrett and Messrs. Bjorklund, Bush, Milligan, Orban, Peiros, and Quesnel are each an independent director under the applicable corporate governance requirements of the NASDAQ Stock Market ("NASDAQ") listing rules. During the fiscal year, the independent directors held five meetings in executive session without management.

We have standing Audit, Compensation, and Nominating and Corporate Governance committees. The Board has adopted written charters for each of these committees, which are posted on the Company's corporate website, [www.rossstores.com](http://www.rossstores.com) in the "Investors" section under "Corporate Governance." The Board has also adopted a Code of Ethics for Senior Financial Officers and a Code of Business Conduct and Ethics that applies to all of our employees, officers, directors, and business partners. Both of these Codes are also posted on the Company's website, as are the Company's Corporate Governance Guidelines adopted by the Nominating and Corporate Governance Committee.

**Board Leadership Structure, Risk Management, and Committees.** Our Board has separated the roles of Chairman of the Board ("Chairman") and Chief Executive Officer ("CEO"), and has appointed Michael Balmuth to serve as Executive Chairman. Mr. Balmuth was formerly the Company's CEO from 1996 to 2014. Our current CEO, Barbara Rentler, has been in the position since 2014.

The Board has designated a Lead Independent Director, to act as a liaison between the Chairman, CEO, and independent directors and to serve as the designated Chair of the Nominating and Corporate Governance Committee. The Lead Independent Director position currently rotates annually among the independent directors. During fiscal 2016, Ms. Garrett (through May 18, 2016) and Mr. Bush (since May 18, 2016) served as the Lead Independent Director.

Our Board has determined that the current leadership structure is appropriate because it has worked effectively for many years. Our Board seeks to have both strong leadership as a Board and a strong CEO, and to encourage active oversight by the independent directors. Our experience has shown that separation of the roles of Chairman and CEO can contribute to the effectiveness of both. However, for this structure to be most effective, it is key who fills each of these roles, and our Board believes that it is preferable for both people in these roles to have deep industry expertise and organizational familiarity with the Company. Mr. Balmuth previously served as our CEO (from 1996 to 2014), which we believe contributes to the effectiveness of our current leadership structure. Our Chairman Emeritus, Norman Ferber served as Chairman from 1993 to 2014 and was previously CEO from 1988 to 1996. Barbara Rentler, our CEO since 2014, has been with the Company since 1986.

Our Board exercises oversight on our risk management activities, and requests and receives reports from management, including direct presentations and reports made to our Board by officers with responsibility for risk management in various parts of our business. Our Board has delegated primary responsibility for oversight of risks relating to financial controls and reporting to our Audit Committee, which in turn reports to the full Board on such matters as appropriate.

Annual self-evaluations are conducted by the Board, Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, to review and assess their performance and practices.

**Audit Committee.** The members of the Audit Committee during fiscal 2016 were Ms. Garrett and Messrs. Bush, Milligan, and Quesnel (Chair). Each of the members of the Audit Committee is independent as determined under the

applicable corporate governance requirements of the NASDAQ listing rules. The Board has also determined that Ms. Garrett and Messrs. Bush, Milligan, and Quesnel are each "financially literate" and that Mr. Quesnel is considered to be an "audit committee financial expert" as those terms are defined in rules issued by the Securities and Exchange Commission. The functions of the Audit Committee include retaining the Company's independent auditors, reviewing their independence, reviewing and approving the planned scope of the annual audit, reviewing and/or approving any fee arrangements with the auditors, overseeing their audit work, reviewing and pre-approving any non-audit services that may be performed by them, oversight relating to the adequacy of the Company's accounting and financial controls, reviewing the Company's critical accounting policies, oversight of the internal audit function, and reviewing and approving certain related party transactions and disclosures. The Audit Committee held nine meetings during fiscal 2016. The functions and activities of the Audit Committee are further described under the heading Board of Directors Audit Committee Report.



The Audit Committee also assists the Board in oversight of the managing of certain Company risks, particularly in the areas of internal controls, financial reporting, the internal audit function, and review of related party transactions.

**Compensation Committee.** The members of the Compensation Committee during fiscal 2016 were Messrs. Bjorklund, Orban (Chair), and Peiros, each of whom is independent as determined under the applicable corporate governance requirements of the NASDAQ listing rules. This committee held seven meetings during fiscal 2016. The Compensation Committee serves to carry out the responsibilities of the Board relating to determining the compensation of the Company's executives, including the compensation of our CEO. This committee oversees and administers the policies and plans that govern the cash, equity, and incentive compensation of executive officers and non-employee directors of the Company. This committee is also responsible for administering and establishing the terms, criteria and size of equity compensation grants under the Company's 2008 Equity Incentive Plan and cash bonuses under the Incentive Compensation Plan, including establishing and certifying the attainment of the performance goals for those compensation plans, and administering the Company's Employee Stock Purchase Plan, 401(k) Plan, Nonqualified Deferred Compensation Plan, and Health and Welfare Plans. This committee is also tasked with assisting the Board in succession planning and development and retention of senior management talent, and helping to ensure leadership continuity and organizational strength to achieve the Company's short- and long-term goals.

As discussed in the Compensation Discussion and Analysis, the third party consultant retained by the Compensation Committee during fiscal 2016 to provide market data and advice on executive compensation matters was Exequity, LLP, which was retained only after assessing their independence under the criteria provided in the applicable corporate governance requirements of the NASDAQ listing rules.

After review by the Compensation Committee and management regarding the Company's compensation policies and practices with respect to risk-taking incentives and risk management, the Company does not believe that potential risks arising from its compensation policies or practices are reasonably likely to have a material adverse effect on the Company.

**Nominating and Corporate Governance Committee.** The members of the Nominating and Corporate Governance Committee during fiscal 2016 were Ms. Garrett and Messrs. Bjorklund, Bush, Milligan, Orban, Peiros, and Quesnel. Each of the members of the Nominating and Corporate Governance Committee is independent as determined under the applicable standards of the NASDAQ listing rules. The Nominating and Corporate Governance Committee considers qualified candidates for nomination for election or appointment to the Board of Directors, and makes recommendations to the full Board concerning such candidates. This committee also provides oversight on general matters involving our corporate governance and related policies. This committee held three meetings during fiscal 2016. The Nominating and Corporate Governance Committee Chair position is held by the person who is designated to serve as the Lead Independent Director, which role rotates yearly among independent directors. During fiscal 2016, Ms. Garrett (through May 18, 2016) and Mr. Bush (since May 18, 2016) served as the Lead Independent Director and Chair of the Nominating and Corporate Governance Committee.

#### Policy and Procedure for Director Nomination

The Nominating and Corporate Governance Committee is responsible for reviewing the qualifications, independence, and skill of candidates for election to our Board of Directors. The Nominating and Corporate Governance Committee does not have a formal policy regarding Board diversity; however, this Committee seeks to promote a well-rounded Board, with a balance and diversity of skills and experience appropriate for the Company's business. When there is a vacancy on the Board of Directors, the Nominating and Corporate Governance Committee is responsible for reviewing and evaluating candidates to fill such vacancy. This committee has a policy with regard to the assessment of

director candidates, including candidates recommended by stockholders. This assessment generally will include consideration of criteria listed below:

8

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- (i) personal and professional integrity, ethics, and values
  - experience in corporate management, such as serving as an officer or former officer of a publicly held company,
- (ii) and a general understanding of marketing, finance, or other elements relevant to the success of a publicly traded company in today's business environment
  - (iii) relevant business experience, at a senior management level, preferably in a retail or related industry
  - (iv) experience as a board member of another publicly held company
- (v) academic expertise in an area of the Company's operations
  - (vi) practical and mature business judgment, including the ability to make independent analytical inquiries
  - (vii) whether the nominee is "independent" for purposes of Securities and Exchange Commission rules and corporate governance requirements of the NASDAQ listing rules applicable to the Company
  - (viii) potential conflicts of interest
  - (ix) other qualifications and characteristics the Nominating and Corporate Governance Committee believes are pertinent

In considering candidates, the Nominating and Corporate Governance Committee evaluates qualified candidates for nomination to fill open seats on the Board of Directors and makes a recommendation to the full Board concerning such candidates. The Nominating and Corporate Governance Committee will consider director candidates recommended by our stockholders based on the same criteria that apply to candidates identified by a committee member. There are no specific, minimum qualifications formulated by the Nominating and Corporate Governance Committee that must be met by a potential nominee. The Nominating and Corporate Governance Committee believes that it is desirable for a majority of our directors to satisfy the definition of independence for purposes of the applicable corporate governance requirements of the NASDAQ listing rules, and for at least one director to possess the attributes necessary to be an "audit committee financial expert."

Any stockholder who wishes to recommend a director candidate must submit the recommendation in writing to us at our principal executive offices, addressed to the attention of the Nominating and Corporate Governance Committee, so that it is received no later than 120 calendar days before the one year anniversary of the mailing date of our prior year's Proxy Statement sent to stockholders. For the next annual meeting, the timely submission of such a recommendation must be received by December 5, 2017. A stockholder who recommends a person as a potential director candidate may be requested by the Nominating and Corporate Governance Committee to provide further information for purposes of evaluating the candidate and for the purpose of providing appropriate disclosure to stockholders.

#### Bylaws Provide for "Proxy Access"

The Company's Bylaws provide that eligible stockholders may have their director nominations included in the Company's Proxy Statement, through a process commonly referred to as "Proxy Access." Under the Company's Bylaws, a stockholder or a group of up to 20 stockholders that has continuously owned for at least three years 3% or more of the Company's common stock, may nominate and include in the Company's proxy materials for an annual meeting of stockholders, up to the greater of two directors or 20% of the total number of directors serving on the Board, provided that such stockholder(s) and nominee(s) also meet requirements set forth in the Company's Bylaws.

#### Bylaws Provide Majority Voting Standard for Director Elections

The Company's Bylaws provide for a majority voting standard with respect to uncontested elections of directors. Under our current Bylaws, any director nominee in an uncontested election who receives more votes against election (including votes to "withhold authority") than votes in favor of election is not elected. In addition, any incumbent director who fails to receive such majority approval from the stockholders must tender an offer of resignation to the Board within 14 days following certification of the stockholder vote. The Board then has authority to determine

whether or not to accept the director's offer of resignation. The Bylaws provide that the Nominating and Corporate Governance Committee (or another committee designated by the Board) will consider what action should be taken with respect to such offers of resignation, and will make a recommendation to the Board within 60 days following the certification of the stockholder vote. The Bylaws also provide that the Board is required to take action on the matter within 90 days following certification of the stockholder vote. Both the reviewing committee and the Board are authorized to consider all factors they believe to be relevant in determining whether or not to accept any resignation. Within five business days after reaching its decision, the Board is required to publicly disclose the decision, including, if applicable, the reasons for not accepting an offer of resignation.

#### Stockholder Communications with the Directors

The Board has adopted a process for stockholders to communicate with the Board and/or with individual directors. Stockholders may address such communications in writing to the Chairman of the Board, or to any individual director(s), c/o Ross Stores, Inc., 5130 Hacienda Drive, Dublin, CA 94568. Communications from stockholders addressed to one or more directors will be collected and organized by our Corporate Secretary under procedures approved by the independent directors. The Corporate Secretary will forward all communications to the Chairman of the Board of Directors, or to the identified director(s), as soon as practicable, although communications that are abusive, repetitive, in bad taste, or that present safety or security concerns may be handled differently. The Corporate Secretary may, at his or her discretion, not forward correspondence that is primarily commercial in nature or relating to an improper or irrelevant topic. If multiple communications are received on a similar topic, the Corporate Secretary may, at his or her discretion, forward only representative correspondence.

#### Director Attendance at Annual Meeting

We typically schedule a Board meeting in conjunction with the Annual Meeting. We expect, but do not require, that all directors will attend the Annual Meeting, absent a valid reason such as an unavoidable scheduling conflict. All of the current members of the Board of Directors attended the 2016 Annual Meeting.

## COMPENSATION OF DIRECTORS

The chart below summarizes all compensation earned by all persons serving on our Board of Directors for their services during fiscal 2016:

## Director Compensation (Fiscal 2016)

Name	Fees		All Other Compensation (3)	Total Compensation
	Earned or Stock Paid in Cash (1)	Awards (2)		
Michael Balmuth*	\$—	\$—	\$—	\$—
K. Gunnar Bjorklund	\$82,000	\$140,011	\$—	\$ 222,011
Michael J. Bush	\$104,750	\$140,011	\$—	\$ 244,761
Norman A. Ferber	\$—	\$140,011	\$1,919,866	\$ 2,059,877
Sharon D. Garrett	\$92,250	\$140,011	\$—	\$ 232,261
Stephen D. Milligan	\$86,000	\$140,011	\$—	\$ 226,011
George P. Orban	\$107,000	\$140,011	\$—	\$ 247,011
Michael O'Sullivan*	\$—	\$—	\$—	\$—
Lawrence S. Peiros	\$82,000	\$140,011	\$—	\$ 222,011
Gregory L. Quesnel	\$130,000	\$140,011	\$—	\$ 270,011
Barbara Rentler*	\$—	\$—	\$—	\$—

\* In fiscal 2016, Mr. Balmuth, Mr. O'Sullivan, and Ms. Rentler did not receive any separate compensation for their service as members of the Board. Information regarding compensation for Mr. Balmuth, Mr. O'Sullivan, and Ms. Rentler is reflected in the Summary Compensation Table and the other tables and accompanying discussion.

(1) Beginning in fiscal 2016, the Board discontinued paying separate meeting attendance fees.

(2) In fiscal 2016, directors were awarded an equity retainer fee in shares of restricted common stock in an amount with a value of \$140,011. Stock award values are determined by multiplying the number of shares of restricted stock granted by the closing price of Ross Stores, Inc. common stock as reported on the NASDAQ Stock Market on the date of grant. For fiscal 2016, the amounts shown for Ms. Garrett and Messrs. Bjorklund, Bush, Ferber, Milligan, Orban, Peiros, and Quesnel reflect a restricted stock award of 2,578 shares granted on May 18, 2016. The outstanding equity awards held at fiscal year-end by non-employee directors and that remain subject to vesting were as follows:

- a. Mr. Bjorklund: 5,634 shares of the Company's common stock.
- b. Mr. Bush: 5,634 shares of the Company's common stock.
- c. Mr. Ferber: 5,634 shares of the Company's common stock.
- d. Ms. Garrett: 5,634 shares of the Company's common stock.
- e. Mr. Milligan: 5,760 shares of the Company's common stock.
- f. Mr. Orban: 5,634 shares of the Company's common stock.
- g. Mr. Peiros: 5,634 shares of the Company's common stock.
- h. Mr. Quesnel: 5,634 shares of the Company's common stock.

(3) All Other Compensation for Mr. Ferber consists primarily of amounts paid pursuant to his amended Consultancy Agreement and Retirement Benefits Package Agreement, as described below under the caption Other Compensation. The amount shown is comprised of fiscal 2016 consulting fees of \$1,523,000; benefits valued at \$153,737 paid under the terms of the Retirement Benefits Package Agreement (which includes executive medical, dental, vision, and

mental health insurance, health advisory services, group life insurance, accidental death and dismemberment insurance, business travel insurance, group excess personal liability insurance, estate planning, expense reimbursements, and certain "matching contributions" (as that term is defined in the agreement)); income tax gross-up payments of \$89,034; and administrative support inclusive of benefits valued at \$154,095. The amount shown also includes the cost of home and office security systems and services that were covered by the Company.

As noted in the Perquisites table and discussion on page 40, occasionally directors and family members of executive officers and directors may join executives on Company-provided private aviation flights made for business purposes if there is a seat that would otherwise go unfilled. Because this benefit has no incremental cost to the Company, it is not reflected in the table.

#### Standard Fee Arrangements and Restricted Stock Grant Formula

In 2016, the Board discontinued the practice of paying separate meeting attendance fees. Directors who were not officers or employees of the Company ("non-employee directors") received an annual cash retainer of \$70,000 (paid quarterly). Audit Committee and Compensation Committee members also received a cash retainer of \$16,000 and \$12,000, respectively (paid quarterly). The Chair of the Audit Committee (Mr. Quesnel) and the Chair of the Compensation Committee (Mr. Orban) received annual retainers of \$60,000 and \$37,000, respectively (paid quarterly). The Lead Independent Director Ms. Garrett (through May 18, 2016) and Mr. Bush (since May 18, 2016), who also serves concurrently as Chair of the Nominating and Corporate Governance Committee, received an additional annual retainer of \$25,000 (paid quarterly). During the fiscal year, the non-employee directors also received an annual equity retainer in the form of a grant of restricted shares of common stock with a grant date value of \$140,011.

The Compensation Committee determines the value and form of director equity awards on an annual basis, including any equity awards for newly-appointed, non-employee directors. The practice is to grant annual awards on the date of the annual stockholders' meeting. As indicated above, in fiscal 2016, incumbent directors were awarded an annual equity retainer in the form of a grant of restricted shares of common stock with a grant date value of \$140,011. These awards vest in equal annual installments over a three-year period. The 2008 Equity Incentive Plan limits annual restricted stock grants to incumbent directors to 20,000 shares and grants to newly-appointed directors to 48,000 shares.

#### Other Compensation

Mr. Ferber receives compensation for his services pursuant to an Independent Contractor Consultancy Agreement ("Consultancy Agreement") with the Company that originally became effective February 1, 2000 and was most recently amended effective February 17, 2015. This agreement currently extends through May 31, 2018 ("Consultancy Termination Date") and provides that while he serves as a consultant to the Company Mr. Ferber will receive a consulting fee of \$1,523,000 annually, paid in monthly installments; he has voluntarily declined the annual cash retainer and meeting fees otherwise payable to non-employee directors. Mr. Ferber continues to receive the standard annual equity award of restricted stock under the Company's Equity Incentive Plans. The Consultancy Agreement will terminate in the event of Mr. Ferber's death, and provides for the Company to reimburse Mr. Ferber (grossed-up for taxes) for estimated premiums through the Consultancy Termination Date, on a life insurance policy for Mr. Ferber and his spouse with a death benefit of \$2,000,000.

In the event there is a change in control of the Company, Mr. Ferber would be entitled to continued payment of his then current consulting fee through the Consultancy Termination Date or any extension thereof. In the event that Mr. Ferber provides consulting services in connection with a change in control, he will receive a single payment of \$1,500,000 upon the consummation of the transaction even if the consummation occurs after the Consultancy Termination Date or any extension thereof.

Additionally, effective February 1, 2000 the Company entered into a Retirement Benefits Package Agreement ("Benefits Agreement") with Mr. Ferber. The Benefits Agreement, most recently amended effective January 1, 2016, provides that until the death of both Mr. Ferber and his spouse, Mr. Ferber and his immediate family (his spouse and his children under 21, or over 21 if living at home or in college) will be entitled to continue to participate in (at no cost to them) the following Ross employee benefit plans in which Mr. Ferber now participates: executive medical, dental, vision, and mental health insurance; health advisory services; group life insurance; accidental death and dismemberment insurance; business travel insurance; group excess personal liability; and matching of Mr. Ferber's 401(k) (or payment of an equivalent amount). If Mr. Ferber becomes ineligible to participate in such plans, the Company will pay Mr. Ferber the cost (grossed-up for taxes) of continuing such benefits. The Company may not



make any changes in such plans or arrangements that would adversely affect Mr. Ferber's rights or benefits under the Benefits Agreement, unless such change occurs pursuant to a program proportionally applicable to all senior executives (including our CEO). The medical, dental, and vision benefits will be provided at the greater of the level of coverage provided to Mr. Ferber in 2012 or the level of coverage provided to our CEO. Until Mr. Ferber's death, he will also be reimbursed (grossed-up for taxes) for estate planning fees or expenses incurred by Mr. Ferber up to the maximum annual reimbursement equal provided to the CEO (but not less than \$20,000). Upon his death, such estate planning reimbursement benefits will then inure to Mr. Ferber's spouse until her death. Mr. Ferber will also be entitled to participate in or receive benefits under any employee benefit plan or arrangement made available by the Company in the future to its executives and key management employees. In the event that such health care coverage may no longer be extended to Mr. Ferber (a) due to the terms of the Company's health care plans, (b) under applicable law, or (c) because such coverage is no

longer available, the Company will purchase and maintain a health insurance policy or policies, or otherwise provide coverage, for Mr. Ferber, his spouse, and eligible children.

Under the Benefits Agreement, on termination of Mr. Ferber's consultancy with the Company (other than upon Mr. Ferber's death) the Company will pay Mr. Ferber \$75,000 per year for a period of 10 years. In addition, the Company has agreed to provide administrative support for Mr. Ferber as long as he serves as a member of the Company's Board. Mr. Ferber and his immediate family are also entitled to Company associate discount cards until Mr. Ferber's death.

## PROPOSAL 2

### APPROVE ADOPTION OF THE ROSS STORES, INC. 2017 ROSS EQUITY INCENTIVE PLAN

At the Annual Meeting, stockholders will be asked to approve the Ross Stores, Inc. 2017 Equity Incentive Plan (the “2017 Plan”). The Board of Directors adopted the 2017 Plan on March 8, 2017, subject to and effective upon its approval by our stockholders. The 2017 Plan is intended to replace our 2008 Equity Incentive Plan (the “Predecessor Plan”), which would otherwise terminate automatically on the tenth anniversary of its initial adoption in May 2008. If the stockholders approve the 2017 Plan, it will become effective on the day of the Annual Meeting, and no further awards will be granted under the Predecessor Plan, which will be terminated.

#### Essential Incentive Plan

We operate in a challenging marketplace in which our success depends to a great extent on our ability to attract and retain employees, directors and other service providers of the highest caliber. One of the tools our Board of Directors and its Compensation Committee regard as essential in addressing these human resource challenges is a competitive equity incentive program. Our employee stock incentive program is designed to provide a variety of incentive tools and sufficient flexibility to permit the Compensation Committee to implement them in ways that will make the most effective use of the shares our stockholders authorize for incentive purposes. We intend to use these incentives to attract new key employees and to continue to retain existing key employees, directors and other service providers for the long-term benefit of the Company and its stockholders. If the stockholders do not approve the 2017 Plan, we will be unable to continue our employee stock incentive program after May 2018.

#### Requested Share Authorization

The 2017 Plan empowers the Compensation Committee to provide incentive compensation in the form of stock options, stock appreciation rights, restricted stock and stock units, performance shares and units, other stock-based awards and cash-based awards. Under the 2017 Plan, we will be authorized to issue a maximum of 12,000,000 shares, increased by not more than 5,500,000 shares comprised of:

- the number of shares subject to any option or other award outstanding under the Predecessor Plan that expires or is forfeited for any reason after the Annual Meeting; and
- the number of unvested shares acquired under the Predecessor plan that are forfeited and reacquired by the Company after the Annual Meeting for an amount not greater than their holder’s purchase price; and
- the number of shares withheld or reacquired by the Company after the Annual Meeting in satisfaction of the Company’s tax withholding obligations pursuant to an award, other than an option or stock appreciation right, granted under the Predecessor Plan.

Under the Predecessor Plan, as of January 28, 2017, options were outstanding for a total of 48,564 shares of our common stock with a weighted average exercise price of \$8.19 per share and weighted average expected remaining term of 4 months; a total of 5,562,574 shares remained subject to unvested awards of restricted stock outstanding and a total of 12,093,936 shares remained available for grant.

#### Grant Practices

In operating our Predecessor Plan, the Compensation Committee has monitored and managed dilution to reasonable levels. Our average annual burn rate (gross number of shares subject to awards granted during the year divided by the weighted number of common shares outstanding) for the three years ending December 1, 2016 was 1.67%, which is well below the 2.24% 2017 burn rate cap for our industry established by Institutional Shareholder Services Inc. (“ISS”) and ranks in the lowest quartile of our peer group companies. The maximum aggregate number of shares we are requesting our stockholders to authorize for issuance under the 2017 Plan, exclusive of the maximum of 5,500,000 shares that may be rolled over from awards already outstanding under the Predecessor Plan, would represent about 4% of the number of shares of our common stock outstanding on January 28, 2017 determined on a fully diluted basis.



#### Factors Considered by Board

Our Board of Directors considered a number of factors in determining the appropriate size of the 2017 Plan share authorization:

Based on our three-year average burn rate, and using ISS methodology, the number of shares authorized is sufficient to allow us to maintain our equity incentive program for 5-6 years. Although the 2017 Plan has a ten year term, the Board expects that the stockholders will have future opportunities to reconsider the 2017 Plan.

- Including the shares being requested for the 2017 Plan, our potential shareholder value transfer (as measured by ISS) as a percentage of our market value determined as of December 1, 2016 is 4.0%, which is well below that of peer companies' requests for shares in recent years, which ranged from 8% - 12%.

The Board believes it is important to continue to motivate our employees through the use of our equity incentive program, given our conservative share usage and our strong performance. Compared to our fiscal year 2016 peer group companies, Ross ranks lowest in 3-year overhang, in the lowest quartile for 3-year average burn rate, highest in total shareholder return and lowest in shareholder value transfer.

The number of shares being requested is in line with the number of shares requested by our peer companies over the last three years.

Our stock repurchase program has more than offset any shareholder dilution due to equity grants to employees. Since the effective date of the Predecessor Plan, the number of shares outstanding has been reduced by more than 25% (adjusted for stock splits). The Board has also recently approved a new two-year, \$1.75 billion stock repurchase program for fiscal 2017 and 2018.

#### Key Features of 2017 Plan

Key features of the 2017 Plan of particular interest to our stockholders reflect best practices:

• The 2017 Plan prohibits the repricing of stock options and stock appreciation rights without the approval of our stockholders.

• No discount from fair market value is permitted in setting the exercise price of stock options and stock appreciation rights.

• The 2017 Plan generally provides for gross share counting. The number of shares remaining available for grant under the 2017 Plan is reduced by the gross number of shares subject to options and stock appreciation rights settled on a net basis, provided that any shares withheld for taxes in connection with the vesting or settlement of any full value award (but not options or stock appreciation rights) will not reduce the number of shares remaining available for the future grant of awards.

• Any shares of our common stock we repurchase in the open market with option exercise proceeds will not increase the maximum number of shares that may be issued under the 2017 Plan.

• The number of shares for which awards may be granted to any nonemployee member of our Board of Directors in a fiscal year is limited.

• The 2017 Plan requires each award to have a minimum vesting period of one year, except for 5% of the authorized shares.

• The 2017 Plan does not contain a "liberal" change in control definition (e.g., mergers require actual consummation). Performance awards require the achievement of pre-established goals. The 2017 Plan establishes a list of measures of business and financial performance from which the Compensation Committee may construct predetermined performance goals that must be met for an award to vest.

• The 2017 Plan has a fixed term of ten years.

In addition, our Board of Directors has adopted director and officer stock ownership guidelines and an incentive based compensation recoupment policy that applies to awards granted under the 2017 Plan. See the description of these policies in "Compensation Discussion and Analysis."

The 2017 Plan is designed to preserve the Company's ability to deduct in full for federal income tax purposes the compensation recognized by its executive officers in connection with certain types of awards. Section 162(m) of the Internal Revenue Code (the "Code") would generally limit us from taking a corporate tax deduction for annual

compensation exceeding \$1 million paid to any of our “covered employees,” consisting of the chief executive officer and any of the three other most highly compensated officers other than the chief financial officer. However, qualified

performance-based compensation is excluded from this limit. To enable compensation in connection with stock options, stock appreciation rights, certain restricted stock and restricted stock unit awards, performance shares, performance units and certain other stock-based awards and cash-based awards granted under the 2017 Plan to qualify as “performance-based” within the meaning of Section 162(m), the stockholders are being asked to approve certain material terms of the 2017 Plan. By approving the 2017 Plan, the stockholders will be specifically approving, among other things:

- the eligibility requirements for participation in the 2017 Plan;
- the maximum number of shares for which stock-based awards intended to qualify as performance-based may be granted to an employee in any fiscal year;
- the maximum dollar amount that a participant may receive under a cash-based award intended to qualify as performance-based for each fiscal year contained in the performance period; and
- the performance measures that may be used by the Compensation Committee to establish the performance goals applicable to the grant or vesting of awards of restricted stock, restricted stock units, performance shares, performance units, other stock-based awards and cash-based awards that are intended to result in qualified performance-based compensation.

While we believe that compensation provided by such awards under the 2017 Plan generally will be deductible by the Company for federal income tax purposes, under certain circumstances, such as a change in control of the Company, compensation paid in settlement of certain awards may not qualify as performance-based. Further, the Compensation Committee will retain the discretion to grant awards to covered employees that are not intended to qualify for deduction in full under Section 162(m).

The Board of Directors believes that the 2017 Plan will serve a critical role in attracting and retaining the high caliber employees; consultants and directors essential to our success, and in motivating these individuals to strive to meet our goals. Therefore, the Board urges you to vote to approve the adoption of the 2017 Plan.

#### Summary of the 2017 Plan

The following summary of the 2017 Plan is qualified in its entirety by the specific language of the 2017 Plan, a copy of which is attached to this proxy statement as Appendix A.

**General.** The purpose of the 2017 Plan is to advance the interests of the Company and its stockholders by providing an incentive program that will enable the Company to attract and retain employees, consultants, and directors and to provide them with an equity interest in the growth and profitability of the Company. These incentives are provided through the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, other stock-based awards, and cash-based awards.

**Authorized Shares.** The maximum aggregate number of shares authorized for issuance under the 2017 Plan is the sum of 12,000,000 shares plus up to 5,500,000 additional shares that are either (1) subject to options and other awards currently outstanding under the Predecessor Plan or were acquired pursuant to awards granted under the Predecessor Plan and remain unvested, to the extent that after the Annual Meeting such awards expire or are forfeited for any reason or such unvested shares are forfeited and reacquired by the Company for not more than their holder’s original purchase price or (2) withheld or reacquired by the Company after the Annual Meeting in satisfaction of the Company’s tax withholding obligations pursuant to an award, other than an option or stock appreciation right, granted under the Predecessor Plan.

As of January 27, 2017, 12.1 million shares remained available for grant under the Predecessor Plan. If the stockholders approve adoption of the 2017 Plan, the Board of Directors will immediately terminate the Predecessor Plan, and any of these shares that are not then subject to outstanding awards will cease to be available for grant. As of January 27, 2017, 48,564 shares remained subject to unexercised options and 5,562,574 shares remained subject to other outstanding unvested awards subject to potential forfeiture under the Predecessor Plan.

**Share Counting.** Each share made subject to an award will reduce the number of shares remaining available for grant under the 2017 Plan by one share. If any award granted under the 2017 Plan expires or otherwise terminates for any reason without having been exercised or settled in full, or if shares subject to forfeiture or repurchase are forfeited or repurchased by the Company for not more than the participant’s purchase price, any such shares reacquired or subject

to a terminated award will again become available for issuance under the 2017 Plan. Shares will not be treated as having been issued under the 2017 Plan and will therefore not reduce the number of shares available for issuance to the extent an award is settled in cash. Shares that are withheld or that are tendered in payment of the exercise price



of an option will not be made available for new awards under the 2017 Plan. Shares purchased in the open market with option exercise proceeds will not increase the maximum number of shares that may be issued under the 2017 Plan. However, shares withheld or reacquired by the Company in satisfaction of a tax withholding obligation in connection with the vesting or settlement of any full value award (but not options or stock appreciation rights) will again be available (that is, will not reduce the number of shares remaining available) for the future grant of awards. Upon the exercise of a stock appreciation right or net exercise of an option, the number of shares available under the 2017 Plan will be reduced by the gross number of shares for which the award is exercised.

**Adjustments for Capital Structure Changes.** Appropriate and proportionate adjustments will be made to the number of shares authorized under the 2017 Plan, to the numerical limits on certain types of awards described below, and to outstanding awards in the event of any change in our common stock through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares or similar change in our capital structure, or if we make a distribution to our stockholders in a form other than common stock (excluding regular, periodic cash dividends) that has a material effect on the fair market value of our common stock. In such circumstances, the Compensation Committee also has the discretion under the 2017 Plan to adjust other terms of outstanding awards as it deems appropriate.

**Nonemployee Director Award Limits.** A nonemployee director may not be granted awards under the 2017 Plan in any fiscal year for more than the number of shares determined by dividing \$1,000,000 by the fair market value of a share of our common stock on the applicable grant date.

**Other Award Limits.** To enable compensation provided in connection with certain types of awards intended by the Compensation Committee to qualify as “performance-based” within the meaning of Section 162(m) of the Code, the 2017 Plan establishes a limit on the maximum aggregate number of shares or dollar value for which such awards may be granted to an employee in any fiscal year, as follows:

Stock options and stock appreciation rights for no more than the lesser of 750,000 shares or one percent of the number of shares of Company common stock issued and outstanding as reported on the most recent periodic report filed with the Securities and Exchange Commission (the “1% Limit”).

Restricted stock and restricted stock unit awards subject to performance goal vesting for no more than the lesser of 750,000 shares or the 1% Limit.

For each full fiscal year of the Company contained in the performance period of performance share or other stock-based awards subject to performance goal vesting, no more than 500,000 shares.

For each full fiscal year of the Company contained in the performance period of performance unit or cash-based awards subject to performance goal vesting, no more than \$10 million.

In addition, to comply with applicable tax rules, the 2017 Plan also limits to 12,000,000 the number of shares that may be issued upon the exercise of incentive stock options granted under the 2017 Plan.

**Administration.** The 2017 Plan generally will be administered by the Compensation Committee of the Board of Directors, although the Board of Directors retains the right to appoint another of its committees to administer the 2017 Plan or to administer the 2017 Plan directly. To the extent legally permitted and subject to limitations and guidelines established by the Committee, the Committee may delegate to one or more officers the ability to grant awards to employees who are not officers of the Company. In the case of awards intended to qualify for the performance-based compensation exemption under Section 162(m) of the Code, administration of the 2017 Plan must be by a compensation committee comprised solely of two or more “outside directors” within the meaning of Section 162(m). (For purposes of this summary, the term “Committee” will refer to either such duly appointed committee or the Board of Directors.) Subject to the provisions of the 2017 Plan, the Committee determines in its discretion the persons to whom and the times at which awards are granted, the types and sizes of awards, and all of their terms and conditions. The Committee may, subject to certain limitations on the exercise of its discretion required by Section 162(m) or otherwise provided by the 2017 Plan, amend, cancel or renew any award, waive any restrictions or conditions applicable to any award, and accelerate, continue, extend or defer the vesting of any award.

The 2017 Plan provides, subject to certain limitations, for indemnification by the Company of any director, officer or employee against all reasonable expenses, including attorneys' fees, incurred in connection with any legal action arising from such person's action or failure to act in administering the 2017 Plan. All awards granted under the 2017 Plan will be evidenced by a written or digitally signed agreement between the Company and the participant specifying the terms and conditions of the award, consistent with the requirements of the 2017 Plan. The Committee will interpret the 2017

Plan and awards granted thereunder, and all determinations of the Committee generally will be final and binding on all persons having an interest in the 2017 Plan or any award.

**Prohibition of Option and SAR Repricing.** The 2017 Plan expressly provides that, without the approval of a majority of the votes cast in person or by proxy at a meeting of our stockholders, the Committee may not provide for any of the following with respect to underwater options or stock appreciation rights: (1) either the cancellation of such outstanding options or stock appreciation rights in exchange for the grant of new options or stock appreciation rights at a lower exercise price or the amendment of outstanding options or stock appreciation rights to reduce the exercise price, (2) the issuance of new full value awards in exchange for the cancellation of such outstanding options or stock appreciation rights, or (3) the cancellation of such outstanding options or stock appreciation rights in exchange for payments in cash.

**Minimum Vesting.** No more than 5% of the aggregate number of shares authorized under the 2017 Plan may be issued pursuant to awards that provide for service based vesting over a period of less than one year or performance-based vesting over a performance period of less than one year.

**Eligibility.** Awards may be granted only to employees, directors and consultants of the Company or any present or future parent or subsidiary corporation or other affiliated entity of the Company. Incentive stock options may be granted only to employees who, as of the time of grant, are employees of the Company or any parent or subsidiary corporation of the Company. As of January 28, 2017, we had approximately 78,600 employees, including 9 executive officers, and 8 non-employee directors who would be eligible under the 2017 Plan.

**Stock Options.** The Committee may grant nonstatutory stock options, incentive stock options within the meaning of Section 422 of the Code, or any combination of these. The exercise price of each option may not be less than the fair market value of a share of our common stock on the date of grant. However, any incentive stock option granted to a person who at the time of grant owns stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any parent or subsidiary corporation of the Company (a “10% Stockholder”) must have an exercise price equal to at least 110% of the fair market value of a share of common stock on the date of grant. On January 27, 2017, the closing price of our common stock as reported on the NASDAQ Global Select Market was \$65.33 per share.

The 2017 Plan provides that the option exercise price may be paid in cash, by check, or cash equivalent; by means of a broker-assisted cashless exercise; by means of a net-exercise procedure; to the extent legally permitted, by tender to the Company of shares of common stock owned by the participant having a fair market value not less than the exercise price; by such other lawful consideration as approved by the Committee; or by any combination of these. Nevertheless, the Committee may restrict the forms of payment permitted in connection with any option grant. No option may be exercised unless the participant has made adequate provision for federal, state, local and foreign taxes, if any, relating to the exercise of the option, including, if permitted or required by the Company, through the participant’s surrender of a portion of the option shares to the Company.

Options will become vested and exercisable at such times or upon such events and subject to such terms, conditions, performance criteria or restrictions as specified by the Committee. The maximum term of any option granted under the 2017 Plan is ten years, provided that an incentive stock option granted to a 10% Stockholder must have a term not exceeding five years. Unless otherwise permitted by the Committee, an option generally will remain exercisable for three months following the participant’s termination of service, provided that if service terminates as a result of the participant’s death or disability, the option generally will remain exercisable for 12 months, but in any event the option must be exercised no later than its expiration date.

Options are nontransferable by the participant other than by will or by the laws of descent and distribution, and are exercisable during the participant’s lifetime only by the participant. However, an option may be assigned or transferred to certain family members or trusts for their benefit to the extent permitted by the Committee and, in the case of an incentive stock option, only to the extent that the transfer will not terminate its tax qualification.

**Stock Appreciation Rights.** The Committee may grant stock appreciation rights either in tandem with a related option (a “Tandem SAR”) or independently of any option (a “Freestanding SAR”). A Tandem SAR requires the option holder to elect between the exercise of the underlying option for shares of common stock or the surrender of the option and the exercise of the related stock appreciation right. A Tandem SAR is exercisable only at the time and only to the extent

that the related stock option is exercisable, while a Freestanding SAR is exercisable at such times or upon such events and subject to such terms, conditions, performance criteria or restrictions as specified by the Committee. The exercise

price of each stock appreciation right may not be less than the fair market value of a share of our common stock on the date of grant.

Upon the exercise of any stock appreciation right, the participant is entitled to receive an amount equal to the excess of the fair market value of the underlying shares of common stock as to which the right is exercised over the aggregate exercise price for such shares. Payment of this amount upon the exercise of a Tandem SAR may be made only in shares of common stock whose fair market value on the exercise date equals the payment amount. At the Committee's discretion, payment of this amount upon the exercise of a Freestanding SAR may be made in cash or shares of common stock. The maximum term of any stock appreciation right granted under the 2017 Plan is ten years.

Stock appreciation rights are generally nontransferable by the participant other than by will or by the laws of descent and distribution, and are generally exercisable during the participant's lifetime only by the participant. If permitted by the Committee, a Tandem SAR related to a nonstatutory stock option and a Freestanding SAR may be assigned or transferred to certain family members or trusts for their benefit to the extent permitted by the Committee. Other terms of stock appreciation rights are generally similar to the terms of comparable stock options.

**Restricted Stock Awards.** The Committee may grant restricted stock awards under the 2017 Plan either in the form of a restricted stock purchase right, giving a participant an immediate right to purchase common stock, or in the form of a restricted stock bonus, in which stock is issued in consideration for services to the Company rendered by the participant. The Committee determines the purchase price payable under restricted stock purchase awards, which may be less than the then current fair market value of our common stock. Restricted stock awards may be subject to vesting conditions based on such service or performance criteria as the Committee specifies, including the attainment of one or more performance goals similar to those described below in connection with performance awards. Shares acquired pursuant to a restricted stock award may not be transferred by the participant until vested. Unless otherwise provided by the Committee, a participant will forfeit back to the Company any shares of restricted stock as to which the vesting restrictions have not lapsed prior to the participant's termination of service. Participants holding restricted stock will have the right to vote the shares and to receive any dividends paid, except that dividends or other distributions paid in shares will be subject to the same restrictions as the original award and dividends paid in cash may be made subject to such restrictions. The Company may require repayment of dividends received in cash with respect to unvested shares subsequently forfeited upon the participant's termination of service.

**Restricted Stock Units.** The Committee may grant restricted stock units under the 2017 Plan, which represent rights to receive shares of our common stock at a future date determined in accordance with the participant's award agreement. No monetary payment is required for receipt of restricted stock units or the shares issued in settlement of the award, the consideration for which is furnished in the form of the participant's services to the Company. The Committee may grant restricted stock unit awards subject to the attainment of one or more performance goals similar to those described below in connection with performance awards, or may make the awards subject to vesting conditions similar to those applicable to restricted stock awards. Restricted stock units may not be transferred by the participant. Unless otherwise provided by the Committee, a participant will forfeit any restricted stock units which have not vested prior to the participant's termination of service. Participants have no voting rights or rights to receive cash dividends with respect to restricted stock unit awards until shares of common stock are issued in settlement of such awards. However, the Committee may grant restricted stock units that entitle their holders to dividend equivalent rights, which are rights to receive cash or additional restricted stock units whose value is equal to any cash dividends the Company pays. Dividend equivalent rights may be made subject to the same vesting conditions and settlement terms as the original award. However, if dividend equivalents are paid in cash with respect to unvested restricted stock units and those units are subsequently forfeited upon the participant's termination of service, the Company may require repayment of the cash dividend equivalents applicable to the forfeited units.

**Performance Awards.** The Committee may grant performance awards subject to such conditions and the attainment of such performance goals over such periods as the Committee determines in writing and sets forth in a written agreement between the Company and the participant. These awards may be designated as performance shares or performance units, which consist of unfunded bookkeeping entries generally having initial values equal to the fair market value determined on the grant date of a share of common stock in the case of performance shares and a monetary value established by the Committee at the time of grant in the case of performance units. Performance

awards will specify a predetermined amount of performance shares or performance units that may be earned by the participant to the extent that one or more performance goals are attained within a predetermined performance period. To the extent earned, performance awards may be settled in cash, shares of common stock (including shares of restricted stock that are subject to additional vesting) or any combination of these.

Prior to the beginning of the applicable performance period or such later date as may be permitted under Section 162(m) of the Code, the Committee will establish one or more performance goals applicable to the award. Performance goals will be based on the attainment of specified target levels with respect to one or more measures of business or financial performance of the Company and each subsidiary corporation consolidated with the Company for financial reporting purposes, or such division or business unit of the Company as may be selected by the Committee. The Committee, in its discretion, may base performance goals on one or more of the following such measures: revenue; sales; expenses; operating income; gross margin; operating margin; earnings before any one or more of: stock-based compensation expense, interest, taxes, depreciation and amortization; pre-tax profit; adjusted pre-tax profit; net operating income; net income; economic value added; free cash flow; operating cash flow; balance of cash, cash equivalents and marketable securities; stock price; earnings per share; return on stockholder equity; return on capital; return on assets; return on investment; total stockholder return; employee satisfaction; employee retention; market share; customer satisfaction; product development; research and development expense; completion of an identified special project and completion of a joint venture or other corporate transaction. The target levels with respect to these performance measures may be expressed on an absolute basis or relative to an index, budget or other standard specified by the Committee. The degree of attainment of performance measures will be calculated in accordance with the Company's financial statements, generally accepted accounting principles, if applicable, or other methodology established by the Committee, but prior to the accrual or payment of any performance award for the same performance period, and, according to criteria established by the Committee, excluding the effect (whether positive or negative) of changes in accounting standards or any unusual or infrequently occurring event or transaction occurring after the establishment of the performance goals applicable to a performance award.

Following completion of the applicable performance period, the Committee will certify in writing the extent to which the applicable performance goals have been attained and the resulting value to be paid to the participant. The Committee retains the discretion to eliminate or reduce, but not increase, the amount that would otherwise be payable on the basis of the performance goals attained to a participant who is a "covered employee" within the meaning of Section 162(m) of the Code. However, no such reduction may increase the amount paid to any other participant. The Committee may make positive or negative adjustments to performance award payments to participants other than covered employees to reflect the participant's individual job performance or other factors determined by the Committee. In its discretion, the Committee may provide for a participant awarded performance shares to receive dividend equivalent rights with respect to cash dividends paid on the Company's common stock to the extent that the performance shares become vested. The Committee may provide for performance award payments in lump sums or installments.

Unless otherwise provided by the Committee, if a participant's service terminates due to the participant's death or disability prior to completion of the applicable performance period, the final award value will be determined at the end of the performance period on the basis of the performance goals attained during the entire performance period but will be prorated for the number of days of the participant's service during the performance period. The Committee may provide similar treatment for a participant whose service is involuntarily terminated. If a participant's service terminates prior to completion of the applicable performance period for any other reason, the 2017 Plan provides that the performance award will be forfeited. No performance award may be sold or transferred other than by will or the laws of descent and distribution prior to the end of the applicable performance period.

**Cash-Based Awards and Other Stock-Based Awards.** The Committee may grant cash-based awards or other stock-based awards in such amounts and subject to such terms and conditions as the Committee determines. Cash-based awards will specify a monetary payment or range of payments, while other stock-based awards will specify a number of shares or units based on shares or other equity-related awards. Such awards may be subject to vesting conditions based on continued performance of service or subject to the attainment of one or more performance goals similar to those described above in connection with performance awards. Settlement of awards may be in cash or shares of common stock, as determined by the Committee. A participant will have no voting rights with respect to any such award unless and until shares are issued pursuant to the award. The Committee may grant dividend equivalent rights with respect to other stock-based awards. The effect on such awards of the participant's termination

of service will be determined by the Committee and set forth in the participant's award agreement.

**Change in Control.** The 2017 Plan provides that a "Change in Control" occurs upon (a) a person (with certain exceptions described in the 2017 Plan) acquiring during a 12-month period direct or indirect beneficial ownership of 35% or more of the total combined voting power of the Company's then-outstanding securities entitled to vote generally in the election of the Board of Directors; (b) stockholder approval of a liquidation or dissolution of the Company; or (c) the occurrence of any of the following events upon which the stockholders of the Company immediately before the event do not retain immediately after the event direct or indirect beneficial ownership of more than 50% of the voting securities of the



Company, its successor or the entity to which the stock or assets of the Company were transferred: (i) a sale or exchange by the stockholders in a single transaction or series of related transactions of more than 50% of the Company's voting stock; (ii) a merger or consolidation in which the Company is a party; or (iii) the sale, exchange or transfer of all or substantially all of the assets of the Company (other than a sale, exchange or transfer to one or more subsidiaries of the Company).

If a Change in Control occurs, the surviving, continuing, successor or purchasing entity or its parent may, without the consent of any participant, either assume or continue outstanding awards or substitute substantially equivalent awards for its stock. If so determined by the Committee, stock-based awards will be deemed assumed if, for each share subject to the award prior to the Change in Control, its holder is given the right to receive the same amount of consideration per share that a stockholder would receive as a result of the Change in Control. Any awards which are not assumed or continued in connection with a Change in Control or exercised or settled prior to the Change in Control will terminate effective as of the time of the Change in Control.

Subject to the restrictions of Section 409A of the Code, the Committee may provide for the acceleration of vesting or settlement of any or all outstanding awards upon such terms and to such extent as it determines. The vesting of all awards held by non-employee directors will be accelerated in full upon a Change in Control.

The 2017 Plan also authorizes the Committee, in its discretion and without the consent of any participant, to cancel each or any award denominated in shares of stock upon a Change in Control in exchange for a payment to the participant with respect to each vested share (and each unvested share if so determined by the Committee) subject to the cancelled award of an amount equal to the excess of the consideration to be paid per share of common stock in the Change in Control transaction over the exercise or purchase price per share, if any, under the award.

**Awards Subject to Section 409A of the Code.** Certain awards granted under the 2017 Plan may be deemed to constitute "deferred compensation" within the meaning of Section 409A of the Code, which provides rules regarding the taxation of nonqualified deferred compensation plans, and the regulations and other administrative guidance issued pursuant to Section 409A. Any such awards will be required to comply with the requirements of Section 409A.

Notwithstanding any provision of the 2017 Plan to the contrary, the Committee is authorized, in its sole discretion and without the consent of any participant, to amend the 2017 Plan or any award agreement as it deems necessary or advisable to comply with Section 409A.

**Amendment, Suspension or Termination.** The 2017 Plan will continue in effect until its termination by the Committee, provided that no awards may be granted under the 2017 Plan following the tenth anniversary of the 2017 Plan's effective date, which will be the date on which it is approved by the stockholders. The Committee may amend, suspend or terminate the 2017 Plan at any time, provided that no amendment may be made without stockholder approval that would increase the maximum aggregate number of shares of stock authorized for issuance under the 2017 Plan, change the class of persons eligible to receive incentive stock options, or require stockholder approval under any applicable law or the rules of any stock exchange on which the Company's shares are then listed. No amendment, suspension or termination of the 2017 Plan may affect any outstanding award unless expressly provided by the Committee, and, in any event, may not have a materially adverse effect on any outstanding award without the consent of the participant unless necessary to comply with any applicable law, regulation or rule, including, but not limited to, Section 409A of the Code.

#### Summary of U.S. Federal Income Tax Consequences

The following summary is intended only as a general guide to the U.S. federal income tax consequences of participation in the 2017 Plan and does not attempt to describe all possible federal or other tax consequences of such participation or tax consequences based on particular circumstances.

**Incentive Stock Options.** A participant recognizes no taxable income for regular income tax purposes as a result of the grant or exercise of an incentive stock option qualifying under Section 422 of the Code. Participants who neither dispose of their shares within two years following the date the option was granted nor within one year following the exercise of the option will normally recognize a capital gain or loss upon the sale of the shares equal to the difference, if any, between the sale price and the purchase price of the shares. If a participant satisfies such holding periods upon a sale of the shares, we will not be entitled to any deduction (for compensation expense) for federal income tax purposes. If a participant disposes of shares within two years after the date of grant or within one year after the date of

exercise (a “disqualifying disposition”), the difference between the fair market value of the shares on the option exercise date and the exercise price (not to exceed the gain realized on the sale if the disposition is a transaction with respect to

which a loss, if sustained, would be recognized) will be taxed as ordinary income at the time of disposition. Any gain in excess of that amount will be a capital gain. If a loss is recognized, there will be no ordinary income, and such loss will be a capital loss. Any ordinary income recognized by the participant upon the disqualifying disposition of the shares generally should be deductible by us for federal income tax purposes, except to the extent such deduction is limited by applicable provisions of the Code.

In general, the difference between the option exercise price and the fair market value of the shares on the date of exercise of an incentive stock option is treated as an adjustment in computing the participant's alternative minimum taxable income and may be subject to an alternative minimum tax which is paid if such tax exceeds the regular tax for the year. Special rules may apply with respect to certain subsequent sales of the shares in a disqualifying disposition, certain basis adjustments for purposes of computing the alternative minimum taxable income on a subsequent sale of the shares and certain tax credits which may arise with respect to participants subject to the alternative minimum tax.

**Nonstatutory Stock Options.** Options not designated or qualifying as incentive stock options are nonstatutory stock options having no special tax status. A participant generally recognizes no taxable income upon receipt of such an option. Upon exercising a nonstatutory stock option, the participant normally recognizes ordinary income equal to the difference between the exercise price paid and the fair market value of the shares on the date when the option is exercised. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of stock acquired by the exercise of a nonstatutory stock option, any gain or loss, based on the difference between the sale price and the fair market value of the shares on the exercise date, will be taxed as capital gain or loss. We generally should be entitled to a tax deduction equal to the amount of ordinary income recognized by the participant as a result of the exercise of a nonstatutory stock option, except to the extent such deduction is limited by applicable provisions of the Code.

**Stock Appreciation Rights.** A Participant recognizes no taxable income upon the receipt of a stock appreciation right. Upon the exercise of a stock appreciation right, the participant generally will recognize ordinary income in an amount equal to the excess of the fair market value of the underlying shares of common stock on the exercise date over the exercise price. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. We generally should be entitled to a deduction equal to the amount of ordinary income recognized by the participant in connection with the exercise of the stock appreciation right, except to the extent such deduction is limited by applicable provisions of the Code.

**Restricted Stock.** A participant acquiring restricted stock generally will recognize ordinary income equal to the excess of the fair market value of the shares on the "determination date" over the price paid, if any, for such shares. The "determination date" is the date on which the participant acquires the shares unless the shares are subject to a substantial risk of forfeiture and are not transferable, in which case the determination date is the earlier of (i) the date on which the shares become transferable or (ii) the date on which the shares are no longer subject to a substantial risk of forfeiture (e.g., when they become vested). If the determination date follows the date on which the participant acquires the shares, the participant may elect, pursuant to Section 83(b) of the Code, to designate the date of acquisition as the determination date by filing an election with the Internal Revenue Service no later than 30 days after the date on which the shares are acquired. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. Upon the sale of shares acquired pursuant to a restricted stock award, any gain or loss, based on the difference between the sale price and the fair market value of the shares on the determination date, will be taxed as capital gain or loss. We generally should be entitled to a deduction equal to the amount of ordinary income recognized by the participant on the determination date, except to the extent such deduction is limited by applicable provisions of the Code.

**Restricted Stock Unit, Performance, Cash-Based and Other Stock-Based Awards.** A participant generally will recognize no income upon the receipt of a restricted stock unit, performance share, performance unit, cash-based or other stock-based award. Upon the settlement of such awards, participants normally will recognize ordinary income in the year of settlement in an amount equal to the cash received and the fair market value of any substantially vested shares of stock received. If the participant is an employee, such ordinary income generally is subject to withholding of income and employment taxes. If the participant receives shares of restricted stock, the participant generally will be taxed in the same manner as described above under "Restricted Stock." Upon the sale of any shares received, any gain or

loss, based on the difference between the sale price and the fair market value of the shares on the determination date (as defined above under “Restricted Stock”), will be taxed as capital gain or loss. We generally should be entitled to a deduction equal to the amount of ordinary income recognized by the participant on the determination date, except to the extent such deduction is limited by applicable provisions of the Code.

#### New 2017 Plan Benefits

No awards will be granted under the 2017 Plan prior to its approval by the stockholders of the Company. All awards will be granted at the discretion of the Committee, and, accordingly, are not yet determinable.

#### Required Vote and Board of Directors Recommendation

Approval of this proposal requires the affirmative vote of a majority of the shares present or represented by proxy and entitled to vote on this proposal. If you hold your shares in your own name and abstain from voting on this matter, your abstention will have the same effect as a negative vote. If you hold your shares through a broker and you do not instruct the broker on how to vote on this proposal, your broker will not have authority to vote your shares. Broker non-votes will have no effect on the outcome of this vote. Abstentions and broker non-votes will each be counted as present for purposes of determining the presence of a quorum.

The Board believes that the proposed adoption of the 2017 Plan is in the best interests of the Company and its stockholders for the reasons stated above.

The Board of Directors unanimously recommends a vote FOR approval of the adoption of the 2017 Plan (including, without limitation, certain material terms of such Plan for purposes of Section 162(m) of the Internal Revenue Code, as amended).

### PROPOSAL 3

#### ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

The Board is asking our stockholders to vote, on an advisory basis, on the compensation of our Named Executive Officers ("NEOs") as described in this Proxy Statement. This annual proposal, commonly known as a "Say on Pay" proposal, is designed to give our stockholders the opportunity to endorse or not endorse our executive compensation program.

#### Board of Directors' Recommendation and Vote Required

Our executive compensation program has been designed to align our executive officers' compensation with the short- and long-term strategic goals of the Company and the interests of our stockholders, recognize individual performance and contributions, and assist us in attracting, motivating, and retaining a strong leadership team. The underlying philosophy of our program has not changed since 1982. We believe that it has been a key reason historically that we have been able to recruit and retain outstanding executives, and achieve exceptional rates of stockholder return over long time horizons. Maintaining management stability and retaining smart people who know our business are critical to our success. Our five NEOs have been with the Company for a combined total of 99 years, with an average tenure of just under 20 years. Over the last 10 years, our average annual total shareholder return has been 25%, and our average annual rate of return on equity has been 41.3%. We have also returned \$4.6 billion to stockholders through annual share repurchases during that time.

At last year's Annual Meeting, our stockholders voted more than 94% in favor of the advisory approval. We believe our executive compensation program continues to be effective.

A substantial majority of the compensation awarded to our NEOs, or realizable by them, is linked to Company profit performance and to the value of our common shares. Base salaries account for approximately 15% of NEOs' total compensation.

As further described below under the heading "Executive Compensation - Compensation Discussion and Analysis," which we encourage you to review, highlights of our executive compensation program include the following:

**Annual Cash Incentive:** This portion of compensation is completely at risk due to the performance-based structure of our Incentive Compensation Plan. The amount of the annual bonus awards paid under our Incentive Compensation Plan can vary significantly based on the Company's degree of success in the achievement of pre-tax profit (adjusted pre-tax earnings) targets established in advance by our Compensation Committee.

**Performance Share Awards:** Unlike the Incentive Compensation Plan, which pays cash bonuses entirely on an annual basis, a significant portion of the performance shares, once earned based on performance achieved in a given year, are then subject to further vesting based on continued service to the Company over a further two-year period. We believe this framework encourages executive retention and further strengthens the incentive to produce long-term value for our stockholders by working to increase the share price over a multi-year time horizon.

**Restricted Stock Awards:** Restricted stock awards granted to our NEOs vest in large increments after a minimum of three years and typically over five years of service (so-called "cliff" vesting). We believe that the value of these awards and their extended vesting periods provide a strong incentive for our NEOs both to remain employed at the Company and to successfully manage and grow the value of Ross shares over the long-term. We believe these long-term equity awards are extremely important to aligning the financial interests of our NEOs with those of our stockholders, and they expose the NEOs to the consequences of both increases and decreases in the value of Ross shares. Our use of full value awards is also intended to manage overall compensation expense and to mitigate the

impact of dilution under the Company's equity plans.

The Board and Compensation Committee believe that our executive compensation program is well-designed, appropriately aligns the compensation of our NEOs with our performance objectives, and incentivizes strong individual performance. Accordingly, the Board recommends that our stockholders vote in favor of the following resolution at the 2017 Annual Meeting of Stockholders:

RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the Ross Stores, Inc. NEOs, as disclosed in the Proxy Statement for the 2017 Annual Meeting of Stockholders pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and related narrative discussion.

This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the philosophy, policies, and practices described in this Proxy Statement. Although this vote is advisory and is not binding on the Board, the Compensation Committee, or the Company, we value the input and views of our stockholders. The Compensation Committee will review the outcome of the vote when considering future executive compensation policies and decisions.

This proposal to approve our executive compensation, on an advisory basis, will be approved if the number of shares voted FOR exceeds the number of shares voted AGAINST. Abstentions and broker non-votes each will be counted as present in determining if a quorum exists, but will not be counted as having been voted on this proposal and will have no effect on the outcome.

The Board of Directors unanimously recommends that the stockholders vote FOR the advisory approval of our executive compensation.



#### PROPOSAL 4

#### ADVISORY VOTE ON THE FREQUENCY OF FUTURE ADVISORY STOCKHOLDER VOTES ON EXECUTIVE COMPENSATION

The Board is asking our stockholders to vote, on an advisory basis, on how frequently in the future we present requests for an updated advisory vote on our executive compensation program (commonly referred to as a “say on pay” vote). The choices are whether to present future say on pay votes in our proxy materials every year, every two years or every three years.

Our stockholders will be requested at least once every six years to provide an advisory vote on the frequency of future say on pay voting. The last time our stockholders provided an advisory vote on this question was at our Annual Meeting in 2011. At that meeting, by a strong plurality vote (just over 77% of the non-abstaining votes cast), our stockholders expressed the preference that future say on pay votes be held every year (rather than every three years or every two years). Holding say on pay votes every year has been the pattern we adopted, is the most common pattern of frequency adopted among public companies, and is generally preferred and endorsed by institutional shareholders and corporate governance thought leaders.

#### Board of Directors’ Recommendation and Vote Required

The Board believes that a say on pay vote every year is the best approach for our Company and our stockholders for a number of reasons, including:

- Many investors have expressed a preference for say on pay voting every year.

- It is the most common approach adopted by public companies and keeps us comparable to other companies in our industry.

- It is now our established pattern.

- It allows our stockholders to provide us with their direct input on our compensation philosophy, policies and practices as disclosed in the proxy statement every year, and thus provides our Compensation Committee updated information on investor sentiment about our executive compensation program.

Although our Board of Directors recommends a say on pay vote every year, stockholders will be able to specify one of four choices in voting for this proposal, as presented on the proxy card: one year, two years, three years, or abstain.

Stockholders are not voting to approve or disapprove of the Board’s recommendation. Because this vote is advisory and not binding on the Board, the Compensation Committee, or the Company in any way, our Compensation Committee and Board may decide that it is in the best interests of our stockholders and the Company to hold future say on pay voting more or less frequently than the option selected most often by our stockholders. However, we value the opinions of our stockholders, and our Board will consider the outcome of the vote when determining the frequency of future say on pay votes.

The outcome of the advisory vote by stockholders on the frequency of presentation of future say on pay voting on our executive compensation program will be based on the affirmative vote of the plurality of the shares represented in person or by proxy at the Annual Meeting and entitled to vote on this proposal. We will consider the choice of every year, every two years, or every three years that receives the highest number of advisory votes cast by stockholders to be the option for the frequency for the say on pay vote that has been selected by stockholders.

The Board of Directors unanimously recommends that the stockholders vote for a frequency of EVERY YEAR in the advisory vote on the frequency of future advisory stockholder votes on executive compensation, or say on pay vote.

PROPOSAL 5  
RATIFY THE APPOINTMENT OF THE  
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our Audit Committee has appointed Deloitte & Touche LLP ("Deloitte") as the independent registered public accounting firm for the Company for the fiscal year ending February 3, 2018. It is anticipated that a representative of Deloitte will be present at the Annual Meeting to respond to appropriate questions and to make a statement if he or she so desires.

Vote Required and Board of Directors' Recommendation

The affirmative vote of a majority of the votes cast affirmatively or negatively by holders of shares of common stock present or represented by proxy at the Annual Meeting is required for approval of this proposal. Abstentions and broker non-votes each will be counted as present in determining if a quorum exists, but will not be counted as having been voted on this proposal and will have no effect on the outcome.

Stockholder ratification of the selection of Deloitte as our independent registered public accounting firm is not required by our Bylaws or otherwise. The Board, however, is submitting the selection of Deloitte to our stockholders for ratification as a matter of good corporate governance. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain Deloitte. Even if the selection is ratified by our stockholders, the Audit Committee at their discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such a change would be in the best interests of the Company and our stockholders.

The Board of  
Directors  
unanimously  
recommends  
that the  
stockholders  
vote FOR  
approval of  
the  
ratification of  
the  
appointment  
of Deloitte as  
the  
Company's  
independent  
registered  
public  
accounting  
firm for the  
fiscal year  
ending  
February 3,  
2018.



ROSS STORES, INC.  
BOARD OF DIRECTORS AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors is responsible for monitoring the integrity of the Company's consolidated financial statements, its system of internal controls, and the independence and performance of both its internal and independent auditors. The Audit Committee is also responsible for the selection and engagement of the Company's independent auditors. The Audit Committee is composed of four non-employee directors and operates under a written charter adopted and approved by the Board of Directors. This charter is available on the Company's website, [www.rossstores.com](http://www.rossstores.com), under "Corporate Governance," in the "Investors" section. Each Committee member is independent as defined by the applicable corporate governance requirements of the NASDAQ listing rules.

Management is responsible for the financial reporting process, including the system of internal controls, and for the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The Company's independent auditors are responsible for auditing those financial statements. Our responsibility is to monitor and review these processes. We rely, without independent verification, on the information provided to us and on the representations made by management and the independent auditors.

In this context, we held nine meetings during fiscal 2016. The meetings were designed, among other things, to facilitate and encourage communication among the Audit Committee, management, the internal auditors, and the Company's independent registered public accounting firm, Deloitte. We discussed with representatives of the Company's internal and independent auditors the overall scope and plans for their respective audits. We met with the internal and independent auditors, with and without management present, to discuss the results of their examinations and their evaluations of the Company's internal controls.

We have reviewed and discussed the audited consolidated financial statements for the fiscal year ended January 28, 2017 with management and Deloitte.

We also discussed with the independent auditors matters required to be discussed with audit committees under standards published by the Public Company Accounting Oversight Board ("PCAOB"), including, among other things, matters related to the conduct of the audit of the Company's consolidated financial statements and other required communications with audit committees.

In addition, the Audit Committee discussed with Deloitte their independence from management and the Company, including matters in the written disclosures required by PCAOB Ethics and Independence Rule 3256 ("Communications with Audit Committees Concerning Independence"). When considering Deloitte's independence, we considered whether their provision of services to the Company beyond those rendered in connection with their audit and review of the Company's consolidated financial statements was compatible with maintaining their independence. We also reviewed, among other things, the fees paid to Deloitte for audit and non-audit services.

Based on our review and these meetings, discussions and reports, and subject to the limitations on our role and responsibilities referred to above and in the Audit Committee Charter, we recommended to the Board of Directors that the Company's audited consolidated financial statements for the fiscal year ended January 28, 2017 be included in the Company's Annual Report on Form 10-K. We also selected Deloitte as the Company's independent registered public accounting firm for the fiscal year ending February 3, 2018, and are requesting that our stockholders ratify this appointment.

Summary of Audit, Audit-Related, Tax, and All Other Fees

The Audit Committee reviews and approves all proposed audit and non-audit engagements and related fees of Deloitte. In addition, any audit and non-audit fees for newly proposed professional services that arise during the year, or changes to previously approved fees and work, are reviewed and approved in advance of commencement of such services by the Audit Committee at their regularly scheduled meetings throughout the fiscal year. Should a situation arise that requires approval between meetings, the Audit Committee has delegated authority to its Chairman to authorize such pre-approval and report on same at the following regularly scheduled meeting.

The following table summarizes the aggregate billings by Deloitte for professional services to the Company rendered during fiscal 2016 and 2015.

Fees	Fiscal Year	
	2016	2015
Audit Fees	\$1,395,000	\$1,406,000
Audit-Related Fees	102,000	97,000
Tax Fees		
Tax Compliance Fees	231,000	249,000
Other Tax Services	80,000	88,000
All Other Fees	—	—
Total Fees	\$1,808,000	\$1,840,000

Audit Fees in fiscal 2016 and 2015 included fees related to the audit of the financial statements included in the Company's Annual Report on Form 10-K, reviews of the financial statements included in Quarterly Reports on Form 10-Q, and Sarbanes-Oxley compliance services. Audit-Related Fees were for consultation on accounting standards or transactions, audits of employee benefit plans, and Sarbanes-Oxley services. Tax Fees were for tax-related services, consisting of compliance services (i.e., review of the Company's tax returns and other tax compliance matters) and other tax services. All of the services reflected in the table were pre-approved by the Audit Committee.

**SUBMITTED BY THE AUDIT COMMITTEE OF THE  
COMPANY'S BOARD OF DIRECTORS**

Gregory L. Quesnel, Chairman  
Michael J. Bush  
Sharon D. Garrett  
Stephen D. Milligan





## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

We operate two brands in the competitive off-price apparel and home goods sector -- Ross Dress for Less, the largest off-price apparel and home fashion chain in the United States, and dd's DISCOUNTS. To effectively compete in this environment, we need to attract and retain an executive leadership team with the necessary expertise and experience to successfully execute our off-price strategies in all facets of our operations. Maintaining management stability and retaining smart people who know our business are critical to our success. Our five NEOs have been with the Company for a combined total of 99 years, with an average tenure of just under 20 years. Over the last 10 years, our average annual total shareholder return has been 25%, and our average annual rate of return on equity has been 41.3%. We have also returned \$4.6 billion to stockholders through annual share repurchases during that time.

Our philosophy and approach to executive compensation have been consistent for many years and serve t