

ROSS STORES INC  
Form DEF 14A  
April 08, 2015

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 [X]  
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.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
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- 4) Proposed maximum aggregate value of transaction:
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- 2) Form, Schedule or Registration Statement No.:
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April 8, 2015

Dear Stockholder:

You are cordially invited to attend the 2015 Ross Stores, Inc. Annual Meeting of Stockholders ("Annual Meeting"), which will be held on Wednesday, May 20, 2015 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 Securities and Exchange Commission-approved process for companies to furnish proxy materials over the Internet. 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 31, 2015. 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

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**ROSS STORES, INC.**

**Notice of Annual Meeting of Stockholders  
to be Held on May 20, 2015**

To Our Stockholders:

Please take notice that the 2015 Ross Stores, Inc. Annual Meeting of Stockholders (the "Annual Meeting") will be held on Wednesday, May 20, 2015 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 eleven directors for a one-year term.
2. To approve an amendment to the Company's Certificate of Incorporation to increase the number of authorized shares of common stock from 600,000,000 to 1,000,000,000 shares.
3. To approve an amendment to our Employee Stock Purchase Plan ( ESPP ) to increase the ESPP's share reserve by 2,500,000 shares.
4. To hold an advisory vote on executive compensation.
5. To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending January 30, 2016.
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 24, 2015 (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 8, 2015

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON MAY 20, 2015:** 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. 2015 Annual Meeting to be held on May 20, 2015. If you are a stockholder of record of Ross Stores, Inc. as of March 24, 2015, 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 web site at [www.proxyvote.com](http://www.proxyvote.com), 24-hours-a-day, seven days a week.
- 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, 24-hours-a-day, seven days a week.
- 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 you will receive instructions for granting proxies from your bank, broker, or other agent, rather than a proxy card. 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. Also, the use of cell phones, smart phones, PDA's, computers/laptops/tablets, music devices, or recording 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 19, 2015. Submitting your proxy by telephone or Internet will not affect your right to vote in person should you decide to attend the Annual Meeting.

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**A note about your vote and stock in brokerage accounts:** *If YOU do not vote your shares on Proposal One (election of directors), your brokerage firm can no longer vote them for you; those shares will remain unvoted. In prior years, if your broker did not receive instructions from you, they were permitted to vote your shares for you in routine director elections. However, stock exchange rules changed starting in 2010 and brokers are no longer allowed to vote uninstructed shares on those matters. So please make your vote count and provide instructions to your broker regarding the election of directors.*

**Your vote is important. Thank you for voting.**

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# PROXY STATEMENT

## 2015 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 2015 Annual Meeting of Stockholders to be held on Wednesday, May 20, 2015 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 24, 2015 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 8, 2015, 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, 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 eleven directors to serve a one-year term; (2) approve an amendment to the Company's Certificate of Incorporation to increase the number of authorized shares of common stock from 600,000,000 to 1,000,000,000 shares; (3) approve an amendment to our Employee Stock Purchase Plan ( ESPP ) to increase our ESPP's share reserve by 2,500,000 shares; (4) provide an advisory vote to approve executive compensation; (5) ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending January 30, 2016; and (6) transact such other business as may properly come before the Annual Meeting or any adjournments or postponements.

We had outstanding on March 24, 2015, the Record Date, 206,895,367 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. On March 24, 2015, we announced that our Board has declared a 2-for-1 stock split in the form of a stock dividend to be paid on or about June 11, 2015 to stockholders of record on April 22, 2015. The share numbers presented in this Proxy Statement do not reflect the effect of that announced stock dividend, which will double the number of outstanding shares and shares reserved under our equity compensation plans and outstanding equity grants.

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 and FOR proposals 2, 3, 4, and 5. 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, 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, 2015 (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 Owner	Amount and Nature of Beneficial Ownership	(1)	Percent of Common Stock Outstanding
The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	16,649,549	(2)	8.0%
FMR LLC 245 Summer St. Boston, MA 02210	13,716,528	(2)	6.6%
BlackRock, Inc. 55 East 52nd St. New York, NY 10022	13,070,581	(2)	6.3%
Michael Balmuth	191,850	(3)	*
K. Gunnar Bjorklund	11,494	(4)	*
Michael J. Bush	79,722	(5)	*
Norman A. Ferber	12,922	(6)	*
Sharon D. Garrett	119,256	(7)	*
Stephen D. Milligan	2,387	(8)	*
George P. Orban	2,813,578	(9)	1.4%
Michael O. Sullivan	460,245	(10)	*
Lawrence S. Peiros	4,957	(11)	*
Gregory L. Quesnel	15,058	(12)	*
Barbara Rentler	427,197	(13)	*
Michael J. Hartshorn	35,669	(14)	*
James S. Fassio	567,981	(15)	*
Douglas Baker	140,710	(16)	*
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)	5,371,261	(17)	2.6%

\*Less than 1%

- (1) To the knowledge of the Company, the persons named in this table have sole voting and 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.
- (2) Information is as of December 31, 2014 and based on Schedule 13G and 13G/A filings made with the Securities and Exchange Commission. 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.

- (3) Mr. Balmuth. Includes 84,719 Restricted Stock Units issued under the Company's 2008 Equity Incentive Plan, which Mr. Balmuth has the right to acquire within 60 days of March 1, 2015. Also includes 67,564 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting, as well as 39,097 shares of the Company's common stock issued pursuant to a Performance Share Award under the 2008 Equity Incentive Plan, which remain subject to vesting.
- (4) Mr. Bjorklund. Includes 3,750 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting.
- (5) Mr. Bush. Includes options to purchase 52,948 shares of the Company's common stock exercisable within 60 days of March 1, 2015. Also includes 3,750 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting.
- (6) Mr. Ferber. Includes 3,750 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting.
- (7) Ms. Garrett. Includes options to purchase 34,890 shares of the Company's common stock exercisable within 60 days of March 1, 2015. Also includes 3,750 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 80,616 shares held in the name of Sharon D. Garrett Living Trust.
- (8) Mr. Milligan. Includes 2,387 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting.
- (9) Mr. Orban. Includes 2,191,827 shares held in the name of Orban Partners and 337,065 shares held indirectly by Mr. Orban for his minor children. Mr. Orban, is a general partner and managing partner of Orban Partners. Also includes options to purchase 52,948 shares of the Company's common stock exercisable within 60 days of March 1, 2015, as well as 3,750 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. O Sullivan. Includes options to purchase 38,000 shares of the Company's common stock exercisable within 60 days of March 1, 2015. Also includes 274,381 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting, as well as 59,059 shares of the Company's common stock issued pursuant to a Performance Share Award under the 2008 Equity Incentive Plan, which remain subject to vesting.
- (11) Mr. Peiros. Includes 3,941 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting.
- (12) Mr. Quesnel. Includes 3,750 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting.
- (13) Ms. Rentler. Includes 320,075 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 70,871 shares of the Company's Common Stock issued pursuant to a Performance Share Award under the 2008 Equity Incentive Plan, which remain subject to vesting. Also includes 1,500 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.
- (14) Mr. Hartshorn. Includes 32,211 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting, as well as 1,863 shares of the Company's common stock issued pursuant to a Performance Share Award under the 2008 Equity Incentive Plan, which remain subject to vesting.
- (15) Mr. Fassio. Includes options to purchase 38,000 shares of the Company's common stock exercisable within 60 days of March 1, 2015. Also includes 216,298 shares of the Company's common stock that were issued under the Company's 2008 Equity Incentive Plan, which remain subject to vesting, as well as 19,046 shares of the Company's common stock issued pursuant to a Performance Share Award under the 2008 Equity Incentive Plan, which remain subject to vesting. Includes 204,637 shares that are held in the name of the James S. Fassio Revocable Trust; also includes 90,000 shares that are held in the name of the James S. Fassio 2012 Dynasty Irrevocable Trust.
- (16) Mr. Baker. Reflects shares held by Mr. Baker as of January 31, 2015. Mr. Baker ceased to be an officer or employee of the Company at the close of business on January 31, 2015.
- (17) Includes 301,505 shares subject to outstanding options and restricted stock units held by directors and executive officers, which may be acquired within 60 days of March 1, 2015. Also includes 1,354,536 shares of the Company's common stock granted under the Company's 2008 Equity Incentive Plan that remain subject to vesting, as well as 216,324 shares of the Company's Common Stock granted pursuant to Performance Share Awards under the 2008 Equity Incentive Plan, which remain subject to vesting.

## **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 eleven 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, eleven 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 reelected. 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 reelected 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 eleven director nominees listed below - 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 previously transitioned to a declassified Board, and all directors are to be re-elected annually. The Board currently consists of eleven 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 2016 Annual Meeting of Stockholders are the eleven incumbent directors.

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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 2015 Annual Meeting.

**Nominees for Election of Directors with Terms Expiring in 2016**

	<b>Principal Position</b>	<b>Age</b>	<b>Director Since</b>
Michael Balmuth	Executive Chairman since June 2014; Vice Chairman of the Board and Chief Executive Officer of the Company from 1996 to May 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.	64	1996
K. Gunnar Bjorklund	Chief Executive Officer, RevOptix LLC, since 2014; Senior Advisor, Sverica International since 2014, Managing Director from 1991 to 2014; Director, Corporate Strategic Planning for American Express Company, from 1987 to 1990; management consultant with McKinsey & Company from 1985 to 1987. The Nominating and Corporate Governance Committee has noted Mr. Bjorklund's executive and consulting experience.	56	2003
Michael J. Bush	Managing Member, B IV Investments, LLC since 2007; Member of the Board of Directors, NTN Buzztime, from 2009 to 2012, President and CEO from 2010 to 2012; President and CEO, 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 of Bally International AG from 2000 to 2002; Executive Vice President, Chief Operating Officer and Director of 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.	54	2001
Norman A. Ferber	Chairman Emeritus since June 2014; Consultant to the Company since 1996; Chairman of the Board from 1993 to May 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.	66	1987
Sharon D. Garrett	Management consultant, 2013 to present; Member of the Board of Directors, Scott's Liquid Gold-Inc. since February 2014 (also member of the Audit and Compensation committees); Executive Vice President, Revenue Cycle Optimization, American Medical Response, Inc. from 2012 to 2013 and Senior Vice President, Reimbursement Services from 2007 to 2012; COO of 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 CEO of Zyan Communications from April to November 2000; Senior Vice President and Chief Information Officer of The Walt Disney Company from 1989 to 2000. The Nominating and Corporate Governance Committee has noted Ms. Garrett's executive and operational experience.	66	2000

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	<b>Principal Position</b>	<b>Age</b>	<b>Director Since</b>
Stephen D. Milligan	President and Chief Executive Officer of Western Digital Corporation since January 2013; President of Western Digital from 2012 to 2013; Chief Executive Officer of Hitachi Global Storage Technologies from 2009 to 2012 and Chief Financial Officer from 2007 to 2009; Senior Vice President, Finance and Chief Financial Officer of Western Digital from 2004 to 2007 and Vice President of Finance from 2002 to 2003. The Nominating and Corporate Governance Committee has noted Mr. Milligan's executive and financial experience.	51	2015
George P. Orban	Managing partner of Orban Partners, a private investment company, since 1984; Chairman of the Board of Egghead.com, Inc. from 1997 to 2001, and 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.	69	1982
Michael O'Sullivan	President and Chief Operating Officer since 2009; Executive Vice President and Chief Administrative Officer from 2005 to 2009, and Senior Vice President, Strategic Planning and Marketing from 2003 to 2005. Before joining the company, Mr. O'Sullivan was a partner with Bain & Company, 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.	51	2014
Lawrence S. Peiros	Executive Vice President and Chief Operating Officer of The Clorox Company, from 2011 to March 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 of Potlatch Corporation since 2003 (also member of the 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.	60	2013
Gregory L. Quesnel	Member of the Board of Directors, SYNEX Corporation, since September 2005 (also member of the Audit (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.	66	2009
Barbara Rentler	Chief Executive Officer since June 2014; President and Chief Merchandising Officer, Ross Dress for Less from 2009 to May 2014, and Executive Vice President, Merchandising, from 2006 to 2009; she also served at dd's DISCOUNTS as Executive Vice President and Chief Merchandising Officer from 2005 to 2006 and Senior Vice President and Chief Merchandising Officer from 2004 to 2005. Prior to that, she held various merchandising positions since joining the Company in 1986. The Nominating and Corporate Governance Committee has noted Ms. Rentler's extensive executive and merchandising experience with the Company.	57	2014

Biographical information concerning our executive officers is contained in our Annual Report on Form 10-K for the fiscal year ended January 31, 2015.

During fiscal 2014, the Board held seven 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 listing rules of the NASDAQ Stock Market ("NASDAQ"). During the fiscal year, the independent directors held three 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 through May 2014. Our current CEO, Barbara Rentler, has been in the position since June 2014.

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 those 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 through May 2014), which we believe contributes to the effectiveness of our current leadership structure. Our Chairman Emeritus, Norman Ferber served as Chairman from 1993 through May 2014 and was previously CEO from 1988 to 1996. Barbara Rentler, our CEO since June 2014, has been with the Company since 1986.

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 rotates annually among the independent directors. During fiscal 2014, Mr. Orban served as the Lead Independent Director.

Our Board exercises oversight over 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 2014 were Ms. Garrett and Messrs. Bush 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 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 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 related party transactions. The Audit Committee held nine meetings during fiscal 2014. 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 2014 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 eleven meetings during fiscal 2014. 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 2014 to provide market data and advice on executive compensation matters is 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 2014 were Ms. Garrett and Messrs. Bjorklund, Bush, Orban, Peiros, and Quesnel. Each of the members of the Nominating and Corporate Governance Committee is independent as determined under the applicable NASDAQ listing standards. The Nominating and Corporate Governance Committee considers qualified candidates for appointment and nomination for election 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 four meetings during fiscal 2014. 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 2014, Mr. Orban 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 to review and evaluate 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 including those listed below:

- (i) personal and professional integrity, ethics, and values
- (ii) experience in corporate management, such as serving as an officer or former officer of a publicly held company, 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. 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 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 stockh