STANDARD & POOR'S

Ross Stores Inc

S&P Recommendation	Price	12-Mo. Target Price	Investment Style
HOLD ★★★★★	$58.13 (as of Mar 1, 2013)	$60.00	Large-Cap Growth

UPDATE: PLEASE SEE THE ANALYST'S LATEST RESEARCH NOTE IN THE COMPANY NEWS SECTION

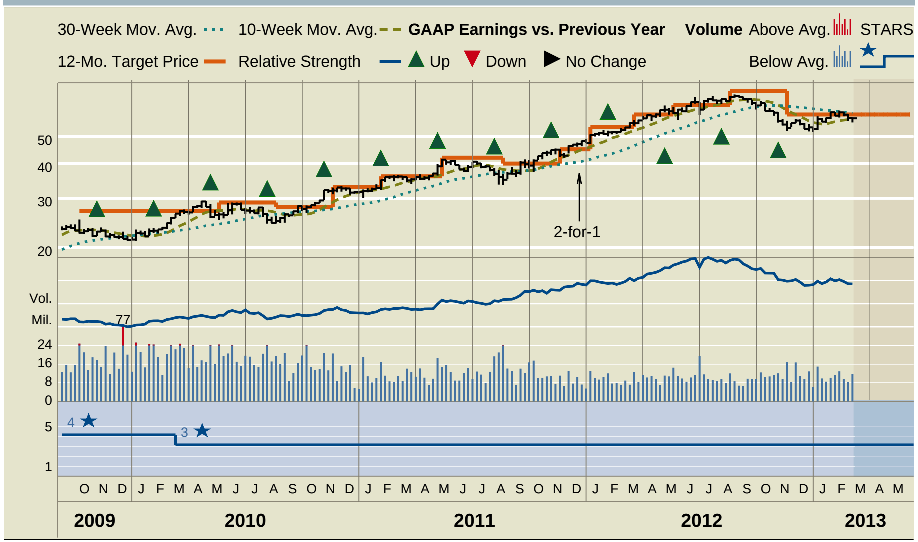
GICS Sector Consumer Discretionary
Sub-Industry Apparel Retail

Summary This off-price retailer offers in-season branded apparel and other merchandise through over 1,200 stores in 33 states, the District of Columbia and Guam.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	$70.82– 52.01	S&P Oper. EPS 2013E	3.47	Market Capitalization(B)	$12.927	Beta	0.77
Trailing 12-Month EPS	$3.31	S&P Oper. EPS 2014E	3.85	Yield (%)	1.17	S&P 3-Yr. Proj. EPS CAGR(%)	15
Trailing 12-Month P/E	17.6	P/E on S&P Oper. EPS 2013E	16.8	Dividend Rate/Share	$0.68	S&P Credit Rating	BBB+
$10K Invested 5 Yrs Ago	$44,059	Common Shares Outstg. (M)	222.4	Institutional Ownership (%)	87		

Price Performance



Options: ASE, CBOE, Ph

Analysis prepared by Equity Analyst **Jason N. Asaeda** on Dec 17, 2012, when the stock traded at **$54.48**.

Highlights

- Weighing a challenging retail environment against continuing benefits we see for ROST from cost-conscious consumers seeking out the best values on brand-name apparel and home fashions, we forecast mid-single digit same-store sales growth in both FY 13 (Jan.) and FY 14. We look for the company's Ross Stores and dd's DISCOUNTS chains to drive higher store traffic through continuous in-flow of new merchandise. Coupled with sales contributions from new stores (we expect ROST to open about 80 stores annually), we see net sales reaching $9.6 billion in FY 13 and $10.3 billion in FY 14.
- We expect EBIT margins to expand to 13.0% in FY 13 and 13.3% in FY 14, from FY 12's record high of 12.4%, supported by effective inventory management and expense leverage. The company ended the fiscal third quarter with average in-store inventories at Ross Stores down 6% from a year earlier.
- Factoring in ROST's planned repurchase of $450 million of its shares this fiscal year, we see EPS of $3.47 in FY 13 and $3.85 in FY 14. The company estimates that FY 13's 53rd week will contribute EPS of $0.08 to $0.09.

Investment Rationale/Risk

- We view the shares as fairly valued at recent levels. We believe ROST's expansion of Ross Stores into the Midwest, along with improved execution of off-price buying (making purchases opportunistically and closer to need) and better assortment planning and allocation at the store level, bode well for company fundamentals. We also view dd's DISCOUNTS, which has been profitable since FY 11, as an attractive long-term growth vehicle. However, with same-store sales growth moderating in recent months (+8% in August, + 5% in September, +4% in October, and +2% in November), we think ROST's business is being pressured by more aggressive promotional activity at mid-tier department stores.
- Risks to our recommendation and target price include sales shortfalls due to changes in consumer confidence, spending habits and buying preferences; availability of brand-name merchandise; and increased promotional activity by department stores and other competitors.
- We arrive at our 12-month target price of $60 by applying a forward P/E of 15.5X, ROST's 10-year historical average (10X-21X range), to our FY 14 EPS estimate of $3.85.

Qualitative Risk Assessment

LOW	MEDIUM	HIGH

Our risk assessment reflects our view of favorable growth prospects for both the Ross Stores and dd's DISCOUNTS chains, offset by our concerns over how expected apparel inflation will impact consumer spending.

Quantitative Evaluations

S&P Quality Ranking **A+**

D	C	B-	B	B+	A-	A	A+

Relative Strength Rank **MODERATE**

34

LOWEST = 1 HIGHEST = 99

Revenue/Earnings Data

Revenue (Million $)

	1Q	2Q	3Q	4Q	Year
2013	2,357	2,341	2,263	--	--
2012	2,075	2,089	2,046	2,398	8,608
2011	1,935	1,912	1,874	2,145	7,866
2010	1,692	1,769	1,744	1,980	7,184
2009	1,556	1,640	1,555	1,734	6,486
2008	1,411	1,445	1,468	1,652	5,975

Earnings Per Share ($)

2013	0.93	0.81	0.72	**E**1.05	**E**3.47
2012	0.74	0.64	0.63	0.85	2.86
2011	0.58	0.54	0.51	0.69	2.32
2010	0.36	0.41	0.42	0.58	1.77
2009	0.30	0.27	0.22	0.38	1.17
2008	0.24	0.27	0.18	0.35	0.95

Fiscal year ended Jan. 31. Next earnings report expected: Mid March. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

Amount ($)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.140	05/16	06/01	06/05	06/29/12
0.140	08/15	08/29	08/31	09/28/12
0.140	11/14	12/03	12/05	12/28/12
0.170	02/07	02/20	02/22	03/29/13

Dividends have been paid since 1994. Source: Company reports.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

The McGraw-Hill Companies

Ross Stores Inc

STANDARD &POOR'S

Business Summary December 17, 2012

CORPORATE OVERVIEW. Ross Stores operated, as of November 15, 2012, 1,205 off-price retail stores that feature first-quality, in-season apparel, shoes, fragrances, and apparel-related accessories, as well as home furnishings and jewelry under the Ross (1,097) and dd's DISCOUNTS (108) names. Both chains target value-conscious 25 to 54 year-old men and women, with Ross targeting mainly middle-income households and dd's DISCOUNTS more moderate income households. Ross stores average 29,600 sq. ft. of selling space, and are located in 29 states (mainly warm weather), the District of Columbia, and Guam. dd's DISCOUNTS stores average 23,900 sq. ft. of selling space, and are located in seven states. Nearly all stores occupy leased facilities and are situated in neighborhood or strip shopping centers in heavily populated urban and suburban areas.

The company believes it derives a competitive advantage by offering a wide assortment of quality brand-name and fashion merchandise in an easy-to-shop environment at prices generally 20% to 60% below those charged by most department and specialty stores at Ross, and 20% to 70% below moderate department and discount store regular prices at dd's DISCOUNTS. Working with more than 7,800 vendors and manufacturers, ROST purchases later in the buying cycle than department and specialty stores, and can take advantage of supply/demand imbalances. The vast majority of merchandise is acquired through opportunistic purchases of cancellations and overruns. Most orders have one delivery, and generally exclude promotional and markdown allowances and return privileges, enabling buyers to obtain significant discounts on in-season purchases.

MARKET PROFILE. Apparel generated $198.7 billion at retail in the U.S. in 2011, up 3.8% from 2010, according to The NPD Group, Inc. consumer estimated data. Sales of women's apparel accounted for 55% of all apparel sales, followed by men's at 28%, and children's at 17%. In 2011, specialty stores accounted for approximately 33% of U.S. apparel sales, followed by mass merchants, such as Target and Kmart at 16%, department stores, including Nordstrom and Macy's at 14%, and national chains like Kohl's and JCPenney at 13%. ROST participates in the off-price retail channel, which captured an estimated 8% of U.S. apparel sales in 2011.

PRIMARY BUSINESS DYNAMICS. As a growth retailer, ROST increases sales by opening new stores and new retail concepts and by same-store sales (or comp) increases. Comps rose 5% in FY 12 (Jan.), on top of FY 11's 5% increase. ROST emphasizes its ROSS-Dress for Less theme via television, direct mail, radio and newspaper advertising. Shipments of new merchandise typically arrive three to six times a week at the stores. FY 12 sales were distributed as follows: ladies' 29%, home accents and bed and bath 25%, men's 13%, accessories, lingerie, fine jewelry and fragrances 13%, shoes 12%, and children's 8%.

A key driver of margins, in our opinion, has been the opportunistic buying of packaway goods: end-of-season items held for sale the following year. The company regards packaway purchases (mainly fashion basics) as an effective way to increase the percentage of prestige and national brands in its merchandise assortments. ROST's labor costs are also generally lower than full-price department stores and specialty retailers due to the self-service focus.

With a presence in merely 30 states, we believe the company has ample opportunity for geographic expansion and market share gains. During FY 13, ROST plans to open 60 new Ross stores, including entry into three new states, Kansas, Kentucky and Indiana. The company also expects to open 20 new dd's stores this year. Additionally, dd's targets the needs of lower-income households, which ROST believes is one of the fastest-growing demographic markets in the U.S., with moderately priced assortments of first quality in-season name brand apparel, footwear, accessories and home fashions. We are not concerned about cannibalization between the company's two retail chains given the different mix of brands and price points. ROST believes its long-term projected store potential is 2,500 locations in the U.S.; 2,000 Ross stores and 500 dd's.

FINANCIAL TRENDS. From FY 01 through FY 06, ROST's sales increased at a compound annual growth rate (CAGR) of 13%, and net income rose at a CAGR of 5.7%. We believe that the markedly slower pace of earnings growth reflected a lack of compelling fashion apparel offerings at Ross Stores, an unforeseen lengthy learning curve for IT implementations that hurt sales performance in FY 04 and FY 05, and costly investments in dd's DISCOUNTS. In FY 07, we believe that better execution of off-price buying in apparel at Ross Stores contributed to ROST's 13% sales increase. The 53rd week in FY 07 also added about two percentage points to this sales gain. Coupled with tighter inventory and expense controls, net income advanced 21%. In FY 08, sales and net income growth slowed to 7% and 8%, respectively, reflecting a pullback in consumer spending and a slower pace of expansion. Sales strengthened in FY 09 and FY 10, rising nearly 9% and 11%, respectively, as we believe the company benefited from cost-conscious consumers trading down from higher-priced competitors. And with ROST driving faster inventory turns, aggressively managing its cost structure, and achieving improved results at dd's DISCOUNTS, net income jumped 17% in FY 09 and 45% in FY 10. Despite tough comparisons, given its continuing focus on delivering newness and value, the company achieved over 9% sales growth and a 25% increase in net income in FY 11. ROST maintained its strong momentum in FY 12, with net sales and net income increasing 9% and 18%, respectively.

Corporate Information

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Officers

Chrmn
N.A. Ferber

EVP & CIO
M.K. Kobayashi

Vice Chrmn & CEO
M. Balmuth

SVP, CFO, Chief Acctg Officer & Secy
J.G. Call

COO & Co-Pres
M.B. O'Sullivan

Board Members

M. Balmuth
M. J. Bush
S. D. Garrett
L. S. Peiros
K. Bjorklund
N. A. Ferber
G. P. Orban
G. L. Quesnel

Domicile
Delaware

Founded
1957

Employees
53,900

Stockholders
808

Ross Stores Inc

STANDARD & POOR'S

Quantitative Evaluations

S&P Fair Value Rank 4+

1	2	3	4	5

LOWEST — HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation $62.30

Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that ROST is slightly undervalued by $4.17 or 7.2%.

Investability Quotient Percentile 98

LOWEST = 1 — HIGHEST = 100

ROST scored higher than 98% of all companies for which an S&P Report is available.

Volatility

LOW	AVERAGE	HIGH

Technical Evaluation NEUTRAL

Since February, 2013, the technical indicators for ROST have been NEUTRAL.

Insider Activity

UNFAVORABLE	NEUTRAL	FAVORABLE

Expanded Ratio Analysis

	2012	2011	2010	2009
Price/Sales	1.45	1.45	1.10	0.86
Price/EBITDA	10.17	10.68	8.93	8.80
Price/Pretax Income	11.81	12.71	11.00	11.32
P/E Ratio	18.93	20.54	17.86	18.36
Avg. Diluted Shares Outstg (M)	230.0	239.8	250.0	262.6

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	9.44	9.85	9.27	10.46
Net Income	18.45	28.71	24.38	14.97

Ratio Analysis (Annual Avg.)				
Net Margin (%)	7.63	6.95	5.99	5.35
% LT Debt to Capitalization	9.13	10.24	11.06	8.84
Return on Equity (%)	46.51	44.06	38.20	33.18

Company Financials Fiscal Year Ended Jan. 31

Per Share Data ($)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Tangible Book Value	6.57	5.63	4.70	3.87	3.62	3.27	2.90	2.61	2.49	2.08
Cash Flow	3.55	2.99	2.41	1.71	1.39	1.23	1.06	0.88	0.98	0.84
Earnings	2.86	2.32	1.77	1.17	0.95	0.85	0.68	0.57	0.74	0.63
S&P Core Earnings	2.86	2.32	1.77	1.17	0.95	0.85	0.65	0.54	0.71	0.61
Dividends	NA	0.32	0.22	0.19	0.12	0.11	0.09	0.06	0.05	0.05
Payout Ratio	NA	11%	10%	11%	13%	12%	12%	10%	6%	8%
Calendar Year	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Prices:High	49.15	33.29	25.25	20.78	17.58	15.90	15.69	16.43	14.04	11.81
Prices:Low	30.08	21.15	14.04	10.62	12.21	11.06	11.17	10.48	8.15	7.93
P/E Ratio:High	17	14	14	18	19	19	23	29	19	19
P/E Ratio:Low	11	9	8	9	13	13	16	19	11	13

Income Statement Analysis (Million $)										
Revenue	8,608	7,866	7,184	6,486	5,975	5,570	4,944	4,240	3,921	3,531
Operating Income	1,223	1,067	885	637	542	498	436	390	451	397
Depreciation	160	161	159	142	121	108	111	94.6	76.7	66.2
Interest Expense	11.0	9.57	9.40	11.5	10.7	8.63	Nil	0.92	Nil	0.28
Pretax Income	1,053	897	719	495	425	398	328	279	375	330
Effective Tax Rate	37.6%	38.2%	38.4%	38.3%	38.6%	39.3%	39.2%	39.1%	39.1%	39.1%
Net Income	657	555	443	305	261	242	200	170	228	201
S&P Core Earnings	657	555	443	305	261	242	190	160	218	193

Balance Sheet & Other Financial Data (Million $)										
Cash	650	837	770	322	264	367	192	115	202	151
Current Assets	1,924	2,043	1,745	1,314	1,398	1,515	1,229	1,123	1,121	922
Total Assets	3,301	3,116	2,769	2,356	2,371	2,359	1,939	1,736	1,657	1,361
Current Liabilities	1,346	1,352	1,191	955	1,011	1,083	879	712	712	627
Long Term Debt	150	150	150	150	150	150	Nil	50.0	50.0	25.0
Common Equity	1,493	1,333	1,157	996	971	910	836	766	755	643
Total Capital	1,643	1,483	1,307	1,244	1,200	1,146	937	908	885	668
Capital Expenditures	416	199	158	224	236	137	176	150	147	133
Cash Flow	817	715	602	447	382	350	310	264	305	267
Current Ratio	1.4	1.5	1.5	1.4	1.4	1.4	1.4	1.6	1.6	1.5
% Long Term Debt of Capitalization	9.1	10.1	11.5	12.1	12.5	13.1	Nil	5.5	5.6	3.7
% Net Income of Revenue	7.6	7.1	6.2	4.7	4.4	4.3	4.0	4.0	5.8	5.7
% Return on Assets	20.5	18.9	17.3	12.9	11.0	11.2	10.8	9.9	15.0	16.5
% Return on Equity	46.5	44.6	41.1	31.1	27.8	27.7	24.9	22.4	32.6	33.9

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Ross Stores Inc

STANDARD &POOR'S

Sub-Industry Outlook

Our fundamental outlook for apparel retailers is neutral. We believe the reduction in take home pay caused by the expiration of the payroll tax holiday benefit on January 1, 2013, will result in some customers cutting back their discretionary spending this year. However, we look for apparel sales to grow 3% to 4% in 2013, supported by new fashion trends and sales promotions. According to the U.S. Census Bureau, sales at clothing and clothing accessories stores increased 5.5% in 2012.

Apparel retailers face tough comparisons in the first half of 2013 as they benefited last year from an early arrival of spring weather and a new color trend in fashion. We also see increasing competition for share of customer wallet from international retailers expanding in the U.S. We believe off-price retailers are best positioned to gain market share in 2013, given their attractive value pricing, frequent in-flow of new merchandise, and ability to quickly move in and out of product categories based on customer demand.

We believe apparel retailers that use customer feedback from social media sites as a tool to improve their products and services will gain a competitive edge. This will be particularly true for teen retailers as they move away from a key item merchandising strategy to offering head-to-toe looks. We also expect apparel retailers to focus their expansion on outlet centers in order to reach cost-conscious consumers who might otherwise not shop their brands and to raise brand awareness among international shoppers.

Finally, with cotton prices now a tailwind versus a headwind in 2011 and early 2012, we see opportunity for apparel retailers to achieve higher gross margins in 2013. We also look for companies to maintain discipline in inventory and expense management in support of earnings growth.

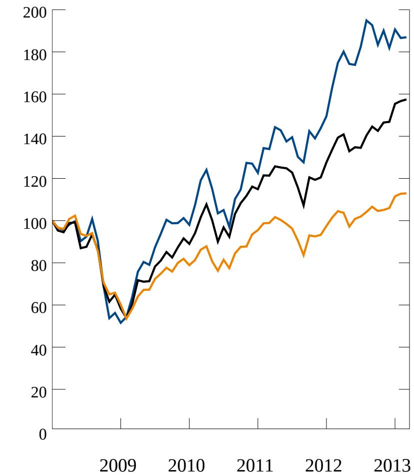
Year to date through February 15, the S&P Apparel Retail Index rose 3.4%, versus a 6.9% gain for the S&P 1500 Composite Index. In 2012, the sub-industry index outperformed the broader market, advancing 26.5% versus a 13.7% increase for the S&P 1500. In our view, the positive price performance of the group reflected gross margin recovery on lower apparel costs and well-controlled promotional activity.

--Jason Asaeda

Stock Performance

GICS Sector: Consumer Discretionary
Sub-Industry: Apparel Retail

Based on S&P 1500 Indexes
Month-end Price Performance as of 02/28/13



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Apparel Retail Peer Group*: Off-Price Apparel Retailers

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. $)	Recent Stock Price($)	52 Week High/Low($)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.($)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Ross Stores	**ROST**	**12,927**	**58.13**	**70.82/52.01**	**0.77**	**1.2**	**18**	**62.30**	**A+**	**98**	**7.6**	**9.1**
Ascena Retail Group	ASNA	2,504	16.46	22.62/15.95	1.40	Nil	17	22.10	B+	96	5.1	19.3
Stein Mart	SMRT	381	8.79	9.34/6.02	2.46	Nil	26	NA	B-	75	1.7	NA
TJX Companies	TJX	32,802	44.98	46.67/36.68	0.63	1.0	18	45.00	A+	100	6.5	19.4

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

S&P Analyst Research Notes and other Company News

February 28, 2013
11:36 am ET ... S&P REITERATES SELL OPINION ON SHARES OF KOHL'S CORP. (KSS 45.66**): We keep our FY 14 (Jan.) EPS estimate of $4.20 and our 12-month target price of $38. Jan-Q EPS of $1.66, vs. $1.81, beats our $1.60 estimate as expense controls partially offset margin erosion from clearance markdowns. While we are seeing more fashion on offer for spring, we think apparel sales will remain markdown-driven in FY 14 given what we view as KSS's core merchandising focus on basic family apparel. We also expect the company to feel increasing pressure from expansion by off-price retailers TJX Companies (TJX 45, Buy) and Ross Stores (ROST 58, Hold) into new markets. /J. Asaeda

January 25, 2013
Ross Stores Inc. announced that Larry S. Peiros has been elected to its Board of Directors effective immediately. Mr. Peiros, age 57, has spent over 30 years at The Clorox Company, where he has served as Executive Vice President and Chief Operating Officer since 2011. Previously, he was the company's Executive Vice President and Chief Operating Officer of Clorox North America which included responsibility for Marketing, Sales, Research and Development and Product Supply. Mr. Peiros also serves on the board of directors of Potlatch Corporation.

January 3, 2013
UP 4.24 to 58.68... ROST posts 6% higher December same-store sales, 11% higher total sales. Says December same-store sales were ahead of co.'s expectations for 2%-3% increase. Based on better-than-expected sales, margin trends quarter-to-date, now expects Q4 EPS to be $1.05-$1.06, up from previous guidance of $0.99-$1.04.

November 15, 2012
03:17 pm ET ... S&P MAINTAINS HOLD OPINION ON SHARES OF ROSS STORES (ROST 54.34***): We keep our FY 13 (Jan.) and FY 14 EPS estimates at $3.47 and $3.85, but lower our target price to $60 from $73 on revised historical P/E analysis. Oct-Q EPS of $0.72, vs. $0.63, tops our $0.70 estimate on higher merchandise margins and lower distribution costs. We see ROST benefiting from cost-conscious consumers seeking out value on brand-name apparel and home fashions. However, as October's 4% comp gain missed our 5% growth estimate, we think the company's Jan-Q guidance for comp growth of 1%-2% and EPS of $0.99-$1.04 may not be conservative, as we had previously thought. /J. Asaeda

October 2, 2012
12:34 pm ET ... SEPTEMBER SAME-STORE SALES ESTIMATES FOR SELECTED RETAILERS (KSS 50.87****): We project a flat comp for KSS and comp gains of 4.0% for TJX Companies (TJX 45, Buy), 4.0% for Ross Stores (ROST 66, Hold), 4.0% for Limited Brands (LTD 49, Buy), 2.0% for Buckle (BKE 46, Buy), 5.0% for Gap (GPS 36, Sell), 3.2% for Macy's (M 38, Hold), 6.0% for Nordstrom (JWN 56, Hold), 2.5% for Target (TGT 63, Strong Buy), and 7.0% for Costco (COST 100, Hold). We think comp performance was stronger in the first half of September, supported by Labor Day sales and back-to-school shopping. We see late-month fall clearance sales carrying into October ahead of the holiday season. /J. Asaeda

August 20, 2012
On August 15, 2012, the Board of Directors of Ross Stores Inc. approved an updated long-term succession plan. This included the company's entry into a new employment agreement with Michael Balmuth, Vice Chairman and Chief Executive Officer, extending through May 2016. The agreement calls for Mr. Balmuth to continue as CEO until June 1, 2014, at which time he will cease to be the company's Chief Executive Officer, and will become Executive Chairman of the Board until May 31, 2016. In his new role as Executive Chairman of the Board, Mr. Balmuth will remain an executive officer and an employee of the company with responsibility for assisting in the transition of the incoming Chief Executive Officer and advising senior management on strategy. In addition, Mr. Balmuth will have property development and dd's DISCOUNTS continuing to report to him. The new CEO will report directly to the Board of Directors and assume responsibility for most areas of the business. Norman Ferber, the company's Chairman of the Board, will become Chairman Emeritus in June 2014, with his current consulting responsibilities to remain unchanged.

August 16, 2012
03:43 pm ET ... S&P MAINTAINS HOLD OPINION ON SHARES OF ROSS STORES INC. (ROST 68.38***): We lift our FY 13 (Jan.) EPS estimate $0.07 to $3.47 and FY 14's by $0.05 to $3.85, on higher sales expectations, and raise our target price by $8 to $73 on a revised historical P/E valuation. Jul-Q EPS of $0.81, vs. $0.64, tops our estimate by $0.04 on higher merchandise margins and expense leverage off of a 7% same-store sales gain. We see ROST doing a good job of buying inventory opportunistically and close to need in support of same-store sales growth and gross margin expansion. We also see expense controls and share buybacks supporting earnings growth. /J. Asaeda

August 2, 2012
01:12 pm ET ... JULY SAME-STORE SALES RESULTS FOR SELECTED RETAILERS (LTD 47.05****): Our index of 10 retailers beat our 3.4% sales-weighted July comp growth estimate, at 4.8%. Calendar shifts in major sales events worked in LTD's favor, as comps rose 12% vs. our 5% growth estimate, but against Nordstrom (JWN 53, Hold), whose 0.9% comp gain fell short of our 3.0% growth projection. In the off-price channel, Ross Stores (ROST 66, Hold) and TJX Companies (TJX 44, Hold) both reported 7% comp increases, beating our 5% and 6% growth estimates, respectively. As July was largely a clearance month, we look for August sales to provide a better read on consumer spending. /J. Asaeda

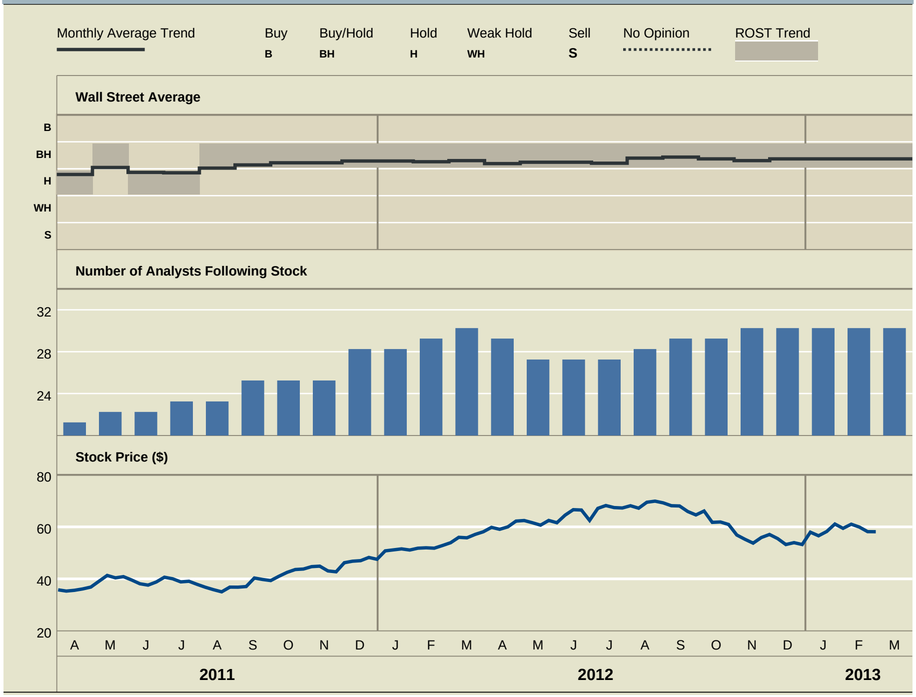
July 5, 2012
ROST posts 7.0% higher June same-store sales, 12% higher total sales. Based on its above-plan sales and gross margin performance in May and June, and its continued projection for a 2%-3% increase in July same-store sales, now forecasts Q2 EPS of $0.77-$0.78, compared with previous guidance of $0.72-$0.75.

July 5, 2012
11:59 am ET ... JUNE SAME-STORE SALES RESULTS FOR SELECTED RETAILERS (LTD 46.97****): Our index of 10 retailers misses our sales-weighted Jun same store gain estimate of 3.3%, at 2.8%. Semi-annual sales drove comps up 7.0% at LTD and 8.1% at Nordstrom (JWN 52, Hold), vs. our 3.0% and 5.0% growth forecasts. By delivering value, TJX Companies (TJX 44, Hold) and Ross Stores (ROST 67, Hold) also beat our 4.0% and 6.0% comp growth estimates, at 7.0% each. Gap's (GPS 28, Sell) flat comp fell short of our 3.0% growth forecast on lower international sales. Kohl's (KSS 48, Buy) reported a 4.2% comp decline but progress in building inventory, in line with our expectations. /J. Asaeda

Ross Stores Inc

STANDARD & POOR'S

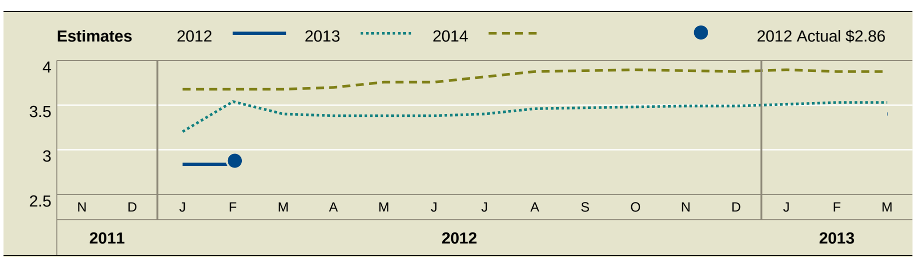
Analysts' Recommendations



Of the total 35 companies following ROST, 31 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	10	32	10	11
Buy/Hold	6	19	6	4
Hold	14	45	14	15
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	1	3	1	1
Total	**31**	**100**	**31**	**31**

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2014	3.89	4.05	3.71	30	14.9
2013	3.54	3.84	3.47	26	16.4
2014 vs. 2013	**▲ 10%**	**▲ 5%**	**▲ 7%**	**▲ 15%**	**▼ -9%**
Q4'14	1.13	1.29	1.03	18	51.4
Q4'13	1.07	1.09	1.05	26	54.3
Q4'14 vs. Q4'13	**▲ 6%**	**▲ 18%**	**▼ -2%**	**▼ -31%**	**▼ -5%**

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Steet Consensus Opinion

BUY/HOLD

Companies Offering Coverage

Over 30 firms follow this stock; not all firms are displayed.

Avondale Partners, LLC
BMO Capital Markets, U.S. Equity Research
Barclays
BofA Merrill Lynch
Buckingham Research Group Inc.
CL King & Associates, Inc.
Canaccord Genuity
Citigroup Inc
Collins Stewart LLC
Cowen and Company, LLC
Credit Suisse
Crowell, Weedon & Co.
Day By Day
Deutsche Bank
FBR Capital Markets & Co.
Goldman Sachs
ISI Group Inc.
JP Morgan
Jefferies & Company, Inc.
Johnson Rice & Company, L.L.C.
MKM Partners LLC
Morgan Stanley
Morningstar Inc.
Nomura Securities Co. Ltd.
Northcoast Research
Oppenheimer & Co. Inc.
Piper Jaffray Companies
RBC Capital Markets
S&P Equity Research
Soleil Securities Group, Inc.

Wall Street Consensus vs. Performance

For fiscal year 2013, analysts estimate that ROST will earn $3.54. For the 3rd quarter of fiscal year 2013, ROST announced earnings per share of $0.72, representing 20% of the total annual estimate. For fiscal year 2014, analysts estimate that ROST's earnings per share will grow by 10% to $3.89.

Source: S&P, Capital IQ Estimates, Inc.

Glossary

S&P STARS
Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (STock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P 12-Month Target Price
The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including S&P Fair Value.

Investment Style Classification
Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

S&P EPS Estimates
Standard & Poor's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, S&P EPS estimates reflect either forecasts of S&P equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by Capital IQ, a data provider to Standard & Poor's Equity Research. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

S&P Core Earnings
Standard & Poor's Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the Standard & Poor's definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

Qualitative Risk Assessment
The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations
In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking
Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capsulize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

S&P Fair Value Rank
Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation
The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity
Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO
FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)
The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:
Ross Stores

	Raw Score	Max Value
Proprietary S&P Measures	48	115
Technical Indicators	13	40
Liquidity/Volatility Measures	18	20
Quantitative Measures	63	75
IQ Total	**142**	**250**

Volatility
Rates the volatility of the stock's price over the past year.

Technical Evaluation
In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank
Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)
An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 68 Industries, and 154 Sub-Industries.

S&P Issuer Credit Rating
A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type
ASE - American Stock Exchange; AU - Australia Stock Exchange; BB - Bulletin Board; NGM - Nasdaq Global Market; NNM - Nasdaq Global Select Market; NSC - Nasdaq Capital Market; NYS - New York Stock Exchange; OTN - Other OTC (Over the Counter); OTC - Over the Counter; QB - OTCQB; QX - OTCQX; TS - Toronto Stock Exchange; TXV - TSX Venture Exchange; NEX - NEX Exchange.

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Abbreviations Used in S&P Equity Research Reports
CAGR- Compound Annual Growth Rate; **CAPEX**- Capital Expenditures; **CY**- Calendar Year; **DCF**- Discounted Cash Flow; **EBIT**- Earnings Before Interest and Taxes; **EBITDA**- Earnings Before Interest, Taxes, Depreciation and Amortization; **EPS**- Earnings Per Share; **EV**- Enterprise Value; **FCF**- Free Cash Flow; **FFO**- Funds From Operations; **FY**- Fiscal Year; **P/E**- Price/Earnings ; **PEG Ratio**- P/E-to-Growth Ratio; **PV**- Present Value; **R&D**- Research & Development; **ROE**- Return on Equity; **ROI**- Return on Investment; **ROIC**- Return on Invested Capital; **ROA**- Return on Assets; **SG&A**- Selling, General & Administrative Expenses; **WACC**- Weighted Average Cost of Capital

Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).

Required Disclosures

In contrast to the qualitative STARS recommendations covered in this report, which are determined and assigned by S&P equity analysts, S&P's quantitative evaluations are derived from S&P's proprietary Fair Value quantitative model. In particular, the Fair Value Ranking methodology is a relative ranking methodology, whereas the STARS methodology is not. Because the Fair Value model and the STARS methodology reflect different criteria, assumptions and analytical methods, quantitative evaluations may at times differ from (or even contradict) an equity analyst's STARS recommendations. As a quantitative model, Fair Value relies on history and consensus estimates and does not introduce an element of subjectivity as can be the case with equity analysts in assigning STARS recommendations.

S&P Global STARS Distribution

In North America: As of December 31, 2012, research analysts at Standard & Poor's Equity Research Services North America recommended 35.2% of issuers with buy recommendations, 58.5% with hold recommendations and 6.3% with sell recommendations.

In Europe: As of December 31, 2012, research analysts at Standard & Poor's Equity Research Services Europe recommended 28.2% of issuers with buy recommendations, 51.8% with hold recommendations and 20.0% with sell recommendations.

In Asia: As of December 31, 2012, research analysts at Standard & Poor's Equity Research Services Asia recommended 34.7% of issuers with buy recommendations, 51.6% with hold recommendations and 13.7% with sell recommendations.

Globally: As of December 31, 2012, research analysts at Standard & Poor's Equity Research Services globally recommended 34.0% of issuers with buy recommendations, 56.8% with hold recommendations and 9.2% with sell recommendations.

★★★★★ **5-STARS (Strong Buy)**: Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy)**: Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold)**: Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell)**: Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell)**: Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In North America the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

For All Regions: All of the views expressed in this research report accurately reflect the research analyst's personal views regarding any and all of the subject securities or issuers. No part of analyst compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed in this research report.

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In Europe: As of December 31, 2012, Standard & Poor's Quantitative Services Europe recommended 42.3% of issuers with buy recommendations, 21.5% with hold recommendations and 36.2% with sell recommendations.

In Asia: As of December 31, 2012, Standard & Poor's Quantitative Services Asia recommended 49.7% of issuers with buy recommendations, 20.1% with hold recommendations and 30.2% with sell recommendations.

Globally: As of December 31, 2012, Standard & Poor's Quantitative Services globally recommended 44.8% of issuers with buy recommendations, 20.5% with hold recommendations and 34.7% with sell recommendations.

Additional information is available upon request.

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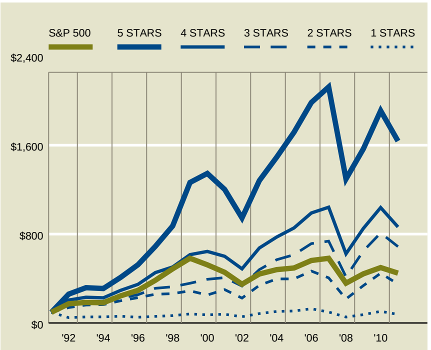
U.S. STARS Cumulative Model Performance
Hypothetical Growth Due to Price Appreciation of $100
For the Period 12/31/1986 through 02/28/2013



The performance above represents only the results of Standard & Poor's model portfolios. Model performance has inherent limitations. Standard & Poor's maintains the models and calculates the model performance shown, but does not manage actual assets. The U.S. STARS model performance chart is only an illustration of Standard & Poor's (S&P) research; it shows how U.S. common stocks, ADRs (American Depositary Receipts) and ADSs (American Depositary Shares), collectively "equities", that received particular STARS rankings performed. STARS categories are models only; they are not collective investment funds. The STARS performance does not show how any actual portfolio has performed. STARS model performance does not represent the results of actual trading of investor assets. Thus, the model performance shown does not reflect the impact that material economic and market factors might have had on decision-making if actual investor money had been managed. Performance is calculated using a time-weighted rate of return. While model performance for some or all STARS categories performed better than the S&P 500 for the period shown, the performance during any shorter period may not have, and there is no assurance that they will perform better than the S&P 500 in the future. STARS does not take into account any particular investment objective, financial situation or need and is not intended as an investment recommendation or strategy. Investments based on the STARS methodology may lose money. High returns are not necessarily the norm and there is no assurance that they can be sustained. Past model performance of STARS is no guarantee of future performance.

For model performance calculation purposes, the equities within each STARS category at December 31, 1986 were equally weighted. Thereafter, additions to the composition of the equities in each STARS category are made at the average value of the STARS category at the preceding month end with no rebalancing. Deletions are made at the closing price of the day that the deletion is made. Performance was calculated from inception through March 31, 2003 on a monthly basis. Thereafter, performance is calculated daily. Equities in each STARS category will change over time, and some or all of the equities that received STARS rankings during the time period shown may not have maintained their STARS ranking during the entire period.

The model performance does not consider taxes and brokerage commissions, nor does it reflect the deduction of any advisory or other fees charged by advisors or other parties that investors will incur when their accounts are managed in accordance with the models. The imposition of these fees and charges would cause actual performance to be lower than the performance shown. For example, if a model returned 10 percent on a $100,000 investment for a 12-month period (or $10,000) and an annual asset-based fee of 1.5 percent were imposed at the end of the period (or $1,650), the net return would be 8.35 percent (or $8,350) for the year. Over 3 years, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.1%, a total fee of $5,375 and a cumulative net return of 27.2% (or $27,200). Fees deducted on a frequency other than annual would result in a different cumulative net return in the preceding example.

The Standard & Poor's 500 index is the benchmark for U.S. STARS. The S&P 500 index is calculated in U.S. dollars and does not take into account the reinvestment of dividends. Indexes are unmanaged, statistical composites and their returns do not include payment of any sales charges or fees an investor would pay to purchase the securities they represent. Such costs would lower performance. It is not possible to invest directly in an index. The S&P 500 index includes a different number of constituents and has different risk characteristics than the STARS equities. Some of the STARS equities may have been included in the S&P 500 index for some (but not necessarily all) of the period covered in the chart, and some such equities may not have been included at all. The S&P 500 excludes ADRs and ADSs. The methodology for calculating the return of the S&P 500 index differs from the methodology of calculating the return for STARS. Past performance of the S&P 500 index is no guarantee of future performance.

An investment based upon the models should only be made after consulting with a financial advisor and with an understanding of the risks associated with any investment in securities, including, but not limited to, market risk, currency risk, political and credit risks, the risk of economic recession and the risk that issuers of securities or general stock market conditions may worsen, over time. Foreign investing involves certain risks, including currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, less liquidity and the potential for market volatility and political instability. As with any investment, investment returns and principal value will fluctuate, so that when redeemed, an investor's shares may be worth more or less than their original cost.

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Ross Stores Inc

STANDARD & POOR'S

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