



Ross Stores Reports Results for Fourth Quarter and Fiscal 1999

March 15, 2000

NEWARK, Calif., March 15 /PRNewswire/ -- Ross Stores, Inc. (Nasdaq: ROST) today reported that pro forma earnings per share for the 13 weeks ended January 29, 2000 increased 10% to \$.54 from \$.49 per share for the fourth quarter of 1998. Pro forma net earnings for the 13 weeks ended January 29, 2000 totaled \$48.2 million, compared to \$45.6 million for the 13 weeks ended January 30, 1999. Sales for the fourth quarter of 1999 increased 10% to \$695 million with comparable store sales up 2%.

For the 52 weeks ended January 29, 2000, pro forma earnings per share increased 21% to \$1.70 from \$1.40 per share for the 52 weeks ended January 30, 1999. Pro forma net earnings totaled \$155.6 million, compared to \$133.8 million for the 52 weeks ended January 30, 1999. Sales for the 1999 fiscal year increased 13% to \$2.469 billion, with comparable store sales up a solid 6%.

The fiscal 1999 and fourth quarter results reported above are pro forma for the exclusion of a pre-tax charge of \$9.0 million, or \$.06 per share, for non-recurring expenses related to litigation.

In commenting on these results, Vice Chairman and Chief Executive Officer Michael Balmuth stated, "We are pleased with the solid gains we achieved in both sales and earnings during fiscal 1999. Operating income for fiscal 1999 continued to benefit from our focus on better buying, strict inventory controls and improved sales productivity, which contributed to a 41 basis point expansion in gross margin. This improvement was partially offset by a 12 basis point increase in general, selling and administrative expenses before non-recurring litigation costs, due primarily to higher benefit costs, credit card fees and incentive plan costs. As a result, proforma operating margin in fiscal 1999 grew by 27 basis points to a record 10.3%, up from 10.1% in 1998."

About the company's financial position, Mr. Balmuth said, "Strong cash flows have enabled the company to internally fund store growth, repurchase stock, increase our dividend payouts and end the year with \$79 million in cash and no debt on the balance sheet. Return on average stockholders' equity was maintained at a record 33% in 1999, benefiting from the solid growth in earnings and the repurchase of 5.4 million shares during the year at an aggregate cost of \$120 million. In addition, on January 27, 2000, the Board of Directors approved a new two-year \$300 million repurchase program for 2000 and 2001 as well as a 15% increase in the quarterly cash dividend payment. These actions reflect our ongoing commitment to enhancing stockholder returns."

In conclusion, he stated, "Looking ahead, we see opportunities to grow the business by effectively executing the strategies that have contributed to our record-breaking financial results to date -- ongoing investments in our merchandise organization and systems, further diversification of our product assortments, strict management of inventories and expenses, and continued square footage growth in existing markets during 2000 with entry into new states targeted for 2001 and beyond."

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: This press release contains certain forward-looking statements which are subject to risks and uncertainties that could cause the company's actual results to differ materially from management's current expectations. The words "looking ahead" and similar expressions identify forward-looking statements. Risk factors include competitive pressures in the apparel industry, changes in the level of consumer spending on or preferences in apparel or home-related merchandise, obtaining acceptable store locations, the company's ability to continue to purchase attractive name brand merchandise at desirable discounts, unseasonable weather trends, and larger than planned costs. Other risk factors are detailed in the company's Form 10-K for fiscal 1998.

Ross Stores, Inc. operates a chain of off-price retail stores offering first quality, in-season, branded apparel and apparel-related merchandise for the entire family at prices that average 20% to 60% less than department and specialty stores, as well as merchandise for the home at similar savings. The company had 378 stores in operation January 29, 2000, compared to 349 stores at the end of the same period last year.

NOTE TO ANALYSTS, INVESTORS AND MEDIA: Ross Stores, Inc. press releases are available on the Internet via the company's home page at <http://www.rossstores.com>. A conference call will be held at 11:00 a.m. EST on Wednesday, March 15th, to review these results and can be accessed live on the Internet at www.streetfusion.com. An audio playback of the conference call will be available at www.streetfusion.com through Wednesday, March 22nd.

ROSS STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

	Three Months Ended		Twelve Months Ended	
	January 29, 2000	January 30, 1999	January 29, 2000	January 30, 1999
(\$000, except per share data, unaudited)				
Sales	\$694,517	\$629,971	\$2,468,638	\$2,182,361

Costs and Expenses				
Cost of goods sold and occupancy	482,379	439,423	1,702,342	1,513,889
General, selling and administrative	123,120	107,279	472,822	415,284
Depreciation and amortization	10,406	8,749	38,317	33,514
Interest (income) expense	(489)	(200)	(322)	259
Provision for litigation expense	9,000	0	9,000	0
	624,416	555,251	2,222,159	1,962,946
Earnings before income taxes				
	70,101	74,720	246,479	219,415
Provision for taxes on earnings				
	27,409	29,141	96,373	85,572
Net earnings	\$42,692	\$45,579	\$150,106	\$133,843
Earnings per share				
Basic	\$0.48	\$0.49	\$1.66	\$1.42
Diluted	\$0.48	\$0.49	\$1.64	\$1.40
Weighted average shares outstanding				
Basic	88,616	92,210	90,416	94,071
Diluted	89,507	93,584	91,671	95,700
Stores open end of period				
	378	349	378	349

ROSS STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(\$000, unaudited)	January 29, 2000	January 30, 1999
ASSETS		
Current Assets		
Cash and cash equivalents	\$79,329	\$80,083
Accounts receivable	15,689	11,566
Merchandise inventory	500,494	466,460
Other current assets	17,682	15,825
Total Current Assets	\$613,194	\$573,934
Property and equipment, net	273,164	248,712
Lease rights, deferred income taxes and other assets	61,320	47,660
	\$947,678	\$870,306

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts payable, accrued expenses and other	\$404,754	\$384,047
Income taxes payable	17,716	19,092
Total Current Liabilities	\$422,470	\$403,139

Other liabilities	51,777	42,464
Stockholders' Equity	473,431	424,703
	\$947,678	\$870,306

SOURCE Ross Stores, Inc.

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