



## Ross Stores Reports Strong January Sales and Expected Results for Fourth Quarter and Fiscal Year

February 3, 2000

Board Approves New \$300 Million Stock Repurchase Program, 15% Dividend Increase and Tentative Settlement of Class Action Complaint

NEWARK, Calif., Feb. 3 /PRNewswire/ -- Ross Stores, Inc. (Nasdaq: [ROST](#)) reported sales for the four weeks ended January 29, 2000 of \$136 million, up 13% from the \$120 million reported for the four weeks ended January 30, 1999. Comparable store sales for the month increased 7% over the prior year period. For the 13 weeks ended January 29, 2000, sales increased 10% to \$695 million from \$630 million for the comparable period ending January 30, 1999. Comparable store sales for the quarter rose 2% over the prior year. For the 52 weeks ended January 29, 2000, sales totaled \$2.469 billion, a 13% increase above the \$2.182 billion in sales for the 52 weeks ended January 30, 1999. Comparable store sales for the 52 weeks increased 6% over 1998.

### Expected Results for Fourth Quarter and Fiscal 1999

Based on this performance, the Company expects to report diluted earnings per share for the 13 weeks ended January 29, 2000, before estimated non-recurring expenses of approximately \$.06 per share related to litigation, to be in the range of \$.53 to \$.54, compared to diluted earnings per share of \$.49 for the comparable prior year period. Diluted earnings per share for the 52 weeks ended January 29, 2000, before the estimated non-recurring expenses of about \$.06 per share related to litigation, are expected to be in the range of \$1.69 to 1.70, compared to diluted earnings per share of \$1.40 for the 52 weeks ended January 30, 1999.

In commenting on business, Michael Balmuth, Vice Chairman and Chief Executive Officer, stated, "We are pleased with the strength our business demonstrated in January, underscored by the very healthy gains we reported against an 8% increase in same store sales during January 1999. This performance was driven primarily by full margin sales that benefited from fresh receipts of transitional and early spring merchandise. We believe that our focus on offering customers an increasingly wide assortment of recognizable name brands at strong everyday discounts has been the key driver of our solid performance throughout fiscal 1999."

The Company said that it expects to report its full earnings results for the fourth quarter and fiscal 1999 on Wednesday, March 15, 2000.

### Stock Repurchase Program

In other news, Ross announced that its Board of Directors approved a new stock repurchase program authorizing the buyback of up to \$300 million of the company's common stock over the next two years. At current market prices, this authorization represents around 25% of the company's issued and outstanding shares. The purchases will be effected from time to time through open market or privately arranged transactions. The company completed a separate \$120 million repurchase program during fiscal 1999, purchasing a total of 5.4 million shares and ending the fiscal year with an estimated 88.8 million shares of common stock outstanding.

### Dividend Increase

The Board of Directors also voted for a 15% increase in the quarterly cash dividend to \$.0375 per common share, the sixth consecutive annual increase in quarterly dividend payments since the program began in early 1994. This quarterly cash dividend at the new higher rate will be paid on or about April 3, 2000 to stockholders of record as of March 3, 2000.

"We are pleased that the company's strong financial position and operating cash flows provide the resources to enhance stockholder returns through this

new two-year \$300 million repurchase program and 15% dividend increase," said Mr. Balmuth.

#### Tentative Settlement of Class Action Complaint

On another matter, the company said it has reached a preliminary understanding to resolve a class action complaint alleging store managers and assistant managers in California are incorrectly classified as exempt from state overtime laws. As a result, the company will record a non-recurring charge to earnings in the fourth quarter of fiscal 1999 of approximately \$.06 per share. Once terms have been finalized, the company expects to execute a settlement agreement, without any admission of wrongdoing, which will be subject to subsequent judicial approval.

Mr. Balmuth stated, "We believe the early resolution of this matter is in the best interests of the company and its stockholders, particularly given the potential duration and expense of litigation. We do not believe this situation will change the company's future cost structure."

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 "expect," "anticipate," "estimate," "believe" and similar expressions identify forward-looking statements. Risk factors for this press release include a possible miscalculation made in forecasted earnings per share for the fourth quarter and fiscal 1999 and the possibility that the current tentative legal settlement referenced herein is not approved by the courts or that the eventual settlement amount could be higher than expected. Other ongoing 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 new store locations, the company's ability to continue to purchase attractive name brand merchandise at desirable discounts, unseasonable weather trends, and larger than planned operating costs. Other risk factors are detailed in the company's Form 10-K for fiscal 1998.

Ross Stores, Inc. operates a national 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.

SOURCE Ross Stores, Inc.