



## Ross Stores Reports Second Quarter Earnings

August 16, 2000

NEWARK, Calif., Aug. 16 /PRNewswire/ -- Ross Stores, Inc. (Nasdaq: ROST) today reported net earnings for the 13 weeks ended July 29, 2000 of \$35.9 million, compared to \$38.6 million for the 13 weeks ended July 31, 1999. Earnings per share for the same period increased 2% to \$.43, from \$.42 in the prior year. Current year second quarter sales totaled \$657 million, up 7% from the \$615 million in sales for the quarter ended July 31, 1999. Comparable store sales for the period were even with the prior year.

For the six months ended July 29, 2000, net earnings totaled \$76.8 million, compared to \$72.8 million for the same period in 1999. Earnings per share for the first six months increased 15% to \$.90, up from \$.78 in the prior year. Sales for the first six months grew 11% to \$1.290 billion, with same store sales up 3% for the period.

Michael Balmuth, Vice Chairman and Chief Executive Officer, said, "As anticipated, sales and earnings growth in the second quarter showed a marked slowdown from our first quarter performance due mainly, we believe, to a softening in consumer spending and a more promotional climate compared to last year, particularly in the department store sector. Looking ahead, our outlook for the back half of the year remains cautious, as the environment continues to be difficult. Same store sales for the first two weeks of August are down 4%. Although it is too early to accurately predict third quarter results, if this trend continues, we believe that earnings per share for the third quarter of 2000 would fall below last year's level of \$.38. On a more positive note, we are seeing increased opportunities in the marketplace to purchase name brand merchandise at very compelling values, which should enhance our prospects for the longer term.

"I am pleased to report that Jim Peters joined Ross on August 14th as President and Chief Operating Officer and a Director of our company," continued Mr. Balmuth. "He replaces Mel Wilmore, who retired earlier this year. Prior to joining Ross, Jim was President of U.S. Stores for Staples, directing a network of approximately 900 locations. We believe that his in-depth operating experience and business acumen will be valuable resources in addressing the challenges we face in today's tough retail environment."

Mr. Balmuth continued, "The company's strong financial position and cash flows have enabled us to make significant progress with our stock repurchase program. During the first six months of 2000, we repurchased a total of 7.5 million shares for an aggregate purchase price of \$128 million. We ended the quarter with 82.0 million shares of common stock outstanding. We believe that our repurchase program is an excellent use of cash and currently expect to buy back more than half of the two-year \$300 million authorization we announced in February during this fiscal year.

"Our expansion program remains on schedule. During the first six months of the year, we opened 14 new stores, all in existing markets. We expect to add 20 new stores in the third quarter, our largest group of store openings this year. After closing four older locations, we plan to end fiscal 2000 with about 408 stores in 17 states," said Mr. Balmuth.

The company will provide additional details concerning its second quarter results and business outlook on a conference call to be held on Wednesday, August 16, 2000 at 11:00 a.m. EDT. Participants may listen to a real time audio webcast of the conference call by visiting the company's newly renovated web site located at [www.rossstores.com](http://www.rossstores.com). A recorded version of the call will remain available at the same location through Wednesday, August 23, 2000.

**Forward-Looking Statements:** 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 include obtaining acceptable new store locations, competitive pressures in the apparel industry, changes in the level of consumer spending on or preferences in apparel or home-related merchandise, unseasonable weather trends, and greater than planned operating costs. Other risk factors are detailed in the company's Form 10-K for fiscal 1999. The company does not undertake to publicly update or revise these forward-looking statements even if experience or future changes indicate that any projected results expressed or implied therein will not be realized.

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 392 stores in operation July 29, 2000, compared to 363 stores at the end of the same period last year.

ROSS STORES, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

Three Months Ended		Six Months Ended	
July 29, 2000	July 31, 1999	July 29, 2000	July 31, 1999

(\$000, except per share data, unaudited)

Sales	\$657,035	\$614,576	\$1,290,463	\$1,165,401
Costs and Expenses				
Cost of goods sold and occupancy	455,797	424,143	890,222	803,521
General, selling and administrative	130,646	117,677	252,092	223,869
Depreciation and amortization	10,772	9,132	21,250	18,452
Interest expense (income)	835	182	840	20
	598,050	551,134	1,164,404	1,045,862
Earnings before income taxes	58,985	63,442	126,059	119,539
Provision for taxes on earnings	23,063	24,806	49,289	46,740
Net earnings	\$35,922	\$38,636	\$76,770	\$72,799
Earnings per share				
Basic	\$0.43	\$0.42	\$0.91	\$0.80
Diluted	\$0.43	\$0.42	\$0.90	\$0.78
Weighted average shares outstanding				
Basic	82,753	91,132	84,020	91,530
Diluted	83,530	92,734	84,853	93,102
Stores open end of period	392	363	392	363

ROSS STORES, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

(\$000, unaudited)	July 29, 2000	July 31, 1999
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$41,948	\$30,119
Accounts receivable	16,217	14,824
Merchandise inventory	577,569	522,904
Other current assets	19,061	16,177
Total Current Assets	\$654,795	\$584,024
Property and equipment, net	283,492	255,019
Lease rights, deferred income taxes and other assets	62,338	51,772
	\$1,000,625	\$890,815
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable, accrued expenses and other	\$419,403	\$385,370
Income taxes payable	20,071	21,803
Total Current Liabilities	\$439,474	\$407,173
Long-term debt	80,000	0
Other liabilities	53,704	47,703
Stockholders' Equity	427,447	435,939
	\$1,000,625	\$890,815

SOURCE Ross Stores, Inc.

NOTE TO EDITORS: Ross Stores, Inc. press releases are available on the Internet via the company's home page at <http://www.rossstores.com>.

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