



## Ross Stores Reports Third Quarter Results

November 15, 2000

NEWARK, Calif., Nov. 15 /PRNewswire/ -- Ross Stores, Inc. (Nasdaq: ROST) today reported net earnings for the 13 weeks ended October 28, 2000 of \$29.7 million, compared to \$34.6 million for the 13 weeks ended October 30, 1999. Earnings per share were \$.36 for the quarter, compared to \$.38 for the same period in 1999. Current year third quarter sales totaled \$639 million, up 5% from \$609 million for the quarter ended October 30, 1999. Comparable store sales for the 13 weeks ended October 28, 2000 declined 2% versus a 7% increase in the prior year.

For the nine months ended October 28, 2000, net earnings totaled \$106.5 million, compared to \$107.4 million for the nine months ended October 30, 1999. Earnings per share for the first nine months increased 9% to \$1.27, from \$1.16 for the comparable 1999 period. Sales for the nine months ended October 28, 2000 increased 9% to \$1.930 billion, from \$1.774 billion in the prior year. Same store sales for the first nine months of 2000 grew 1% on top of a 7% gain for the same period in 1999.

Michael Balmuth, Vice Chairman and Chief Executive Officer, said, "Clearly, we are disappointed in our third quarter results. A more difficult external environment combined with internal execution issues negatively impacted both sales and earnings growth. In response, we have been taking steps to strengthen our merchandise offerings with more compelling assortments of fresh and exciting name-brand fashions at competitive discounts for the family and the home."

Mr. Balmuth continued, "Tight inventory controls helped to maintain in-store turns and to minimize markdowns. Gross margin declined 30 basis points during the quarter, mainly due to loss of leverage on fixed occupancy costs that are included in cost of goods sold. General, selling and administrative costs rose 98 basis points, primarily due to higher store payroll, benefit and distribution expenses and loss of leverage from the decline in same store sales. As a result, operating margin for the third quarter fell to 7.9%, compared to 9.4% for the same period in 1999.

Mr. Balmuth continued, "The company's financial position and cash flows remain very healthy, enabling us to make significant progress with our stock repurchase program. During the first nine months of 2000, we repurchased a total of 9.0 million shares for an aggregate purchase price of \$150 million. We ended the quarter with 81.1 million shares of common stock outstanding. We believe that our repurchase program is an excellent use of cash and expect to continue to buy back stock under the two-year \$300 million authorization announced in February 2000."

"Our expansion program also remains on track. We just completed our largest grand opening event of the year and are very pleased with initial sales trends at our new fall stores. We added 19 locations in October and one in November, for a total of 34 new stores this year. We expect to end fiscal 2000 with about 408 locations in 17 states," said Mr. Balmuth.

The company will host a conference call on Wednesday, November 15, 2000 at 11:00 a.m. EST to communicate additional details concerning the quarter's results, insights from the company's recent business review and management's future outlook. Participants may listen to a real time audio webcast of the conference call by visiting the company's web site at [www.rossstores.com](http://www.rossstores.com). In addition, a playback of the call can be accessed by dialing 706-645-9291, access code 961390, through Friday, November 17th. A recorded version of the call also will remain available on the company's web site through the end of November.

**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 factors underlying our forecasts are dynamic and subject to change. As a result, our forecasts speak only as of the date they are given and do not necessarily reflect the company's outlook at any other point in time. The company does not undertake to update these forward-looking statements.

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 411 stores in operation October 28, 2000, compared to 381 stores at the end of the same period last year.

ROSS STORES, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

	Three Months Ended		Nine Months Ended	
	October 28,	October 30,	October 28,	October 30,
(\$000, except per share data, unaudited)	2000	1999	2000	1999
Sales	\$639,469	\$608,720	\$1,929,932	\$1,774,121
Costs and Expenses				
Cost of goods sold and occupancy	439,379	416,442	1,329,601	1,219,963

General, selling and administrative	138,449	125,833	390,541	349,702
Depreciation and amortization	11,279	9,459	32,529	27,911
Interest expense (income)	1,531	147	2,371	167
	590,638	551,881	1,755,042	1,597,743
Earnings before income taxes	48,831	56,839	174,890	176,378
Provision for taxes on earnings	19,093	22,224	68,382	68,964
Net earnings	\$29,738	\$34,615	\$106,508	\$107,414
Earnings per share				
Basic	\$0.36	\$0.38	\$1.28	\$1.18
Diluted	\$0.36	\$0.38	\$1.27	\$1.16
Weighted average shares outstanding				
Basic	81,837	89,986	83,292	91,015
Diluted	82,389	91,138	84,025	92,444
Stores open end of period	411	381	411	381

ROSS STORES, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

(\$000, unaudited)	October 28, 2000	October 30, 1999
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$34,758	\$31,645
Accounts receivable	18,748	15,884
Merchandise inventory	594,428	570,965
Other current assets	19,576	16,591
Total Current Assets	\$667,510	\$635,085
Property and equipment, net	292,126	266,672
Lease rights, deferred income taxes and other assets	60,953	51,723
	\$1,020,589	\$953,480
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable, accrued expenses and other	\$447,018	\$435,952
Income taxes payable	7,879	20,579
Total Current Liabilities	\$454,897	\$456,531
Long-term debt	80,000	24,000
Other liabilities	50,224	47,200
Stockholders' Equity	435,468	425,749
	\$1,020,589	\$953,480

/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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