



Ross Stores Reports Results for Fourth Quarter and Fiscal 2000

March 14, 2001

NEWARK, Calif., March 14 /PRNewswire/ -- Ross Stores, Inc. (Nasdaq: ROST) today reported that earnings per share for the 14 weeks ended February 3, 2001 increased 4% to \$.56 from pro forma earnings per share of \$.54 for the 13 weeks ended January 29, 2000. Net earnings for the 14 weeks ended February 3, 2001 totaled \$45.2 million, compared to pro forma net earnings for the 13 weeks ended January 29, 2000 of \$48.2 million. Sales for the fourth quarter of 2000 increased 12% to \$779 million with comparable store sales down 1% versus a 2% increase in the prior year.

For the 53 weeks ended February 3, 2001, earnings per share increased 7% to \$1.82 compared to pro forma earnings per share of \$1.70 for the 52 weeks ended January 29, 2000. Net earnings for 53 weeks ended February 3, 2001 totaled \$151.8 million, compared to pro forma net earnings of \$155.6 million for the 52 weeks ended January 29, 2000. Sales for the 2000 fiscal year increased 10% to \$2.709 billion, with comparable store sales up 1% vs. a 6% increase in the prior year.

The 53rd week in fiscal 2000 added \$40 million in revenue and \$.07 in earnings per share to fourth quarter and fiscal 2000 results. Full year and fourth quarter fiscal 1999 results are pro forma to reflect the exclusion of a pre-tax charge of \$9.0 million, or \$.06 per share, for non-recurring expenses related to litigation.

Michael Balmuth, Vice Chairman and Chief Executive Officer, said, "The more difficult external environment, together with the merchandising issues we identified earlier this year, continued to impact both sales and earnings growth in the fourth quarter. 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. We expect these efforts to be fully implemented during the second quarter of 2001.

Mr. Balmuth continued, "Tight inventory controls during the fourth quarter helped to maintain in-store turns and to minimize markdowns. Gross margin declined 32 basis points, mainly due to higher freight costs as a percent of sales. General, selling and administrative costs rose 129 basis points, primarily due to higher store payroll, benefits and distribution expenses and loss of leverage from the decline in same store sales. As a result, operating margin for the fourth quarter was 9.7%, compared to 11.3% on a pro forma basis for the fourth quarter of 1999."

"The company's financial position and cash flows remain strong, enabling us to make significant progress with our stock repurchase program. During fiscal 2000, we repurchased a total of 10.1 million shares for an aggregate purchase price of \$169 million and ended the year with 80.5 million shares of common stock outstanding. These shares were repurchased under a two-year \$300 million stock repurchase program announced in February 2000. The company expects to complete the remaining buyback authorization under this program in fiscal 2001," said Mr. Balmuth.

Mr. Balmuth continued, "Our expansion program also remains on track. We opened 34 new stores and closed 3 older locations during the year, resulting in 8% square footage growth. During 2001, we plan to accelerate new store expansion with a net addition of 35 to 40 locations, or 9% to 10% unit growth. About 10 to 12 of these stores will open in our new southeast markets of Georgia, North Carolina and South Carolina."

On a more recent note, Mr. Balmuth said, "Last week we reiterated our forecast for same store sales to be flat to down 3% for both March and April. Our plan called for softer sales in the first half of March, with business expected to strengthen as we move closer to Easter. Similar to other retailers, however, we believe that unseasonable weather trends negatively affected our business last week. For the first nine days of March, comparable store sales are below plan at down 6% from the prior year. It is still very early in the quarter, and it would be premature to change our outlook. However, if recent same store sales trends do not improve, we believe that earnings per share for the first quarter would be lower than the current forecasted range of \$.44 to \$.47. This compares to \$.47 in earnings per share for the first quarter ended April 29, 2000."

The company will host a conference call on Wednesday, March 14, 2001 at 11:00 a.m. eastern time to communicate additional details concerning the quarter's results and management's outlook and plans for 2001. Interested parties may access the call by dialing 973-321-1030. In addition, a real time audio webcast of the conference call will be available at www.rossstores.com. An audio playback will be available at 402-220-5900, pin#2342 through March 21, 2001.

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 409 stores in operation February 3, 2001, compared to 378 stores at the end of the same period last year.

ROSS STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

Three Months Ended Twelve Months Ended
February 3, January 29, February 3, January 29,

(\$000, except per share data, unaudited)	2001	2000	2001	2000
Sales	\$779,107	\$694,517	\$2,709,039	\$2,468,638
Costs and Expenses				
Cost of goods sold and occupancy	543,683	482,379	1,873,284	1,702,342
General, selling and administrative	148,184	123,120	538,726	472,822
Depreciation and amortization	11,848	10,406	44,377	38,317
Interest expense (income)	1,095	(489)	3,466	(322)
Provision for litigation expense	0	9,000	0	9,000
	704,810	624,416	2,459,853	2,222,159
Earnings before income taxes	74,297	70,101	249,186	246,479
Provision for taxes on earnings	29,050	27,409	97,432	96,373
Net earnings	\$45,247	\$42,692	\$151,754	\$150,106
Earnings per share				
Basic	\$0.56	\$0.48	\$1.84	\$1.66
Diluted	\$0.56	\$0.48	\$1.82	\$1.64
Weighted average shares outstanding				
Basic	80,742	88,616	82,619	90,416
Diluted	81,429	89,507	83,337	91,671
Stores open end of period	409	378	409	378

ROSS STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(\$000, unaudited)	February 3, 2001	January 29, 2000
ASSETS		
Current Assets		
Cash and cash equivalents	\$37,154	\$79,329
Accounts receivable	14,421	15,689
Merchandise inventory	559,565	500,494
Other current assets	19,929	17,682
Total Current Assets	\$631,069	\$613,194
Property and equipment, net	301,665	273,164
Lease rights, deferred income taxes and other assets	42,313	61,320
	\$975,047	\$947,678
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable, accrued		

expenses and other	\$434,065	\$422,470
Total Current Liabilities	\$434,065	\$422,470
Long-term debt	30,000	0
Other liabilities	43,435	51,777
Stockholders' Equity	467,547	473,431
	\$975,047	\$947,678

SOURCE Ross Stores, Inc.

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