



Ross Stores Reports First Quarter Results

May 23, 2001

NEWARK, Calif., May 23 /PRNewswire/ -- Ross Stores, Inc. (Nasdaq: ROST) today reported net earnings for the 13 weeks ended May 5, 2001 of \$34.7 million, compared to \$40.8 million for the 13 weeks ended April 29, 2000. Earnings per share for the first quarter of 2001 declined 9% to \$.43, compared to record earnings per share of \$.47 in the first quarter of 2000, which were up a strong 27% over the same period in 1999. First quarter sales in 2001 totaled \$674 million, up 6% from the \$633 million in sales for the quarter ended April 29, 2000. Comparable store sales for the same period declined 3% versus a strong 7% increase in the first quarter of 2000.

Michael Balmuth, Vice Chairman and Chief Executive Officer, commented, "During the first quarter of 2001, our business was negatively affected by a difficult economic backdrop, unseasonable weather trends and some residual issues related to our merchandising missteps that developed in 2000. Looking ahead, we expect our sales and earnings momentum to improve over the balance of the year for several reasons. We believe that our merchandise assortments have improved over the past several months, weather becomes less of an issue in the second quarter and we begin to have easier prior year sales comparisons starting in June."

Mr. Balmuth continued, "Tight inventory controls helped to maintain in-store turns and to minimize markdowns. Gross margin declined 30 basis points during the first quarter, mainly due to loss of leverage on fixed occupancy costs that are included in cost of goods sold. General, selling and administrative expenses rose about 150 basis points, primarily due to loss of leverage from the decline in same store sales and higher store payroll, benefit and distribution expenses. As a result, operating margin for the first quarter fell to 8.7%, compared to 10.6% for the same period in 2000."

Mr. Balmuth continued, "During the first three months of 2001, we repurchased 1.6 million shares of common stock for an aggregate investment of \$33 million. We have now repurchased a total of \$203 million of common stock under the two-year \$300 million repurchase program authorization announced at the beginning of fiscal 2000. We ended the quarter with 79.8 million shares of common stock outstanding.

"Our accelerated expansion program remained on schedule during the quarter. We opened ten new stores, including the first two locations in our new market of Atlanta, Georgia. These ten new locations are the first of approximately 40 net new stores we plan to open in 2001, including a total of 11 to 12 stores in our new southeast markets. We currently expect to end the year with about 450 stores in 20 states," said Mr. Balmuth.

The company will provide additional details concerning its first quarter results and business outlook on a conference call to be held on Wednesday, May 23, 2001 at 11:00 a.m. Eastern Daylight Time. Participants may listen to a real time audio webcast of the conference call by visiting the company's web site located at www.rossstores.com. A recorded version of the call will also be available until the end of the month at the web site address and via a telephone recording through May 30, 2001 at 402-220-5900, PIN #2342.

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 2000. 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 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 419 stores in operation as of May 5, 2001, compared to 385 stores at the end of the same period last year.

ROSS STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(\$000, except per share data, unaudited)	Three Months Ended	
	May 5, 2001	April 29, 2000
Sales	\$674,359	\$633,428
Costs and Expenses		
Cost of goods sold and occupancy	464,529	434,425
General, selling and administrative	139,237	121,446
Depreciation and amortization	11,999	10,478
Interest expense	1,655	5

	617,420	566,354
Earnings before income taxes	56,939	67,074
Provision for taxes on earnings	22,263	26,226
Net earnings	\$34,676	\$40,848
Earnings per share		
Basic	\$0.43	\$0.48
Diluted	\$0.43	\$0.47
Weighted average shares outstanding		
Basic	80,276	85,287
Diluted	81,051	86,177
Stores open end of period	419	385

ROSS STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	May 5,	April 29,
(\$000, unaudited)	2001	2000

ASSETS

Current Assets

Cash and cash equivalents	\$38,282	\$32,632
Accounts receivable	20,658	17,003
Merchandise inventory	607,252	555,619
Other current assets	21,992	19,068
Total Current Assets	\$688,184	\$624,322

Property and equipment, net	306,332	276,143
Lease rights, deferred income taxes and other assets	40,110	63,665
	\$1,034,626	\$964,130

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts payable, accrued expenses and other	\$447,941	\$445,077
Income taxes payable	21,577	24,802
Total Current Liabilities	\$469,518	\$469,879

Long-term debt	50,000	20,000
Other liabilities	41,371	54,762

Stockholders' Equity	473,737	419,489
	\$1,034,626	\$964,130

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