



Ross Stores Third Quarter EPS Up 19%

November 20, 2001

NEWARK, Calif., Nov. 20 /PRNewswire/ -- Ross Stores, Inc. (Nasdaq: ROST) today reported net earnings for the 13 weeks ended November 3, 2001 of \$35.0 million, compared to \$29.7 million for the 13 weeks ended October 28, 2000. Earnings per share for the same period grew 19% to \$.43, from \$.36 in the prior year. Current year third quarter sales totaled \$739 million, up 16% from the \$639 million in sales for the third quarter ended October 28, 2000. Comparable store sales for the period increased a solid 5% over the prior year.

For the nine months ended November 3, 2001, net earnings totaled \$105.1 million, compared to \$106.5 million for the same period in 2000. Earnings per share for the first nine months rose 2% to \$1.29 from \$1.27 in the prior year. Sales for the first nine months grew 11% to \$2.138 billion, compared to \$1.930 billion in the prior year, with same store sales up 1% for the period.

Michael Balmuth, Vice Chairman and Chief Executive Officer, said, "Despite today's very challenging environment, we were able to report solid improvement in sales trends during the third quarter. The back-to-school businesses of Junior's, Young Men's and Children's, along with the home businesses, were the strongest performers during the period. In addition, we believe that our business continues to benefit from our efforts to increase the levels of nationally-recognized name brand product, create a more balanced mix of ladies career vs. casual apparel, and add more diversity to our home assortments."

Mr. Balmuth continued, "Gross margin during the third quarter declined 11 basis points. Lower initial mark-ups, which helped us deliver better values, were partially offset by a decline in freight as a percent of sales and some leverage on occupancy costs. The solid increase in comparable store sales also contributed to a slight improvement in general, selling and administrative costs, which declined 4 basis points during the quarter. As a result, operating margin for the third quarter, at down 3 basis points, was relatively flat to the prior year."

Mr. Balmuth noted, "During the first nine months of the year, we continued to invest free cash flows in our stock repurchase program. As of November 3, 2001, we had repurchased a total of 13.5 million shares for an aggregate purchase price of \$251.6 million under our two-year, \$300 million buyback program authorized in February of 2000. We ended the quarter with 79.9 million shares of common stock outstanding."

"Our expansion program remains on schedule, with 45 new stores opened to date in 2001. These include 13 locations in our new southeast markets of Georgia, North and South Carolina. We are very encouraged by the solid performance to date of these new market stores, which bodes well for future growth opportunities. After closing three older locations during the year, we plan to end fiscal 2001 with 451 stores in 22 states," said Mr. Balmuth.

The company will provide additional details concerning its third quarter results and business outlook on a conference call to be held on Tuesday, November 20, 2001 at 11:00 a.m. Eastern Standard Time. A listen-only live recording of the conference call can be accessed by going to the company's website at www.rossstores.com. A playback of the call will also be available at the web site address or by calling 402-220-5900, PIN #2342 until November 27, 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," "forecast," "projected" and similar expressions identify forward-looking statements. Risk factors include obtaining acceptable new store locations, competitive pressures in the apparel industry, changes in economic conditions, 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 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 or revise 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 453 stores in operation November 3, 2001, compared to 411 stores at the end of the same period last year.

ROSS STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

| (\$000, unaudited) | November 3, 2001 | October 28, 2000 |
|---------------------------|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$36,182 | \$34,758 |
| Accounts receivable | 22,221 | 18,748 |
| Merchandise inventory | 697,854 | 594,428 |
| Other current assets | 29,837 | 19,576 |

| | | |
|--|-------------|-------------|
| Total Current Assets | \$786,094 | \$667,510 |
| Property and equipment, net | 323,806 | 292,126 |
| Lease rights, deferred income taxes and other assets | 39,992 | 60,953 |
| | \$1,149,892 | \$1,020,589 |

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

| | | |
|--|-------------|-------------|
| Accounts payable, accrued expenses and other | \$485,120 | \$447,018 |
| Income taxes payable | 25,875 | 7,879 |
| Total Current Liabilities | \$510,995 | \$454,897 |
| Long-term debt | 75,000 | 80,000 |
| Other liabilities | 39,029 | 50,224 |
| Stockholders' Equity | 524,868 | 435,468 |
| | \$1,149,892 | \$1,020,589 |

ROSS STORES, INC. CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|------------------|-------------------|------------------|
| | Nov. 3 2001 | Oct. 28, 2000 | Nov. 3, 2001 | Oct. 28, 2000 |
| (\$000, except per share data, unaudited) | | | | |
| Sales | \$739,272 | \$639,469 | \$2,138,223 | \$1,929,932 |
| Costs and Expenses | | | | |
| Cost of goods sold and occupancy | 508,746 | 439,379 | 1,478,668 | 1,329,601 |
| General, selling and administrative | 159,755 | 138,449 | 446,981 | 390,541 |
| Depreciation and amortization | 12,792 | 11,279 | 36,869 | 32,529 |
| Interest expense | 463 | 1,531 | 3,168 | 2,371 |
| | 681,756 | 590,638 | 1,965,686 | 1,755,042 |
| Earnings before income taxes | 57,516 | 48,831 | 172,537 | 174,890 |
| Provision for taxes on earnings | 22,489 | 19,093 | 67,462 | 68,382 |
| Net earnings | \$35,027 | \$29,738 | \$105,075 | \$106,508 |
| Earnings per share | | | | |
| Basic | \$0.44 | \$0.36 | \$1.31 | \$1.28 |
| Diluted | \$0.43 | \$0.36 | \$1.29 | \$1.27 |
| Weighted average shares outstanding | | | | |
| Basic | 79,925 | 81,837 | 80,059 | 83,292 |
| Diluted | 81,479 | 82,389 | 81,236 | 84,025 |
| Stores open end of period | 453 | 411 | 453 | 411 |

SOURCE Ross Stores, Inc.

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