



## Ross Stores Reports Record Results for Fourth Quarter and Fiscal 2001

March 13, 2002

NEWARK, Calif., Mar 13, 2002 /PRNewswire/ -- Ross Stores, Inc. (Nasdaq: ROST) today reported earnings per share for the 13 weeks ended February 2, 2002 of \$.62, compared to \$.56 for the 14 weeks ended February 3, 2001. Net earnings for the 13 weeks ended February 2, 2002 totaled \$50.0 million, compared to net earnings for the 14 weeks ended February 3, 2001 of \$45.2 million. Sales for the fourth quarter of 2001 increased 9% to \$848 million with comparable store sales up 8% over the prior year.

For the 52 weeks ended February 2, 2002, earnings per share were \$1.91, compared to \$1.82 for the 53 weeks ended February 3, 2001. Net earnings for the 52 weeks ended February 2, 2002 totaled \$155.0 million, compared to \$151.8 million for the 53 weeks ended February 3, 2001. Sales for the 2001 fiscal year increased 10% to \$2.987 billion, with comparable store sales up 3% over the prior year.

These results represent an earnings per share increase of 27% for the fourth quarter and 9% for the year on a 52-week basis. The 53rd week in fiscal 2000 added an estimated \$40 million in sales and \$.07 in earnings per share to results for the fourth quarter and the year.

Michael Balmuth, Vice Chairman and Chief Executive Officer, said, "We are pleased to report that our year-over-year financial results strengthened each quarter in 2001 despite a difficult and competitive environment. After declining 3% in the first quarter, same store sales rose 1%, 5% and 8%, respectively, in the second, third and fourth quarters. Quarterly earnings per share comparisons reflected a similar trend. We believe this rapid rebound in business was the direct result of several initiatives. Most importantly, we rebalanced our merchandise assortments with an improved mix of brands at competitive discounts. We also added more variety to our non-apparel businesses, and we successfully rolled out our micro-merchandising systems and processes to 85% to 90% of the departments in our stores by year end."

Mr. Balmuth continued, "Geographically, the sales trends were relatively broadbased. Sales in the mid-Atlantic and our new markets in the Southeast were stronger than expected, benefiting from micro-merchandising. These results bode well for future growth potential, as they indicate that our concept should be transportable to other new regions of the country. And California, the company's largest market with 37% of the store base at the end of 2001, generated respectable growth of 3% in same store sales for the year. The strongest merchandise departments in 2001 were Juniors, Home and Children's."

Mr. Balmuth continued, "Gross margin in the fourth quarter was relatively flat to the prior year, as a slightly lower initial mark up and lower leverage on occupancy costs compared to 2000 (as a result of the 53rd week in fiscal 2000) were offset by lower freight costs. General, selling and administrative costs as a percentage of sales for the same period were also relatively flat to the prior year."

"The company's financial position and cash flows remain strong. During fiscal 2001, we completed the two-year, \$300 million stock repurchase program announced in early 2000, ending the year with 79.0 million shares of common stock outstanding. We also announced a new two-year \$300 million stock repurchase program beginning in February 2002," said Mr. Balmuth.

Mr. Balmuth continued, "Our accelerated expansion program remains on track. We added 43 net new stores during the year, resulting in 11% square footage growth. Thirteen of these locations were in our new southeast markets of Georgia, North Carolina and South Carolina. During 2002, we expect our store base to grow about 11% to 12%, with a net addition of 50 to 55 stores in both new and existing markets."

The company will host a conference call on Wednesday, March 13, 2002 at 11:00 a.m. eastern time to communicate additional details concerning the quarter's and year's results and management's outlook and plans for 2002. A real time audio webcast of the conference call will be available at [www.rossstores.com](http://www.rossstores.com). An audio playback will be available at 402-220-5900, pin#2342 through March 20, 2002.

**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 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 452 stores in operation February 2, 2002, compared to 409 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 2, 2002	February 3, 2001	February 2, 2002	February 3, 2001
(\$000, except per share data, unaudited)				
Sales	\$848,374	\$779,107	\$2,986,596	\$2,709,039
Costs and Expenses				
Cost of goods sold and occupancy	591,791	543,683	2,070,459	1,873,284
General, selling and administrative	161,502	148,184	608,483	538,726
Depreciation and amortization	13,029	11,848	49,897	44,377
Interest expense	0	1,095	3,168	3,466
	766,322	704,810	2,732,007	2,459,853
Earnings before income taxes	82,052	74,297	254,589	249,186
Provision for taxes on earnings	32,082	29,050	99,544	97,432
Net earnings	\$49,970	\$45,247	\$155,045	\$151,754
Earnings per share				
Basic	\$0.63	\$0.56	\$1.94	\$1.84
Diluted	\$0.62	\$0.56	\$1.91	\$1.82
Weighted average shares outstanding				
Basic	79,367	80,742	79,886	82,619
Diluted	80,923	81,429	81,210	83,337
Stores open end of period	452	409	452	409

ROSS STORES, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

(\$000, unaudited)	February 2, 2002	February 3, 2001
ASSETS		
Current Assets		
Cash and cash equivalents	\$40,351	\$37,154
Accounts receivable	20,540	14,421
Merchandise inventory	623,390	559,565
Other current assets	30,710	19,929
Total Current Assets	\$714,991	\$631,069
Property and equipment, net	331,550	301,665
Lease rights, deferred income taxes and other assets	36,184	42,313
	\$1,082,725	\$975,047
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable, accrued		

expenses and other	\$477,703	\$434,271
Income taxes payable	11,885	(206)
Total Current Liabilities	\$489,588	\$434,065
Long-term debt	0	30,000
Other liabilities	41,036	43,435
Deferred Income Taxes	7,646	0
Stockholders' Equity	544,455	467,547
	\$1,082,725	\$975,047

**SOURCE Ross Stores, Inc.**

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