



## Ross Stores Second Quarter Earnings per Share Jump 41%

August 20, 2002

### **Retailer to Enter New Markets in Alabama, Louisiana and Tennessee**

NEWARK, Calif., Aug 20, 2002 /PRNewswire-FirstCall via COMTEX/ -- Ross Stores, Inc. (Nasdaq: ROST) today reported that net earnings for the 13 weeks ended August 3, 2002 grew 40% to \$49.7 million, from \$35.4 million for the 13 weeks ended August 4, 2001. Earnings per share for the same period increased 41% to \$.62, from \$.44 in the prior year. Current year second quarter sales rose 21% to \$877 million, from \$725 million for the quarter ended August 4, 2001. Comparable store sales for the period increased 9% over the prior year.

For the six months ended August 3, 2002, net earnings increased 39% to \$97.4 million, compared to \$70.0 million for the same period in 2001. Earnings per share for the first six months grew 39% to \$1.21 from \$.87 in the prior year. Sales for the first six months rose 21% to \$1.697 billion, with same store sales up 10% for the period.

Michael Balmuth, Vice Chairman and Chief Executive Officer, said, "We are very pleased with the strong gains we achieved in both sales and earnings during the second quarter and first six months of 2002. As we enter the fall season, our merchants continue to find an abundance of fresh and exciting name brand product in the marketplace for the family and the home at compelling values. In addition, our recent comparable store sales results remain geographically broadbased, and our back-to-school businesses of Juniors, Young Men's, Shoes, as well as the home categories, continue to post solid gains. As a result, we remain optimistic about achieving our targeted sales and earnings goals for the second half of 2002."

Mr. Balmuth continued, "The combination of strong gains during the second quarter in same store sales, healthy new store productivity and 13% unit growth drove the 21% increase in total sales. Operating margin expanded 117 basis points during the quarter to 9.3%, benefiting from improvements in both gross margin and expense ratios."

"Our success in new markets has been a key driver in generating stronger increases in top line sales over the past several quarters. Following our successful entry into the southeast states of Georgia, North and South Carolina in early 2001, we now plan to enter Alabama in the third quarter of this year and Louisiana and Tennessee in early 2003. We opened a record 35 net new stores during the first six months of 2002 and plan to add another 22 locations in the third quarter. After closing two older locations, we expect to end this year with 507 stores in 23 states," noted Mr. Balmuth.

Mr. Balmuth continued, "In early February, we announced that our Board of Directors approved a new two-year \$300 million stock repurchase program. During the first six months of 2002, we repurchased 2.0 million shares of common stock for an aggregate investment of \$79.4 million, ending the quarter with 78.1 million shares of common stock outstanding."

The company will provide additional details concerning its second quarter results and business outlook on a conference call to be held on Tuesday, August 20, 2002 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](http://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 August 27, 2002 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 "plan," "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 general economic conditions, changes in the level of consumer spending on or preferences in apparel or home-related merchandise, the company's ability to successfully implement various new supply chain, financial and merchandising systems, unseasonable weather trends, and greater than planned operating costs. Other risk factors are detailed in the company's Form 10-K for fiscal 2001. 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 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 487 stores in operation as of August 3, 2002, compared to 431 stores at the end of the same period last year.

ROSS STORES, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

(\$000, unaudited)	August 3, 2002	August 4, 2001
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$95,322	\$38,956
Accounts receivable	25,867	20,364

Merchandise inventory	713,454	612,415
Other current assets	27,362	22,485
Total Current Assets	\$862,005	\$694,220
Property and equipment, net	356,177	312,528
Lease rights, deferred income taxes and other assets	37,626	40,273
	\$1,255,808	\$1,047,021

#### LIABILITIES AND STOCKHOLDERS' EQUITY

##### Current Liabilities

Accounts payable, accrued expenses and other	\$593,587	\$408,210
Income taxes payable	30,095	42,217
Total Current Liabilities	\$623,682	\$450,427
Long-term debt	0	50,000
Other liabilities	42,195	43,979
Deferred Income Taxes	7,646	0
Stockholders' Equity	582,285	502,615
	\$1,255,808	\$1,047,021

#### ROSS STORES, INC.

##### CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(\$000, except per share data, unaudited)	Three Months Ended		Six Months Ended	
	August 3, 2002	August 4, 2001	August 3, 2002	August 4, 2001
Sales	\$876,932	\$724,591	\$1,696,542	\$1,398,950
Costs and Expenses				
Cost of goods sold and occupancy	607,660	505,393	1,163,691	969,921
General, selling and administrative	174,731	147,989	346,952	287,226
Depreciation and amortization	12,768	12,077	25,628	24,077
Interest expense	184	1,050	408	2,705
	795,343	666,509	1,536,679	1,283,929
Earnings before income taxes	81,589	58,082	159,863	115,021
Provision for taxes on earnings	31,901	22,710	62,506	44,973
Net earnings	\$49,688	\$35,372	\$97,357	\$70,048
Earnings per share				
Basic	\$0.63	\$0.44	\$1.24	\$0.87
Diluted	\$0.62	\$0.44	\$1.21	\$0.87
Weighted average shares outstanding				
Basic	78,434	79,967	78,650	80,122
Diluted	80,129	80,989	80,360	80,967
Stores open end of period	487	431	487	431

SOURCE Ross Stores, Inc.

**CONTACT:**

John G. Call

Senior Vice President, Chief Financial Officer

1-510-505-4315

or Katie Loughnot

Vice President, Investor Relations

1-510-505-4509

or [katie.loughnot@ros.com](mailto:katie.loughnot@ros.com)

both of Ross Stores, Inc.

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