



Ross Stores Third Quarter EPS Up 33%

November 19, 2002

NEWARK, Calif., Nov. 19 /PRNewswire-FirstCall/ -- Ross Stores, Inc. (Nasdaq: ROST) today reported that net earnings for the 13 weeks ended November 2, 2002 increased 29% to \$45.1 million from \$35.0 million for the 13 weeks ended November 3, 2001. Earnings per share for the same period rose 33% to \$.57 from \$.43 in the prior year. Current year third quarter sales totaled \$870 million, up 18% from the \$739 million in sales for the third quarter ended November 3, 2001. Comparable store sales for the period grew 7% over the prior year.

For the 39 weeks ended November 2, 2002, net earnings increased 36% to \$142.4 million from \$105.1 million for the same period in 2001. Earnings per share for the same period rose 38% to \$1.78 from \$1.29 in the prior year. Sales for the first nine months grew 20% to \$2.567 billion, compared to \$2.138 billion in the prior year, with same store sales up 9% for the period.

Michael Balmuth, Vice Chairman and Chief Executive Officer, said, "The strength of our business in the third quarter was geographically broadbased, with solid comparable store sales gains in all major markets. Year-to-date merchandise trends also continued, with the home categories registering mid teen gains in same store sales for the quarter. Ladies apparel remained healthy. Junior sportswear, in particular, had a robust back-to-school season with a high single digit comparable store sales gain on top of an over 40% increase in the prior year."

Mr. Balmuth continued, "Gross margin during the third quarter declined 38 basis points due to a combination of the de-leveraging effect on occupancy costs, mainly from the start-up of our new southeast distribution center, and slightly lower merchandise margins. Our sharper pricing strategy has been an important factor in delivering more competitive values, which helped to drive higher than expected sales and lower markdowns as a percent of sales. In addition, we realized significant improvement in our expense ratio, with general, selling and administrative costs as a percent of sales down 90 basis points. The quarter benefited from excellent expense control and leverage on fixed costs from the 7% increase in same store sales, as well as processing efficiencies from our new distribution center systems investments. As a result, operating margin for the third quarter grew 68 basis points over the prior year to 8.5%."

"We recently completed our 2002 expansion program. By year-end, we will have added 55 new locations or 12% growth, to end 2002 with 507 stores in 23 states. Our success in new markets has been a key driver in generating stronger increases in top line sales over the past several quarters. We just opened two stores in our newest state, Alabama, and plan to enter other new markets in Tennessee and Louisiana in 2003," 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 nine months of 2002, we repurchased 3.2 million shares of common stock for an aggregate investment of \$123.4 million, ending the quarter with 77.6 million shares of common stock outstanding."

The company will provide additional details concerning its third quarter results and business outlook on a conference call to be held on Tuesday, November 19, 2002 at 11:00 a.m. Eastern Standard 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 November 26, 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 510 stores in operation as of November 2, 2002, compared to 453 stores at the end of the same period last year.

ROSS STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(\$000)	November 2, 2002	November 3, 2001
ASSETS		
Current Assets		
Cash and cash equivalents	\$101,490	\$36,182
Accounts receivable	29,238	22,221

Merchandise inventory	751,845	697,854
Other current assets	46,198	29,837
Total Current Assets	\$928,771	\$786,094
Property and equipment, net	376,743	323,806
Lease rights, deferred income taxes and other assets	35,735	39,992
	\$1,341,249	\$1,149,892

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts payable, accrued expenses and other	\$636,382	\$485,120
Income taxes payable	39,265	25,875
Total Current Liabilities	\$675,647	\$510,995
Long-term debt	25,000	75,000
Other liabilities	40,556	39,029
Deferred Income Taxes	7,646	0
Stockholders' Equity	592,400	524,868
	\$1,341,249	\$1,149,892

ROSS STORES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(\$000, except per share data, unaudited)	Three Months Ended		Nine Months Ended	
	Nov. 2, 2002	Nov. 3, 2001	Nov. 2, 2002	Nov. 3, 2001
Sales	\$870,196	\$739,272	\$2,566,738	\$2,138,223
Costs and Expenses				
Cost of goods sold and occupancy	602,181	508,746	1,765,871	1,478,668
General, selling and administrative	180,230	159,755	527,182	446,981
Depreciation and amortization	13,681	12,792	39,310	36,869
Interest expense	85	463	493	3,168
	796,177	681,756	2,332,856	1,965,686
Earnings before income taxes	74,019	57,516	233,882	172,537
Provision for taxes on earnings	28,941	22,489	91,448	67,462
Net earnings	\$45,078	\$35,027	\$142,434	\$105,075
Earnings per share				
Basic	\$0.58	\$0.44	\$1.82	\$1.31
Diluted	\$0.57	\$0.43	\$1.78	\$1.29
Weighted average shares outstanding (000)				
Basic	77,714	79,925	78,338	80,059
Diluted	79,203	81,479	79,974	81,236
Stores open end of period	510	453	510	453

SOURCE Ross Stores, Inc.

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