



Ross Stores Reports January Sales and Projected 2002 and 2003 EPS

February 6, 2003

Ross Stores Reports January Sales, Reconfirms Projected EPS for Fourth Quarter And 2002 Fiscal Year, and Forecasts EPS Ranges for First Quarter And Fiscal 2003

Board Declares 21% Dividend Increase

NEWARK, Calif., Feb 6, 2003 /PRNewswire-FirstCall via COMTEX/ -- Ross Stores, Inc. (Nasdaq: ROST) reported sales for the four weeks ended February 1, 2003 of \$196 million, up 7% from the \$183 million reported for the four weeks ended February 2, 2002. Comparable store sales for the four weeks ended February 1, 2003 declined 2% compared to a 12% increase in the prior year.

For the 13 weeks ended February 1, 2003, sales increased 14% to \$965 million from \$848 million for the 13 weeks ended February 2, 2002. Comparable store sales for the 13 weeks ended February 1, 2003 rose 3% on top of an 8% increase in the prior year.

For the 52 weeks ended February 1, 2003, sales totaled \$3.531 billion, an 18% increase above the \$2.987 billion in sales for the 52 weeks ended February 2, 2002. Comparable store sales for the 52 weeks ended February 1, 2003 increased 7% on top of a 3% gain in the prior year.

Despite lower than anticipated sales in January, the company said it continued to expect to report earnings per share of \$.74 and \$2.52, respectively, for the 13 and 52 weeks ended February 1, 2003.

Board Approves 21% Increase in Quarterly Dividend

"Our strong financial position and confidence in future operating cash flows allow us to continue to enhance stockholder returns through our share repurchase and dividend programs," said Michael Balmuth, Vice Chairman and Chief Executive Officer. "I am pleased to report that the company's Board of Directors declared a 21% increase in the quarterly cash dividend to \$.0575 per common share, the ninth consecutive annual increase in quarterly dividend payments since this program began in early 1994. A quarterly cash dividend declared by the Board at the new higher rate will be paid on or about April 1, 2003 to stockholders of record as of February 28, 2003."

Mr. Balmuth continued, "In addition, during 2002, the company repurchased 3.8 million shares of common stock for an aggregate purchase price of \$150 million. This buyback was effected under a two-year, \$300 million program authorized by the Board of Directors at the beginning of 2002. We expect to complete the remaining \$150 million stock repurchase authorization in 2003."

January Sales

"Although we are pleased with our fourth quarter and fiscal 2002 performance, we are disappointed with January sales results. We believe that the combination of our own low levels of seasonal clearance following our strong performance in December, intensely cold weather in certain markets and very aggressive department store promotions of seasonal apparel negatively impacted our business in January. The weakness was mainly in apparel categories and was partially offset by continued strength in less weather sensitive businesses such as Home and Shoes," said Mr. Balmuth.

Projected Results for Fourth Quarter and Fiscal 2002

Mr. Balmuth continued, "As noted earlier in this press release, we are reiterating our forecast of \$.74 and \$2.52 in earnings per share for the 13 and 52 weeks ended February 1, 2003. These estimates represent respective increases of 19% and 32% over the prior year results of \$.62 and \$1.91 for the 13 and 52 weeks ended February 2, 2002. We expect fourth quarter operating margin to expand about 30 basis points over the prior year. Merchandise gross margin is projected to decline slightly as sharper pricing and higher freight costs are expected to be partially offset by lower markdowns and better inventory shortage results. Improved general, selling and administrative costs as a percent of sales are forecast to more than offset the decline in gross margin, partly due to lower benefit costs as a percent of sales compared to the prior year quarter. We plan to report final earnings results for the fourth quarter and fiscal 2002 on Wednesday, March 19, 2003."

Estimated First Quarter and Fiscal 2003 Earnings per Share

Looking ahead to 2003, Mr. Balmuth commented, "We remain confident about our ability to achieve 15% or better annual increases in earnings per share over the long term. However, the recent uncertainty surrounding the economy and geo-political events and their impact on consumer behavior makes us slightly more cautious in the near term. As a result, for the 52 weeks ending January 31, 2004, we currently are forecasting same store sales gains of 2% to 3% and earnings per share increases of 11% to 15%, for an estimated range of \$2.80 to \$2.90. In addition, we continue to plan to open 62 new locations for 12% store growth in 2003."

Mr. Balmuth continued, "In planning the first quarter, we also took into consideration the difficult prior year comparisons, the later Easter holiday this year and the weather risk to early spring apparel sales. For the 13 weeks ending May 3, 2003, we currently expect flattish comparable store sales and are targeting earnings per share to be in the range of \$.62 to \$.65, compared to \$.59 for the 13 weeks ended May 4, 2002."

Additional recorded information concerning today's press release and the company's future outlook can be accessed by calling 402-220-5900, PIN #2363, from 8:30 a.m. eastern time on February 6, 2003 through 8:00 p.m. eastern time on February 7, 2003. A transcript of these comments also will be made available on the press release page of the company's web site at www.rossstores.com.

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. The estimated earnings per share for the fourth quarter ended February 1, 2003 are preliminary and subject to adjustments. Risk factors include obtaining acceptable new store locations, competitive pressures in the apparel industry, changes in economic or geo-political 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 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 507 stores at February 1, 2003, compared to 452 stores at the end of the same period last year.

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

Copyright (C) 2003 PR Newswire. All rights reserved.