



Ross Stores Reports Record Results for Fourth Quarter and Fiscal 2002 Fiscal 2002 and 2001 Quarterly Income Statement

March 19, 2003

NEWARK, Calif., Mar 19, 2003 /PRNewswire-FirstCall via COMTEX/ -- Ross Stores, Inc. (ROST) today reported that earnings per share for the 13 weeks ended February 1, 2003 rose 19% to \$.74, from \$.62 for the 13 weeks ended February 2, 2002. Net earnings for the 13 weeks ended February 1, 2003 totaled \$58.7 million, up 18% over net earnings of \$50.0 million for the 13 weeks ended February 2, 2002. Sales for the fourth quarter of 2002 increased 14% to \$965 million with comparable store sales up 3% over the prior year.

For the 52 weeks ended February 1, 2003, earnings per share grew 32% to \$2.52, from \$1.91 for the 52 weeks ended February 2, 2002. Net earnings for the 52 weeks ended February 1, 2003 increased 30% to a record \$201.2 million, compared to \$155.0 million for the 52 weeks ended February 2, 2002. Sales for the 2002 fiscal year rose 18% to \$3.531 billion, with comparable store sales up 7% over the prior year.

Michael Balmuth, Vice Chairman and Chief Executive Officer, commented, "We are very pleased with the solid sales and earnings gains we posted during the fourth quarter and fiscal 2002, especially considering today's challenging retail climate. Geographically, sales trends in the fourth quarter were relatively broadbased with positive comparable store sales gains in all major markets including California, where same store sales rose 3%. The strongest merchandise departments were Home and Shoes, with same store sales gains in the high single to low double digit range for the quarter."

Mr. Balmuth continued, "Fourth quarter results benefited from a 31 basis point expansion in operating margin. A slight decline in gross margin due to the combination of a sharper pricing strategy and higher freight costs was partially offset by improved shortage results and lower markdowns and distribution costs as a percent of sales. Lower general, selling and administrative costs as a percentage of sales more than offset the slight decrease in gross margin, due to a relative reduction in benefit and incentive plan costs compared to the prior year fourth quarter."

Mr. Balmuth continued, "I am pleased to report that the Company's financial position and cash flows remain strong. During fiscal 2002, we repurchased 3.8 million shares of common stock for an aggregate purchase price of \$150 million, ending the year with 77.5 million shares of common stock outstanding. This buyback was affected under a two-year, \$300 million stock repurchase program announced in early 2002, which we expect to complete in 2003."

"Our accelerated expansion program also remains on track. We added 55 net new stores during 2002, or unit growth of 12%. Expansion into new geographic markets continued, with 21 of these additions in our new Southeast markets of Georgia, North Carolina, South Carolina and Alabama. During 2003, we expect to continue to add new stores at the rate of 12% annually, with about 62 net new locations planned to open in both new and existing markets," said Mr. Balmuth.

The Company's operating statements for the fourth quarter and fiscal 2002 reflect a reclassification of buying and distribution costs into cost of goods sold. The reclassification only relates to the allocation of these costs on the Company's operating statement and has no impact on reported sales, net earnings or earnings per share. "Cost of goods sold including related buying, distribution and occupancy costs" now includes: cost of goods sold, store occupancy and depreciation costs, and all distribution and buying costs, including related depreciation and occupancy expense. "General, selling and administrative" now includes store operating costs and general and administrative costs, including related depreciation and occupancy. Buying costs were previously included in general, selling and administrative expenses, while elements of distribution costs were reported in several line items: (i) depreciation and amortization; (ii) cost of goods sold and occupancy; and (iii) general, selling and administrative costs. Adjustments to reflect these new line item classifications have been made to the 2001 fourth quarter and fiscal year operating statements, as well as the previously-reported operating statements for the first, second and third quarters of 2002 and 2001, which are available on the press release page of the Company's web site located at www.rossstores.com.

Mr. Balmuth stated: "This reclassification should result in improved trend data by collecting all distribution costs in the same line item for each reporting period. We also expect this change to afford more meaningful comparisons of gross margin and expense ratios versus our industry peers."

The Company will host a conference call on Wednesday, March 19, 2003 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 2003. A real time audio webcast of the conference call will be available at www.rossstores.com. An audio playback will be available at 402-220-5900, pin#2342 through March 26, 2003.

Forward-Looking Statements: This press release contains certain forward-looking statements relating to future stock repurchases and future plans to open new stores which are subject to risks and uncertainties that could cause the Company's actual results to differ materially from management's current expectations. 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 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 in operation February 1, 2003, compared to 452 stores at the end of the same period last year.

ROSS STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

	Three Months Ended		Twelve Months Ended	
	Feb. 1	Feb. 2	Feb. 1	Feb. 2
(\$000, except per share data, unaudited)	2003	2002	2003	2002
Sales	\$964,610	\$848,374	\$3,531,349	\$2,986,596
Costs and Expenses				
Cost of goods sold, including related buying, distribution and occupancy costs	720,284	633,104	2,628,412	2,243,384
General, selling and administrative	148,081	133,218	572,316	485,455
Interest (income) expense	(214)	--	279	3,168
	868,151	766,322	3,201,007	2,732,007
Earnings before taxes	96,459	82,052	330,342	254,589
Provision for taxes on earnings	37,716	32,082	129,164	99,544
Net earnings	\$58,743	\$49,970	\$201,178	\$155,045
Earnings per share				
Basic	\$0.76	\$0.63	\$2.58	\$1.94
Diluted	\$0.74	\$0.62	\$2.52	\$1.91
Weighted average shares outstanding (000)				
Basic	77,472	79,367	78,123	79,886
Diluted	79,043	80,923	79,746	81,210
Stores open end of period	507	452	507	452

ROSS STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(\$000, unaudited)	February 1, 2003	February 2, 2002
ASSETS		
Current Assets		
Cash and cash equivalents	\$150,649	\$40,351
Accounts receivable	18,349	20,540
Merchandise inventory	716,518	623,390
Other current assets	36,904	30,710
Total Current Assets	\$922,420	\$714,991
Property and equipment, net	402,683	331,550
Other long-term assets	36,242	36,184
	\$1,361,345	\$1,082,725

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities

Accounts payable, accrued expenses and other	\$610,894	\$477,703
Income taxes payable	15,790	11,885
Total Current Liabilities	\$626,684	\$489,588
Long-term debt	25,000	--
Other liabilities	41,452	41,036
Deferred Income Taxes	25,021	7,646
Stockholders' Equity	643,188	544,455
	\$1,361,345	\$1,082,725

ROSS STORES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$000, unaudited)	Year Ended February 1, 2003	Year Ended February 2, 2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	\$201,178	\$155,045
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	53,329	49,896
Other amortization	12,847	12,725
Deferred income taxes	17,375	12,633
Change in assets and liabilities:		
Merchandise inventory	(93,128)	(63,824)
Other current assets _ net	(4,003)	(16,901)
Accounts payable	81,958	54,064
Other current liabilities	54,541	34,384
Other	8,348	4,867
Net cash provided by operating activities	332,445	242,889
CASH FLOWS USED IN INVESTING ACTIVITIES		
Additions to property and equipment	(133,166)	(86,002)
Net cash used in investing activities	(133,166)	(86,002)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Repayments under lines of credit	--	(64,000)
Proceeds from long-term debt	25,000	--
Issuance of common stock related to stock plans	50,863	54,581
Repurchase of common stock	(149,997)	(130,676)
Dividends paid	(14,847)	(13,595)
Net cash used in financing activities	(88,981)	(153,690)

Net increase in cash and cash equivalents	110,298	3,197
Cash and cash equivalents:		
Beginning of year	40,351	37,154
End of year	\$150,649	\$40,351

SOURCE Ross Stores, Inc.

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