Ross Stores Reports June Sales, Updates Q2 Guidance and Quantifies Charge Related to HQ Move

July 8, 2004

NEWARK, Calif., July 8 /PRNewswire-FirstCall/ -- Ross Stores, Inc. (Nasdaq: ROST) today reported sales of $381 million for the five weeks ended July 3, 2004, a 4% increase above the $367 million in sales for the five weeks ended July 5, 2003. Comparable store sales for the month of June declined 4% from the prior year.

For the five months ended July 3, 2004, sales were $1.691 billion, a 10% increase from the $1.542 billion in sales for the prior year's comparable period ended July 5, 2003. Comparable store sales for the five months grew 1% over the prior year.

In commenting, Vice Chairman and Chief Executive Officer Michael Balmuth said, "Same store sales in June came in slightly below our expectations for a 1% to 3% decline mainly due to the ongoing impact of our information systems issues. As previously reported, difficulties with the implementation of our new Core Merchandising System, which went live in early April, have created inventory imbalances in stores. Although we made some progress during June in remedying this situation, we are not as far along as previously anticipated. The majority of the information needs for our allocation function are in place. However, it is taking longer than expected to generate all of the information at the level of detail needed by our merchandise organization.

"Accenture, one of the nation's premier consulting firms, has been working closely with our Information Technology team since April on this project. In late June, we doubled the size of Accenture's consulting staff deployed at Ross in order to expedite the remaining work. We believe these additional resources will enable us to address the information needs most critical to our merchants' performance by the end of July and their remaining information requirements in the third quarter."

The Company also said that its Information Technology leadership role will be assumed effective July 12th on an interim basis by a team of three senior level Accenture information systems executives. Richard White, the current Senior Vice President and Chief Information Officer, will be leaving the Company to pursue other interests.

"While these systems issues are having a negative impact on our current financial results, it is important to recognize that they are short-term in nature and that the long-term fundamentals of our business and our growth strategy remain attractive and healthy. We strongly believe in the Ross model -- which has delivered average annual compound earnings per share growth over the past three, five and ten years of 17%, 16% and 27%, respectively -- and that our long-term objective of 15% or better annual earnings per share growth remains achievable over the next several years," Mr. Balmuth said.

Separately, and as previously disclosed, the Company confirmed that it has relocated its corporate offices to Pleasanton, California this month, which will result in a non-cash, pre-tax charge to write down the net book value of the existing Newark headquarters and distribution center to its current fair market value in accordance with applicable accounting rules. This non-cash pre-tax charge is estimated to be approximately $18 million, or $.07 per share, and will be taken during the second quarter.

Looking ahead to July and the second half of the year, Mr. Balmuth said, "Based on our recent sales trends and information systems issues, we now expect that same store sales will be down 2% to 4% in July and that earnings per share for the second quarter ending July 31, 2004 will be in the range of $.29 to $.30, before accounting for the above noted non-cash charge of $.07 per share related to the Company's Newark facility. The range is reduced to $.22 to $.23 inclusive of this expense. Earnings per share for the second quarter ended August 2, 2003 were $.35. In addition, based on the delays in remedying the problems with our information systems, at this point we believe that same store sales in the third and fourth quarters will underperform our previous forecasts of 1% to 2% and 2% to 3% growth, respectively. During the month of July, we will be conducting a detailed review of our business based on recent regional and merchandise trend data and, as previously noted, expect to have additional detailed merchandise information by then from our systems. As a result, we expect to be in a more informed position to quantify our sales and earnings projections for the second half of 2004 when we report July sales results on Thursday, August 5, 2004."

Additional recorded information concerning today's press release and the Company's future outlook for the second quarter and fiscal year can be accessed by calling 402-220-5900, PIN #2363, from 8:30 a.m. Eastern time on July 8, 2004 through 8:00 p.m. Eastern time on July 9, 2004. A transcript of these comments also will be made available on the press release page of the Company's website at www.rossstores.com.

Forward-Looking Statements: This press release and the additional recorded information and transcript on the Company's website contains forward-looking statements regarding expected sales and earnings levels and forward-looking statements regarding the time needed to remedy ongoing difficulties with new core merchandising information systems and the severity, duration and financial impact of resulting in-store inventory imbalances, all of which are subject to risks and uncertainties that could cause the Company's actual results to differ materially from management's current expectations. The Company is continuing to assess the new information systems, and cannot be certain that all problems have currently been discovered or that their scope is understood. The words "plan," "expect," "anticipate," "estimate," "believe," "forecast," "project," "guidance" and similar expressions identify forward-looking statements. Risk factors for Ross Stores and dd's DISCOUNTS(SM) include the Company's ability to successfully implement and correct difficulties in various new supply chain and merchandising systems, including generation of all necessary information in a timely and cost effective manner, obtaining acceptable new store locations, competitive pressures in the apparel industry, changes in the level of consumer spending on or preferences for apparel or home-related merchandise, changes in geopolitical and general economic conditions, and unseasonable weather trends, lower than planned gross margin, greater than planned operating costs and any change in the estimated non-cash charge required to write-down the value of the Company's Newark headquarters and distribution center to its current fair market value. Other risk factors are detailed in the Company's Form 10-K for fiscal 2003. 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 611 stores in operation at July 3, 2004, compared to 545 stores at the end of the same period last year. Additional information on the Company is available at www.rossstores.com.

SOURCE Ross Stores, Inc.
-0- 07/08/2004

/CONTACT: John G. Call, Senior Vice President and Chief Financial Officer, +1-510-505-4315, or Katie Loughnot, Vice President, Investor Relations, +1-510-505-4509, or katie.loughnot@ros.com, both of Ross Stores, Inc./

/Web site: http://www.rossstores.com /
(ROST)

CO: Ross Stores, Inc.
ST: California
IN: REA FAS
SU: SLS PER

TX-JP
-- SFTH020 --
9244 07/08/2004 08:30 EDT http://www.prnewswire.com