



Costco Wholesale Corporation Reports Second Quarter and Year-to-Date Operating Results for Fiscal 2001 and February Sales Results

March 8, 2001

ISSAQUAH, Wash.--(BUSINESS WIRE)--March 8, 2001--Costco Wholesale Corporation ("Costco" or the "Company") (Nasdaq:COST) announced today its operating results for the second quarter (12 weeks) and first half (24 weeks) of fiscal 2001, ended February 18, 2001.

Net sales for the second quarter of fiscal 2001 increased 7% to \$8.16 billion from \$7.61 billion during the second quarter of fiscal 2000. On a comparable warehouse basis, that is warehouses open at least a year, net sales increased by 2%.

Net income for the second quarter of fiscal 2001 decreased 3% to \$176.6 million, or \$.38 per share (diluted), from \$181.6 million, or \$.39 per share (diluted), during the second quarter of fiscal 2000.

Net sales for the first half of fiscal 2001 increased 8% to \$15.66 billion from \$14.44 billion during the first half of fiscal 2000. Comparable warehouse sales during the first half (24 weeks) of fiscal 2001 increased 3% over the prior year's levels.

Net income for the first half of fiscal 2001 decreased 2% to \$306.1 million, or \$.65 per diluted share, compared to net income for the first half of fiscal 2000 of \$310.9 million, or \$.66 per diluted share.

In addition to reporting second quarter fiscal year 2001 operating results, the Company today reported net sales of \$2.45 billion for the four weeks ended March 4, 2001, an increase of 11% from \$2.21 billion in the same four-week period of the prior fiscal year. On a comparable warehouse basis, that is warehouses open at least a year, sales increased 5%.

For the first twenty-six weeks of its 2001 fiscal year ended March 4, 2001, which includes the first two weeks of the Company's fiscal third quarter, the Company reported net sales of \$16.90 billion, an increase of 9% from \$15.51 billion during the comparable period of the prior fiscal year. Comparable sales for this year-to-date period increased 4% over the prior year's level.

Costco currently operates 352 warehouses, including 253 in the United States, 60 in Canada, 11 in the United Kingdom, four in Korea, three in Taiwan, two in Japan and 19 in Mexico. The Company also operates Costco Online, an electronic commerce web site, at www.costco.com. The Company plans to open an additional 14 to 16 new warehouses (including one to two relocations of existing warehouses to larger and better-located facilities) prior to the end of its 2001 fiscal year on September 2, 2001.

A conference call to discuss these second quarter results is scheduled for 8:30 a.m. (PST) today, March 8, 2001, and is available via a webcast on www.costco.com (go to Customer Service, Investor Relations, Financial Releases and click on the "Live Webcast" icon).

COSTCO WHOLESALE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (dollars in thousands, except per share data) (unaudited)

	12 Weeks Ended		24 Weeks Ended	
	February 18, 2001	February 13, 2000	February 18, 2001	February 13, 2000
REVENUE				
Net sales	\$ 8,159,980	\$ 7,613,601	\$ 15,658,959	\$ 14,437,798
Membership fees and other	146,329	123,386	284,628	242,701
Total revenue	8,306,309	7,736,987	15,943,587	14,680,499
OPERATING EXPENSES				
Merchandise costs	7,275,958	6,792,367	13,989,602	12,912,568
Selling, general and administrative	731,411	636,739	1,422,538	1,233,456
Preopening expenses	10,572	8,108	30,252	18,442
Provision for impaired assets and warehouse closing costs	1,000	1,500	2,000	2,500

Operating income	287,368	298,273	499,195	513,533
OTHER INCOME (EXPENSE)				
Interest expense	(8,902)	(10,576)	(15,866)	(20,973)
Interest income and other	15,829	14,983	26,834	25,650
INCOME BEFORE INCOME TAXES				
Provision for income taxes	117,718	121,072	204,065	207,284
NET INCOME	\$ 176,577	\$ 181,608	\$ 306,098	\$ 310,926

NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE:				
Basic	\$ 0.39	\$ 0.41	\$ 0.68	\$ 0.70
Diluted	\$ 0.38	\$ 0.39	\$ 0.65	\$ 0.66

Shares used in calculation (000's)				
Basic	448,788	445,255	448,234	444,277
Diluted	475,488	476,642	474,543	475,120

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