



Costco Wholesale Corporation Releases Fourth Quarter and Fiscal Year 2000 Results of Operations

October 12, 2000

ISSAQUAH, Wash.--(BUSINESS WIRE)--Oct. 12, 2000--Costco Wholesale Corporation ("Costco" or the "Company") (Nasdaq:COST) announced today its results of operations for the 17 weeks (fourth quarter) and the 53 weeks (fiscal year) ended September 3, 2000.

Net sales for fiscal 2000, the 53 weeks ended September 3, 2000, were \$31.62 billion, an increase of 17% from \$26.98 billion during the prior 52-week fiscal year ended August 29, 1999. Comparable warehouse sales increased 11% over the comparable 53-week period of fiscal 1999. Net sales for the 17-week fourth quarter ended September 3, 2000, increased 20% to \$10.41 billion from \$8.66 billion during the 16-week fourth quarter ended August 29, 1999. Comparable warehouse sales during the 17-week fourth quarter of fiscal 2000 increased 9% over the comparable 17-week period in the prior fiscal year.

Net income for the 17-week fourth quarter increased 31% to \$200.2 million or \$.43 per diluted share, from \$153.2 million, or \$.33 per diluted share, during the 16-week fourth quarter of fiscal 1999. Net income in the fourth quarter of fiscal 1999 was impacted by a \$50 million (\$30 million after-tax, or \$.06 per diluted share) provision for impaired assets and warehouse closing costs primarily related to the Company's planned increase in the number of warehouse relocations to larger and better-located facilities. Before the impact of this charge, net income for the fourth quarter of fiscal 1999 would have been \$183.2 million, or \$.39 per diluted share and would have resulted in a 9% fourth quarter earnings increase.

Net income for fiscal 2000, a 53-week fiscal year, increased 59% to \$631.4 million or \$1.35 per diluted share, from \$397.3 million or \$.86 per diluted share during fiscal year 1999, a 52-week fiscal year. Net income for fiscal 1999 was impacted by both the \$50 million fourth quarter provision for impaired assets and warehouse closing costs, as described above, as well as a one-time \$118.0 million non-cash, after-tax charge recorded in the first quarter of fiscal 1999, reflecting the cumulative effect of the Company's change in accounting for membership fees from a cash to a deferred method. Before the impact of these two charges, net earnings in fiscal 1999 would have been \$545.3 million, or \$1.18 per diluted share and would have resulted in a 16% increase in net income in fiscal 2000 compared to fiscal 1999.

Costco currently operates 335 warehouses, including 240 in the United States, 59 in Canada, 10 in the United Kingdom, three in Korea, three in Taiwan, one 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 17 to 18 warehouses (including the relocation of three existing warehouses to larger and better-located facilities) prior to the end of the calendar year.

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

	17 Weeks Ended September 3, 2000	16 Weeks Ended August 29, 1999	53 Weeks Ended September 3, 2000	52 Weeks Ended August 29, 1999
REVENUE				
Net sales	\$10,414,317	\$ 8,656,721	\$31,620,723	\$26,976,453
Membership fees and other	174,872	155,054	543,573	479,578
Total revenue	10,589,189	8,811,775	32,164,296	27,456,031
OPERATING EXPENSES				
Merchandise costs	9,325,356	7,752,045	28,322,170	24,170,199
Selling, general and administrative	916,975	747,485	2,755,355	2,338,198
Preopening expenses	17,151	10,229	42,321	31,007
Provision for impaired assets and warehouse closing costs	3,000	50,000	7,000	56,500
Operating income	326,707	252,016	1,037,450	860,127
OTHER INCOME (EXPENSE)				
Interest expense	(8,704)	(13,096)	(39,281)	(45,527)
Interest income				

and other	15,633	16,376	54,226	44,266
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INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	333,636	255,296	1,052,395	858,866
Provision for income taxes	133,454	102,118	420,958	343,545
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INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	200,182	153,178	631,437	515,321
Cumulative effect of accounting change, net of tax	--	--	--	(118,023)
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NET INCOME	\$ 200,182	\$ 153,178	\$ 631,437	\$ 397,298
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NET INCOME PER COMMON SHARE				
Basic earnings per share:				
Income before cumulative effect of accounting change	\$ 0.45	\$ 0.35	\$ 1.41	\$ 1.17
Cumulative effect of accounting change, net of tax	--	--	--	(0.27)
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Net Income	\$ 0.45	\$ 0.35	\$ 1.41	\$ 0.90
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Diluted earnings per share:				
Income before cumulative effect of accounting change	\$ 0.43	\$ 0.33	\$ 1.35	\$ 1.11
Cumulative effect of accounting change, net of tax	--	--	--	(0.25)
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Net income	\$ 0.43	\$ 0.33	\$ 1.35	\$ 0.86
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Shares used in calculation (000's)				
Basic	447,757	442,152	446,255	439,253
Diluted	474,304	472,959	475,737	471,120

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