



Costco Wholesale Corporation Reports Third Quarter and Year-to-Date Operating Results for Fiscal 2003

May 28, 2003

ISSAQUAH, Wash.--(BUSINESS WIRE)--May 28, 2003--Costco Wholesale Corporation (Nasdaq: COST) announced today its operating results for the third quarter (12 weeks) and the first thirty-six weeks of fiscal 2003, ended May 11, 2003.

Net sales for the third quarter of fiscal 2003 increased 11% to \$9.34 billion from \$8.44 billion during the third quarter of fiscal 2002. On a comparable warehouse basis, that is warehouses open at least a year, net sales increased 6%.

Net income for the third quarter of fiscal 2003 increased 18% to \$153.8 million, or \$.33 per share (diluted), from \$130.4 million, or \$.28 per share (diluted), during the third quarter of fiscal 2002.

Net sales for the first thirty-six weeks of fiscal 2003 increased 9% to \$28.28 billion from \$25.94 billion during the first thirty-six weeks of fiscal 2002. Comparable warehouse sales during the first thirty-six weeks of fiscal 2003 increased 5% over the prior year's level.

Net income for the first thirty-six weeks of fiscal 2003 increased 6% to \$481.6 million, or \$1.02 per diluted share, compared to net income for the first thirty-six weeks of fiscal 2002 of \$452.6 million, or \$.96 per diluted share. Excluding the pre-tax charge of \$26 million (\$16 million or \$.03 per diluted share after tax) reflecting an increase in workers' compensation loss reserves, which was booked in the second quarter of fiscal 2003, net income for the first thirty-six weeks of fiscal 2003 would have been \$497.6 million, or \$1.05 per diluted share, reflecting a 10% increase in net income over the prior year's thirty-six week period.

Costco currently operates 416 warehouses, including 307 in the United States, 61 in Canada, 15 in the United Kingdom, five in Korea, three in Taiwan, four in Japan and 21 in Mexico. The Company also operates Costco Online, an electronic commerce web site, at www.costco.com. The Company plans to open three additional new warehouses prior to the end of its 2003 fiscal year on August 31, 2003, and an additional 12 new warehouses (including the relocation of one warehouse to a larger and better-located facility) prior to the end of calendar year 2003.

A conference call to discuss these third quarter results is scheduled for 8:00 a.m. (PDT) today, May 28, 2003, 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).

Certain statements contained in this release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For these purposes, forward-looking statements are statements that address activities, events, conditions or developments that the Company expects, or anticipates may occur in the future. Such forward-looking statements involve risks and uncertainties that may cause actual events, results or performance to differ materially from those indicated by such statements. These risks and uncertainties include, but are not limited to, domestic and international economic conditions including exchange rates, the effects of competition and regulation, conditions affecting the acquisition, development, ownership or use of real estate, actions of vendors, and other risks identified from time to time in the Company's public statements and reports filed with the SEC.

COSTCO WHOLESALE CORPORATION

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

| | 12 Weeks Ended | | 36 Weeks Ended | |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | May 11, 2003 | May 12, 2002 | May 11, 2003 | May 12, 2002 |
| REVENUE | | | | |
| Net sales | \$9,344,959 | \$8,436,807 | \$28,275,854 | \$25,942,296 |
| Membership fees and other | 198,112 | 179,940 | 579,969 | 523,856 |
| Total revenue | 9,543,071 | 8,616,747 | 28,855,823 | 26,466,152 |
| OPERATING EXPENSES | | | | |
| Merchandise costs | 8,358,323 | 7,583,251 | 25,247,631 | 23,229,678 |
| Selling, general and administrative | 923,309 | 806,617 | 2,779,139 | 2,432,740 |
| Preopening expenses | 5,853 | 6,077 | 31,115 | 36,827 |
| Provision for impaired assets | | | | |

| | | | | |
|-------------------------------|------------|------------|------------|------------|
| and closing costs | 6,000 | 4,500 | 15,500 | 16,050 |
| Operating income | 249,586 | 216,302 | 782,438 | 750,857 |
| OTHER INCOME (EXPENSE) | | | | |
| Interest expense | (8,715) | (8,643) | (25,186) | (21,080) |
| Interest income and other | 9,179 | 9,624 | 25,796 | 24,527 |
| INCOME BEFORE INCOME TAXES | 250,050 | 217,283 | 783,048 | 754,304 |
| Provision for income taxes | 96,270 | 86,913 | 301,474 | 301,722 |
| NET INCOME | \$ 153,780 | \$ 130,370 | \$ 481,574 | \$ 452,582 |

| | | | | |
|---|--------|--------|---------|---------|
| NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE: | | | | |
| Basic | \$.34 | \$.29 | \$ 1.06 | \$ 1.00 |
| Diluted | \$.33 | \$.28 | \$ 1.02 | \$.96 |

| | | | | |
|---------------------------------------|---------|---------|---------|---------|
| Shares used in calculation (000's) | | | | |
| Basic | 456,370 | 454,272 | 455,956 | 453,047 |
| Diluted | 479,183 | 480,256 | 478,889 | 479,250 |

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