



## **Costco Companies, Inc. Announces Second Quarter And Year-To-Date Operating Results For Fiscal 1998**

March 12, 1998

ISSAQUAH, Washington, March 12, 1998 -- Costco Companies, Inc. (Nasdaq: COST) today reported sales and earnings for the second quarter (12 weeks) and first half (24 weeks) of fiscal 1998, ended February 15, 1998.

Net sales for the second quarter of fiscal 1998 increased 11% to \$5.70 billion from \$5.15 billion during last year's second quarter. On a comparable warehouse basis, that is warehouses open at least a year, net sales increased 9 percent.

Net income for the second quarter of fiscal 1998 increased 29% to \$126.0 million, or \$.56 per share (diluted), from \$97.4 million, or \$.46 per share, during the second quarter of fiscal 1997, reflecting an increase in earnings per share of 22%.

Net sales for the first half of fiscal 1998 increased 11% to \$11.02 billion from \$9.93 billion during the first half of fiscal 1997. Comparable warehouse sales during the first half of fiscal 1998 increased 8 percent over the prior year's levels.

Net income for the first half of fiscal 1998 increased 73% to \$223.9 million, or \$.99 per share (diluted), from \$129.3 million, or \$.62 per share, for the first half of fiscal 1997. Net income for the first half of fiscal 1997 was impacted by a first quarter \$65 million pretax, non-cash charge, reflecting the Company's adoption of the accounting standard for the impairment of long term assets. Before the impact of this non-cash charge, net earnings for the first half of fiscal 1997 were \$167.9 million, or \$.79 per share, and the year-over-year increase in the first half fiscal 1998 net earnings would be 33%.

The Company currently operates 269 warehouses: 205 in the United States, 56 in Canada, seven warehouses in the United Kingdom, and one warehouse in Taiwan. The Company also operates 14 warehouses in Mexico with a joint venture partner, and has a license agreement for the operation of two membership warehouses in Seoul, Korea. Expansion plans for the remainder of the fiscal year, which ends on August 30, 1998, are to open 6 to 8 new warehouses, including five warehouses in the Detroit, Michigan area.

