



## Costco Companies, Inc. Releases Fourth Quarter And Fiscal Year 1997 Results Of Operations

October 14, 1997

**Issaquah, Wash., October 14** –Costco Companies, Inc. ("Costco" or the "Company") (Nasdaq: COST) announced today its results of operations for the 16 weeks (fourth quarter) and the 52 weeks (fiscal year) ended August 31, 1997.

Net sales for fiscal 1997, the 52 weeks ended August 31, 1997, were \$21.48 billion, an increase of 11.8% from \$19.21 billion during the prior 52-week fiscal year ended September 1, 1996. Comparable warehouse sales increased 9% over the comparable 52-week period of fiscal 1996. Net sales for the 16-week fourth quarter ended August 31, 1997 increased 11.9% to \$6.80 billion from \$6.08 billion during the 16-week fourth quarter ended September 1, 1996. Comparable warehouse sales during the 16-week fourth quarter of fiscal 1997 increased 9% over the comparable 16-week period in the prior fiscal year.

Net income for fiscal 1997 was impacted in the first quarter by a non-cash, pre-tax charge of \$65 million (\$38.7 million, or \$.17 per share, after-tax) reflecting a provision for the impairment of long-lived assets as required by the Company's adoption of Statement of Financial Accounting Standard No. 121. Additionally, net income was impacted in the second and fourth quarters by one-time, pre-tax charges of \$3.5 million and \$9.5 million, respectively, related to the call and majority redemption of \$764 million of convertible subordinated debentures. Before the impact of these charges, net earnings were \$358.7 million, or \$1.66 per share (fully-diluted), an increase of 44% from net income of \$248.8 million, or \$1.22 per share, reported for fiscal 1996. As a result of these charges, the Company reported net income for fiscal 1997 of \$312.2 million, or \$1.46 per share.

Net income in the 16-week fourth quarter of fiscal 1997 increased 35% to \$116.7 million, or \$.54 per share, compared to \$86.5 million or \$.42 per share in the fourth quarter of fiscal 1996. Excluding the fourth quarter \$9.5 million pre-tax charge (\$5.7 million after-tax, or \$.02 per fully-diluted share) net earnings were \$122.4 million, or \$.56 per share, a 42% increase over the prior year's fourth quarter.

The Company currently operates 264 warehouses, including 202 in the United States, 54 in Canada, seven in the United Kingdom, and one warehouse in Taiwan. Included in the 264 warehouse total are three recent openings ¾ Atlanta, Georgia (Town Center), King of Prussia, Pennsylvania, and Edinburgh, Scotland. The Company also recently opened a new warehouse in Monterrey, Mexico, and now operates 14 warehouses in Mexico with a joint venture partner. An additional five warehouse openings (including one relocation) are planned for the United States and Canada, prior to the Christmas holiday season.

