



Costco Companies, Inc. Reports First Quarter Fiscal 1999 Operating Results

December 17, 1998

ISSAQUAH, Wash.--(BUSINESS WIRE)--Dec. 17, 1998--Costco Companies, Inc. (Nasdaq:COST) announced today its operating results for the first quarter of fiscal 1999, the 12 weeks ended November 22, 1998.

Sales for the first quarter of fiscal 1999 increased 11% to \$5.89 billion from \$5.32 billion during the first quarter of fiscal 1998. On a comparable warehouse basis, that is warehouses open at least a year, net sales increased by 7%.

Net operating results for the first quarter of fiscal 1999 were impacted by the previously announced \$118 million non-cash, after-tax charge, reflecting the cumulative effect of the Company's change in accounting for membership fees from a cash to a deferred method, which resulted in a reported first quarter loss of \$13.8 million, or \$.05 per share. Before the impact of this non-cash charge, net earnings were \$104.2 million, or \$.46 per share, compared to last year's first quarter reported net earnings of \$97.9 million, or \$.44 per share. Assuming the newly adopted accounting treatment for deferring membership fees had been in effect in fiscal 1998, last year's first quarter membership fees and other income would have been reduced by \$16.6 million to \$91.9 million; net earnings in the first quarter of fiscal 1998 would have been \$88.0 million, or \$.39 per share; and the year-over-year first quarter earnings increase would have been 18%.

Costco currently operates 285 warehouses, including 217 in the United States, 57 in Canada, seven in the United Kingdom, three in Korea, and one warehouse in Taiwan. The Company also operates 16 warehouses in Mexico with a joint venture partner. The Company plans to open an additional 16 to 18 new warehouses (including five relocations of existing warehouses to larger and better-located facilities) prior to the end of its 1999 fiscal year on August 29, 1999.

