



Costco Companies, Inc. Reports Second Quarter and Year-to-Date Operating Results for Fiscal 1999 and February Sales Results

March 4, 1999

ISSAQUAH, Wash.--(BUSINESS WIRE)--March 4, 1999--Costco Companies, Inc. (Nasdaq:COST) announced today its operating results for the second quarter (12 weeks) and first half (24 weeks) of fiscal 1999, ended February 14, 1999.

Net sales for the second quarter of fiscal 1999 increased 14% to \$6.48 billion from \$5.70 billion during the second quarter of fiscal 1998. On a comparable warehouse basis, that is warehouses open at least a year, net sales increased by 10%.

Net income for the second quarter of fiscal 1999 increased 21% to \$152.0 million, or \$.66 per share (diluted), from \$126.0 million, or \$.56 per share (diluted), during the second quarter of fiscal 1998.

Net sales for the first half of fiscal 1999 increased 12% to \$12.38 billion from \$11.02 billion during the first half of fiscal 1998. Comparable warehouse sales during the first half of fiscal 1999 increased 9% over the prior year's levels.

Net operating results for the first half of fiscal 1999 were impacted by a \$118.0 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 reported earnings for the first half of \$138.2 million, or \$.61 per share, compared to last year's first half reported net earnings of \$223.9 million, or \$.99 per share. Before the impact of this non-cash charge, net earnings were \$256.3 million, or \$1.11 per share. Assuming the newly adopted accounting treatment for deferring membership fees had been in effect in fiscal 1998, last year's first half membership fees and other income would have been reduced by \$20.6 million to \$185.8 million; net earnings in the first half of fiscal 1998 would have been \$211.6 million, or \$.94 per share; and the year-over-year first half earnings increase would have been 21%.

In addition to reporting second quarter fiscal year 1999 operating results, the Company today reported net sales of \$1.88 billion for the four weeks ended February 28, 1999, an increase of 14% from \$1.65 billion in the same four-week period of the prior fiscal year. On a comparable warehouse basis, that is warehouses open at least a year, sales increased 10%.

For the first twenty-six weeks of its 1999 fiscal year ended February 28, 1999, the Company reported net sales of \$13.31 billion, an increase of 12% from \$11.84 billion during the first twenty-six weeks of the prior fiscal year. Comparable sales for this year-to-date period increased 9% over the prior year's level.

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.

