



Costco Wholesale Corporation Reports Second Quarter And Year-To-Date Operating Results For Fiscal 2000 And February Sales Results

March 2, 2000

ISSAQUAH, Wash.--(BUSINESS WIRE)--March 2, 2000--Costco Wholesale Corporation (Nasdaq:COST) announced today its operating results for the second quarter (12 weeks) and first half (24 weeks) of fiscal 2000, ended February 13, 2000.

Net sales for the second quarter of fiscal 2000 increased 17% to \$7.61 billion from \$6.48 billion during the second quarter of fiscal 1999. On a comparable warehouse basis, that is warehouses open at least a year, net sales increased by 14%.

Net income for the second quarter of fiscal 2000 increased 19% to \$181.6 million, or \$.39 per share (diluted), from \$152.0 million, or \$.33 per share (diluted), during the second quarter of fiscal 1999.

Net sales for the first half of fiscal 2000 increased 17% to \$14.44 billion from \$12.38 billion during the first half of fiscal 1999. Comparable warehouse sales during the first half of fiscal 2000 increased 13% over the prior year's levels.

Net income for the first half of fiscal 2000 was \$310.9 million, or \$.66 per diluted share. Excluding the impact of a one-time accounting charge taken in last year's first quarter, net income for the first half of fiscal 1999 was \$256.3 million, or \$.55 per diluted share, resulting in year-over-year earnings and earnings per share increases of 21% and 20%, respectively. In last year's first half, the Company recorded a \$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, whereby membership fee income is recognized ratably over the one-year life of the membership. Including this one-time charge, the Company last year reported net income of \$138.2 million or \$.30 per diluted share for the first half of fiscal 1999.

In addition to reporting second quarter fiscal year 2000 operating results, the Company today reported net sales of \$2.20 billion for the four weeks ended February 27, 2000, an increase of 17% from \$1.88 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 13%.

For the first twenty-six weeks of its 2000 fiscal year ended February 27, 2000, the Company reported net sales of \$15.53 billion, an increase of 17% from \$13.32 billion during the first twenty-six weeks of the prior fiscal year. Comparable sales for this year-to-date period increased 13% over the prior year's level.

As previously announced, the Company's Board of Directors approved a 2-for-1 stock split of Costco common stock, whereby shareholders received one additional share of common stock for every share held on the record date of December 24, 1999. The common stock began trading at a post-split price on January 14, 2000, and all per share data noted above reflect this 2-for-1 stock split.

Costco currently operates 304 warehouses, including 231 in the United States, 59 in Canada, seven in the United Kingdom, three in Korea, three in Taiwan and one warehouse in Japan. The Company also operates 17 warehouses in Mexico with a joint venture partner. The Company plans to open an additional 15 to 17 new warehouses (including two to four relocations of existing warehouses to larger and better-located facilities) prior to the end of its 2000 fiscal year on September 3, 2000.

COSTCO WHOLESALE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(dollars in thousands, except per share data)
(unaudited)

	12 Weeks Ended		24 Weeks Ended	
	February 13, 2000	February 14, 1999	February 13, 2000	February 14, 1999
REVENUE				
Net Sales	\$ 7,613,601	\$ 6,484,445	\$14,437,798	\$12,378,683
Membership fees and other	123,386	107,913	242,701	211,753
Total Revenue	7,736,987	6,592,358	14,680,499	12,590,436
OPERATING EXPENSES				
Merchandise costs	6,792,367	5,788,653	12,912,568	11,076,438
Selling, general and administrative	636,739	543,565	1,233,456	1,062,555
Preopening expenses	8,108	3,951	18,442	14,658

Provision for impaired assets and warehouse closing costs	1,500	3,000	2,500	5,000
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Operating Income	298,273	253,189	513,533	431,785
OTHER INCOME (EXPENSE)				
Interest expense	(10,576)	(10,995)	(20,973)	(21,907)
Interest income and other	14,983	11,192	25,650	17,231
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INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	302,680	253,386	518,210	427,109
Provision for income taxes	121,072	101,354	207,284	170,843
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INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	181,608	152,032	310,926	256,266
Cumulative effect of accounting change, net of tax	--	--	--	(118,023)
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NET INCOME	\$ 181,608	\$ 152,032	\$ 310,926	\$ 138,243
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NET INCOME PER COMMON SHARE:				
Basic earnings per share:				
Income before cumulative effect of accounting change..	\$ 0.41	\$ 0.35	\$ 0.70	\$ 0.59
Cumulative effect of accounting change, net of tax	--	--	--	(0.27)
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Net income	\$ 0.41	\$ 0.35	\$ 0.70	\$ 0.32
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Diluted earnings per share:				
Income before cumulative effect of accounting change	\$ 0.39	\$ 0.33	\$ 0.66	\$ 0.55
Cumulative effect of accounting change, net of tax	--	--	--	(0.25)
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Net Income	\$ 0.39	\$ 0.33	\$ 0.66	\$ 0.30
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Shares used in calculation (000's):				
Basic	445,255	437,782	444,277	436,730
Diluted	476,642	470,453	475,120	468,787
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