



Costco Wholesale Corporation Reports Third Quarter and Year-to-date Operating Results for Fiscal 2000 and Comments On Future Earnings Outlook

May 24, 2000

ISSAQUAH, Wash.--(BUSINESS WIRE)--May 24, 2000--Costco Wholesale Corporation (Nasdaq:COST) announced today its operating results for the third quarter (12 weeks) and first thirty-six weeks of fiscal 2000, ended May 7, 2000.

Net sales for the third quarter of fiscal 2000 increased 14% to \$6.77 billion from \$5.94 billion during the third quarter of fiscal 1999. On a comparable warehouse basis, that is warehouses open at least a year, net sales increased by 10%.

Net income for the third quarter of fiscal 2000 increased 14% to \$120.3 million, or \$.26 per diluted share, from \$105.9 million, or \$.23 per diluted share, during the third quarter of fiscal 1999.

Net sales for the first thirty-six weeks of fiscal 2000 increased 16% to \$21.21 billion from \$18.32 billion during the first thirty-six weeks of fiscal 1999. Comparable warehouse sales during the first thirty-six weeks of fiscal 2000 increased 12% over the prior year's levels.

Net income for the first thirty-six weeks of fiscal 2000 was \$431.3 million, or \$.92 per diluted share. Excluding the impact of a one-time accounting charge taken in last year's first quarter, net income for the first thirty-six weeks of fiscal 1999 was \$362.1 million, or \$.78 per diluted share, resulting in year-over-year earnings and earnings per share increases of 19% and 18%, respectively. In last year's first quarter, 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 \$244.1 million or \$.53 per diluted share for the first thirty-six weeks of fiscal 1999.

In terms of the earnings outlook for the fourth quarter of fiscal 2000, which ends September 3rd, the company expects to be \$.01 to \$.02 per share below the current average published consensus estimate of \$.45 per share. For fiscal year 2001, the company expects earnings per share growth to be in the 11% to 13% range.

Costco currently operates 305 warehouses, including 231 in the United States, 59 in Canada, eight in the United Kingdom, three in Korea, three in Taiwan, and a warehouse in Japan; as well as 18 additional warehouses in Mexico with a joint venture partner. The Company also operates Costco Online, an electronic commerce web site, at www.costco.com. The Company plans to open an additional 10 to 12 new warehouses (including two to three relocations of existing warehouses to larger and better-located facilities) prior to the end of its fiscal year 2000 on September 3, 2000.

Certain statements contained in this release constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For these purposes, forward-looking statements are statements that address activities, events, conditions or developments that the company expects, or anticipates may occur in the future. Such forward-looking statements involve risks and uncertainties that may cause actual events, results or performance to differ materially from those indicated by such statements. These risks and uncertainties include, but are not limited to, domestic and international economic conditions including exchange rates, the effects of competition and regulation, conditions affecting the acquisition, development, ownership or use of real estate, actions of vendors, Year 2000 issues, and other risks identified from time to time in the Company's public statements and reports filed with the SEC. -0-

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

	12 Weeks Ended		36 Weeks Ended	
	May 7, 2000	May 9, 1999	May 7, 2000	May 9, 1999
REVENUE				
Net Sales	\$6,768,608	\$5,941,049	\$21,206,406	\$18,319,732
Membership fees and other	126,000	112,771	368,701	324,524
Total Revenue	6,894,608	6,053,820	21,575,107	18,644,256
OPERATING EXPENSES				
Merchandise costs	6,084,246	5,341,716	18,996,814	16,418,154
Selling, general and administrative	604,924	528,158	1,838,380	1,590,713
Preopening expenses	6,728	6,120	25,170	20,778

Provision for impaired assets and warehouse closing costs	1,500	1,500	4,000	6,500
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Operating Income	197,210	176,326	710,743	608,111
OTHER INCOME (EXPENSE)				
Interest expense	(9,604)	(10,524)	(30,577)	(32,431)
Interest income and other	12,943	10,659	38,593	27,890
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INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	200,549	176,461	718,759	603,570
Provision for income taxes	80,220	70,584	287,504	241,427
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INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	120,329	105,877	431,255	362,143
Cumulative effect of accounting change, net of tax	---	---	---	(118,023)
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NET INCOME	\$120,329	\$105,877	\$431,255	\$244,120
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NET INCOME PER COMMON SHARE:				
Basic earnings per share:				
Income before cumulative effect of accounting change	\$0.27	\$0.24	\$0.97	\$0.83
Cumulative effect of accounting change, net of tax	---	---	---	(0.27)
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Net income	\$0.27	\$0.24	\$0.97	\$0.56
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Diluted earnings per share:				
Income before cumulative effect of accounting change	\$0.26	\$0.23	\$0.92	\$0.78
Cumulative effect of accounting change, net of tax	---	---	---	(0.25)
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Net Income	\$0.26	\$0.23	\$0.92	\$0.53
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Shares used in calculation (000's):				
Basic	448,113	440,438	445,557	437,968
Diluted	478,750	473,570	476,409	470,362
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