



Costco Wholesale Corporation Reports First Quarter Fiscal Year 2011 Operating Results

December 8, 2010

ISSAQUAH, WA, Dec 08, 2010 (MARKETWIRE via COMTEX) --

Costco Wholesale Corporation ("Costco" or the "Company") (NASDAQ: COST) announced today its operating results for the first quarter (twelve weeks) of fiscal 2011, ended November 21, 2010.

Net sales for the quarter increased eleven percent to \$18.82 billion from \$16.92 billion during the first quarter of fiscal 2010. This year's first quarter included sales from the Company's 50% owned Mexico joint venture, as the Company began consolidating its Mexico operations on a prospective basis beginning with its 2011 fiscal year (on August 30, 2010) due to the adoption of a new accounting standard, as previously disclosed; without those sales the increase would have been eight percent.

Comparable sales for the first quarter of fiscal 2011, including Mexico operations for both this year and last year, were as follows:

| | 12 Weeks |
|---------------|----------|
| U.S. | 5% |
| International | 14% |
| Total Company | 7% |

Inflation in gasoline prices and strengthening foreign currencies had a positive impact on comparable sales. Excluding these effects, comparable sales for the twelve-week period were as follows:

| | 12 Weeks |
|---------------|----------|
| U.S. | 4% |
| International | 10% |
| Total Company | 5% |

Net income for the quarter was \$312 million, or \$.71 per diluted share, compared to \$266 million, or \$.60 per diluted share, during the first quarter of fiscal 2010. Mexico's results for the prior year were accounted for under the equity method and Costco's 50% share was included in interest income and other. In the current year the joint venture results are fully consolidated and the joint venture partner's 50% share is reported as net income attributable to noncontrolling interests. The consolidation of the Mexico joint venture had no impact on net income or earnings per share attributable to Costco.

Costco currently operates 582 warehouses, including 425 in the United States and Puerto Rico, 80 in Canada, 22 in the United Kingdom, seven in Korea, six in Taiwan, nine in Japan, one in Australia and 32 in Mexico. The Company also operates Costco Online, an electronic commerce web site, at www.costco.com and at www.costco.ca in Canada.

A conference call to discuss these fiscal 2011 first quarter results is scheduled for 8:00 a.m. (PT) today, December 8, 2010, and is available via a webcast on www.costco.com (click on Investor Relations and "Play Webcast").

Certain statements contained in this document 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, uncertainties in the financial markets, consumer and small business spending patterns and debt levels, conditions affecting the acquisition, development, ownership or use of real estate, actions of vendors, rising costs associated with employees (including health care costs), geopolitical conditions and other risks identified from time to time in the Company's public statements and reports filed with the Securities and Exchange Commission.

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

12 Weeks Ended
November 21, 2010 November 22, 2009

| | | |
|--|-----------|-----------|
| REVENUE | | |
| Net sales | \$ 18,823 | \$ 16,922 |
| Membership fees | 416 | 377 |
| | ----- | ----- |
| Total revenue | 19,239 | 17,299 |
| OPERATING EXPENSES | | |
| Merchandise costs | 16,757 | 15,081 |
| Selling, general and administrative | 1,941 | 1,777 |
| Preopening expenses | 12 | 11 |
| Provision for impaired assets and closing costs, net | 4 | 2 |
| | ----- | ----- |
| Operating income | 525 | 428 |
| OTHER INCOME (EXPENSE) | | |
| Interest expense | (26) | (24) |
| Interest income and other, net | 5 | 18 |
| | ----- | ----- |
| INCOME BEFORE INCOME TAXES | 504 | 422 |
| Provision for income taxes | 172 | 152 |
| | ----- | ----- |
| Net income including noncontrolling interests | 332 | 270 |
| Net income attributable to noncontrolling interests | (20) | (4) |
| | ----- | ----- |
| NET INCOME ATTRIBUTABLE TO COSTCO | \$ 312 | \$ 266 |
| | ===== | ===== |
| NET INCOME PER COMMON SHARE ATTRIBUTABLE TO COSTCO: | | |
| Basic | \$ 0.72 | \$ 0.61 |
| | ===== | ===== |
| Diluted | \$ 0.71 | \$ 0.60 |
| | ===== | ===== |
| Shares used in calculation (000's) | | |
| Basic | 434,099 | 437,173 |
| Diluted | 441,360 | 444,849 |
| Dividends per share | \$ 0.205 | \$ 0.180 |

COSTCO WHOLESALE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in millions)
(unaudited)

Subject to Reclassifications

| | November 21, 2010 | August 29, 2010 |
|---|----------------------|--------------------|
| | ----- | ----- |
| ASSETS | | |
| Cash and cash equivalents | \$ 3,739 | \$ 3,214 |
| Short-term investments | 1,545 | 1,535 |
| Receivables, net | 985 | 884 |
| Merchandise inventories | 6,852 | 5,638 |
| Deferred income taxes and other current assets | 437 | 437 |
| | ----- | ----- |
| Total current assets | 13,558 | 11,708 |
| Property and equipment, net | 12,019 | 11,314 |
| Other assets | 466 | 793 |
| | ----- | ----- |
| TOTAL ASSETS | \$ 26,043 | \$ 23,815 |
| | ===== | ===== |
| LIABILITIES AND EQUITY | | |
| Accounts payable | \$ 7,205 | \$ 5,947 |
| Short-term borrowings and current portion of long-term debt | 24 | 26 |
| Other current liabilities | 4,273 | 4,090 |
| | ----- | ----- |
| Total current liabilities | 11,502 | 10,063 |

| | | |
|---|-----------|-----------|
| Long-term debt, excluding current portion | 2,143 | 2,141 |
| Deferred income taxes and other liabilities | 691 | 681 |
| | ----- | ----- |
| Total liabilities | 14,336 | 12,885 |
| | ----- | ----- |
| Total Costco stockholders' equity | 11,199 | 10,829 |
| Noncontrolling interests | 508 | 101 |
| | ----- | ----- |
| Total equity | 11,707 | 10,930 |
| | ----- | ----- |
| TOTAL LIABILITIES AND EQUITY | \$ 26,043 | \$ 23,815 |
| | ===== | ===== |

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SOURCE: Costco