



Costco Wholesale Corporation Reports Third Quarter and Year-to-Date Operating Results for Fiscal Year 2013

May 30, 2013

ISSAQUAH, WA -- (Marketwired) -- 05/30/13 -- Costco Wholesale Corporation ("Costco" or the "Company") (NASDAQ: COST) announced today its operating results for the third quarter (twelve weeks) and the first thirty-six-weeks of fiscal 2013, ended May 12, 2013. Net sales for the quarter increased eight percent, to \$23.55 billion, from \$21.85 billion last year. Net sales for the first thirty-six weeks increased eight percent, to \$71.10 billion, from \$65.54 billion last year.

Comparable sales were as follows:

| | 12 Weeks | 36 Weeks |
|---------------|----------|----------|
| U.S. | 6% | 6% |
| International | 4% | 6% |
| Total | 5% | 6% |

Changes in gasoline prices and foreign exchange rates had negative impacts on comparable sales for the 12-week period; and immaterial impacts for the 36-week period. Excluding these effects, comparable sales were as follows:

| | 12 Weeks | 36 Weeks |
|---------------|----------|----------|
| U.S. | 7% | 6% |
| International | 7% | 6% |
| Total | 7% | 6% |

Net income for the quarter was \$459 million, or \$1.04 per diluted share, compared to \$386 million, or \$.88 per diluted share, last year. Net income for the first thirty-six weeks was \$1.42 billion, or \$3.23 per diluted share, compared to \$1.10 billion, or \$2.50 per diluted share, last year. Net income for the thirty-six weeks was positively impacted by a second quarter \$62 million (\$.14 per diluted share) tax benefit in connection with the portion of the special cash dividend paid in December 2012 to the Company 401(k) plan participants.

Costco currently operates 627 warehouses, including 449 in the United States and Puerto Rico, 85 in Canada, 33 in Mexico, 24 in the United Kingdom, 15 in Japan, nine in Taiwan, nine in Korea and three in Australia. The Company plans to open up to an additional nine new warehouses prior to the end of its fiscal year on September 1, 2013. Costco also operates electronic commerce web sites, at www.costco.com (U.S.), www.costco.ca (Canada), and www.costco.co.uk (United Kingdom).

A conference call to discuss these third quarter operating results is scheduled for 8:00 a.m. (PT) today, May 30, 2013, 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), energy, and certain commodities, 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 | | 36 Weeks Ended | |
|-----------------|----------------|-------------|----------------|-------------|
| | May 12, 2013 | May 6, 2012 | May 12, 2013 | May 6, 2012 |
| REVENUE | | | | |
| Net sales | \$ 23,552 | \$ 21,849 | \$ 71,099 | \$ 65,538 |
| Membership fees | 531 | 475 | 1,570 | 1,381 |
| Total revenue | 24,083 | 22,324 | 72,669 | 66,919 |

OPERATING EXPENSES

| | | | | |
|-------------------------------------|--------|--------|--------|--------|
| Merchandise costs | 21,038 | 19,543 | 63,530 | 58,613 |
| Selling, general and administrative | 2,313 | 2,152 | 7,006 | 6,474 |
| Preopening expenses | 10 | 6 | 34 | 22 |
| Operating income | 722 | 623 | 2,099 | 1,810 |

OTHER INCOME (EXPENSE)

| | | | | |
|--------------------------------|-------|-------|-------|-------|
| Interest expense | (25) | (19) | (63) | (73) |
| Interest income and other, net | 15 | 18 | 61 | 65 |

INCOME BEFORE INCOME TAXES

| | | | | |
|----------------------------|-----|-----|-----|-----|
| Provision for income taxes | 248 | 217 | 658 | 657 |
|----------------------------|-----|-----|-----|-----|

| | | | | |
|-----------------------------------------------|-----|-----|-------|-------|
| Net income including noncontrolling interests | 464 | 405 | 1,439 | 1,145 |
|-----------------------------------------------|-----|-----|-------|-------|

| | | | | |
|-----------------------------------------------------|------|-------|-------|-------|
| Net income attributable to noncontrolling interests | (5) | (19) | (17) | (45) |
|-----------------------------------------------------|------|-------|-------|-------|

| | | | | |
|------------------------------------------|---------------|---------------|-----------------|-----------------|
| NET INCOME ATTRIBUTABLE TO COSTCO | \$ 459 | \$ 386 | \$ 1,422 | \$ 1,100 |
|------------------------------------------|---------------|---------------|-----------------|-----------------|

NET INCOME PER COMMON SHARE ATTRIBUTABLE TO COSTCO:

| | | | | |
|---------|---------|---------|---------|---------|
| Basic | \$ 1.05 | \$ 0.89 | \$ 3.27 | \$ 2.53 |
| Diluted | \$ 1.04 | \$ 0.88 | \$ 3.23 | \$ 2.50 |

Shares used in calculation (000's)

| | | | | |
|-------|---------|---------|---------|---------|
| Basic | 436,488 | 433,791 | 435,293 | 434,180 |
|-------|---------|---------|---------|---------|

| | | | | |
|---------|---------|---------|---------|---------|
| Diluted | 440,780 | 439,166 | 439,738 | 439,748 |
|---------|---------|---------|---------|---------|

| | | | | |
|-------------------------------------------------|----------------|----------------|----------------|----------------|
| Cash dividends declared per common share | \$ 0.31 | \$ 0.00 | \$ 7.86 | \$ 0.48 |
|-------------------------------------------------|----------------|----------------|----------------|----------------|

COSTCO WHOLESALE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(dollars in millions)

(unaudited)

Subject to Reclassifications

| | <u>May 12, 2013</u> | <u>September 2, 2012</u> |
|------------------------------------------------|-------------------------|------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 5,448 | \$ 3,528 |
| Short-term investments | 1,062 | 1,326 |
| Receivables, net | 1,134 | 1,026 |
| Merchandise inventories | 7,635 | 7,096 |
| Deferred income taxes and other current assets | 584 | 550 |
| Total current assets | 15,863 | 13,526 |
| Property and equipment, net | 13,546 | 12,961 |
| Other assets | 597 | 653 |
| TOTAL ASSETS | \$ 30,006 | \$ 27,140 |
| LIABILITIES AND EQUITY | | |
| Short-term borrowings | \$ 54 | \$ 0 |
| Accounts payable | 7,788 | 7,303 |
| Accrued salaries and benefits | 1,911 | 1,832 |
| Other current liabilities | 2,544 | 2,024 |
| Deferred membership fees | 1,212 | 1,101 |
| Total current liabilities | 13,509 | 12,260 |
| Long-term debt, excluding current portion | 4,887 | 1,381 |
| Deferred income taxes and other liabilities | 963 | 981 |
| Total liabilities | 19,359 | 14,622 |
| Total Costco stockholders' equity | 10,472 | 12,361 |
| Noncontrolling interests | 175 | 157 |

| | | |
|-------------------------------------|------------------|------------------|
| Total equity | 10,647 | 12,518 |
| TOTAL LIABILITIES AND EQUITY | \$ 30,006 | \$ 27,140 |

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Source: Costco