



## Costco Wholesale Corporation Reports Fourth Quarter and Fiscal Year 2015 Operating Results

September 30, 2015

ISSAQUAH, WA -- (Marketwired) -- 09/29/15 -- Costco Wholesale Corporation ("Costco" or the "Company") (NASDAQ: COST) today announced its operating results for the 16-week fourth quarter and the 52-week fiscal year ended August 30, 2015.

Net sales for the fourth quarter were \$34.99 billion, an increase of one percent from \$34.75 billion in fiscal 2014. Net sales for the fiscal year were \$113.67 billion, an increase of three percent from \$110.21 billion last year.

Comparable sales were as follows:

	16 Weeks	52 Weeks
U.S.	2%	3%
Canada	-10%	-5%
Other International	-7%	-3%
Total Company	-1%	1%

Comparable sales for these periods excluding the negative impacts from gasoline price deflation and foreign exchange were as follows:

	16 Weeks	52 Weeks
U.S.	6%	6%
Canada	7%	8%
Other International	6%	6%
Total Company	6%	7%

Net income for the fourth quarter was \$767 million, or \$1.73 per diluted share, compared to \$697 million, or \$1.58 per diluted share, last year.

Net income for this fiscal year was \$2.38 billion, or \$5.37 per diluted share, compared to \$2.06 billion, or \$4.65 per diluted share, last year. Net income this year was positively impacted by a \$57 million (\$.13 per diluted share) tax benefit in connection with a second-quarter special cash dividend received by the Company 401(k) plan participants.

Costco currently operates 686 warehouses, including 480 in the United States and Puerto Rico, 89 in Canada, 36 in Mexico, 27 in the United Kingdom, 23 in Japan, 12 in Korea, 11 in Taiwan, seven in Australia and one in Spain. The Company plans to open up to an additional 12 new warehouses (including one relocation) before the end of calendar year 2015. Costco also operates e-commerce web sites in the U.S., Canada, the United Kingdom and Mexico.

A conference call to discuss these fiscal 2015 fourth quarter and year-end operating results is scheduled for 8:00 a.m. (PT) tomorrow, September 30, 2015, and is available via a webcast on [www.costco.com](http://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, breaches of security or privacy of member or business information, conditions affecting the acquisition, development, ownership or use of real estate, capital spending, 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. Forward-looking statements speak only as of the date they are made, and we do not undertake to update these statements, except as required by law.

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

	<i>16 Weeks Ended</i>	<i>16 Weeks Ended</i>	<i>52 Weeks Ended</i>	<i>52 Weeks Ended</i>
	<i>August 30, 2015</i>	<i>August 31, 2014</i>	<i>August 30, 2015</i>	<i>August 31, 2014</i>
<b>REVENUE</b>				
Net sales	\$ 34,993	\$ 34,755	\$ 113,666	\$ 110,212

Membership fees	785	768	2,533	2,428
Total revenue	<u>35,778</u>	<u>35,523</u>	<u>116,199</u>	<u>112,640</u>
<b>OPERATING EXPENSES</b>				
Merchandise costs	31,096	31,037	101,065	98,458
Selling, general and administrative	3,499	3,380	11,445	10,899
Preopening expenses	<u>27</u>	<u>15</u>	<u>65</u>	<u>63</u>
Operating income	1,156	1,091	3,624	3,220
<b>OTHER INCOME (EXPENSE)</b>				
Interest expense	(40 )	(35 )	(124 )	(113 )
Interest income and other, net	<u>40</u>	<u>30</u>	<u>104</u>	<u>90</u>
<b>INCOME BEFORE INCOME TAXES</b>	1,156	1,086	3,604	3,197
Provision for income taxes	<u>378</u>	<u>381</u>	<u>1,195</u>	<u>1,109</u>
Net income including noncontrolling interests	778	705	2,409	2,088
Net income attributable to noncontrolling interests	<u>(11 )</u>	<u>(8 )</u>	<u>(32 )</u>	<u>(30 )</u>
<b>NET INCOME ATTRIBUTABLE TO COSTCO</b>	<u>\$ 767</u>	<u>\$ 697</u>	<u>\$ 2,377</u>	<u>\$ 2,058</u>
<b>NET INCOME PER COMMON SHARE ATTRIBUTABLE TO COSTCO:</b>				
Basic	<u>\$ 1.75</u>	<u>\$ 1.59</u>	<u>\$ 5.41</u>	<u>\$ 4.69</u>
Diluted	<u>\$ 1.73</u>	<u>\$ 1.58</u>	<u>\$ 5.37</u>	<u>\$ 4.65</u>
Shares used in calculation: (000's)				
Basic	438,835	437,875	439,455	438,693
Diluted	442,404	441,887	442,716	442,485
<b>Cash dividends declared per common share</b>	<b>\$ 0.40</b>	<b>\$ 0.355</b>	<b>\$ 6.51</b>	<b>\$ 1.33</b>

**COSTCO WHOLESALE CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(amounts in millions, except par value and share data)  
(unaudited)

**Subject to Reclassifications**

	<b>ASSETS</b>	<b>August 30, 2015</b>	<b>August 31, 2014</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 4,801	\$ 5,738
Short-term investments		1,618	1,577
Receivables, net		1,224	1,148
Merchandise inventories		8,908	8,456
Deferred income taxes and other current assets		<u>748</u>	<u>669</u>
Total current assets		<u>17,299</u>	<u>17,588</u>
<b>PROPERTY AND EQUIPMENT</b>			
Land		4,961	4,716
Buildings and improvements		12,618	12,522
Equipment and fixtures		5,274	4,845
Construction in progress		<u>811</u>	<u>592</u>
		23,664	22,675
Less accumulated depreciation and amortization		<u>(8,263 )</u>	<u>(7,845 )</u>
Net property and equipment		<u>15,401</u>	<u>14,830</u>
<b>OTHER ASSETS</b>			
		<u>740</u>	<u>606</u>
<b>TOTAL ASSETS</b>		<u>\$ 33,440</u>	<u>\$ 33,024</u>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable		\$ 9,011	\$ 8,491

Accrued salaries and benefits	2,468	2,231
Accrued member rewards	813	773
Deferred membership fees	1,269	1,254
Current portion long-term debt	1,283	0
Other current liabilities	1,696	1,663
Total current liabilities	16,540	14,412
<b>LONG-TERM DEBT, excluding current portion</b>	4,864	5,093
<b>DEFERRED INCOME TAXES AND OTHER LIABILITIES</b>	1,193	1,004
Total liabilities	22,597	20,509
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>EQUITY</b>		
Preferred stock \$.005 par value; 100,000,000 shares authorized; no shares issued and outstanding	0	0
Common stock \$.005 par value; 900,000,000 shares authorized; 437,952,000 and 437,683,000 shares issued and outstanding	2	2
Additional paid-in capital	5,218	4,919
Accumulated other comprehensive loss	(1,121 )	(76 )
Retained earnings	6,518	7,458
Total Costco stockholders' equity	10,617	12,303
Noncontrolling interests	226	212
Total equity	10,843	12,515
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 33,440</b>	<b>\$ 33,024</b>

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Source: Costco