UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED AUGUST 29, 1999

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 0-20355

COSTCO WHOLESALE CORPORATION

(Exact name of registrant as specified in its charter)

WASHINGTON	91-1223280
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

999 LAKE DRIVE, ISSAQUAH, WA 98027
(Address of principal executive offices)
(Zip Code)

Registrant's telephone number, including area code: (425) 313-8100

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock $.01 Par Value	The Nasdaq National Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES _X_ NO ____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by nonaffiliates of the registrant at October 29, 1999 was $17,587,421,145.

The number of shares outstanding of the registrant's common stock as of October 29, 1999 was 221,834,643.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for the Annual Meeting of Stockholders to be held on January 27, 2000 are incorporated by reference into Part III of this Form 10-K.

COSTCO WHOLESALE CORPORATION
ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED AUGUST 29, 1999

PART I

ITEM 1--BUSINESS

Costco Wholesale Corporation ("Costco" or the "Company") began operations in 1983 in Seattle, Washington. In October 1993, Costco merged with The Price Company, which had pioneered the membership warehouse concept in 1976, to form Price/Costco, Inc., a Delaware corporation. In January 1997, after the spin-off of most of its non-warehouse assets to Price Enterprises, Inc., the Company changed its name to Costco Companies, Inc. On August 30, 1999, the Company reincorporated from Delaware to Washington and changed its name to Costco Wholesale Corporation, which trades on the NASDAQ under the symbol "COST".

GENERAL

Costco operates membership warehouses based on the concept that offering members very low prices on a limited selection of nationally branded and selected private label products in a wide range of merchandise categories will produce high sales volumes and rapid inventory turnover. This rapid inventory turnover, when combined with the operating efficiencies achieved by volume purchasing, efficient distribution and reduced handling of merchandise in no-frills, self-service warehouse facilities, enables Costco to operate profitably at significantly lower gross margins than traditional wholesalers, discount retailers and supermarkets.

Costco buys nearly all of its merchandise directly from manufacturers for shipment either directly to Costco's selling warehouses or to a consolidation point ("depot") where various shipments are combined so as to minimize freight and handling costs. As a result, Costco eliminates many of the costs associated with multiple step distribution channels, which include purchasing from distributors as opposed to manufacturers, use of central receiving, storing and distributing warehouses, and storage of merchandise in locations off the sales floor. By providing this more cost-effective means of distributing goods, Costco meets the needs of business customers who otherwise would pay a premium for small purchases and for the distribution services of traditional wholesalers, and who cannot otherwise obtain the full range of their product requirements from any single source. In addition, these business members will often combine personal shopping with their business purchases. Individuals shopping for their personal needs are primarily motivated by the cost savings on brand name and selected private label merchandise. Costco's merchandise selection is designed to appeal to both the business and consumer requirements of its members by offering a wide range of nationally branded and selected private label products, often in case, carton or multiple-pack quantities, at attractively low prices.

Because of its high sales volume and rapid inventory turnover, Costco generally has the opportunity to receive cash from the sale of a substantial portion of its inventory at mature warehouse operations before it is required to pay all its merchandise vendors, even though Costco takes advantage of early payment terms to obtain payment discounts. As sales in a given warehouse increase and inventory turnover becomes more rapid, a greater percentage of the inventory is financed through payment terms provided by vendors rather than by working capital.

Costco's typical warehouse format averages approximately 132,000 square feet. Floor plans are designed for economy and efficiency in the use of selling space, in the handling of merchandise and in the control of inventory. Because shoppers are attracted principally by the availability of low prices on brand name and selected private label goods, Costco's warehouses need not be located on prime commercial real estate sites or have elaborate facilities.

By strictly controlling the entrances and exits of its warehouses and by limiting membership to selected groups and businesses, Costco has been able to limit inventory losses to less than three-tenths of one percent of net sales--well below those of typical discount retail operations. Losses associated with

dishonored checks have also been minimal, since individual memberships are generally limited to members of qualifying groups, and bank information from business members is verified prior to establishing a check purchase limit. Memberships are invalidated at the point of sale for those members who have issued dishonored checks to Costco.

Costco's policy is generally to limit advertising and promotional expenses to new warehouse openings and occasional direct mail advertisements to prospective new members. These practices result in lower marketing expenses as compared to typical discount retailers and supermarkets. In connection with new warehouse openings, Costco's marketing teams personally contact businesses in the area who are potential wholesale members. These contacts are supported by direct mailings during the period immediately prior to opening. Potential Gold Star (individual) members are contacted by direct mail or by providing such mailings to be distributed through credit unions, employee associations and other entities representing individuals who are eligible for Gold Star membership. After a membership base is established in an area, most new memberships result from word-of-mouth advertising, follow-up contact by direct mail distributed through regular payroll or other organizational communications to employee groups, and ongoing direct solicitations to prospective wholesale members.

Costco's warehouses generally operate on a seven-day, 68-hour week, and are open somewhat longer during the holiday season. Generally, warehouses are open weekdays between 10:00 a.m. and 8:30 p.m., with earlier closing hours on the weekend. Because these hours of operation are shorter than those of traditional discount grocery retailers and supermarkets, labor costs are lower relative to the volume of sales. Merchandise is generally stored on racks above the sales floor and displayed on pallets containing large quantities of each item, thereby reducing labor required for handling and stocking. In addition, sales are processed through centralized, automated check-out stands. Most items are not individually price marked; rather, each item is bar-coded so it can be scanned into electronic cash registers. This allows price changes without remarking merchandise. Substantially all manufacturers provide merchandise pre-marked with the item numbers and bar codes and many provide special, larger package sizes.

Costco's merchandising strategy is to provide the customer with a broad range of high quality merchandise at prices consistently lower than could be obtained through traditional wholesalers, discount retailers or supermarkets. An important element of this strategy is to carry only those products on which Costco can provide its members significant cost savings. Items which members may request but which cannot be purchased at prices low enough to pass along meaningful cost savings are usually not carried. Costco seeks to limit specific items in each product line to fast selling models, sizes and colors and therefore carries only an average of approximately 3,600 to 4,400 active stockkeeping units ("SKU's") per warehouse in its core warehouse business, as opposed to discount retailers and supermarkets which normally stock 40,000 to 60,000 SKU's or more. These practices are consistent with Costco's membership policies of satisfying both the business and personal shopping needs of its wholesale members, thereby encouraging high volume shopping. Many consumable products are offered for sale in case, carton or multiple-pack quantities only. Appliances, equipment and tools often feature commercial and professional models. Costco's policy is to accept returns of merchandise within a reasonable time after purchase.

The following table indicates the approximate percentage of net sales accounted for by each major category of items sold by Costco during fiscal 1999, 1998, and 1997:

	1999	1998	1997
SUNDRIES (including candy, snack foods, health and beauty aids, tobacco, alcoholic beverages, soft drinks and cleaning and institutional supplies)......................	30%	30%	31%
FOOD (including dry and fresh foods and institutionally packaged foods)...	31%	32%	32%
HARDLINES (including major appliances, video and audio tape, electronics, tools, office supplies, furniture and automotive supplies).....................................	20%	20%	20%

SOFTLINES (including apparel, domestics, cameras, jewelry, housewares, books and small appliances)...................	12%	12%	12%
OTHER (including pharmacy, optical, one-hour photo, print shop, hearing aid and gas stations).......................	7%	6%	5%
	100%	100%	100%

Costco has direct buying relationships with many producers of national brand name merchandise. No significant portion of merchandise is obtained by Costco from any one of these or any other single supplier. Costco has not experienced any difficulty in obtaining sufficient quantities of merchandise, and believes that if one or more of its current sources of supply became unavailable, it would be able to obtain alternative sources without experiencing a substantial disruption of its business. Costco also purchases different national brand name or selected private label merchandise of the same product, as long as cost, quality and customer demand are comparable.

Costco reports on a 52/53 week fiscal year, consisting of 13 four-week periods and ending on the Sunday nearest the end of August. The first, second and third quarters consist of three periods each, and the fourth quarter consists of four periods (five weeks in the thirteenth period in a 53-week year). There is no material seasonal impact on Costco's operations, except an increased level of sales and earnings during the Christmas holiday season.

MEMBERSHIP POLICY

Costco's membership format is designed to reinforce customer loyalty and provide a continuing source of membership fee revenue. Costco has two primary types of members: Business and Gold Star (individual) members. In addition, the Company offers an Executive Membership program to both Business and Gold Star members.

Businesses, including individuals with a business license, retail sales license or other evidence of business existence, may become Business members. Costco promotes Business membership through its merchandise selection and its membership marketing programs. Business members generally pay an annual membership fee of $35 for the primary membership card with additional membership cards available for an annual fee of $25.

Individual memberships are available to employees of federal, state and local governments, financial institutions, corporations, utility and transportation companies, public and private educational institutions, and other selected organizations. Individual members generally pay an annual membership fee of $40, which includes a spouse card.

Executive Memberships are available to any Business or Gold Star member for a total annual fee of $100. This membership offers Business and Gold Star members the opportunity to save on various services such as merchant credit card processing, auto and homeowner insurance, employee health insurance, real

estate and mortgage services, long-distance telephone services and small business loans. The services offered are generally provided by third-party service providers and vary by state.

As of August 29, 1999, Costco had approximately 3.9 million Business memberships and approximately 9.6 million Gold Star memberships. Members can utilize their memberships at any warehouse location.

LABOR

As of August 29, 1999, Costco had approximately 70,000 employees, including about 50% who were part-time. Approximately 11,000 hourly employees in California, Maryland, New Jersey, New York and one warehouse in Virginia are represented by the International Brotherhood of Teamsters. In addition, one warehouse in the Canadian province of British Columbia is represented by the Retail Wholesale Union. All remaining hourly employees are non-union. Costco considers its employee relations to be good.

COMPETITION

The Company operates in the rapidly changing and highly competitive merchandising industry. When The Price Company pioneered the membership warehouse club concept in 1976, the dominant companies selling comparable lines of merchandise were department stores, grocery stores and traditional wholesalers. Since then, new merchandising concepts and aggressive marketing techniques have led to a more intense and focused competitive environment. Wal-Mart has become the largest retailer in the United States (and the world) and has expanded into food merchandising. Target has also emerged as a significant retail competitor. Approximately 846 warehouse clubs exist across the U.S. and Canada, including the 279 warehouses operated by the Company in North America; and every major metropolitan area has some, if not several, club operations. Low cost operators selling a single category or narrow range of merchandise, such as Home Depot, Office Depot, PetSmart, Toys-R-Us, Circuit City and Barnes & Noble, have significant market share in their respective categories. New forms of retailing involving modern technology are boosting sales in certain stores, while home shopping and electronic commerce over the Internet is becoming increasingly popular. Likewise, in the institutional food business, companies such as Smart & Final, which operates in Arizona, California and Florida, are capturing an increasingly greater share of the institutional food business from wholesale operators and others; and many supermarkets now offer food lines in bulk sizes and at prices comparable to those offered by the Company. (See "Item--7 Management's Discussion and Analysis of Financial Condition and Results of Operations".)

REGULATION

Certain state laws require that the Company apply minimum markups to its selling prices for specific goods, such as tobacco products and alcoholic beverages. While compliance with such laws may cause the Company to charge somewhat higher prices than it otherwise would charge, other retailers are also typically governed by the same restrictions, and the Company believes that compliance with such laws does not have a material adverse effect on its operations.

It is the policy of the Company to sell at lower than manufacturers' suggested retail prices. Some manufacturers attempt to maintain the resale price of their products by refusing to sell to the Company or to other purchasers that do not adhere to suggested retail prices. To date, the Company believes that it has not been materially affected by its inability to purchase directly from such manufacturers. Both federal and state legislation is proposed from time to time which, if enacted, would restrict the Company's ability to purchase goods or extend the application of laws enabling the establishment of minimum prices. The Company cannot predict the effect on its business of the enactment of such federal or state legislation.

Certain states, counties and municipalities have enacted or proposed laws and regulations that would prevent or restrict the operations or expansion plans of certain large retailers, including the Company, within their jurisdictions. The Company does not believe such laws and regulations would have a material adverse effect on its operations.

ITEM 2--PROPERTIES

WAREHOUSE PROPERTIES

At August 29, 1999, Costco operated 292 warehouse clubs: 221 in the United States (in 27 states); 58 in Canada (in 9 Canadian provinces); seven in the

United Kingdom; three in Korea, two in Taiwan, and one in Japan--primarily under the "Costco Wholesale" name. The following is a summary of owned and leased warehouses by region:

NUMBER OF WAREHOUSES

	OWN LAND AND BUILDING	LEASE LAND AND/OR BUILDING	TOTAL
UNITED STATES	171	50	221
CANADA	50	8	58
UNITED KINGDOM	7	--	7
KOREA	--	3	3
TAIWAN	--	2	2
JAPAN	--	1	1
Total	228	64	292

The following schedule shows warehouse openings (net of warehouse closings) by region for the past five fiscal years and expected openings (net of closings) through December 31, 1999:

OPENINGS BY FISCAL YEAR	UNITED STATES	CANADA	OTHER INTERNATIONAL	TOTAL	TOTAL WAREHOUSES IN OPERATION
1994 and prior	182	37	2	221	221
1995	9	8	2	19	240
1996	1	10	1	12	252
1997	8	(1)	2	9	261
1998	11	2	4	17	278
1999	10	2	2	14	292
2000 (through 12/31/99)	9	1	0	10	302
Total	230	59	13(a)	302	

(a) As of August 29, 1999, the Company operated (through a 50%-owned joint venture) 16 warehouses in Mexico (one opened in fiscal 1992, two opened in fiscal 1993, five opened in fiscal 1994, five opened in fiscal 1995, one opened in fiscal 1998, and two opened in fiscal 1999). An additional warehouse was opened in Cancun in September 1999, bringing the total as of 12/31/99 to 17 warehouses. These warehouses are not included in the number of warehouses open in any period because the joint venture is accounted for on the equity basis and therefore their operations are not consolidated in the Company's financial statements.

The Company's headquarters are located in Issaquah, Washington. Additionally, the Company maintains regional buying and administrative offices, operates regional cross-docking facilities (depots) for the consolidation and distribution of certain shipments to the warehouses and operates various processing, packaging and other facilities to support ancillary and other businesses.

ITEM 3--LEGAL PROCEEDINGS

The Company is involved from time to time in claims, proceedings and litigation arising from its business and property ownership. The Company does not believe that any such claim, proceeding or litigation, either alone or in the aggregate, will have a material adverse effect on the Company's financial position or results of its operations.

ITEM 4--SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company's annual meeting is scheduled for 10:00 a.m. on January 27, 2000, at the Doubletree Hotel in Bellevue, Washington. Matters to be voted on will be included in the Company's proxy statement to be filed with the Securities and Exchange Commission and distributed to stockholders prior to the meeting.

ITEM 4A--EXECUTIVE OFFICERS OF THE REGISTRANT

The following is a list of the names, ages and positions of the executive officers of the registrant.

NAME	AGE	POSITION WITH COMPANY
James D. Sinegal	63	President and Chief Executive Officer
Jeffrey H. Brotman	57	Chairman of the Board
Richard D. DiCerchio	56	Sr. Executive Vice President, Chief Operating Officer--Merchandising, Distribution and Construction
Richard A. Galanti	43	Executive Vice President and Chief Financial Officer
Franz E. Lazarus	52	Executive Vice President--International Operations
David B. Loge	57	Executive Vice President--Manufacturing and Ancillary Businesses
W. Craig Jelinek	47	Executive Vice President, Chief Operating Officer--Northern Division
Edward B. Maron	72	Executive Vice President, Chief Operating Officer--Canadian Division
Paul G. Moulton	48	Executive Vice President--Marketing, E-commerce, Member Services and Community Giving
Joseph P. Portera	46	Executive Vice President, Chief Operating Officer--Eastern Division
Dennis R. Zook	50	Executive Vice President, Chief Operating Officer--Southern Division

James D. Sinegal has been President, Chief Executive Officer and a director of the Company since October 1993 upon consummation of the merger of Costco Wholesale Corporation and The Price Company (the "Merger"). From its inception in 1983 until 1993, he was President and Chief Operating Officer of Costco Wholesale Corporation and served as Chief Executive Officer from August 1988 until October 1993. Mr. Sinegal was a co-founder of Costco Wholesale Corporation and has been a director since its inception.

Jeffrey H. Brotman is a native of the Pacific Northwest and is a 1967 graduate of the University of Washington Law School. Mr. Brotman was a co-founder and Chairman of the Board of Costco Wholesale Corporation from its inception. Upon the consummation of the Merger, Mr. Brotman became the Vice-Chairman of the Company, and has served as Chairman since December 1994. Mr. Brotman is a founder of a number of other specialty retail chains.

Richard D. DiCerchio was named Senior Executive Vice President of the Company in 1997. He is currently Executive Vice President and Chief Operating Officer--Merchandising, Distribution and Construction and a director of the Company since October 1993. Until mid-August 1994, he also served as Executive Vice President, Chief Operating Officer--Northern Division. He was appointed Chief Operating Officer--Western Region of Costco Wholesale Corporation in August 1992 and was appointed Executive Vice President and director of Costco Wholesale Corporation in April 1986. From June 1985 to April 1986, he was Senior Vice President, Merchandising of Costco Wholesale Corporation. He joined Costco Wholesale Corporation as Vice President, Operations in May 1983.

Richard A. Galanti has been Executive Vice President and Chief Financial Officer of the Company since the Merger and has been a director of the Company since January 1995. He was Senior Vice President, Chief Financial Officer and Treasurer of Costco Wholesale Corporation from January 1985 until the Merger, having joined Costco Wholesale Corporation as Vice President--Finance in March 1984. From 1978 to February 1984, Mr. Galanti was an Associate with Donaldson, Lufkin & Jenrette Securities Corporation.

Franz E. Lazarus was named Executive Vice President--International Operations in September 1995, prior to which he had served as Executive Vice President, Chief Operating Officer--Northern Division of the Company since August 1994 and Executive Vice President, Chief Operating Officer--Eastern Division since the Merger. He was named Executive Vice President, Chief Operating Officer--East Coast Operations of Costco Wholesale Corporation in August 1992. Mr. Lazarus joined Costco Wholesale Corporation in November 1983 and has held various management positions prior to his current position.

David B. Loge has been Executive Vice President--Manufacturing and Ancillary Businesses since August 1994. Mr. Loge joined The Price Company as a Director of Price Club Industries in March 1989 and became a Vice President of The Price Company and President of Price Club Industries in December 1990. Prior to joining The Price Company, he served as Vice President of Operations of Sundale Beverage in Belmont, California.

W. Craig Jelinek has been Executive Vice President, Chief Operating Officer--Northern Division since September 1995. He had been Senior Vice President, Operations--Northwest Region since September 1992. From May 1986 to September 1994 he was Vice President, Regional Operations Manager--Los Angeles Region and has held various management positions since joining Costco Wholesale Corporation in April 1984.

Edward B. Maron has been Executive Vice President, Chief Operating Officer--Canadian Division of the Company since the Merger. He had been Senior Vice President--Canadian Division of Costco Wholesale Corporation since April 1990. He has held various management positions since joining Costco Wholesale Corporation in June 1984.

Paul G. Moulton was named Executive Vice President in October 1999 and has been responsible for Marketing, E-commerce, Member Services and Community Giving since August 1999. He was Senior Vice President, Information Systems from November 1997 to August 1999. From 1995 to 1997 he was Senior Vice President, COO of Costco Asia; and from 1992 to 1995 he was Senior Vice President, COO of Costco Europe. From 1990 to 1992 Mr. Moulton was Vice President of Finance and Corporate Treasurer and has held various management positions since joining Costco Wholesale Corporation in 1985.

Joseph P. Portera has been Executive Vice President, Chief Operating Officer--Eastern Division of the Company since August 1994. He was Senior Vice President, Operations--Northern California Region from October 1993 to August 1994. From August 1991 to October 1993 he was Senior Vice President, Merchandising--Non Foods of Costco Wholesale Corporation, and has held various management positions since joining Costco Wholesale Corporation in April 1984.

Dennis R. Zook has been Executive Vice President, Chief Operating Officer--Southern Division of the Company since the Merger. He was Executive Vice President of The Price Company since February 1989. Mr. Zook became Vice President of West Coast Operations of The Price Company in October 1988 and has held various management positions since joining The Price Company in October 1981.

PART II

ITEM 5--MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Trading in Costco Common Stock commenced on October 22, 1993, as Price/Costco, Inc., quoted on The Nasdaq Stock Market's National Market under the symbol "PCCW". Since January 29, 1997, following a name change to Costco Companies, Inc. (and a subsequent re-incorporation and name change to Costco Wholesale Corporation in August 1999), the stock has been quoted on The Nasdaq Stock Market's National Market under the symbol "COST."

The following table sets forth the closing high and low sales prices of Costco Common Stock for the period January 1, 1997 through October 29, 1999. The quotations are as reported in published financial sources.

	COSTCO COMMON STOCK	
	HIGH	LOW
Calendar Quarters--1997		
First Quarter	30	24 1/8
Second Quarter	35 3/16	26 7/8
Third Quarter	39 1/8	31 7/16
Fourth Quarter	44 15/16	35 1/8
Calendar Quarters--1998		
First Quarter	58 3/16	42 1/8
Second Quarter	63 7/32	51 3/8
Third Quarter	65	45 1/16
Fourth Quarter	74 7/8	44 5/16
Calendar Quarters--1999		
First Quarter	91 13/16	71 1/4
Second Quarter	92 1/2	71 1/8
Third Quarter	86 9/16	66 1/8
Fourth Quarter (through October 29, 1999)	83 15/16	72

On October 29, 1999, the Company had 7,575 stockholders of record.

DIVIDEND POLICY

Costco does not pay regular dividends and presently has no plans to declare a cash dividend. Under its two revolving credit agreements, Costco is generally permitted to pay dividends in any fiscal year up to an amount equal to 50% of its consolidated net income for that fiscal year.

ITEM 6--SELECTED FINANCIAL DATA

SELECTED FINANCIAL AND OPERATING DATA

The following tables set forth selected financial and operating data for Costco for the ten fiscal years in the period ended August 29, 1999, giving effect to the merger of Costco Wholesale Corporation and The Price Company using the pooling-of-interests method of accounting and treating the non-club real estate segment as a discontinued operation prior to its spin-off in 1994. This selected financial and operating data should be read in conjunction with "Item 7--Management's Discussion and Analysis of Financial Condition and Results of Operations," and the consolidated financial statements of Costco for fiscal 1999.

COSTCO WHOLESALE CORPORATION
SELECTED CONSOLIDATED FINANCIAL DATA
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	52 WEEKS ENDED AUGUST 29, 1999	52 WEEKS ENDED AUGUST 30, 1998	52 WEEKS ENDED AUGUST 31, 1997	52 WEEKS ENDED SEPTEMBER 1, 1996	53 WEEKS ENDED SEPTEMBER 3, 1995	52 WEEKS ENDED AUGUST 28, 1994
OPERATING DATA						
Revenue						
Net sales	$26,976,453	$23,830,380	$21,484,118	$19,213,866	$17,905,926	$16,160,911
Membership fees and other	479,578	439,497	390,286	352,590	341,360	319,732
Total revenue	27,456,031	24,269,877	21,874,404	19,566,456	18,247,286	16,480,643
Operating expenses						
Merchandise costs	24,170,199	21,379,691	19,314,485	17,345,315	16,225,848	14,662,891
Selling, general & administrative	2,338,198	2,069,900	1,876,759	1,691,187	1,555,588	1,425,549
Preopening expenses	31,007	27,010	27,448	29,231	25,018	24,564

Provision for impaired assets and warehouse closing costs...	56,500	6,000	75,000(a)	10,000	7,500	7,500
Operating income...............	860,127	787,276	580,712	490,723	433,332	360,139
Other income (expense)						
Interest expense...............	(45,527)	(47,535)	(76,281)	(78,078)	(67,911)	(50,472)
Interest income and other.......	44,266	26,662	15,898	10,832	2,783	13,888
Provision for merger and restructuring expenses........	--	--	--	--	--	(120,000)
Income from continuing operations before income taxes and cumulative effect of accounting change.........................	858,866	766,403	520,329	423,477	368,204	203,555
Provision for income taxes........	343,545	306,561	208,132	174,684	150,963	92,657
Income from continuing operations before cumulative effect of accounting change..............	515,321	459,842	312,197	248,793	217,241	110,898
Cumulative effect of accounting change, net of tax...........	(118,023)(b)	--	--	--	--	--
Income from continuing operations......................	397,298	459,842	312,197	248,793	217,241	110,898
Discontinued operations:						
Income (loss), net of tax.......	--	--	--	--	--	(40,766)
Loss on disposal...............	--	--	--	--	(83,363)	(182,500)
Net income (loss)..............	$ 397,298	$ 459,842	$ 312,197	$ 248,793	$ 133,878	$ (112,368)
Per Share Data--Diluted						
Income from continuing operations before cumulative effect of accounting change...	$ 2.23	$ 2.03	$ 1.47	$ 1.22	$ 1.05	$ 0.51
Cumulative effect of accounting change, net of tax...........	(0.50)	--	--	--	--	--
Income from continuing operations....................	1.73	2.03	1.47	1.22	1.05	0.51
Discontinued Operations:						
Income (loss), net of tax.......	--	--	--	--	--	(0.19)
Loss on Disposal...............	--	--	--	--	(0.37)	(0.83)
Net income (loss)..............	$ 1.73	$ 2.03	$ 1.47	$ 1.22	$ 0.68	$ (0.51)
Shares used in calculation......	235,560	231,685	224,668	217,890	223,610	219,332

	52 WEEKS ENDED AUGUST 29, 1993	52 WEEKS ENDED AUGUST 30, 1992	52 WEEKS ENDED SEPTEMBER 1, 1991	52 WEEKS ENDED SEPTEMBER 2, 1990
OPERATING DATA				
Revenue				
Net sales......................	$15,154,685	$13,820,380	$11,813,509	$9,346,099
Membership fees and other.......	309,129	276,998	228,742	185,144
Total revenue..................	15,463,814	14,097,378	12,042,251	9,531,243
Operating expenses				
Merchandise costs..............	13,751,153	12,565,463	10,755,823	8,518,951
Selling, general & administrative...............	1,314,660	1,128,898	934,120	719,446
Preopening expenses............	28,172	25,595	16,289	11,691
Provision for impaired assets and warehouse closing costs...	5,000	2,000	1,850	6,000
Operating income...............	364,829	375,422	334,169	275,155
Other income (expense)				
Interest expense...............	(46,116)	(35,525)	(26,041)	(18,769)
Interest income and other.......	17,750	28,958	33,913	19,239
Provision for merger and restructuring expenses........	--	--	--	--
Income from continuing operations before income taxes and cumulative effect of accounting change.........................	336,463	368,855	342,041	275,625
Provision for income taxes........	133,620	145,833	134,748	107,899
Income from continuing operations before cumulative effect of accounting change..............	202,843	223,022	207,293	167,726
Cumulative effect of accounting change, net of tax...........	--	--	--	--
Income from continuing operations......................	202,843	223,022	207,293	167,726
Discontinued operations:				
Income (loss), net of tax.......	20,404	19,385	11,566	6,854
Loss on disposal...............	--	--	--	--
Net income (loss)..............	$ 223,247	$ 242,407	$ 218,859	$ 174,580
Per Share Data--Diluted				
Income from continuing operations before cumulative effect of accounting change...	$ 0.92	$ 0.98	$ 0.93	$ 0.79
Cumulative effect of accounting change, net of tax...........	--	--	--	--
Income from continuing operations....................	0.92	0.98	0.93	0.79
Discontinued Operations:				
Income (loss), net of tax.......	0.08	0.08	0.05	0.03

Loss on Disposal...............	--	--	--	--
Net income (loss)..............	$ 1.00	$ 1.06	$ 0.98	$ 0.82
Shares used in calculation......	240,162	245,090	234,202	219,532

(a) Includes the effect of adopting SFAS 121, a $65,000 pre-tax ($38,675 after-tax or $0.17 per diluted share) provision for asset impairment.

(b) Represents a one-time non-cash charge reflecting the cumulative effect of the Company's change in accounting for membership fees from a cash to a deferred method.

COSTCO WHOLESALE CORPORATION
SELECTED CONSOLIDATED FINANCIAL DATA
(DOLLARS IN THOUSANDS, EXCEPT WAREHOUSE DATA)

	AUGUST 29, 1999	AUGUST 30, 1998	AUGUST 31, 1997	SEPTEMBER 1, 1996	SEPTEMBER 3, 1995	AUGUST 28, 1994
BALANCE SHEET DATA						
Working capital (deficit)......	$ 449,680	$ 431,288	$ 145,903	$ 56,710	$ 9,381	$ (113,009)
Property and equipment, net....	3,906,888	3,395,372	3,154,634	2,888,310	2,535,593	2,146,396
Total assets...................	7,505,001	6,259,820	5,476,314	4,911,861	4,437,419	4,235,659
Short-term debt................	--	--	25,460	59,928	75,725	149,340
Long-term debt and capital lease obligations, net.......	918,888	930,035	917,001	1,229,221	1,094,615	795,492
Stockholders' equity...........	$3,532,110	$2,965,886	$2,468,116	$1,777,798	$1,530,744	$1,684,960
WAREHOUSES IN OPERATION						
Beginning of year..............	278	261	252	240	221	200
Opened(a)......................	21	18(c)	17	20	24	29
Closed(b)......................	(7)	(1)	(8)	(8)	(5)	(8)
End of Year....................	292	278	261	252	240	221

	AUGUST 29, 1993	AUGUST 30, 1992	SEPTEMBER 1, 1991	SEPTEMBER 2, 1990
BALANCE SHEET DATA				
Working capital (deficit)......	$ 127,312	$ 281,592	$ 304,703	$ 14,342
Property and equipment, net....	1,966,601	1,704,052	1,183,432	935,767
Total assets...................	3,930,799	3,576,543	2,986,094	2,029,931
Short-term debt................	23,093	--	--	139,414
Long-term debt and capital lease obligations, net.......	812,576	813,976	500,440	199,506
Stockholders' equity...........	$1,796,728	$1,593,943	$1,429,703	$ 988,458
WAREHOUSES IN OPERATION				
Beginning of year..............	170	140	119	104
Opened(a)......................	37	31	23	19
Closed(b)......................	(7)	(1)	(2)	(4)
End of Year....................	200	170	140	119

(a) Includes relocations as well as new warehouse openings.

(b) Includes relocations as well as outright closings

(c) Includes the acquisition of two warehouses in Korea formerly operated under a license agreement.

ITEM 7--MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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, 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.

COMPARISON OF FISCAL 1999 (52 WEEKS) AND FISCAL 1998 (52 WEEKS):
(DOLLARS IN THOUSANDS, EXCEPT EARNINGS PER SHARE)

Net income for fiscal 1999 was impacted by both a $50,000 fourth quarter pre-tax provision for impaired assets and warehouse closing costs, as well as the one-time $118,023 non-cash, after-tax charge recorded in the first quarter of fiscal 1999, reflecting the cumulative effect of the Company's change in accounting for membership fees from a cash to a deferred method. The impact of these two charges resulted in net income for fiscal 1999 of $397,298, or $1.73 per diluted share compared to last year's reported net income of $459,842, or $2.03 per diluted share. Excluding the impact of these two charges, net income in fiscal 1999 would have been $545,321, or $2.36 per diluted share. Assuming the newly adopted accounting treatment for deferring membership fees had been in effect in fiscal 1998, net income for fiscal 1998 would have been $444,451, or $1.96 per diluted share; and the year-over-year earnings per share increase, adjusted for these items, would have been 20%.

Net sales increased 13% to $26,976,453 in fiscal 1999 from $23,830,380 in fiscal 1998. This increase was due to: (i) higher sales at existing locations opened prior to fiscal 1998; (ii) increased sales at 16 warehouses that were opened in fiscal 1998 and in operation for the entire 1999 fiscal year; and (iii) first year sales at the 14 new warehouses opened (21 opened, 7 closed) during fiscal 1999. Changes in prices did not materially impact sales levels.

Comparable sales, that is sales in warehouses open for at least a year, increased at a 10% annual rate in fiscal 1999 compared to an 8% annual rate during fiscal 1998.

Membership fees and other revenue increased 9% to $479,578, or 1.78% of net sales, in fiscal 1999 from $439,497, or 1.84% of net sales, in fiscal 1998. This increase is primarily due to membership sign-ups at the 14 new warehouses opened in fiscal 1999 and a five dollar increase in the annual membership fee for both Business and Gold Star members effective April 1, 1998 in the United States and May 1, 1998 in Canada.

Effective with the first quarter of fiscal 1999, the Company changed its method of accounting for membership fee income from a "cash basis" to a "deferred basis", whereby membership fee income is recognized ratably over the one-year life of the membership. If the deferred method had been used in fiscal 1998, membership fees and other would have been reduced by $25,651 to $413,846, or 1.74% of net sales, and the year-over-year increase would have been 16%.

Gross margin (defined as net sales minus merchandise costs) increased 15% to $2,806,254, or 10.40% of net sales, in fiscal 1999 from $2,450,689, or 10.28% of net sales, in fiscal 1998. Gross margin as a percentage of net sales increased due to increased sales penetration of certain higher gross margin ancillary businesses, favorable inventory shrink results, and improved performance of the Company's international operations. The gross margin figures reflect accounting for most U.S. merchandise inventories on the last-in, first-out (LIFO) method. In fiscal 1999 there was a $4 million LIFO credit, due

primarily to deflation in most of the Company's LIFO pools, particularly in the electronics LIFO pool, coupled with a reduction of tobacco inventory levels resulting primarily from announced manufacturers' price increases just prior to fiscal year end. In fiscal 1998 there was no LIFO charge due to the use of the LIFO method compared to the first-in, first-out (FIFO) method.

Selling, general and administrative expenses as a percent of net sales decreased to 8.67% during fiscal 1999 from 8.69% during fiscal 1998, primarily reflecting the increase in comparable warehouse sales noted above, and a year-over-year improvement in the Company's core warehouse operations and Central and Regional administrative offices, which were partially offset by higher expenses associated with international expansion and certain ancillary businesses.

Preopening expenses totaled $31,007, or 0.11% of net sales, during fiscal 1999 and $27,010, or 0.11% of net sales, during fiscal 1998. During fiscal 1999, the Company opened 21 new warehouses compared to 16 new warehouses during fiscal 1998. Pre-opening expenses also include costs related to remodels, expanded fresh foods and ancillary operations at existing warehouses.

The provision for impaired assets and warehouse closing costs was $56,500 in fiscal 1999 compared to $6,000 in fiscal 1998. The fiscal 1999 provision includes a charge of $31,080 for the impairment of long-lived assets as required by the Financial Accounting Standards Board Statement No. 121 (SFAS 121) and $30,865 for warehouse and other facility closing costs, which were offset by $5,445 of gains on the sale of real property. The provision for warehouse closing costs includes $24,773 for lease obligations and $6,092 for other expenses directly related to the closedown of warehouses and other facilities. As of August 29, 1999, the Company had expended $828 for lease obligations and $3,339 for other closedown expenses. The increase in warehouse closing costs is primarily attributable to the Company's decision in the fourth quarter of fiscal 1999 to relocate several warehouses (which were not otherwise impaired) to larger and better-located facilities.

Interest expense totaled $45,527 in fiscal 1999, and $47,535 in fiscal 1998. The decrease in interest expense is primarily due to an increase in capitalized interest related to construction projects.

Interest income and other totaled $44,266 in fiscal 1999 compared to $26,662 in fiscal 1998. The increase was primarily due to interest earned on higher balances of cash and cash equivalents and short-term investments during fiscal 1999 as compared to fiscal 1998.

The effective income tax rate on earnings was 40% in both fiscal 1999 and fiscal 1998.

COMPARISON OF FISCAL 1998 (52 WEEKS) AND FISCAL 1997 (52 WEEKS):
(DOLLARS IN THOUSANDS, EXCEPT EARNINGS PER SHARE)

Net operating results for fiscal 1998 reflect net income of $459,842, or $2.03 per share (diluted), as compared to a fiscal 1997 net income of $312,197, or $1.47 per share (diluted). The net income for fiscal 1997 includes a non-cash, pre-tax charge of $65,000 ($38,675 after-tax, or $.17 per share) reflecting a provision for the impairment of long-lived assets as required by SFAS 121. In addition, fiscal 1997 net income was impacted by one-time, pre-tax charges of approximately $13,000 ($7,800 after-tax, or $.03 per share) related to the call and redemption of $764,000 of convertible subordinated debentures.

Net sales increased 11% to $23,830,380 in fiscal 1998 from $21,484,118 in fiscal 1997. This increase was due to: (i) higher sales at existing locations opened prior to fiscal 1997; (ii) increased sales at 17 warehouses that were opened in fiscal 1997 and in operation for the entire 1998 fiscal year; and (iii) first year sales at the 16 new warehouses opened during fiscal 1998, which increase was partially offset by one warehouse closed during fiscal 1998 that was in operation during fiscal 1997. Changes in prices did not materially impact sales levels.

Comparable sales, that is sales in warehouses open for at least a year, increased at an 8% annual rate in fiscal 1998, compared to a 9% annual rate during fiscal 1997. Comparable sales in fiscal 1998 were negatively impacted by approximately 1% due to a decline in the Canadian exchange rate.

Membership fees and other revenue increased 13% to $439,497, or 1.84% of net sales, in fiscal 1998 from $390,286, or 1.82% of net sales, in fiscal 1997. This increase is primarily due to membership sign-ups at the 18 new warehouses opened in fiscal 1998 and a five dollar increase in the annual membership fee for both Business and Gold Star members effective April 1, 1998 in the United States and May 1, 1998 in Canada.

Gross margin (defined as net sales minus merchandise costs) increased 13% to $2,450,689, or 10.28% of net sales, in fiscal 1998 from $2,169,633, or 10.10% of net sales, in fiscal 1997. Gross margin as a percentage of net sales increased due to increased sales penetration of certain higher gross margin ancillary businesses, the expanded use of the Company's depot facilities, and improved performance of the Company's international operations. The gross margin figures reflect accounting for most U.S. merchandise inventories on the last-in, first-out (LIFO) method. For both fiscal 1998 and 1997 there was no LIFO charge due to the use of the LIFO method compared to the first-in, first-out (FIFO) method.

Selling, general and administrative expenses as a percent of net sales decreased to 8.69% during fiscal 1998 from 8.74% during fiscal 1997, primarily reflecting the increase in comparable warehouse sales noted above, and a year-over-year improvement in the Company's core warehouse operations and Central and Regional administrative offices, which were partially offset by higher expenses associated with international expansion and certain ancillary businesses.

Preopening expenses totaled $27,010, or 0.11% of net sales, during fiscal 1998 and $27,448, or 0.13% of net sales, during fiscal 1997. During fiscal 1998, the Company opened 16 new warehouses (in addition, two warehouses were acquired during fiscal 1998 as part of the formation of the Korean joint venture) compared to 17 new warehouses during fiscal 1997.

The provision for impaired assets and warehouse closing costs was $6,000 in fiscal 1998 compared to $75,000 in fiscal 1997. The fiscal 1997 provision includes a $65,000 impairment charge relating to the adoption of SFAS 121 and $10,000 for warehouse closing costs. The provision for warehouse closing costs includes estimated closing costs for certain warehouses, which had been or were in the process of being replaced by new warehouses.

Interest expense totaled $47,535 in fiscal 1998, and $76,281 in fiscal 1997. The decrease in interest expense is primarily related to the call for redemption during fiscal 1997 of three convertible subordinated debenture issues. Both the Company's 6 3/4% ($285,100 principal amount), and 5 1/2% ($179,300 principal amount) debentures were called for redemption in the second quarter of fiscal 1997. Approximately $302,000 of these two series of debentures was converted into common stock. The 5 3/4% ($300,000 principal amount) debentures were called for redemption in the fourth quarter of fiscal 1997. The reduction in interest expense related to the three redemptions was partially offset by the one-time costs of the redemption call premiums and write-offs of unamortized issuance costs associated with the redemptions of these convertible subordinated debentures. Also, in the fourth quarter of fiscal 1997, the Company issued $900,000 (principal amount at maturity) of Zero Coupon Convertible Subordinated Notes, priced with a yield to maturity of 3 1/2%, resulting in gross proceeds to the Company of $449,640, approximately $312,000 of which was used to redeem the 5 3/4% convertible subordinated debentures referred to above.

Interest income and other totaled $26,662 in fiscal 1998, and $15,898 in fiscal 1997. The increase was primarily due to interest earned on higher balances of cash and cash equivalents and short-term investments during fiscal 1998 as compared to fiscal 1997.

The effective income tax rate on earnings was 40% in both fiscal 1998 and fiscal 1997.

LIQUIDITY AND CAPITAL RESOURCES
(DOLLARS IN THOUSANDS)

EXPANSION PLANS

Costco's primary requirement for capital is the financing of the land, building and equipment costs for new warehouses plus the costs of initial warehouse operations and working capital requirements, as well as additional capital for international expansion through investments in foreign subsidiaries and joint ventures.

While there can be no assurance that current expectations will be realized, and plans are subject to change upon further review, it is management's current intention to spend an aggregate of approximately $800,000 to $950,000 during fiscal 2000 in the United States and Canada for real estate, construction, remodeling and equipment for warehouse clubs and related operations; and approximately $100,000 to $150,000 for international expansion, including the United Kingdom, Asia, Mexico and other potential ventures. These expenditures will be financed with a combination of cash provided from operations, the use of cash and cash equivalents and short-term investments (which totaled $697,274 at August 29, 1999), short-term borrowings under revolving credit facilities and other financing sources as required.

Expansion plans for the United States and Canada during fiscal 2000 are to open approximately 20 to 25 new warehouse clubs, including four to six relocations of existing warehouses to larger and better-located warehouses. The Company expects to continue expansion of its international operations and plans to open two to three additional units in the United Kingdom through its 60%-owned subsidiary and an additional unit in Taiwan through its 55%-owned subsidiary during the next year. Other international markets are being assessed.

Costco and its Mexico-based joint venture partner, Controladora Comercial Mexicana, each own a 50% interest in Price Club Mexico. As of August 29, 1999, Price Club Mexico operated 16 warehouses in Mexico and plans to open two or three new warehouse clubs during fiscal 2000, including one that opened in September 1999.

BANK CREDIT FACILITIES AND COMMERCIAL PAPER PROGRAMS (ALL AMOUNTS STATED IN US DOLLARS)

The Company has in place a $425,000 commercial paper program supported by a $425,000 bank credit facility with a group of nine banks, of which $175,000 expires on January 24, 2000, and $250,000 expires on January 30, 2001. At August 29, 1999, no amounts were outstanding under the loan facility or the commercial paper program.

In addition, a wholly-owned Canadian subsidiary has a $134,000 commercial paper program supported by a $94,000 bank credit facility with three Canadian banks, of which $57,000 expires in March 2000, and $37,000 expires in March 2001. At August 29, 1999, no amounts were outstanding under the bank credit facility or the Canadian commercial paper program.

The Company has agreed to limit the combined amount outstanding under the U.S. and Canadian commercial paper programs to the $519,000 combined amounts of the respective supporting bank credit facilities.

LETTERS OF CREDIT

The Company has separate letter of credit facilities (for commercial and standby letters of credit), totaling approximately $294,200. The outstanding commitments under these facilities at August 29, 1999 totaled approximately $176,500, including approximately $45,300 in standby letters of credit.

DERIVATIVES

The Company has limited involvement with derivative financial instruments and uses them only to manage well-defined interest rate and foreign exchange risks. Forward foreign exchange contracts are used to hedge the impact of fluctuations of foreign exchange on inventory purchases. The amount of interest rate and foreign exchange contracts outstanding at August 29, 1999 were not material to the Company's results of operations or its financial position.

YEAR 2000

The Company uses a number of computer software programs and embedded operating systems that were not originally designed to process dates beyond the year 1999. Like most automated companies, Costco has been addressing the Year 2000 challenge to make sure all of its systems are Year 2000 compliant and fully operational prior to the year 2000 and on into the 21(st) Century. As far back as the early 1990's, the Company began taking initial measures to ensure that its systems would function in the year 2000 and beyond, and in 1997 began a formal review of each of its applications to determine the Year 2000 compliance of its date-sensitive systems and equipment. This included assessments of both information technology, such as point-of-sale computer systems and financial software applications, as well as non-information technology equipment, including critical facilities systems, such as security systems, energy management, warehouse refrigeration, etc.

As of August 29, 1999 the Company has substantially completed the necessary remediation and testing of virtually all key systems, and believes that the Year 2000 issues will not present any significant operational problems. Total costs related to the Year 2000 effort are estimated to be less than $7,500, of which the Company has incurred approximately 90% through August 29, 1999. While it is possible that the remaining systems currently being implemented, reviewed and/or tested may produce an unexpected cost increase, the Company does not believe it would add materially to the current estimated cost.

Additionally, Costco has contacted and will continue to contact significant vendors, suppliers, financial institutions and other third party providers upon which its business depends. These efforts are designed to minimize the impact to the Company should these third parties fail to remediate their Year 2000 issues. Although the Company has not received responses from all of its suppliers, the responses received have indicated that they are or will be Year 2000 compliant and that they are anticipating no significant problems related to Year 2000 preparedness. However, the Company can give no assurances that such third parties will in fact be successful in resolving all of their Year 2000 issues, and the failure of such third parties to comply on a timely basis could have an adverse effect on the Company. The Company anticipates minimal business disruption as a result of Year 2000 issues; however, possible consequences include, but are not limited to, loss of local or regional electric power, delays in delivery or receipt of merchandise, inability to process transactions, loss of communications, and similar interruptions of normal business activities. Where needed, the Company has established contingency plans based on assessment of its supplier base and evaluation of outside risks.

FINANCIAL POSITION AND CASH FLOWS

Working capital totaled approximately $450,000 at August 29, 1999, compared to working capital of $431,000 at August 30, 1998. The increase in net working capital was primarily due to an increase in cash and cash equivalents and short-term investments of approximately $260,000, and an increase in other current assets of approximately $131,000. These increases were largely offset by increases in accrued and other current liabilities of approximately $136,000 and an increase of $226,000 due to the adoption of the deferred membership accounting method.

Net cash provided by operating activities totaled $940,863 in fiscal 1999 compared to $737,610 in fiscal 1998. The increase in net cash from operating activities is primarily a result of increased net income,

adjusted for the non-cash cumulative effect of accounting change, and a positive change in net receivables, other current assets and accrued and other current liabilities.

Net cash used in investing activities totaled $953,923 in fiscal 1999 compared to $609,446 in fiscal 1998. The investing activities primarily relate to additions to property and equipment for new and remodeled warehouses of $787,935 and $571,904 in fiscal 1999 and 1998, respectively. The Company opened 21 warehouses during fiscal 1999 compared to 16 warehouses opened during fiscal 1998. Net cash used in investing activities also reflects an increase in short-term investments of $181,103 since the beginning of fiscal year 1999.

Net cash provided by financing activities totaled $85,845 in fiscal 1999 compared to $66,591 in fiscal 1998. This increase is primarily due to a decline in net repayments under short-term credit facilities

The Company's balance sheet as of August 29, 1999 reflects a $1,245,181 or 20% increase in total assets since August 30, 1998. The increase is primarily due to a net increase in property and equipment and merchandise inventory related to the Company's expansion program and an increase in cash and cash equivalents and short-term investments.

STOCK REPURCHASE PROGRAM

On November 5, 1998, the Company announced that its Board of Directors had authorized a stock repurchase program of up to $500 million of Costco Common Stock over the next three years. The Company expects to repurchase shares from time to time in the open market or in private transactions as market conditions warrant. The Company expects to fund stock purchases from cash and short-term investments on hand, as well as from future operating cash flows. The repurchased shares would constitute authorized, but unissued shares and would be used for general corporate purposes including stock option grants under stock option programs. As of August 29, 1999, the Company had not repurchased any stock under the program.

ITEM 8--FINANCIAL STATEMENTS

Financial statements of Costco are as follows:

ITEM 9--CHANGE IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10--DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

For information with respect to the executive officers of the Registrant, see Item--4A "Executive Officers of the Registrant" at the end of Part I of this report. The information required by this Item concerning the Directors and nominees for Director of the Company is incorporated herein by reference to Costco's Proxy Statement for its Annual Meeting of Stockholders, to be held on January 27, 2000, to be filed with the Securities and Exchange Commission within 120 days of the end of the Company's fiscal year.

ITEM 11--EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to Costco's Proxy Statement for its Annual Meeting of Stockholders, to be held on January 27, 2000, to be filed with the Securities and Exchange Commission within 120 days of the end of the Company's fiscal year.

ITEM 12--SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated herein by reference to Costco's Proxy Statement for its Annual Meeting of Stockholders to be held on January 27, 2000 to be filed with the Securities and Exchange Commission within 120 days of the end of the Company's fiscal year.

ITEM 13--CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated herein by reference to Costco's Proxy Statement for its Annual Meeting of Stockholders, to be held on January 27, 2000 to be filed with the Securities and Exchange Commission within 120 days of the end of the Company's fiscal year.

PART IV

ITEM 14--EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Documents filed as part of this report are as follows:

1. Financial Statements:

   See listing of Financial Statements included as a part of this Form 10-K on Item 8 of Part II.

2. Financial Statement Schedules--None.

3. Exhibits:

   The required exhibits are included at the end of the Form 10-K Annual Report and are described in the Exhibit Index immediately preceding the first exhibit.

(b) Current report on form 8-K filed on August 30, 1999.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

November 22, 1999

COSTCO WHOLESALE CORPORATION

(Registrant)

By /s/ RICHARD A. GALANTI

Richard A. Galanti
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By	/s/ JAMES D. SINEGAL James D. Sinegal PRESIDENT, CHIEF EXECUTIVE OFFICER AND DIRECTOR	November 22, 1999
By	/s/ JEFFREY H. BROTMAN Jeffrey H. Brotman CHAIRMAN OF THE BOARD	November 22, 1999
By	/s/ RICHARD D. DICERCHIO Richard D. DiCerchio SR. EXECUTIVE VICE PRESIDENT, CHIEF OPERATING OFFICER--MERCHANDISING, DISTRIBUTION AND CONSTRUCTION AND DIRECTOR	November 22, 1999
By	/s/ RICHARD A. GALANTI Richard A. Galanti EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER AND DIRECTOR (PRINCIPAL FINANCIAL OFFICER)	November 22, 1999
By	/s/ DAVID S. PETTERSON David S. Petterson SENIOR VICE PRESIDENT AND CONTROLLER (PRINCIPAL ACCOUNTING OFFICER)	November 22, 1999

By	/s/ DR. BENJAMIN S. CARSON, SR., M.D. Dr. Benjamin S. Carson, Sr., M.D. DIRECTOR	November 22, 1999
By	/s/ HAMILTON E. JAMES Hamilton E. James DIRECTOR	November 22, 1999
By	/s/ RICHARD M. LIBENSON Richard M. Libensen DIRECTOR	November 22, 1999
By	/s/ JOHN W. MEISENBACH John W. Meisenbach DIRECTOR	November 22, 1999
By	/s/ CHARLES T. MUNGER	November 22, 1999

Charles T. Munger
DIRECTOR

By	/s/ FREDERICK O. PAULSELL --- Frederick O. Paulsell DIRECTOR	November 22, 1999
By	/s/ JILL S. RUCKELSHAUS --- Jill S. Ruckelshaus DIRECTOR	November 22, 1999

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Costco Wholesale Corporation:

We have audited the accompanying consolidated balance sheets of Costco Wholesale Corporation (a Washington corporation) and subsidiaries ("Costco") as of August 29, 1999 and August 30, 1998, and the related consolidated statements of income, stockholders' equity and cash flows for the 52 weeks ended August 29, 1999, August 30, 1998 and August 31, 1997. These financial statements are the responsibility of Costco's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Costco as of August 29, 1999 and August 30, 1998, and the results of its operations and its cash flows for the 52 weeks ended August 29, 1999, August 30, 1998 and August 31, 1997 in conformity with generally accepted accounting principles.

As explained in Note 1 to the consolidated financial statements, the Company changed its method of accounting for membership fee income from a cash basis to a deferred basis whereby membership fee income is recognized ratably over the one-year life of the membership.

ARTHUR ANDERSEN LLP

Seattle, Washington
October 5, 1999

COSTCO WHOLESALE CORPORATION

CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS EXCEPT PAR VALUE)

	AUGUST 29, 1999	AUGUST 30, 1998
ASSETS		

CURRENT ASSETS		
Cash and cash equivalents	$ 440,586	$ 361,974
Short-term investments	256,688	75,549
Receivables, net	168,648	171,613
Merchandise inventories, net	2,210,475	1,910,751
Other current assets	239,516	108,343
Total current assets	3,315,913	2,628,230
PROPERTY AND EQUIPMENT		
Land and land rights	1,264,125	1,119,663
Buildings and leasehold and land improvements	2,444,640	2,170,896
Equipment and fixtures	1,138,568	948,515
Construction in progress	176,824	91,901
	5,024,157	4,330,975
Less-accumulated depreciation and amortization	(1,117,269)	(935,603)
Net property and equipment	3,906,888	3,395,372
OTHER ASSETS	282,200	236,218
	$ 7,505,001	$6,259,820

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$ 1,912,632	$1,605,533
Accrued salaries and benefits	414,276	352,903
Accrued sales and other taxes	122,932	102,367
Deferred membership income	225,903	--
Other current liabilities	190,490	136,139
Total current liabilities	2,866,233	2,196,942
LONG-TERM DEBT	918,888	930,035
DEFERRED INCOME TAXES AND OTHER LIABILITIES	66,990	61,483
Total liabilities	3,852,111	3,188,460
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST	120,780	105,474
STOCKHOLDERS' EQUITY		
Preferred stock $.01 par value; 100,000,000 shares authorized; no shares issued and outstanding	--	--
Common stock $.01 par value; 900,000,000 shares authorized; 221,368,000 and 217,589,000 shares issued and outstanding	2,214	2,176
Additional paid-in capital	952,758	817,628
Other accumulated comprehensive loss	(118,084)	(151,842)
Retained earnings	2,695,222	2,297,924
Total stockholders' equity	3,532,110	2,965,886
	$ 7,505,001	$6,259,820

The accompanying notes are an integral part of these balance sheets.

COSTCO WHOLESALE CORPORATION

CONSOLIDATED STATEMENTS OF INCOME
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	52 WEEKS ENDED AUGUST 29, 1999	52 WEEKS ENDED AUGUST 30, 1998	52 WEEKS ENDED AUGUST 31, 1997
REVENUE			
Net sales	$26,976,453	$23,830,380	$21,484,118
Membership fees and other	479,578	439,497	390,286

	1999	1998	1997
Total revenue	27,456,031	24,269,877	21,874,404
OPERATING EXPENSES			
Merchandise costs	24,170,199	21,379,691	19,314,485
Selling, general and administrative	2,338,198	2,069,900	1,876,759
Preopening expenses	31,007	27,010	27,448
Provision for impaired assets and warehouse closing costs	56,500	6,000	75,000
Operating income	860,127	787,276	580,712
OTHER INCOME (EXPENSE)			
Interest expense	(45,527)	(47,535)	(76,281)
Interest income and other	44,266	26,662	15,898
INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	858,866	766,403	520,329
Provision for income taxes	343,545	306,561	208,132
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	515,321	459,842	312,197
Cumulative effect of accounting change, net of tax benefit of $78,682	(118,023)	--	--
NET INCOME	$ 397,298	$ 459,842	$ 312,197(a)
NET INCOME PER COMMON SHARE:			
Basic earnings per share:			
Income before cumulative effect of accounting change	$ 2.35	$ 2.13	$ 1.51
Cumulative effect of accounting change, net of tax	(0.54)	--	--
Net Income	$ 1.81	$ 2.13	$ 1.51
Diluted earnings per share:			
Income before cumulative effect of accounting change	$ 2.23	$ 2.03	$ 1.47
Cumulative effect of accounting change, net of tax	(0.50)	--	--
Net Income	$ 1.73	$ 2.03	$ 1.47(a)
Shares used in calculation (000's)			
Basic	219,626	215,506	207,379
Diluted	235,560	231,685	224,668
Pro forma amounts assuming accounting change had been in effect in fiscal 1998 and 1997:			
Net Income	$ 515,321	$ 444,451	$ 302,969
Earnings per common share--basic	$ 2.35	$ 2.06	$ 1.46
Earnings per common share--diluted	$ 2.23	$ 1.96	$ 1.43

(a) Net income and net income per common equivalent share (diluted) would have been $350,872 and $1.64, respectively, without the effect of adopting SFAS No. 121, using 224,668 diluted shares.

The accompanying notes are an integral part of these financial statements.

COSTCO WHOLESALE CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE 52 WEEKS ENDED AUGUST 29, 1999, AUGUST 30, 1998 AND AUGUST 31, 1997
(IN THOUSANDS)

	COMMON STOCK		ADDITIONAL PAID-IN	OTHER ACCUMULATED COMPREHENSIVE	RETAINED	
	SHARES	AMOUNT	CAPITAL	INCOME/(LOSS)	EARNINGS	TOTAL
BALANCE AT SEPTEMBER 1, 1996	196,436	$1,964	$321,832	$ (71,883)	$1,525,885	$1,777,798
Comprehensive Income						
Net Income	--	--	--	--	312,197	312,197
Other accumulated comprehensive loss						
Foreign currency translation						

adjustment	--	--	--	(6,543)	--	(6,543)
Total comprehensive income	--	--	--	(6,543)	312,197	305,654
Stock options exercised including income tax benefits	4,077	41	78,186	--	--	78,227
Conversion of convertible debentures	13,080	131	306,306	--	--	306,437
BALANCE AT AUGUST 31, 1997	213,593	2,136	706,324	(78,426)	1,838,082	2,468,116
Comprehensive Income						
Net Income	--	--	--	--	459,842	459,842
Other accumulated comprehensive loss						
Foreign currency translation adjustment	--	--	--	(73,416)	--	(73,416)
Total comprehensive income	--	--	--	(73,416)	459,842	386,426
Stock options exercised including income tax benefits	3,996	40	111,304	--	--	111,344
BALANCE AT AUGUST 30, 1998	217,589	2,176	817,628	(151,842)	2,297,924	2,965,886
Comprehensive Income						
Net Income	--	--	--	--	397,298	397,298
Other accumulated comprehensive loss						
Foreign currency translation adjustment	--	--	--	33,758	--	33,758
Total comprehensive income	--	--	--	33,758	397,298	431,056
Stock options exercised including income tax benefits	3,234	33	110,282	--	--	110,315
Conversion of convertible debentures	545	5	24,848	--	--	24,853
BALANCE AT AUGUST 29, 1999	221,368	$2,214	$952,758	$(118,084)	$2,695,222	$3,532,110

The accompanying notes are an integral part of these financial statements

COSTCO WHOLESALE CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	52 WEEKS ENDED AUGUST 29, 1999	52 WEEKS ENDED AUGUST 30, 1998	52 WEEKS ENDED AUGUST 31, 1997
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$397,298	$459,842	$312,197
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	224,811	196,315	181,759
Accretion of discount on zero coupon notes	16,064	15,875	567
Net gain on sale of property and equipment and other	(10,443)	(3,459)	(602)
Provision for impaired assets	31,080	5,629	65,000
Change in deferred income taxes	(22,666)	20,420	(4,322)
Cumulative effect of accounting change, net of tax	118,023	--	--
Change in receivables, other current assets, accrued and other current liabilities	195,528	60,315	66,303
Increase in merchandise inventories	(286,902)	(255,140)	(189,323)
Increase in accounts payable	284,238	243,164	162,628
Other	(6,168)	(5,351)	(3,958)
Total adjustments	543,565	277,768	278,052
Net cash provided by operating activities	940,863	737,610	590,249
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment	(787,935)	(571,904)	(553,374)
Proceeds from the sale of property and equipment	58,670	80,698	40,946
Investment in unconsolidated joint ventures	(15,000)	(11,595)	(4,750)
Increase in short-term investments	(181,103)	(75,549)	--
Increase in other assets and other, net	(28,555)	(31,096)	(25,995)
Net cash used in investing activities	(953,923)	(609,446)	(543,173)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments under short-term credit facilities, net	--	(24,404)	(33,990)
Net proceeds from issuance of long-term debt	10,336	9,928	461,035
Repayments of long-term debt	(11,675)	(9,307)	(471,791)
Changes in bank overdraft	10,203	(3,321)	(7,244)
Proceeds from minority interests	15,058	19,580	15,119
Exercise of stock options	61,923	74,115	62,015

Net cash provided by financing activities..............	85,845	66,591	25,144
EFFECT OF EXCHANGE RATE CHANGES ON CASH....................	5,827	(8,289)	1,333
Net increase in cash and cash equivalents................	78,612	186,466	73,553
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR................	361,974	175,508	101,955
CASH AND CASH EQUIVALENTS END OF YEAR......................	$440,586	$361,974	$175,508
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest (excludes amounts capitalized and paid for redemption premiums)..................................	$ 27,107	$ 29,191	$ 76,233
Income taxes..	$294,860	$257,352	$195,241

The accompanying notes are an integral part of these financial statements

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Costco Wholesale Corporation, a Washington corporation, and its subsidiaries ("Costco" or the "Company"). All inter-company transactions between the Company and its subsidiaries, including The Price Company, have been eliminated in consolidation. The Price Company and Costco Wholesale Corporation primarily operate membership warehouses under the Costco Wholesale name.

Costco operates membership warehouses that offer very low prices on a limited selection of nationally branded and selected private label products in a wide range of merchandise categories in no-frills, self-service warehouse facilities. At August 29, 1999, Costco operated 292 warehouse clubs: 221 in the United States; 58 in Canada; seven in the United Kingdom; three in Korea; two in Taiwan; and one in Japan. As of August 29, 1999, the Company also operated (through a 50%-owned joint venture) 16 warehouses in Mexico.

The Company's investment in the Price Club Mexico joint venture and in other unconsolidated joint ventures that are less than majority owned are accounted for under the equity method.

FISCAL YEARS

The Company reports on a 52/53-week fiscal year basis, which ends on the Sunday nearest August 31st. Fiscal years 1999, 1998, and 1997 were 52 weeks.

CASH EQUIVALENTS

The Company considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

SHORT-TERM INVESTMENTS

At August 29, 1999 and August 30, 1998, short-term investments consisted of the following:

	1999	1998
Municipal securities.....................................	$ 97,966	$ --

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

Corporate notes and bonds	89,872	14,008
U.S. Treasury/Agency securities	43,699	32,566
Certificates of deposit	24,841	28,883
Other	310	92
Total short-term investments	$256,688	$75,549

The Company's short-term investments have been designated as being available-for-sale. The fair market value of short term investments approximates their carrying value and unrealized holding gains and losses were not significant at August 29, 1999 or August 30, 1998. Realized gains and losses are included in interest income and were not significant in fiscal 1999 or 1998.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECEIVABLES

Receivables consist primarily of vendor rebates and promotional allowances and other miscellaneous amounts due to the Company, and are net of allowance for doubtful accounts of $4,582 at August 29, 1999 and $4,297 at August 30, 1998.

MERCHANDISE INVENTORIES

Merchandise inventories are valued at the lower of cost or market as determined primarily by the retail inventory method, and are stated using the last-in, first-out (LIFO) method for substantially all U.S. merchandise inventories. The Company believes the LIFO method more fairly presents the results of operations by more closely matching current costs with current revenues. If all merchandise inventories had been valued using the first-in, first-out (FIFO) method, inventories would have been higher by $12,150 at August 29, 1999 and $16,150 at August 30, 1998.

	AUGUST 29, 1999	AUGUST 30, 1998
Merchandise inventories consist of:		
United States (primarily LIFO)	$1,799,101	$1,587,285
Foreign (FIFO)	411,374	323,466
Total	$2,210,475	$1,910,751

The Company provides for estimated inventory losses between physical inventory counts on the basis of a standard percentage of sales. This provision is adjusted periodically to reflect the actual shrinkage results of the physical inventory counts, which generally occur in the second and fourth quarters of the Company's fiscal year.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation and amortization expenses are computed using the straight-line method for financial reporting purposes and accelerated methods for tax purposes. Buildings are depreciated over twenty-five to thirty-five years; equipment and fixtures are depreciated over three to ten years; and land rights and leasehold improvements are amortized over the initial term of the lease.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

Interest costs incurred on property and equipment during the construction period are capitalized. The amount of interest costs capitalized was $4,380 in fiscal 1999, $3,542 in fiscal 1998, and $4,097 in fiscal 1997.

GOODWILL

Goodwill, included in other assets, totaled $42,568 at August 29,1999 and $43,229 at August 30, 1998, resulting from certain previous business combinations. Goodwill is being amortized over 5 to 40 years using the straight-line method. Accumulated amortization was $14,787 at August 29, 1999 and $12,686 at August 30, 1998.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET INCOME PER COMMON AND COMMON EQUIVALENT SHARE

In the second quarter of fiscal 1998, the Company adopted the Financial Accounting Standards Board (FASB) Statement No. 128, "Earnings per Share" (SFAS No. 128). SFAS No. 128 established new standards for computing and presenting earnings per share (EPS) for entities with publicly held common stock.

The following data show the amounts used in computing earnings per share and the effect on income and the weighted average number of shares of dilutive potential common stock.

	52 WEEKS ENDED		
	AUGUST 29, 1999	AUGUST 30, 1998	AUGUST 31, 1997
Net income available to common stockholders used in basic EPS...	$397,298	$459,842	$312,197
Interest on convertible bonds, net of tax..........................	9,640	9,529	17,325
Net income available to common stockholders after assumed conversions of dilutive securities......................	$406,938	$469,371	$329,522
Weighted average number of common shares used in basic EPS.........	219,626	215,506	207,379
Stock options......................	5,946	5,960	4,001
Conversion of convertible bonds....	9,988	10,219	13,288
Weighted number of common shares and dilutive potential common stock used in diluted EPS........	235,560	231,685	224,668

In November, 1998, the Company's Board of Directors authorized a stock repurchase program of up to $500,000 of Costco Common Stock over the next three years. The Company expects to repurchase shares from time to time in the open market or in private transactions as market conditions warrant. The Company expects to fund stock purchases from cash and short-term investments on hand, as well as from future operating cash flows. The repurchased shares would constitute authorized, but unissued shares and would be used for general corporate purposes including stock option grants under stock option programs. As of August 29, 1999, the Company had not repurchased any stock under the program.

PREOPENING EXPENSES

Preopening expenses related to new warehouses, major remodels/expansions, regional offices and other startup operations are expensed as incurred.

MEMBERSHIP FEES

Membership fee revenue represents annual membership fees paid by substantially all of the Company's members. Effective with the first quarter of fiscal 1999, the Company changed its method of

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accounting for membership fee income from a "cash basis" to a "deferred basis" whereby membership fee income is recognized ratably over the one-year life of the membership. The change to the deferred method of accounting for membership fees resulted in a one-time, non-cash, pre-tax charge of approximately $196,705 ($118,023 after-tax, or $.50 per diluted share) to reflect the cumulative effect of the accounting change as of the beginning of fiscal 1999. If the deferred method of accounting for membership fee income had been in effect in fiscal 1998 and 1997, net income would have been $444,451, or $1.96 per diluted share and $302,969, or $1.43 per diluted share respectively.

FOREIGN CURRENCY TRANSLATION

The accumulated foreign currency translation relates to the Company's consolidated foreign operations as well as its investment in the Price Club Mexico joint venture. Foreign currency translation is determined by application of the current rate method and included in the determination of consolidated stockholders' equity and comprehensive income at the respective balance sheet dates.

Cumulative inflation in Mexico exceeded 100% in the three-year calendar period 1994-1996, requiring a hyper-inflationary accounting treatment for the Company's Mexico joint venture operations in calendar year 1997. Foreign currency translation gains or losses were reflected in the Statement of Income rather than as an adjustment to stockholders' equity during this period.

INCOME TAXES

The Company accounts for income taxes under the provisions of Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." That standard requires companies to account for deferred income taxes using the asset and liability method.

SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES

FISCAL 1999 NON-CASH ACTIVITIES

- In March 1999, approximately $48,000 principal amount of the $900,000, 3 1/2% Zero Coupon Convertible Subordinated Notes were converted into approximately 545 thousand shares of Costco Common Stock.

FISCAL 1998 NON-CASH ACTIVITIES

- None.

FISCAL 1997 NON-CASH ACTIVITIES

- In December 1996, approximately $159,400 principal amount of the $285,100, 6 3/4% Convertible Subordinated Debentures were converted into approximately 7.1 million shares of Costco Common Stock as a result of a call for redemption of the Convertible Subordinated Debentures.

- In January 1997, approximately $142,700 principal amount of the $179,300, 5 1/2% Convertible Subordinated Debentures were converted into approximately 6.0 million shares of Costco Common Stock as a result of the call for redemption of the Convertible Subordinated Debentures.

NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DERIVATIVES

The Company has limited involvement with derivative financial instruments and only uses them to manage well-defined interest rate and foreign exchange risks. Forward foreign exchange contracts are used to hedge the impact of fluctuations of foreign exchange on inventory purchases. The amount of interest rate and foreign exchange contracts outstanding at year-end or in place during fiscal 1999 was immaterial to the Company's results of operations or its financial position.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company adopted the SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS No. 121), as of the first quarter of fiscal 1997. In accordance with SFAS No. 121, the Company recorded pretax, non-cash charges of $31,080, $5,629 and $65,000 in fiscal 1999, 1998 and 1997, respectively, reflecting its estimate of impairment relating principally to excess property and closed warehouses. The charge reflects the difference between carrying value and fair value, which was based on market valuations for those assets whose carrying value was not recoverable through future cash flows. The Company periodically evaluates the realizability of long-lived assets based on expected future cash flows.

WAREHOUSE CLOSING COSTS

The Company recorded a charge of $30,865 for warehouse and other facility closing costs in fiscal 1999. This charge includes $24,773 for lease obligations and $6,092 for other expenses directly related to the closedown of warehouses and other facilities. As of August 29, 1999, the Company had expended $828 for lease obligations and $3,339 for other closedown expenses. Warehouse closing costs incurred relate principally to the Company's decision in the fourth quarter of fiscal 1999 to relocate several warehouses that were not otherwise impaired to larger and better-located facilities.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", which established accounting and reporting standards for derivative instruments and for hedging activities. In June 1999, the FASB issued SFAS No. 137 which deferred the effective date of SFAS No. 133 for the Company to the beginning of its fiscal 2001. Presently, the Company has limited use of derivative financial instruments and believes that SFAS No. 133 will not have a material impact on its results of operations or financial position.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2--DEBT

BANK LINES OF CREDIT AND COMMERCIAL PAPER PROGRAMS

The Company has in place a $425,000 commercial paper program supported by a $425,000 bank credit facility with a group of nine banks, of which $175,000 expires on January 24, 2000, and $250,000 expires on January 30, 2001. At August 29, 1999, no amount was outstanding under the loan facility or the commercial paper program.

In addition, a wholly-owned Canadian subsidiary has a $134,000 commercial paper program supported by a $94,000 bank credit facility with three Canadian banks, of which $57,000 expires in March 2000, and $37,000 expires in March 2001. At August 29, 1999, no amount was outstanding under the bank credit facility or the Canadian commercial paper program.

The Company has agreed to limit the combined amount outstanding under the U.S. and Canadian commercial paper programs to the $519,000 combined amounts of the respective supporting bank credit facilities.

LETTERS OF CREDIT

The Company also has separate letter of credit facilities (for commercial and standby letters of credit), totaling approximately $294,200. The outstanding commitments under these facilities at August 29, 1999 totaled approximately $176,500, including approximately $45,300 in standby letters of credit.

SHORT-TERM BORROWINGS

The weighted average borrowings, highest borrowings and interest rate under all short-term borrowing arrangements were as follows for fiscal 1999 and 1998:

CATEGORY OF AGGREGATE SHORT-TERM BORROWINGS	MAXIMUM AMOUNT OUTSTANDING DURING THE PERIOD	AVERAGE AMOUNT OUTSTANDING DURING THE PERIOD	WEIGHTED AVERAGE INTEREST RATE DURING THE PERIOD
PERIOD ENDED AUGUST 29, 1999			
Bank borrowings:			
U.S.	$--	$--	-- %
Canadian	5,753	87	6.50
Commercial Paper:			
U.S.	--	--	--
Canadian	13,380	682	4.84
PERIOD ENDED AUGUST 30, 1998			
Bank borrowings:			
U.S.	$--	$--	-- %

Canadian	5,399	215	6.85
Commercial Paper:			
U.S.	--	--	--
Canadian	34,390	5,841	3.61

NOTE 2--DEBT (CONTINUED)

LONG-TERM DEBT

Long-term debt at August 29, 1999 and August 30, 1998:

	1999	1998
7 1/8% Senior Notes due June 2005	$300,000	$300,000
3 1/2% Zero Coupon convertible subordinated notes due August 2017	456,783	466,082
Unsecured note payable to banks due April 2001	140,000	140,000
Notes payable secured by trust deeds on real estate	12,723	13,667
Capital lease obligations and other	21,213	21,030
	930,719	940,779
Less current portion (included in other current liabilities)	11,831	10,744
Total long-term debt	$918,888	$930,035

The Company issued $300,000 of 7 1/8% Senior Notes in fiscal 1995. Interest on the notes is payable semiannually on June 15 and December 15. The indentures contain certain limitations on the Company's and certain subsidiaries' ability to create liens securing indebtedness and to enter into certain sale leaseback transactions.

In April 1996, the Company borrowed $140,000 from a group of banks under a five-year unsecured term loan. Interest only is payable quarterly at rates based on LIBOR. Proceeds of the loan were used to retire $40,000 outstanding under the Canadian commercial paper program and $100,000 outstanding under the U.S. commercial paper program.

On August 19, 1997, the Company completed the sale of $900,000 principal amount at maturity of Zero Coupon Subordinated Notes (the "Notes") due August 19, 2017. The Notes were priced with a yield to maturity of 3 1/2%, resulting in gross proceeds to the Company of $449,640. The Notes are convertible into a maximum of 10,219,090 shares of Costco Common Stock at an initial conversion price of $44.00. Holders of the Notes may require the Company to purchase the Notes (at the discounted issue price plus accrued interest to date of purchase) on August 19, 2002, 2007, or 2012. The Company, at its option, may redeem the Notes (at the discounted issue price plus accrued interest to date of redemption) any time on or after August 19, 2002. On March 29, 1999, $48,000 principal amount of the Zero Coupon Notes were converted by note holders to 545,016 shares of Costco Common Stock.

In February, 1996, the Company filed with the Securities and Exchange Commission a shelf registration statement for $500,000 of senior debt securities. Although the registration statement was declared effective, no securities have been issued under this filing.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

At August 29, 1999, the fair value of the 7 1/8% Senior Notes, based on market quotes, was approximately $300,900. The Senior Notes are not redeemable prior to maturity. The fair value of the 3 1/2% Zero Coupon Subordinated Notes at August 29, 1999, based on market quotes, was approximately $781,369. The fair value of other long-term debt approximates carrying value.

NOTE 2--DEBT (CONTINUED)

Maturities of long-term debt during the next five fiscal years and thereafter are as follows:

2000	$ 11,831
2001	146,330
2002	3,067
2003	1,133
2004	1,249
Thereafter	767,109
Total	$930,719

NOTE 3--LEASES

The Company leases land and/or warehouse buildings at 64 of the 292 warehouses open at August 29, 1999, and certain other office and distribution facilities under operating leases with remaining terms ranging from 2 to 30 years. These leases generally contain one or more of the following options which the Company can exercise at the end of the initial lease term: (a) renewal of the lease for a defined number of years at the then fair market rental rate; (b) purchase of the property at the then fair market value; or (c) right of first refusal in the event of a third party purchase offer. Certain leases provide for periodic rental increases based on the price indices and some of the leases provide for rents based on the greater of minimum guaranteed amounts or sales volume. Contingent rents have not been material. Additionally, the Company leases certain equipment and fixtures under short-term operating leases that permit the Company to either renew for a series of one-year terms or to purchase the equipment at the then fair market value.

Aggregate rental expense for fiscal 1999, 1998, and 1997, was $59,263, $55,375, and $54,019, respectively. Future minimum payments during the next five fiscal years and thereafter under non-cancelable leases with terms in excess of one year, at August 29, 1999, were as follows:

2000	$ 64,406
2001	62,508
2002	62,153
2003	60,645
2004	59,160
Thereafter	619,690
Total minimum payments	$928,562

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

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NOTE 4--STOCK OPTIONS

The Costco Companies, Inc. 1993 Combined Stock Grant and Stock Option Plan (the New Stock Option Plan) provides for the issuance of up to 30 million shares of the Company's common stock upon the exercise of stock options or up to 1,666,666 shares through stock grants. Prior to the merger of The Price Company and Costco Wholesale Corporation, various incentive and non-qualified stock option plans existed which allowed certain key employees and directors to purchase or be granted common stock of The

NOTE 4--STOCK OPTIONS (CONTINUED)

Price Company and Costco Wholesale Corporation (collectively the Old Stock Option Plans). Options were granted for a maximum term of ten years, and were exercisable upon vesting. Options granted under these plans generally vest ratably over five to nine years. Subsequent to the merger, new grants of options have not been made under the Old Stock Option Plans.

The Company applies Accounting Principles Board Opinion (APB) No. 25 and related Interpretations in accounting for stock options. Accordingly, no compensation cost has been recognized for the plans. Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the grant dates for awards under those plans consistent with Statement of Financial Accounting Standards No. 123 (SFAS No.123), "Accounting for Stock-Based Compensation", the Company's net income and net income per share would have been reduced to the pro forma amounts indicated below:

	1999	1998	1997
Net income:			
As reported................................	$397,298	$459,842	$312,197
Pro forma..................................	$352,660	$438,053	$301,947
Net income per share (diluted):			
As reported................................	$ 1.73	$ 2.03	$ 1.47
Pro forma..................................	$ 1.54	$ 1.93	$ 1.42

The effects of applying SFAS No. 123 on pro forma disclosures of net income and earnings per share for fiscal 1999, 1998 and 1997 are not likely to be representative of the pro forma effects on net income and earnings per share in future years.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 1999, 1998 and 1997:

	1999	1998	1997
Risk free interest rate..........................	5.09%	5.60%	6.40%
Expected life....................................	7 years	7 years	7 years

Expected volatility	37%	34%	34%
Expected dividend yield	0%	0%	0%

NOTE 4--STOCK OPTIONS (CONTINUED)

Stock option transactions relating to the aggregate of the Old and New Stock Option Plans are summarized below (shares in thousands):

	1999		1998		1997	
	SHARES	PRICE(1)	SHARES	PRICE(1)	SHARES	PRICE(1)
Under option at beginning of year	17,302	$27.03	17,321	$19.96	16,972	$17.14
Granted (2)	4,553	73.79	4,214	47.67	4,610	26.13
Exercised	(3,262)	19.89	(3,996)	18.59	(4,077)	15.24
Cancelled	(204)	36.68	(237)	19.81	(184)	18.37
Under option at end of year	18,389	$39.77	17,302	$27.03	17,321	$19.96

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(1) Weighted-average exercise price

(2) The weighted-average fair value of options granted during fiscal 1999, 1998 and 1997, were $31.00, $19.71, and $11.47, respectively.

The following table summarizes information regarding stock options outstanding at August 29, 1999:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF PRICES	NUMBER	REMAINING CONTRACTUAL LIFE(1)	PRICE(1)	NUMBER	PRICE(1)
$ 9.88 - $25.50	6,226	4.4	$17.22	4,100	$33.52
$26.63 - $45.75	6,280	7.6	34.65	1,799	52.87
$46.63 - $89.94	5,883	9.3	69.11	345	59.66
	18,389	7.1	$39.77	6,244	$42.37

----

(1) Weighted-average

At August 30, 1998 and August 31, 1997, there were 5,926 and 7,118 options exercisable at weighted average exercise prices of $19.65 and $18.85, respectively.

NOTE 5--RETIREMENT PLANS

The Company has a 401(k) Retirement Plan that is available to all U.S. employees who have one year or more of service, except California union employees. The plan allows pre-tax deferral against which the Company matches 50% of the first one thousand dollars of employee contributions. In addition, the Company will provide each eligible participant a contribution based on salary and years of service. The Company has a defined contribution plan for Canadian and United Kingdom employees and contributes a percentage of each employee's salary.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 5--RETIREMENT PLANS (CONTINUED)

California union employees participate in a defined benefit plan sponsored by their union. The Company makes contributions based upon its union agreement. In June 1995, the Company also established a 401(k) plan for the California union employees. The plan currently allows pre-tax deferral against which the Company matches 50% of the first four hundred dollars of employee annual contributions.

Amounts expensed under these plans were $85,974, $73,764, and $59,960 for fiscal 1999, 1998, and 1997, respectively. The Company has defined contribution 401(k) and retirement plans only, and thus has no liability for post-retirement benefit obligations under the SFAS No. 106 "Employer's Accounting for Post-retirement Benefits Other than Pensions."

NOTE 6--INCOME TAXES

The provisions for income taxes for fiscal 1999, 1998, and 1997 are as follows:

	1999	1998	1997
Federal:			
Current	$259,104	$214,788	$151,433
Deferred	(70,248)	(3,415)	(13,249)
Total federal	188,856	211,373	138,184
State:			
Current	54,701	49,881	34,666
Deferred	(13,418)	(2,231)	(3,178)
Total state	41,283	47,650	31,488
Foreign:			
Current	52,416	47,096	40,192
Deferred	(17,692)	442	(1,732)
Total foreign	34,724	47,538	38,460
Total provision for income taxes	$264,863(a)	$306,561	$208,132

(a) Total provision for income taxes includes a provision on income before the cumulative effect of accounting change of $343,545 and a tax benefit of $78,682 resulting from the cumulative effect of accounting change.

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

NOTE 6--INCOME TAXES (CONTINUED)

Reconciliation between the statutory tax rate and the effective rate for fiscal 1999, 1998, and 1997 is as follows:

	1999		1998		1997	
Federal taxes at statutory rate	$231,756	35.00%	$268,241	35.00%	$182,115	35.00%
State taxes, net	28,870	4.36	33,722	4.40	22,374	4.30
Foreign taxes, net	10,532	1.59	8,543	1.11	5,452	1.05
Other	(6,295)	(0.95)	(3,945)	(0.51)	(1,809)	(.35)
Provision at effective tax rate	$264,863	40.00%	$306,561	40.00%	$208,132	40.00%

The components of the deferred tax assets and liabilities are as follows:

	AUGUST 29, 1999	AUGUST 30, 1998
Accrued liabilities	$118,912	$93,158
Deferred membership fees	78,151	--
Other	15,589	14,010
Total deferred tax assets	212,652	107,168
Property and equipment	52,795	67,293
Merchandise inventories	42,551	33,589
Other	10,684	1,022
Total deferred tax liabilities	106,030	101,904
Net deferred tax assets	$106,622	$ 5,264

The deferred tax accounts at August 29, 1999 and August 30, 1998 include current deferred income tax assets of $164,839 and $59,667, respectively, and non-current deferred income tax liabilities of $58,217 and $54,403, respectively. Current deferred income tax assets are included in other current assets.

NOTE 7--COMMITMENTS AND CONTINGENCIES

LEGAL PROCEEDINGS

The Company is involved from time to time in claims, proceedings and litigation arising from its business and property ownership. The Company does not believe that any such claim, proceeding or litigation, either alone or in the aggregate, will have a material adverse effect on the Company's financial position or results of its operations.

NOTE 8--SEGMENT REPORTING

In fiscal 1999, the Company adopted SFAS No. 131, "Disclosures about

Segments of an Enterprise and Related Information", which established reporting and disclosure standards for an enterprise's operating segments. Operating segments are defined as components of an enterprise for which separate financial information is available and regularly reviewed by the Company's senior management.

NOTE 8--SEGMENT REPORTING (CONTINUED)

The Company and its subsidiaries are principally engaged in the operation of membership warehouses in the United States, Canada, Japan and through majority-owned subsidiaries in the United Kingdom, Taiwan and Korea and through a 50%-owned joint venture in Mexico. The Company's reportable segments are based on management responsibility.

	UNITED STATES OPERATIONS	CANADIAN OPERATIONS	OTHER INTERNATIONAL OPERATIONS	TOTAL
YEAR ENDED AUGUST 29, 1999				
Total revenue	$22,404,026	$4,104,662	$947,343	$27,456,031
Operating income (loss)	723,375	146,839	(10,087)	860,127
Depreciation and amortization	177,661	32,559	14,591	224,811
Capital expenditures	655,924	79,583	52,428	787,935
Total assets	5,984,537	992,943	527,521	7,505,001
YEAR ENDED AUGUST 30, 1998				
Total revenue	$19,620,552	$4,030,766	$618,559	$24,269,877
Operating income (loss)	648,429	142,807	(3,960)	787,276
Depreciation and amortization	154,680	32,113	9,522	196,315
Capital expenditures	448,173	55,373	68,358	571,904
Total assets	4,984,571	847,430	427,879	6,259,820
YEAR ENDED AUGUST 31, 1997				
Total revenue	$17,544,247	$3,907,185	$422,972	$21,874,404
Operating income (loss)	458,600	124,761	(2,649)	580,712
Depreciation and amortization	144,506	30,874	6,379	181,759
Capital expenditures	454,267	34,803	64,304	553,374
Total assets	4,224,668	851,103	400,543	5,476,314

NOTE 9--QUARTERLY FINANCIAL DATA (UNAUDITED)

The tables that follow on the next two pages reflect the unaudited quarterly results of operations for fiscal 1999 and 1998.

QUARTERLY STATEMENTS OF INCOME (UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	52 WEEKS ENDED AUGUST 29, 1999				
	FIRST QUARTER 12 WEEKS	SECOND QUARTER 12 WEEKS	THIRD QUARTER 12 WEEKS	FOURTH QUARTER 16 WEEKS	TOTAL 52 WEEKS
REVENUE					
Net sales	$5,894,238	$6,484,445	$5,941,049	$8,656,721	$26,976,453
Membership fees and other	103,840	107,913	112,771	155,054	479,578
Total revenue	5,998,078	6,592,358	6,053,820	8,811,775	27,456,031
OPERATING EXPENSES					
Merchandise costs	5,287,785	5,788,653	5,341,716	7,752,045	24,170,199

Selling, general and administrative	518,990	543,565	528,158	747,485	2,338,198
Preopening expenses	10,707	3,951	6,120	10,229	31,007
Provision for impaired assets and warehouse closing costs	2,000	3,000	1,500	50,000	56,500
Operating income	178,596	253,189	176,326	252,016	860,127
OTHER INCOME (EXPENSE)					
Interest expense	(10,912)	(10,995)	(10,524)	(13,096)	(45,527)
Interest income and other	6,039	11,192	10,659	16,376	44,266
INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	173,723	253,386	176,461	255,296	858,866
Provision for income taxes	69,489	101,354	70,584	102,118	343,545
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	104,234	152,032	105,877	153,178	515,321
Cumulative effect of accounting change, net of tax benefit of $78,682	(118,023)	--	--	--	(118,023)
NET INCOME	$ (13,789)	$ 152,032	$ 105,877	$ 153,178	$ 397,298
NET INCOME PER COMMON SHARE:					
Basic Earnings per share:					
Income before cumulative effect of accounting change	$ 0.48	$ 0.69	$ 0.48	$ 0.69	$ 2.35
Cumulative effect of accounting change, net of tax	(0.54)	--	--	--	(0.54)
Net Income	$ (0.06)	$ 0.69	$ 0.48	$ 0.69	$ 1.81
Diluted earnings per share:					
Income before cumulative effect of accounting change	$ 0.46	$ 0.66	$ 0.46	$ 0.66	$ 2.23
Cumulative effect of accounting change, net of tax	(0.51)	--	--	--	(0.50)
Net Income	$ (0.05)	$ 0.66	$ 0.46	$ 0.66	$ 1.73
Shares used in calculation (000's):					
Basic	217,838	218,891	220,219	221,076	219,626
Diluted	233,387	235,227	236,785	236,480	235,560

COSTCO WHOLESALE CORPORATION

QUARTERLY STATEMENTS OF INCOME (UNAUDITED)
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

	52 WEEKS ENDED AUGUST 30, 1998				
	FIRST QUARTER 12 WEEKS	SECOND QUARTER 12 WEEKS	THIRD QUARTER 12 WEEKS	FOURTH QUARTER 16 WEEKS	TOTAL 52 WEEKS
REVENUE					
Net sales	$5,321,256	$5,697,098	$5,241,926	$7,570,100	$23,830,380
Membership fees and other	108,507	97,908	96,160	136,922	439,497
Total revenue	5,429,763	5,795,006	5,338,086	7,707,022	24,269,877
OPERATING EXPENSES					
Merchandise costs	4,779,296	5,098,992	4,715,755	6,785,648	21,379,691
Selling, general and administrative	470,711	478,732	466,987	653,470	2,069,900
Preopening expenses	7,343	4,071	8,884	6,712	27,010
Provision for impaired assets and warehouse closing costs	2,000	--	1,500	2,500	6,000
Operating income	170,413	213,211	144,960	258,692	787,276
OTHER INCOME (EXPENSE)					
Interest expense	(10,923)	(10,965)	(10,477)	(15,170)	(47,535)
Interest income and other	3,720	7,743	7,562	7,637	26,662
INCOME BEFORE PROVISION FOR INCOME TAXES	163,210	209,989	142,045	251,159	766,403
Provision for income taxes	65,284	83,996	56,818	100,463	306,561
NET INCOME	$ 97,926	$ 125,993	$ 85,227	$ 150,696	$ 459,842
NET INCOME PER COMMON SHARE:					
Basic	$ 0.46	$ 0.59	$ 0.39	$ 0.69	$ 2.13
Diluted	$ 0.44	$ 0.56	$ 0.38	$ 0.66	$ 2.03
Shares used in calculation (000's):					
Basic	213,833	214,590	215,913	217,142	215,506
Diluted	229,413	230,482	232,378	233,501	231,685
Pro forma amounts assuming accounting change had been in effect in fiscal 1998					
Net Income	$ 87,966	$ 123,586	$ 84,730	$ 148,169	$ 444,451

Earnings per common share--basic	$ 0.41	$ 0.58	$ 0.39	$ 0.68	$ 2.06
Earnings per common share--diluted	$ 0.39	$ 0.55	$ 0.37	$ 0.65	$ 1.96

EXHIBIT INDEX

The following exhibits are filed as part of this Annual Report on Form 10-K or are incorporated herein by reference. Where an exhibit is incorporated by reference, the number that follows the description of the exhibit indicates the document to which cross-reference is made. See the end of this exhibit index for a listing of cross-reference documents.

EXHIBIT NO.	DESCRIPTION
2.1.1	Amended and Restated Agreement of Transfer and Plan of Exchange dated as of November 14, 1994 by and between Price/Costco, Inc. and Price Enterprises, Inc.(1)
2.1.2	Agreement Concerning Transfer of Certain Assets between and among Price/Costco, Inc., Price Enterprises, Inc., The Price Company, Price Costco International, Inc., Costco Wholesale Corporation, Price Global Trading, L.L.C., PGT, Inc., Price Quest, L.L.C., and PQI, Inc., dated as of November 21, 1996, with an effective date of May 28, 1997(2)
2.1.3	Amendment No. 1 to Agreement Concerning Transfer of Certain Assets dated May 29, 1997(2)
3.1	Amended and Restated Articles of Incorporation of Costco Wholesale Corporation(3)
3.2	Bylaws of Costco Companies, Inc.(4)
4.1.1	Form of 7 1/8% Senior Notes(5)
4.1.2	Indenture between Price/Costco, Inc. and American National Association, as Trustee(5)
4.2.1	Form of Zero Coupon Note due 2017(2)
4.2.2	Indenture dated as of August 19, 1997 between Costco Companies, Inc. and Firstar Bank of Minnesota as Trustee(2)
4.2.3	Registration Rights Agreement dated August 19, 1997(2)
4.3	Costco Wholesale Corporation Stock Certificate
10.1.1	Costco Companies, Inc. 1993 Combined Stock Grant and Stock Option Plan(1)
10.1.2	Amendments to Stock Option Plan, 1995(9)
10.1.3	Amendments to Stock Option Plan, 1997(10)
10.2	Form of Indemnification Agreement(6)
10.4	Restated Corporate Joint Venture Agreement between The Price Company, Price Venture Mexico and Controladora Comercial Mexicana S.A. de C.V. dated March 1995(7)
10.5.1	A $250 million Short-Term Revolving Credit Agreement among

	Price/Costco, Inc. and a group of twelve banks dated January 31, 1994, as amended(8)
10.5.2	A $250 million Extended Revolving Credit Agreement among Price/Costco, Inc. and a group of twelve banks, dated January 31, 1994, as amended(8)
10.5	A $140 million Credit Agreement, dated as of April 11, 1996, among Price/Costco Nova Scotia Company, certain financial institutions and Canadian Imperial Bank of Commerce(7)
12.1	Statements re computation of ratios
21.1	Subsidiaries of the Company
23.1	Consent of Arthur Andersen LLP
27.1	Financial Data Schedule

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(1) Incorporated by reference to the exhibits filed as part of the Registration Statement of Price/ Costco, Inc. on Form S-4 (File No. 33-50359) dated September 22, 1993

(2) Incorporated by reference to the exhibits filed as part of the Annual Report on Form 10-K of Costco Companies, Inc. for the fiscal year ended August 31, 1997.

(3) Incorporated by reference to the exhibits filed as part of the Current Report on Form 8-K filed by Costco Wholesale Corporation on August 30, 1999.

(4) Incorporated by reference to the exhibits filed as part of the Annual Report on Form 10-K/A of Price/Costco, Inc. for the fiscal year ended August 29, 1993

(5) Incorporated by reference to the exhibits filed as part of the Registration Statement of Price/ Costco, Inc. on Form S-3 (File No. 33-59403) dated May 17, 1995

(6) Incorporated by reference to the exhibits filed as part of the Annual Report on Form 10-K of Price/ Costco, Inc. for the fiscal year ended August 28, 1994

(7) Incorporated by reference to the exhibits filed as part of the Annual Report on Form 10-K of Price/ Costco, Inc. for the fiscal year ended September 1, 1996

(8) Incorporated by reference to the exhibits filed as part of the Quarterly Report on Form 10-Q of Price/Costco, Inc. for the quarterly period ended February 13, 1994

(9) Incorporated by reference to the exhibits filed as part of the Annual Report on Form 10-K of Price/ Costco, Inc. for the fiscal year ended September 3, 1995

(10) Incorporated by reference to the exhibits filed as part of the Annual Report on Form 10-K of Costco Companies, Inc. for the fiscal year ended August 30, 1998.

[LOGO]

CW COSTCO WHOLESALE

INCORPORATED UNDER THE LAWS OF THE STATE OF WASHINGTON

SEE REVERSE FOR CERTAIN DEFINITIONS
CUSIP 22160K 10 5

This Certifies that

*******SPECIMEN*******

is the record holder of

FULLY PAID AND NONASSESSABLE SHARES OF COMMON STOCK, $.01 PAR VALUE, OF
COSTCO WHOLESALE CORPORATION

transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this certificate properly endorsed. This certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

/s/ [ILLEGIBLE]
SECRETARY

[SEAL]

/s/ [ILLEGIBLE]
PRESIDENT AND CHIEF EXECUTIVE OFFICER

COUNTERSIGNED AND REGISTERED
CHASEMELLON SHAREHOLDER SERVICES, L.L.C.
TRANSFER AGENT AND REGISTRAR

BY

AUTHORIZED SIGNATURE

EXHIBIT 12.1

COSTCO WHOLESALE CORPORATION

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(DOLLARS IN THOUSANDS)

	AUG 29, 1999	AUG 30, 1998	AUG 31, 1997	SEPT 1, 1996	SEPT 3, 1995	AUG 28, 1994
Earnings(1)	$ 858,866	$ 766,403	$ 520,329(5)	$ 423,477	$ 368,204	$ 203,555(3)
Less: Capitalized interest	(4,380)	(3,542)	(4,097)	(5,612)	(3,275)	(7,170)
Add: Interest on debt(2)	49,907	51,077	80,378	83,690	71,186	57,642
Portion of rent under long-term operating leases representative of an interest factor	35,558	33,225	32,411	33,412	32,160	26,940
Total earnings available for fixed charges	$ 939,951	$ 847,163	$ 629,021	$ 534,967	$ 468,275	$ 280,967
Fixed Charges:						
Interest on debt(2)	$ 49,907	$ 51,077	$ 80,378	$ 83,690	$ 71,186	$ 57,642
Portion of rent under long-term operating leases representative of an interest factor	35,558	33,225	32,411	33,412	32,160	26,940
Total fixed charges	$ 85,465	$ 84,302	$ 112,789	$ 117,102	$ 103,346	$ 84,582
Ratio of earnings to fixed charges	11.0	10.0	5.6(6)	4.6	4.5	3.3(4)

(1) Earnings represent income from continuing operations before provision for income taxes and cumulative effect of accounting change.

(2) Includes amortization of debt expense and capitalized interest.

(3) Includes provision for merger and restructuring expenses of $120,000 pre-tax ($80,000 or $.36 per share after tax) related to the merger of The Price Company and Costco Wholesale Corporation in October 1993. If such provision for merger and restructuring expenses were excluded, income from continuing operations before provision for income taxes for fiscal 1994 would have been $323,555.

(4) If the $120,000 pre-tax provision for merger and restructuring expenses were excluded, the ratio of earnings to fixed charges for fiscal 1994 would have been 4.7.

(5) Includes the effect of adopting SFAS No. 121, a $65,000 pre-tax charge for asset impairment. If such provision were excluded, income from continuing operations before provision for income taxes for fiscal 1997 would have been $585,329.

(6) If the $65,000 pre-tax provision for asset impairment were excluded, the ratio of earnings to fixed charges would have been 6.2.

EXHIBIT 21.1

COSTCO WHOLESALE CORPORATION
SUBSIDIARIES

SUBSIDIARIES	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION	NAME UNDER WHICH SUBSIDIARY DOES BUSINESS
Costco Wholesale Corporation	Washington	Costco Wholesale Corporation, Costco Wholesale
The Price Company	California	The Price Company, Price Club, Costco Wholesale
Costco Wholesale Canada Ltd.	Canadian	Costco Wholesale Canada, Ltd., Costco Federal Wholesale
Costco Canada Inc.	Canadian Federal	Costco Canada Inc., Price Costco, Costco
Price Costco Canada Holdings Inc.	Canadian Federal	Price Costco Canada Holdings Inc.

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCONTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K into Costco Wholesale Corporation's previously filed Registration Statement Nos. 33-50799, 333-1127, 333-04355 and 333-21093.

ARTHUR ANDERSEN LLP

Seattle, Washington
November 22, 1999

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