



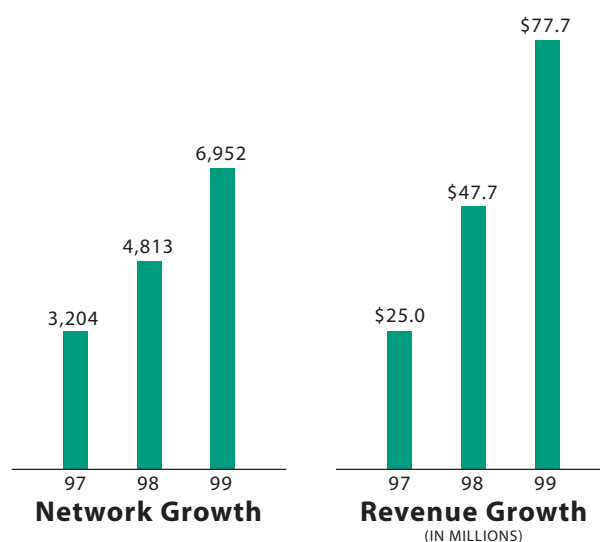
*You're richer than you think.
With over \$7 billion in coins sitting in people's
homes, odds are you've got more on hand than
you know. Coinstar customers have changed
over \$2 billion of coins into cash.*

1999 Annual Report

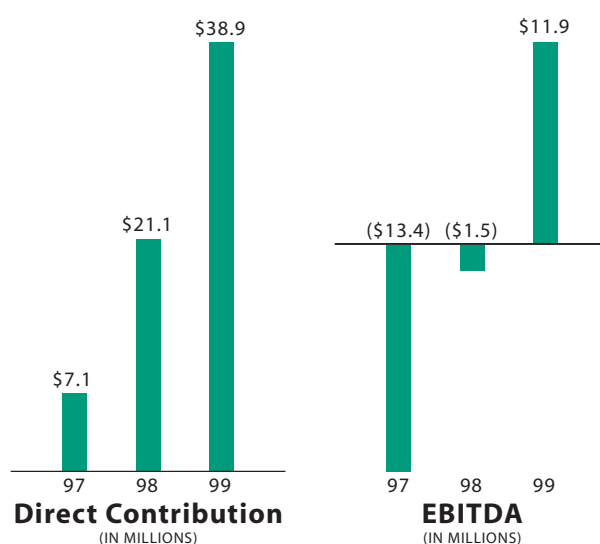


Coinstar's mission is to provide technology-driven, supermarket-focused services that save people time and money and simplify their lives. The Coinstar network of coin recycling machines is the largest network of self-service coin counting machines in the world. Our service offers consumers a quick and easy way to turn accumulated change into spendable cash in one of the most convenient places on earth: the supermarket.

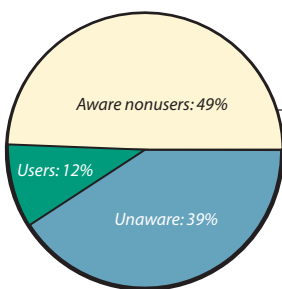
Coinstar's e-services business, Meals.com Inc., is comprised of the Meals.com website, private label meal planning sites, and the in-store Coinstar Shopper™ kiosk. Our e-services initiatives provide consumers with easy ways to access over 10,000 recipes, plan meals and create shopping lists.



In the last three years, our network of machines has doubled while our revenues have tripled.



Since 1997 our direct contribution has increased five fold, and our EBITDA (operating cash flow) has improved by \$25.3 million dollars.



Growth through Change

It's just the beginning. With only 12% of potential customers now using Coinstar, we continue to see demand growing. In the United States, \$145 billion of coins change hands yearly and 3/4 of the U.S. population accumulates coins.

By the end of 1999, Coinstar's® coin recycling machines could be found in nearly 7,000 grocery stores across the United States in 85 metropolitan regions and 41 states. The Coinstar network has doubled in less than three years and we continue to expand our services at a brisk pace. This year, Coinstar was ranked as one of the nation's fastest growing technology companies, thanks to the support of our retail partners. We have entered the international market with installations in the United Kingdom and Canada. To find the Coinstar service nearest you, visit www.findcoinstar.com.

Even though about 50% of the U.S. population lives within two miles of a Coinstar machine, only 12% of the population has ever tried the Coinstar service. The Company estimates that approximately 39% of consumers are unaware of Coinstar. Of our existing customers, 80% indicate they would likely use our service again.



- **\$145 billion in change currently circulates in the United States**
- **Americans conduct over 288 billion cash transactions per year**
- **75% of the U.S. population accumulates change**
- **Each person handles approximately \$600 worth of change per year**
- **Coinstar has a retention rate with existing users of approximately 80%**

It's Possible with Change



There's no need to spend precious time at home sorting and wrapping a jar full of change. That's why a good number of Coinstar users are moms and kids, happy to spend their new found time and money doing something lots more fun.



This jar weighs about 10 lbs. and is worth approximately \$40. Imagine what you could do with an extra \$40.

Whether you have a cookie jar, or a room full of change, Coinstar is a quick and convenient solution to putting cash in your hands. And it adds up fast. Generally, people are surprised to find their loose change is worth about twice what they had guessed. They are equally surprised at how fast Coinstar machines count their fortunes.

Satisfaction runs high with users of Coinstar's coin counting machines, and most come back again and again. Because our coin counting machines are in local supermarkets that are typically open 24 hours a day, it's far more convenient for busy people to use a Coinstar machine than to wrap and roll their coins and take them to a bank. Sixty-six million consumers have processed more than \$2 billion in spare change through the Coinstar network.



Change of Heart

Though money is usually no laughing matter, it can be entertaining to find what others mistakenly mix with their coins. The Coinstar method for cleaning and sorting coins regularly yields a collection of nuts and bolts, paper clips, and lint. But, we're still talking about the time we found a pair of dentures and a wedding ring.

An average jar of coins at home sitting on the shelf is worth about \$30 to \$50. And every once in a while someone—as did at least one Coinstar customer—finds they have over \$8,000 in coins hanging around. Whatever your situation, that money can come in handy for any number of spur-of-the-moment activities. Customers can count on Coinstar. Our machines have performance uptimes of over 98%. In the United States, user instructions come in English or en Español.

To deliver the best service, Coinstar machines are designed to work hard for you. Thoroughly tested and equipped with the latest software, our machines are part of a nationwide network monitored from corporate headquarters, so that if on-site problems do occur, a member of our dedicated team of field engineers is automatically notified. This also allows customized information to be downloaded to any store for enhancing both consumer and retailer services.



Coinstar customers do any number of things with their “found money” resulting from redeeming their otherwise idle collection of change. One such customer, who had saved his laundry change for over 10 years, used his newly found \$1,200 to go to Las Vegas and get married.

Change the World



Since its inception, the Coins That Count® program has raised over \$1 million for non-profit organizations.



This young boy's Halloween treats add up to something special for the many children helped by the U.S. Fund for UNICEF. His collection of just \$5 in spare change, about the same cost as a big bag of candy, will help buy enough vaccine to immunize 25 kids against measles.

The U.S. Fund for UNICEF, the Leukemia & Lymphoma Society and the Muscular Dystrophy Association are just three of our over 150 non-profit partners who reap the ongoing benefits of our Coins That Count® program available in selected markets. This year, over \$800,000 in coins was donated through Coinstar by the many generous men, women and children who stepped forward in support of their favorite charities. With an on-screen directory that allows donations to be designated, Coinstar's self-service machines respond with a tax-deductible receipt for the full value of the gift.

Believing that literally every penny counts, non-profit organizations throughout the country are joining the Coins That Count program to reach donors virtually everywhere. With nearly 7,000 units installed in 41 states, Coinstar continues to build its nation-wide network of coin processing machines at a rapid pace. This year alone, the number of Coinstar locations grew by over 40%.



Change the Menu

Meals.com takes all the work out of meal planning — shopping lists are made for you with the touch of a button. Check us out at www.meals.com.

Meals.com Inc., a subsidiary of Coinstar, uses the latest internet technology to save customers time and money when planning meals and shopping for groceries. And, it has great ideas about what to serve for each course. Meals.com delivers personalized recommendations and categorized grocery shopping lists based on its easily navigated library of over 10,000 recipes. Whether you're cooking for two or for 20, you can scale recipes for your party with a simple click of the mouse.

Each week more than 110 million people visit supermarkets that are now partners with Coinstar. As part of our strategy to provide retailers with value-added services that increase customer loyalty, we provide retailers with private label versions of our Meals.com website. This network of private label sites includes the powerful meal planning engine and unique predictive modeling technology allowing retailers to market to their customers in highly targeted ways.



At 4 o'clock in the afternoon, 70% of people don't know what's for dinner. Meals.com, a new service launched this year, that includes our in-store, on-line Coinstar Shopper kiosk, may be what consumers have been waiting for.

Dear Shareholders



Dan Gerrity (left)
President and CEO

Jens H. Molbak (right)
Founder and Chairman of the Board

This has been a year of tremendous growth for Coinstar, and our financial performance reflects the rapid development of the company. In 1999, our network of Coinstar machines increased 44%, while revenue grew 63%, direct contribution increased by 84% and our operating cash flow (as measured by EBITDA) increased \$13.4 million.

We achieved several milestones throughout the year. We processed our 50 millionth customer transaction and reached the \$2 billion mark for total coins processed through our network, including \$873 million in 1999 alone. Additionally, we expanded our service internationally and established an exciting e-services subsidiary to continue building our platform for growth.

Our progress in 1999 sets the stage for growth in future years. In general, as each Coinstar machine ages, volume per unit climbs and as more machines are installed, service cost per unit drops. As a result, we were able to increase our direct contribution margin from approximately 44% to 50% during the year, even though we deployed a record 2,139 units and opened 27 new markets.

We continued to develop our international business and hired an experienced U.K. national and former supermarket executive as general manager for our pilot program in the United Kingdom. Our pilot units have been performing very well, and we believe the U.K. represents an excellent growth opportunity. In addition to the U.K. pilot units, our Coinstar machines in Canada continue to perform. While our international business is progressing a bit slower than we had planned, it is worth noting that in relationship to our domestic launch in 1994, we are actually further along.

In 1999, we established our e-services subsidiary by creating our Meals.com network of branded and private-label websites. This e-services subsidiary includes a network of websites and the in-store Coinstar Shopper kiosk product.

There were some challenges during 1999, including a confluence of events in the third quarter which resulted in a sharp decline in our stock price. We incurred increased expenses associated with installing a record number of machines, accelerated investments in our e-services subsidiary, and completion of a comprehensive network upgrade ahead of schedule. We also experienced sluggish third quarter volume per machine growth, due in part to the effect of the fee increase initiated in December 1998, as well as lower than anticipated seasonal lift.

To address these issues, we have stepped up our marketing focus and added Rich Stillman as Vice President of Marketing for the coin counting business. Additionally, we have engaged a premier advertising firm, TBWA/Chiat/Day, to assist with our marketing campaign for 2000 featuring increased advertising support, value-added promotions and building the Coinstar brand. Our ability to conduct widespread national promotions that are administered remotely from our headquarters is a reality now that our coast-to-coast network has reached critical mass. One example of this capability is our joint promotion with the United States Mint that began in early 2000 to help launch the Mint's newest coin, the "Golden Dollar."

Much of Coinstar's growth opportunity lies in the fact that the coin recycling market is still largely untapped. Market research indicates that only approximately 12% of all Americans have tried the Coinstar service, despite

the fact that nearly half of Americans live within two miles of a Coinstar machine. Moreover, our research tells us that once people learn about us and use our service, approximately 80% will come back time and time again. With \$5 million worth of change orbiting every supermarket in the U.S. annually, our average annual volume per unit of \$147,000 means only a 3% penetration.

A key aspect of our growth strategy is the introduction of new products, which in 1999 included the web property Meals.com and its in-store component, the Coinstar Shopper kiosk. The Meals.com website, with more than 10,000 recipes, helps busy consumers plan and prepare great meals quickly and easily. Consumer packaged goods manufacturers have the capability to do one-to-one targeted advertising, while our supermarket partners achieve an effective way to communicate with consumers and strengthen frequent shopper programs.

We believe that on its own, the Coinstar Shopper in-store kiosk is a terrific marketing tool for retailers, but when it is integrated with private label versions of the Meals.com website, the combination represents the beginnings of a true bricks and clicks solution for supermarkets.

In summary, the network of Coinstar coin counting machines is a proven concept, with strong unit cash flow economics and significant upside potential. We will grow the business through aggressive marketing, continued installations and the development and introduction of new products. We have a strong foundation built on our unique assets: our world class field service organization, strong retailer relationships and coast-to-coast electronic network. While Coinstar achieved a great deal in 1999, we believe strongly that we are still in the early phases of all our growth opportunities, and we look forward to the future.



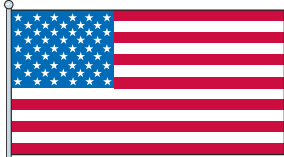
Jens H. Molbak
Founder and Chairman of the Board



Daniel A. Gerrity
President and CEO



Partners Across the World



ABC FOODS
Devoe & Threlk

ACME



BROOKSHIRE'S



Cub FOODS

Dominick's



Finast

Fleming Foods



Foodland

Food 4 Less



Foodtown



Fred Meyer



GIANT
Food Stores

GIANT EAGLE

GRAND UNION

Haggen



Harris Teeter



Jewel-Osco

Kash n' Karry
Fresh, Fast n' Friendly

Kessel

King Kullen



kohl's
Family of Food Stores



Larry's Markets



Lucky

MARSH

MEIJER



Pak 'n Save Foods

Pick 'n Save



SAINSBURY'S
TESCO



Raley's



SAFEMART

SAVE MART
SUPERMARKETS

Schnucks

Schwegmann
GIANT SUPER MARKETS

SHOP 'n SAVE



STAR MARKET



Super foodmart



Super 1 Foods

Super TARGET

Supermercados SOUTHWEST

Thriftway



Tom Thumb

Ukrop's



VONS

**If it's good for you,
it's good for waldbaums**

WINN-DIXIE

For a complete listing of
our partners, please
visit our website at
www.coinstar.com.

Corporate Information

BOARD OF DIRECTORS

Jens H. Molbak
Founder and Chairman,
Coinstar, Inc.
Chairman and CEO,
Meals.com, Inc.

Daniel A. Gerrity
President and CEO
Coinstar, Inc.

Robert Aders
Chairman
The Advisory Board, Inc.

Larry Hodges
President and CEO
Mrs. Field's Original Cookies, Inc.

William D. Ruckelshaus
Principal, Madrona Investment Group L.L.C.

David E. Stitt
Managing Partner
Banyan Private Equity Management

Ronald A. Weinstein
Private Investor

ANNUAL MEETING

The annual meeting of shareholders will be held on Thursday, June 15, 2000 at 10 a.m. (PST) at 1800 114th Avenue SE Bellevue, WA 98004

SHAREHOLDER'S INQUIRIES

Copies of the company's annual report on Form 10-K, as filed with the Securities Exchange Commission may be obtained without charge by writing to:

Investor Relations
PO Box 91258
Bellevue, WA 98009

or by calling (425) 943-8234. You may also fax a request Attn: Investor Relations at (425) 637-0045 or visit our web site at www.coinstar.com

LEGAL COUNSEL

Perkins Coie
1201 3rd Avenue, 48th Floor
Seattle, WA 98101
(206) 583-8888

OFFICERS

Daniel A. Gerrity
President and CEO

Richard Stillman
Vice President, Marketing

William W. Booth
Vice President, Retail Development

Michael W. Parks
Vice President, Operations

Michael L. Doran
Vice President, Software Technology

Carol Lewis
Vice President, Corporate & Organizational Development

Ian G. Melanson
Vice President and General Manager of e-services

Diane L. Renihan
Controller and Chief Accounting Officer

Mark P. Tanoury
Secretary

SUBSIDIARY OFFICERS

Jens H. Molbak
Chairman and CEO of Meals.com, Inc.

John D. Melin
Chief Operating Officer of Meals.com, Inc.

Alex Camara
Managing Director of Coinstar, Ltd.

INDEPENDENT AUDITORS

Deloitte & Touche LLP
700 Fifth Avenue, Suite 4500
Seattle, WA 98104

TRANSFER AGENT AND REGISTRAR

American Securities Transfer & Trust
1825 Lawrence Street, Suite 444
Denver, CO 80202
(303) 984-4062

STOCK INFORMATION

Coinstar Common Stock is traded on the NASDAQ National Market System under the symbol "CSTR."





Office: 1800 114th Avenue SE, Bellevue, WA 98004 **Mail:** PO Box 91258, Bellevue, WA 98009
Tel: (425) 943-8000 **Fax:** (425) 943-8030 **Web:** www.coinstar.com