

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

	September 1, 2019	September 2, 2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 8,384	\$ 6,055
Short-term investments	1,060	1,204
Receivables, net	1,535	1,669
Merchandise inventories	11,395	11,040
Other current assets	1,111	321
Total current assets	23,485	20,289
<b>PROPERTY AND EQUIPMENT</b>		
Land	6,417	6,193
Buildings and improvements	17,136	16,107
Equipment and fixtures	7,801	7,274
Construction in progress	1,272	1,140
	32,626	30,714
Less accumulated depreciation and amortization	(11,736)	(11,033)
Net property and equipment	20,890	19,681
<b>OTHER ASSETS</b>	1,025	860
<b>TOTAL ASSETS</b>	<b>\$ 45,400</b>	<b>\$ 40,830</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 11,679	\$ 11,237
Accrued salaries and benefits	3,176	2,994
Accrued member rewards	1,180	1,057
Deferred membership fees	1,711	1,624
Current portion of long-term debt	1,699	90
Other current liabilities	3,792	2,924
Total current liabilities	23,237	19,926
<b>LONG-TERM DEBT, excluding current portion</b>	5,124	6,487
<b>OTHER LIABILITIES</b>	1,455	1,314
Total liabilities	29,816	27,727
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>EQUITY</b>		
Preferred stock \$0.01 par value; 100,000,000 shares authorized; no shares issued and outstanding	0	0
Common stock \$0.01 par value; 900,000,000 shares authorized; 439,625,000 and 438,189,000 shares issued and outstanding	4	4
Additional paid-in capital	6,417	6,107
Accumulated other comprehensive loss	(1,436)	(1,199)
Retained earnings	10,258	7,887
Total Costco stockholders' equity	15,243	12,799
Noncontrolling interests	341	304
Total equity	15,584	13,103
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 45,400</b>	<b>\$ 40,830</b>

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

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

	52 Weeks Ended September 1, 2019	52 Weeks Ended September 2, 2018	53 Weeks Ended September 3, 2017
<b>REVENUE</b>			
Net sales	\$ 149,351	\$ 138,434	\$ 126,172
Membership fees	3,352	3,142	2,853
Total revenue	152,703	141,576	129,025
<b>OPERATING EXPENSES</b>			
Merchandise costs	132,886	123,152	111,882
Selling, general and administrative	14,994	13,876	12,950
Preopening expenses	86	68	82
Operating income	4,737	4,480	4,111
<b>OTHER INCOME (EXPENSE)</b>			
Interest expense	(150)	(159)	(134)
Interest income and other, net	178	121	62
<b>INCOME BEFORE INCOME TAXES</b>	4,765	4,442	4,039
Provision for income taxes	1,061	1,263	1,325
Net income including noncontrolling interests	3,704	3,179	2,714
Net income attributable to noncontrolling interests	(45)	(45)	(35)
<b>NET INCOME ATTRIBUTABLE TO COSTCO</b>	<u>\$ 3,659</u>	<u>\$ 3,134</u>	<u>\$ 2,679</u>
<b>NET INCOME PER COMMON SHARE ATTRIBUTABLE TO COSTCO:</b>			
Basic	<u>\$ 8.32</u>	<u>\$ 7.15</u>	<u>\$ 6.11</u>
Diluted	<u>\$ 8.26</u>	<u>\$ 7.09</u>	<u>\$ 6.08</u>
Shares used in calculation (000's)			
Basic	439,755	438,515	438,437
Diluted	442,923	441,834	440,937

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**COSTCO WHOLESALE CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(amounts in millions)

	52 Weeks Ended September 1, 2019	52 Weeks Ended September 2, 2018	53 Weeks Ended September 3, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income including noncontrolling interests	\$ 3,704	\$ 3,179	\$ 2,714
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:			
Depreciation and amortization	1,492	1,437	1,370
Stock-based compensation	595	544	514
Other non-cash operating activities, net	9	(6)	(14)
Deferred income taxes	147	(49)	(29)
Changes in operating assets and liabilities:			
Merchandise inventories	(536)	(1,313)	(894)
Accounts payable	322	1,561	2,258
Other operating assets and liabilities, net	623	421	807
Net cash provided by operating activities	6,356	5,774	6,726
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of short-term investments	(1,094)	(1,060)	(1,279)
Maturities and sales of short-term investments	1,231	1,078	1,385
Additions to property and equipment	(2,998)	(2,969)	(2,502)
Other investing activities, net	(4)	4	30
Net cash used in investing activities	(2,865)	(2,947)	(2,366)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Change in bank payments outstanding	210	80	(236)
Proceeds from issuance of long-term debt	298	—	3,782
Repayments of long-term debt	(89)	(86)	(2,200)
Tax withholdings on stock-based awards	(272)	(217)	(202)
Repurchases of common stock	(247)	(328)	(469)
Cash dividend payments	(1,038)	(689)	(3,904)
Other financing activities, net	(9)	(41)	11
Net cash used in financing activities	(1,147)	(1,281)	(3,218)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	(15)	(37)	25
Net change in cash and cash equivalents	2,329	1,509	1,167
<b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>	6,055	4,546	3,379
<b>CASH AND CASH EQUIVALENTS END OF YEAR</b>	<u>\$ 8,384</u>	<u>\$ 6,055</u>	<u>\$ 4,546</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>			
Cash paid during the year for:			
Interest	\$ 141	\$ 143	\$ 131
Income taxes, net	\$ 1,187	\$ 1,204	\$ 1,185
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>			
Cash dividend declared, but not yet paid	\$ 286	\$ 250	\$ —

**COSTCO WHOLESALE CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(amounts in millions, except share, per share, and warehouse count data)

**Note 1—Summary of Significant Accounting Policies**

*Description of Business*

Costco Wholesale Corporation (Costco or the Company), a Washington corporation, and its subsidiaries operate membership warehouses based on the concept that offering members low prices on a limited selection of nationally-branded and private-label products in a wide range of merchandise categories will produce high sales volumes and rapid inventory turnover. At September 1, 2019, Costco operated 782 warehouses worldwide: 543 in the United States (U.S.) located in 44 states, Washington, D.C., and Puerto Rico, 100 in Canada, 39 in Mexico, 29 in the United Kingdom (U.K.), 26 in Japan, 16 in Korea, 13 in Taiwan, 11 in Australia, two in Spain, and one each in Iceland, France and China. The Company operates e-commerce websites in the U.S., Canada, Mexico, U.K., Korea, and Taiwan.

*Basis of Presentation*