

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

	September 3, 2017	August 28, 2016
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,546	\$ 3,379
Short-term investments	1,233	1,350
Receivables, net	1,432	1,252
Merchandise inventories	9,834	8,969
Other current assets	272	268
Total current assets	<u>17,317</u>	<u>15,218</u>
PROPERTY AND EQUIPMENT		
Land	5,690	5,395
Buildings and improvements	15,127	13,994
Equipment and fixtures	6,681	6,077
Construction in progress	843	701
	<u>28,341</u>	<u>26,167</u>
Less accumulated depreciation and amortization	(10,180)	(9,124)
Net property and equipment	<u>18,161</u>	<u>17,043</u>
OTHER ASSETS	869	902
TOTAL ASSETS	<u><u>\$ 36,347</u></u>	<u><u>\$ 33,163</u></u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 9,608	\$ 7,612
Current portion of long-term debt	86	1,100
Accrued salaries and benefits	2,703	2,629
Accrued member rewards	961	869
Deferred membership fees	1,498	1,362
Other current liabilities	2,639	2,003
Total current liabilities	<u>17,495</u>	<u>15,575</u>
LONG-TERM DEBT, excluding current portion	6,573	4,061
OTHER LIABILITIES	1,200	1,195
Total liabilities	<u>25,268</u>	<u>20,831</u>
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Preferred stock \$.01 par value; 100,000,000 shares authorized; no shares issued and outstanding	0	0
Common stock \$.01 par value; 900,000,000 shares authorized; 437,204,000 and 437,524,000 shares issued and outstanding	4	2
Additional paid-in capital	5,800	5,490
Accumulated other comprehensive loss	(1,014)	(1,099)
Retained earnings	5,988	7,686
Total Costco stockholders' equity	<u>10,778</u>	<u>12,079</u>
Noncontrolling interests	301	253
Total equity	<u>11,079</u>	<u>12,332</u>
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 36,347</u></u>	<u><u>\$ 33,163</u></u>

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)

	53 Weeks Ended September 3, 2017	52 Weeks Ended August 28, 2016	52 Weeks Ended August 30, 2015
REVENUE			
Net sales	\$ 126,172	\$ 116,073	\$ 113,666
Membership fees	2,853	2,646	2,533
Total revenue	129,025	118,719	116,199
OPERATING EXPENSES			
Merchandise costs	111,882	102,901	101,065
Selling, general and administrative	12,950	12,068	11,445
Preopening expenses	82	78	65
Operating income	4,111	3,672	3,624
OTHER INCOME (EXPENSE)			
Interest expense	(134)	(133)	(124)
Interest income and other, net	62	80	104
INCOME BEFORE INCOME TAXES	4,039	3,619	3,604
Provision for income taxes	1,325	1,243	1,195
Net income including noncontrolling interests . .	2,714	2,376	2,409
Net income attributable to noncontrolling interests	(35)	(26)	(32)
NET INCOME ATTRIBUTABLE TO COSTCO	\$ 2,679	\$ 2,350	\$ 2,377
NET INCOME PER COMMON SHARE ATTRIBUTABLE TO COSTCO:			
Basic	\$ 6.11	\$ 5.36	\$ 5.41
Diluted	\$ 6.08	\$ 5.33	\$ 5.37
Shares used in calculation (000's)			
Basic	438,437	438,585	439,455
Diluted	440,937	441,263	442,716
CASH DIVIDENDS DECLARED PER COMMON SHARE	\$ 8.90	\$ 1.70	\$ 6.51

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

	53 Weeks Ended September 3, 2017	52 Weeks Ended August 28, 2016	52 Weeks Ended August 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income including noncontrolling interests	\$ 2,714	\$ 2,376	\$ 2,409
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:			
Depreciation and amortization	1,370	1,255	1,127
Stock-based compensation	514	459	394
Excess tax benefits on stock-based awards	(38)	(74)	(86)
Other non-cash operating activities, net.	24	17	(5)
Deferred income taxes	(29)	269	(101)
Changes in operating assets and liabilities:			
Merchandise inventories.	(894)	(25)	(890)
Accounts payable	2,258	(1,532)	880
Other operating assets and liabilities, net.	807	547	557
Net cash provided by operating activities	<u>6,726</u>	<u>3,292</u>	<u>4,285</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of short-term investments	(1,279)	(1,432)	(1,501)
Maturities and sales of short-term investments	1,385	1,709	1,434
Additions to property and equipment	(2,502)	(2,649)	(2,393)
Other investing activities, net.	30	27	(20)
Net cash used in investing activities	<u>(2,366)</u>	<u>(2,345)</u>	<u>(2,480)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in bank checks outstanding	(236)	81	(45)
Repayments of short-term borrowings	0	(106)	(51)
Proceeds from short-term borrowings	0	106	51
Proceeds from issuance of long-term debt.	3,782	185	1,125
Repayments of long-term debt.	(2,200)	(1,288)	(1)
Minimum tax withholdings on stock-based awards	(202)	(220)	(178)
Excess tax benefits on stock-based awards	38	74	86
Repurchases of common stock	(469)	(486)	(481)
Cash dividend payments	(3,904)	(746)	(2,865)
Other financing activities, net.	(27)	(19)	35
Net cash used in financing activities	<u>(3,218)</u>	<u>(2,419)</u>	<u>(2,324)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS.			
	25	50	(418)
Net change in cash and cash equivalents	1,167	(1,422)	(937)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>3,379</u>	<u>4,801</u>	<u>5,738</u>
CASH AND CASH EQUIVALENTS END OF YEAR	<u><u>\$ 4,546</u></u>	<u><u>\$ 3,379</u></u>	<u><u>\$ 4,801</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest (reduced by \$16, \$19, and \$14, interest capitalized in 2017, 2016, and 2015, respectively).	\$ 131	\$ 123	\$ 117
Income taxes, net	\$ 1,185	\$ 953	\$ 1,186
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Property acquired under build-to-suit and capital leases	\$ 17	\$ 15	\$ 109

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