

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

	August 28, 2016	August 30, 2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents.....	\$3,379	\$4,801
Short-term investments.....	1,350	1,618
Receivables, net	1,252	1,224
Merchandise inventories.....	8,969	8,908
Other current assets	268	228
Total current assets.....	15,218	16,779
PROPERTY AND EQUIPMENT		
Land.....	5,395	4,961
Buildings and improvements.....	13,994	12,618
Equipment and fixtures	6,077	5,274
Construction in progress	701	811
	26,167	23,664
Less accumulated depreciation and amortization	(9,124)	(8,263)
Net property and equipment	17,043	15,401
OTHER ASSETS	902	837
TOTAL ASSETS	<u>\$33,163</u>	<u>\$33,017</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable.....	\$7,612	\$9,011
Current portion of long-term debt.....	1,100	1,283
Accrued salaries and benefits.....	2,629	2,468
Accrued member rewards.....	869	813
Deferred membership fees	1,362	1,269
Other current liabilities	2,003	1,695
Total current liabilities	15,575	16,539
LONG-TERM DEBT, excluding current portion	4,061	4,852
OTHER LIABILITIES	1,195	783
Total liabilities	20,831	22,174
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Preferred stock \$.005 par value; 100,000,000 shares authorized; no shares issued and outstanding.....	0	0
Common stock \$.005 par value; 900,000,000 shares authorized; 437,524,000 and 437,952,000 shares issued and outstanding	2	2
Additional paid-in capital	5,490	5,218
Accumulated other comprehensive loss	(1,099)	(1,121)
Retained earnings.....	7,686	6,518
Total Costco stockholders' equity.....	12,079	10,617
Noncontrolling interests	253	226
Total equity	12,332	10,843
TOTAL LIABILITIES AND EQUITY	<u>\$33,163</u>	<u>\$33,017</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)

	52 Weeks Ended August 28, 2016	52 Weeks Ended August 30, 2015	52 Weeks Ended August 31, 2014
REVENUE			
Net sales.....	\$116,073	\$113,666	\$110,212
Membership fees	2,646	2,533	2,428
Total revenue	118,719	116,199	112,640
OPERATING EXPENSES			
Merchandise costs	102,901	101,065	98,458
Selling, general and administrative	12,068	11,445	10,899
Preopening expenses	78	65	63
Operating income	3,672	3,624	3,220
OTHER INCOME (EXPENSE)			
Interest expense	(133)	(124)	(113)
Interest income and other, net	80	104	90
INCOME BEFORE INCOME TAXES.....	3,619	3,604	3,197
Provision for income taxes.....	1,243	1,195	1,109
Net income including noncontrolling interests....	2,376	2,409	2,088
Net income attributable to noncontrolling interests.....	(26)	(32)	(30)
NET INCOME ATTRIBUTABLE TO COSTCO	\$2,350	\$2,377	\$2,058
NET INCOME PER COMMON SHARE ATTRIBUTABLE TO COSTCO:			
Basic.....	\$5.36	\$5.41	\$4.69
Diluted	\$5.33	\$5.37	\$4.65
Shares used in calculation (000's)			
Basic.....	438,585	439,455	438,693
Diluted	441,263	442,716	442,485
CASH DIVIDENDS DECLARED PER COMMON SHARE.....	\$1.70	\$6.51	\$1.33

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

	52 Weeks Ended August 28, 2016	52 Weeks Ended August 30, 2015	52 Weeks Ended August 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income including noncontrolling interests	\$2,376	\$2,409	\$2,088
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:			
Depreciation and amortization	1,255	1,127	1,029
Stock-based compensation	459	394	327
Excess tax benefits on stock-based awards	(74)	(86)	(84)
Other non-cash operating activities, net	17	(5)	22
Deferred income taxes	269	(101)	(63)
Changes in operating assets and liabilities:			
Merchandise inventories	(25)	(890)	(563)
Accounts payable	(1,532)	880	529
Other operating assets and liabilities, net	547	557	699
Net cash provided by operating activities	<u>3,292</u>	<u>4,285</u>	<u>3,984</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of short-term investments	(1,432)	(1,501)	(2,503)
Maturities and sales of short-term investments	1,709	1,434	2,406
Additions to property and equipment	(2,649)	(2,393)	(1,993)
Other investing activities, net	27	(20)	(3)
Net cash used in investing activities	<u>(2,345)</u>	<u>(2,480)</u>	<u>(2,093)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in bank checks outstanding	81	(45)	96
Repayments of short-term borrowings	(106)	(51)	(103)
Proceeds from short-term borrowings	106	51	68
Proceeds from issuance of long-term debt	185	1,125	117
Repayments of long-term debt	(1,288)	(1)	0
Minimum tax withholdings on stock-based awards	(220)	(178)	(164)
Excess tax benefits on stock-based awards	74	86	84
Repurchases of common stock	(486)	(481)	(334)
Cash dividend payments	(746)	(2,865)	(584)
Other financing activities, net	(19)	35	34
Net cash used in financing activities	<u>(2,419)</u>	<u>(2,324)</u>	<u>(786)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	50	(418)	(11)
Net change in cash and cash equivalents	<u>(1,422)</u>	<u>(937)</u>	<u>1,094</u>
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	4,801	5,738	4,644
CASH AND CASH EQUIVALENTS END OF YEAR	<u>\$3,379</u>	<u>\$4,801</u>	<u>\$5,738</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest (reduced by \$19 , \$14, and \$11, interest capitalized in 2016, 2015, and 2014, respectively)	\$123	\$117	\$109
Income taxes, net	\$953	\$1,186	\$869
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Property acquired under build-to-suit and capital leases	\$15	\$109	\$0

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