

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **November 24, 2024**

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:**

<b>Title of each class</b>	<b>Trading symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common Stock, \$.005 Par Value	COST	The Nasdaq Global Select 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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the issuer's common stock as of December 11, 2024, was 443,898,870.

**COSTCO WHOLESALE CORPORATION**  
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**PART I—FINANCIAL INFORMATION**

**Item 1—Financial Statements**

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

	<b>12 Weeks Ended</b>	
	<b>November 24, 2024</b>	<b>November 26, 2023</b>
<b>REVENUE</b>		
Net sales	\$ 60,985	\$ 56,717
Membership fees	1,166	1,082
Total revenue	62,151	57,799
<b>OPERATING EXPENSES</b>		
Merchandise costs	54,109	50,457
Selling, general and administrative	5,846	5,358
Operating income	2,196	1,984
<b>OTHER INCOME (EXPENSE)</b>		
Interest expense	(37)	(38)
Interest income and other, net	147	160
<b>INCOME BEFORE INCOME TAXES</b>	2,306	2,106
Provision for income taxes	508	517
<b>NET INCOME</b>	\$ 1,798	\$ 1,589
<b>NET INCOME PER COMMON SHARE:</b>		
Basic	\$ 4.05	\$ 3.58
Diluted	\$ 4.04	\$ 3.58
Shares used in calculation (000s):		
Basic	443,988	443,827
Diluted	444,891	444,403

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

**COSTCO WHOLESALE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(amounts in millions) (unaudited)

	12 Weeks Ended	
	November 24, 2024	November 26, 2023
<b>NET INCOME</b>	\$ 1,798	\$ 1,589
Foreign-currency translation adjustment and other, net	(324)	(38)
<b>COMPREHENSIVE INCOME</b>	<u>\$ 1,474</u>	<u>\$ 1,551</u>

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

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

	November 24, 2024	September 1, 2024
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 10,907	\$ 9,906
Short-term investments	920	1,238
Receivables, net	2,963	2,721
Merchandise inventories	20,979	18,647
Other current assets	1,754	1,734
Total current assets	37,523	34,246
<b>OTHER ASSETS</b>		
Property and equipment, net	29,336	29,032
Operating lease right-of-use assets	2,539	2,617
Other long-term assets	3,988	3,936
<b>TOTAL ASSETS</b>	<b>\$ 73,386</b>	<b>\$ 69,831</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 21,793	\$ 19,421
Accrued salaries and benefits	4,785	4,794
Accrued member rewards	2,444	2,435
Deferred membership fees	2,683	2,501
Other current liabilities	6,584	6,313
Total current liabilities	38,289	35,464
<b>OTHER LIABILITIES</b>		
Long-term debt, excluding current portion	5,745	5,794
Long-term operating lease liabilities	2,288	2,375
Other long-term liabilities	2,613	2,576
<b>TOTAL LIABILITIES</b>	<b>48,935</b>	<b>46,209</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>EQUITY</b>		
Preferred stock \$0.005 par value; 100,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock \$0.005 par value; 900,000,000 shares authorized; 443,942,000 and 443,126,000 shares issued and outstanding	2	2
Additional paid-in capital	7,901	7,829
Accumulated other comprehensive loss	(2,152)	(1,828)
Retained earnings	18,700	17,619
<b>TOTAL EQUITY</b>	<b>24,451</b>	<b>23,622</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 73,386</b>	<b>\$ 69,831</b>

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

**COSTCO WHOLESALE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**  
(amounts in millions) (unaudited)

12 Weeks Ended November 24, 2024						
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
	Shares (000s)	Amount				
BALANCE AT SEPTEMBER 1, 2024	443,126	\$ 2	\$ 7,829	\$ (1,828)	\$ 17,619	\$ 23,622
Net income	—	—	—	—	1,798	1,798
Foreign-currency translation adjustment and other, net	—	—	—	(324)	—	(324)
Stock-based compensation	—	—	465	—	—	465
Release of vested restricted stock units (RSUs), including tax effects	1,046	—	(389)	—	—	(389)
Repurchases of common stock	(230)	—	(4)	—	(202)	(206)
Cash dividend declared	—	—	—	—	(515)	(515)
BALANCE AT NOVEMBER 24, 2024	443,942	\$ 2	\$ 7,901	\$ (2,152)	\$ 18,700	\$ 24,451

  

12 Weeks Ended November 26, 2023						
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
	Shares (000s)	Amount				
BALANCE AT SEPTEMBER 3, 2023	442,793	\$ 2	\$ 7,340	\$ (1,805)	\$ 19,521	\$ 25,058
Net income	—	—	—	—	1,589	1,589
Foreign-currency translation adjustment and other, net	—	—	—	(38)	—	(38)
Stock-based compensation	—	—	446	—	—	446
Release of vested RSUs, including tax effects	1,282	—	(292)	—	—	(292)
Repurchases of common stock	(288)	—	(5)	—	(157)	(162)
Cash dividend declared and other	—	—	—	—	(454)	(454)
BALANCE AT NOVEMBER 26, 2023	443,787	\$ 2	\$ 7,489	\$ (1,843)	\$ 20,499	\$ 26,147

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

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

	12 Weeks Ended	
	November 24, 2024	November 26, 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,798	\$ 1,589
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	548	501
Non-cash lease expense	72	74
Stock-based compensation	463	444
Other non-cash operating activities, net	(72)	43
Changes in operating assets and liabilities:		
Merchandise inventories	(2,541)	(1,384)
Accounts payable	2,601	2,854
Other operating assets and liabilities, net	391	530
Net cash provided by operating activities	3,260	4,651
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of short-term investments	(247)	(200)
Maturities of short-term investments	541	878
Additions to property and equipment	(1,264)	(1,040)
Other investing activities, net	(15)	(4)
Net cash used in investing activities	(985)	(366)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments of short-term borrowings	(194)	(173)
Proceeds from short-term borrowings	133	144
Proceeds from issuance of long-term debt	—	498
Tax withholdings on stock-based awards	(389)	(292)
Repurchases of common stock	(207)	(162)
Cash dividend payments	(515)	(905)
Financing lease payments and other financing activities, net	(21)	(84)
Net cash used in financing activities	(1,193)	(974)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	(81)	—
Net change in cash and cash equivalents	1,001	3,311
<b>CASH AND CASH EQUIVALENTS BEGINNING OF YEAR</b>	9,906	13,700
<b>CASH AND CASH EQUIVALENTS END OF PERIOD</b>	<u>\$ 10,907</u>	<u>\$ 17,011</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the first 12 weeks of the year for:		
Interest	\$ 44	\$ 52
Income taxes, net	\$ 401	\$ 210
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:</b>		
Financing lease assets obtained in exchange for new or modified leases	\$ 111	\$ 29
Operating lease assets obtained in exchange for new or modified leases	\$ 15	\$ 18
Capital expenditures included in liabilities	\$ 204	\$ 203

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

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

**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 November 24, 2024, Costco operated 896 warehouses worldwide: 616 in the United States (U.S.) located in 47 states, Washington, D.C., and Puerto Rico, 109 in Canada, 41 in Mexico, 36 in Japan, 29 in the United Kingdom (U.K.), 19 in Korea, 15 in Australia, 14 in Taiwan, seven in China, five in Spain, two in France, and one each in Iceland, New Zealand, and Sweden. The Company operates e-commerce sites in the U.S., Canada, the U.K., Mexico, Korea, Taiwan, Japan, and Australia.

*Basis of Presentation*

The condensed consolidated financial statements include the accounts of Costco and its wholly-owned subsidiaries. All material inter-company transactions among the Company and its consolidated subsidiaries have been eliminated in consolidation.

These unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q for interim financial reporting pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). While these statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for fair presentation of the results of the interim period, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles (U.S. GAAP) for complete financial statements. Therefore, the interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended September 1, 2024.

*Fiscal Year End*

The Company operates on a 52/53 week fiscal year basis, with the fiscal year ending on the Sunday closest to August 31. Fiscal 2025 is a 52-week year ending on August 31, 2025. References to the first quarter of 2025 and 2024 relate to the 12-week fiscal quarters ended November 24, 2024, and November 26, 2023.

*Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions take into account historical and forward-looking factors that the Company believes are reasonable. Actual results could differ from those estimates and assumptions.

*Reclassification*

Reclassifications were made to the condensed consolidated balance sheet and statement of cash flows for the first quarter of fiscal 2024 to conform with current year presentation.



#### Recent Accounting Pronouncements Not Yet Adopted By The Company

In November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-07, which is intended to improve reportable segment disclosure requirements, primarily about significant segment expenses. The standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements.

In December 2023, the FASB issued ASU 2023-09, which requires public business entities on an annual basis to disclose specific categories in the income-tax rate reconciliation, provide information for reconciling items that meet a quantitative threshold, and disclose certain information about income taxes paid. The standard is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The amendments should be applied on a prospective basis. Retrospective application is permitted.

In November 2024, the FASB issued ASU 2024-03, which requires disaggregated disclosures of certain costs and expenses on the income statement on an annual and interim basis. The standard is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027, with early adoption permitted. The amendments should be applied on a prospective basis. Retrospective application is permitted.

The Company is evaluating these standards.

#### Note 2—Investments

The Company's investments were as follows:

	Cost Basis	Unrealized Losses, Net	Recorded Basis
<b>November 24, 2024:</b>			
Available-for-sale:			
Government and agency securities	\$ 702	\$ (11)	\$ 691
Held-to-maturity:			
Certificates of deposit	229	—	229
Total short-term investments	<u>\$ 931</u>	<u>\$ (11)</u>	<u>\$ 920</u>
<b>September 1, 2024:</b>			
Available-for-sale:			
Government and agency securities	\$ 689	\$ (1)	\$ 688
Held-to-maturity:			
Certificates of deposit	550	—	550
Total short-term investments	<u>\$ 1,239</u>	<u>\$ (1)</u>	<u>\$ 1,238</u>

Gross unrealized holding gains and losses on available-for-sale securities were not material for the periods ended November 24, 2024, or September 1, 2024. At those dates, there were no available-for-sale securities in a material continuous unrealized-loss position. There were no sales of available-for-sale securities during the first quarter of 2025 or 2024.

The maturities of available-for-sale and held-to-maturity securities at November 24, 2024, are as follows:

	Available-For-Sale		Held-To-Maturity
	Cost Basis	Fair Value	
Due in one year or less	\$ 132	\$ 132	\$ 229
Due after one year through five years	414	408	—
Due after five years	156	151	—
Total	\$ 702	\$ 691	\$ 229

### Note 3—Fair Value Measurement

#### Assets and Liabilities Measured at Fair Value on a Recurring Basis

The table below presents information regarding the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis and indicates the level within the hierarchy reflecting the valuation techniques utilized.

	Level 2	
	November 24, 2024	September 1, 2024
Investment in government and agency securities	\$ 691	\$ 688
Forward foreign-exchange contracts, in asset position <sup>(1)</sup>	21	1
Forward foreign-exchange contracts, in (liability) position <sup>(1)</sup>	(2)	(28)
Total	\$ 710	\$ 661

(1) The asset and liability values are included in other current assets and other current liabilities, respectively, in the accompanying condensed consolidated balance sheets.

On November 24, 2024, and September 1, 2024, the Company did not hold any Level 1 or 3 financial assets or liabilities that were measured at fair value on a recurring basis. There were no transfers between levels during the first quarter of 2025 or 2024.

#### Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Assets and liabilities recognized and disclosed at fair value on a nonrecurring basis include items such as financial assets measured at amortized cost and long-lived nonfinancial assets. These assets are measured at fair value if determined to be impaired. There were no fair value adjustments to these items during the first quarter of 2025 and no material fair value adjustments in 2024.

#### Note 4—Debt

The carrying value of the Company's long-term debt consisted of the following:

	November 24, 2024	September 1, 2024
3.000% Senior Notes due May 2027	\$ 1,000	\$ 1,000
1.375% Senior Notes due June 2027	1,250	1,250
1.600% Senior Notes due April 2030	1,750	1,750
1.750% Senior Notes due April 2032	1,000	1,000
Other long-term debt	863	919
Total long-term debt	5,863	5,919
Less unamortized debt discounts and issuance costs	21	22
Less current portion <sup>(1)</sup>	97	103
Long-term debt, excluding current portion	\$ 5,745	\$ 5,794

(1) Net of unamortized debt discounts and issuance costs

The fair value of the Senior Notes is estimated using Level 2 inputs. Other long-term debt consists of Guaranteed Senior Notes issued by the Company's Japan subsidiary, valued using Level 3 inputs. The fair value of the Company's long-term debt, including the current portion, was approximately \$5,273 and \$5,412 at November 24, 2024, and September 1, 2024.

#### Note 5—Equity

##### Dividends

A quarterly cash dividend of \$ 1.16 per share was declared on October 16, 2024, and paid on November 15, 2024. The dividend was \$ 1.02 per share in the first quarter of 2024.

##### Stock Repurchase Programs

The Company's stock repurchase program is conducted under a \$4,000 authorization by the Board of Directors, which expires in January 2027. At November 24, 2024, the remaining amount available under the program was \$2,659. The following table summarizes the repurchase activity:

	Shares Repurchased (000s)	Average Price per Share	Total Cost
First quarter of 2025	230	\$ 899.23	\$ 206
First quarter of 2024	288	\$ 564.06	\$ 162

These amounts may differ from the accompanying condensed consolidated statements of cash flows due to changes in unsettled stock repurchases at the end of each quarter. Purchases are made from time to time, as conditions warrant, in the open market or in block purchases and pursuant to plans under SEC Rule 10b5-1.

## Note 6—Stock-Based Compensation

The 2019 Incentive Plan authorizes the issuance of up to a maximum of 15,885,000 RSUs. To preserve the value of outstanding awards, the number of RSUs that may be granted under this Plan is subject to adjustments from changes in capital structure. The Company issues new shares of common stock upon vesting of RSUs. Shares for vested RSUs are generally delivered to participants annually, net of shares withheld for taxes.

### Summary of Restricted Stock Unit Activity

At November 24, 2024, 6,195,000 shares were available to be granted as RSUs, and the following awards were outstanding:

- 2,280,000 time-based RSUs, which vest upon continued employment over specified periods and accelerate upon achievement of a long-service term;
- 51,000 performance-based RSUs granted to executive officers, for which the performance targets have been met. The awards vest upon continued employment over specified periods of time and upon achievement of a long-service term; and
- 70,000 performance-based RSUs granted to executive officers, subject to achievement of performance targets for 2025, as determined by the Compensation Committee of the Board of Directors after the end of the fiscal year. These awards are not included in the table below or in the amount of unrecognized compensation cost.

The following table summarizes RSU transactions during the first quarter of 2025:

	Number of Units (in 000s)	Weighted-Average Grant Date Fair Value
Outstanding at September 1, 2024	2,799	\$ 463.24
Granted	1,025	883.78
Vested and delivered	(1,481)	557.85
Forfeited	(12)	502.86
Outstanding at November 24, 2024	2,331	\$ 534.69

The remaining unrecognized compensation cost related to RSUs unvested at November 24, 2024, was \$ 1,277, and the weighted-average period over which this cost will be recognized is 1.8 years.

### Summary of Stock-Based Compensation

The following table summarizes stock-based compensation expense and the related tax benefits:

	12 Weeks Ended	
	November 24, 2024	November 26, 2023
Stock-based compensation expense	\$ 463	\$ 444
Less recognized income tax benefits	101	95
Stock-based compensation expense, net	\$ 362	\$ 349

## Note 7—Net Income per Common and Common Equivalent Share

The following table shows the amounts used in computing net income per share and the weighted average number of shares of basic and of potentially dilutive common shares outstanding (shares in 000s):

	12 Weeks Ended	
	November 24, 2024	November 26, 2023
Net income	\$ 1,798	\$ 1,589
Weighted average basic shares	443,988	443,827
RSUs	903	576
Weighted average diluted shares	444,891	444,403

Basic earnings per share is calculated by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is calculated based on the dilutive effect of RSUs using the treasury stock method.

## Note 8—Commitments and Contingencies

### Legal Proceedings

The Company is involved in many claims, proceedings and litigations arising from its business and property ownership. In accordance with accounting guidance, the Company establishes an accrual for legal proceedings if and when those matters present loss contingencies that are both probable and reasonably estimable. There may be actual losses in excess of amounts accrued. The Company monitors those matters for developments that would affect the likelihood of a loss (taking into account where applicable indemnification arrangements concerning suppliers and insurers) and the accrued amount, if any, thereof, and adjusts the amount as appropriate. The Company has recorded an immaterial accrual with respect to one matter described below, in addition to other immaterial accruals for matters not described below. If the loss contingency at issue is not both probable and reasonably estimable, the Company does not establish an accrual, but monitors for developments that make the contingency both probable and reasonably estimable. In each case, there is a reasonable possibility that a loss may be incurred, including a loss in excess of the applicable accrual. For matters where no accrual has been recorded, the possible loss or range of loss (including any loss in excess of the accrual) cannot, in the Company's view, be reasonably estimated because, among other things: the remedies or penalties sought are indeterminate or unspecified; the legal and/or factual theories are not well developed; and/or the matters involve complex or novel legal theories or a large number of parties.

In November 2023, a former employee filed a class action against the Company alleging claims under California law for failure to pay minimum wage, failure to pay overtime, failure to provide meal and rest breaks, failure to provide accurate wage statements, failure to reimburse expenses, failure to pay wages when due, and failure to pay sick pay. *Martin Reyes v. Costco Wholesale Corporation*, Sacramento County Superior Court (No. 23cv011351), removed to federal court, No. 2:24-cv-00300 (E.D. Cal.). A second amended complaint was filed, which the Company has moved to dismiss. In January 2024, the same plaintiff filed a related Private Attorneys General Act (PAGA) representative action, seeking civil penalties and asserting the same alleged underlying Labor Code violations and an additional suitable seating claim. In May 2024, the plaintiff filed an amended PAGA complaint; the Company has denied the material allegations of the complaint and filed a motion to stay the action.

In August 2024, an employee filed an action under PAGA against the Company, alleging claims for penalties for alleged violations of the California Labor Code regarding: off-the-clock work, incorrect and untimely payment of wages. *Nader v. Costco* (No. CV-24-006198; Stanislaus County Superior Court). An amended complaint was filed in November 2024, as to which the Company has yet to respond.

Beginning in December 2017, the United States Judicial Panel on Multidistrict Litigation consolidated numerous cases concerning the impacts of opioid abuses filed against various defendants by counties, cities, hospitals, Native American tribes, third-party payors, and others. In re National Prescription Opiate Litigation (MDL No. 2804) (N.D. Ohio). Included are cases filed against the Company by counties and cities in Michigan, New Jersey, Oregon, Virginia and South Carolina, a third-party payor in Ohio, and a hospital in Texas, class actions filed on behalf of infants born with opioid-related medical conditions in 40 states, and class actions and individual actions filed on behalf of individuals seeking to recover alleged increased insurance costs associated with opioid abuse in 43 states and American Samoa. Claims against the Company filed in federal court outside the MDL by one county in Georgia are pending, and claims filed by certain cities and counties in New York are pending in state court, as are claims by certain county district attorneys in Pennsylvania. Claims against the Company in state courts in New Jersey, Oklahoma, Utah, and Arizona have been dismissed. Claims against the Company in federal court in Georgia and Florida have been dismissed. The Company is defending all of the pending matters.

Between September 25 and October 31, 2023, five class action suits were filed against the Company alleging privacy law violations stemming from pixel trackers on Costco.com: Birdwell v. Costco Wholesale Corp., No. T23-1405, Contra Costa County Superior Court; and Scott v. Costco Wholesale Corp., No. 2:23-cv-08808 (C.D. Cal.), now consolidated with R.S. v. Costco Wholesale Corp., No. 2:23-cv-01628 (W.D. Wash.); Groves, et al., v. Costco Wholesale Corp., No. 2:23-cv-01662 (W.D. Wash.), and Castillo v. Costco Wholesale Corp., under No. 2:34-cv-01548 (W.D. Wash.). The Castillo plaintiffs filed a consolidated complaint on January 26, 2024, which seeks damages, equitable relief and attorneys' fees under various statutes, including the Washington Consumer Protection Act, Washington Privacy Act, Washington Uniform Health Care Information Act, Electronic Communications Privacy Act, California Invasion of Privacy Act, and California Confidentiality of Medical Information Act. The consolidated complaint also alleges breach of implied contract, invasion of privacy, conversion, and unjust enrichment. The Company filed a motion to dismiss the Castillo complaint on March 11, 2024. In November 2024 the court denied the motion to dismiss in substantial part. On May 16, 2024, the parties stipulated to stay Birdwell pending resolution of Castillo. On January 2, and August 22, 2024, the Company received related civil investigative demands from the Washington Attorney General's Office. On January 3, 2024, the Company received a related pre-litigation letter from the Los Angeles Office of the County Counsel. The Company is in the process of responding to both agencies.

On June 20, 2024, a class-action lawsuit was filed against the Company and Nice-Pak Products, Inc., alleging that Kirkland Signature Fragrance Free Baby Wipes contain 3.7 parts per billion of per-and polyfluoroalkyl substances. The complaint alleges that the label claim that the wipes are "made with naturally derived ingredients" thus violates various state consumer protection and false advertising laws. The complaint seeks unspecified damages, including punitive damages, as well as equitable relief and attorneys' fees and costs. The defendants filed a motion to dismiss on August 9, 2024. Bullard, et al., v. Costco Wholesale Corp., et al., No. 3:24-cv-03714 (N.D. Cal.).

The Company has been served in over seventy product liability cases in California and Oregon related to its alleged sale of artificial and natural stone countertops. These lawsuits allege strict liability, negligence, breach of warranty, fraud, and failure to warn claims on the grounds that the fabricators and cutters of the stone slabs used to fabricate countertops offered for sale by Costco are exposed to silica particulates in the air while performing such work, allegedly causing lung diseases, including, but not limited to, silicosis. The defendants in these cases include the manufacturers, distributors, and retailers. The Company has denied all claims, has filed cross-claims pertaining to indemnity and contribution, and otherwise sought indemnity from responsible parties.

In January 2023 the Company received a Civil Investigative Demand from the U.S. Attorney's Office, Western District of Washington, requesting documents. The government is conducting a False Claims Act investigation concerning whether the Company presented or caused to be presented to the federal government for payment false claims relating to prescription medications.

In May 2024 the Company received a Notice of Intent to File Administrative Complaint for Violations of the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) from the U.S. Environmental Protection Agency. The EPA is seeking administrative fines for importation, sale and distribution of misbranded devices and unregistered products the government asserts are pesticides under FIFRA.

The Company does not believe that any pending claim, proceeding or litigation, either alone or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations or cash flows; it is possible that an unfavorable outcome of some or all of the matters, however unlikely, could result in a charge that might be material to the results of an individual fiscal quarter or year.

#### Note 9—Segment Reporting

The Company is principally engaged in the operation of membership warehouses through wholly owned subsidiaries in the U.S., Canada, Mexico, Japan, the U.K., Korea, Australia, Taiwan, China, Spain, France, Iceland, New Zealand, and Sweden. Reportable segments are largely based on management's organization of the operating segments for operational decisions and assessments of financial performance, which consider geographic locations. The material accounting policies of the segments are as described in the notes to the consolidated financial statements included in the Company's Annual Report filed on Form 10-K for the fiscal year ended September 1, 2024, and [Note 1](#) above. Inter-segment net sales and expenses have been eliminated in calculating total revenue and operating income.

The following table provides information for the Company's reportable segments:

	United States	Canada	Other International	Total
<b>12 Weeks Ended November 24, 2024</b>				
Total revenue	\$ 45,088	\$ 8,404	\$ 8,659	\$ 62,151
Operating income	1,498	362	336	2,196
<b>12 Weeks Ended November 26, 2023</b>				
Total revenue	\$ 41,833	\$ 7,901	\$ 8,065	\$ 57,799
Operating income	1,358	325	301	1,984
<b>52 Weeks Ended September 1, 2024</b>				
Total revenue	\$ 184,143	\$ 34,874	\$ 35,436	\$ 254,453
Operating income	6,217	1,648	1,420	9,285

#### Disaggregated Revenue

The following table summarizes net sales by merchandise category; sales from e-commerce sites and business centers have been allocated to the applicable merchandise categories:

	12 Weeks Ended	
	November 24, 2024	November 26, 2023
Foods and Sundries	\$ 25,062	\$ 23,024
Non-Foods	16,171	14,766
Fresh Foods	8,218	7,328
Warehouse Ancillary and Other Businesses	11,534	11,599
Total net sales	\$ 60,985	\$ 56,717

## **Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations**

(amounts in millions, except per share, share, percentages and warehouse count data)

### **FORWARD-LOOKING STATEMENTS**

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 and may relate to such matters as net sales growth, changes in comparable sales, cannibalization of existing locations by new openings, price or fee changes, earnings performance, earnings per share, stock-based compensation expense, warehouse openings and closures, capital spending, the effect of adopting certain accounting standards, future financial reporting, financing, margins, return on invested capital, investments in technology, strategic direction, expense controls, membership renewal rates, shopping frequency, litigation, attainment of sustainability goals, and the demand for our products and services. In some cases, forward-looking statements can be identified because they contain words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "likely," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "target," "will," "would," or similar expressions and the negatives of those terms. 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, inflation or deflation, the effects of competition and regulation, uncertainties in the financial markets, consumer and small business spending patterns and debt levels, breaches of security or privacy of member or business information, conditions affecting the acquisition, development, ownership or use of real estate, capital spending, actions of vendors, rising costs associated with employees (generally including health-care costs and wages), workforce interruptions, energy and certain commodities, geopolitical conditions (including tariffs), the ability to maintain effective internal control over financial reporting, regulatory and other impacts related to environmental and social matters, public-health related factors, and other risks identified from time to time in the Company's public statements and reports filed with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made, and the Company does not undertake to update these statements, except as required by law.

### **OVERVIEW**

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to promote understanding of the results of operations and financial condition. MD&A is provided as a supplement to, and should be read in conjunction with, our condensed consolidated financial statements and the accompanying Notes to Financial Statements (Part I, Item 1 of this Form 10-Q), as well as our consolidated financial statements, the accompanying Notes to Financial Statements, and the related Management's Discussion and Analysis of Financial Condition and Results of Operations in our fiscal year 2024 Form 10-K, filed with the United States Securities and Exchange Commission on October 9, 2024.

We operate membership warehouses and e-commerce sites based on the concept that offering our members low prices on a limited selection of nationally-branded and private-label products in a wide range of categories will produce high sales volumes and 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, these volumes and turnover enable us to operate profitably at significantly lower gross margins (net sales less merchandise costs) than most other retailers. We often sell inventory before we are required to pay for it, even while taking advantage of early payment discounts.

We believe that the most important driver of our profitability is increasing net sales, particularly comparable sales. Net sales includes our core merchandise categories (foods and sundries, non-foods, and fresh foods), warehouse ancillary (gasoline, pharmacy, optical, food court, hearing aids, and tire



installation) and other businesses (e-commerce, business centers, travel, and other). E-commerce and business center sales are allocated to the appropriate merchandise categories in the Net Sales discussion. Comparable sales is defined as net sales from warehouses open for more than one year, including remodels, relocations and expansions, and sales related to e-commerce sites operating for more than one year. The measure is intended as supplemental information and is not a substitute for net sales presented in accordance with U.S. GAAP and should be reviewed in conjunction with results reported in accordance with U.S. GAAP. Comparable sales growth is achieved through increasing shopping frequency from new and existing members and the amount they spend on each visit (average ticket). Sales comparisons can also be particularly influenced by certain factors that are beyond our control: fluctuations in currency exchange rates (with respect to our international operations) and inflation or deflation in the cost of gasoline and associated competitive conditions. The higher our comparable sales exclusive of these items, the more we can leverage our selling general and administrative (SG&A) expenses, reducing them as a percentage of sales and enhancing profitability. Generating comparable sales growth is foremost a question of making available the right merchandise at the right prices, a skill that we believe we have repeatedly demonstrated over the long-term. Another substantial factor in net sales growth is the health of the economies in which we do business, including the effects of inflation or deflation, especially the United States. Net sales growth and gross margins are also impacted by our competition, which is vigorous and widespread, across a wide range of global, national and regional wholesalers and retailers, including those with e-commerce operations. While we cannot control or reliably predict general economic health or changes in competition, we believe that we have been successful historically in adapting our business to these changes, such as through adjustments to our pricing and merchandise mix, including increasing the penetration of our private-label items, and through online offerings.

Our philosophy is to provide our members with quality goods and services at competitive prices. We do not focus in the short-term on maximizing prices charged, but instead seek to maintain what we believe is a perception among our members of our “pricing authority” – consistently providing the most competitive values. Our net sales and gross margin are influenced in part by our merchandising and pricing strategies in response to cost increases. Those strategies can include, but are not limited to, working with our suppliers to share in absorbing cost increases, earlier-than-usual purchasing and in greater volumes, as well as passing cost increases on to our members. Our investments in merchandise pricing may include reducing prices on merchandise to drive sales or meet competition and holding prices steady despite cost increases instead of passing the increases on to our members, negatively impacting gross margin and gross margin as a percentage of net sales (gross margin percentage) in the near term. Our e-commerce business, domestically and internationally, has a lower gross-margin percentage than our warehouse operations.

We believe our gasoline business enhances traffic in our warehouses; it generally has a lower gross margin percentage and lower SG&A expense relative to our non-gasoline businesses. A higher penetration of gasoline sales will generally lower our gross margin percentage. Generally, rising gasoline prices benefit net sales growth which, given the higher sales base, negatively impacts our gross margin percentage but decreases our SG&A expenses as a percentage of net sales. A decline in gasoline prices has the inverse effect.

Government actions in various countries relating to tariffs, particularly China and the United States, affect the costs of some of our merchandise. The degree of our exposure is dependent on (among other things) the type of goods, rates imposed, and timing of the tariffs. Higher tariffs could adversely impact our results.

We also achieve net sales growth by opening new warehouses. As our warehouse base grows, available and desirable sites become more difficult to secure, and square footage growth becomes a comparatively less substantial component of growth. Negative aspects of such growth include lower initial operating profitability relative to existing warehouses and cannibalization of sales at existing warehouses when openings occur in existing markets. Our rate of square footage growth is generally higher in many of our foreign markets, due to the smaller base in those markets, and we expect that to continue.

The membership format is an integral part of our business and profitability. This format is designed to reinforce member loyalty and provide continuing fee revenue. The extent to which we achieve growth in our membership base, increase the penetration of Executive memberships, and sustain high renewal rates materially influences our profitability. Our paid-membership growth rate may be adversely impacted when warehouse openings occur in existing markets as compared to new markets. Our worldwide renewal rate may be adversely impacted by memberships in newer international markets and a higher penetration of memberships sold online, both of which typically renew at a lower rate.

Our financial performance depends heavily on controlling costs. While we believe that we have achieved successes in this area, some significant costs are partially outside our control, particularly health care and utility expenses. With respect to the compensation of our employees, our philosophy is not to seek to minimize their wages and benefits. Rather, we believe that achieving our longer-term objectives of reducing employee turnover, increasing productivity and enhancing employee satisfaction requires maintaining compensation levels that are better than the industry average for much of our workforce. This may cause us, for example, to absorb costs that other employers might seek to pass through to their workforces. Because our business operates on very low margins, modest changes in various items in the consolidated statements of income, particularly merchandise costs and SG&A expenses, can have substantial impacts on net income.

Our operating model is generally the same across our U.S., Canadian, and Other International operating segments (see [Note 9](#) to the consolidated financial statements included in Part I, Item 1, of this Report). Certain operations in the Other International segment have relatively higher rates of square footage growth, lower wage and benefit costs as a percentage of sales, less or no direct membership warehouse competition, or lack e-commerce or business delivery.

In discussions of our consolidated operating results, we refer to the impact of changes in foreign currencies relative to the U.S. dollar, which are differences between the foreign-exchange rates we use to convert the financial results of our international operations from local currencies into U.S. dollars. This impact is calculated based on the difference between the current and prior period's exchange rates. The impact of changes in gasoline prices on net sales is calculated based on the difference between the current and prior period's average price per gallon. Results expressed excluding the impacts of foreign exchange and gasoline prices are intended as supplemental information and are not a substitute for net sales presented in accordance with U.S. GAAP and should be reviewed in conjunction with results reported in accordance with U.S. GAAP.

Our fiscal year ends on the Sunday closest to August 31. References to the first quarter of 2025 and 2024 relate to the 12-week fiscal quarters ended November 24, 2024, and November 26, 2023. Certain percentages presented are calculated using actual results prior to rounding.

Highlights for the first quarter of 2025 versus 2024 include:

- Net sales increased 8% to \$60,985, driven by an increase in comparable sales and sales at 26 net new warehouses opened since the end of the first quarter of 2024;
- Membership fee revenue increased 8% to \$1,166, driven by new member sign-ups and upgrades to Executive Membership;
- Gross margin percentage increased 24 basis points; seven basis points excluding the impact of gasoline price deflation on net sales;
- SG&A expenses as a percentage of net sales increased 14 basis points and was flat excluding the impact of gasoline price deflation;
- The provision for income taxes was positively impacted by a benefit related to stock compensation of \$100, \$0.22 per diluted share, compared to \$44, \$0.10 per diluted share, in 2024;
- Net income was \$1,798, \$4.04 per diluted share, compared to \$1,589, \$3.58 per diluted share in 2024; and
- A quarterly cash dividend of \$1.16 per share was declared on October 16, 2024, and paid on November 15, 2024.

## RESULTS OF OPERATIONS

### Net Sales

	12 Weeks Ended	
	November 24, 2024	November 26, 2023
Net Sales	\$ 60,985	\$ 56,717
Increases in net sales:		
U.S.	8 %	4 %
Canada	6 %	7 %
Other International	7 %	16 %
Total Company	8 %	6 %
Increases in comparable sales <sup>(1)</sup> :		
U.S.	5 %	2 %
Canada	6 %	6 %
Other International	5 %	11 %
Total Company	5 %	4 %
E-commerce	13 %	6 %
Increases in comparable sales excluding the impact of changes in foreign-currency and gasoline prices <sup>(1)</sup> :		
U.S.	7 %	3 %
Canada	7 %	8 %
Other International	7 %	7 %
Total Company	7 %	4 %
E-commerce	13 %	6 %

(1) Comparable sales for the first quarter of 2024 were calculated using comparable retail weeks.

### Net Sales

Net sales increased \$4,268 or 8% during the first quarter of 2025. The improvement was attributable to an increase in comparable sales and sales at the 26 net new warehouses opened since the end of the first quarter of 2024. Sales increased \$4,333 or 10% in core merchandise categories during the first quarter of 2025. Sales in warehouse ancillary and other businesses decreased less than 1% during the first quarter of 2025, due to lower gasoline prices, partially offset by pharmacy and all other warehouse ancillary businesses. Lower gasoline prices negatively impacted net sales by \$908, 160 basis points, compared to 2024, with a 12% decrease in the average price per gallon. The volume of gasoline sold increased approximately 1%. Changes in foreign currencies relative to the U.S. dollar negatively impacted net sales by approximately \$164, 29 basis points, attributable to our Other International and Canadian operations.

### Comparable Sales

Comparable sales increased 5% in the first quarter of 2025 and were positively impacted by increased shopping frequency and a slightly higher average ticket.

### Membership Fees

	12 Weeks Ended	
	November 24, 2024	November 26, 2023
Membership fees	\$ 1,166	\$ 1,082
Membership fees increase	8 %	8 %
Total paid members (000s)	77,400	72,000
Total cardholders (000s)	138,800	129,500

Membership fee revenue increased 8% in the first quarter of 2025, driven by new member sign-ups and upgrades to Executive Membership. At the end of the first quarter of 2025, our renewal rates were 92.8% in the U.S. and Canada and 90.4% worldwide. Our renewal rate, which excludes affiliates of Business members, is a trailing calculation that captures renewals during the period seven to eighteen months prior to the reporting date.

As previously reported, we increased our annual membership fees in the U.S. and Canada, effective September 1, 2024. We account for membership fee revenue on a deferred basis, recognized ratably over the one-year membership period. Due to this deferral, the increases had an immaterial impact in the first quarter of 2025.

### Gross Margin

	12 Weeks Ended	
	November 24, 2024	November 26, 2023
Net sales	\$ 60,985	\$ 56,717
Less merchandise costs	54,109	50,457
Gross margin	\$ 6,876	\$ 6,260
Gross margin percentage	11.28 %	11.04 %

### Quarterly Results

Gross margin percentage increased 24 basis points. Excluding the impact of gasoline price deflation on net sales, gross margin percentage was 11.11%, an increase of seven basis points. This increase was positively impacted by: 17 basis points in our core merchandise categories, primarily due to sales mix and our co-branded credit card program, and six basis points related to 2% rewards. This increase was partially offset by 16 basis points due to warehouse ancillary and other businesses, primarily gasoline, partially offset by e-commerce.

The gross margin in core merchandise categories, when expressed as a percentage of core merchandise sales (rather than total net sales), increased three basis points. The increase was primarily due to fresh foods, partially offset by non-foods. This measure eliminates the impact of changes in sales penetration and gross margin from our warehouse ancillary and other businesses.

Gross margin percentage on a segment basis, when expressed as a percentage of the segment's own sales and excluding the impact of changes in gasoline prices on net sales (segment gross margin percentage), increased in all segments. Our U.S. segment performed similarly to the consolidated results above. Our Canadian and Other International segment's gross margin percentage increased, primarily due to increases in core merchandise categories, partially offset by increased 2% rewards.

### ***Selling, General and Administrative Expenses***

	12 Weeks Ended	
	November 24, 2024	November 26, 2023
SG&A expenses	\$ 5,846	\$ 5,358
SG&A expenses as a percentage of net sales	9.59 %	9.45 %

### ***Quarterly Results***

SG&A expenses as a percentage of net sales increased 14 basis points. Excluding the impact of gasoline price deflation that measure was flat. The comparison to last year was favorably impacted by four basis points due to lower preopening costs and three basis points due to stock compensation expense. SG&A was negatively impacted by four basis points due to warehouse operations and other businesses, which included the impact of the wage increase in July 2024, partially offset by sales leverage and improved productivity. Central operating costs were also higher by three basis points. SG&A expenses as a percentage of net sales were lower in our U.S. segment and higher in our Canadian and Other International segments.

### ***Interest Expense***

	12 Weeks Ended	
	November 24, 2024	November 26, 2023
Interest expense	\$ 37	\$ 38

Interest expense is primarily related to Senior Notes and financing leases.

### ***Interest Income and Other, Net***

	12 Weeks Ended	
	November 24, 2024	November 26, 2023
Interest income	\$ 96	\$ 154
Foreign-currency transaction gains, net	43	3
Other, net	8	3
Interest income and other, net	\$ 147	\$ 160

The decrease in interest income in the first quarter was due to lower average cash and investment balances, following the special dividend in January 2024, and lower interest rates. Foreign-currency transaction gains, net, include mark-to-market adjustments for forward foreign-exchange contracts and revaluation or settlement of monetary assets and liabilities by our Canadian and Other International operations. See Derivatives and Foreign Currency sections in Item 8, Note 1 of our Annual Report on Form 10-K, for the fiscal year ended September 1, 2024.

### ***Provision for Income Taxes***

	12 Weeks Ended	
	November 24, 2024	November 26, 2023
Provision for income taxes	\$ 508	\$ 517
Effective tax rate	22.0 %	24.5 %

The effective tax rate for the first quarter of 2025 and 2024 was favorably impacted by discrete tax benefits of \$100 and \$44 of excess tax benefits related to stock compensation.

## LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes our significant sources and uses of cash and cash equivalents:

	12 Weeks Ended	
	November 24, 2024	November 26, 2023
Net cash provided by operating activities	\$ 3,260	\$ 4,651
Net cash used in investing activities	(985)	(366)
Net cash used in financing activities	(1,193)	(974)

Our primary sources of liquidity are cash flows from operations, cash and cash equivalents, and short-term investments. Cash and cash equivalents and short-term investments were \$11,827 and \$11,144 at November 24, 2024, and September 1, 2024. Of these balances, unsettled credit and debit card receivables represented approximately \$2,789 and \$2,519 at November 24, 2024, and September 1, 2024. These receivables generally settle within four days.

Material contractual obligations arising in the normal course of business primarily consist of purchase obligations, long-term debt and related interest payments, leases, and construction and land purchase obligations. Purchase obligations consist of contracts primarily related to merchandise, equipment, and third-party services, the majority of which are due in the next 12 months. Construction and land-purchase obligations consist of contracts primarily related to the development and opening of new and relocated warehouses, the majority of which (other than leases) are due in the next 12 months.

We believe that our cash and investment position and operating cash flow, with capacity under existing and available credit agreements, will be sufficient to meet our liquidity and capital requirements for the foreseeable future and our U.S. current and projected asset position is sufficient to meet our U.S. liquidity requirements.

### ***Cash Flows from Operating Activities***

Net cash provided by operating activities totaled \$3,260 in the first quarter of 2025, compared to \$4,651 in the first quarter of 2024. The decrease in net cash provided by operating activities was due to an increase in our net investment in merchandise inventories. Our cash flow provided by operations is primarily from net sales and membership fees. Cash flow used in operations generally consists of payments to merchandise suppliers, warehouse operating costs, including wages and employee benefits, utilities, credit and debit card processing fees, and operating leases. Cash used in operations also includes payments for income taxes. Changes in our net investment in merchandise inventories (the difference between merchandise inventories and accounts payable) is impacted by several factors, including inventory levels and turnover, payment terms with suppliers, early payments to obtain discounts, and the shift in timing of the seasonal holiday to the second quarter of 2025.

### ***Cash Flows from Investing Activities***

Net cash used in investing activities totaled \$985 in the first quarter of 2025, compared to \$366 in the first quarter of 2024, and is primarily related to capital expenditures. Net cash from investing activities also includes purchases and maturities of short-term investments.

### ***Capital Expenditure Plans***

Our primary requirements for capital are acquiring land, buildings, and equipment for new and remodeled warehouses, information systems and manufacturing and distribution facilities. In the first quarter of 2025, we spent \$1,264 on capital expenditures, and it is our current intention to spend a total of approximately \$5,000 during fiscal 2025. These expenditures are expected to be financed with cash from operations, cash and cash equivalents, and short-term investments. We opened seven new warehouses, including one relocation, in the first quarter of 2025 and plan to open 22 additional new warehouses, including two

relocations, in the remainder of fiscal 2025. There can be no assurance that current expectations will be realized, and plans are subject to change upon further review of our capital expenditure needs and the economic environment.

### ***Cash Flows from Financing Activities***

Net cash used in financing activities totaled \$1,193 in the first quarter of 2025, compared to \$974 in the first quarter of 2024. Cash flow used in financing activities during the first quarter of 2025 was primarily related to the payment of dividends, withholding taxes on stock-based awards, repurchases of common stock, and repayments of short-term borrowings. Cash flow provided by financing activities included proceeds from short-term borrowings.

#### ***Dividends***

A quarterly cash dividend of \$1.16 per share was declared on October 16, 2024, and paid on November 15, 2024.

#### ***Share Repurchase Program***

On January 19, 2023, the Board of Directors authorized a share repurchase program in the amount of \$4,000, which expires in January 2027. During the first quarter of 2025 and 2024, we repurchased 230,000 and 288,000 shares of common stock, at an average price per share of \$899.23 and \$564.06, totaling approximately \$206 and \$162. These amounts may differ from the accompanying condensed consolidated statements of cash flows due to changes in unsettled repurchases at the end of a quarter. Purchases are made from time to time, as conditions warrant, in the open market or in block purchases, pursuant to plans under SEC Rule 10b5-1. Repurchased shares are retired, in accordance with the Washington Business Corporation Act. The remaining amount available to be purchased under our approved plan was \$2,659 at the end of the first quarter.

### ***Bank Credit Facilities and Commercial Paper Programs***

We maintain bank credit facilities for working capital and general corporate purposes. At November 24, 2024, we had borrowing capacity under these facilities of \$1,184. Our international operations maintain \$689 of this capacity under bank credit facilities, of which \$159 is guaranteed by the Company. Short-term borrowings outstanding under the bank credit facilities, which are included in other current liabilities on the consolidated balance sheets, were immaterial at the end of the first quarter of 2025 and at the end of fiscal 2024.

We have letter of credit facilities, for commercial and standby letters of credit, totaling \$222. The outstanding commitments under these facilities at the end of the first quarter of 2025 totaled \$202, most of which were standby letters of credit that do not expire or have expiration dates within one year. The bank credit facilities have various expiration dates, most within one year, and we generally intend to renew these facilities. The amount of borrowings available at any time under our bank credit facilities is reduced by the amount of standby and commercial letters of credit outstanding.

### ***Critical Accounting Estimates***

The preparation of our consolidated financial statements in accordance with U.S. GAAP requires that we make estimates and judgments. We base these on historical experience and on assumptions that we believe to be reasonable. Our critical accounting policies are discussed in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of our Annual Report on Form 10-K, for the fiscal year ended September 1, 2024. There have been no material changes to the critical accounting estimates previously disclosed in that Report.

### **Recent Accounting Pronouncements**

See discussion of Recent Accounting Pronouncements in [Note 1](#) to the condensed consolidated financial statements included in Part I, Item 1 of this Report.

### **Item 3—Quantitative and Qualitative Disclosures about Market Risk**

Our direct exposure to financial market risk results from fluctuations in foreign-currency exchange rates and interest rates. There have been no material changes to our market risks as disclosed in our Annual Report on Form 10-K, for the fiscal year ended September 1, 2024.

### **Item 4—Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

Our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended) are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and to ensure that information required to be disclosed is accumulated and communicated to management, including our principal executive and financial officers, to allow timely decisions regarding disclosure. The Chief Executive Officer and the Chief Financial Officer, with assistance from other members of management, have reviewed the effectiveness of our disclosure controls and procedures as of November 24, 2024, and, based on their evaluation, have concluded the disclosure controls and procedures were effective as of such date.

#### **Changes in Internal Control over Financial Reporting**

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) that occurred during the first quarter of fiscal 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II—OTHER INFORMATION**

### **Item 1—Legal Proceedings**

See discussion of Legal Proceedings in [Note 8](#) to the condensed consolidated financial statements included in Part I, Item 1 of this Report.

### **Item 1A—Risk Factors**

In addition to the other information set forth in the Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K, for the fiscal year ended September 1, 2024. There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K.



**Item 2—Unregistered Sales of Equity Securities and Use of Proceeds**

The following table sets forth information on our common stock repurchase activity for the first quarter of 2025 (amounts in millions, except share and per share data):

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares</u>	<u>Maximum Dollar Value of</u>
			<u>Purchased as Part of Publicly Announced Programs<sup>(1)</sup></u>	<u>Shares that May Yet be Purchased Under the Programs<sup>(1)</sup></u>
September 2, 2024 — September 29, 2024	74,000	\$ 897.54	74,000	\$ 2,799
September 30, 2024 — October 27, 2024	79,000	888.35	79,000	2,729
October 28, 2024 — November 24, 2024	77,000	912.04	77,000	2,659
Total first quarter	230,000	\$ 899.23	230,000	

(1) Our share repurchase program is conducted under a \$4,000 authorization approved by our Board of Directors in January 2023, which expires in January 2027.

**Item 3—Defaults Upon Senior Securities**

None.

**Item 4—Mine Safety Disclosures**

Not applicable.

**Item 5—Other Information**

None.

**Item 6—Exhibits**

The following exhibits are filed as part of this Quarterly Report on Form 10-Q or are incorporated herein by reference.

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference		
			Form	Period Ending	Filing Date
3.1	<a href="#">Articles of Incorporation as amended of Costco Wholesale Corporation</a>		10-K	8/28/2022	10/5/2022
3.2	<a href="#">Bylaws as amended of Costco Wholesale Corporation</a>		8-K		9/20/2024
10.1*	<a href="#">Fiscal 2025 Executive Bonus Plan</a>		8-K		11/7/2024
10.2*	<a href="#">Executive Employment Agreement effective January 1, 2025, between Ron Vachris and Costco Wholesale Corporation</a>	x			
10.3 <sup>#</sup>	<a href="#">Thirteenth Amendment to Citi, N.A. Co-Branded Credit Card Agreement</a>	x			
31.1	<a href="#">Rule 13(a) – 14(a) Certifications</a>	x			
32.1	<a href="#">Section 1350 Certifications</a>	x			
101.INS	Inline XBRL Instance Document	x			
101.SCH	Inline XBRL Taxonomy Extension Schema Document	x			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	x			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	x			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	x			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	x			
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)	x			

\* Management contract, compensatory plan or arrangement.

<sup>#</sup> Certain information in this exhibit has been omitted because it is (i) immaterial and (ii) customarily and actually treated by the registrant as private or confidential.

**SIGNATURES**

Pursuant to the requirements 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.

COSTCO WHOLESALE CORPORATION  
(Registrant)

<u>December 18, 2024</u>	By	<u>/s/ RON M. VACHRIS</u>
Date		Ron M. Vachris
		<i>Chief Executive Officer, President and Director</i>
<u>December 18, 2024</u>	By	<u>/s/ GARY MILLERCHIP</u>
Date		Gary Millerchip
		<i>Executive Vice President and Chief Financial Officer</i>

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement"), effective January 1, 2025 (the "Effective Date"), is made between Costco Wholesale Corporation, a Washington corporation (the "Company"), and Ron Vachris ("Executive").

WHEREAS, Executive will be employed as the Company's President and Chief Executive Officer effective January 1, 2025 and is expected to make major contributions to profitability, growth and financial strength of the Company; and

WHEREAS, in consideration of Executive's employment with the Company, the Company desires to provide Executive with certain compensation and benefits as set forth in this Agreement and to define the parties' respective rights and responsibilities.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the Company and Executive agree as follows:

1. Certain Defined Terms. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement with initial capital letters:

(a) "Annual Base Salary" means Executive's annual base salary rate, exclusive of bonuses, commissions and other incentive pay, as in effect immediately preceding the Termination Date. As of the Effective Date, Executive's Annual Base Salary is \$1,200,000.

(b) "Board" means the Board of Directors of the Company, including any authorized committee of the Board.

(c) "Cause" means:

(i) an intentional tort (excluding any tort relating to a motor vehicle) which causes substantial loss, damage or injury to the property or reputation of the Company or its subsidiaries;

(ii) any serious crime or intentional, material act of fraud or dishonesty against the Company;

(iii) the commission of a felony that results in other than immaterial harm to the Company's business or to the reputation of the Company or Executive;

(iv) habitual neglect of Executive's reasonable duties (for a reason other than illness or incapacity) which is not cured within ten (10) days after written notice thereof by the Board to Executive;

(v) the disregard of written, material policies of the Company or its subsidiaries which causes other than immaterial loss, damage or injury to the property or reputation of the Company or its subsidiaries which is not cured within ten (10) days after written notice thereof by the Board to Executive; or

(vi) any material breach of Executive's ongoing obligation not to disclose confidential information and not to assign intellectual property developed during employment which, if capable of being cured, is not cured within ten (10) days after written notice thereof by the Board to Executive.

(d) "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.

(e) "Code" means the Internal Revenue Code of 1986, as amended.

(f) "Disability" means, in the opinion of the Company, the inability of Executive, because of physical or mental illness or incapacity, to perform substantially all of the duties and services required of him under this Agreement for a period of ninety (90) days in the aggregate during any twelve (12) month period; provided, however, for the Company to be able to terminate Executive's employment with the Company on account of Disability the Company must provide at least ten (10) days' prior written notice to Executive at any time after the expiration of such ninety (90) day period that confirms its intention to terminate Executive's employment as of the date set forth in the notice.

(g) "Good Reason" means:

(i) a material diminution in Executive's Annual Base Salary or Target Bonus below the amount as of the Effective Date or as increased during the course of his employment with the Company, excluding one or more reductions (totaling no more than twenty percent (20%) in the aggregate) generally applicable to all senior executives of the Company;

(ii) a material diminution in Executive's authority, duties or responsibilities;

(iii) a requirement that that Executive report to a corporate officer or employee of the Company instead of reporting directly to the Board;

(iv) a material diminution in the budget over which Executive retains authority;

(v) a material change in the geographic location at which Executive must perform services; or

(vi) any action or inaction that constitutes a material breach by the Company of this Agreement;

provided, however, that for Executive to be able to terminate his employment with the Company on account of Good Reason he must provide notice of the occurrence of the event constituting Good Reason and his desire to terminate his employment with the Company on account of such within ninety (90) days following the initial existence of the condition constituting Good Reason, and the Company must have a period of thirty (30) days following receipt of such notice to cure the condition. If the Company does not cure the event constituting Good Reason within such thirty (30) day period, the Termination Date shall be the day immediately following the end of such thirty (30) day period, unless the Company provides for an earlier Termination Date.

(h) "Target Bonus" means the amount of annual cash bonus at target that Executive is eligible for, as in effect immediately preceding the Termination Date.

(i) "Termination Date" means the last day of Executive's employment with the Company or a subsidiary or an affiliate of the Company.

## 2. Termination.

(a) Involuntary Termination. In the event of: (i) an involuntary termination of Executive's employment by the Company for any reason other than Cause, death or Disability, or (ii) Executive's resignation for Good Reason, subject to Section 4, Executive shall be entitled to the payments and benefits provided in Section 2(b).

(b) Compensation Upon Involuntary Termination. In the event a termination described in Section 2(a) occurs, subject to Section 4, the Company shall provide Executive with the following:

(i) 1.5 times the sum of Annual Base Salary and Target Bonus, paid in a single lump sum cash payment on the sixtieth (60th) day following the Termination Date. (For purposes of this subsection (i), Annual Base Salary will mean the largest among Executive's Annual Base Salary immediately prior to (A) the Termination Date, or (B) any reduction of Executive's base salary described in the first clause of subsection (i) in the definition of Good Reason. For purposes of this subsection (i), Target Bonus will mean the largest among Executive's Target Bonus immediately prior to (A) the Termination Date, or (B) any reduction of Executive's target bonus described in the first clause of subsection (i) in the definition of Good Reason.)

(ii) For the period following the Termination Date until Executive is first eligible for Medicare (currently at age sixty-five (65)), Executive, and where applicable, Executive's spouse and eligible dependents, will continue to be eligible to receive medical coverage under the Company's medical plans in accordance with the terms of the applicable plan documents; provided, that in order to receive such continued coverage at such rates, Executive will be required to pay the applicable premiums to the plan provider, and the Company will reimburse Executive, within sixty (60) days following the date such monthly premium payment is due, an amount equal to the monthly COBRA premium payment, less applicable tax withholdings. Notwithstanding the foregoing, if Executive obtains employment during this period that entitles him and his spouse and eligible dependents to comprehensive medical coverage, Executive must notify the Company, and no further reimbursements will be paid by the Company to Executive pursuant to this subsection. In addition, if Executive does not pay the applicable monthly COBRA premium for a particular month at any time and coverage is lost as a result, no further reimbursements will be paid by the Company to Executive pursuant to this subsection. Notwithstanding the above, if the Company determines in its sole discretion that it cannot provide the foregoing COBRA benefits without potentially violating applicable law (including, without limitation, section 2716 of the Public Health Service Act), the Company shall in lieu thereof provide to Executive a taxable lump-sum payment in an amount equal to the monthly (or then remaining) COBRA premium that Executive would be required to pay to continue his group health coverage in effect on the Termination Date (which amount shall be based on the premium for the first month of COBRA coverage).

(iii) Any outstanding stock options held by Executive that are vested and exercisable as of the Termination Date shall remain exercisable, notwithstanding anything in any other agreement governing such options, until the earlier of (A) a period of one year after the Termination Date, or (B) the original term of the option.

(iv) Any Restricted Stock Units held by Executive that are unvested as of the Termination Date shall vest. Notwithstanding anything to the contrary in the applicable Grant Detail and Restricted Stock Unit Award Agreement, any unvested Restricted Stock Units that so vest will be settled within three (3) business days following the sixtieth (60th) day following the Termination Date.

(v) Any of Executive's performance-based Restricted Stock Units ("PRUs") that remain outstanding as of the Termination Date shall be treated in accordance with the terms of a written letter agreement or other instrument between the Company and Executive (a "PRU Agreement"); provided, however, that notwithstanding anything to the contrary in the PRU Agreement, none of the PRUs will be settled until after the sixtieth (60th) day following the Termination Date, but in any event by the sixty-fifth (65th) day following the last day of the applicable performance period for the PRUs

3. Termination of Employment on Account of Disability, Death, Cause or Voluntary Resignation Without Good Reason.

(a) Termination on Account of Disability. Notwithstanding anything in this Agreement to the contrary, if Executive's employment terminates on account of Disability, Executive shall be entitled to receive disability benefits subject to and under the terms of any disability plan or program maintained by the Company that covers Executive (including under the original terms of any stock option held by Executive), and Executive shall not receive payments or benefits pursuant to Section 2, except that Executive shall be entitled to the following benefits, subject to Section 4:

(i) For a period of up to eighteen (18) months following the Termination Date, Executive, and where applicable, Executive's spouse and eligible dependents will continue to be eligible to receive medical coverage under the Company's medical plans in accordance with the terms of the applicable plan documents; provided, that in order to receive such continued coverage at such rates, Executive will be required to pay the applicable premiums to the plan provider, and the Company will reimburse Executive, within 60 days following the date such monthly premium payment is due, an amount equal to the monthly COBRA premium payment, less applicable tax withholdings. Notwithstanding the foregoing, if Executive obtains employment during this eighteen (18) month period that entitles him and his spouse and eligible dependents to comprehensive medical coverage, Executive must notify the Company and no further reimbursements will be paid by the Company to Executive pursuant to this subsection. In addition, if Executive does not pay the applicable monthly COBRA premium for a particular month at any time during the eighteen (18) month period and coverage is lost as a result, no further reimbursements will be paid by the Company to Executive pursuant to this subsection. Notwithstanding the above, if the Company determines in its sole discretion that it cannot provide the foregoing COBRA benefits without potentially violating applicable law (including, without limitation, section 2716 of the Public Health Service Act), the Company shall in lieu thereof provide to Executive a taxable lump-sum payment in an amount equal to the monthly (or then remaining) COBRA premium that Executive would be required to pay to continue his group health coverage in effect on the Termination Date (which amount shall be based on the premium for the first month of COBRA coverage).

(ii) Any Restricted Stock Units held by Executive that are unvested as of the Termination Date shall vest. Notwithstanding anything to the contrary in the applicable Grant Detail and Restricted Stock Unit Award Agreement, any unvested Restricted Stock Units that so vest will be settled within three (3) business days following the sixtieth (60th) day following the Termination Date.

(iii) Any of Executive's PRUs that remain outstanding as of the Termination Date shall be treated in accordance with the terms of the PRU Agreement; provided, however, that notwithstanding anything to the contrary in the PRU Agreement, none of the PRUs will be settled until after the sixtieth (60th) day following the Termination Date, but in any event by the sixty-fifth (65th) day following the last day of the applicable performance period for the PRUs.

(b) Termination on Account of Death. Notwithstanding anything in this Agreement to the contrary, if Executive's employment terminates on account of death, Executive shall be entitled to receive death benefits under any death benefit program maintained by the Company that covers Executive (including under the original terms of any stock option or Restricted Stock Units held by Executive), and Executive shall not receive payments or benefits pursuant to Section 2, except that any of Executive's PRUs that remain outstanding as of the date of death shall be treated in accordance with the terms of the PRU Agreement.

(c) Termination on Account of Cause. Notwithstanding anything in this Agreement to the contrary, if Executive's employment terminates by the Company on account of Cause, Executive shall not receive benefits pursuant to Section 2.

(d) Termination on Account of Voluntary Resignation Without Good Reason. Notwithstanding anything in this Agreement to the contrary, if Executive's employment terminates on account of a resignation by Executive for no reason or any reason other than on account of Good Reason, Executive shall not receive payments or benefits pursuant to Section 2, except that any of Executive's PRUs that remain outstanding as of the Termination Date shall be treated in a manner consistent with Section 2(b)(v) of this Agreement.

4. Conditions on Certain Payments or Benefits.

(a) General Release of Claims. Notwithstanding anything to the contrary in this Agreement, in consideration of Executive's receipt of the payments and benefits described under Section 2(b) or Section 3(a), as applicable, Executive agrees that, as a condition to his receipt of any such payments and benefits, he shall timely execute (and not revoke thereafter) a general release of claims (a "Release"), in a form to be provided by the Company, releasing any and all claims of any kind arising from his employment or the termination of his employment with the Company. To be timely, the Release must become effective and irrevocable no later than fifty-five (55) days following the date of Executive's termination (the "Release Deadline"). If the Release does not become effective and irrevocable by the Release Deadline, Executive will forfeit any rights to the payments and benefits under Section 2(b) or Section 3(a), as applicable.

(b) Clawback Policies. All amounts payable under this Agreement shall be subject to the terms of the Company's "clawback" policies as in effect from time to time.

5. Accrued Obligations. To the extent not modified by this Agreement, Executive shall receive any amounts and benefits earned, accrued, or owing but not yet paid to him as of the Termination Date in accordance with the terms of any applicable employee benefit plans, programs, policies and arrangements of the Company.

6. Tax Matters.

(a) Withholding of Taxes. The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company determines it is required to withhold pursuant to any applicable law.

(b) Parachute Excise Tax. In the event that any amounts payable under this Agreement or otherwise to Executive would (i) constitute "parachute payments" within the meaning of section 280G of the Code or any comparable successor provisions and (ii) but for this subsection would be subject to the excise tax imposed by section 4999 of the Code or any comparable successor provisions (the "Excise Tax"), then such amounts payable to Executive hereunder shall be either:

(i) provided to Executive in full; or

(ii) provided to Executive to the maximum extent that would result in no portion of such benefits being subject to the Excise

Tax;

whichever of the foregoing amounts, when taking into account applicable federal, state, local and foreign income and employment taxes, the Excise Tax and any other applicable taxes, results in the receipt by Executive, on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such benefits may be subject to the Excise Tax. Unless the Company and Executive otherwise agree in writing, any determination required under this subsection shall be made in writing in good faith by a nationally recognized accounting firm selected by the Company (the "Accountants"). In the event of a reduction in benefits hereunder, the reduction of the total payments shall apply as follows, notwithstanding anything to the contrary in Section 11.9 of the Company's 2019 Incentive Plan, as it may be amended from time to time, unless the Company and Executive otherwise agree in writing, and to the extent required by section 409A: (i) any cash severance payment due under this Agreement shall be reduced; (ii) forfeiture of any acceleration of vesting of any equity-based awards subject to section 409A of the Code,



with the tranche that would vest last (without any such acceleration) first being subject to forfeiture; (iii) any acceleration of vesting of any equity-based awards not subject to section 409A of the Code shall remain as originally scheduled to vest, with the tranche that would vest last (without any such acceleration) first remaining as originally scheduled to vest, and (iv) reduction of all other payments and benefits in a manner and order of priority that provides Executive with the largest net after-tax value; provided that such other payments and benefits of equal after-tax present value shall be reduced in the reverse order of payment. Notwithstanding anything to the contrary in this Agreement, any reduction under this subsection shall be structured in a manner intended to comply with section 409A of the Code. For purposes of making the calculations required by this subsection, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good-faith interpretations concerning the application of the Code and other applicable legal authority. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this subsection. The Company shall bear all costs that the Accountants may reasonably incur in connection with any calculations contemplated by this subsection.

If, notwithstanding any reduction described in this subsection, the Internal Revenue Service ("IRS") determines that Executive is liable for the Excise Tax as a result of the receipt of amounts payable under this Agreement or otherwise as described above, then Executive shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or, in the event that Executive challenges the final IRS determination, a final judicial determination, a portion of such amounts equal to the Repayment Amount. The "Repayment Amount" with respect to the payment of benefits shall be the smallest such amount, if any, that is required to be paid to the Company so that Executive's net after-tax proceeds with respect to any payment of benefits (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on such payment) are maximized. The Repayment Amount with respect to the payment of benefits shall be zero if a Repayment Amount of more than zero would not result in Executive's net after-tax proceeds with respect to the payment of such benefits being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, Executive shall pay the Excise Tax.

Notwithstanding any other provision of this subsection, if (i) there is a reduction in the payment of benefits as described in this subsection, (ii) the IRS later determines that Executive is liable for the Excise Tax, the payment of which would result in the maximization of Executive's net after-tax proceeds (calculated as if Executive's benefits had not previously been reduced), and (iii) Executive pays the Excise Tax, then the Company shall pay to Executive the amount by which those benefits which were reduced pursuant to this subsection as soon as administratively possible after Executive pays the Excise Tax; provided that, to the extent required by section 409A of the Code, the reimbursement is made on or before the last day of Executive's taxable year following the taxable year in which the Excise Tax was paid; the right to reimbursement is not subject to liquidation or exchange for another benefit; and the amount subject to reimbursement in one year shall not affect any other amounts eligible for reimbursement in any other year.

7. Employment Rights; Term of Agreement.

(a) Employment Rights. Nothing expressed or implied in this Agreement will create any right or duty on the part of the Company or Executive to have Executive remain in the employment of the Company or any subsidiary or affiliate of the Company.

(b) Term of Agreement. The term of this Agreement shall be one year from the Effective Date, and may be renewed for one or more additional one-year terms upon the written agreement of both parties.

8. Successors and Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of

the Company, by agreement in form and substance reasonably satisfactory to Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement will be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor will thereafter be deemed the "Company" for the purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company.

(b) This Agreement will inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and legatees. This Agreement will supersede the provisions of any employment, severance or other agreement between Executive and the Company that relate to any matter that is also the subject of this Agreement, and such provisions in such other agreements will be null and void.

(c) This Agreement is personal in nature, and neither of the parties hereto will, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 8(a) and 8(b). Without limiting the generality or effect of the foregoing, Executive's right to receive payments hereunder will not be assignable, transferable or delegable, whether by pledge, creation of a security interest, or otherwise, other than by a transfer by Executive's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 8(c), the Company will have no liability to pay any amount so attempted to be assigned, transferred or delegated.

9. Notices. For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder will be in writing and will be deemed to have been duly given when hand-delivered or dispatched by electronic facsimile transmission (with receipt thereof orally confirmed), or five (5) business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or three (3) business days after having been sent by a nationally recognized overnight courier service such as FedEx or UPS, addressed to the Company (to the attention of John Sullivan, Executive Vice President and General Counsel) at its principal executive office and to Executive at his principal residence, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address will be effective only upon receipt.

10. Section 409A of the Code.

(a) Interpretation. Notwithstanding the other provisions hereof, this Agreement is intended to comply with the requirements of section 409A of the Code, to the extent applicable, and this Agreement shall be interpreted to avoid any penalty sanctions under section 409A of the Code. Accordingly, all provisions herein, or incorporated by reference, shall be construed and interpreted to comply with section 409A of the Code and, if necessary, any such provision shall be deemed amended to comply with section 409A of the Code and the regulations thereunder. If any payment or benefit cannot be provided or made at the time specified herein without incurring sanctions under section 409A of the Code, then such benefit or payment shall be provided in full at the earliest time thereafter when such sanctions will not be imposed. Any amount payable under this Agreement that constitutes deferred compensation subject to section 409A of the Code shall be paid at the time provided under this Agreement or such other time as permitted under section 409A of the Code. No interest will be payable with respect to any amount paid within a time period permitted by, or delayed because of, section 409A of the Code. All payments to be made upon the Termination Date under this Agreement that are deferred compensation subject to section 409A of the Code may only be made upon a "separation from service" under section 409A of the Code. For purposes of section 409A of the Code, each payment made under this Agreement shall be treated as a separate payment. In no event may Executive, directly or indirectly, designate the calendar year of payment.

(b) Payment Delay. To the maximum extent permitted under section 409A of the Code, the payments and benefits provided under this Agreement are intended to comply with the "short-term deferral exception" under Treas. Reg. § 1.409A-1(b)(4), and any remaining amount is intended to comply with the "separation pay exception" under Treas. Reg. § 1.409A-1(b)(9)(iii); provided, however, if any amount payable to Executive during the six (6) month period following the Termination Date does not qualify within either of the foregoing exceptions and constitutes deferred compensation subject to the requirements of section 409A of the Code, then such amount shall hereinafter be referred to as the "Excess Amount." If at the time of Executive's separation from service, the Company's (or any entity required to be aggregated with the Company under section 409A of the Code) stock is publicly-traded on an established securities market or otherwise and Executive is a "specified employee" (as defined in section 409A of the Code and determined in the sole discretion of the Company (or any successor thereto) in accordance with the Company's (or any successor thereto) "specified employee" determination policy), then the Company shall postpone the commencement of the payment of the portion of the Excess Amount that is payable within the six (6) month period following the Termination Date with the Company (or any successor thereto) for six (6) months following the Termination Date with the Company (or any successor thereto). The delayed Excess Amount shall be paid in a lump sum to Executive within ten (10) days following the date that is six (6) months following the Termination Date with the Company (or any successor thereto). If Executive dies during such six (6) month period and prior to the payment of the portion of the Excess Amount that is required to be delayed on account of section 409A of the Code, such Excess Amount shall be paid to the personal representative of Executive's estate within sixty (60) days after Executive's death. The Company makes no representation that any or all of the payments and benefits provided under this Agreement will be exempt from or comply with section 409A of the Code and makes no undertaking to preclude section 409A of the Code from applying to any such payment or benefit.

(c) Reimbursements. All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of section 409A of the Code, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during Executive's lifetime (or during a shorter period of time specified in this Agreement), (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the taxable year following the year in which the expense is incurred, and (iv) the right to reimbursement is not subject to liquidation or exchange for another benefit.

11. Governing Law; Arbitration.

(a) Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by and construed in accordance with the substantive laws of the State of Washington, without giving effect to the principles of conflict of laws of such State.

(b) Arbitration. Any controversies or claims arising out of or relating to this Agreement or Executive's employment shall be fully and finally settled by confidential arbitration in Seattle, Washington, before a single arbitrator. Judgment on an award issued by the arbitrator may be entered in any court having jurisdiction thereof. The arbitrator shall be chosen (i) by agreement of the parties and need not be affiliated with any particular organization, but (ii) absent agreement of the parties, the arbitrator shall be appointed by Judicial Dispute Resolution ("JDR") in Seattle, Washington, and if JDR is unable to do so, by Judicial Arbitration & Mediation Services, in Seattle, Washington. Absent agreement of the parties to the contrary, discovery and motion practice in the arbitration shall be governed by the Washington Civil Rules and the Local Rules of King County Superior Court, with the understanding that the arbitrator may, at his or her discretion, limit the extent and scope of discovery, and determine the permissibility of pre-hearing dispositive motions. The arbitrator shall fully and finally determine any and all questions of arbitrability. Confidentiality of the arbitration is at the request of, and for the benefit of, both parties. The Company shall be responsible for payment of any and all costs and arbitrator fees of such arbitration. Either party shall have the right to seek emergency injunctive relief in court in aid of arbitration to preserve the status quo pending determination of the merits in arbitration. Venue and jurisdiction for

any such action for injunctive relief shall exist exclusively in state and federal courts in King County, Washington.

12. Validity. If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstances will not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid or legal.

13. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in a writing signed by Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party will be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter hereof have been made by either party that are not set forth expressly in this Agreement. References to Sections are to references to Sections of this Agreement. Any reference in this Agreement to a provision of a statute, rule or regulation will also include any successor provision thereto.

14. Board Membership. At each meeting of the Company's shareholders prior to the Termination Date at which Executive's board term is expiring, the Company will nominate Executive to serve as a member of the Board, subject to required stockholder approval and compliance with the Company's policies and procedures regarding service as a member of the Board. Upon the termination of Executive's employment for any reason, unless otherwise requested by the Board, Executive agrees to resign from the Board (and all other positions held at the Company and its affiliates), and Executive, at the Board's request, will execute any documents necessary to reflect his resignation.

15. Indemnification and D&O Insurance. Executive will be provided indemnification to the extent permitted by the Company's and its subsidiaries' and affiliates' Articles of Incorporation or Bylaws, including, if applicable, any directors and officers insurance policies, and in accordance with his existing indemnification agreement with the Company.

16. Employee Benefits. Executive will be eligible to participate in the Company employee benefit plans, programs, policies and arrangements that are applicable to other executive officers of the Company, as such plans, programs, policies and arrangements may exist from time to time and on terms at least as favorable as provided to any other executive officer of the Company.

17. Business Expenses. Executive will be reimbursed for all reasonable expenses incurred by him in performing his duties hereunder provided that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Company.

18. No Duplication of Benefits. The payments and benefits provided under this Agreement shall offset substantially similar benefits provided to Executive pursuant to another Company policy, plan or agreement.

19. Survival. Notwithstanding any provision of this Agreement to the contrary, the parties' respective rights and obligations under Section 2 will survive any termination or expiration of this Agreement or the termination of Executive's employment for any reason whatsoever.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same agreement.

COSTCO WHOLESALE CORPORATION

By: /s/ Hamilton James

Hamilton E. James

*Chairman of the Board of Directors*

EXECUTIVE

By: /s/ Ron Vachris

Ron Vachris

*President & Chief Operating Officer*

Certain confidential information contained in this document, indicated by the mark "[\*]", has been omitted because it is both (i) not material and (ii) customarily and actually treated as private or confidential

**THIRTEENTH AMENDMENT TO THE  
CO-BRANDED CREDIT CARD PROGRAM AGREEMENT**

This Thirteenth Amendment ("**Amendment**") is between Citibank, N.A. ("**Bank**") and Costco Wholesale Corporation ("**Costco**"), is effective as of September 11, 2024, and amends that certain Co-Branded Credit Card Program Agreement, by and between Bank and Costco, dated February 27, 2015 (the "**Agreement**").

Pursuant to Section 16.10 of the Agreement, the Bank and Costco agree as follows:

1. **Defined Terms.** All capitalized terms used but not defined in this Amendment will have the meanings ascribed to such terms in the Agreement.
2. **Extension.** Costco hereby exercises its right pursuant to Section 12.01(a) to extend the Initial Term by three years. Therefore, the parties acknowledge that the Initial Term will continue through June 19, 2029.
3. **Tiered Pricing.** The single purchase APR listed in the Co-Branded Cardholder Account Terms will be replaced by the following four APRs based on Bank's FICO tiers (for both consumer and small business Co-Branded Card Accounts):

FICO Tier	Prime Rate +
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]

Bank and Costco anticipate that tiered pricing will become effective by October 31, 2024 for new Co-Branded Card Accounts, and, for eligible existing Co-Branded Cardholders, upon the effectiveness of a change in terms notice issued to such Co-Branded Cardholders (which notices will be issued starting in November 2024).

4. **Amendments.**
  - a. **Section 3.02(f) Resiliency.** New Section 3.02(f) is added as follows:

“(f) Costco and Bank acknowledge that, in connection with Applicable Laws and Applicable Guidelines, Bank has developed, applies, and adjusts from time to time, resiliency standards that measure the performance of the Program (the “**Resiliency Standards**”). Costco will work with Bank in good faith to achieve the Resiliency Standards [\*] and throughout the Term. Both parties will review Bank’s portfolio resiliency metric (Risk Appetite Ratio) as part of the quarterly business reviews and discuss opportunities (such as expense reductions or revenue generating activities) intended to maintain resiliency and ongoing Program growth. Costco and Bank will test for potential expansion of offshore call handling and implement other mutually agreed upon efficiencies intended to enhance and maintain resiliency.”

b. **Section 4.06 Loyalty Program.** Section 4.06(b) is deleted and replaced with the following:

“As provided in Schedule 4.06(a), as of the date hereof, Costco Members are eligible to receive rewards pursuant to the Loyalty Program (“**Rewards**”). Subject to Applicable Law, the Rewards will be issued by the Bank in the form of one annual Costco Rewards coupon. Bank will test the functionality of the Rewards issuance processes annually before the issuance of the Costco Rewards coupon. If Bank is required by Applicable Law to issue Rewards in a different manner, Costco will cooperate with Bank in the implementation of the required changes at no cost to Costco. Notwithstanding the foregoing, for deceased Co-Branded Card Accounts and small business Co-Branded Card Account closures, Bank may issue Rewards in the form of a check or statement credit, which shall be captured as a redemption. From time to time, and subject to Applicable Laws, Costco may require a change to the method of funding Rewards to a gift card, statement credit, check, electronic credit or other electronic transfer, other FTD, or otherwise and shall provide Bank with at least ninety (90) days’ notice prior to the effectiveness of such change. Bank shall cooperate to implement the new Rewards payment method in such a way that it is compatible with the Costco point of sale equipment and consistent with Costco’s protocols and security requirements and that otherwise achieves Systems interoperability between Bank’s Systems and Costco’s Systems, and Bank shall otherwise cooperate with Costco in implementing such change, subject to Applicable Laws. Regardless of the method or form of the Rewards, Bank (and not Costco) shall be considered the issuer of such Rewards pursuant to the Loyalty Program, and, except with respect to the Executive Membership program and except as set forth in Schedule 9.01(4) with respect to duplicate electronic transfers requested by Costco where Bank establishes the original electronic transfer was made to the account provided by the Co-branded Cardholder, Bank shall be solely liable to Costco Members with respect to such Rewards. Other than its duty to redeem the Rewards in accordance with the Loyalty Program terms and conditions, Costco shall not have any obligation to Costco Members regarding such Rewards.”

c. **Section 9.02 Net Revenue (EBT) Payments to Costco.**

- i. The definition of “Bank EBT Share Percentage” is deleted.
- ii. The definition of “Bank Profits Percentage” is deleted and replaced with the following:

“Bank Profits Percentage” means, on a Program Year or annual basis, as applicable, with respect to the Program, the value of EBT divided by the value of ANR (i.e. EBT / ANR). To the extent that Bank Profit Percentage needs to be calculated on a less than full Program Year or calendar year basis, the calculation shall be performed on a proportional basis for the applicable period then annualized.

- iii. Effective January 1, 2025, Section 9.02(a) is deleted and replaced with the following:

“(a) Within 45 days after the end of each calendar year during the Term (beginning with 2025) and within 45 days after the end of any partial calendar year during the Term, Bank shall pay to Costco the percentage of the EBT for such calendar year corresponding to each of the Bank Profits Percentages tiers below (each a “**Program Payment**”):

Tiers	Percentage of corresponding EBT paid to Costco
For EBT corresponding to Bank Profits Percentage of less than [*]	[*]
For EBT corresponding to Bank Profits Percentage equal to or greater than [*] and less than [*]	[*]
For EBT corresponding to Bank Profits Percentage equal to or greater than [*]	[*]

Program Payments will not be included as Eligible Expenses. For transparency, Bank will share with Costco annually the calculation of EBT after taking Program Payments into consideration. 9.05(b)(i) is deleted.

- d. **Section 9.07 Expense Plan.** Section 9.07(a)(vi) is deleted and replaced with the following:



“(vi) those net expenses actually incurred by Bank, as communicated by and net amounts paid to Network on a monthly basis and calculated as a percentage of total volume of purchase transactions charged to Co-Branded Cards for the applicable time period, and Bank will notify Costco if any network fees change over time;”

e. **Schedule 1.01(f) Fair Market Value.**

- i. The following is added to the Portfolio Appraisal Parameters and Assumptions chart in Schedule 1.01(f):

[*]	[*]
[*]	[*]

- ii. The following text is added below the Portfolio Appraisal Parameters and Assumptions chart in Schedule 1.01(f):

“[\*]”

- f. **Schedules 4.05(a) and 4.05(a)(ii).** Effective as set forth in Paragraph 3 of this Amendment, (x) Schedule 4.05(a) will be replaced with new Schedule 4.05(a) attached hereto, and (y) Schedule 4.05(a)(ii) will be replaced with new Schedule 4.05(a)(ii).
- g. **Schedule 4.06(a).** The parties intend to implement an enhancement to the Loyalty Program by the end of February 2025. Upon implementation,
- i. The first paragraph of the “Customer Card Loyalty Program (Cash Rebate portion only)” section of Schedule 4.06(a) will be deleted and replaced with the following:

ii. “Co-Branded Cardholders will earn an annual reward based on the eligible purchases on their Co-Branded Card from Costco and Citi during an annual reward period. An annual reward period is 12 billing periods, starting with the one that begins in January. Eligible purchases are purchases for goods and services minus returns and other credits. Eligible purchases do NOT include fees or interest charges, balance transfers, cash advances, purchases of traveler's checks, purchases or reloading of prepaid cards, or purchases of any cash equivalents. Additional terms and restrictions apply. Co-Branded Cardholders will earn an annual reward of: [\*] on gasoline and electric vehicle charging transactions at other gas stations and electric vehicle charging locations worldwide (excluding superstores, supermarkets, convenience stores, and warehouse

clubs other than Costco) on the first \$7,000 of such purchases (as an aggregate of gasoline and electric vehicle charging transactions both at Costco and non-Costco locations) each annual reward period (1% thereafter); [\*] at restaurants worldwide; [\*] for eligible travel purchases (eligible travel purchases are: airfare for a scheduled flight on a passenger carrier, hotel stays (excluding timeshares, banquets and events), car rentals from major car rental companies, and other purchases from Costco Travel, cruise lines, travel agencies and tour operators); [\*] on eligible purchases at Costco Locations (unless a higher reward applies, such as at Costco gas, Costco electric vehicle charging, or Costco travel); and [\*] on all other eligible purchases. Bank is obligated to fund the annual rewards up to the Loyalty Funding Cap.”

- iii. The first paragraph of the “Small Business Loyalty Program (Cash Rebate portion only)” section of Schedule 4.06(a) will be deleted and replaced with the following:

“Co-Branded Cardholders will earn an annual reward based on eligible purchases on their small business Co-Branded Cards from Costco during an annual reward period. An annual reward period is 12 billing periods, starting with the one that begins in January. Eligible purchases are purchases for goods and services minus returns and other credits. Eligible purchases do NOT include fees or interest charges, balance transfers, cash advances, purchases of traveler's checks, purchases or reloading of prepaid cards, or purchases of any cash equivalents. Additional terms and restrictions apply. Co-Branded Cardholders will earn an annual reward of: [\*] on gasoline and electric vehicle charging transactions at other gas stations and electric vehicle charging locations worldwide (excluding superstores, supermarkets, convenience stores, and warehouse clubs other than Costco) on the first \$7,000 of such purchases (as an aggregate of gasoline and electric vehicle charging transactions both at Costco and non-Costco locations) each annual reward period (1% thereafter); [\*] at restaurants worldwide; [\*] for eligible travel purchases (eligible travel purchases are: airfare for a scheduled flight on a passenger carrier, hotel stays (excluding timeshares, banquets and events), car rentals from major car rental companies, and other purchases from Costco Travel, cruise lines, travel agencies and tour operators); [\*] on eligible purchases at Costco Locations (unless a higher reward applies, such as at Costco gas, Costco electric vehicle charging, or Costco travel); and [\*] on all other eligible purchases. Bank is obligated to fund the annual rewards up to the Loyalty Funding Cap.”

- h. **Schedule 7.02 Operations Centers.** The following is added to the chart in Schedule 7.02:

Subcontractor	Function	Location
[*]	[*]	[*]

- i. **Schedule 7.05(a) Monthly Reports.** The following reporting elements are deleted from the "Portfolio Performance Reports" section of Schedule 7.05(a):

"[\*]"  
 "[\*]"  
 "[\*]"

5. **Full Force and Effect.** The Agreement, as modified hereby, will remain in full force and effect and this Amendment will not be deemed to be an amendment or a waiver of any other provision of the Agreement except as expressly stated herein. All such other provisions of the Agreement will also be deemed to apply to this Amendment.

6. **No Modification or Waiver; Incorporation.** No modification, amendment or waiver of this Amendment will be effective or binding unless made in writing and signed by the Parties. The Parties agree that, except for those modifications expressly set forth in this Amendment, all terms and provisions of the Agreement will remain unchanged and in full force and effect. This Amendment and the Agreement will hereafter be read and construed together as a single document, and all references to the Agreement will hereafter refer to the Agreement as amended by this Amendment.

7. **Counterparts.** This Amendment may be executed in counterparts and if so executed will be enforceable and effective upon the exchange of executed counterparts, including by facsimile or electronic transmissions of executed counterparts.

[Signature page follows]

Duly authorized representatives of the Parties have executed this Amendment.

**COSTCO WHOLESALE CORPORATION**

**CITIBANK, N.A.**

By: /s/ Peter Gruening

By: /s/ John P. LaCosta

Name: Peter Gruening

Name: John P. LaCosta

Title: Senior Vice President

Title: Vice President, Citibank, NA

## Schedule 4.05(a)

### Citi Disclosures – Consumer Co-Branded Card

Interest Rates and Interest Charges	
Annual Percentage Rate (APR) for Purchases	<b>20.49% to 28.49%</b> , based on your creditworthiness This APR will vary with the market based on the Prime Rate. <sup>a</sup>
APR for Balance Transfers	<b>20.49% to 28.49%</b> , based on your creditworthiness. Balance transfers must be completed within 2 months from date of account opening. This APR will vary with the market based on the Prime Rate. <sup>a</sup>
APR for Cash Advances	<b>29.99%</b> This APR will vary with the market based on the Prime Rate. <sup>b</sup>
APR for Citi Flex Plan	<b>20.49% to 28.49%</b> , based on your creditworthiness This APR will vary with the market based on the Prime Rate. <sup>a</sup>
Penalty APR and When it Applies	Up to <b>29.99%</b> , based on your creditworthiness. This APR will vary with the market based on the Prime Rate. <sup>c</sup> This APR may be applied to your account if you: (1) Make a late payment or (2) Make a payment that is returned.  <b>How Long Will the Penalty APR Apply?</b> If your APRs are increased for either of these reasons, the Penalty APR may apply indefinitely.
How to Avoid Paying Interest on Purchases	Your due date is at least 23 days after the close of each billing cycle. We will not charge you interest on purchases if you pay your monthly Citi Flex Plan Payment Amount plus your entire balance, excluding any Citi Flex Plan balances, by the due date each month. If you do not pay your monthly Citi Flex Plan Payment plus your entire balance, excluding any Citi Flex Plan balances, by the due date each month, you will pay interest on your purchases from the date they're posted to your account. We will begin charging interest on cash advances, balance transfers, and Citi Flex Loans on the transaction date. We will begin charging interest on a Citi Flex Pay balance subject to an APR at the start of the billing cycle following the billing cycle during which you created the Citi Flex Pay.
Minimum Interest Charge	If you are charged interest, the charge will be no less than 50 cents.
Plan Fee (Fixed Finance Charge)	A monthly fee of up to <b>1.72%</b> of each Transaction moved to a Citi Flex Plan subject to such fee based on the Citi Flex Plan duration, the APR that would otherwise apply to the Transaction, and other factors.
For Credit Card Tips from the Consumer Financial Protection Bureau	<b>To learn more about factors to consider when applying for or using a credit card, visit the website of the Consumer Financial Protection Bureau at <a href="http://www.consumerfinance.gov/learnmore">http://www.consumerfinance.gov/learnmore</a>.</b>

Fees	
Annual Fee	No annual fee for this credit card with your paid Costco Membership.
Transaction Fees	
Balance Transfer	Either <b>\$5</b> or <b>5%</b> of the amount of each transfer, whichever is greater.
Cash Advance	Either <b>\$10</b> or <b>5%</b> of the amount of each cash advance, whichever is greater.
Foreign Purchase Transaction	<b>None</b>
Penalty Fees	
Late Payment	Up to <b>\$41</b>
Returned Payment	Up to <b>\$41</b>

**How We Will Calculate Your Balance:** We use a method called "daily balance (including new transactions)."

For more information call Citibank at 1-877-625-6382 (For TTY: Use 711 or other Relay Service). New York residents may contact the New York State Department of Financial Services at (800) 342-3736 or [www.dfs.ny.gov](http://www.dfs.ny.gov) for comparative information on credit card rates, fees and grace periods.

**Payment Allocation:** We may apply the portion of your payments up to your Minimum Payment Due to lower APR balances first. Generally, payments above your Minimum Payment Due will be applied to your highest APR balance first.

**Prime Rate:** The variable rates shown here are accurate based on a 8.5% Prime Rate.

<sup>a</sup> We add 11.99% to 19.99% to the Prime Rate to determine the Purchase/Balance Transfer/Citi Flex Plan APR.

<sup>b</sup> We add 21.99% to the Prime Rate to determine the Cash Advances APR.

<sup>c</sup> We add up to 26.74% to the Prime Rate to determine the Penalty APR.

Variable rate APRs will not exceed 29.99%.

**Note:** Balance Transfers and Flex Plans are made available at our discretion.

## Schedule 4.05(a)(ii)

### Citi Disclosures – Small Business Co-Branded Card

Interest Rates and Interest Charges	
Annual Percentage Rate (APR) for Purchases	<b>20.49% to 28.49%</b> , based on your creditworthiness This APR will vary with the market based on the Prime Rate. <sup>a</sup>
APR for Cash Advances	<b>29.99%</b> This APR will vary with the market based on the Prime Rate. <sup>b</sup>
APR for Citi Flex Plan	<b>20.49% to 28.49%</b> , based on your creditworthiness This APR will vary with the market based on the Prime Rate. <sup>a</sup>
Penalty APR and When it Applies	Up to <b>29.99%</b> , based on your creditworthiness.  This APR will vary with the market based on the Prime Rate. <sup>c</sup>  This APR may be applied to your account if you:  (1) Make a late payment or (2) Make a payment that is returned.  <b>How Long Will the Penalty APR Apply?</b> If your APRs are increased for either of these reasons, the Penalty APR may apply indefinitely.
How to Avoid Paying Interest on Purchases	Your due date is at least 23 days after the close of each billing cycle. We will not charge you interest on purchases if you pay your monthly Citi Flex Plan Payment Amount plus your entire balance, excluding any Citi Flex Plan balances, by the due date each month. If you do not pay your monthly Citi Flex Plan Payment plus your entire balance, excluding any Citi Flex Plan balances, by the due date each month, you will pay interest on your purchases from the date they're posted to your account. We will begin charging interest on cash advances, balance transfers, and Citi Flex Loans on the transaction date. We will begin charging interest on a Citi Flex Pay balance subject to an APR at the start of the billing cycle following the billing cycle during which you created the Citi Flex Pay.
Minimum Interest Charge	If you are charged interest, the charge will be no less than 50 cents.
Plan Fee (Fixed Finance Charge)	A monthly fee of up to <b>1.72%</b> of each Transaction moved to a Citi Flex Plan subject to such fee based on the Citi Flex Plan duration, the APR that would otherwise apply to the Transaction, and other factors.
Fees	
Annual Fee	<b>No annual fee for this credit card with your paid Costco Membership.</b>

<b>Transaction Fees</b>	
Cash Advance	Either <b>\$10</b> or <b>5%</b> of the amount of each cash advance, whichever is greater.
Foreign Purchase Transaction	<b>None</b>
<b>Penalty Fees</b>	
Late Payment	<b>\$41</b>
Returned Payment	<b>\$41</b>

**How We Will Calculate Your Balance:** We use a method called "daily balance (including new transactions)."

**Payment Allocation:** We may apply the portion of your payments up to your Minimum Payment Due to lower APR balances first. Generally, payments above your Minimum Payment Due will be applied to your highest APR balance first.

**Prime Rate:** The variable rates shown here are accurate based on an 8.5% Prime Rate.

<sup>a</sup> We add 11.99% to 19.99% to the Prime Rate to determine the Purchase/Citi Flex Plan APR.

<sup>b</sup> We add 21.99% to the Prime Rate to determine the Cash Advances APR.

<sup>c</sup> We add up to 26.74% to the Prime Rate to determine the Penalty APR.

Variable rate APRs will not exceed 29.99%.

**Note:** Flex Plans are made available at our discretion.



## CERTIFICATIONS

I, Ron M. Vachris, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of Costco Wholesale Corporation ("the registrant");
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 18, 2024

/s/ RON M. VACHRIS

Ron M. Vachris

Chief Executive Officer, President and Director

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## CERTIFICATIONS

I, Gary Millerchip, certify that:

- 1) I have reviewed this Quarterly Report on Form 10-Q of Costco Wholesale Corporation ("the registrant");
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 18, 2024

/s/ GARY MILLERCHIP

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Gary Millerchip

*Executive Vice President and Chief Financial Officer*

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Costco Wholesale Corporation (the Company) on Form 10-Q for the quarter ended November 24, 2024, as filed with the Securities and Exchange Commission (the Report), I, Ron M. Vachris, Chief Executive Officer, President and Director of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the

/s/ RON M. VACHRIS

Date: December 18, 2024

Ron M. Vachris

*Chief Executive Officer, President and Director*

Company.

A signed original of this written statement has been provided to and will be retained by Costco Wholesale Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Costco Wholesale Corporation (the Company) on Form 10-Q for the quarter ended November 24, 2024, as filed with the Securities and Exchange Commission (the Report), I, Gary Millerchip, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the

/s/ GARY MILLERCHIP

Date: December 18, 2024

\_\_\_\_\_  
Gary Millerchip

*Executive Vice President and Chief Financial Officer*

Company.

A signed original of this written statement has been provided to and will be retained by Costco Wholesale Corporation and furnished to the Securities and Exchange Commission or its staff upon request.