

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 23, 2025
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

(State or other jurisdiction of
incorporation or organization)

91-1223280

(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:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
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	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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 10, 2025, was 443,869,411.

COSTCO WHOLESALE CORPORATION
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Item 1—Financial Statements
PART I—FINANCIAL INFORMATION

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

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
REVENUE		
Net sales	\$ 65,978	\$ 60,985
Membership fees	1,329	1,166
Total revenue	67,307	62,151
OPERATING EXPENSES		
Merchandise costs	58,510	54,109
Selling, general and administrative	6,334	5,846
Operating income	2,463	2,196
OTHER INCOME (EXPENSE)		
Interest expense	(35)	(37)
Interest income and other, net	155	147
INCOME BEFORE INCOME TAXES	2,583	2,306
Provision for income taxes	582	508
NET INCOME	\$ 2,001	\$ 1,798
NET INCOME PER COMMON SHARE:		
Basic	\$ 4.51	\$ 4.05
Diluted	\$ 4.50	\$ 4.04
Shares used in calculation (000s):		
Basic	443,961	443,988
Diluted	444,515	444,891

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 23, 2025	November 24, 2024
NET INCOME	\$ 2,001	\$ 1,798
Foreign-currency translation adjustment and other, net	(206)	(324)
COMPREHENSIVE INCOME	<u>\$ 1,795</u>	<u>\$ 1,474</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 23, 2025	August 31, 2025
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 16,217	\$ 14,161
Short-term investments	966	1,123
Receivables, net	3,231	3,203
Merchandise inventories	21,141	18,116
Other current assets	1,856	1,777
Total current assets	43,411	38,380
OTHER ASSETS		
Property and equipment, net	32,616	31,909
Operating lease right-of-use assets	2,730	2,725
Other long-term assets	4,033	4,085
TOTAL ASSETS	\$ 82,790	\$ 77,099
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 23,513	\$ 19,783
Accrued salaries and benefits	5,172	5,205
Accrued member rewards	2,712	2,677
Deferred membership fees	2,990	2,854
Other current liabilities	7,418	6,589
Total current liabilities	41,805	37,108
OTHER LIABILITIES		
Long-term debt, excluding current portion	5,666	5,713
Long-term operating lease liabilities	2,436	2,460
Other long-term liabilities	2,580	2,654
TOTAL LIABILITIES	52,487	47,935
COMMITMENTS AND CONTINGENCIES		
EQUITY		
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; 443,919,000 and 443,237,000 shares issued and outstanding	2	2
Additional paid-in capital	8,408	8,282
Accumulated other comprehensive loss	(1,976)	(1,770)
Retained earnings	23,869	22,650
TOTAL EQUITY	30,303	29,164
TOTAL LIABILITIES AND EQUITY	\$ 82,790	\$ 77,099

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 23, 2025						
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
	Shares (000s)	Amount				
BALANCE AT AUGUST 31, 2025	443,237	\$ 2	\$ 8,282	\$ (1,770)	\$ 22,650	\$ 29,164
Net income	—	—	—	—	2,001	2,001
Foreign-currency translation adjustment and other, net	—	—	—	(206)	—	(206)
Stock-based compensation	—	—	488	—	—	488
Release of vested restricted stock units (RSUs), including tax effects	907	—	(357)	—	—	(357)
Repurchases of common stock	(225)	—	(5)	—	(205)	(210)
Cash dividend declared	—	—	—	—	(577)	(577)
BALANCE AT NOVEMBER 23, 2025	443,919	\$ 2	\$ 8,408	\$ (1,976)	\$ 23,869	\$ 30,303

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 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

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 23, 2025	November 24, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,001	\$ 1,798
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	597	548
Non-cash lease expense	75	72
Stock-based compensation	486	463
Other non-cash operating activities, net	(5)	(72)
Changes in operating assets and liabilities:		
Merchandise inventories	(3,157)	(2,541)
Accounts payable	3,818	2,601
Other operating assets and liabilities, net	873	391
Net cash provided by operating activities	4,688	3,260
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(1,526)	(1,264)
Purchases of short-term investments	(195)	(247)
Maturities of short-term investments	340	541
Other investing activities, net	(17)	(15)
Net cash used in investing activities	(1,398)	(985)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	—	(194)
Proceeds from short-term borrowings	—	133
Tax withholdings on stock-based awards	(357)	(389)
Repurchases of common stock	(210)	(207)
Cash dividend payments	(577)	(515)
Financing lease payments and other financing activities, net	(23)	(21)
Net cash used in financing activities	(1,167)	(1,193)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(67)	(81)
Net change in cash and cash equivalents	2,056	1,001
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	14,161	9,906
CASH AND CASH EQUIVALENTS END OF PERIOD	\$ 16,217	\$ 10,907
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the first 12 weeks of the year for:		
Interest	\$ 43	\$ 44
Income taxes, net	\$ 239	\$ 401
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:		
Financing lease assets obtained in exchange for new or modified leases	\$ 18	\$ 111
Operating lease assets obtained in exchange for new or modified leases	\$ 93	\$ 15
Capital expenditures included in liabilities	\$ 258	\$ 204

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 23, 2025, Costco operated 921 warehouses worldwide: 633 in the United States (U.S.) located in 47 states, Washington, D.C., and Puerto Rico, 112 in Canada, 42 in Mexico, 37 in Japan, 29 in the United Kingdom (U.K.), 20 in Korea, 15 in Australia, 14 in Taiwan, seven in China, five in Spain, three in France, two in Sweden and one each in Iceland and New Zealand. 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 August 31, 2025.

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 2026 is a 52-week year ending on August 30, 2026. References to the first quarter of 2026 and 2025 relate to the 12-week fiscal quarters ended November 23, 2025, and November 24, 2024.

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.

Recent Accounting Pronouncements Not Yet Adopted By The Company

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:

November 23, 2025:	Cost Basis	Unrealized Gains, Net	Recorded Basis
Available-for-sale:			
Government and agency securities	\$ 789	\$ 6	\$ 795
Held-to-maturity:			
Certificates of deposit	171	—	171
Total short-term investments	<u>\$ 960</u>	<u>\$ 6</u>	<u>\$ 966</u>

August 31, 2025:	Cost Basis	Unrealized Gains, Net	Recorded Basis
Available-for-sale:			
Government and agency securities	\$ 783	\$ 3	\$ 786
Held-to-maturity:			
Certificates of deposit	337	—	337
Total short-term investments	<u>\$ 1,120</u>	<u>\$ 3</u>	<u>\$ 1,123</u>

Gross unrealized holding gains and losses on available-for-sale securities were not material for the periods ended November 23, 2025, or August 31, 2025. 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 2026 or 2025.

The maturities of available-for-sale and held-to-maturity securities at November 23, 2025, are as follows:

	Available-For-Sale		Held-To-Maturity
	Cost Basis	Fair Value	
Due in one year or less	\$ 124	\$ 124	\$ 171
Due after one year through five years	476	481	—
Due after five years	189	190	—
Total	<u>\$ 789</u>	<u>\$ 795</u>	<u>\$ 171</u>

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 23, 2025	August 31, 2025
Investment in government and agency securities	\$ 795	\$ 786
Forward foreign-exchange contracts, in asset position ⁽¹⁾	14	6
Forward foreign-exchange contracts, in (liability) position ⁽¹⁾	(3)	(14)
Total	<u>\$ 806</u>	<u>\$ 778</u>

(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 23, 2025, and August 31, 2025, 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 2026 or 2025.

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 2026 or 2025.

Note 4—Debt

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

	November 23, 2025	August 31, 2025
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	751	805
Total long-term debt	5,751	5,805
Less unamortized debt discounts and issuance costs	15	17
Less current portion ⁽¹⁾	70	75
Long-term debt, excluding current portion	<u>\$ 5,666</u>	<u>\$ 5,713</u>

(1) Net of unamortized debt discounts and issuance costs and included in other current liabilities in the accompanying condensed consolidated balance sheets.

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 \$5,342 and \$5,370 at November 23, 2025, and August 31, 2025.

Note 5—Equity*Dividends*

A quarterly cash dividend of \$1.30 per share was declared on October 15, 2025, and paid on November 14, 2025. The dividend was \$1.16 per share in the first quarter of 2025.

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 23, 2025, the remaining amount available under the program was \$1,752. The following table summarizes the repurchase activity:

	Shares Repurchased (000s)	Average Price per Share	Total Cost
First quarter of 2026	225	\$ 932.02	\$ 210
First quarter of 2025	230	\$ 899.23	\$ 206

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 15,885,000 RSUs. The Company issues new shares of common stock upon vesting and settlement 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 23, 2025, 5,199,000 shares were available to be granted as RSUs, and the following awards were outstanding:

- 1,972,000 time-based RSUs, which vest upon continued employment over specified periods. Some of these RSUs accelerate upon achievement of a long-service term;
- 60,000 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
- 67,000 performance-based RSUs granted to executive officers, subject to achievement of performance targets for 2026, 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 2026:

	Number of Units (in 000s)	Weighted-Average Grant Date Fair Value
Outstanding at August 31, 2025	2,308	\$ 597.00
Granted	1,020	934.80
Vested and delivered	(1,285)	669.77
Forfeited	(11)	644.61
Outstanding at November 23, 2025	2,032	\$ 720.32

The remaining unrecognized compensation cost related to RSUs unvested at November 23, 2025, was \$1,355, and the weighted-average period over which this cost will be recognized is 1.7 years.

Summary of Stock-Based Compensation

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

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Stock-based compensation expense	\$ 486	\$ 463
Less recognized income tax benefits	117	101
Stock-based compensation expense, net	\$ 369	\$ 362

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 23, 2025	November 24, 2024
Net income	\$ 2,001	\$ 1,798
Weighted average basic shares	443,961	443,988
RSUs	554	903
Weighted average diluted shares	444,515	444,891
Anti-dilutive RSUs	77	—

Anti-dilutive shares are excluded from the calculation of diluted shares and earnings per diluted share because their impact would increase earnings per diluted shares.

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 some matters 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. The motion was granted on December 18, 2024.

In August 2024, an employee filed an action under PAGA against the Company, alleging claims for penalties for various alleged violations of the California Labor Code. *Nader v. Costco* (No. CV-24-006198; Stanislaus County Superior Court). An amended complaint was filed in November 2024. In February 2025 the court granted the Company's motion to strike portions of the complaint. The plaintiff filed a further amended complaint; the Company's motion to strike a portion of this complaint was granted on May 13, 2025. The Company's motion to stay the action was granted on November 13, 2025.

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 except for a small number that have been resolved for immaterial amounts.

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. C23-02416, 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 ano., 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.

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.

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, Sweden, Iceland and New Zealand. Reportable segments are largely based on management's organization of the operating segments for operational decisions and assessments of financial performance, which considers 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 August 31, 2025, and [Note 1](#) above. Inter-segment net sales and expenses, including royalties, have been eliminated in computing total revenue and operating income.

The chief operating decision maker (CODM) is the Company's President and Chief Executive Officer. The CODM utilizes operating income, as reported in the condensed consolidated statement of income, along with internal management reports, in evaluating performance and allocating resources.

The following table provides the revenue, significant expenses, and operating income for the Company's reportable segments:

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
United States		
Total revenue	\$ 48,569	\$ 45,088
Merchandise costs	42,132	39,148
Selling, general and administrative expenses	4,821	4,442
Operating income	\$ 1,616	\$ 1,498
Canada		
Total revenue	\$ 9,073	\$ 8,404
Merchandise costs	7,897	7,341
Selling, general and administrative expenses	742	701
Operating income	\$ 434	\$ 362
Other International		
Total revenue	\$ 9,665	\$ 8,659
Merchandise costs	8,481	7,620
Selling, general and administrative expenses	771	703
Operating income	\$ 413	\$ 336
Total		
Total revenue	\$ 67,307	\$ 62,151
Merchandise costs	58,510	54,109
Selling, general and administrative expenses	6,334	5,846
Operating income	2,463	2,196
Other income ⁽¹⁾	120	110
Income before income taxes	\$ 2,583	\$ 2,306

(1) Other income consists of interest expense and interest income and other, net.

The following table provides depreciation and amortization and additions to property and equipment for the Company's reportable segments:

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
United States		
Depreciation and amortization	\$ 464	\$ 428
Additions to property and equipment	1,176	914
Canada		
Depreciation and amortization	\$ 49	\$ 45
Additions to property and equipment	190	187
Other International		
Depreciation and amortization	\$ 84	\$ 75
Additions to property and equipment	160	163
Total		
Depreciation and amortization	\$ 597	\$ 548
Additions to property and equipment	1,526	1,264

The following table provides property and equipment, net and total assets for the Company's reportable segments:

	November 23, 2025	August 31, 2025
United States		
Property and equipment, net	\$ 23,530	\$ 22,790
Total assets	59,701	54,862
Canada		
Property and equipment, net	\$ 3,012	\$ 2,930
Total assets	7,440	7,304
Other International		
Property and equipment, net	\$ 6,074	\$ 6,189
Total assets	15,649	14,933
Total		
Property and equipment, net	\$ 32,616	\$ 31,909
Total assets	82,790	77,099

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 23, 2025	November 24, 2024
Foods and Sundries	\$ 26,943	\$ 25,062
Non-Foods	17,440	16,171
Fresh Foods	9,016	8,218
Warehouse Ancillary and Other Businesses	12,579	11,534
Total net sales	\$ 65,978	\$ 60,985

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 fee changes, signups, and 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 MD&A in our fiscal year 2025 Form 10-K, which was filed with the Securities and Exchange Commission on October 8, 2025.

We operate membership warehouses and e-commerce sites based on the concept that offering 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. The 2% reward associated with Executive membership reduces net sales and is allocated to the category in which the reward is generated (core merchandise categories, warehouse ancillary, and

other businesses). Comparable sales is defined as net sales from warehouses open for more than one year, including remodels, relocations and expansions, and digitally-enabled businesses operating for more than one year. Starting this quarter, we changed our e-commerce comparable sales metric to digitally-enabled comparable sales. This metric represents sales delivered to members that are initiated through a digital device, whether fulfilled through a warehouse or a distribution center, as well as Costco Travel. 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 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, sourcing in the countries and regions where items are sold, 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.

Government actions in various countries relating to tariffs 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 are more likely to adversely impact rather than improve our results.

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.

We also achieve net sales growth by opening new warehouses. As our warehouse base grows and available and desirable sites become more difficult to secure, 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 integral to 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 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. 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 is adversely impacted by membership growth in newer international markets and a higher penetration of memberships sold online, including through digital membership promotions, which renew at a slightly lower rate on average.

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 models are generally the same across our U.S., Canadian, and Other International operating segments (see [Note 9](#) to the condensed 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 2026 and 2025 relate to the 12-week fiscal quarters ended November 23, 2025, and November 24, 2024. Certain percentages presented are calculated using actual results prior to rounding.

Highlights for the first quarter of 2026 versus 2025 include:

- We opened eight new warehouses, including one relocation, for a total of seven net new warehouses: four in the U.S., two in our Canadian segment, and one in our Other International segment, compared to seven new warehouses, including one relocation;
- Net sales increased 8% to \$65,978, driven by an increase in comparable sales and sales at 25 net new warehouses opened since the end of the first quarter of 2025;
- Membership fee revenue increased 14% to \$1,329, primarily driven by membership fee increases and new member sign-ups;
- Gross margin as a percentage of net sales and excluding the impact of gasoline price deflation increased four basis points;
- SG&A expenses as a percentage of net sales and excluding the impact of gasoline price deflation increased one basis point;
- The effective tax rate was 22.5%, compared to 22.0%;
- Net income increased to \$2,001, \$4.50 per diluted share, compared to \$1,798, \$4.04 per diluted share; and
- A quarterly cash dividend of \$1.30 per share was declared on October 15, 2025, and paid on November 14, 2025.

RESULTS OF OPERATIONS

Net Sales

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Net Sales	\$ 65,978	\$ 60,985
Increases in net sales:		
U.S.	8 %	8 %
Canada	8 %	6 %
Other International	12 %	7 %
Total Company	8 %	8 %
Increases in comparable sales:		
U.S.	6 %	5 %
Canada	7 %	6 %
Other International	9 %	5 %
Total Company	6 %	5 %
Increases in comparable sales excluding the impact of changes in foreign-currency and gasoline prices:		
U.S.	6 %	7 %
Canada	9 %	7 %
Other International	7 %	7 %
Total Company	6 %	7 %

Net sales increased \$4,993 or 8% during the first quarter of 2026. The improvement was primarily attributable to an increase in comparable sales of \$3,879 or 6%. Comparable sales were positively impacted by increases of approximately 3% in shopping frequency and average ticket. The remaining increase was driven by sales at the 25 net new warehouses opened since the end of the first quarter of 2025.

Digitally-enabled comparable sales increased 21% with and without the impact of changes in foreign-currencies.

Sales increased \$3,948 or 8% in core merchandise categories, increasing in all categories. Sales increased \$1,045 or 9% in warehouse ancillary and other businesses.

The volume of gasoline sold increased approximately 4%, positively impacting net sales by \$234, or 38 basis points. Lower gasoline prices negatively impacted net sales by five basis points.

Changes in foreign-currencies relative to the U.S. dollar attributable to our Other International operations, partially offset by our Canadian operations, positively impacted net sales by six basis points.

Membership Fees

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Membership fees	\$ 1,329	\$ 1,166
Total paid members (000s)	81,400	77,400
Total cardholders (000s)	145,900	138,800

Membership fee revenue increased 14%, driven by membership fee increases and new member sign-ups. At the end of the first quarter of 2026, our renewal rates were 92.2% in the U.S. and Canada and 89.7% worldwide. Renewal rates were negatively impacted by a higher number of memberships sold online, including through digital promotions, entering the renewal rate calculation. These memberships renew at a slightly lower rate on average.

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. The fee income increase accounted for slightly less than half of membership income growth during the first quarter of 2026.

Gross Margin

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Net sales	\$ 65,978	\$ 60,985
Less merchandise costs	58,510	54,109
Gross margin	\$ 7,468	\$ 6,876
Gross margin percentage	11.32 %	11.28 %

Quarterly Results

Gross margin as a percentage of net sales increased by four basis points, and increased by the same amount when excluding the impact of gasoline price deflation. This increase was positively impacted by seven basis points in our warehouse ancillary and other businesses, primarily due to pharmacy and hearing aids. Gross margin percentage was negatively impacted by three basis points due to a smaller LIFO benefit in the first quarter of 2026 compared to the first quarter of 2025. Margin in our core merchandise categories was flat.

The gross margin in core merchandise categories, when expressed as a percentage of core merchandise sales (rather than total net sales), increased 30 basis points. The increase was across all categories. 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), decreased in our U.S. segment due to a smaller LIFO benefit and core merchandise categories, partially offset by warehouse ancillary and other businesses. Our Canadian segment gross margin percentage increased, primarily due to increases in warehouse ancillary and other businesses. Gross margin increased in our Other International segment, primarily due to increases in warehouse ancillary and other businesses and core merchandise categories.

Selling, General and Administrative Expenses

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
SG&A expenses	\$ 6,334	\$ 5,846
SG&A expenses as a percentage of net sales	9.60 %	9.59 %

Quarterly Results

SG&A expenses as a percentage of net sales increased by one basis point, and increased by the same amount when excluding the impact of gasoline price deflation. Compared to last year, results were negatively impacted by four basis points attributable to a charge related to a tax assessment for prior

years, and one basis point from warehouse operations and other businesses. Preopening costs were also higher by one basis point. Central operating costs and stock compensation had favorable impacts of three and two basis points, respectively. SG&A expenses as a percentage of net sales were higher in our U.S. segment and lower in our Canadian and Other International segments.

Interest Expense

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Interest expense	\$ 35	\$ 37

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

Interest Income and Other, Net

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Interest income	\$ 122	\$ 96
Foreign-currency transaction gains, net	25	43
Other, net	8	8
Interest income and other, net	\$ 155	\$ 147

The increase in interest income in the first quarter of 2026 was due to higher cash balances, partially offset by 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 August 31, 2025.

Provision for Income Taxes

	12 Weeks Ended	
	November 23, 2025	November 24, 2024
Provision for income taxes	\$ 582	\$ 508
Effective tax rate	22.5 %	22.0 %

The effective tax rate for the first quarter of 2026 and 2025 was favorably impacted by discrete tax benefits of \$72 and \$100 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 23, 2025	November 24, 2024
Net cash provided by operating activities	\$ 4,688	\$ 3,260
Net cash used in investing activities	(1,398)	(985)
Net cash used in financing activities	(1,167)	(1,193)

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 \$17,183 and \$15,284 at November 23, 2025, and August 31, 2025. Of these balances, unsettled credit and debit card receivables

represented approximately \$3,095 and \$2,670 at November 23, 2025, and August 31, 2025. 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 positions 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 that 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 \$4,688 in the first quarter of 2026, compared to \$3,260 in the first quarter of 2025. Our cash flow provided by operations is primarily from net sales and membership fees. Cash flow used in operations generally consists of payments to 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, and early payments to obtain discounts.

Cash Flows from Investing Activities

Net cash used in investing activities totaled \$1,398 in the first quarter of 2026, compared to \$985 in the first quarter of 2025, 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 2026, we spent \$1,526 on capital expenditures, and it is our current intention to spend approximately \$6,500 during fiscal 2026. These expenditures are expected to be financed with cash from operations, cash and cash equivalents, and short-term investments. We opened eight new warehouses, including one relocation, in the first quarter of 2026, and plan to open 25 additional new warehouses, including four relocations, in the remainder of fiscal 2026. 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 \$1,167 in the first quarter of 2026, compared to \$1,193 in the first quarter of 2025. Cash flow used in financing activities during the first quarter of 2026 was primarily related to the payment of dividends, withholding taxes on stock-based awards, and repurchases of common stock.

Dividends

A quarterly cash dividend of \$1.30 per share was declared on October 15, 2025, and paid on November 14, 2025.

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 2026 and 2025, we repurchased 225,000 and 230,000 shares of common stock, at an average price per share of \$932.02 and \$899.23, totaling approximately \$210 and \$206. 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 \$1,752 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 23, 2025, we had borrowing capacity under these facilities of \$1,320. Our international operations maintain \$821 of this capacity under bank credit facilities, of which \$188 is guaranteed by the Company. Short-term borrowings outstanding under the bank credit facilities, which are included in other current liabilities on the condensed consolidated balance sheets, were immaterial at the end of the first quarter of 2026 and at the end of 2025.

We have letter of credit facilities, for commercial and standby letters of credit, totaling \$227. The outstanding commitments under these facilities at the end of the first quarter of 2026 totaled \$193, 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 August 31, 2025. 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 August 31, 2025.

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 23, 2025, 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 2026 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 August 31, 2025. 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 2026 (amounts in millions, except share and per share data):

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs ⁽¹⁾	Maximum Dollar Value of Shares that May Yet be Purchased Under the Programs ⁽¹⁾
September 1, 2025 — September 28, 2025	74,000	\$ 952.37	74,000	\$ 1,892
September 29, 2025 — October 26, 2025	75,000	928.84	75,000	1,822
October 27, 2025 — November 23, 2025	76,000	915.59	76,000	1,752
Total first quarter	225,000	\$ 932.02	225,000	

(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	Articles of Incorporation as amended of Costco Wholesale Corporation		10-K	8/28/2022	10/5/2022
3.2	Bylaws as amended of Costco Wholesale Corporation		8-K		9/20/2024
10.1*	Fiscal 2026 Executive Bonus Plan		8-K		10/20/2025
10.2*	Executive Employment Agreement effective January 1, 2026, between Ron Vachris and Costco Wholesale Corporation	x			
10.3*	2019 Stock Incentive Plan Restricted Stock Unit Award Agreement - U.S. Employee (for awards granted beginning in October 2025)	x			
10.4*	2019 Stock Incentive Plan Restricted Stock Unit Award Agreement - Non-U.S. Employee (for awards granted beginning in October 2025)	x			
31.1	Rule 13(a) – 14(a) Certifications	x			
32.1**	Section 1350 Certifications				
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.

** Furnished herewith.

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 17, 2025</u>	By	<u>/s/ RON M. VACHRIS</u>
Date		Ron M. Vachris
		<i>President and Chief Executive Officer</i>
<u>December 17, 2025</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, 2026 (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, 2026 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 \$1,250,000.

(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 and Executive Chief Operating Officer

COSTCO WHOLESALE CORPORATION
RESTRICTED STOCK UNIT AWARD AGREEMENT
U.S. PARTICIPANTS

1. **Grant of Stock Units.** You are hereby granted Stock Units covering the number of shares of Costco Wholesale Corp. (the "Company") common stock (the "Shares") specified in the Grant Detail made available electronically in connection with the grant (the "Detail"). By accepting this grant and shares delivered under the grant, you acknowledge and agree that this grant is subject to the terms and conditions of this Agreement and of the Costco Wholesale Corporation 2019 Stock Incentive Plan (the "Plan"), which is incorporated here by reference and a copy of which can be found on the Company's internal website or obtained through the Financial Planning Department.

2. **Vesting Schedule and Delivery of Shares.**

(a) The Stock Units are not Shares; they will be converted into Shares when the Stock Units are settled after vesting. Any Stock Units that have not vested under this Agreement and the Detail shall be forfeited. Generally, Stock Units will settle and be issued as Shares on the anniversary of the grant date under the schedule set forth in the Detail. You will receive the Shares within 10 business days of the vesting date. Fractional shares will be rounded to the nearest thousandth (three decimals). A portion of your Shares will be withheld to cover taxes.

(b) The provisions of this Section 2(b) apply to Stock Units with a Five-Year Vesting Period as set out in the Detail ("5YR Stock Units"):

i. Active employees who attain 25 or more years of service shall qualify for accelerated vesting: one-third of the then unvested 5YR Stock Units for 25 or more years of service; two-thirds of the newly granted 5YR Stock Units for 30 or more years of service or one-half of the then unvested 5YR Stock Units for those grants which have already received the accelerated vesting related to the 25 years of service; and all of the newly granted or then unvested 5YR Stock Units for 35 or more years of service. Long-service periods required for accelerated vesting require continuous years of service for persons first receiving grants in or after October 2013. Following this accelerated vesting, any unvested 5YR Stock Units shall vest on a pro rata basis over the remaining term of the grant at the dates set forth in the Detail. For example:

(1) If you receive on October 22 a grant of 6,000 5YR Stock Units and attain 25 years of service on the following April 15, at the next October 22 you will vest as to 1,200 5YR Stock Units for the normal annual vesting (one-fifth times 6,000) and as to an additional 1,600 5YR Stock Units due to years of service (6,000 minus 1,200 times one-third).

(2) If you receive a grant of 6,000 5YR Stock Units and had attained 25 years of service prior to the October 22 grant date, you would receive 2,000 5YR Stock Units (6,000 times one-third) on the date of grant. If on the following April 15, you attained 30 years of service, then on the following October 22, you would receive 800 5YR Stock Units for the normal annual vesting

(6,000 minus 2,000 times one-fifth), and an additional 1,600 5YR Stock Units due to years of service (6,000 minus 2,800 times one-half).

ii. If your employment is terminated other than for cause, you will vest in additional 5YR Stock Units as set forth below. For purposes of this subparagraph (ii), the quarterly dates are January 22; April 22; July 22 and October 22.

(1) Except in the case of years when a new accelerated vesting threshold (25, 30, or 35 years of service) is or would be reached, for each complete quarter that has passed since the anniversary of the grant date you will vest in 25% of the 5YR Stock Units that were scheduled to vest during that grant year. For example, if you receive a grant on October 22 of 6,000 5YR Stock Units and you terminate on the next April 23 (two quarters later) you will vest as to 600 5YR Stock Units (one-fifth times 6,000 times two-fourths). You will receive Shares within 90 days of termination but no later than 10 business days after the vesting date on the grant anniversary.

(2) If you terminate after the grant date and have by the end of the immediately preceding calendar quarterly vesting date attained the required years of service, you will receive the pro rata number of Shares that have vested under the normal annual vesting and the Shares that you have qualified for based on accelerated vesting within 90 days of your termination, but no later than 10 business days after the vesting date on the grant anniversary. If under the example above you had received a grant of 6,000 5YR Stock Units and had already attained 25 years of service prior to the date of grant, attained 30 years of service on the following April 15, and terminated on August 30, you would receive 600 5YR Stock Units as a result of your pro rata number of Shares from normal annual vesting (6,000 minus 2,000 times one-fifth times three-fourths), and an additional 1,700 5YR Stock Units due to years of service (6,000 minus 2,600 times one-half).

(3) If you terminate before the end of the first quarterly date (January 22), you will not vest in any otherwise unvested Shares. For example, if you receive a grant on October 22 of 6,000 5YR Stock Units and you attain 25-years of service on December 1, and you terminate on December 2, you would not receive any 5YR Stock Units from that award.

(c) The provisions of this Section 2(c) apply to Stock Units with a Three-Year Vesting Period as set out in the Detail ("3YR Stock Units"):

i. No portion of the 3YR Stock Units will vest on an accelerated basis due to years of service. All 3YR Stock Units shall vest solely in accordance with the terms of this Agreement and the Detail.

ii. If your employment is terminated other than for cause, you will vest in additional 3YR Stock Units as set forth below. For purposes of this subparagraph (ii), the quarterly dates are: January 22; April 22; July 22 and October 22.

(1) For each complete quarter that has passed since the anniversary of the grant date you will vest in 25% of the 3YR Stock Units that were scheduled to vest during that grant year. For example, if you receive a grant on October 22 of 6,000 3YR Stock Units and you terminate on the next April 23 (two quarters later) you will vest as to 1,000

3YR Stock Units (one-third times 6,000 times two-fourths). You will receive Shares within 90 days of termination but no later than 10 business days after the vesting date on the grant anniversary.

- (2) If you terminate before the end of the first quarterly date (January 22), you will not vest in any otherwise unvested Shares. For example, if you receive a grant on October 22 of 6,000 3YR Stock Units, and you terminate on December 2, you would not receive any 3YR Stock Units from that award.

(d) For purposes of Sections 2(b) and (c), you will be treated as continuing in employment for a number of days following Termination (as defined in Section 8(h)) equal to the number of days of unused vacation available to you but no more than a maximum of six week (30 business days). If an anniversary of the grant date occurs during the vacation period, you will vest and be paid 10 business days after the anniversary date of the grant.

(e) Accelerated vesting will occur at death. That vesting will be 100% if at the time of death you were an officer at the Assistant Vice President level or above or if you have ten or more years of service. In any other case, that vesting will be 50% if you were employed at the time of death (after giving credit for the quarterly vesting applied for terminations). Shares will be distributed within 90 days of death.

(f) No further vesting (including without limitation any accelerated vesting) shall occur if you are terminated for cause.

(g) Vesting shall continue during a leave of absence; provided, however, that the Administrator has the discretion to cancel Stock Units or forfeit vesting in connection with a leave of absence. No continued vesting or Administrator action taken in connection with vesting during a leave shall have the effect of creating a deferral of compensation for purposes of Internal Revenue Code Section 409A.

(h) If you voluntarily or involuntarily experience a change to employment status or to a position in the Company that is not eligible for a Stock Unit grant or is eligible for a lesser number of Stock Units, except as otherwise determined by the Administrator, vesting shall cease at the time of such change or occur at the lesser number associated with the new position; in connection with the change in status or position, at the anniversary of the grant you will vest at your prior position award level based on the number of full quarters of service since the prior grant date anniversary achieved at that position prior to the change in status.

3. **Internal Revenue Code Section 409A.** This Stock Unit Agreement is intended to be exempt from Section 409A as a short-term deferral, and the payment dates provided for in section 2 shall in all events occur within the short-term deferral period provided for in section 409A. Should a deferral of compensation nonetheless occur, the Agreement will be interpreted in a manner that complies with Section 409A, including the six-month delay applicable to specified employees.

4. **No Shareholder Rights.** Stock Units represent hypothetical Shares. Until the Stock Units vest and Shares, if any, are issued, you shall not be entitled to any of the rights or benefits generally accorded to shareholders. Unless otherwise determined by the Administrator, delivery

of Shares shall be effected by book-entry credit to a custody account (the "Custody Account") maintained by you with a Custodian designated by the Company. You shall be the beneficial owner of any Shares properly credited to the Custody Account. You shall have no right to any dividend or distribution or vote or other shareholder rights with respect to such Shares if the record date is prior to the date the Custody Account is properly credited with the Shares.

5. **Taxes.**

(a) For tax and withholding purposes, the value of any Shares issued shall be determined based on the closing stock price on the date of vesting, regardless of when the Shares are actually credited to a Custody Account. You shall be liable for any and all taxes, including (without limitation) withholding taxes, interest or penalties arising out of this grant, the vesting of Stock Units, any violation of section 409A that impacts this Stock Unit, or the transfer of Shares or other property in settlement of the Stock Units. In the event that the Company or the Employer (as defined below) is required to withhold taxes as a result of the grant or vesting of Stock Units, the transfer of Shares or other property in settlement of the Stock Units, or any subsequent sale of Shares issued in settlement of such Stock Units, you shall surrender a sufficient number of whole Shares as necessary to cover all required withholding taxes and required social security contributions at the time the restrictions on the Stock Units lapse. To the extent that any surrender of Shares for payment is insufficient, you authorize the Company and its Affiliates, which are qualified to deduct tax at source, to deduct all applicable required withholding taxes and social security contributions from your compensation. You agree to pay the Company any amounts that cannot be satisfied from wages or other cash compensation, to the extent permitted by law.

(b) Regardless of any action the Company or your employer (the "Employer") takes with respect to any or all income tax, social security, payroll tax, payment on account, other tax-related withholding or information reporting ("Tax-Related Items"), you acknowledge and agree that the ultimate liability for all Tax-Related Items legally due by Employee is and remains your responsibility and that the Company and the Employer: (i) make no representations nor undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this grant of Stock Units, including the vesting of Stock Units, subsequent payment of Shares related to such Stock Units or the subsequent sale of any Shares acquired pursuant to such Stock Units; and (ii) do not commit to structure the terms or any aspect of this grant of Stock Units to reduce or eliminate your liability for Tax-Related Items. The Company may refuse to deliver Shares if you fail to comply with your obligations in connection with the Tax-Related Items.

6. **Data Privacy Consent.** You consent, to the extent applicable law requires consent, to the collection, use and transfer, in electronic or other form, of your personal data by and among, the Company and its Affiliates for the exclusive purpose of administering your participation in the Plan. You understand that the Company, the Employer and their Affiliates hold certain personal information about you, including your name, home address and telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or by the Employer, details of any entitlement to shares of stock awarded, canceled, purchased, exercised, vested, unvested or outstanding in your favor for the purpose of administering the Plan ("Data"). You understand that

the Data may be transferred to third parties assisting in the administration of the Plan, that these recipients may be located in your country or elsewhere, and that the recipient country may have different data privacy laws and protections than your country. You may request a list with the names and addresses of any potential recipients of the Data, request information as to the nature of the Data provided to other parties, and withdraw in writing the consent contained in this section, all by contacting the Financial Planning Department, and understands that refusing or withdrawing consent may affect his ability to participate in the Plan.

7. **Plan Information.** You acknowledge receipt of copies of the Plan and the Plan prospectus from the Company and agree to receive shareholder information, including copies of any annual report, proxy statement and periodic report, from the investor relations section of the Company's website at <http://www.costco.com>. You acknowledge that copies of the Plan, Plan prospectus, Plan information and shareholder information are also available upon written or telephonic request to the Financial Planning Department, 999 Lake Drive, Issaquah, WA 98027.

8. **Acknowledgment and Waiver.** In accepting the Company's grant of Stock Units and any Shares delivered under the grant, you expressly acknowledge and agree that:

(a) the Plan is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time unless otherwise provided in the Plan or this Agreement; and that the grant of Stock Units is discretionary and does not create any contractual or other right to receive future grants of Awards or other benefits in lieu of Awards, even if Awards have been granted repeatedly in the past;

(b) the Plan is operated and the Stock Units are granted solely by the Company and only the Company is a party to this Agreement; accordingly, any rights you have under this Agreement, including any rights related to the issuance of Shares pursuant to the Stock Units, may be raised only against the Company but not any Affiliate;

(c) your participation in the Plan shall not create a right to further employment with the Company, does not create an employment contract with the Company, and shall not interfere with the ability of the Company to terminate or modify your employment relationship at any time, with or without cause, insofar as permitted by law;

(d) the Stock Units and resulting benefits are an extraordinary item that is outside the scope of your employment contract, if any, and are not part of normal or expected compensation or salary for any purposes, including for purposes of calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, holiday pay, long-service awards, pension or retirement benefits or similar payments insofar as permitted by law;

(e) all decisions with respect to future equity awards, if any, shall be at the sole discretion of the Company;

(f) the future value of the Shares is unknown, may increase or decrease from the date of grant or vesting of the Stock Unit, and cannot be predicted;

(g) in consideration of the award of the Stock Units, no claim or entitlement to compensation or damages shall arise from (i) termination of this grant of Stock Units or diminution in value of the Stock Units, or Shares, if any, issued through the settlement of the Stock Units, resulting from your Termination (for any reason whatsoever, whether or not later found to be invalid or in breach of applicable labor laws of the jurisdiction where you are employed or the terms of your employment agreement, if any); and (ii) the forfeiture or cancellation of the Stock Units and/or recoupment of any Shares, cash, or other benefits acquired under the Plan resulting from the application of any recoupment policy pursuant to section 10 of this Agreement, or any recovery or clawback policy otherwise required by applicable laws, rules, regulations or stock exchange listing standards; and in consideration of the grant of the Stock Units, you agree not to institute any claim against the Company or its Affiliates; if, notwithstanding the foregoing, any such claim is found by a court or tribunal of competent jurisdiction to have arisen, then, by accepting this Agreement, you shall be deemed to have irrevocably waived your entitlement to pursue or seek remedy for any such claim; and

(h) upon your Termination (whether or not such Termination constitutes a breach of local labor laws), your right to receive benefits shall be only as set forth in this Agreement; your Termination shall be effective on the date reasonably anticipated by the Company and you, that you will no longer be employed at a level equal to or greater than 21% percent of his average level of services over the immediately preceding 36-month period. Your Termination will not be extended by any notice period mandated under local law (e.g., active employment would not include a period of "garden leave" or similar period pursuant to local law); and the Company shall have the exclusive discretion to determine when you have terminated active employment for purposes of this grant of Stock Units.

9. **Miscellaneous.**

(a) Stock Units shall not be sold, encumbered, pledged or otherwise disposed of, whether voluntarily or by operation of law. The Company shall not be required to treat as the owner of Stock Units, or associated benefits hereunder, any transferee to whom such Stock Units or benefits shall have been so transferred in violation of this Agreement.

(b) The parties agree to execute such further instruments and to take such action as may reasonably be necessary to carry out the intent of this Agreement.

(c) Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon delivery to you at your address then on file with the Company.

(d) The Plan and this Agreement and the Detail constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements between the Company and you with respect to that subject matter and may not be modified adversely to your interest except by means of a writing signed by the Company and you. This Agreement is governed by the laws of the State of Washington. In the event of any conflict between the terms and provisions of the Plan and this Agreement, the Plan terms and provisions shall govern (subject to section 9(e)). Capitalized terms used but not defined in this Agreement have the meanings assigned to them in the Plan. Certain other important terms

governing this contract are contained in the Plan. If issues of interpretation arise under any documents, the judgment of the Administrator shall be final.

(e) To the extent the Company determines that this Agreement is subject to Section 409A, but does not conform with the requirements thereof, the Company may at its sole discretion amend or replace the Agreement to cause the Agreement to comply with Internal Revenue Code Section 409A.

(f) The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

10. **Recoupment.** Notwithstanding any other provision of your Agreement, any Shares acquired and any amount received with respect to any sale of such Shares are subject to potential cancellation, recoupment, rescission, payback or other action, as applicable, in accordance with the terms of the Recoupment Policy as may be amended from time to time to comply with changes in laws, rules or regulations that are applicable to such Stock Units. (The current recoupment policy is reflected in paragraph 24 of the Company's Corporate Governance Guidelines, which can be found on the Investor Relations site.) You agree to the Company's enforcement of the Recoupment Policy and any related provision of applicable law without further consent or action being required by you. Without limitation, you authorize the Company to issue instructions, on your behalf, to any brokerage firm and/or third-party administrator engaged by the Company to hold your Shares (or, if applicable, other amounts) acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company.

PLEASE RETAIN THIS AGREEMENT FOR YOUR RECORDS

OCT 2025 Rev.

COSTCO WHOLESALE CORPORATION
RESTRICTED STOCK UNIT AWARD AGREEMENT
NON-U.S. PARTICIPANTS

1. **Grant of Stock Units.** You are hereby granted Stock Units covering the number of shares of Costco Wholesale Corp. (the “Company”) common stock (the “Shares”) specified in the Grant Detail made available electronically in connection with the grant (the “Detail”). By accepting this grant and Shares (or, if applicable, cash) delivered under the grant, you acknowledge and agree that this grant is subject to the terms and conditions of this Agreement and of the Costco Wholesale Corporation 2019 Stock Incentive Plan (the “Plan”), which is incorporated here by reference and a copy of which can be found on the Company's internal website or obtained through the Financial Planning Department. For purposes of this Agreement and to the extent you are employed by an Affiliate of the Company, all references to “Company” include the Affiliate that employs you at the applicable time.

2. **Vesting Schedule and Delivery of Shares.**

(a) The Stock Units are not Shares; subject to the provisions of an applicable Addendum (as defined in Section 14), they will be converted into Shares when the Stock Units are settled after vesting. Any Stock Units that have not vested according to the terms of this Agreement and the Detail shall be forfeited. Generally, Stock Units will settle on the anniversary of the grant date under the schedule set forth in the Detail. You will receive your entitlement under the Stock Units within 10 business days of the vesting date. Fractional shares will be rounded to the nearest thousandth (three decimals). A portion of your entitlement under the Stock Units may be withheld to cover applicable income taxes and social insurance contributions as provided in Section 5.

(b) The provisions of this Section 2(b) apply to Stock Units with a five-year vesting period as set out in the Detail (“5YR Stock Units”):

i. Active employees who attain 25 or more years of service shall qualify for accelerated vesting: one-third of the then unvested 5YR Stock Units for 25 or more years of service; two-thirds of the newly granted 5YR Stock Units for 30 or more years of service or one-half of the then unvested 5YR Stock Units for those grants which have already received the accelerated vesting related to the 25 years of service; and all of the newly granted or then unvested 5YR Stock Units for 35 or more years of service. Long-service periods required for accelerated vesting require continuous years of service. Long-service periods required for accelerated vesting require continuous years of service for persons first receiving grants on or after October 2013. Following this accelerated vesting, any unvested 5YR Stock Units shall vest on a pro rata basis over the remaining term of the grant at the dates set forth in the Detail. For example:

(1) If you receive on October 22 a grant of 6,000 5YR Stock Units and attain 25 years of service on the following April 15, at the next October 22 you will vest as to 1,200 5YR Stock Units for the normal annual vesting (one-fifth times 6,000) and as to an additional 1,600 5YR Stock Units due to years of service (6,000 minus 1,200 times one-third).

(2) If you receive the same grant of 6,000 5YR Stock Units and had attained 25 years of service prior to the October 22 grant date, you would receive 2,000 5YR Stock Units (6,000

times one-third) on the date of grant. If on the following April 15, you attained 30 years of service, then on the following October 22, you would receive 800 5YR Stock Units for the normal annual vesting (6,000 minus 2,000 times one-fifth), and an additional 1,600 5YR Stock Units due to years of service (6,000 minus 2,800 times one-half).

ii. If your employment is terminated other than for cause, you will vest in additional 5YR Stock Units as set forth below. For purposes of this subparagraph (ii), the quarterly dates are: January 22; April 22; July 22 and October 22.

(1) Except in the case of years when a new accelerated vesting threshold (25, 30, or 35 years of service) is or would be reached, for each complete quarter that has passed since the anniversary of the grant date you will vest in 25% of the 5YR Stock Units that were scheduled to vest during that grant year. For example, if you receive a grant on October 22 of 6,000 5YR Stock Units and you terminate on the next April 23 (two quarters later) you will vest as to 600 5YR Stock Units (one-fifth times 6,000 times two-fourths). You will receive Shares within 90 days of termination but no later than 10 business days after the vesting date on the grant anniversary.

(2) If you terminate after the grant date and have by the end of the immediately preceding calendar quarterly vesting date attained the required years of service, you will receive the pro rata number of Shares that have vested under the normal annual vesting and the Shares that you have qualified for based on accelerated vesting within 90 days of your termination, but no later than 10 business days after the vesting date on the grant anniversary. If under the example above, you had received a grant of 6,000 5YR Stock Units and had already attained 25 years of service prior to the date of grant, attained 30 years of service on the following April 15, and terminated on August 30, you would receive 600 5YR Stock Units as a result of your pro rata number of Shares from normal annual vesting (6,000 minus 2,000 times one-fifth times three-fourths), and an additional 1,700 5YR Stock Units due to years of service (6,000 minus 2,600 times one-half).

(3) If you terminate before the end of the first quarterly date (January 22), you will not vest in any otherwise unvested Stock Units. For example, if you receive a grant on October 22 of 6,000 5YR Stock Units and you attain 25-years of service on December 1, and you terminate on December 2, you would not receive any 5YR Stock Units from that award.

(c) The provisions of this Section 2(c) apply to Stock Units with a three-year vesting period as set out in the Detail ("3YR Stock Units"):

i. No portion of the 3YR Stock Units will vest on an accelerated basis due to years of service. All 3YR Stock Units shall vest solely in accordance with the terms of this Agreement and the Detail.

ii. If your employment is terminated other than for cause, you will vest in additional 3YR Stock Units as set forth below. For purposes of this subparagraph (ii), the quarterly dates are: January 22; April 22; July 22 and October 22.

(1) For each complete quarter that has passed since the anniversary of the grant date you will vest in 25% of the 3YR Stock Units that were scheduled to vest during that grant year. For example, if you receive a grant on October 22 of 6,000 3YR Stock Units and you terminate on the next April 23 (two quarters later) you will vest as to 1,000 3YR Stock Units (one-third times 6,000 times

two-fourths). You will receive Shares within 90 days of termination but no later than 10 business days after the vesting date on the grant anniversary.

(2) If you terminate before the end of the first quarterly date (January 22), you will not vest in any otherwise unvested Stock Units. For example, if you receive a grant on October 22 of 6,000 3YR Stock Units, and you terminate on December 2, you would not receive any 3YR Stock Units from that award.

(d) For purposes of Sections 2(b) and (c), you will be treated as continuing in employment for a number of days following Termination (as defined in Section 8(h)) equal to the number of days of unused vacation available to you but no more than a maximum of six weeks (30 business days). If an anniversary of the grant date occurs during the vacation period, you will vest and be paid 10 business days after the anniversary date of the grant.

(e) Accelerated vesting will occur at death. That vesting will be 100% if at the time of death, you were an officer at the Assistant Vice President level or above or if you have ten or more years of service. In any other case, that vesting will be 50% if you were employed at the time of death (after giving credit for the quarterly vesting applied for terminations). Shares will be distributed within 90 days of death.

(f) No further vesting (including without limitation any accelerated vesting) shall occur if you are terminated for cause.

(g) Vesting shall continue during a leave of absence; provided, however, that the Administrator has the discretion to cancel Stock Units or forfeit vesting in connection with a leave of absence. No continued vesting or Administrator action taken in connection with vesting during a leave shall have the effect of creating a deferral of compensation for purposes of Internal Revenue Code Section 409A.

(h) If you voluntarily or involuntarily experience a change to employment status or to a position in the Company that is not eligible for a Stock Unit grant or is eligible for a lesser number of Stock Units, except as otherwise determined by the Administrator, vesting shall cease at the time of such change or occur at the lesser number associated with the new position; in connection with the change in status or position, at the anniversary of the grant you will vest at your prior position award level based on the number of full quarters of service since the prior grant date anniversary achieved at that position prior to the change in status.

(i) The Company may, in its sole discretion, settle the Stock Units in the form of: (i) a cash payment, to the extent: (1) permitted in an Addendum; or (2) settlement in Shares (x) is prohibited under local laws, rules or regulations, (y) would require, the Company to obtain the approval of any governmental and/or regulatory body in your country of residence (and country of employment, if different), or (z) is administratively burdensome; or (ii) Shares. If Stock Units are settled in Shares, the Company may, in its sole discretion, require you to immediately sell such Shares (in which case, as a condition of the award of the Stock Units, you explicitly authorize the Company to issue sales instructions in relation to such Shares on your behalf).

3. **Internal Revenue Code Section 409A.** For United States income tax purposes, this Stock Unit Agreement is intended to be exempt from Section 409A as a short-term deferral, and the payment dates provided for in Section 2 shall in all events occur within the short-term deferral period provided for in Section 409A. Should a deferral of compensation nonetheless occur, the Agreement will be

interpreted in a manner that complies with Section 409A for United States income tax purposes, including the six-month delay applicable to specified employees.

4. **No Shareholder Rights.** Stock Units represent hypothetical Shares. Until the Stock Units vest and Shares, if any, are issued, you shall not be entitled to any of the rights or benefits generally accorded to shareholders. Unless otherwise determined by the Administrator, delivery of Shares shall be effected by book-entry credit to a custody account (the “Custody Account”) maintained by you with a Custodian designated by the Company. You shall be the beneficial owner of any Shares properly credited to the Custody Account. You shall have no right to any dividend or distribution or vote or other shareholder rights with respect to such Shares if the record date is prior to the date the Custody Account is properly credited with such Shares.

5. **Taxes and Social Insurance.**

(a) Regardless of any action the Company takes with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, payment on account or other tax-related withholding (“Tax-Related Items”), you acknowledge that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that the Company: (1) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Stock Units, including the grant of the Stock Units, the vesting of the Stock Units, the subsequent sale of any Shares acquired pursuant to the Stock Units and the receipt of any dividends or dividend equivalents; and (2) does not commit to structure the terms of the grant or any aspect of the Stock Units to reduce or eliminate your liability for Tax-Related Items. Further, if you become subject to taxation in more than one country between the grant date and the date of any relevant taxable or tax withholding event, as applicable, you acknowledge that the Company may be required to withhold or account for Tax-Related Items in more than one country. For tax and withholding purposes and unless otherwise required under applicable law, the value of any Shares issued, if any, shall be determined based on the closing stock price on the date of vesting regardless of when the Shares are actually credited to a Custody Account.

(b) Prior to any relevant taxable or tax withholding event, if your country of residence (and/or the country of employment, if different) requires withholding of Tax-Related Items, the Company may withhold a portion of the Shares otherwise issuable upon vesting of the Stock Units (or a portion of any cash proceeds where the Stock Units are settled in cash or a forced sale is required) that have an aggregate Fair Market Value sufficient to pay the Tax-Related Items required to be withheld. For purposes of the foregoing, fractional Shares, if any, may be withheld or issued pursuant to the grant of the Stock Units and the issuance of any Shares hereunder. If the obligation for Tax-Related Items is satisfied by withholding Shares or a portion of any cash proceeds (where the Stock Units are settled in cash or a forced sale is required), for tax purposes, you shall be deemed to have been issued the full number of Shares or cash subject to the vested Stock Units, notwithstanding that a number of the Shares (or a portion of any cash proceeds) are withheld solely for the purpose of satisfying any withholding obligations for the Tax-Related Items due as a result of any aspect of your participation in the Plan. Alternatively, the Company may, in its discretion, withhold any amount necessary to pay the Tax-Related Items from your regular salary or other amounts payable to you, with no withholding of Shares or cash (where the Stock Units are settled in cash or a forced sale is required), or may require you to submit payment equivalent to the Tax-Related Items required to be withheld with respect to the Shares or cash (where the Stock Units are settled in cash or a forced sale is required) by means of certified check, cashier’s check or wire transfer. In the event the withholding requirements are not satisfied, no

Shares will be issued to you (or your estate) upon vesting of the Stock Units (or no cash payment will be made where the Stock Units are settled in cash or a forced sale is required) unless and until satisfactory arrangements (as determined by the Company in its sole discretion) have been made by you with respect to the payment of any such Tax-Related Items. By accepting the Stock Units, you expressly consent to the methods of withholding as provided hereunder and/or any other methods of withholding that the Company may have adopted and are permitted under the Plan to meet the withholding and/or other requirements as provided under applicable laws, rules and regulations. All other Tax-Related Items related to the Stock Units and any Shares or cash delivered upon settlement thereof shall be your sole responsibility.

(c) To the extent the Company pays any Tax-Related Items that are your responsibility (“Advanced Tax Payments”), the Company shall be entitled to recover such Advanced Tax Payments from you in any manner that the Company determines appropriate in its sole discretion. For purposes of the foregoing, the manner of recovery of the Advanced Tax Payments shall include (but is not limited to) offsetting the Advanced Tax Payments against any and all amounts that may be otherwise owed to you by the Company (including regular salary/wages, bonuses, incentive payments and Shares acquired by you pursuant to any equity compensation plan that are otherwise held by the Company for your benefit).

6. **Consent to Collection, Processing and Transfer of Personal Data.** Pursuant to applicable personal data protection laws, the Company hereby notifies you of the following in relation to your personal data and the collection, processing and transfer of such data in relation to the Company’s grant of the Stock Units and your participation in the Plan. The collection, processing and transfer of your personal data is necessary for the Company’s administration of the Plan and your participation in the Plan. Your denial and/or objection to the collection, processing and transfer of personal data may affect your participation in the Plan. As such, you voluntarily acknowledge and consent (where required under applicable law) to the collection, use, processing and transfer of personal data as described herein. The Company’s grant of the Stock Units and your participation to the Plan requires the processing of your personal data as described in more details below. It is in the Company’s legitimate interests to administer the Plan to carry out such processing activities.

The Company holds certain personal information about you, including your name, home address and telephone number, date of birth, social security number or other employee identification number, e-mail address, salary, nationality, job title, any Shares or directorships held in the Company, details of any entitlement to Shares awarded, canceled, purchased, vested, unvested or outstanding in your favor, for the purpose of managing and administering the Plan (“Data”). Where applicable, Data may also include information related to any entitlements to cash received from participating in the Plan. The Data may be provided by you or collected, where lawful, from third parties, and the Company will process the Data for the sole and exclusive purpose of implementing, administering and managing your participation in the Plan. The Data processing will take place through electronic and non-electronic means according to logics and procedures strictly correlated to the purposes for which Data are collected and with confidentiality and security provisions as set forth by applicable laws and regulations in your country of residence. Data processing operations will be performed minimizing the use of personal and identification data when such operations are unnecessary for the processing purposes sought. Data will be accessible within the Company’s organization only by those persons requiring access for purposes of the implementation, administration and operation of the Plan and for your participation in the Plan.

The Company will transfer Data internally as necessary for the purpose of implementation, administration and management of your participation in the Plan, and the Company may further transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan, including (but not limited to) Fidelity Stock Plan Services, LLC. These recipients may be located in the European Economic Area, or elsewhere throughout the world, such as the United States. If we transfer your personal data in the context of the Plan outside of the country in which you are resident, the Company will, as required by applicable law, ensure that your privacy rights are adequately protected by appropriate safeguards.

You may seek to exercise these rights by contacting privacy@costco.com.

7. **Plan Information.** You acknowledge receipt of copies of the Plan and the Plan prospectus from the Company and agree to receive shareholder information, including copies of any annual report, proxy statement and periodic report, from the investor relations section of the Company's website at www.costco.com. You acknowledge that copies of the Plan, Plan prospectus, Plan information and shareholder information are also available upon written or telephonic request to the Financial Planning Department, 999 Lake Drive, Issaquah, WA 98027.

8. **Acknowledgment and Waiver.** In accepting the Company's grant of Stock Units and any Shares (or, if applicable, cash) delivered under the grant, you expressly acknowledge and agree that:

- (a) the Plan is discretionary in nature and may be modified, amended, suspended or terminated by the Company at any time unless otherwise provided in the Plan or this Agreement; and that the grant of Stock Units is discretionary and does not create any contractual or other right to receive future grants of Awards or other benefits in lieu of Awards, even if Awards have been granted repeatedly in the past;
 - (b) the Plan is operated and the Stock Units are granted by Costco Wholesale Corp., and the only parties to this Agreement are Costco Wholesale Corp. and you; accordingly, any rights you may have under this Agreement, including any rights related to the delivery of Shares (or, if applicable, cash) pursuant to the Stock Units, may be raised only against Costco Wholesale Corp. and not against any Affiliate;
 - (c) your participation in the Plan shall not create a right to further employment with the Company, does not create an employment contract with the Company, and shall not interfere with the ability of the Company to terminate or modify your employment relationship at any time, with or without cause, insofar as permitted by law;
 - (d) the Stock Units and resulting benefits are an extraordinary item that is outside the scope of your employment contract, if any, and are not part of normal or expected compensation or salary for any purposes, including for purposes of calculating any severance, resignation, termination, redundancy, end of service payments, bonuses, holiday pay, long-service awards, pension or retirement benefits or similar payments insofar as permitted by law;
 - (e) all decisions with respect to future equity awards, if any, shall be at the sole discretion of the Company;
 - (f) the future value of the Shares, if any, is unknown, may increase or decrease from the date of grant or vesting of the Stock Unit, and cannot be predicted;
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(g) in consideration of the award of the Stock Units, no claim or entitlement to compensation or damages shall arise from (i) termination of this grant of Stock Units or diminution in value of the Stock Units, or Shares, if any, issued through the settlement of the Stock Units, resulting from your Termination (for any reason whatsoever, whether or not later found to be invalid or in breach of applicable labor laws of the jurisdiction where you are employed or the terms of your employment agreement, if any) and/ or (ii) the forfeiture or cancellation of the Stock Units and/or recoupment of any Shares, cash, or other benefits acquired under the Plan resulting from the application of any recoupment policy pursuant to Section 17 of this Agreement, or any recovery or clawback policy otherwise required by applicable laws, rules, regulations or stock exchange listing standards; and in consideration of the grant of the Stock Units, you agree not to institute any claim against the Company or its Affiliates; if, notwithstanding the foregoing, any such claim is found by a court or tribunal of competent jurisdiction to have arisen, then, by accepting this Agreement, you shall be deemed to have irrevocably waived your entitlement to pursue or seek remedy for any such claim; and

(h) upon your Termination (whether or not such Termination constitutes a breach of local labor laws), your right to receive benefits shall be only as set forth in this Agreement; your Termination shall be effective on the date reasonably anticipated by the Company and you, that you will no longer be employed at a level equal to or greater than 21% percent of your average level of services over the immediately preceding 36-month period. Your Termination will not be extended by any notice period mandated under local law (e.g., active employment would not include a period of “garden leave” or similar period pursuant to local law); and the Company shall have the exclusive discretion to determine when you have terminated active employment for purposes of this grant of Stock Units.

9. **Repatriation and Legal/Tax Compliance Requirements.** If you are a resident of or employed in a country other than the United States, you agree, as a condition of the Award, to repatriate all payments attributable to the Shares and/or cash acquired under the Plan (including, but not limited to, dividends, dividend equivalents and any proceeds derived from the sale of the Shares acquired pursuant to this Award) in accordance with local foreign exchange rules and regulations in your country of residence (and country of employment, if different). In addition, you agree to take any and all actions, and consent to any and all actions taken by the Company, as may be required to allow the Company to comply with local laws, rules and regulations in your country of residence (and country of employment, if different). Finally, you agree to take any and all actions that may be required to comply with your personal legal and tax obligations under local laws, rules and regulations in your country of residence (and country of employment, if different).

10. **EU Equal Treatment Framework Directive.** If you are a resident of or employed in a country that is a member of the European Union, the grant of the Award and this Agreement are intended to comply with the age discrimination provisions of the EU Equal Treatment Framework Directive, as implemented into local law (the “Age Discrimination Rules”). To the extent that a court or tribunal of competent jurisdiction determines that any provision of the Award is invalid or unenforceable, in whole or in part, under the Age Discrimination Rules, the Company, in its sole discretion, shall have the power and authority to revise or strike such provision to the minimum extent necessary to render it valid and enforceable to the full extent permitted under local law.

11. **No Public Offering of Securities.** Neither the grant of the Stock Units nor the issuance of the underlying Shares, if any, upon vesting of the Stock Units is intended to be a public offering of securities in your country of residence (and country of employment, if different). The Company has not submitted

any registration statement, prospectus or other filings to the local securities authorities unless otherwise required to do so under local law.

12. **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to the Stock Units granted to you under the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

13. **English Language.** You acknowledge and agree that it is your express intent that the Detail, the Agreement, the Plan and all other documents, notices and legal proceedings entered into, given or instituted pursuant to the Stock Units, be drawn up in English. If you have received the Detail, the Agreement, the Plan or any other documents related to the Stock Units translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise required under applicable law.

14. **Addendum.** Notwithstanding any provision of this Agreement to the contrary, the Stock Units shall be subject to any special terms and conditions for your country of residence (and country of employment, if different) as are forth in the applicable addendum to the Agreement (“Addendum”). Further, if you transfer residency and/or employment to another country reflected in an Addendum to the Agreement, the special terms and conditions for such country will apply to you to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local laws, rules and regulations or to facilitate the operation and administration of the Stock Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate your transfer). Any applicable Addendum shall constitute part of this Agreement.

15. **Additional Requirements.** The Company reserves the right to impose other requirements on the Stock Units, any Shares or cash acquired pursuant to the Stock Units, and your participation in the Plan, to the extent the Company determines, in its sole discretion, that such other requirements are necessary or advisable in order to comply with local laws, rules and regulations or to facilitate the operation and administration of the Stock Units and the Plan. Such requirements may include (but are not limited to) requiring you to sign any agreements or undertakings that may be necessary to accomplish the foregoing.

16. **Miscellaneous.**

(a) Stock Units shall not be sold, encumbered, pledged or otherwise disposed of, whether voluntarily or by operation of law. The Company shall not be required to treat as the owner of Stock Units, or associated benefits hereunder, any transferee to whom such Stock Units or benefits shall have been so transferred in violation of this Agreement.

(b) Depending on your country of employment (and country of residence, if different), you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to acquire or sell Shares, if any, or rights to Shares under the Plan during such times as you are considered to have “inside information” regarding the Company (as defined under local law). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. It is your responsibility to ensure compliance with any applicable restrictions, and you should consult your personal legal advisor for additional information.

(c) You acknowledge that there may be certain foreign asset and/or account reporting requirements which may affect your ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends or dividend equivalent payments) in a brokerage or bank account outside your country of employment (and country of residence, if different). You may be required to report such accounts, assets or transactions to the tax or other authorities. You also may be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country of employment (and country of residence, if different) through a designated bank or broker within a certain time after receipt. It is your responsibility to be compliant with such regulations, and you should consult your personal legal advisor for additional information.

(d) The parties agree to execute such further instruments and to take such action as may reasonably be necessary to carry out the intent of this Agreement.

(e) Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon delivery to you at your address then on file with the Company.

(f) The Plan and this Agreement, the Detail and the Addendum, constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements between the Company and you with respect to that subject matter and may not be modified adversely to your interest except by means of a writing signed by the Company and you. This Agreement is governed by the laws of the State of Washington. In the event of any conflict between the terms and provisions of the Plan and this Agreement, the Plan terms and provisions shall govern (subject to Section 16(e)). Capitalized terms used but not defined in this Agreement have the meanings assigned to them in the Plan. Certain other important terms governing this contract are contained in the Plan. If issues of interpretation arise under any documents, the judgment of the Administrator shall be final.

(g) To the extent the Company determines that this Agreement is subject to Internal Revenue Code Section 409A, but does not conform with the requirements thereof, the Company may at its sole discretion amend or replace the Agreement to cause the Agreement to comply with Section 409A.

(h) The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. **Recoupment.** Notwithstanding any other provision of the Agreement, any Shares acquired and any amount received with respect to any sale of such Shares or from the settlement of Stock Units in cash are subject to potential cancellation, recoupment, rescission, payback or other action, as applicable, in accordance with the terms of the Recoupment Policy as may be amended from time to time to comply with changes in laws, rules or regulations that are applicable to such Stock Units. (The current recoupment policy is reflected in paragraph 24 of the Company's Corporate Governance Guidelines, which can be found on the Investor Relations site.) You agree to the Company's enforcement of the Recoupment Policy and any related provision of applicable law without further consent or action being required by you. Without limitation, you authorize the Company to issue instructions, on your behalf, to any brokerage firm and/or third-party administrator engaged by the Company to hold your Shares (or, if applicable, other amounts) acquired under the Plan to re-convey, transfer or otherwise return such Shares and/or other amounts to the Company.

PLEASE RETAIN THIS AGREEMENT FOR YOUR RECORDS

OCT 2025 Rev.

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 17, 2025

/s/ RON M. VACHRIS

Ron M. Vachris

President and Chief Executive Officer

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 17, 2025

/s/ GARY MILLERCHIP

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 23, 2025, as filed with the Securities and Exchange Commission (the Report), I, Ron M. Vachris, President and Chief Executive 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/ RON M. VACHRIS

Date: December 17, 2025

Ron M. Vachris

President and Chief Executive 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.

**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 23, 2025, 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 17, 2025

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.