FORM 10-K

Annual report pursuant to section 13 and 15(d)

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FILER

COSTCO WHOLESALE CORP /NEW CIK:**909832**| IRS No.: **911223280** | State of Incorp.:**WA** | Fiscal Year End: **0902** Type: **10-K** | Act: **34** | File No.: **000-20355** | Film No.: **121153182** SIC: **5331** Variety stores	Mailing Address *999 LAKE DRIVE* *ISSAQUAH WA 98027*	Business Address *999 LAKE DRIVE* *ISSAQUAH WA 98027-* *4253138100*

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended September 2, 2012

or

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

Commission file number 0-20355

Costco Wholesale Corporation

(Exact name of registrant as specified in its charter)

Washington	**91-1223280**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

999 Lake Drive, Issaquah, WA 98027
(Address of principal executive offices) (Zip Code)

Registrant' s telephone number, including area code: **(425) 313-8100**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $.005 Par Value	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant' s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller company)	Smaller reporting company ☐

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of February 10, 2012 was $36,229,506,282

The number of shares outstanding of the registrant' s common stock as of October 5, 2012 was 432,424,379

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company' s Proxy Statement for the Annual Meeting of Shareholders to be held on January 24, 2013, are incorporated by reference into Part III of this Form 10-K.

COSTCO WHOLESALE CORPORATION

ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED SEPTEMBER 2, 2012

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INFORMATION RELATING TO FORWARD LOOKING STATEMENTS

Certain statements contained in this Report constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934. They include statements that address activities, events, conditions or developments that we expect or anticipate may occur in the future and may relate to such matters as sales growth, increases in comparable store 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, the effect of adopting certain accounting standards, future financial reporting, financing, margins, return on invested capital, strategic direction, expense controls, membership renewal rates, shopping frequency, litigation impact and the demand for our products and services. Forward-looking statements may also be identified by the words "believe," "project," "expect," "anticipate," "estimate," "intend," "strategy," "future," "opportunity," "plan," "may," "should," "will," "would," "will be," "will continue," "will likely result," and similar expressions. Forward-looking statements are based on current expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from the forward-looking statements. 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, including, without limitation, the factors set forth in the section titled "Item 1A–Risk Factors", and other factors noted in the section titled "Item 7–Management's Discussion and Analysis of Financial Condition and Results of Operations" and in the consolidated financial statements and related notes in Item 8 of this Report. Forward-looking statements speak only as of the date they are made, and we do not undertake to update these forward-looking statements, except as required by law.

PART I

Item 1−Business

Costco Wholesale Corporation and its subsidiaries (Costco or the Company) began operations in 1983 in Seattle, Washington. We are principally engaged in the operation of membership warehouses in the United States (U.S.) and Puerto Rico, Canada, the United Kingdom, Mexico, Japan, Australia, and through majority-owned subsidiaries in Taiwan and Korea. Our common stock trades on the NASDAQ Global Select Market under the symbol "COST."

Historically, our operations in Mexico were through a 50% owned joint venture (Mexico). On July 10, 2012 we acquired the remaining 50% interest in Mexico from our joint venture partner. At the beginning of fiscal 2011, we began consolidating our Mexico joint venture due to the adoption of a new accounting standard. Mexico's results previously were accounted for under the equity method and our 50% share was included in "interest income and other, net" in the consolidated statements of income. In fiscal 2011 and 2012, Mexico's operations are fully consolidated and the joint venture partner's 50% share, through the acquisition date, is included in "net income attributable to noncontrolling interest" in the consolidated statement of income. After the acquisition date, 100% of Mexico's operations are included in "net income attributable to Costco." See discussion in Note 1 to the consolidated financial statements included in Item 8 of this Report.

We report on a 52/53-week fiscal year, consisting of thirteen four-week periods and ending on the Sunday nearest the end of August. The first three quarters consist of three periods each, and the fourth quarter consists of four periods (five weeks in the thirteenth period in a 53-week year). The material seasonal impact in our operations is an increased level of net sales and earnings during the winter holiday season. References to 2012 relate to the 53-week fiscal year ended September 2, 2012. References to 2011 and 2010 relate to the 52-week fiscal years ended August 28, 2011 and August 29, 2010, respectively.

General

We operate membership warehouses based on the concept that offering our members low prices on a limited selection of nationally branded and select private-label products in a wide range of merchandise categories will produce high sales volumes and rapid inventory turnover. This 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, enables us to operate profitably at significantly lower gross margins than traditional wholesalers, mass merchandisers, supermarkets, and supercenters.

We buy the majority of our merchandise directly from manufacturers and route it to a cross-docking consolidation point (depot) or directly to our warehouses. Our depots receive container-based shipments from manufacturers and reallocate these goods for shipment to our individual warehouses, generally in less than twenty-four hours. This process maximizes freight volume and handling efficiencies, eliminating many of the costs associated with traditional multiple-step distribution channels. Such traditional steps include purchasing from distributors as opposed to manufacturers, use of central receiving, storing and distributing warehouses, and storage of merchandise in locations off the sales floor.

Because of our high sales volume and rapid inventory turnover, we generally sell inventory before we are required to pay many of our merchandise vendors, even though we take advantage of early payment discounts when available. To the extent that sales increase and inventory turnover becomes more rapid, a greater percentage of inventory is financed through payment terms provided by suppliers rather than by our working capital.

Our typical warehouse format averages approximately 143,000 square feet; newer units tend to be slightly larger. Floor plans are designed for economy and efficiency in the use of selling space, the handling of merchandise, and the control of inventory. Because shoppers are attracted principally by the quality of merchandise and the availability of low prices, our warehouses are not elaborate facilities. By strictly controlling the entrances and exits of our warehouses and using a membership format, we have limited inventory losses (shrinkage) to amounts well below those of typical discount retail operations.

Marketing and promotional activities generally relate to new warehouse openings, occasional direct mail to prospective new members, and regular direct marketing programs (such as The Costco Connection, a magazine we publish for our members, coupon mailers, weekly emails from costco.com and costco.ca, and handouts) to existing members promoting selected merchandise. These practices result in lower marketing expenses as compared to typical retailers.

Our warehouses generally operate on a seven-day, 69-hour week, open weekdays between 10:00 a.m. and 8:30 p.m., with earlier weekend closing hours. Gasoline operations generally have extended hours. Because the hours of operation are shorter than those of traditional retailers, discount retailers and supermarkets, and due to other efficiencies inherent in a warehouse-type operation, labor costs are lower relative to the volume of sales. Merchandise is generally stored on racks above the sales floor and displayed on pallets containing large quantities, thereby reducing labor required for handling and stocking.

Our strategy is to provide our members with a broad range of high quality merchandise at prices consistently lower than they can obtain elsewhere. We seek to limit specific items in each product line to fast-selling models, sizes, and colors. Therefore, we carry an average of approximately 3,300 to 3,800 active stock keeping units (SKUs) per warehouse in our core warehouse business, as opposed to a significantly higher number of SKUs at discount retailers, supermarkets, and supercenters. Many consumable products are offered for sale in case, carton, or multiple-pack quantities only.

In keeping with our policy of member satisfaction, we generally accept returns of merchandise. On certain electronic items, we typically have a 90-day return policy and provide, free of charge, technical support services, as well as an extended warranty. Additional third-party warranty coverage is sold on certain electronic item purchases.

The following table indicates the approximate percentage of annual net sales accounted for by major category of items:

	2012	2011	2010[1]
Sundries (including candy, snack foods, tobacco, alcoholic and nonalcoholic beverages and cleaning and institutional supplies)	22 %	22 %	23 %
Hardlines (including major appliances, electronics, health and beauty aids, hardware, office supplies, cameras, garden and patio, sporting goods, toys, seasonal items and automotive supplies)	16 %	17 %	18 %
Food (including dry and institutionally packaged foods)	21 %	21 %	21 %
Softlines (including apparel, domestics, jewelry, housewares, media, home furnishings and small appliances)	10 %	10 %	10 %
Fresh Food (including meat, bakery, deli and produce)	13 %	12 %	12 %
Ancillary and Other (including gas stations, pharmacy, food court, optical, one-hour photo, hearing aid and travel)	18 %	18 %	16 %

1 Excludes Mexico

Ancillary businesses within or next to our warehouses provide expanded products and services and encourage members to shop more frequently. The following table indicates the number of ancillary businesses in operation at fiscal year-end:

	2012	2011	2010[2]
Food Court	602	586	534
One-Hour Photo Centers	591	581	530
Optical Dispensing Centers	589	574	523
Pharmacies	544	529	480
Hearing-Aid Centers	469	427	357
Gas Stations	394	368	343
Print Shops and Copy Centers	10	10	10
Car Washes	7	7	7
Number of warehouses	608	592	540

2 Excludes the 32 warehouses operated in Mexico

Our online businesses at costco.com in the U.S. and costco.ca in Canada, provide our members additional products generally not found in our warehouses, in addition to services such as digital photo processing, pharmacy, travel, and membership services.

Our warehouses accept cash, checks, certain debit cards, American Express and a private label Costco credit card. Losses associated with dishonored checks have been minimal, as members who have issued dishonored checks are identified and prevented from making further purchases until restitution is made.

We have direct buying relationships with many producers of national brand-name merchandise. We do not obtain a significant portion of merchandise from any one supplier. We have not experienced any difficulty in obtaining sufficient quantities of merchandise, and believe that if one or more of our current sources of supply became unavailable, we would be able to obtain alternative sources without substantial disruption of our business. We also purchase private label merchandise, as long as quality and customer demand are comparable and the value to our members is greater as compared to brand-name items.

Certain financial information for our segments and geographic areas is included in Note 12 to the consolidated financial statements included in Item 8 of this Report.

Membership Policy

Our membership format is designed to reinforce member loyalty and provide a continuing source of membership fee revenue. Members can utilize their membership at any Costco warehouse location in any country. We have two primary types of members: Business and Gold Star (individual). Our member renewal rate was approximately 89.7% in the U.S. and Canada, and approximately 86.4% on a worldwide basis in 2012, consistent with recent years. The renewal rate is a trailing calculation that captures renewals during the period seven to eighteen months prior to the reporting date. Businesses, including individuals with a business license, retail sales license or other evidence of business existence, may become Business members. Business members generally pay an annual membership fee of approximately $55 for the primary card-holder, with add-on membership cards available for an annual fee of approximately $55 each. Many of our business members also shop at Costco for their personal needs. Gold Star memberships are also available for an annual fee of approximately $55 to individuals who may not qualify for a Business membership. All paid memberships include a free household card.

Our membership was made up of the following (in thousands):

	2012	2011	2010[1]
Gold Star	26,700	25,000	22,500
Business	6,400	6,300	5,800
Business, Add-on Primary	3,800	4,000	3,300
Total primary cardholders	36,900	35,300	31,600
Additional cardholders	30,100	28,700	26,400
Total cardholders	67,000	64,000	58,000

1 Excludes approximately 2,900 cardholders in Mexico.

Executive membership is available to all members, with the exception of Business Add-on members, in the U.S., Canada, Mexico, and the United Kingdom for an annual fee of approximately $110. This program, excluding Mexico, offers additional savings and benefits on various business and consumer services, such as check printing services, auto and home insurance, the Costco auto purchase program, online investing, and merchant credit-card processing. The services are generally provided by third-parties and vary by country and state. In addition, Executive members qualify for a 2% annual reward (which can be redeemed at Costco warehouses), up to a maximum of approximately $750 per year, on qualified purchases. At the end of 2012, 2011, and 2010, Executive members represented 38%, 38%, and 36%, respectively, of our primary membership. Executive members generally spend more than other members, and the percentage of our net sales attributable to these members continues to increase.

Effective November 1, 2011, for new members, and January 1, 2012, for renewing members, we increased our annual membership fee by $5 for U.S. Goldstar (individual), Business, Business Add-on and Canada Business members to $55. Our U.S. and Canada Executive Membership annual fee increased from $100 to $110 annually and the Executive Membership 2% reward annual limit increased from $500 to $750. We account for membership fee revenue on a deferred basis, whereby revenue is recognized ratably over the one-year membership period.

Labor

Our employee count approximated:

	2012	2011	2010[2]
Full-time employees	96,000	92,000	82,000
Part-time employees	78,000	72,000	65,000
Total employees	174,000	164,000	147,000

2 Excludes approximately 9,000 individuals employed in Mexico.

Approximately 13,700 hourly employees in certain of our locations in five states are represented by the International Brotherhood of Teamsters. All remaining employees are non-union. We consider our employee relations to be very good.

Competition

Our industry is highly competitive, based on factors such as price, merchandise quality and selection, warehouse location and member service. We compete with over 800 warehouse club locations across the U.S. and Canada (primarily Wal-Mart's Sam's Club and BJ's Wholesale Club), and every major metropolitan area has multiple club operations. In addition, we compete with a wide range of global, national and regional wholesalers and retailers, including supermarkets, supercenter stores, department and specialty stores, gasoline stations, and internet-based retailers. Competitors such as Wal-Mart, Target, Kohl's and Amazon.com are among our significant general merchandise retail competitors. We also compete with low-cost operators selling a single category or narrow range of merchandise, such as Lowe's, Home Depot, Office Depot, PetSmart, Staples, Kroger, Trader Joe's, Whole Foods, CVS, Walgreens and Best Buy. Our international operations face similar types of competitors.

Regulation

Certain state laws require that we apply minimum markups to our selling prices for specific goods, such as tobacco products, alcoholic beverages, and gasoline. While compliance with such laws may cause us to charge higher prices, other retailers are also typically governed by the same restrictions, and we believe that compliance with such laws currently in effect do not have a material adverse effect on our operations.

Intellectual Property

We believe that, to varying degrees, our trademarks, trade names, copyrights, proprietary processes, trade secrets, patents, trade dress, domain names and similar intellectual property add significant value to our business and are important factors in our success. We have invested significantly in the development and protection of our well-recognized brands, including the Costco Wholesale® series of trademarks and our private label brand, Kirkland Signature®. We believe that Kirkland Signature products are premium products offered to our members at prices that are generally lower than those for national brand products and that they help lower costs, differentiate our merchandise offerings from other retailers, and generally earn higher margins. We expect to increase the sales penetration of our private label items in the future.

We rely on trademark and copyright laws, trade secret protection, and confidentiality and license agreements with our suppliers, employees and others to protect our proprietary rights. The availability and duration of trademark registrations vary from country to country; however, trademarks are generally valid and may be renewed indefinitely as long as they are in use and their registrations are properly maintained.

Available Information

Our internet website is www.costco.com. We make available through the Investor Relations section of that site, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements and Forms 3, 4 and 5, and any amendments to those reports, as soon as reasonably practicable after filing such materials with, or furnishing such documents to, the Securities and Exchange Commission (SEC). The information found on our website is not part of this or any other report filed with or furnished to the SEC. In addition, the public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers, such as the Company, that file electronically with the SEC at www.sec.gov.

We have adopted a code of ethics for senior financial officers pursuant to Section 406 of the Sarbanes-Oxley Act. Copies of the code are available free of charge by writing to Secretary, Costco Wholesale

Corporation, 999 Lake Drive, Issaquah, WA 98027. If the Company makes any amendments to this code (other than technical, administrative, or non-substantive amendments) or grants any waivers, including implicit waivers, from this code to the CEO, chief financial officer or controller, we will disclose (on our website or in a Form 8-K report filed with the SEC) the nature of the amendment or waiver, its effective date, and to whom it applies.

Executive Officers of the Registrant

The executive officers of Costco, their position, and ages are listed below. All executive officers have 25 or more years of service with the Company. Effective January 1, 2012, Jim Sinegal retired as our Chief Executive Officer but is continuing with the Company in an advisory role until February 2013. In addition, he will continue to serve on the Board of Directors.

Name	Position	Executive Officer Since	Age
W. Craig Jelinek	President and Chief Executive Officer. Mr. Jelinek has been President and Chief Executive Officer since January 2012 and has been a director since February 2010. He was President and Chief Operating Officer from February 2010 to December 2011. Prior to that he was Executive Vice President, Chief Operating Officer, Merchandising since 2004.	1995	60
Jeffrey H. Brotman	Chairman of the Board. Mr. Brotman is a co-founder of Costco and has been a director since its inception.	1983	70
Richard A. Galanti	Executive Vice President and Chief Financial Officer. Mr. Galanti has been a director since January 1995.	1993	56
Franz Lazarus	Executive Vice President, Administration. Mr. Lazarus was Senior Vice President, Administration-Global Operations since 2006.	2012	65
John McKay	Executive Vice President, Chief Operating Officer, Northern Division. Mr. McKay was Senior Vice President, General Manager, Northwest Region from 2000 to March 2010.	2010	55
Paul G. Moulton	Executive Vice President of Information Systems. Mr. Moulton was Executive Vice President, Real Estate Development until March 2010.	2001	61
James P. Murphy	Executive Vice President, International. Mr. Murphy was Senior Vice President, International, from September 2004 to October 2010.	2011	59
Joseph P. Portera	Executive Vice President, Chief Operating Officer, Eastern and Canadian Divisions. Chief Diversity Officer since 2010.	1994	60
Douglas W. Schutt	Executive Vice President, Chief Operating Officer, Merchandising. Mr. Schutt was Executive Vice President, Chief Operating Officer, Northern Division and Midwest Region from 2004 to March 2010.	2004	53
Thomas K. Walker	Executive Vice President, Construction and Distribution.	2004	72
Dennis R. Zook	Executive Vice President, Chief Operating Officer, Southwest Division and Mexico.	1993	63

Item 1A–Risk Factors

The risks described below could materially and adversely affect our business, financial condition and results of operations. These risks are not the only risks that we face. We could also be affected by additional factors that apply to all companies operating in the U.S. and globally, as well as other risks that are not presently known to us or that we currently consider to be immaterial. You should review these Risk Factors carefully in conjunction with Management' s Discussion and Analysis of Financial Condition and Results of Operations in Item 7 and our consolidated financial statements and related notes in Item 8 of this Report.

We face strong competition from other retailers and warehouse club operators, which could adversely affect our business, financial condition and results of operations.

The retail business is highly competitive. We compete for members, employees, sites, products and services and in other important respects with a wide range of local, regional and national wholesalers and retailers, both in the United States and in foreign countries, including other warehouse club operators, supermarkets, supercenter stores, department and specialty stores, gasoline stations, and internet-based retailers. Such retailers and warehouse club operators compete in a variety of ways, including merchandise pricing, selection and availability, services, location, convenience, and store hours. Our inability to respond effectively to competitive pressures, changes in the retail markets and member expectations could result in lost market share and negatively affect our financial results. Some competitors may have greater financial resources, better access to merchandise and greater market penetration than we do.

General economic factors, domestically and internationally, may adversely affect our business, financial condition and results of operations.

Higher energy costs, inflation, levels of unemployment, healthcare costs, consumer debt levels, foreign currency exchange rates, unsettled financial markets, weaknesses in housing and real estate markets, reduced consumer confidence, changes related to government fiscal and tax policies, sovereign debt crises, and other economic factors could adversely affect demand for our products and services or require a change in the mix of products we sell. Prices of certain commodity products, including gasoline and other food products, are historically volatile and are subject to fluctuations arising from changes in domestic and international supply and demand, labor costs, competition, market speculation, government regulations, taxes and periodic delays in delivery. Rapid and significant changes in commodity prices may affect our sales and profit margins. These factors could also increase our merchandise costs and/or selling, general and administrative expenses, and otherwise adversely affect our operations and financial results. General economic conditions can also be affected by the outbreak of war, acts of terrorism, or other significant national or international events.

We are highly dependent on the financial performance of our U.S. and Canadian operations.

Our financial and operational performance is highly dependent on our U.S. and Canadian operations, which comprised 88% and 83% of consolidated net sales and operating income in 2012, respectively. Within the U.S., we are highly dependent on our California operations, which comprised 24% of consolidated net sales in 2012. Our California market, in general, has a larger percentage of higher volume warehouses as compared to our other markets. Any substantial slowing or sustained decline in these operations could materially adversely affect our business and financial results. Declines in financial performance of our U.S. operations, particularly in California, and our Canadian operations could arise from, among other things: failing to meet targets for warehouse openings; declines in actual or estimated comparable warehouse sales growth rates and expectations; negative trends in operating expenses, including increased labor, healthcare and energy costs; cannibalizing existing locations with new warehouses; shifts in sales mix toward lower gross margin products; changes or uncertainties in economic conditions in our markets, including higher levels of unemployment and depressed home values; and failing to consistently provide high quality products and innovative new products to retain our existing member base and attract new members.

We may be unsuccessful implementing our growth strategy, including expanding our business, both in existing markets and in new markets, which could have an adverse impact on our business, financial condition and results of operations.

Our future growth is dependent, in part, on our ability to acquire property, and build or lease new warehouses. We compete with other retailers and businesses for suitable locations. Local land use and other regulations restricting the construction and operation of our warehouses, as well as local community actions opposed to the location of our warehouses at specific sites and the adoption of local laws restricting our operations and environmental regulations may impact our ability to find suitable locations, and increase the cost of constructing, leasing and operating our warehouses. We also may have difficulty negotiating leases or real estate purchase agreements on acceptable terms. In addition, certain jurisdictions have enacted or proposed laws and regulations that would prevent or restrict the operation or expansion plans of certain large retailers and warehouse clubs, including us, within their jurisdictions. Failure to manage these and other similar factors effectively may affect our ability to timely build or lease new warehouses, which could have a material adverse affect on our future growth and profitability.

We seek to expand our business in existing markets in order to attain a greater overall market share. Because our warehouses typically draw members from their local areas, a new warehouse may draw members away from our existing warehouses and adversely affect comparable warehouse sales performance and member traffic at those existing warehouses.

We also intend to open warehouses in new markets. The risks associated with entering a new market include difficulties in attracting members due to a lack of familiarity with us, attracting members of other wholesale club operators currently operating in the new market, our lack of familiarity with local member preferences, and seasonal differences in the market. In addition, entry into new markets may bring us into competition with new competitors or with existing competitors with a large, established market presence. In new markets, we cannot ensure that our new warehouses will be profitably deployed and, as a result, our future profitability could be delayed or otherwise materially adversely affected.

We may not timely identify or effectively respond to consumer trends, which could negatively affect our relationship with our members, the demand for our products and services, and our market share.

It is difficult to consistently and successfully predict the products and services our members will demand. Our success depends, in part, on our ability to identify and respond to trends in demographics and consumer preferences. Failure to timely identify or effectively respond to changing consumer tastes, preferences (including those relating to sustainability of product sources) and spending patterns could negatively affect our relationship with our members, the demand for our products and services and our market share. If we are not successful at predicting our sales trends and adjusting our purchases accordingly, we may have excess inventory, which could result in additional markdowns and reduce our operating performance. This could have an adverse effect on margins (net sales less merchandise costs) and operating income.

Our failure to maintain positive membership loyalty and brand recognition could adversely affect our results of operations.

Membership loyalty is essential to our business model. Damage to our brands or reputation may negatively impact comparable warehouse sales, lower employee morale and productivity, diminish member trust, and reduce member renewal rates and, accordingly, membership fee revenues, resulting in a reduction in shareholder value.

In addition, we sell many products under our owned and exclusive Kirkland Signature brand. Maintaining consistent product quality, competitive pricing, and availability of our Kirkland Signature products for our customers is essential to developing and maintaining customer loyalty. These products also generally carry higher margins than national brand products and represent a growing portion of our overall sales. If the Kirkland Signature brand experiences a loss of consumer acceptance or confidence, our sales and gross margin results could be adversely affected.

Vendors may be unable to supply us with quality merchandise at the right prices in a timely manner or may fail to adhere to our high standards resulting in adverse affects on our business, merchandise inventories, sales and profit margins.

We depend heavily on our ability to purchase merchandise in sufficient quantities at competitive prices. We have no assurances of continued supply, pricing or access to new products, and any vendor could at any time change the terms upon which it sells to us or discontinue selling to us. Member demands may lead to out-of-stock positions of our merchandise leading to loss of sales and profits.

We purchase our merchandise from numerous domestic and foreign manufacturers and importers and have thousands of vendor relationships. Our inability to acquire suitable merchandise on acceptable terms or the loss of key vendors could negatively affect us. We may not be able to develop relationships with new vendors, and products from alternative sources, if any, may be of a lesser quality or more expensive than those from existing vendors. Because of our efforts to adhere to high quality standards for which available supply may be limited, particularly for certain food items, the large volume we demand may not be consistently available.

Our suppliers are subject to risks, including labor disputes, union organizing activities, financial liquidity, inclement weather, natural disasters, supply constraints, and general economic and political conditions that could limit their ability to timely provide us with acceptable merchandise. For these or other reasons, one or more of our suppliers might not adhere to our quality control, legal or regulatory standards. These deficiencies may delay or preclude delivery of merchandise to us and might not be identified before we sell such merchandise to our members. This failure could lead to litigation and recalls, which could damage our reputation and our brands, increase our costs, and otherwise adversely impact our business.

Disruptions in our depot operations could adversely affect sales and member satisfaction.

We depend on the orderly operation of the merchandise receiving and distribution process, primarily through our depots. Although we believe that our receiving and distribution process is efficient, unforeseen disruptions in operations due to fires, hurricanes, earthquakes or other catastrophic events, labor shortages or shipping problems, may result in delays in the delivery of merchandise to our warehouses, which could adversely affect sales and the satisfaction of our members.

Natural disasters or other catastrophic events could negatively affect our business, financial condition and results of operations.

Natural disasters, such as hurricanes, typhoons or earthquakes, particularly in California or in Washington state, where our centralized operating systems and administrative personnel are located, could negatively affect our operations and financial performance. Such events could result in physical damage to one or more of our properties, the temporary closure of one or more warehouses or depots, the temporary lack of an adequate work force in a market, the temporary or long-term disruption in the supply of products from some local or overseas suppliers, the temporary disruption in the transport of goods to or from overseas, delays in the delivery of goods to our warehouses or depots within the countries in which we operate, and the temporary reduction in the availability of products in our warehouses. Public health issues, such as a potential H1N1 flu (swine flu) pandemic, whether occurring in the U.S. or abroad, could disrupt our operations, disrupt the operations of suppliers or members, or have an adverse impact on consumer spending and confidence levels. These events could also reduce demand for our products or make it difficult or impossible to receive products from suppliers. We may be required to suspend operations in some or all of our locations, which could have a material adverse affect on our business, financial condition and results of operations.

Factors associated with climate change could adversely affect our business.

We use natural gas, diesel fuel, gasoline, and electricity in our distribution and warehouse operations. Increased U.S and foreign government and agency regulations to limit carbon dioxide and other greenhouse gas emissions may result in increased compliance costs and legislation or regulation affecting energy inputs that could materially affect our profitability. In addition, climate change could affect our ability to procure needed commodities at costs and in quantities we currently experience. We also sell a substantial amount of gasoline, the demand for which could be impacted by concerns about climate change and which also could face increased regulation. Climate change may be associated with extreme weather conditions, such as more intense hurricanes, thunderstorms, tornadoes and snow or ice storms, as well as rising sea levels. Extreme weather conditions increase our costs and damage resulting from extreme weather may not be fully insured.

Our international operations subject us to risks associated with the legislative, judicial, accounting, regulatory, political and economic factors specific to the countries or regions in which we operate which could adversely affect our business, financial condition and results of operations.

During 2012, our international operations, including Canada, generated 28% of our consolidated net sales. We plan to continue expanding our international operations. As a result of these expansion activities in countries outside the U.S., we expect that our international operations could account for a larger portion of our net sales in future years. Future operating results internationally could be negatively affected by a variety of factors, many similar to those we face in the U.S., but many of which are beyond our control. These factors include political conditions, economic conditions, regulatory constraints, currency regulations and exchange rates, and other matters in any of the countries or regions in which we operate, now or in the future. Other factors that may impact international operations include foreign trade, monetary and fiscal policies and the laws and regulations of the U.S. and foreign governments, agencies and similar organizations, and risks associated with having major facilities located in countries which have been historically less stable than the U.S. Risks inherent in international operations also include, among others, the costs and difficulties of managing international operations, adverse tax consequences and greater difficulty in enforcing intellectual property rights. Additionally, foreign currency exchange rates and fluctuations could have an adverse impact on our future costs or on future profits and cash flows from our international operations.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our financial condition and results of operations.

Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including, but not limited to, revenue recognition, sales returns reserves, impairment of long-lived assets, inventories, vendor rebates and other vendor consideration, self-insurance liabilities, income taxes, unclaimed property laws and litigation, and other contingent liabilities are highly complex and involve many subjective assumptions, estimates and judgments by our management. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments by our management could significantly change our reported or expected financial performance.

Provisions for losses related to self-insured risks are generally based upon independent actuarially determined estimates. The assumptions underlying the ultimate costs of existing claim losses can be highly unpredictable, which can affect the liability recorded for such claims. For example, variability in inflation rates of health care costs inherent in these claims can affect the amounts realized. In March 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 were enacted. This legislation expands health care coverage to many uninsured individuals and expands coverage to those already insured. We expect our healthcare costs to increase, though not materially, as a result of this legislation. Similarly, changes in legal trends and interpretations, as well as a change in the nature and method of how claims are settled can impact ultimate costs. Although our estimates of liabilities incurred do not anticipate significant changes in historical trends for these variables, any changes could have a considerable effect upon future claim costs and currently recorded liabilities and could materially impact our consolidated financial statements.

Unfavorable changes in tax rates could adversely affect our financial condition and results of operations.

We compute our income tax provision based on enacted tax rates in the countries in which we operate. As the tax rates vary among countries, a change in earnings attributable to the various jurisdictions in which we operate could result in an unfavorable change in our overall tax provision. Additionally, any change in the enacted tax rates, any adverse outcome in connection with any income tax audits in any jurisdiction, including transfer pricing disputes, or any change in the pronouncements relating to accounting for income taxes could have a material adverse affect on our financial condition and results of operations.

Significant changes in, or failure to comply with, federal, state, regional, local and international laws and regulations relating to the use, storage, discharge and disposal of hazardous materials, hazardous and non-hazardous wastes and other environmental matters could adversely impact our business, financial condition and results of operations.

We are subject to a wide variety of federal, state, regional, local and international laws and regulations relating to the use, storage, discharge and disposal of hazardous materials, hazardous and non-hazardous wastes and other environmental matters. Any failure to comply with these laws could result in significant costs to satisfy environmental compliance, remediation or compensatory requirements, or the imposition of severe penalties or restrictions on operations by governmental agencies or courts that could adversely affect our business, financial condition and results of operations.

We are involved in a number of legal proceedings and audits and, while we cannot predict the outcomes of such proceedings and other contingencies with certainty, some of these outcomes could adversely affect our business, financial condition and results of operations.

Our business requires compliance with a great variety of laws and regulations. Failure to achieve compliance could subject us to lawsuits and other proceedings, and lead to damage awards, fines and penalties. We are, or may become involved, in a number of legal proceedings and audits including grand jury investigations, government and agency investigations, and consumer, employment, tort and other litigation (see discussion of Legal Proceedings in Note 11 to the consolidated financial statements included in Item 8 of this Report). We cannot predict with certainty the outcomes of these legal proceedings and other contingencies, including environmental remediation and other proceedings commenced by governmental authorities. The outcome of some of these legal proceedings, audits, unclaimed property laws, and other contingencies could require us to take, or refrain from taking, actions which could negatively affect our operations or could require us to pay substantial amounts of money adversely affecting our financial condition and results of operations. Additionally, defending against these lawsuits and proceedings may involve significant expense and diversion of management's attention and resources.

We are subject to the risks of selling unsafe products which could result in illness or injury to our members, harm our reputation and subject us to litigation.

If our merchandise offerings, including food and prepared food products for human consumption, drugs, childrens' products, and pet products, do not meet or are perceived not to meet applicable safety standards or our members' expectations regarding safety, we could experience lost sales, increased costs and be exposed to legal and reputational risk. The sale of these items involves the risk of health-related illness or injury to our members. Such illnesses or injuries could result from tampering by unauthorized third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, other agents, or residues introduced during the growing, manufacturing, storage, handling and transportation phases. Our vendors are generally contractually required to comply with applicable product safety laws, and we are dependent on them to ensure that the products we buy comply with all safety standards. While we are subject to governmental inspection and regulations and work to comply in all material respects with applicable laws and regulations, we cannot be sure that consumption of our products will not cause a health-related illness or injury in the future or that we will not be subject to claims, lawsuits or government investigations relating to such matters resulting in costly product recalls and other liabilities that could adversely affect our business and results of operations. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that our products caused illness or injury could adversely affect our reputation with existing and potential members and our corporate and brand image and these effects could be long term.

If we do not maintain the privacy and security of member-related and business information, we could damage our reputation with members, incur substantial additional costs and become subject to litigation.

We receive, retain, and transmit certain personal information about our members. In addition, our online operations at www.costco.com and www.costco.ca depend upon the secure transmission of confidential information over public networks, including information permitting cashless payments. A compromise of our security systems or those of our business partners that results in our members' personal information being obtained by unauthorized persons could adversely affect our reputation with our members and others, as well as our operations, results of operations, financial condition and liquidity, and could result in litigation against us or the imposition of penalties. In addition, a security breach could require that we expend significant additional resources related to the security of information systems and could result in a disruption of our operations, particularly our online sales operations.

Additionally, the use of individually identifiable data by our business and our business associates is regulated at the international, federal and state levels. Privacy and information security laws and regulations change, and compliance with them may result in cost increases due to necessary systems changes and the development of new administrative processes. If we or those with whom we share information fail to comply with these laws and regulations or experience a data security breach, our reputation could be damaged, possibly resulting in lost future business, and we could be subjected to additional legal risk as a result of non-compliance.

Our security measures may be undermined due to the actions of outside parties, employee error, malfeasance, or otherwise, and, as a result, an unauthorized party may obtain access to our data systems and misappropriate business and personal information. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of intrusion, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation, and potentially have an adverse effect on our business.

We rely extensively on computer systems to process transactions, summarize results and manage our business. Failure to adequately update our systems and disruptions in both our primary and back-up systems could harm our ability to run our business and adversely affect our results of operations.

Although we believe that we have independent, redundant primary and secondary computer systems, given the number of individual transactions we have each year it is important that we maintain uninterrupted operation of our business-critical computer systems. Our computer systems, including our back-up systems, are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, internal or external security breaches, catastrophic events such as fires, earthquakes, tornadoes and hurricanes, and errors by our employees. If our computer systems and our back-up systems are damaged or cease to function properly, we may have to make significant investments to fix or replace them, and we may suffer interruptions in our operations in the interim. Any material interruption in our computer systems could have a material adverse effect on our business or results of operations.

We expect to make significant technology investments in the coming years, which are key to managing our business. We must monitor and choose the right investments and implement them at the right pace. Excessive technological change could impact the effectiveness of adoption, and could make it more difficult for us to realize benefits from the technology. Targeting the wrong opportunities, failing to make the best investments or making an investment commitment significantly above or below our needs could result in the loss of our competitive position and adversely impact our financial condition or results of operations. Additionally, the potential problems and interruptions associated with implementing technology initiatives could disrupt or reduce the efficiency of our operations in the short term. These initiatives might not provide the anticipated benefits or may provide them on a delayed schedule or at a higher cost.

If we do not successfully develop and maintain a relevant multichannel experience for our members, our results of operations could be adversely impacted.

Multichannel retailing is rapidly evolving and we must keep pace with changing member expectations and new developments by our competitors. Our members are increasingly using computers, tablets, mobile phones, and other devices to shop online. As part of our multichannel strategy, we are making technology investments in our websites and recently launched a mobile application for mobile phones and other electronic devices. If we are unable to make, improve, or develop relevant member-facing technology in a timely manner, our ability to compete and our results of operations could be adversely affected. In addition, if our online businesses or our other member-facing technology systems do not function as designed, we may experience a loss of member confidence, data security breaches, lost sales, or be exposed to fraudulent purchases, which could adversely affect our reputation and results of operations.

Our inability to attract, train and retain highly qualified employees could adversely impact our business, financial condition and results of operations.

Our success depends to a significant degree on the continued contributions of members of our senior management and other key operations, merchandising and administrative personnel, and the loss of any such person(s) could have a material adverse effect on our business. Other than an annual agreement with our CEO, Mr. Jelinek, we have no employment agreements with our officers. We must attract, train and retain a large and growing number of highly qualified employees, while controlling related labor costs and maintaining our core values. Our ability to control labor costs is subject to numerous external factors, including prevailing wage rates and healthcare and other insurance costs. We compete with other retail and non-retail businesses for these employees and invest significant resources in training and motivating them. There is no assurance that we will be able to attract or retain highly qualified employees in the future, which could have a material adverse effect on our business, financial condition and results of operations. We do not maintain key man insurance.

Failure to meet market expectations for our financial performance could adversely affect the market price and volatility of our stock.

We believe that the price of our stock generally reflects high market expectations for our future operating results. Any failure to meet or delay in meeting these expectations, including our comparable warehouse sales growth rates, margins, earnings and earnings per share or new warehouse openings could cause the market price of our stock to decline, as could changes in our dividend or stock repurchase policies.

Item 1B–Unresolved Staff Comments

None.

Item 2–Properties

Warehouse Properties

At September 2, 2012, we operated 608 membership warehouses:

NUMBER OF WAREHOUSES

	Own Land and Building	Lease Land and/or Building[1]	Total
United States and Puerto Rico	350	89	439
Canada	72	10	82
Mexico	31	1	32
United Kingdom	19	3	22
Japan	1	12	13
Taiwan	–	9	9
Korea	3	5	8
Australia	2	1	3
Total	478	130	608

(1) 91 of the 130 leases are land-leases only, where Costco owns the building.

The following schedule shows warehouse openings (net of closings) by region for the past five fiscal years and expected warehouse openings (net of closings) through December 31, 2012:

Openings by Fiscal Year	United States	Canada	Other International	Total	Total Warehouses in Operation
2008 and prior	398	75	39	512	512
2009	8	2	5	15	527
2010	10	2	1	13	540
2011	13	3	36 [2]	52	592
2012	10	–	6	16	608
2013 (expected through 12/31/12)	9	3	2	14	622
Total	448	85	89	622	

(2) This number includes the 32 Mexico warehouses in operation at the beginning of 2011, when we began consolidating Mexico. Mexico opened 31 warehouses prior to 2009 and one in 2009.

At the end of 2012, our warehouses contained approximately 86.9 million square feet of operating floor space: 63.7 million in the U.S.; 11.2 million in Canada; and 12.0 million in other international locations.

Our executive offices are located in Issaquah, Washington and occupy approximately 590,000 square feet. We operate eight regional offices in the U.S., two regional offices in Canada and six regional offices internationally, containing approximately 423,000 square feet. Additionally, we operate regional cross-docking facilities (depots) for the consolidation and distribution of most merchandise shipments to the warehouses, and various processing, packaging, and other facilities to support ancillary and other businesses. We operate 12 depots in the U.S., four in Canada and five internationally, consisting of approximately 8.7 million square feet.

Item 3–Legal Proceedings

See discussion of Legal Proceedings in Note 11 to the consolidated financial statements included in Item 8 of this Report.

Item 4–Mine Safety Disclosures.

Not applicable.

PART II

Item 5–Market for Registrant' s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information and Dividend Policy

Our common stock is traded on the NASDAQ Global Select Market under the symbol "COST." On October 5, 2012, we had 8,154 stockholders of record.

The following table shows the quarterly high and low closing sale prices as reported by NASDAQ for each quarter during the last two fiscal years and the quarterly cash dividend declared per share of our common stock.

	Price Range		Cash Dividends Declared
	High	Low	
2012:			
Fourth Quarter	$98.59	$82.62	$0.550 (1)
Third Quarter	91.84	83.24	– (2)
Second Quarter	88.06	79.01	0.240
First Quarter	85.30	77.79	0.240
2011:			
Fourth Quarter	83.86	70.39	0.240
Third Quarter	81.46	69.76	0.240
Second Quarter	75.04	66.90	0.205
First Quarter	67.02	56.07	0.205

(1) Our current quarterly dividend rate is $0.275 per share. The amount shown includes the dividend declared on May 9, 2012, in addition to the fourth quarter dividend declared on July 23, 2012. See footnote 2.

(2) On May 9, 2012, subsequent to the end of the third quarter of fiscal 2012, the Board of Directors declared a quarterly cash dividend of $0.275 per share.

Payment of future dividends is subject to declaration by the Board of Directors. Factors considered in determining dividends are our profitability and expected capital needs. Subject to these qualifications, we presently expect to continue to pay dividends on a quarterly basis.

Issuer Purchases of Equity Securities

The following table sets forth information on our common stock repurchase program activity for the 17-week fourth quarter of fiscal 2012 (dollars in millions, except per share data):

Period(3)	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program(4)	Maximum Dollar Value of Shares that May Yet be Purchased Under the Program(4)
May 7–June 3, 2012	950,000	$ 84.32	950,000	$ 3,178
June 4–July 1, 2012	400,000	89.54	400,000	$ 3,142
July 2–July 29, 2012	180,000	94.20	180,000	$ 3,125

July 30–September 2, 2012	373,000	95.87	373,000	$ 3,089
Total fourth quarter	1,903,000	$ 88.61	1,903,000	

(3) Monthly information is presented by reference to our fiscal periods during the fourth quarter of fiscal 2012.

(4) Our stock repurchase program is conducted under a $4,000 authorization of our Board of Directors approved in April 2011, which expires in April 2015.

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Item 6–Selected Financial Data

The following table sets forth certain information concerning our consolidated financial condition, operating results, and key operating metrics. This information should be read in conjunction with Management' s Discussion and Analysis of Financial Condition and Results of Operations, included in Item 7 of this Report, and our consolidated financial statements and notes thereto, included in Item 8 of this Report.

In July 2012, we purchased from our former joint venture partner its 50% equity interest of Costco Mexico (Mexico) for $789. At the beginning of fiscal 2011, we began consolidating Mexico, at that time a 50% owned joint venture, on a prospective basis due to the adoption of a new accounting standard. In the table below, Mexico' s results for fiscal 2010, 2009 and 2008, were accounted for under the equity method and our 50% share was included in "interest income and other, net." For fiscal 2012 and 2011, the financial position and results of Mexico' s operations are fully consolidated and the joint venture partner' s share is included in "net income attributable to noncontrolling interests."

SELECTED FINANCIAL DATA
(dollars in millions, except per share and warehouse number data)

As of and for the year ended	Sept. 2, 2012 (53 weeks)	Aug. 28, 2011 (52 weeks)	Aug. 29, 2010 (52 weeks)	Aug. 30, 2009 (52 weeks)	Aug. 31, 2008 (52 weeks)
RESULTS OF OPERATIONS					
Net sales	$ 97,062	$ 87,048	$ 76,255	$ 69,889	$ 70,977
Merchandise costs	86,823	77,739	67,995	62,335	63,503
Gross margin	10,239	9,309	8,260	7,554	7,474
Membership fees	2,075	1,867	1,691	1,533	1,506
Operating income	2,759	2,439	2,077	1,777	1,969
Net income attributable to Costco	1,709	1,462	1,303	1,086	1,283
Net income per diluted common share attributable to Costco	3.89	3.30	2.92	2.47	2.89
Cash dividends declared per common share	$ 1.03	$ 0.89	$ 0.77	$ 0.68	$ 0.61
Increase (decrease) in comparable warehouse sales[1]					
United States	7 %	7 %	4 %	(2 %)	6 %
International	6 %	16 %	19 %	(8 %)	15 %
Total	7 %	10 %	7 %	(4 %)	8 %
Increase in international comparable warehouse sales in local currency	8 %	10 %	8 %	7 %	6 %
BALANCE SHEET DATA					
Net property and equipment	$ 12,961	$ 12,432	$ 11,314	$ 10,900	$ 10,355
Total assets	27,140	26,761	23,815	21,979	20,682
Current portion of long-term debt	1	900	–	80	6
Long-term debt, excluding current portion	1,381	1,253	2,141	2,130	2,206
Costco stockholders' equity	$ 12,361	$ 12,002	$ 10,829	$ 10,024	$ 9,194
WAREHOUSE INFORMATION					

Warehouses in Operation[2]					
Beginning of year[2]	592	572	527	512	488
Opened[3]	17	24	14	19	34
Closed[3]	(1)	(4)	(1)	(4)	(10)
End of year	608	592	540	527	512

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(1) Includes net sales at warehouses open more than one year, including relocated facilities. For fiscal 2012, the prior year includes the comparable 53 weeks.

(2) Excludes in 2010 and in prior years presented warehouses operated in Mexico through a 50% owned joint venture. Mexico opened 31 of these warehouses prior to 2009 and one in 2009. The 2011 beginning-of-year figure includes the 32 Mexico warehouses consolidated at the beginning of the fiscal year.

(3) Includes warehouse relocations and the closure in July 2009 of two Costco Home locations.

Item 7–Management's Discussion and Analysis of Financial Condition and Results of Operations (dollars in millions, except per share, membership fee data, and warehouse number data)

OVERVIEW

We believe that the most important driver of increasing our profitability is sales growth, particularly comparable sales growth (we report comparable sales as sales in warehouses open for at least one year, including relocations, remodels, and expansions). Comparable sales growth is achieved through increasing the frequency with which our members shop and the amounts that they spend on each visit. Sales comparisons can also be particularly influenced by two factors that are beyond our control, including fluctuations in currency exchange rates (with respect to the consolidation of the results of our international operations) and changes in the cost of gasoline and associated competitive conditions (primarily impacting domestic operations). The higher our comparable sales exclusive of currency fluctuations, the more we can leverage certain of our selling, general and administrative expenses, reducing them as a percentage of sales and enhancing profitability. Generating comparable sales growth is foremost a question of making available to our members the right merchandise at the right prices, a skill that we believe we have repeatedly demonstrated over the long term. Another substantial factor in sales growth is the health of the economies in which we do business, especially the United States. Sales growth and gross margins are also impacted by our competition, which is vigorous and widespread, including a wide range of global, national and regional wholesalers and retailers, including supermarkets, supercenter stores, and department and specialty stores, gasoline stations, and internet-based retailers. 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 to our merchandise mix, including increasing the penetration of our private label items. Our philosophy is not to focus in the short term on maximizing prices that our members can be charged, but to maintain what we believe is a perception among our members of our "pricing authority"–consistently providing the most competitive values. This may cause us, for example, to absorb increases in merchandise costs at certain times rather than immediately passing them along to our members, negatively impacting gross margin.

We also achieve sales growth by opening new warehouses and relocating existing warehouses to larger and better-located facilities. As our warehouse base grows, available and desirable potential sites become more difficult to secure, and square footage growth becomes a comparatively less substantial component of growth. However, the negative aspects of such growth, including lower initial operating profitability relative to existing warehouses and cannibalization of sales at existing warehouses when openings occur in existing markets, are lessened. Our rate of square footage growth is higher in foreign markets, due to the smaller base in those markets, and we expect that to continue.

Our financial performance also depends heavily on our ability to control costs. While we believe that we have achieved successes in this area historically, some significant costs are partially outside our control, most particularly health care and utility expenses. With respect to expenses relating to the compensation of our employees, our philosophy is not to seek to minimize the wages and benefits that they earn. Rather, we believe that achieving our longer-term objectives of reducing employee turnover 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 is operated on very low margins, modest changes in various items in the income statement, particularly gross margin and selling, general and administrative expenses, can have substantial impacts on net income.

Our operating model is generally the same across our U.S., Canada, and Other International segments (see Item 8, Note 12 of this Report). Certain countries in the Other International segment have relatively higher rates of square footage growth, lower wage and benefits as a percentage of country sales, and/or less direct membership warehouse competition. Additionally, we operate our lower-margin gasoline business only in the United States and Canada.

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 references to the differences between the foreign-exchange rates we use to convert the financial results of our international operations from local currencies into U.S. dollars for financial reporting purposes. This impact of foreign-exchange rate changes is typically calculated as the difference between the current year currency exchange rates and the comparable prior-year currency exchange rates.

Our fiscal year ends on the Sunday closest to August 31. Fiscal 2012 is a 53-week year ending on September 2, 2012, while fiscal years 2011 and 2010 were 52-week periods. Certain percentages presented are calculated using actual results prior to rounding. Unless otherwise noted, references to net income relate to net income attributable to Costco.

Highlights for fiscal year 2012 included:

Net sales increased 11.5% to $97,062, driven by a 7% increase in comparable sales, sales at warehouses opened in 2011 and 2012 to the extent that they have been excluded from comparable warehouse sales, and the benefit of one additional week of sales in 2012. Net sales were favorably impacted by increases in the price of gasoline, partially offset by the weakening of certain foreign currencies against the U.S. dollar;

Membership fees increased 11.1% to $2,075, primarily due to new member sign-ups at warehouses open for more than one year, an extra week of membership fees in fiscal 2012, the impact of raising our annual membership fees, increased penetration of our higher-fee Executive Membership program, and additional member sign-ups at new warehouses opened since the end of fiscal 2011;

Gross margin (net sales less merchandise costs) as a percentage of net sales decreased 14 basis points. This comparison was positively impacted by eight basis points due to a $66 lower LIFO inventory charge in 2012 compared to 2011;

Selling, general and administrative (SG&A) expenses as a percentage of net sales improved 17 basis points;

Net income in 2012 increased 16.9% to $1,709, or $3.89 per diluted share compared to $1,462, or $3.30 per diluted share in 2011;

The Board of Directors approved an increase in the quarterly cash dividend from $0.24 to $0.275 per share;

We repurchased 7,272 shares of our common stock, at an average cost of $84.75 per share, totaling approximately $617; and

In July, we purchased from our joint venture partner, Controladora Comercial Mexicana, its 50% equity interest in Costco Mexico for $789.

Item 7–Management' s Discussion and Analysis of Financial Condition and Results of Operations (dollars in millions, except per share, membership fee data, and warehouse number data) (Continued)

RESULTS OF OPERATIONS[1]

Net Sales

	2012	2011	2010
Net Sales	$97,062	$87,048	$76,255
Increases in net sales:			
U.S.	10.6 %	8.9 %	5.4 %
International	13.9 %	31.1 %[2]	23.2 %
Total Company	11.5 %	14.2 %[2]	9.1 %
Increases in comparable warehouse sales[3]:			
U.S.	7 %	7 %	4 %
International	6 %	16 %	19 %
Total Company	7 %	10 %	7 %
Increases in comparable warehouse sales excluding the impact of gasoline price inflation and foreign currencies[3]:			
U.S.	6 %	5 %	2 %
International	8 %	10 %	8 %
Total Company	6 %	6 %	4 %

(1) Only the 2012 and 2011 data in the accompanying tables includes Mexico.

(2) The percentage increase in net sales for 2011 from 2010 was positively impacted by the initial consolidation of Mexico beginning in fiscal 2011. Excluding Mexico, the International and Total Company increases in net sales would have been 17.6% and 11.0%, respectively.

(3) For 2012, the prior year includes the comparable 53 weeks.

2012 vs. 2011

Net Sales

Net sales increased $10,014 or 11.5% during 2012 compared to 2011. This increase was attributable to a 7% increase in comparable warehouse sales, sales at warehouses opened in 2011 and 2012 to the extent that they have been excluded from comparable warehouse sales, and the benefit of one additional week of sales in 2012.

Gasoline price inflation positively impacted net sales by approximately $801 or 92 basis points, which resulted from an 8% increase in the average sales price per gallon during 2012. Changes in foreign currencies relative to the U.S. dollar negatively impacted net sales by approximately $597, or 69 basis points during 2012. The negative impact in 2012 was primarily due to negative impacts of the Canadian dollar, the Mexican peso and the Korean won of approximately $310, $255 and $57, respectively, partially offset by a positive impact of the Japanese yen of approximately $81.

Comparable Sales

Comparable sales increased 7% during 2012, and were positively impacted by increases in both shopping frequency and the average amount spent by our members. Gasoline price inflation positively impacted comparable sales results during 2012, while changes in foreign currencies relative to the U.S. dollar negatively impacted comparable sales. The increase in comparable sales includes the negative impact of cannibalization (established warehouses losing sales to our newly opened locations).

Item 7–Management' s Discussion and Analysis of Financial Condition and Results of Operations (dollars in millions, except per share, membership fee data, and warehouse number data) (Continued)

2011 vs. 2010

Net Sales

Net sales increased $10,793 or 14.2% during 2011 compared to 2010. Excluding sales of Mexico (not consolidated in 2010), the increase would have been 11%. This increase was primarily attributable to an increase in comparable warehouse sales, and the remainder primarily from sales at the 20 net new warehouses opened during 2011.

Gasoline price inflation positively impacted net sales by approximately $1,699 or 223 basis points, which resulted from a 24% increase in the average sales price per gallon during 2011. Changes in foreign currencies relative to the U.S. dollar positively impacted net sales by approximately $1,308, or 172 basis points during 2011. The positive impact in 2011 was primarily due to positive impacts in the exchange rates of the Canadian dollar, the Japanese yen and the Mexican peso of approximately $728, $157 and $152, respectively.

Comparable Sales

Comparable sales, including Mexico for both 2011 and 2010, increased 10% during 2011, and were positively impacted by increases in the average amount spent by our members and in their shopping frequency. Gasoline price inflation and changes in foreign currencies relative to the U.S. dollar positively impacted comparable sales results in 2011. The increase in comparable sales includes the negative impact of cannibalization (established warehouses losing sales to our newly opened locations).

Membership Fees

	2012	2011	2010
Membership fees	$2,075	$1,867	$1,691
Membership fees increase	11.1 %	10.4 %	10.3 %
Membership fees as a percent of net sales	2.13 %	2.15 %	2.22 %
Total cardholders (000' s)	67,000	64,000	58,000

2012 vs. 2011

Membership fees increased 11.1% in 2012. The increase was due to new member sign-ups at warehouses open for more than one year, an extra week of membership fee revenue in fiscal 2012, the impact of raising our annual membership fees, increased penetration of our higher-fee Executive Membership program, and additional member sign-ups at new warehouses opened since the end of fiscal 2011. Our member renewal rates are consistent with recent years, currently 89.7% in the U.S. and Canada, and 86.4% on a worldwide basis.

As previously reported, effective November 1, 2011, for new members, and January 1, 2012, for renewal members, we increased our annual membership fee by $5 for U.S. Goldstar (individual), Business, Business add-on and Canada Business members to $55. Also, our U.S. and Canada Executive Membership annual fees increased from $100 to $110, and the maximum 2% reward associated with Executive Membership increased from $500 to $750 annually. We account for membership fee revenue on a deferred basis, whereby revenue is recognized ratably over the one-year membership period. These fee increases had a positive impact on membership fee revenues during 2012 of approximately $37 and will continue to have an impact in the next several quarters. We expect this increase to positively impact membership fee revenue by approximately $121 in fiscal 2013.

Item 7–Management' s Discussion and Analysis of Financial Condition and Results of Operations (dollars in millions, except per share, membership fee data, and warehouse number data) (Continued)

Changes in foreign currencies relative to the U.S. dollar negatively impacted membership fees in 2012 by approximately $10.

2011 vs. 2010

Membership fees increased 10.4% in 2011 compared to 2010. Excluding membership fees from Mexico (not consolidated in 2010), the increase would have been 8.3% in 2011. This increase was due to the higher penetration of our higher-fee Executive Membership program and the additional membership sign-ups at the 20 net new warehouses opened during 2011.

Changes in foreign currencies relative to the U.S. dollar positively impacted membership fees by approximately $30 in 2011, primarily due to the positive impacts of the Canadian dollar of $17.

Gross Margin

	2012	2011	2010
Net sales	$97,062	$87,048	$76,255
Less merchandise costs	86,823	77,739	67,995
Gross margin	$10,239	$9,309	$8,260
Gross margin increase	10.0 %	12.7 %	9.4 %
Gross margin as a percent of net sales	10.55 %	10.69 %	10.83 %

2012 vs. 2011

Gross margin as a percent of net sales decreased 14 basis points compared to 2011. Gross margin for core merchandise categories (food and sundries, hardlines, softlines, and fresh foods) decreased 21 basis points, primarily due to decreases in hardlines and food and sundries resulting from our investment in merchandise pricing. Excluding the effect of gasoline price inflation on net sales, gross margin for core merchandise categories decreased 13 basis points. The gross margin comparison was positively impacted by eight basis points due to a $21 LIFO inventory charge in 2012 compared to an $87 LIFO charge recorded in 2011. The LIFO charge resulted from higher costs for our merchandise inventories, primarily food and sundries and gasoline. Increased penetration of the Executive Membership 2% reward program negatively impacted gross margin by two basis points due to increased spending by Executive Members. Changes in foreign currencies relative to the U.S. dollar negatively impacted gross margin by approximately $64 in 2012, primarily due to the negative impacts of the Canadian dollar and Mexican peso of approximately $33 and $29, respectively.

2011 vs. 2010

Gross margin as a percent of net sales decreased 14 basis points compared to 2010. Gross margin for core merchandise categories, when expressed as a percent of core merchandise sales rather than total net sales, increased 18 basis points, primarily due to hardlines and food and sundries. However, when the core merchandise gross margin is expressed as a percentage of total net sales, it decreased two basis points from the prior year due primarily to the increased sales penetration of the lower-margin gasoline business. Warehouse ancillary and other businesses gross margins decreased by two basis points as a percent of total net sales. The gross margin comparison was also negatively impacted by $87 or 10 basis points, due to a LIFO inventory charge recorded in 2011. The charge resulted from higher costs for our merchandise inventories, primarily food and sundries and gasoline. There was no LIFO inventory charge recorded in 2010.

Item 7–Management' s Discussion and Analysis of Financial Condition and Results of Operations (dollars in millions, except per share, membership fee data, and warehouse number data) (Continued)

Excluding the impact of consolidating Mexico, the gross margin comparison as a percent of net sales would have been a decrease of 18 basis points during 2011. Changes in foreign currencies relative to the U.S. dollar positively impacted gross margin by approximately $149 in 2011, primarily due to the positive impacts of the Canadian dollar, Mexican peso, and Japanese yen of approximately $84, $18, and $18, respectively.

Selling, General and Administrative Expenses

	2012	2011	2010
SG&A expenses	$9,518	$8,691	$7,848
SG&A expenses as a percent of net sales	9.81 %	9.98 %	10.29%

2012 vs. 2011

SG&A expenses as a percent of net sales improved 17 basis points compared to 2011. Excluding the effect of gasoline price inflation, SG&A expenses improved nine basis points, primarily due to an eleven basis point improvement in our warehouse operating costs, largely payroll. This improvement was partially offset by contributions to an initiative reforming alcohol beverage laws in Washington State and higher stock compensation expense, which had negative impacts of two basis points each. Higher costs related to the modernization of our information systems and related activities, which includes the re-platforming of our e-commerce sites, also adversely impacted our SG&A percentage. Changes in foreign currencies relative to the U.S. dollar positively impacted SG&A expenses by approximately $45 in 2012, primarily due to the positive impacts of the Canadian dollar and Mexican peso by approximately $27 and $18, respectively.

2011 vs. 2010

SG&A expenses as a percent of net sales improved 31 basis points in 2011 compared to 2010. Excluding the effect of gasoline price inflation, SG&A expenses improved 11 basis points, primarily due to a 15 basis point improvement in our warehouse operating costs, largely payroll. This improvement was partially offset by a non-recurring benefit of $24, or three basis points, recorded in fiscal 2010 related to the refund of a previously recorded Canadian employee tax liability.

The consolidation of Mexico, which compared to our other operating segments has lower SG&A expenses as a percent of its own net sales, favorably impacted SG&A expenses as a percent of net sales by seven basis points in 2011. Changes in foreign currencies relative to the U.S. dollar negatively impacted SG&A expenses by approximately $116 in 2011, primarily due to the negative impacts of the Canadian dollar, Japanese yen, and Mexican peso by approximately $65, $16, and $12, respectively.

Preopening Expenses

	2012	2011	2010
Preopening expenses	$37	$46	$26
Warehouse openings, including relocations	17	24	14

Preopening expenses include costs for startup operations related to new warehouses and the expansion of ancillary operations at existing warehouses. Preopening expenses vary due to the number of warehouse openings, the timing of the opening relative to our year-end, whether the warehouse is owned or leased, and whether the opening is in an existing, new, or international market.

Item 7–Management's Discussion and Analysis of Financial Condition and Results of Operations (dollars in millions, except per share, membership fee data, and warehouse number data) (Continued)

Interest Expense

	2012	2011	2010
Interest Expense	$95	$116	$111

Interest expense primarily relates to our $900 of 5.3% and $1,100 of 5.5% Senior Notes issued in fiscal 2007 (described in further detail under the heading "Financing Activities" below and in Note 4 to the consolidated financial statements included in Item 8 of this Report). The outstanding principal balance and associated interest on the 5.3% Senior Notes was paid on March 15, 2012, resulting in a decrease in interest expense in 2012. This debt was paid with existing sources of cash and cash equivalents and short-term investments.

Interest Income and Other, Net

	2012	2011	2010
Interest income	$49	$41	$23
Foreign-currency transaction gains (losses), net	40	9	14
Earnings of affiliates and other, net	14	10	51
Interest income and other, net	$103	$60	$88

2012 vs. 2011

The increase in interest income in 2012 compared to 2011 was attributable to higher cash balances and interest rates in our foreign subsidiaries. The changes in foreign-currency transaction gains and losses, net in 2012 compared to 2011 were related to the revaluation or settlement of monetary assets and monetary liabilities, primarily our Canadian subsidiary's U.S. dollar-denominated payables. See Derivatives and Foreign Currency sections in Item 8, Note 1 of this Report.

2011 vs. 2010

The increase in interest income in 2011 compared to 2010 was attributable to increases in our cash and cash equivalents, including short-term investments, slightly higher interest rates, and the consolidation of our Mexico operations. See the section titled "Derivatives" in Note 1 to the consolidated financial statements included in Item 8 of this Report. In addition, the decrease in earnings of affiliates and other, net is primarily due to the previously discussed change in the accounting treatment of Mexico (see further discussion in Note 1 included in Item 8 of this Report).

Provision for Income Taxes

	2012	2011	2010
Provision for income taxes	$1,000	$841	$731
Effective tax rate	36.1 %	35.3%	35.6%

Our provision for income taxes for fiscal year 2012 was adversely impacted by nonrecurring net tax expense of $25 relating primarily to the following items: the adverse impact of an audit of Costco Mexico by the Mexican tax authority; the tax effects of a cash dividend declared by Costco Mexico; and the tax effects of nondeductible expenses for our contribution to an initiative reforming alcohol beverage laws in Washington State.

Item 7–Management' s Discussion and Analysis of Financial Condition and Results of Operations (dollars in millions, except per share, membership fee data, and warehouse number data) (Continued)

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

The following table itemizes components of our most liquid assets:

	2012	2011
Cash and cash equivalents	$3,528	$4,009
Short-term investments	1,326	1,604
Total	$4,854	$5,613

Our primary sources of liquidity are cash flows generated from warehouse operations, cash and cash equivalents and short-term investment balances. Of these balances, approximately $1,161 and $982 at the end of 2012 and 2011, respectively, represented debit and credit card receivables, primarily related to sales within the last week of our fiscal year.

Net cash provided by operating activities totaled $3,057 in 2012 compared to $3,198 in 2011, a decrease of $141. This decrease was primarily attributable to an increase in our net investment in merchandise inventories (change in merchandise inventories less changes in accounts payable) of $314, an $87 decrease in deferred income taxes and a $38 decrease in other current operating assets and liabilities. These items were partially offset by a $225 increase in net income including noncontrolling interests, a $53 increase in depreciation and amortization and a $34 increase in stock-based compensation.

Net cash used in investing activities totaled $1,236 in 2012 compared to $1,180 in 2011, an increase of $56. This increase was primarily attributable to an increase of $190 used for property and equipment additions in 2012 as compared to 2011. Additionally, in 2011, cash increased by $165 resulting from the initial consolidation of Costco Mexico. These items were partially offset by net cash provided by purchases, maturities and sales of investments of $255 in 2012, compared to net cash used by these activities of $60 in 2011.

Net cash used in financing activities totaled $2,281 in 2012 compared to $1,277 in 2011, an increase of $1,004. This increase was primarily attributable to the $900 repayment of our 5.3% Senior Notes (2012 Notes), and $789 used to purchase the noncontrolling interest in Costco Mexico from our joint venture partner. In addition, proceeds from the exercise of stock options decreased $176 and our Mexico subsidiary made a distribution to our former joint venture partner of $161. These items were partially offset by an increase in bank checks outstanding of $971. In 2012 the increase in bank checks outstanding was due to maintaining lower balances in banks on which our checks are drawn.

The effect of changes in foreign-exchange rates decreased cash and cash equivalents by $21 in 2012, compared to an increase of $54 in 2011, a decrease of $75.

Management believes that our current cash position and operating cash flows will be sufficient to meet our capital requirements for the foreseeable future. We have not provided for U.S. deferred taxes on cumulative undistributed earnings of $3,162 and $2,646 at the end of 2012 and 2011, respectively, of certain non-U.S. consolidated subsidiaries as such earnings are deemed by us to be indefinitely reinvested. We believe that our U.S. current asset position is sufficient to meet our U.S. liquidity requirements and have no current plans to repatriate for use in the U.S. the cash and cash equivalents and short-term investments held by these subsidiaries. At September 2, 2012, cash and cash equivalents and short-term investments totaling $2,039 were held by these non-U.S. consolidated subsidiaries.

Item 7–Management' s Discussion and Analysis of Financial Condition and Results of Operations (dollars in millions, except per share, membership fee data, and warehouse number data) (Continued)

Dividends

In May 2012, our Board of Directors increased our quarterly cash dividend from $0.24 to $0.275 per share. Our quarterly cash dividends paid in 2012 totaled $1.03 per share, as compared to $0.89 per share in 2011.

Contractual Obligations

As of September 2, 2012, our commitments to make future payments under contractual obligations were as follows:

	Payments Due by Fiscal Year				
Contractual obligations	**2013**	**2014 to 2015**	**2016 to 2017**	**2018 and thereafter**	**Total**
Purchase obligations (merchandise)[1]	$6,682	$–	$–	$–	$6,682
Long-term debt[2]	66	131	1,266	254	1,717
Operating leases [3]	189	355	320	1,883	2,747
Purchase obligations (property, equipment, services and other)[4]	271	151	6	–	428
Construction commitments	372	–	–	–	372
Capital lease obligations[2]	14	28	30	328	400
Other[5]	10	14	18	45	87
Total	$7,604	$679	$1,640	$2,510	$12,433

(1) Includes open merchandise purchase orders.

(2) Includes contractual interest payments.

(3) Operating lease obligations exclude amounts for common area maintenance, taxes, and insurance and have been reduced by $177 to reflect sub-lease income.

(4) The amounts exclude certain services negotiated at the individual warehouse or regional level that are not significant and generally contain clauses allowing for cancellation without significant penalty.

(5) Consists of $44 in asset retirement obligations, $41 in deferred compensation obligations and $2 of current unrecognized tax benefits relating to uncertain tax positions. The total amount excludes $206 of deferred compensation, $58 of noncurrent unrecognized tax benefits and $20 of other obligations due to uncertainty regarding the timing of future cash payments.

Expansion Plans

Our primary requirement for capital is the financing of land, buildings, and equipment costs for new and remodeled warehouses. To a lesser extent, capital is required for initial warehouse operations and working capital. While there can be no assurance that current expectations will be realized and plans are subject to change upon further review, it is our current intention to spend approximately $1,800 to $2,000 during fiscal 2013 for real estate, construction, remodeling, equipment for warehouses and related operations, and the modernization of our information systems and related activities. These expenditures are expected to be financed with a combination of cash provided from operations and existing cash and cash equivalents and short-term investments.

We plan to open 27 to 30 net new warehouses in 2013.

We opened 16 net new warehouses in 2012, including the reopening of our Tamasakai, Japan warehouse (damaged in the March 2011 Japan earthquake) and the relocation of our Ancaster, Ontario warehouse to a larger and better-located facility. We spent a total of $1,480 on capital expenditures in 2012.

Bank Credit Facilities and Commercial Paper Programs

As of September 2, 2012, we had total borrowing capacity within our bank credit facilities of $438, of which $370 was maintained by our international operations. Of the $370 maintained by our international operations, $224 is guaranteed by the Company. We maintain bank credit facilities for working capital and general corporate purposes. There were no outstanding short-term borrowings under any of the bank credit facilities at the end of 2012 and 2011. The Company has letter of credit facilities, for commercial and stand-by letters of credit, totaling $160. The outstanding commitments under these facilities at the end of 2012 totaled $125, including $101 million in stand-by letters of credit with expiration dates within one year. All of the bank credit facilities have various expiration dates, all within one year, and generally, we intend to renew these facilities prior to their expiration. 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 at that time.

Financing Activities

In the first and second quarters of fiscal 2012, our Japanese subsidiary issued 1.18% yen-denominated promissory notes through a private placement. These notes were issued in two series, with the first funding in October 2011 and the second funding in December 2011. For both series, interest is payable semi-annually, and principal is due in October 2018.

In April 2010, our Japanese subsidiary paid the outstanding principal and interest balances totaling $44 related to the 0.92% promissory notes due April 2010, originally issued in April 2003.

In June 2008, our Japanese subsidiary entered into a ten-year term loan in the amount of $38, with a variable rate of interest of yen TIBOR (6-month) plus a 0.35% margin (0.78% and 0.79% at the end of 2012 and 2011, respectively) on the outstanding balance. Interest is payable semi-annually and principal is due in June 2018.

In October 2007, our Japanese subsidiary issued promissory notes through a private placement in the amount of $83, bearing interest at 2.695%. Interest is payable semi-annually, and principal is due in October 2017.

In February 2007, we issued $900 of 5.3% Senior Notes that were due March 15, 2012 (2012 Notes) at a discount of $2 and issued $1,100 of 5.5% Senior Notes due March 15, 2017 at a discount of $6 (together the 2007 Senior Notes). Interest on the 2007 Senior Notes is payable semi-annually on March 15 and September 15 of each year. The discount and issuance costs associated with the 2007 Senior Notes are being amortized to interest expense over the terms of those notes. At our option, we may redeem the 2007 Senior Notes at any time, in whole or in part, at a redemption price plus accrued interest. The redemption price is equal to the greater of 100% of the principal amount of the 2007 Senior Notes to be redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest to maturity. Additionally, we will be required to make an offer to purchase the 2007 Senior Notes at a price of 101% of the principal amount plus accrued and unpaid interest to the date of repurchase, upon certain events as defined by the terms of the 2007 Senior Notes. On March 15, 2012, we paid the outstanding principal balance and associated interest on the 2012 Notes with our existing sources of cash and cash equivalents and short-term investments.

In August 1997, we sold $900 principal amount at maturity 3.5% Zero Coupon Convertible Subordinated Notes (Zero Coupon Notes) due in August 2017. The Zero Coupon Notes were priced with a yield to maturity of 3.5%, resulting in gross proceeds of $450. The remaining Zero Coupon Notes outstanding are convertible into a maximum of 832,000 shares of Costco Common Stock at an initial conversion price of $22.71. At our option, we may redeem the Zero Coupon Notes (at the discounted issue price plus accrued interest to date of redemption) any time after August 2002. As of September 2, 2012, $864 in principal amount of Zero Coupon Notes had been converted by note holders into shares of Costco Common Stock.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have had, or are reasonably likely to have, a material current or future effect on our financial condition or consolidated financial statements.

Stock Repurchase Programs

In April 2011, our Board of Directors authorized a stock repurchase program in the amount of $4,000, expiring in April 2015, bringing total authorizations by our Board of Directors since inception of the program in 2001 to $10,800. The authorization in April 2011 revoked previously authorized but unused amounts totaling $792.

During 2012 and 2011, we repurchased 7,272,000 and 8,939,000 shares of common stock, at an average price of $84.75 and $71.74, totaling approximately $617 and $641, respectively. The remaining amount available to be purchased under our approved plan was $3,089 at the end of 2012. 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. Repurchased shares are retired, in accordance with the Washington Business Corporation Act.

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with U.S. generally accepted accounting principles requires that we make estimates and judgments. We continue to review our accounting policies and evaluate our estimates, including those related to revenue recognition, investments, merchandise inventory valuation, impairment of long-lived assets, insurance/self-insurance liabilities, and income taxes. We base our estimates on historical experience and on assumptions that we believe to be reasonable. For further information on key accounting policies, see discussion in Note 1 to the consolidated financial statements included in Item 8 of this Report.

Revenue Recognition

We generally recognize sales, which include shipping fees where applicable, net of estimated returns, at the time the member takes possession of merchandise or receives services. When we collect payment from customers prior to the transfer of ownership of merchandise or the performance of services, the amount received is generally recorded as deferred revenue on the consolidated balance sheets until the sale or service is completed. We provide for estimated sales returns based on historical trends in merchandise returns, net of the estimated net realizable value of merchandise inventories to be returned and any estimated disposition costs. Amounts collected from members that under common trade practices are referred to as sales taxes are recorded on a net basis.

We evaluate whether it is appropriate to record the gross amount of merchandise sales and related costs or the net amount earned as commissions. Generally, when we are the primary obligor, subject to inventory risk, have latitude in establishing prices and selecting suppliers, influence product or service specifications, or have several but not all of these indicators, revenue and related shipping fees are recorded on a gross basis. If we are not the primary obligor and do not possess other indicators of gross reporting as noted above, we record the net amounts as commissions earned, which is reflected in net sales.

Membership fee revenue represents annual membership fees paid by our members. We account for membership fee revenue, net of estimated refunds, on a deferred basis, whereby revenue is recognized ratably over the one-year membership period.

Our Executive members qualify for a 2% reward (which can be redeemed only at Costco warehouses), up to a maximum of approximately $750 per year, on qualified purchases made at Costco. We account for this 2% reward as a reduction in sales. The sales reduction and corresponding liability are computed after giving effect to the estimated impact of non-redemptions based on historical data.

Investments

Investments are reviewed quarterly for indicators of other-than-temporary impairment. This determination requires significant judgment. We employ a methodology that considers available quantitative and qualitative evidence. If the cost of an investment exceeds its fair value, we evaluate, among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and our intent and ability to hold the investment. We also consider specific adverse conditions related to the financial health of and business outlook for the issuer, including industry and sector performance, operational and financing cash flow factors, and rating agency actions. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established. If market, industry, or issuer conditions deteriorate, we may incur future impairments.

Merchandise Inventories

Merchandise inventories are valued at the lower of cost or market, as determined primarily by the retail inventory method, and are stated using the last-in, first-out (LIFO) method for substantially all U.S. merchandise inventories. Merchandise inventories for all foreign operations are primarily valued by the retail inventory method and are stated using the first-in, first-out (FIFO) method. We believe the LIFO method more fairly presents the results of operations by more closely matching current costs with current revenues. We record an adjustment each quarter, if necessary, for the estimated effect of inflation or deflation, and these estimates are adjusted to actual results determined at year-end.

We provide for estimated inventory losses (shrink) between physical inventory counts as a percentage of net sales. The provision is adjusted periodically to reflect results of the actual physical inventory counts, which generally occur in the second and fourth quarters of the year.

Inventory cost, where appropriate, is reduced by estimates of vendor rebates when earned or as we progress toward earning those rebates, provided they are probable and reasonably estimable. Other consideration received from vendors is generally recorded as a reduction of merchandise costs upon completion of contractual milestones, terms of agreement, or other systematic and rational approaches.

Impairment of Long-Lived Assets

We periodically evaluate our long-lived assets for indicators of impairment, such as a decision to relocate or close a warehouse facility. Our judgments are based on existing market and operational conditions. Future events could cause us to conclude that impairment factors exist, requiring a downward adjustment of these assets to their then-current fair market value.

Insurance/Self-Insurance Liabilities

We use a combination of insurance and self-insurance mechanisms, including a wholly-owned captive insurance subsidiary and participation in a reinsurance pool, to provide for potential liabilities for workers' compensation, general liability, property damage, directors' and officers' liability, vehicle liability, and employee health care benefits. Liabilities associated with the risks that we retain are not discounted and are estimated, in part, by considering historical claims experience, demographic factors, severity factors and other actuarial assumptions. The estimated accruals for these liabilities could be significantly affected if future occurrences and claims differ from these assumptions and historical trends.

Income Taxes

The determination of our provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits associated with uncertain tax positions are recorded in our consolidated financial statements only after determining a more-likely-than-not probability that the positions will withstand challenge from tax authorities. When facts and circumstances change, we reassess these probabilities and record any changes in the consolidated financial statements as appropriate.

Recent Accounting Pronouncements

See Note 1 to the consolidated financial statements included in Item 8 of this Report for a detailed description of recent accounting pronouncements. We do not expect these recently issued accounting pronouncements to have a material impact on our results of operations, financial condition or liquidity in future periods.

Item 7A–Quantitative and Qualitative Disclosures About Market Risk

Our exposure to financial market risk results from fluctuations in interest rates and foreign currency exchange rates. We do not engage in speculative or leveraged transactions or hold or issue financial instruments for trading purposes.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our investment holdings that are diversified among money market funds, U.S. government and agency securities, Federal Deposit Insurance Corporation insured corporate bonds, and corporate notes and bonds with effective maturities of generally three months to five years at the date of purchase. The primary objective of our investment activities is to preserve principal and secondarily to generate yields. The majority of our short-term investments are in fixed interest rate securities. These securities are subject to changes in fair value due to interest rate fluctuations. Our Board of Directors have approved a policy that limits investments in the U.S. to direct U.S. government and government agency obligations, repurchase agreements collateralized by U.S. government and government agency obligations, and U.S. government and government agency money market funds.

The investment policies of our subsidiaries are consistent with our primary objective to preserve principal and secondarily to generate yields. Our wholly-owned captive insurance subsidiary invests in U.S. government and government agency obligations, corporate notes and bonds, and asset and mortgage-backed securities with a minimum overall portfolio average credit rating of AA+. All of our foreign subsidiaries' investments are primarily in money market funds, investment grade securities, bankers' acceptances, bank certificates of deposit and term deposits, all denominated in their local currencies. Additionally, our Canadian subsidiary may invest a portion of its investments in U.S. dollar investment grade securities and bank term deposits to meet current U.S. dollar obligations.

We performed a sensitivity analysis to determine the impact an assumed 100 basis point change in interest rates would have on the value of our investment portfolio. At the end of 2012 and 2011, the incremental change in the fair market value was immaterial. For those investments that are classified as available-for-sale, the unrealized gains or losses related to fluctuations in market volatility and interest rates are reflected within stockholders' equity in accumulated other comprehensive income.

The nature and amount of our long-term debt may vary as a result of future business requirements, market conditions and other factors. As of the end of 2012, the majority of our fixed-rate long-term debt included $1,100 of 5.5% Senior Notes carried at $1,097. Fluctuations in interest rates may affect the fair value of the fixed-rate debt and may affect the interest expense related to the variable rate debt. See Note 4 to the consolidated financial statements included in Item 8 of this Report for more information on our long-term debt.

Foreign Currency-Exchange Risk

Our foreign subsidiaries conduct certain transactions in their non-functional currencies, which exposes us to fluctuations in exchange rates. We manage these fluctuations, in part, through the use of forward foreign-exchange contracts, seeking to economically hedge the impact of fluctuations of foreign exchange on known future expenditures denominated in a non-functional foreign-currency. The contracts are intended primarily to economically hedge exposure to U.S. dollar merchandise inventory expenditures made by our international subsidiaries whose functional currency is other than the U.S. dollar. Currently, these contracts do not qualify for derivative hedge accounting. We seek to mitigate risk with the use of these contracts and do not intend to engage in speculative transactions. These contracts do not contain any credit-risk-related contingent features.

We seek to manage counterparty risk associated with these contracts by limiting transactions to counterparties with which we have established banking relationships. There can be no assurance, however, that this practice effectively mitigates counterparty risk. These contracts are limited to less than one year in duration. See Note 1 and Note 3 in Item 8 of this Report for additional information on the fair value of open, unsettled forward foreign-exchange contracts at the end of 2012 and 2011. A hypothetical 10% strengthening of the functional currency compared to the non-functional currency exchange rates at September 2, 2012 and August 28, 2011, would have decreased the fair value of the contracts by $28 and $25, respectively.

Commodity Price Risk

We are exposed to fluctuations in prices for energy that we consume, particularly electricity and natural gas, which we seek to partially mitigate through the use of fixed-price contracts for certain of our warehouses and other facilities, primarily in the U.S. and Canada. We also enter into variable-priced contracts for some purchases of natural gas, in addition to fuel for our gas stations, on an index basis. These contracts meet the characteristics of derivative instruments, but generally qualify for the "normal purchases or normal sales" exception under authoritative guidance and, thus, require no mark-to-market adjustment.

Item 8–Financial Statements and Supplementary Data

The following documents are filed as part of Part II, Item 8 of this Report on the pages listed below:

Management's Report on the Consolidated Financial Statements

Costco's management is responsible for the preparation, integrity and objectivity of the accompanying consolidated financial statements and the related financial information. The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles and necessarily include certain amounts that are based on estimates and informed judgments. The Company's management is also responsible for the preparation of the related financial information included in this Annual Report on Form 10-K and its accuracy and consistency with the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, an independent registered public accounting firm, who conducted their audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). The independent registered public accounting firm's responsibility is to express an opinion as to the fairness with which such consolidated financial statements present our financial position, results of operations and cash flows in accordance with U.S. generally accepted accounting principles.

Item 9–Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A–Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, we performed an evaluation under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities and Exchange Act of 1934 (the Exchange Act)). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Annual Report, our disclosure controls and procedures are effective.

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) or 15d-15(f) of the Exchange Act) during our most recently completed fiscal year that has materially affected or is reasonably likely to materially affect our internal control over financial reporting.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and includes those policies and procedures that: (1) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and the dispositions of our assets; (2) provide reasonable assurance that our transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that our receipts and expenditures are being made only in accordance with appropriate authorizations; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Under the supervision and with the participation of our management, we assessed the effectiveness of our internal control over financial reporting as of September 2, 2012, using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control–Integrated Framework. Based on its assessment, management has concluded that our internal control over financial reporting was effective as of September 2, 2012. The attestation of KPMG LLP, our independent registered public accounting firm, on the effectiveness of our internal control over financial reporting is included with the consolidated financial statements in Item 8 of this Report.

/S/ W. CRAIG JELINEK

W. Craig Jelinek
President and Chief Executive Officer

/S/ RICHARD A. GALANTI

Richard A. Galanti
Executive Vice President and Chief Financial Officer

Item 9B–Other Information

None.

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PART III

Item 10–Directors, Executive Officers and Corporate Governance

Information relating to the availability of our code of ethics for senior financial officers and a list of our executive officers appear in Item 1 of this Report. The information required by this Item concerning our directors and nominees for director is incorporated herein by reference to the sections entitled “Proposal 1: Election of Directors,” “Directors,” “Committees of the Board” and “Section 16(a) Beneficial Ownership Reporting Compliance” in Costco’ s Proxy Statement for its annual meeting of stockholders to be held on January 24, 2013, which will be filed with the SEC within 120 days of the end of our fiscal year (“Proxy Statement”).

Item 11–Executive Compensation

The information required by this Item is incorporated herein by reference to the sections entitled “Compensation of Directors,” “Executive Compensation,” and “Compensation Discussion and Analysis” in Costco’ s Proxy Statement.

Item 12–Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated herein by reference to the section entitled “Principle Shareholders” and “Equity Compensation Plan Information” in Costco’ s Proxy Statement.

Item 13–Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is incorporated herein by reference to the sections entitled “Proposal 1: Election of Directors,” “Directors,” “Committees of the Board,” “Shareholder Communications to the Board,” “Meeting Attendance,” “Report of the Compensation Committee of the Board of Directors,” “Certain Relationships and Transactions” and “Report of the Audit Committee” in Costco’ s Proxy Statement.

Item 14–Principal Accounting Fees and Services

The information required by this Item is incorporated herein by reference to the sections entitled “Independent Public Accountants” in Costco’ s Proxy Statement.

PART IV

Item 15–Exhibits, Financial Statement Schedules

(a) Documents filed as part of this report are as follows:

1. Financial Statements:

   See the listing of Financial Statements included as a part of this Form 10-K on Item 8 of Part II.

2. Financial Statement Schedules:

   All schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements, including the notes thereto.

3. Exhibits:

   The required exhibits are included at the end of the Form 10-K Annual Report and are described in the Exhibit Index immediately preceding the first exhibit.

(b) Financial Statement Schedules–None.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

October 19, 2012
COSTCO WHOLESALE CORPORATION
(Registrant)

By /s/ RICHARD A. GALANTI
Richard A. Galanti
Executive Vice President
and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By	/s/ W. CRAIG JELINEK W. Craig Jelinek *President, Chief Executive Officer and Director*	October 19, 2012
By	/s/ JEFFREY H. BROTMAN Jeffrey H. Brotman *Chairman of the Board*	October 19, 2012
By	/s/ RICHARD A. GALANTI Richard A. Galanti *Executive Vice President, Chief Financial Officer and Director* *(Principal Financial Officer)*	October 19, 2012
By	/s/ DAVID S. PETTERSON David S. Petterson *Senior Vice President and Controller* *(Principal Accounting Officer)*	October 19, 2012
By	/s/ BENJAMIN S. CARSON, SR., M.D. Benjamin S. Carson, Sr., M.D. *Director*	October 19, 2012
By	/s/ SUSAN L. DECKER Susan L. Decker *Director*	October 19, 2012
By	/s/ DANIEL J. EVANS Daniel J. Evans *Director*	October 19, 2012

By	/S/ WILLIAM H. GATES William H. Gates *Director*	October 19, 2012
By	/S/ HAMILTON E. JAMES Hamilton E. James *Director*	October 19, 2012
By	/S/ RICHARD M. LIBENSON Richard M. Libenson *Director*	October 19, 2012
By	/S/ JOHN W. MEISENBACH John W. Meisenbach *Director*	October 19, 2012
By	/S/ CHARLES T. MUNGER Charles T. Munger *Director*	October 19, 2012
By	/S/ JEFFREY S. RAIKES Jeffrey S. Raikes *Director*	October 19, 2012
By	/S/ JILL S. RUCKELSHAUS Jill S. Ruckelshaus *Director*	October 19, 2012
By	/S/ JAMES D. SINEGAL James D. Sinegal *Director*	October 19, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Costco Wholesale Corporation:

We have audited the accompanying consolidated balance sheets of Costco Wholesale Corporation and subsidiaries as of September 2, 2012 and August 28, 2011 and the related consolidated statements of income, equity and comprehensive income and cash flows for the 53-week period ended September 2, 2012, and the 52-week periods ended August 28, 2011, and August 29, 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Costco Wholesale Corporation and subsidiaries as of September 2, 2012 and August 28, 2011, and the results of their operations and their cash flows for the 53-week period ended September 2, 2012, and the 52-week periods ended August 28, 2011, and August 29, 2010, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 2, 2012, based on criteria established in Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated October 19, 2012 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Seattle, Washington
October 19, 2012

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Costco Wholesale Corporation:

We have audited Costco Wholesale Corporation's internal control over financial reporting as of September 2, 2012, based on criteria established in Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's annual report on internal control over financial reporting included in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 2, 2012, based on criteria established in Internal Control–Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of September 2, 2012 and August 28, 2011, and the related consolidated statements of income, equity and comprehensive income, and cash flows for the 53-week period ended September 2, 2012, and the 52-week periods ended August 28, 2011, and August 29, 2010, and our report dated October 19, 2012 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Seattle, Washington
October 19, 2012

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COSTCO WHOLESALE CORPORATION

CONSOLIDATED BALANCE SHEETS

(dollars in millions, except par value and share data)

	September 2, 2012	August 28, 2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,528	$4,009
Short-term investments	1,326	1,604
Receivables, net	1,026	965
Merchandise inventories	7,096	6,638
Deferred income taxes and other current assets	550	490
Total current assets	13,526	13,706
PROPERTY AND EQUIPMENT		
Land	4,032	3,819
Buildings and improvements	10,879	10,278
Equipment and fixtures	4,261	4,002
Construction in progress	374	269
	19,546	18,368
Less accumulated depreciation and amortization	(6,585)	(5,936)
Net property and equipment	12,961	12,432
OTHER ASSETS	653	623
TOTAL ASSETS	$ 27,140	$26,761
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 7,303	$6,544
Current portion of long-term debt	1	900
Accrued salaries and benefits	1,832	1,758
Accrued member rewards	661	602
Accrued sales and other taxes	397	335
Other current liabilities	965	938
Deferred membership fees	1,101	973
Total current liabilities	12,260	12,050
LONG-TERM DEBT, excluding current portion	1,381	1,253
DEFERRED INCOME TAXES AND OTHER LIABILITIES	981	885
Total liabilities	14,622	14,188
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Preferred stock $.005 par value; 100,000,000 shares authorized; no shares issued and outstanding	0	0
Common stock $.005 par value; 900,000,000 shares authorized; 432,350,000 and 434,266,000 shares issued and outstanding	2	2
Additional paid-in capital	4,369	4,516
Accumulated other comprehensive income	156	373
Retained earnings	7,834	7,111

Total Costco stockholders' equity	12,361	12,002
Noncontrolling interests	157	571
Total equity	12,518	12,573
TOTAL LIABILITIES AND EQUITY	$ 27,140	$26,761

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

COSTCO WHOLESALE CORPORATION

CONSOLIDATED STATEMENTS OF INCOME
(dollars in millions, except per share data)

	53 weeks ended September 2, 2012	52 weeks ended August 28, 2011	52 weeks ended August 29, 2010
REVENUE			
Net sales	$ 97,062	$ 87,048	$ 76,255
Membership fees	2,075	1,867	1,691
Total revenue	99,137	88,915	77,946
OPERATING EXPENSES			
Merchandise costs	86,823	77,739	67,995
Selling, general and administrative	9,518	8,691	7,848
Preopening expenses	37	46	26
Operating income	2,759	2,439	2,077
OTHER INCOME (EXPENSE)			
Interest expense	(95)	(116)	(111)
Interest income and other, net	103	60	88
INCOME BEFORE INCOME TAXES	2,767	2,383	2,054
Provision for income taxes	1,000	841	731
Net income including noncontrolling interests	1,767	1,542	1,323
Net income attributable to noncontrolling interests	(58)	(80)	(20)
NET INCOME ATTRIBUTABLE TO COSTCO	$ 1,709	$ 1,462	$ 1,303
NET INCOME PER COMMON SHARE ATTRIBUTABLE TO COSTCO:			
Basic	$ 3.94	$ 3.35	$ 2.97
Diluted	$ 3.89	$ 3.30	$ 2.92
Shares used in calculation (000' s)			
Basic	433,620	436,119	438,611
Diluted	439,373	443,094	445,970
CASH DIVIDENDS DECLARED PER COMMON SHARE	$ 1.03	$ 0.89	$ 0.77

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

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COSTCO WHOLESALE CORPORATION

CONSOLIDATED STATEMENTS OF EQUITY AND COMPREHENSIVE INCOME (dollars in millions)

	Common Stock			Accumulated				
	Shares (000's)	Amount	Additional Paid-in Capital	Other Comprehensive Income	Retained Earnings	Total Costco Stockholders' Equity	Noncontrolling Interests	Total Equity
BALANCE AT AUGUST 30, 2009	435,974	$ 2	$ 3,811	$ 110	$ 6,101	$ 10,024	$ 80	$10,104
Comprehensive Income:								
Net income					1,303	1,303	20	1,323
Foreign-currency translation adjustment and other, net				12		12	1	13
Comprehensive income						1,315	21	1,336
Stock-based compensation			190			190		190
Stock options exercised, including tax effects	5,576	0	243			243		243
Release of vested restricted stock units (RSUs), including tax effects	1,885	0	(38)			(38)		(38)
Conversion of convertible notes	18	0	1			1		1
Repurchases of common stock	(9,943)	0	(92)		(476)	(568)		(568)
Cash dividends declared					(338)	(338)		(338)
BALANCE AT AUGUST 29, 2010	433,510	2	4,115	122	6,590	10,829	101	10,930
Initial consolidation of noncontrolling interest in Costco Mexico						0	357	357

Comprehensive Income:								
Net income					1,462	1,462	80	1,542
Foreign-currency translation adjustment and other, net				251		251	24	275
Comprehensive income						1,713	104	1,817
Stock-based compensation			207			207		207
Stock options exercised, including tax effects	7,245	0	332			332		332
Release of vested RSUs, including tax effects	2,385	0	(51)			(51)		(51)
Conversion of convertible notes	65	0	2			2		2
Repurchases of common stock	(8,939)	0	(89)		(552)	(641)		(641)
Cash dividends declared					(389)	(389)		(389)
Investment by noncontrolling interest							9	9
BALANCE AT AUGUST 28, 2011	434,266	2	4,516	373	7,111	12,002	571	12,573
Comprehensive Income:								
Net income					1,709	1,709	58	1,767
Foreign-currency translation adjustment and other, net				(62)		(62)	(34)	(96)
Comprehensive income						1,647	24	1,671
Stock-based compensation			241			241		241
Stock options exercised, including tax effects	2,756	0	142			142		142

Release of vested RSUs, including tax effects	2,554	0	(76)			(76)		(76)
Conversion of convertible notes	46	0	2			2		2
Repurchases of common stock	(7,272)	0	(77)		(540)	(617)		(617)
Cash dividends declared					(446)	(446)		(446)
Distribution to noncontrolling interest							(183)	(183)
Purchase of noncontrolling interest in Costco Mexico			(379)	(155)		(534)	(255)	(789)
BALANCE AT SEPTEMBER 2, 2012	432,350	$ 2	$ 4,369	$ 156	$ 7,834	$ 12,361	$ 157	$12,518

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

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COSTCO WHOLESALE CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in millions)

	53 Weeks ended September 2, 2012	52 Weeks ended August 28, 2011	52 Weeks ended August 29, 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income including noncontrolling interests	$ 1,767	$ 1,542	$ 1,323
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:			
Depreciation and amortization	908	855	795
Stock-based compensation	241	207	190
Excess tax benefits on stock-based awards	(64)	(45)	(10)
Other non-cash operating activities, net	28	23	(40)
Deferred income taxes	(3)	84	7
Changes in operating assets and liabilities, net of the initial consolidation of Costco Mexico at the beginning of fiscal 2011:			
Increase in merchandise inventories	(490)	(642)	(213)
Increase in accounts payable	338	804	445
Other operating assets and liabilities, net	332	370	283
Net cash provided by operating activities	3,057	3,198	2,780
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of short-term investments	(2,048)	(3,276)	(2,693)
Maturities of short-term investments	1,821	2,614	1,428
Sales of investments	482	602	309
Additions to property and equipment	(1,480)	(1,290)	(1,055)
Proceeds from the sale of property and equipment	11	16	4
Increase resulting from initial consolidation of Costco Mexico	0	165	0
Other investing activities, net	(22)	(11)	(8)
Net cash used in investing activities	(1,236)	(1,180)	(2,015)
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in bank checks outstanding	457	(514)	5
Repayments of short-term borrowings	(114)	(105)	(73)
Proceeds from short-term borrowings	114	79	81
Proceeds from issuance of long-term debt	130	0	0
Repayments of long-term debt	(900)	0	(84)
Investment by (distribution to) noncontrolling interests	(161)	9	0
Proceeds from exercise of stock options	109	285	235
Minimum tax withholdings on stock-based awards	(107)	(61)	(42)
Excess tax benefits on stock-based awards	64	45	10
Repurchases of common stock	(632)	(624)	(551)
Cash dividend payments	(446)	(389)	(338)
Purchase of noncontrolling interest in Costco Mexico	(789)	0	0
Other financing activities, net	(6)	(2)	38
Net cash used in financing activities	(2,281)	(1,277)	(719)

	2012	2011	2010
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(21)	54	11
Net increase (decrease) in cash and cash equivalents	(481)	795	57
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	4,009	3,214	3,157
CASH AND CASH EQUIVALENTS END OF YEAR	$ 3,528	$ 4,009	$ 3,214
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest (reduced by $10, $9, and $11 interest capitalized in 2012, 2011, and 2010, respectively)	$ 112	$ 111	$ 110
Income taxes	$ 956	$ 742	$ 637
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
(Decrease)/increase in accrued property and equipment	$ (29)	$ (10)	$ 24
Property acquired under capital leases	$ 18	$ 0	$ 90
Unsettled repurchases of common stock	$ 2	$ 17	$ 17
Distribution declared but not paid to noncontrolling interest	$ 22	$ 0	$ 0

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

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data)

Note 1–Summary of Significant Accounting Policies

Description of Business

Costco Wholesale Corporation and its subsidiaries operate membership warehouses based on the concept that offering our members low prices on a limited selection of nationally branded and select private-label products in a wide range of merchandise categories will produce high sales volumes and rapid inventory turnover. At September 2, 2012, Costco operated 608 warehouses worldwide which included: 439 United States (U.S.) locations (in 40 U.S. states and Puerto Rico), 82 Canadian locations (in 9 Canadian provinces), 32 Mexico locations, 22 United Kingdom (U.K.) locations, 13 Japan locations, 9 Taiwan locations, 8 Korea locations, and 3 Australia locations. The Company also operates online businesses at costco.com in the U.S. and costco.ca in Canada.

Basis of Presentation

The consolidated financial statements include the accounts of Costco Wholesale Corporation, a Washington corporation, its wholly-owned subsidiaries, subsidiaries in which it has a controlling interest, consolidated entities in which it has made equity investments, or has other interests through which it has majority-voting control or it exercises the right to direct the activities that most significantly impact the entity's performance (Costco or the Company). The Company reports noncontrolling interests in consolidated entities as a component of equity separate from the Company's equity. All material inter-company transactions between and among the Company and its consolidated subsidiaries and other consolidated entities have been eliminated in consolidation. The Company's net income excludes income attributable to noncontrolling interests in its operations in Costco Mexico (Mexico) (prior to the July 2012 acquisition of the 50% noncontrolling interest described below), Taiwan, and Korea. Unless otherwise noted, references to net income relate to net income attributable to Costco.

At the beginning of fiscal 2011, the Company began consolidating Mexico, at that time a 50% owned joint venture, on a prospective basis due to the adoption of a new accounting standard. Mexico's results for fiscal 2010 were accounted for under the equity method and the Company's 50% share was included in "interest income and other, net." For fiscal 2012 (prior to the acquisition) and 2011, the financial position and results of Mexico's operations are fully consolidated and the joint venture partner's share is included in "net income attributable to noncontrolling interests." The initial consolidation of Mexico increased total assets, liabilities, and revenue by approximately 3%, with no impact on net income or net income per common share attributable to Costco. The Company's equity method investment in Mexico as of August 29, 2010 was derecognized and the noncontrolling interest in Mexico totaling $357 was recognized as part of the initial consolidation of the joint venture on August 30, 2010 as shown in the accompanying consolidated statements of total equity and comprehensive income.

Acquisition of Noncontrolling Interest in Mexico

In July 2012, Costco purchased its former joint venture partner's 50% equity interest of Mexico for $789. In addition, Mexico declared a cash dividend of $366, 50% payable to the Company and 50% payable to Costco's former joint venture partner. The Company used dividend proceeds and existing cash and investment balances to fund the purchase.

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 1−Summary of Significant Accounting Policies (Continued)

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. References to 2012 relate to the 53-week fiscal year ended September 2, 2012, with the 53rd week falling in the fourth fiscal quarter. References to 2011 and 2010 relate to the 52-week fiscal years ended August 28, 2011 and August 29, 2010, respectively.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (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. Actual results could differ from those estimates and assumptions.

Reclassifications

Certain reclassifications have been made to prior fiscal year amounts or balances to conform to the presentation in the current fiscal year. These reclassifications did not have a material impact on the Company's previously reported consolidated financial statements.

Cash and Cash Equivalents

The Company considers as cash and cash equivalents all highly liquid investments with a maturity of three months or less at the date of purchase and proceeds due from credit and debit card transactions with settlement terms of up to one week. Credit and debit card receivables were $1,161 and $982 at the end of 2012 and 2011, respectively.

Short-Term Investments

In general, short-term investments have a maturity at the date of purchase of three months to five years. Investments with maturities beyond five years may be classified, based on the Company's determination, as short-term based on their highly liquid nature and because they represent the investment of cash that is available for current operations. Short-term investments classified as available-for-sale are recorded at fair value using the specific identification method with the unrealized gains and losses reflected in accumulated other comprehensive income until realized. Realized gains and losses from the sale of available-for-sale securities, if any, are determined on a specific identification basis and all are recorded in interest income and other, net in the consolidated statements of income. Short-term investments classified as held-to-maturity are financial instruments that the Company has the intent and ability to hold to maturity and are reported net of any related amortization and are not remeasured to fair value on a recurring basis.

The Company periodically evaluates unrealized losses in its investment securities for other-than-temporary impairment, using both qualitative and quantitative criteria. In the event a security is deemed to be other-than-temporarily impaired, the Company recognizes the credit loss component in interest income and other, net in the consolidated statements of income. The majority of the Company's investments are in debt securities.

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 1−Summary of Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

The carrying value of the Company' s financial instruments, including cash and cash equivalents, receivables, and accounts payable, approximate fair value due to their short-term nature or variable interest rates. See Notes 2, 3, and 4 for the carrying value and fair value of the Company' s investments, derivative instruments, and fixed-rate debt, respectively.

The Company accounts for certain asets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying a fair value hierarchy, which requires maximizing the use of observable inputs when measuring fair value. The three levels of inputs are:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Significant unobservable inputs that are not corroborated by market data.

The Company' s valuation techniques used to measure the fair value of money market mutual funds are based on quoted market prices, such as quoted net asset values published by the fund as supported in an active market. Valuation methodologies used to measure the fair value of all other non-derivative financial instruments are based on "consensus pricing," using market prices from a variety of industry-standard independent data providers or pricing that considers various assumptions, including time value, yield curve, volatility factors, credit spreads, default rates, loss severity, current market and contractual prices for the underlying instruments or debt, broker and dealer quotes, as well as other relevant economic measures. All are observable in the market or can be derived principally from or corroborated by observable market data, for which the Company typically receives independent external valuation information.

The Company reports transfers in and out of Levels 1, 2, and 3, as applicable, using the fair value of the individual securities as of the beginning of the reporting period in which the transfer(s) occurred.

The Company' s current financial liabilities have fair values that approximate their carrying values. The Company' s long-term financial liabilities consist of long-term debt, which is recorded on the balance sheet at issuance price and adjusted for any applicable unamortized discounts or premiums.

Receivables, Net

Receivables consist of the following at the end of 2012 and 2011:

	2012	2011
Vendor receivables	$545	$520
Reinsurance receivables	226	201
Third-party pharmacy receivables	104	86
Receivables from governmental entities	87	98
Other receivables	66	63
Allowance for doubtful accounts	(2)	(3)
Receivables, Net	$1,026	$965

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 1−Summary of Significant Accounting Policies (Continued)

Vendor receivables include payments from vendors in the form of volume rebates or other purchase discounts that are evidenced by signed agreements and are reflected in the carrying value of the inventory when earned or as the Company progresses towards earning the rebate or discount and as a component of merchandise costs as the merchandise is sold. Vendor receivable balances are generally presented on a gross basis, separate from any related payable due. In certain circumstances, these receivables may be settled against the related payable to that vendor. Other consideration received from vendors is generally recorded as a reduction of merchandise costs upon completion of contractual milestones, terms of the related agreement, or by another systematic approach.

Reinsurance receivables are held by the Company' s wholly-owned captive insurance subsidiary. The receivable balance primarily represents amounts ceded through reinsurance arrangements, and are reflected on a gross basis, separate from the amounts assumed under reinsurance, which are presented on a gross basis within other current liabilities on the consolidated balance sheets. Third-party pharmacy receivables generally relate to amounts due from members' insurance companies for the amount above their co-pay, which is collected at the point-of-sale. Receivables from governmental entities largely consist of tax related items.

Receivables are recorded net of an allowance for doubtful accounts. Management determines the allowance for doubtful accounts based on historical experience and application of the specific identification method. Write-offs of receivables were immaterial for fiscal years 2012, 2011, and 2010.

Merchandise Inventories

Merchandise inventories consist of the following at the end of 2012 and 2011:

	2012	2011
United States (primarily LIFO)	$4,967	$4,548
Foreign (FIFO)	2,129	2,090
Merchandise Inventories	$7,096	$6,638

Merchandise inventories are valued at the lower of cost or market, as determined primarily by the retail inventory method, and are stated using the last-in, first-out (LIFO) method for substantially all U.S. merchandise inventories. Merchandise inventories for all foreign operations are primarily valued by the retail inventory method and are stated using the first-in, first-out (FIFO) method. The Company believes the LIFO method more fairly presents the results of operations by more closely matching current costs with current revenues. The Company records an adjustment each quarter, if necessary, for the projected annual effect of inflation or deflation, and these estimates are adjusted to actual results determined at year-end, when actual inflation rates and inventory levels have been determined.

Due to net inflationary trends in 2012 and 2011, merchandise inventories valued at LIFO were lower than FIFO, resulting in a charge to merchandise costs of $21 and $87, respectively. At the end 2012 and 2011, the cumulative impact of the LIFO valuation on merchandise inventories was $108 and $87, respectively. At the end of 2010, merchandise inventories valued at LIFO approximated FIFO after considering the lower of cost or market principle.

Note 1–Summary of Significant Accounting Policies (Continued)

The Company provides for estimated inventory losses between physical inventory counts as a percentage of net sales, using estimates based on the Company's experience. The provision is adjusted periodically to reflect the results of the actual physical inventory counts, which generally occur in the second and fourth fiscal quarters of the fiscal year. Inventory cost, where appropriate, is reduced by estimates of vendor rebates when earned or as the Company progresses towards earning those rebates, provided that they are probable and reasonably estimable.

Property and Equipment

Property and equipment are stated at cost. In general, new building additions are separated into components, each with its own estimated useful life, generally five to fifty years for buildings and improvements and three to twenty years for equipment and fixtures. Depreciation and amortization expense is computed using the straight-line method over estimated useful lives or the lease term, if shorter. Leasehold improvements incurred after the beginning of the initial lease term are depreciated over the shorter of the estimated useful life of the asset or the remaining term of the initial lease plus any renewals that are reasonably assured at the date the leasehold improvements are made.

Repair and maintenance costs are expensed when incurred. Expenditures for remodels, refurbishments and improvements that add to or change the way an asset functions or that extend the useful life of an asset are capitalized. Assets that were removed during the remodel, refurbishment or improvement are retired. Assets classified as held for sale were not material at the end of 2012 or 2011.

The Company evaluates long-lived assets for impairment on an annual basis, when relocating or closing a facility, or when events or changes in circumstances occur that may indicate the carrying amount of the asset group, generally an individual warehouse, may not be fully recoverable. For asset groups held and used, including warehouses to be relocated, the carrying value of the asset group is considered recoverable when the estimated future undiscounted cash flows generated from the use and eventual disposition of the asset group exceed the group's net carrying value. In the event that the carrying value is not considered recoverable, an impairment loss would be recognized for the asset group to be held and used equal to the excess of the carrying value above the estimated fair value of the asset group. For asset groups classified as held for sale (disposal group), the carrying value is compared to the disposal group's fair value less costs to sell. The Company estimates fair value by obtaining market appraisals from third party brokers or other valuation techniques. Impairment charges, included in selling, general and administrative expenses on the consolidated statements of income, in 2012, 2011, and 2010 were immaterial.

Software Costs

The Company capitalizes certain computer software and software development costs incurred in connection with developing or obtaining computer software for internal use. These costs are included in property, plant, and equipment and amortized on a straight-line basis over the estimated useful lives of the software, generally three to seven years.

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 1−Summary of Significant Accounting Policies (Continued)

Other Assets

Other assets consist of the following at the end of 2012 and 2011:

	2012	2011
Prepaid rents, lease costs, and long-term deposits	$230	$211
Receivables from governmental entities	225	216
Cash surrender value of life insurance	76	71
Goodwill, net	66	74
Other	56	51
Other Assets	$653	$623

Receivables from governmental entities largely consists of various tax related items including amounts deposited with taxing authorities in connection with ongoing income tax audits and long term deferred tax assets. The Company adjusts the carrying value of its employee life insurance contracts to the net cash surrender value at the end of each reporting period. Goodwill resulting from certain business combinations is reviewed for impairment in the fourth quarter of each fiscal year, or more frequently if circumstances dictate. No impairment of goodwill has been incurred to date.

Accounts Payable

The Company's banking system provides for the daily replenishment of major bank accounts as checks are presented. Included in accounts payable at the end of 2012 and 2011 are $565 and $108, respectively, representing the excess of outstanding checks over cash on deposit at the banks on which the checks were drawn.

Insurance/Self-Insurance Liabilities

The Company uses a combination of insurance and self-insurance mechanisms, including a wholly-owned captive insurance subsidiary and participation in a reinsurance pool, to provide for potential liabilities for workers' compensation, general liability, property damage, directors' and officers' liability, vehicle liability, and employee health care benefits. The reinsurance agreement is one year in duration and new agreements are entered into by each participant at their discretion at the commencement of the next fiscal year. Liabilities associated with the risks that are retained by the Company are not discounted and are estimated, in part, by considering historical claims experience, demographic factors, severity factors, and other actuarial assumptions. The estimated accruals for these liabilities could be significantly affected if future occurrences and claims differ from these assumptions and historical trends. As of the end of 2012 and 2011, these insurance liabilities were $688 and $595 in the aggregate, respectively, and were included in accounts payable, accrued salaries and benefits, and other current liabilities on the consolidated balance sheets, classified based on their nature.

The Company's wholly-owned captive insurance subsidiary (the captive) receives direct premiums, which are netted against the Company's premium costs in selling, general and administrative expenses, in the consolidated statements of income. The captive participates in a reinsurance program that includes other third-party members. The member agreements and practices of the reinsurance program limit any participating members' individual risk. Income statement adjustments related to the

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 1–**Summary of Significant Accounting Policies (Continued)**

reinsurance program and related impacts to the consolidated balance sheets are recognized as information becomes known. In the event the Company leaves the reinsurance program, the Company is not relieved of its primary obligation to the policyholders for activity prior to the termination of the annual agreement.

Other Current Liabilities

Other current liabilities consist of the following at the end of 2012 and 2011:

	2012	2011
Insurance-related liabilities	$308	$276
Deferred sales	159	141
Cash card liability	133	116
Other current liabilities	104	112
Tax-related liabilities	88	122
Sales return reserve	86	74
Vendor consideration liabilities	57	46
Interest payable	30	51
Other Current Liabilities	$965	$938

Asset Retirement Obligations

The Company' s asset retirement obligations (ARO) are related to leasehold improvements that at the end of a lease must be removed in order to comply with the lease agreement. These obligations are recorded as a liability with an offsetting capital asset at the inception of the lease term based upon the estimated fair market value of the costs to remove the leasehold improvements. These liabilities, included in deferred income taxes and other liabilities, are accreted over time to the projected future value of the obligation using the Company' s incremental borrowing rate. The capitalized ARO assets are depreciated using the same depreciation convention as the respective leasehold improvement assets and are included with buildings and improvements.

Derivatives

The Company is exposed to foreign-currency exchange-rate fluctuations in the normal course of business. The Company manages these fluctuations, in part, through the use of forward foreign-exchange contracts, seeking to economically hedge the impact of fluctuations of foreign exchange on known future expenditures denominated in a non-functional foreign-currency. The contracts are intended primarily to economically hedge exposure to U.S. dollar merchandise inventory expenditures made by the Company' s international subsidiaries, whose functional currency is not the U.S. dollar. Currently, these contracts do not qualify for derivative hedge accounting. The Company seeks to mitigate risk with the use of these contracts and does not intend to engage in speculative transactions. These contracts do not contain any credit-risk-related contingent features. The aggregate notional amounts of open, unsettled forward foreign-exchange contracts were $284 and $247 at the end of 2012 and 2011, respectively.

Note 1–Summary of Significant Accounting Policies (Continued)

The Company seeks to manage counterparty risk associated with these contracts by limiting transactions to counterparties with which the Company has an established banking relationship. There can be no assurance, however, that this practice effectively mitigates counterparty risk. The contracts are limited to less than one year in duration. See Note 3 for information on the fair value of open, unsettled forward foreign-exchange contracts at the end of 2012 and 2011.

The unrealized gains or (losses) recognized in interest income and other, net in the accompanying consolidated statements of income relating to the net changes in the fair value of open, unsettled forward foreign-exchange contracts were immaterial in 2012, 2011, and 2010.

The Company is exposed to fluctuations in prices for the energy it consumes, particularly electricity and natural gas, which it seeks to partially mitigate through the use of fixed-price contracts for certain of its warehouses and other facilities, primarily in the U.S. and Canada. The Company also enters into variable-priced contracts for some purchases of natural gas, in addition to fuel for its gas stations, on an index basis. These contracts meet the characteristics of derivative instruments, but generally qualify for the "normal purchases or normal sales" exception under authoritative guidance and, thus, require no mark-to-market adjustment.

Foreign-Currency

The functional currencies of the Company's international subsidiaries are the local currency of the country in which the subsidiary is located. Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Translation adjustments resulting from this process are recorded in accumulated other comprehensive income. Revenues and expenses of the Company's consolidated foreign operations are translated at average rates of exchange prevailing during the year.

The Company recognizes foreign-currency transaction gains and losses related to revaluing all monetary assets and revaluing or settling monetary liabilities denominated in currencies other than the functional currency (generally the U.S. dollar cash and cash equivalents and the U.S. dollar payables of consolidated subsidiaries to their functional currency) in interest income and other, net in the accompanying condensed consolidated statements of income. Also included are realized foreign-currency gains or losses from all settlements of forward foreign-exchange contracts. These items resulted in a net gain of $41, $8 and $13 in 2012, 2011, and 2010, respectively.

Revenue Recognition

The Company generally recognizes sales, which include shipping fees where applicable, net of estimated returns, at the time the member takes possession of merchandise or receives services. When the Company collects payments from customers prior to the transfer of ownership of merchandise or the performance of services, the amounts received are generally recorded as deferred sales, included in other current liabilities on the consolidated balance sheets, until the sale or service is completed. The Company reserves for estimated sales returns based on historical trends in merchandise returns, net of the estimated net realizable value of merchandise inventories to be returned and any estimated disposition costs. Amounts collected from members, which under common trade practices are referred to as sales taxes, are recorded on a net basis.

Note 1–Summary of Significant Accounting Policies (Continued)

The Company evaluates whether it is appropriate to record the gross amount of merchandise sales and related costs or the net amount earned as commissions. Generally, when Costco is the primary obligor, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, can influence product or service specifications, or has several but not all of these indicators, revenue and related shipping fees are recorded on a gross basis. If the Company is not the primary obligor and does not possess other indicators of gross reporting as noted above, it records the net amounts as commissions earned, which is reflected in net sales.

Membership fee revenue represents annual membership fees paid by substantially all of the Company's members. The Company accounts for membership fee revenue, net of estimated refunds, on a deferred basis, whereby revenue is recognized ratably over the one-year membership period. The Company's Executive Members qualify for a 2% reward (beginning November, 1, 2011 the reward increased from a maximum of $500 to $750 per year on qualified purchases), which can be redeemed at Costco warehouses. The Company accounts for this reward as a reduction in sales. The sales reduction and corresponding liability are computed after giving effect to the estimated impact of non-redemptions based on historical data. The net reduction in sales was $900, $790, and $688 in 2012, 2011, and 2010, respectively.

Merchandise Costs

Merchandise costs consist of the purchase price of inventory sold, inbound and outbound shipping charges and all costs related to the Company's depot operations, including freight from depots to selling warehouses, and are reduced by vendor consideration. Merchandise costs also include salaries, benefits, and depreciation on production equipment in fresh foods and certain ancillary departments.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of salaries, benefits and workers' compensation costs for warehouse employees, other than fresh foods departments and certain ancillary businesses, as well as all regional and home office employees, including buying personnel. Selling, general and administrative expenses also include utilities, bank charges, rent and substantially all building and equipment depreciation, as well as other operating costs incurred to support warehouse operations.

Marketing and Promotional Expenses

Marketing and promotional costs are expensed as incurred and are included in selling, general and administrative expenses in the accompanying consolidated statements of income.

Stock-Based Compensation

Compensation expense for all stock-based awards granted is recognized using the straight-line method. The fair value of restricted stock units (RSUs) is calculated as the market value of the common stock on the measurement date less the present value of the expected dividends forgone during the vesting period. The fair value of stock options was measured using the Black-Scholes valuation model.

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 1−**Summary of Significant Accounting Policies (Continued)**

While options and RSUs granted to employees generally vest over five years, all grants allow for either daily or quarterly vesting of the pro-rata number of stock-based awards that would vest on the next anniversary of the grant date in the event of retirement or voluntary termination. The historical experience rate of actual forfeitures has been minimal. As such, the Company does not reduce stock-based compensation for an estimate of forfeitures because the estimate is inconsequential in light of historical experience and considering the awards vest on either a daily or quarterly basis. The impact of actual forfeitures arising in the event of involuntary termination is recognized as actual forfeitures occur, which generally has been infrequent. Stock options have a ten-year term. Stock-based compensation expense is predominantly included in selling, general and administrative expenses on the consolidated statements of income. See Note 7 for additional information on the Company' s stock-based compensation plans.

Leases

The Company leases land and/or buildings at warehouses and certain other office and distribution facilities, primarily under operating leases. Operating leases expire at various dates through 2052, with the exception of one lease in the Company' s United Kingdom subsidiary, which expires in 2151. These leases generally contain one or more of the following options which the Company can exercise at the end of the initial lease term: (a) renewal of the lease for a defined number of years at the then-fair market rental rate or rate stipulated in the lease agreement; (b) purchase of the property at the then-fair market value; or (c) right of first refusal in the event of a third-party purchase offer.

The Company accounts for its lease expense with free rent periods and step-rent provisions on a straight-line basis over the original term of the lease and any exercised extension options, from the date the Company has control of the property. Certain leases provide for periodic rental increases based on the price indices, and some of the leases provide for rents based on the greater of minimum guaranteed amounts or sales volume.

The Company has entered into capital leases for warehouse locations, expiring at various dates through 2040. Capital lease assets are included in buildings and improvements in the accompanying consolidated balance sheets. Amortization expense on capital lease assets is recorded as depreciation expense and is predominately included in selling, general and administrative expenses. Capital lease liabilities are recorded at the lesser of the estimated fair market value of the leased property or the net present value of the aggregate future minimum lease payments and are included in other current liabilities and deferred income taxes and other liabilities. Interest on these obligations is included in interest expense.

Preopening Expenses

Preopening expenses related to new warehouses, new regional offices and other startup operations are expensed as incurred.

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 1–Summary of Significant Accounting Policies (Continued)

Interest Income and Other, Net

Interest income and other, net includes:

	2012	2011	2010
Interest income, net	$49	$41	$23
Foreign-currency transactions gains (losses), net	40	9	14
Earnings from affiliates and other, net	14	10	51
Interest Income and Other, Net	$103	$60	$88

For 2010, the equity in earnings of Costco Mexico, $41, is included in interest income and other, net in the accompanying consolidated statements of income.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credits and loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carry-forwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is established when necessary to reduce deferred tax assets to amounts expected to be realized.

The determination of the Company's provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits of uncertain tax positions are recorded in the Company's consolidated financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from tax authorities. When facts and circumstances change, the Company reassesses these probabilities and records any changes in the consolidated financial statements as appropriate. See Note 9 for additional information.

Net Income per Common Share Attributable to Costco

The computation of basic net income per share uses the weighted average number of shares that were outstanding during the period. The computation of diluted net income per share uses the weighted average number of shares in the basic net income per share calculation plus the number of common shares that would be issued assuming exercise and vesting to the participant of all potentially dilutive common shares outstanding using the treasury stock method for shares subject to stock options and restricted stock units and the "if converted" method for the convertible note securities.

Stock Repurchase Programs

Repurchased shares of common stock are retired, in accordance with the Washington Business Corporation Act. The par value of repurchased shares is deducted from common stock and the excess repurchase price over par value is deducted from additional paid-in capital and retained earnings. See Note 6 for additional information.

Note 1−**Summary of Significant Accounting Policies (Continued)**

Recently Adopted Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued guidance related to fair value measurement that changes the wording used to describe many requirements in GAAP for measuring and disclosing fair values. Additionally, the amendments clarify the application of existing fair value measurement requirements. The amended guidance is effective prospectively for interim and annual periods beginning after December 15, 2011. The Company adopted this guidance at the beginning of its third quarter of 2012. Adoption of this guidance did not have a material impact on the Company's consolidated financial statement disclosures.

Recent Accounting Pronouncements Not Yet Adopted

In June 2011, the FASB issued guidance that eliminates the option to report other comprehensive income and its components in the statement of changes in equity. Instead, an entity will be required to either present a continuous statement of net income and other comprehensive income or present the information in two separate but consecutive statements. The new guidance must be applied retrospectively and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company plans to adopt this guidance at the beginning of its first quarter of fiscal year 2013. Adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements and will impact the financial statements' presentation only. A portion of the new comprehensive income guidance required entities to present reclassification adjustments out of accumulated other comprehensive income by component in both the statement in which net income is presented and the statement in which other comprehensive income is presented. In December 2011, the FASB issued guidance which indefinitely defers the guidance related to the presentation of reclassification adjustments on the face of the financial statements.

In September 2011, the FASB issued guidance to amend and simplify the rules related to testing goodwill for impairment. The revised guidance allows an initial qualitative evaluation, based on the entity's events and circumstances, to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The results of this qualitative assessment determine whether it is necessary to perform the currently required two-step impairment test. The new guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The Company plans to adopt this guidance at the beginning of its first quarter of fiscal year 2013. Adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 2–Investments

The Company's investments at the end of 2012 and 2011 were as follows:

2012:	Cost Basis	Unrealized Gains	Recorded Basis
Available-for-sale:			
U.S. government and agency securities	$776	$ 6	$782
Corporate notes and bonds	54	0	54
FDIC-insured corporate bonds	35	0	35
Asset and mortgage-backed securities	8	0	8
Total available-for-sale	873	6	879
Held-to-maturity:			
Certificates of deposit	447		447
Total Short-Term Investments	$1,320	$ 6	$1,326

2011:	Cost Basis	Unrealized Gains	Recorded Basis
Available-for-sale:			
U.S. government and agency securities	$1,096	$ 8	$1,104
Corporate notes and bonds	6	1	7
FDIC-insured corporate bonds	208	1	209
Asset and mortgage-backed securities	12	0	12
Total available-for-sale	1,322	10	1,332
Held-to-maturity:			
Certificates of deposit	272		272
Total Short-Term Investments	$1,594	$ 10	$1,604

At the end of 2012, 2011 and 2010 the Company's available-for-sale securities that were in continuous unrealized-loss position were not material. Gross unrealized gains and losses on cash equivalents were not material at the end of 2012 and 2011.

The proceeds from sales of available-for-sale securities during 2012, 2011, and 2010 are provided in the following table:

	2012	2011	2010
Proceeds	$482	$602	$309

Gross realized gains or losses from sales of available-for-sale securities were not material in 2012, 2011, and 2010.

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 2–Investments (Continued)

The maturities of available-for-sale and held-to-maturity securities at the end of 2012 were as follows:

	Available-For-Sale		Held-To-Maturity	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Due in one year or less	$ 590	$ 590	$ 447	$ 447
Due after one year through five years	282	288	0	0
Due after five years	1	1	0	0
	$ 873	$ 879	$ 447	$ 447

Note 3–Fair Value Measurement

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The tables below present information at the end 2012 and 2011, respectively, regarding the Company' s financial assets and financial liabilities that are measured at fair value on a recurring basis, and indicate the level within the fair value hierarchy of the valuation techniques utilized to determine such fair value. As of these dates, the Company' s holdings of Level 3 financial assets and liabilities were immaterial.

2012:	Level 1	Level 2
Money market mutual funds(1)	$ 77	$ 0
Investment in U.S. government and agency securities(2)	0	794
Investment in corporate notes and bonds	0	54
Investment in FDIC-insured corporate bonds	0	35
Investment in asset and mortgage-backed securities	0	8
Forward foreign-exchange contracts, in asset position(3)	0	1
Forward foreign-exchange contracts, in (liability) position(3)	0	(3)
Total	$ 77	$ 889

2011:	Level 1	Level 2
Money market mutual funds(1)	$ 200	$0
Investment in U.S. government and agency securities(2)	0	1,177
Investment in corporate notes and bonds	0	7
Investment in FDIC-insured corporate bonds	0	209
Investment in asset and mortgage-backed securities	0	12
Forward foreign-exchange contracts, in asset position(3)	0	1
Forward foreign-exchange contracts, in (liability) position(3)	0	(2)
Total	$ 200	$1,404

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(1) Included in cash and cash equivalents in the accompanying consolidated balance sheets.

(2) $12 and $782 included in cash and cash equivalents and short-term investments, respectively, in the accompanying consolidated balance sheets at the end of 2012. $73 and $1,104 included in cash and cash equivalents and short-term investments, respectively, in the accompanying consolidated balance sheet at the end of 2011.

(3) The asset and the liability values are included in deferred income taxes and other current assets and other current liabilities, respectively, in the accompanying consolidated balance sheets. See Note 1 for additional information on derivative instruments.

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 3–Fair Value Measurement (Continued)

All financial assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during 2012 and 2011 were immaterial. There were no transfers in or out of Level 1, 2, or 3 during 2012 and 2011.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Financial assets measured at fair value on a nonrecurring basis include held-to-maturity investments that are carried at amortized cost and are not remeasured to fair value on a recurring basis. There were no fair value adjustments to these financial assets during 2012 and 2011. See Note 4 for discussion on the fair value of long-term debt.

Nonfinancial assets measured at fair value on a nonrecurring basis include items such as long lived assets resulting from impairment, if deemed necessary. Fair value adjustments to these nonfinancial assets and liabilities during 2012 and 2011 were immaterial.

Note 4–Debt

Short-Term Borrowings

The Company enters into various short-term bank credit facilities. There were no amounts outstanding under these facilities at the end of 2012 and 2011, and the total credit available was $438 and $391, respectively. The various credit facilities provide for applicable interest rates ranging from 0.58% to 3.96% in 2012 and 0.58% to 4.39% in 2011.

The weighted average borrowings, maximum borrowings, and weighted average interest rate under all short-term borrowing arrangements were as follows for 2012 and 2011:

Category of Aggregate Short-term Borrowings	Maximum Amount Outstanding During the Fiscal Year	Average Amount Outstanding During the Fiscal Year	Weighted Average Interest Rate During the Fiscal Year
2012:			
Bank borrowings:			
Japan	$ 83	$ 57	0.58 %
Bank overdraft facility:			
United Kingdom	3	0	1.50
2011:			
Bank borrowings:			
Canada	$ 6	$ 4	3.00 %
Japan	70	20	0.58
Bank overdraft facility:			
United Kingdom	16	4	1.50

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 4–Debt (Continued)

Long-Term Debt

The carrying value and estimated fair value of the Company's long-term debt at the end of 2012 and 2011 consisted of the following:

	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
5.5% Senior Notes due March 2017	$1,097	$1,325	$1,097	$1,314
5.3% Senior Notes due March 2012	0	0	900	924
Other long-term debt	285	338	156	197
Total long-term debt	1,382	1,663	2,153	2,435
Less current portion	1	1	900	924
Long-term debt, excluding current portion	$1,381	$1,662	$1,253	$1,511

The estimated fair value of the Company's debt was based primarily on reported market values, recently completed market transactions and estimates based upon interest rates, maturities, and credit risk.

In February 2007, the Company issued $900 of 5.3% Senior Notes that were due March 15, 2012 (2012 Notes) at a discount of $2 and $1,100 of 5.5% Senior Notes due March 15, 2017 at a discount of $6 (together the 2007 Senior Notes). Interest on the 2007 Senior Notes is payable semi-annually on March 15 and September 15 of each year until their respective maturity date. The discount and issuance costs associated with the Senior Notes have been amortized to interest expense over the terms of those notes. The Company, at its option, may redeem the remaining 2007 Senior Notes at any time, in whole or in part, at a redemption price plus accrued interest. The redemption price is equal to the greater of 100% of the principal amount of the remaining 2007 Senior Notes to be redeemed or the sum of the present values of the remaining scheduled payments of principal and interest to maturity. Additionally, the Company will be required to make an offer to purchase the remaining 2007 Senior Notes at a price of 101% of the principal amount plus accrued and unpaid interest to the date of repurchase, upon certain events as defined by the terms of the 2007 Senior Notes. In March 2011, the Company reclassified its 2012 Notes, to a current liability within the current portion of long-term debt of the consolidated balance sheets to reflect its remaining maturity of less than one year. On March 15, 2012, the Company paid the outstanding principal balance and associated interest on the 2012 Notes with its existing sources of cash and cash equivalents and short-term investments. These notes are classified as a Level 2 measurement in the fair value hierarchy.

In October and December 2011, the Company's Japanese subsidiary issued two series of 1.18% Yen-denominated promissory notes through a private placement. For both series, interest is payable semi-annually, and principal is due in October 2018. These notes are included in other long-term debt in the table above and are classified as a Level 3 measurement in the fair value hierarchy.

In June 2008, the Company's Japanese subsidiary entered into a ten-year term loan with a variable rate of interest of Yen TIBOR (6-month) plus a 0.35% margin (0.78% and 0.79% at the end of 2012 and 2011, respectively) on the outstanding balance. Interest is payable semi-annually and principal is due in June 2018. This debt is included in other long-term debt in the table above and is classified as a Level 3 measurement in the fair value hierarchy.

(dollars in millions, except share data) (Continued)

Note 4–Debt (Continued)

In October 2007, the Company' s Japanese subsidiary issued promissory notes through a private placement, bearing interest at 2.695%. Interest is payable semi-annually, and principal is due in October 2017. These notes are included in other long-term debt in the table above and are classified as a Level 3 measurement in the fair value hierarchy.

In August 1997, the Company sold $900 principal amount at maturity 3.5% Zero Coupon Convertible Subordinated Notes (Zero Coupon Notes) due in August 2017. The Zero Coupon Notes were priced with a yield to maturity of 3.5%, resulting in gross proceeds to the Company of $450. The remaining Zero Coupon Notes outstanding are convertible into a maximum of 832,000 shares of Costco Common Stock shares at an initial conversion price of $22.71. The Company, at its option, may redeem the Zero Coupon Notes (at the discounted issue price plus accrued interest to date of redemption) any time after August 2002. These notes are included in other long-term debt in the table above and are classified as a Level 2 measurement in the fair value hierarchy. At the end of 2012, $864 in principal amount of Zero Coupon Notes had been converted by note holders into shares of Costco Common Stock.

Maturities of long-term debt during the next five fiscal years and thereafter are as follows:

2013	$1
2014	1
2015	1
2016	0
2017	1,128
Thereafter	251
Total	$1,382

Note 5–Leases

Operating Leases

The aggregate rental expense for 2012, 2011 and 2010 was $220, $208, and $187, respectively. Sublease income, included in interest income and other, net, and contingent rents are not material.

Capital Leases

Gross assets recorded under capital leases were $187 and $170, at the end of 2012 and 2011, respectively. These assets are recorded net of accumulated amortization of $19 and $13 at the end of 2012 and 2011, respectively.

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 5–Leases (Continued)

At the end of 2012, future minimum payments, net of sub-lease income of $177 for all years combined, under non-cancelable operating leases with terms of at least one year and capital leases were as follows:

	Operating Leases	Capital Leases
2013	$ 189	$14
2014	184	14
2015	171	14
2016	164	15
2017	156	15
Thereafter	1,883	328
Total	$ 2,747	400
Less amount representing interest		(217)
Net present value of minimum lease payments		183
Less current installments[1]		(2)
Long-term capital lease obligations less current installments[2]		$181

(1) Included in other current liabilities.

(2) Included in deferred income taxes and other liabilities.

Certain leases may require the Company to incur costs to return leased property to its original condition, such as the removal of gas tanks. Estimated asset retirement obligations associated with these leases, which amounted to $44 and $31 at the end of 2012 and 2011, respectively, are included in deferred income taxes and other liabilities in the accompanying consolidated balance sheets.

Note 6–Stockholders' Equity

Dividends

The Company's current quarterly dividend rate is $0.275 per share.

Stock Repurchase Programs

The Company's stock repurchase program is conducted under a $4,000 authorization by the Board of Directors approved in April 2011, which expires in April 2015. As of the end of 2012, the total amount repurchased under this plan was $911. The following table summarizes the Company's stock repurchase activity:

	Shares Repurchased (000's)	Average Price per Share	Total Cost
2012	7,272	$84.75	$ 617
2011	8,939	71.74	641
2010	9,943	57.14	568

These amounts differ from the stock repurchase balances in the accompanying consolidated statements of cash flows due to changes in unsettled stock repurchases at the end of each fiscal year.

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 6–Stockholders' Equity (Continued)

Accumulated Other Comprehensive Income

Accumulated other comprehensive income, net of tax where applicable, was $156 and $373 at the end of 2012 and 2011, respectively, and was comprised primarily of unrealized foreign-currency translation adjustments. In 2012, as part of the acquisition of the noncontrolling interest in Mexico, the Company reclassified $155 of accumulated unrealized losses on foreign-currency translation adjustments to Costco's accumulated other comprehensive income. This balance was previously included as a component of non-controlling interest.

Note 7–Stock-Based Compensation Plans

The Company grants stock-based compensation to employees and non-employee directors. Stock options awards were granted under the Amended and Restated 2002 Stock Incentive Plan, amended as of January 2006 (Second Restated 2002 Plan), and predecessor plans until, effective in the fourth quarter of fiscal 2006, the Company began awarding restricted stock units (RSUs) under the Second Restated 2002 Plan in lieu of stock options. Through a series of shareholder approvals, there have been a series of amended and restated plans and new provisions implemented by the Company. Under revisions in the Fourth Restated 2002 Plan in the fourth quarter of fiscal 2008, prospective grants of RSUs are subject, upon certain terminations of employment, to quarterly vesting, as opposed to daily vesting. Previously awarded RSU grants continue to involve daily vesting upon certain terminations of employment. Additionally, employees who attain certain years of service with the Company will receive shares under accelerated vesting provisions on the annual vesting date rather than upon qualified retirement. The first grant impacted by these amendments occurred in the first quarter of fiscal 2009. Each share issued in respect of stock bonus or stock unit awards is counted as 1.75 shares toward the limit of shares made available under the Fourth Restated 2002 Plan. The Sixth Restated 2002 Plan, amended in the second quarter of fiscal 2012, is the Company's only active stock-based compensation plan at the end of 2012. The Sixth Restated 2002 Plan authorized the issuance of 16,000,000 shares (9,143,000 RSUs) of common stock for future grants in addition to shares previously authorized. The Company issues new shares of common stock upon exercise of stock options and upon vesting of RSUs. RSUs are delivered to participants annually, net of shares equal to the minimum statutory withholding taxes.

Summary of Stock Option Activity

All outstanding stock options were fully vested and exercisable at the end of 2012 and 2011. The following table summarizes stock option transactions during 2012:

	Number Of Options (in 000's)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value[1]
Outstanding at the end of 2011	5,917	$ 40.07		
Exercised	(2,756)	39.11		
Outstanding at the end of 2012	3,161	$ 40.90	2.06	$ 180

[1] The difference between the exercise price and market value of common stock at the end of 2012.

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 7–Stock-Based Compensation Plans (Continued)

The following is a summary of stock options outstanding at the end of 2012:

	Options Outstanding and Exercisable		
Range of Prices	Number of Options (in 000's)	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price
\$30.41- \$37.35	1,232	1.27	\$ 35.95
\$37.44- \$43.79	1,699	2.57	43.77
\$45.99- \$46.46	230	2.56	46.19
	3,161	2.06	\$ 40.90

Options exercisable and the weighted average exercise price at the end of 2010 were 13,032 shares and \$39.43, respectively.

The tax benefits realized, derived from the compensation deductions resulting from the option exercises, and intrinsic value related to total stock options exercised during 2012, 2011, and 2010 are provided in the following table:

	2012	2011	2010
Actual tax benefit realized for stock options exercised	\$50	\$78	\$34
Intrinsic value of stock options exercised[1]	\$137	\$227	\$98

(1) The difference between the exercise price and market value of common stock measured at each individual exercise date.

Employee Tax Consequences on Certain Stock Options

In 2010, the Company recorded a non-recurring benefit of \$24 to selling, general and administrative expense related to a refund of a previously recorded Canadian employee tax liability.

Summary of Restricted Stock Unit Activity

RSUs granted to employees and to non-employee directors generally vest over five years and three years, respectively; however, the Company provides for accelerated vesting for employees and non-employee directors that have attained twenty-five or more years and five or more years of service with the Company, respectively. Recipients are not entitled to vote or receive dividends on non-vested and undelivered shares. At the end of 2012, 14,345,000 shares were available to be granted as RSUs under the Sixth Restated 2002 Plan.

The following awards were outstanding at the end of 2012:

- 8,558,000 time-based RSUs that vest upon continued employment over specified periods of time;
- 702,000 performance-based RSUs, of which 304,000 will be formally granted to certain executive officers of the Company upon the official certification of the attainment of specified performance targets for 2012. Once formally granted, the restrictions lapse upon continued employment over specified periods of time.

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 7−Stock-Based Compensation Plans (Continued)

The following table summarizes RSU transactions during 2012:

	Number of Units (in 000's)	Weighted-Average Grant Date Fair Value
Non-vested at the end of 2011	9,727	$ 57.56
Granted	3,593	81.55
Vested and delivered	(3,819)	58.97
Forfeited	(241)	65.54
Non-vested at the end of 2012	9,260	$ 66.14

The remaining unrecognized compensation cost related to non-vested RSUs at the end of 2012 was $422 and the weighted-average period of time over which this cost will be recognized is 1.7 years. At the end of 2012, there were approximately 2,900,000 RSUs vested, but not yet delivered.

Summary of Stock-Based Compensation

The following table summarizes stock-based compensation expense and the related tax benefits under the Company's plans:

	2012	2011	2010
RSUs	$241	$206	$171
Stock options	0	1	19
Total stock-based compensation expense before income taxes	241	207	190
Less recognized income tax benefit	79	67	63
Total stock-based compensation expense, net of income taxes	$162	$140	$127

Note 8−Retirement Plans

The Company has a 401(k) Retirement Plan available to all U.S. employees who have completed 90 days of employment. For all U.S. employees, with the exception of California union employees, the plan allows pre-tax deferrals which the Company matches (50% of the first one thousand dollars of employee contributions). In addition, the Company provides each eligible participant an annual discretionary contribution based on salary and years of service.

California union employees are allowed to make pre-tax deferrals into the 401(k) plan which the Company matches (50% of the first five hundred dollars of employee contributions) and provides each eligible participant a contribution based on hours worked and years of service.

California union employees participate in a defined benefit plan sponsored by their union under a multi-employer plan, and the Company makes contributions to this plan based upon its union agreement. The Company's contributions to this plan are not material to the Company's consolidated financial statements.

The Company has a defined contribution plan for Canadian and United Kingdom employees and contributes a percentage of each employee' s salary. Certain other foreign operations have defined benefit and

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 8–Retirement Plans (Continued)

defined contribution plans that are not material. Amounts expensed under all plans were $382, $345, and $313 for 2012, 2011, and 2010, respectively, and were included in selling, general and administrative expenses and merchandise costs in the accompanying consolidated statements of income.

Note 9–Income Taxes

Income before income taxes is comprised of the following:

	2012	2011	2010
Domestic (including Puerto Rico)	$1,809	$1,526	$1,426
Foreign	958	857	628
Total	$2,767	$2,383	$2,054

The provisions for income taxes for 2012, 2011, and 2010 are as follows:

	2012	2011	2010
Federal:			
Current	$591	$409	$445
Deferred	12	74	1
Total federal	603	483	446
State:			
Current	100	78	79
Deferred	2	14	5
Total state	102	92	84
Foreign:			
Current	312	270	200
Deferred	(17)	(4)	1
Total foreign	295	266	201
Total provision for income taxes	$1,000	$841	$731

Tax benefits associated with the exercise of employee stock options and other employee stock programs were allocated to equity attributable to Costco in the amount of $65, $59, and $15, in 2012, 2011, and 2010, respectively.

The reconciliation between the statutory tax rate and the effective rate for 2012, 2011, and 2010 is as follows:

	2012		2011		2010	
Federal taxes at statutory rate	$969	35.0%	$834	35.0%	$718	35.0%
State taxes, net	59	2.1	55	2.4	56	2.7
Foreign taxes, net	(61)	(2.2)	(66)	(2.8)	(38)	(1.9)
Other	33	1.2	18	0.7	(5)	(0.2)
Total	$1,000	36.1%	$841	35.3%	$731	35.6%

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 9–Income Taxes (Continued)

The Company' s provision for income taxes for 2012 was adversely impacted by nonrecurring net tax expense of $25 relating primarily to the following items: the adverse impact of an audit of Costco Mexico by the Mexican tax authority; the tax effects of the cash dividend declared by Costco Mexico (included in Other in the table above); and the tax effects of nondeductible expenses for the Company' s contribution to an initiative reforming alcohol beverage laws in Washington State.

The components of the deferred tax assets and liabilities are as follows:

	2012	2011
Equity compensation	$79	$89
Deferred income/membership fees	148	134
Accrued liabilities and reserves	461	429
Other	55	32
Total deferred tax assets	743	684
Property and equipment	522	494
Merchandise inventories	182	164
Total deferred tax liabilities	704	658
Net deferred tax assets	$39	$26

The deferred tax accounts at the end of 2012 and 2011 include current deferred income tax assets of $393 and $360 respectively, included in deferred income taxes and other current assets; non-current deferred income tax assets of $58 and $53, respectively, included in other assets; and non-current deferred income tax liabilities of $412 and $387, respectively, included in deferred income taxes and other liabilities.

The Company has not provided for U.S. deferred taxes on cumulative undistributed earnings of $3,162 and $2,646 at the end of 2012 and 2011, respectively, of certain non-U.S. consolidated subsidiaries as such earnings are deemed by the Company to be indefinitely reinvested. Because of the availability of U.S. foreign tax credits and complexity of the computation, it is not practicable to determine the U.S. federal income tax liability that would be associated with such earnings if such earnings were not deemed to be indefinitely reinvested. The Company believes that its U.S. current assets position is sufficient to meet its U.S. liquidity requirements and has no current plans to repatriate for use in the U.S. the cash and cash equivalents and short-term investments held by these subsidiaries.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits for 2012 and 2011 is as follows:

	2012	2011
Gross unrecognized tax benefit at beginning of year	$106	$83
Gross increases–current year tax positions	15	21
Gross increases–tax positions in prior years	3	10
Gross decreases–tax positions in prior years	(3)	(6)
Settlements	(3)	(1)
Lapse of statute of limitations	(2)	(1)
Gross unrecognized tax benefit at end of year	$116	$106

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 9–Income Taxes (Continued)

Included in the balance at the end of 2012, are $70 of tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of these tax positions would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period.

The total amount of such unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods is $36 and $34 at the end of 2012 and 2011, respectively.

Accrued interest and penalties related to income tax matters are classified as a component of income tax expense. Interest and penalties were not material in 2012 and 2011, respectively. Accrued interest and penalties were $16 and $12 at the end of 2012 and 2011, respectively.

The Company is currently under audit by several taxing jurisdictions in the United States and in several foreign countries. Some audits may conclude in the next 12 months and the unrecognized tax benefits we have recorded in relation to the audits may differ from actual settlement amounts. It is not practical to estimate the effect, if any, of any amount of such change during the next 12 months to previously recorded uncertain tax positions in connection with the audits. The Company does not anticipate that there will be a material increase or decrease in the total amount of unrecognized tax benefits in the next twelve months.

The Company files income tax returns in the United States, various state and local jurisdictions, in Canada and in several other foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state or local examination for years before fiscal 2007. The Company is currently subject to examination in Canada for fiscal years 2008 to present and in California for fiscal years 2004 to present. No other examinations are believed to be material.

Note 10–Net Income per Common and Common Equivalent Share

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

	2012	2011	2010
Net income available to common stockholders used in basic and diluted net income per common share	$1,709	$1,462	$1,303
Interest on convertible notes, net of tax	1	1	1
Net income available to common stockholders after assumed conversions of dilutive securities	$1,710	$1,463	$1,304
Weighted average number of common shares used in basic net income per common share	433,620	436,119	438,611
Stock options and RSUs	4,906	6,063	6,409
Conversion of convertible notes	847	912	950
Weighted average number of common shares and dilutive potential of common stock used in diluted net income per share	439,373	443,094	445,970
Anti-dilutive RSUs	15	0	1,141

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 11–**Commitments and Contingencies**

Legal Proceedings

The Company is involved in a number of claims, proceedings and litigation arising from its business and property ownership. In accordance with applicable accounting guidance, the Company establishes an accrual for legal proceedings if and when those matters reach a stage where they present loss contingencies that are both probable and reasonably estimable. In such cases, there may be a possible exposure to loss in excess of any amounts accrued. The Company monitors those matters for developments that would affect the likelihood of a loss and the accrued amount, if any, thereof, and adjusts the amount as appropriate. If the loss contingency at issue is not both probable and reasonably estimable, the Company does not establish an accrual, but will continue to monitor the matter for developments that will make the loss contingency both probable and reasonably estimable. As of the date of this report, the Company has recorded an accrual with respect to one matter described below, which accrual is not material to the Company's financial statements. 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 our accrual) cannot in our view be reasonably estimated because, among other things, (i) the remedies or penalties sought are indeterminate or unspecified, (ii) the legal and/or factual theories are not well developed; and/or (iii) the matters involve complex or novel legal theories or a large number of parties.

The Company is a defendant in the following matters, among others:

A case brought as a class action on behalf of certain present and former female managers, in which plaintiffs allege denial of promotion based on gender in violation of Title VII of the Civil Rights Act of 1964 and California state law. Shirley "Rae" Ellis v. Costco Wholesale Corp., United States District Court (San Francisco), Case No. C-04-3341-MHP. Plaintiffs seek compensatory damages, punitive damages, injunctive relief, interest and attorneys' fees. Class certification was granted by the district court on January 11, 2007. On September 16, 2011, the United States Court of Appeals for the Ninth Circuit reversed the order of class certification and remanded to the district court for further proceedings. On September 25, 2012, the district court certified a class of women in the United States denied promotion to warehouse general manager or assistant general manager since January 3, 2002. Currently the class is believed to be approximately 1,250 people. Costco has sought permission to file an interlocutory appeal to the Ninth Circuit.

Numerous putative class actions have been brought around the United States against motor fuel retailers, including the Company, alleging that they have been overcharging consumers by selling gasoline or diesel that is warmer than 60 degrees without adjusting the volume sold to compensate for heat-related expansion or disclosing the effect of such expansion on the energy equivalent received by the consumer. The Company is named in the following actions: Raphael Sagalyn, et al., v. Chevron USA, Inc., et al., Case No. 07-430 (D. Md.); Phyllis Lerner, et al., v. Costco Wholesale Corporation, et al., Case No. 07-1216 (C.D. Cal.); Linda A. Williams, et al., v. BP Corporation North America, Inc., et al., Case No. 07-179 (M.D. Ala.); James Graham, et al. v. Chevron USA, Inc., et al., Civil Action No. 07-193 (E.D. Va.); Betty A. Delgado, et al., v. Allsups, Convenience Stores, Inc., et al., Case No. 07-202 (D.N.M.); Gary Kohut, et al. v. Chevron USA, Inc., et al., Case No. 07-285 (D. Nev.); Mark Rushing, et al., v. Alon USA, Inc., et al., Case No. 06-7621 (N.D. Cal.); James Vanderbilt, et al., v. BP Corporation North America, Inc., et al., Case No. 06-1052 (W.D. Mo.); Zachary Wilson, et al., v. Ampride, Inc., et al., Case No. 06-2582 (D. Kan.); Diane Foster, et al., v. BP North America Petroleum, Inc., et al., Case No. 07-02059 (W.D. Tenn.); Mara Redstone, et al., v. Chevron USA, Inc., et al., Case No. 07-20751 (S.D. Fla.); Fred Aguirre, et al. v. BP West Coast Products LLC, et al., Case No. 07-1534

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 11–**Commitments and Contingencies (Continued)**

(N.D. Cal.); J.C. Wash, et al., v. Chevron USA, Inc., et al.; Case No. 4:07cv37 (E.D. Mo.); Jonathan Charles Conlin, et al., v. Chevron USA, Inc., et al.; Case No. 07 0317 (M.D. Tenn.); William Barker, et al. v. Chevron USA, Inc., et al.; Case No. 07-cv-00293 (D.N.M.); Melissa J. Couch, et al. v. BP Products North America, Inc., et al., Case No. 07cv291 (E.D. Tex.); S. Garrett Cook, Jr., et al., v. Hess Corporation, et al., Case No. 07cv750 (M.D. Ala.); Jeff Jenkins, et al. v. Amoco Oil Company, et al., Case No. 07-cv-00661 (D. Utah); and Mark Wyatt, et al., v. B. P. America Corp., et al., Case No. 07-1754 (S.D. Cal.). On June 18, 2007, the Judicial Panel on Multidistrict Litigation assigned the action, entitled In re Motor Fuel Temperature Sales Practices Litigation, MDL Docket No 1840, to Judge Kathryn Vratil in the United States District Court for the District of Kansas. On April 12, 2009, the Company agreed to settle the actions in which it is named as a defendant. Under the settlement, which is subject to final approval by the court, the Company agreed, to the extent allowed by law, to install over five years from the effective date of the settlement temperature-correcting dispensers in the States of Alabama, Arizona, California, Florida, Georgia, Kentucky, Nevada, New Mexico, North Carolina, South Carolina, Tennessee, Texas, Utah, and Virginia. Other than payments to class representatives, the settlement does not provide for cash payments to class members. On September 22, 2011, the court preliminarily approved a revised settlement, which did not materially alter the terms. On April 24, 2012, the court granted final approval of the revised settlement. A class member who objected has filed a notice of appeal from the order approving the settlement. Plaintiffs have moved for an award of $10 million in attorneys' fees, as well as an award of costs and payments to class representatives. The Company has opposed the motion.

On October 4, 2006, the Company received a grand jury subpoena from the United States Attorney's Office for the Central District of California, seeking records relating to the Company's receipt and handling of hazardous merchandise returned by Costco members and other records. The Company has entered into a tolling agreement with the United States Attorney's Office.

The Environmental Protection Agency (EPA) issued an Information Request to the Company, dated November 1, 2007, regarding warehouses in the states of Arizona, California, Hawaii, and Nevada and relating to compliance with regulations concerning air-conditioning and refrigeration equipment. On March 4, 2009, the Company was advised by the Department of Justice that the Department was prepared to allege that the Company has committed at least nineteen violations of the leak-repair requirements of 40 C.F.R. § 82.156(i) and at least seventy-four violations of the recordkeeping requirements of 40 C.F.R. § 82.166(k), (m) at warehouses in these states. The Company has responded to these allegations, is engaged in communications with the Department about these and additional allegations, and has entered into tolling agreements. Substantial penalties may be levied for violations of the Clean Air Act. The Company is cooperating with this inquiry.

On October 7, 2009, the District Attorneys for San Diego, San Joaquin and Solano Counties filed a complaint, People of the State of California v. Costco Wholesale Corp., et al, No. 37-2009-00099912 (Superior Court for the County of San Diego), alleging on information and belief that the Company has violated and continues to violate provisions of the California Health and Safety Code and the Business and Professions Code through the use of certain spill clean-up materials at its gasoline stations. Relief sought includes, among other things, requests for preliminary and permanent injunctive relief, civil penalties, costs and attorneys' fees.

The Company has received notices from most states stating that they have appointed an agent to conduct an examination of the books and records of the Company to determine whether it has com-

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in millions, except share data) (Continued)

Note 11−Commitments and Contingencies (Continued)

plied with state unclaimed property laws. In addition to seeking the turnover of unclaimed property subject to escheat laws, the states may seek interest, penalties, costs of examinations, and other relief. The State of Washington conducted such an examination on its own behalf and on February 4, 2011 issued an assessment of $3.3 million. The Company filed suit on March 4, 2011, to contest the assessment. In July 2012, summary judgment on liability was granted in favor of the State; damages will be determined at trial.

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; however, 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.

Note 12−Segment Reporting

The Company and its subsidiaries are principally engaged in the operation of membership warehouses in the U.S., Canada, Mexico (see Note 1), the United Kingdom, Japan, and Australia and through majority-owned subsidiaries in Taiwan and Korea. The Company' s 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. As discussed in Note 1, the Company began consolidating Mexico on August 30, 2010. For segment reporting, these operations are included as a component of other international operations for 2012 and 2011. For 2010, Mexico is only included in total assets under U.S. operations in the table below, representing the equity method investment in the joint venture. The material accounting policies of the segments are the same as those described in Note 1. All material inter-segment net sales and expenses have been eliminated in computing total revenue and operating income. Certain home office operating expenses are incurred on behalf of the Company' s Canadian and other international operations, but are included in the U.S. operations because those costs are not allocated internally and generally come under the responsibility of the Company' s U.S. management team.

	United States Operations	Canadian Operations	Other International Operations	Total
2012				
Total revenue	$ 71,776	$ 15,717	$ 11,644	$99,137
Operating income	1,632	668	459	2,759
Depreciation and amortization	667	117	124	908
Capital expenditures, net	1,012	170	298	1,480
Property and equipment, net	9,236	1,664	2,061	12,961
Total assets	18,401	4,237	4,502	27,140
2011				
Total revenue	$ 64,904	$ 14,020	$ 9,991	$88,915
Operating income	1,395	621	423	2,439
Depreciation and amortization	640	117	98	855
Capital expenditures, net	876	144	270	1,290
Property and equipment, net	8,870	1,608	1,954	12,432
Total assets	18,558	3,741	4,462	26,761
2010				

Total revenue	$ 59,624	$ 12,051	$ 6,271	$77,946
Operating income	1,310	547	220	2,077
Depreciation and amortization	625	107	63	795
Capital expenditures, net	804	162	89	1,055
Property and equipment, net	8,709	1,474	1,131	11,314
Total assets	18,247	3,147	2,421	23,815

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COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 13–Quarterly Financial Data (Unaudited)

The two tables that follow reflect the unaudited quarterly results of operations for 2012 and 2011.

	53 Weeks Ended September 2, 2012				
	First Quarter 12 Weeks	Second Quarter 12 Weeks	Third Quarter 12 Weeks	Fourth Quarter 17 Weeks	Total 53 Weeks
REVENUE					
Net sales	$21,181	$22,508	$21,849	$31,524	$97,062
Membership fees	447	459	475	694	2,075
Total revenue	21,628	22,967	22,324	32,218	99,137
OPERATING EXPENSES					
Merchandise costs	18,931	20,139	19,543	28,210 (4)	86,823
Selling, general and administrative	2,144 (1)	2,178	2,152	3,044	9,518
Preopening expenses	10	6	6	15	37
Operating income	543	644	623	949	2,759
OTHER INCOME (EXPENSE)					
Interest expense	(27)	(27)	(19)	(22)	(95)
Interest income and other, net	37	10	18	38	103
INCOME BEFORE INCOME TAXES	553	627	622	965	2,767
Provision for income taxes	225 (2)	215	217	343	1,000
Net income including noncontrolling interests	328	412	405	622	1,767
Net income attributable to noncontrolling interests	(8)	(18)	(19)	(13)	(58)
NET INCOME ATTRIBUTABLE TO COSTCO	$320	$394	$386	$609	$1,709
NET INCOME PER COMMON SHARE ATTRIBUTABLE TO COSTCO:					
Basic	$0.74	$0.91	$0.89	$1.41	$3.94
Diluted	$0.73	$0.90	$0.88	$1.39	$3.89
Shares used in calculation (000's)					
Basic	434,222	434,535	433,791	432,437	433,620
Diluted	440,615	439,468	439,166	438,344	439,373
CASH DIVIDENDS DECLARED PER COMMON SHARE	$0.240	$0.240	$0.000 (3)	$0.550 (5)	$1.03

(1) Includes a $17 charge to selling, general and administrative for contributions to an initiative reforming alcohol beverage laws in Washington State.

(2) Includes a $24 charge relating to the settlement of an income tax audit in Mexico (See Note 9–Income Taxes).

(3) On May 9, 2012, subsequent to the end of the third quarter of 2012, the Board of Directors declared a quarterly cash dividend of $0.275 per share.

(4) Includes a $12 increase to merchandise costs for a LIFO inventory adjustment (see Note 1−Merchandise Inventories).

(5) Our current quarterly dividend rate is $0.275 per share.

COSTCO WHOLESALE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(dollars in millions, except share data) (Continued)

Note 13–Quarterly Financial Data (Unaudited) (Continued)

	52 Weeks Ended August 28, 2011				
	First Quarter 12 Weeks	Second Quarter 12 Weeks	Third Quarter 12 Weeks	Fourth Quarter 16 Weeks	Total 52 Weeks
REVENUE					
Net sales	$18,823	$20,449	$20,188	$27,588	$87,048
Membership fees	416	426	435	590	1,867
Total revenue	19,239	20,875	20,623	28,178	88,915
OPERATING EXPENSES					
Merchandise costs	16,757	18,235 (1)	18,067 (1)	24,680 (1)	77,739
Selling, general and administrative	1,945	2,040	1,992	2,714	8,691
Preopening expenses	12	4	8	22	46
Operating income	525	596	556	762	2,439
OTHER INCOME (EXPENSE)					
Interest expense	(26)	(27)	(27)	(36)	(116)
Interest income and other, net	5	4	5	46	60
INCOME BEFORE INCOME TAXES	504	573	534	772	2,383
Provision for income taxes	172	204	193	272	841
Net income including noncontrolling interests	332	369	341	500	1,542
Net income attributable to noncontrolling interests	(20)	(21)	(17)	(22)	(80)
NET INCOME ATTRIBUTABLE TO COSTCO	$312	$348	$324	$478	$1,462
NET INCOME PER COMMON SHARE ATTRIBUTABLE TO COSTCO:					
Basic	$0.72	$0.80	$0.74	$1.09	$3.35
Diluted	$0.71	$0.79	$0.73	$1.08	$3.30
Shares used in calculation (000's)					
Basic	434,099	436,682	436,977	436,596	436,119
Diluted	441,360	443,186	443,570	443,518	443,094
CASH DIVIDENDS DECLARED PER COMMON SHARE	$0.205	$0.205	$0.240	$0.240	$0.89

(1) Includes a $6, $49 and $32 increase to merchandise costs for a LIFO inventory adjustment for the second, third and fourth quarters, respectively (see Note 1–Merchandise Inventories).

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EXHIBIT INDEX

The following exhibits are filed as part of this Annual Report on Form 10-K 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 of the registrant		8-K		8/30/99
3.2	Bylaws of the registrant		8-K		8/24/10
4.1	Registrant will furnish upon request copies of instruments defining the rights of holders of its long-term debt instruments				
10.1*	Costco Wholesale Executive Health Plan	x			
10.1.5*	Amendments to Stock Option Plan, 2002		S-8		2/14/02
10.1.6*	Costco Wholesale Corporation 2002 Stock Incentive Plan		S-8		2/14/02
10.1.7*	Amended and Restated 2002 Stock Incentive Plan of Costco Wholesale Corporation		S-8		10/21/05
10.1.8*	Second Restated 2002 Stock Incentive Plan Restricted Stock Unit Award Agreement-Employee		10-Q	5/7/06	6/16/06
10.1.9*	Second Restated 2002 Stock Incentive Plan Restricted Stock Unit Award Agreement-Non-Executive Director		10-Q	5/7/06	6/16/06
10.1.10*	Amendment to Second Restated 2002 Stock Incentive Plan		10-Q	2/18/07	3/30/07
10.1.11*	Amendment to Second Restated 2002 Stock Incentive Plan		8-K		1/31/08
10.1.12*	Fourth Restated 2002 Stock Incentive Plan		10-K	8/31/08	10/16/08
10.1.13*	Fifth Restated 2002 Stock Incentive Plan		10-Q	2/14/10	3/17/10
10.1.14*	Sixth Restated 2002 Stock Incentive Plan		8-K		1/31/12
10.2*	Form of Indemnification Agreement		14A		12/13/99
10.4	Stock Purchase Agreement, dated June 13, 2012, among Costco Venture Mexico, Controladora Comercial Mexicana, S.A.B. de C.V. and other parties named therein	x			
10.5*	Deferred Compensation Plan	x			
10.6.1*	Executive Employment Agreement between Craig Jelinek and Costco Wholesale Corporation		10-Q	11/20/11	12/16/11
10.6.2*	Fiscal 2012 Executive Bonus Plan		8-K		10/27/11

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form	Period Ending	Filing Date
21.1	Subsidiaries of the Company	x			
23.1	Consent of Independent Registered Public Accounting Firm	x			
31.1	Rule 13(a) - 14(a) Certifications	x			
32.1	Section 1350 Certifications	x			
101.INS	XBRL Instance Document	x			
101.SCH	XBRL Taxonomy Extension Schema Document	x			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	x			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	x			
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	x			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	x			

* Management contract, compensatory plan or arrangement.

Exhibit 10.1

Officers at the level of senior vice president and above and one consultant to the Company participate in the Executive Health Plan. Participants are provided coverage for the same types of benefits available to employees generally (which include medical, dental, vision and pharmacy,) as well as reimbursement for the out-of-pocket costs (co-insurance, deductibles etc.) required under the basic plan. Participants are required to pay a portion of the premium.

Exhibit 10.4

CONTRATO DE COMPRAVENTA DE ACCIONES	STOCK PURCHASE AGREEMENT
celebrado por y entre:	entered into by and among:
Controladora Comercial Mexicana, S.A.B. de C.V., actuando como vendedora;	**Controladora Comercial Mexicana, S.A.B. de C.V.**, acting as seller;
Costco Venture Mexico y	**Costco Venture Mexico** and
CVM Purchasing Subsidiary, S.A. de C.V.,	**CVM Purchasing Subsidiary, S.A. de C.V.**,
actuando como compradoras;	acting as purchasers;
Costco de México, S.A. de C.V.; y	**Costco de México, S.A. de C.V.**; and
Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria	**Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria**
13 de junio de 2012	**June 13, 2012**

CONTRATO DE COMPRAVENTA DE ACCIONES

EL PRESENTE **CONTRATO DE COMPRAVENTA DE ACCIONES**, de fecha 13 de junio de 2012 (en adelante el "Contrato"), es celebrado por y entre:

CONTROLADORA COMERCIAL MEXICANA, S.A.B. DE C.V., una sociedad anónima bursátil de capital variable debidamente constituida y válidamente existente bajo las leyes de México (según aquí se define) (en adelante "CCM" o el "Vendedor", indistintamente), de conformidad con la escritura pública número 21,305, de fecha 28 de enero de 1944, otorgada ante la fe del Lic. Julio Sentíes, adscrito a la Notaría Pública número 59 de la Ciudad de México, Distrito Federal a cargo del Lic. Raúl Falomir, y representada en este acto por los Sres. Guillermo González Nova y Carlos González Zabalegui;

COSTCO VENTURE MEXICO, una sociedad debidamente constituida y válidamente existente bajo las leyes del Estado de California, Estados Unidos de América (en adelante "CVM"), y representada en este acto por el Sr. Enrique Manuel Ramírez Ramírez;

CVM PURCHASING SUBSIDIARY, S.A. DE C.V., una sociedad anónima de capital variable debidamente constituida y válidamente existente bajo las leyes de México (en adelante "CVMPS", y conjuntamente con CVM, los "Compradores" y cada uno de ellos un "Comprador"), de conformidad con la escritura pública número 143,789, de fecha 12 de junio de 2012, otorgada ante la fe del Lic. Armando Gálvez Pérez Aragón, Notario Público número 103 de la Ciudad de México, Distrito Federal, y representada en este acto por el Sr. Enrique Manuel Ramírez Ramírez;

STOCK PURCHASE AGREEMENT

THIS **STOCK PURCHASE AGREEMENT**, dated June 13, 2012 (hereinafter the "Agreement"), is entered into by and among:

CONTROLADORA COMERCIAL MEXICANA, S.A.B. DE C.V., a public corporation with variable capital (*sociedad anónima bursátil de capital variable*) duly organized and validly existing under the laws of Mexico (as defined herein), (hereinafter "CCM" or the "Seller", indistinctly), pursuant to public instrument number 21,305, dated January 28, 1944, granted before Mr. Julio Sentíes, assisting the head notary of Notary Public number 59 of Mexico City, Federal District, Mr. Raúl Falomir, and represented herein by Messrs. Guillermo González Nova and Carlos González Zabalegui;

COSTCO VENTURE MEXICO, a corporation duly organized and validly existing under the laws of the State of California, United States of America, (hereinafter "CVM"), and represented herein by Mr. Enrique Manuel Ramírez Ramírez;

CVM PURCHASING SUBSIDIARY, S.A. DE C.V., a corporation with variable capital (*sociedad anónima de capital variable*) duly organized and validly existing under the laws of Mexico (hereinafter "CVMPS", and together with CVM, the "Purchasers", and each of them a "Purchaser"), pursuant to public instrument number 143,789, dated June 12, 2012, granted before Mr. Armando Gálvez Pérez Aragón, Notary Public number 103 of Mexico City, Federal District, and represented herein by Mr. Enrique Manuel Ramírez Ramírez ;

COSTCO DE MÉXICO, S.A. DE C.V., una sociedad anónima de capital variable debidamente constituida y válidamente existente bajo las leyes de México (en adelante "Costco" o la "Compañía", indistintamente), de conformidad con la escritura pública número 9,361, de fecha 11 de julio de 1991, otorgada ante la fe del Lic. Eugenio Ibarrola Santoyo, Notario Público número 122 de la Ciudad de México, Distrito Federal y representada en este acto por el Sr. Mauricio Antonio Talayero González; y

COSTCO DE MÉXICO, S.A. DE C.V., a corporation (*sociedad anónima de capital variable*) duly organized and validly existing under the laws of Mexico (hereinafter "Costco" or the "Company", indistinctly), pursuant to public instrument number 9,361, dated July 11, 1991, granted before Mr. Eugenio Ibarrola Santoyo, Notary Public number 122 of Mexico City, Federal District, and represented herein by Mr. Mauricio Antonio Talayero González; and

DEUTSCHE BANK MÉXICO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, DIVISIÓN FIDUCIARIA, una institución de banca múltiple debidamente constituida y válidamente existente bajo las leyes de México (en adelante "Deutsche" o el "Fiduciario", indistintamente, y conjuntamente con el Vendedor, los Compradores y la Compañía, las "Partes", y cada una de ellas una "Parte"), de conformidad con la escritura pública número 57,681, de fecha 25 de febrero del 2000, otorgada ante la fe del Lic. Miguel Alessio Robles, Notario Público número 19 de la Ciudad de México, Distrito Federal, y representada en esteacto por el Sr. Alonso Rojas Dingler, quien comparece exclusivamente en su carácter de fiduciaria del Fideicomiso (según aquí se define).

DEUTSCHE BANK MÉXICO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, DIVISIÓN FIDUCIARIA, a credit institution (*institución de banca múltiple*) duly organized and validly existing under the laws of Mexico (hereinafter "Deutsche" or the "Trustee", indistinctly, and together with the Seller, the Purchasers and the Company, the "Parties", and each of them a "Party"), pursuant to public instrument number 57,681, dated February 25, 2000, granted before Mr. Miguel Alessio Robles, Notary Public number 19 of Mexico City, Federal District, and represented herein by Mr. Alonso Rojas Dingler, which exclusively appears in its capacity as trustee of the Trust (as defined herein).

A N T E C E D E N T E S

I) El 21 de junio de 1991, CCM y CVM celebraron un Contrato de *Joint Venture,* mismo que fue re-expresado el 15 de febrero de 1995 y que se ha modificado de tiempo en tiempo, en términos del cual, entre otros asuntos, estas sociedades acordaron detentar cada una el 50% (cincuenta por ciento) de las acciones de la Compañía (en adelante el "JV").

II) El 10 de diciembre de 2010, CCM celebró los Contratos de la Reestructura (según aquí se definen) con los Acreedores (según aquí se definen) y terceras partes del mismo para intercambiar y reestructurar cierta deuda.

B A C K G R O U N D

I) On June 21, 1991, CCM and CVM entered into a Joint Venture Agreement, which was restated on February 15, 1995 and amended from time to time, in terms of which, among other items, such companies agreed to each hold 50% (fifty percent) of the Company´s stock (hereinafter the "JV").

II) On December 10, 2010, CCM executed the Restructuring Agreements (as defined herein) with the Creditors (as defined herein) and third parties thereto in order to exchange and restructure certain debt.

III) Como parte de los Contratos de la Reestructura, el 10 de diciembre de 2010, CCM, actuando como fideicomitente; CVM, actuando como fideicomisario en primer lugar; Banco Invex, S.A. Institución de Banca Múltiple, Invex Grupo Financiero, actuando como fideicomisario en segundo lugar y como agente de garantías en nombre de los Acreedores de CCM; y Deutsche, actuando como fiduciaria, celebraron el Contrato de Fideicomiso Irrevocable de Administración y Garantía No. F/1435 (en adelante el "Fideicomiso") a efecto de garantizar ciertas obligaciones y mediante el cual CCM transmitió las Acciones (según aquí se definen) a dicho Fideicomiso.

III) As part of the Restructuring Agreements, on December 10, 2010, CCM, acting as settlor; CVM, acting as first beneficiary; Banco Invex, S.A., Institución de Banca Múltiple, Invex Grupo Financiero, acting as second beneficiary and as collateral agent on behalf of CCM' s Creditors; and Deutsche, acting as trustee, entered into Irrevocable Management and Guaranty Trust Agreement No. F/1435 (hereinafter the "Trust") in order to secure certain obligations and by means of which CCM transferred the Shares (as defined herein) to such Trust.

IV) Deutsche comparece a la celebración de este Contrato de acuerdo con las instrucciones escritas que para tales efectos y en términos del inciso (i) de la Sección 9.02 del Fideicomiso, recibió de los fideicomisarios de dicho Fideicomiso.

IV) Deutsche is appearing at the execution of this Agreement in compliance with the corresponding written instructions and in terms of item (i) of Section 9.02 of the Trust, it received from the beneficiaries of such Trust.

D E C L A R A C I O N E S

CONSIDERANDO, que el Vendedor desea vender a los Compradores, y los Compradores desean comprar del Vendedor, las Acciones de conformidad con los términos y condiciones establecidos y acordados en este Contrato;

CONSIDERANDO, que este Contrato establecerá los términos y condiciones que regirán los derechos y obligaciones de las Partes para realizar la Operación (según aquí se define);

CONSIDERANDO, que las Partes reconocen mutuamente, acuerdan y declaran unas a las otras que los representantes legales y/o apoderados que suscriben este Contrato en nombre y representación de cada Parte tienen la autoridad suficiente para obligar a dichas Partes mediante sus propias firmas y que

R E C I T A L S

WHEREAS, the Seller desires to sell to the Purchasers, and the Purchasers desire to purchase from the Seller, the Shares pursuant to the terms and conditions set forth and agreed upon in this Agreement;

WHEREAS, this Agreement shall set forth the terms and conditions that shall govern the rights and obligations of the Parties in order to execute the Transaction (as defined herein);

WHEREAS, the Parties mutually recognize, agree and represent to each other that the legal representatives and/or attorneys-in-fact executing this Agreement in the name and on behalf of each Party have the sufficient authority to bind such Parties by means of their own signatures and that such authority has not been revoked, limited or modified in any manner whatsoever as of this date; and dicha autoridad no ha sido revocada, limitada o modificada en forma alguna a esta fecha; y

CONSIDERANDO, que los términos con mayúscula inicial utilizados en el presente, tienen los significados establecidos en la Sección 6.09, salvo que se disponga lo contrario en el presente.

WHEREAS, the capitalized terms used herein have the meanings set forth in Section 6.09, unless otherwise provided for herein.

AHORA, POR CONSIGUIENTE, en consideración de las premisas y obligaciones y acuerdos mutuos contenidos en el presente a continuación, las Partes acuerdan lo siguiente:

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the Parties hereby agree as follows:

ARTÍCULO I
Objeto del Contrato / Compra Venta de las Acciones

SECCIÓN 1.01 Objeto del Contrato / Compra Venta de las Acciones. En los términos y sujeto a las condiciones establecidas en el presente, al Cierre (según aquí se define), el Vendedor deberá vender, endosar en propiedad, ceder, transmitir y entregar todos los derechos, titularidad e intereses sobre las Acciones, según se establece en el **Apéndice 1.01** (en adelante las "Acciones"), a los Compradores, según se establece en el **Apéndice 1.01**, y dichos Compradores deberán comprar, adquirir, aceptar y asumir la cesión y entrega de todos los derechos, titularidad e intereses del Vendedor sobre dichas Acciones (en adelante la "Operación").

Las obligaciones de transmisión y entrega relacionadas con la propiedad de las Acciones y el pago del Precio de Compra (según aquí se define) están sujetas al cumplimiento de las condiciones suspensivas descritas en las Secciones 4.01, 4.02 y 4.03 de este Contrato de conformidad con las disposiciones del Artículo 1939 del Código Civil Federal.

ARTICLE I
Purpose of the Agreement / Purchase and Sale of the Shares

SECTION 1.01 Purpose of the Agreement / Purchase and Sale of the Shares. In the terms and subject to the conditions set forth herein, at Closing (as defined herein), the Seller shall sell, fully endorse (*endosar en propiedad*), assign, transfer and deliver all of the rights to, title to and interest in the Shares, as set forth in **Schedule 1.01**, (hereinafter the "Shares") to the Purchasers, as set forth in **Schedule 1.01**, and such Purchasers shall purchase, acquire, accept and take assignment and delivery from the Seller of all the rights, title and interest of the Seller in and to such Shares (hereinafter the "Transaction").

The transfer and delivery obligations connected with the ownership of the Shares and payment of the Purchase Price (as defined herein) are subject to the satisfaction and fulfillment of the conditions precedent (*condiciones suspensivas)* described in Sections 4.01, 4.02 and 4.03 of this Agreement in accordance with the provisions of Article 1939 of the Mexican Federal Civil Code (*Código Civil Federal*).

SECCIÓN 1.02 Precio de Compra. El precio total de compra a ser pagado por los Compradores al Vendedor por la venta de las Acciones (según lo acordado en la Sección 1.01) será una cantidad de $10,650,000,000.00 (diez mil seiscientos cincuenta millones de pesos 00/100, M.N.) en efectivo (en adelante el "Precio de Compra").

SECCIÓN 1.03 Pago del Precio de Compra. En la Fecha de Cierre (según aquí se define), los Compradores pagarán al Vendedor, mediante transferencia electrónica de fondos inmediatamente disponibles, el Precio de Compra total y completo a la cuenta bancaria del Fideicomiso y el pago del Precio de Compra deberá ser libre de cualquier retención o deducción de Impuestos (según aquí se define) y/o cualesquier honorarios, comisiones, gastos o cualesquiera otras deducciones.

ARTÍCULO II
Cierre

SECCIÓN 2.01 Fecha de Cierre. Sujeto a los términos y condiciones de este Contrato (incluyendo las condiciones suspensivas establecidas en las Secciones 4.01, 4.02 y 4.03 de este Contrato), la consumación de la Operación (en adelante el "Cierre") tendrá lugar en las oficinas de Santamarina y Steta, S.C., localizadas en Campos Elíseos 345, Piso 3, Colonia Chapultepec Polanco a las 10:00 horas, tiempo de la Ciudad de México, el 3er (tercer) Día Hábil siguiente a la entrega del Certificado del Vendedor (según aquí se define) a los Compradores, de conformidad con la Sección 4.04 (a) (en adelante la "Fecha de Satisfacción del CV"), o en algún otro lugar y/o en alguna otra hora y fecha que puedan convenir mutuamente el Vendedor y los Compradores. A la fecha del Cierre de la Operación se refiere en este Contrato como la "Fecha de Cierre".

SECCIÓN 2.02 Obligaciones de Deutsche. Inmediatamente antes del Cierre, el

SECTION 1.02 Purchase Price. The aggregate purchase price to be paid by the Purchasers to the Seller for the sale of the Shares (as agreed in Section 1.01) shall be MXN$10,650,000,000.00 (ten billion six hundred fifty million pesos 00/100, Mexican currency) in cash (hereinafter the "Purchase Price").

SECTION 1.03 Purchase Price Payment. On the Closing Date (as defined herein), the Purchasers shall pay to the Seller, by wire transfer of immediately available funds, the entire and complete Purchase Price to the Trust' s bank account, and the payment of the Purchase Price shall be free and clear of any withholding or deduction of Taxes (as defined herein) and/or any other fees, commissions, expenses or any other deductions.

ARTICLE II
Closing

SECTION 2.01 Closing Date. Subject to the terms and conditions of this Agreement (including the conditions precedent contained in Sections 4.01, 402 and 4.03 of this Agreement), the consummation of the Transaction (hereinafter the "Closing") shall take place at the offices of Santamarina y Steta, S.C. located at Campos Elíseos 345, Piso 3, Colonia Chapultepec Polanco at 10:00 a.m. Mexico City time on the 3rd (third) Business Day after the Seller' s Certificate (as defined herein) is delivered to the Purchasers, in accordance with Section 4.04 (a) (hereinafter the "SC Satisfaction Date"), or at such other place and/or at such other time and date as may be mutually agreed upon in writing by the Seller and the Purchasers. The Closing date is referred to in this Agreement as the "Closing Date".

SECTION 2.02 Deutsche' s Obligations. Immediately prior to Closing, the Seller

Vendedor deberá solicitar a Deutsche que endose en propiedad, ceda, transfiera y entregue al Vendedor todos los derechos, titularidad e intereses sobre las Acciones que han sido transmitidas al Fideicomiso y entregar el(los) título(s) de acciones correspondiente(s). Deutsche deberá inmediatamente cumplir con dicha solicitud.

SECCIÓN 2.03 Entregables del Vendedor. Al Cierre, el Vendedor deberá entregar lo siguiente a los Compradores con copia para Deutsche:

(a) Las Resoluciones Corporativas del Vendedor (según aquí se definen);

(b) Evidencia por escrito de la Aprobación de CFC (según aquí se define);

(c) Copia certificada del poder de los representantes legales o apoderados del Vendedor, evidenciando la autoridad para firmar este Contrato y cualquier otro documento entregado en relación con este Contrato;

(d) Las Acciones endosadas en propiedad a los Compradores; y

(e) Cualquier otro documento o información requerida de conformidad con este Contrato y/o acordado mutuamente por Partes del mismo.

SECCIÓN 2.04. Entregables de los Compradores. Al Cierre, los Compradores deberán entregar lo siguiente al Vendedor con copia para Deutsche:

(a) Las Resoluciones Corporativas de los Compradores (según aquí se definen);

(b) Evidencia por escrito de la Aprobación de CFC;

(c) Según sea aplicable, copia certificada del poder de los representantes

shall request that Deutsche fully endorse (*endosar en propiedad*), assign, transfer and deliver to the Seller all of the rights to, title to and interest in the Shares that have been transferred to the Trust, and deliver the corresponding stock certificate(s). Deutsche shall promptly comply with that request.

SECTION 2.03 Seller' s Deliverables. At Closing, the Seller shall deliver the following to the Purchasers with a copy to Deutsche:

(a) The Seller' s Corporate Resolutions (as defined herein);

(b) Written evidence of the FCC Approval (as defined herein);

(c) A certified copy of the power of attorney of the Seller' s legal representatives or attorneys-in-fact, evidencing the authority to execute this Agreement and any other document delivered in connection with this Agreement;

(d) The Shares fully endorsed (*endosadas en propiedad*) to the Purchasers; and

(e) Any other document or information required pursuant to this Agreement and/or mutually agreed upon by the Parties hereto.

SECTION 2.04 Purchasers' Deliverables. At Closing, the Purchasers shall deliver the following to the Seller with a copy to Deutsche:

(a) The Purchasers' Corporate Resolutions (as defined herein);

(b) Written evidence of the FCC Approval;

(c) If applicable, a certified copy of a the power of attorney of the Purchasers' legales o apoderados de los Compradores, evidenciando la autoridad para firmar este Contrato y cualquier otro documento entregado en relación con este Contrato o una certificación emitida por un funcionario debidamente nombrado sobre la capacidad y autoridad de dichos representantes; y

(d) Cualquier otro documento o información requerida de conformidad con este Contrato y/o acordado mutuamente por las Partes del mismo.

legal representatives or attorneys-in-fact, evidencing the authority to execute this Agreement and any other document delivered in connection with this Agreement or a certification issued by a duly appointed officer as to the capacity and authority of such representatives; and

(d) Any other document or information required pursuant to this Agreement and/or mutually agreed upon by the Parties hereto.

ARTÍCULO III
Declaraciones, Garantías y Obligaciones

SECCIÓN 3.01 El Vendedor en el presente declara y garantiza a los Compradores que:

(a) Constitución. El Vendedor es una sociedad debidamente constituida y existente bajo las leyes de México con el poder requerido para celebrar este Contrato y cumplir con sus obligaciones bajo el mismo.

(b) Autoridad. El Vendedor tiene el derecho, poder y autoridad para firmar, otorgar y cumplir este Contrato y ha tomado todas las acciones corporativas requeridas para aprobar este Contrato. Este Contrato constituye una obligación válida y exigible del Vendedor ejecutable en su contra de conformidad con sus términos, excepto en la medida en que la ejecutabilidad pueda estar sujeta a quiebra, concurso mercantil y otras leyes de aplicación general relativas a o que afecten los derechos de los acreedores.

(c) Ausencia de Conflictos. La celebración de este Contrato por parte del Vendedor y el cumplimiento de todas sus obligaciones bajo el mismo no (i) violan o están en conflicto con los documentos corporativos del Vendedor o cualquier contrato o instrumento que le sea obligatorio; (ii) violan o entran en conflicto con cualquier ley, reglamento, regla,

ARTICLE III
Representations, Warranties and Covenants

SECTION 3.01 The Seller hereby represents and warrants to the Purchasers that:

(a) Organization. The Seller is a corporation duly organized and existing under the laws of Mexico with the requisite power to enter into this Agreement and to fulfill its obligations hereunder.

(b) Authority. The Seller has the right, power and authority to execute, deliver and perform this Agreement and has taken all required corporate actions to approve this Agreement. This Agreement constitutes a valid and binding obligation of the Seller enforceable against Seller in accordance with its terms, except to the extent that enforcement may be subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights.

(c) Absence of Conflicts. Seller's entering into this Agreement and performing all of its obligations hereunder does not (i) violate or conflict with the governing documents of the Seller or any agreement or instrument binding on it; (ii) violate or conflict with any law, regulations, rule, judgment, order or the like applicable to the Seller; or (iii) require the consent or sentencia, orden o similares aplicables al Vendedor; o (iii) requieren el consentimiento o aprobación de cualquier otra Persona (según aquí se define) o entidad, salvo por la Aprobación de CFC y la aprobación de los accionistas del Vendedor

approval of any other Person (as defined herein) or entity, except for the FCC Approval and the approval of the Seller' s shareholders.

(d) No Necesidad de Consentimiento de Acreedores. La firma, otorgamiento y cumplimiento de este Contrato por parte del Vendedor y la consumación de la Operación contemplada en el presente no (i) violarán, estarán en conflicto con o constituirán una violación o incumplimiento bajo cualesquiera de los Contratos de la Reestructura o el Contrato de Términos Comunes o (ii) requerirán el consentimiento, aprobación o autorización de, cualquier otra Persona o entidad, incluyendo cualquier Acreedor bajo los Contratos de la Reestructura y el Contrato de Términos, salvo por la Aprobación de CFC y la aprobación de los accionistas del Vendedor.

(d) No Need of Creditors' Consent. The execution, delivery and performance of this Agreement by the Seller and the consummation of the Transaction contemplated hereby will not (i) violate, conflict with or constitute a breach or default under of any of the Restructuring Agreements or the Common Terms Agreement or (ii) require the consent, approval or authorization of, any other Person or entity, including any Creditor under the Restructuring Agreements and the Common Terms Agreement or otherwise, except for the FCC Approval and the approval of the Seller' s shareholders.

(e) Procedimientos Pendientes. No hay ninguna disputa, investigación, litigio u otro procedimiento pendiente o amenazas evidentes de ellos en contra del Vendedor que, si concluyen desfavorablemente, puedan afectar adversamente la capacidad del Vendedor de celebrar este Contrato o cumplir con sus obligaciones bajo el mismo.

(e) Pending Proceedings. There is no dispute, investigation, litigation or other proceeding pending or overtly threatened against the Seller that, if unfavorably concluded, would adversely affect the ability of the Seller to enter into this Agreement or to fulfill its obligations hereunder.

(f) Título sobre las Acciones. Sujeto a los términos y condiciones del presente, al Cierre, el Vendedor deberá haber transmitido al Comprador título bueno y válido sobre las Acciones libres de cualesquiera reclamaciones, gravámenes u otras obligaciones.

(f) Title to the Shares. Subject to the terms and conditions hereof, at Closing, the Seller shall deliver to the Purchaser good and valid title to the Shares free and clear of any claims, liens or other obligations.

SECCIÓN 3.02 Los Compradores en el presente declaran y garantizan al Vendedor que:

SECTION 3.02 The Purchasers hereby represent and warrant to the Seller that:

(a) Constitución. CVM es una sociedad debidamente constituida y existente bajo las leyes del Estado de California con el poder requerido para celebrar este Contrato y cumplir con sus obligaciones bajo el mismo,

(a) Organization. CVM is a corporation duly organized and existing under the laws of the State of California with the requisite power to enter into this Agreement and to fulfill its obligations hereunder, and y CVMPS es una sociedad debidamente constituida y existente bajo las leyes de México con el poder requerido para celebrar este Contrato y cumplir con sus obligaciones bajo el mismo.

CVMPS is a corporation duly organized and existing under the laws of Mexico with the requisite power to enter into this Agreement and to fulfill its obligations hereunder.

(b) Autoridad. Cada una de CVM y CVMPS tiene el derecho, poder y autoridad para firmar, otorgar y cumplir este Contrato y ha tomado todas las acciones corporativas requeridas para aprobar este Contrato. Este Contrato constituye una obligación válida y exigible de CVM y CVMPS ejecutable en su contra de conformidad con sus términos, excepto en la medida en que la ejecutabilidad pueda estar sujeta a quiebra, concurso mercantil y otras leyes de aplicación general relativas a o que afecten los derechos de los acreedores.

(b) Authority. Each of CVM and CVMPS has the right, power and authority to execute, deliver and perform this Agreement and has taken all required corporate actions to approve this Agreement. This Agreement constitutes a valid and binding obligation upon CVM and CVMPS enforceable against each of them in accordance with its terms, except to the extent that enforcement may be subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights.

(c) Ausencia de Conflictos. La celebración de este Contrato por parte de los Compradores y el cumplimiento de todas sus obligaciones bajo el mismo no (i) violan o están en conflicto con los documentos corporativos aplicables de CVM o CVMPS o cualquier contrato o instrumento que les sea obligatorio; (ii) violan o entran en conflicto con cualquier ley, reglamento, regla, sentencia, orden o similares aplicables a CVM o CVMPS; o (iii) requieren el consentimiento o aprobación de cualquier otra Persona o entidad, salvo por la Aprobación de CFC y la aprobación de los accionistas de los Compradores.

(c) Absence of Conflicts. Purchasers' entering into this Agreement and performing all of their obligations hereunder does not (i) violate or conflict with the applicable governing documents of CVM or CVMPS or any agreement or instrument binding on either of them; (ii) violate or conflict with any law, regulations, rule, judgment, order or the like applicable to CVM or CVMPS; or (iii) require the consent or approval of any other Person or entity, except for FCC Approval and the approval of the Purchasers' shareholders.

(d) Procedimientos Pendientes. No hay ninguna disputa, investigación, litigio u otro procedimiento pendiente o amenazas evidentes de ellos en contra de CVM o CVMPS que, si concluyen desfavorablemente, puedan afectar adversamente la capacidad de cualquiera de ellos de celebrar este Contrato o cumplir con sus obligaciones bajo el mismo.

(d) Pending Proceedings. There is no dispute, investigation, litigation or other proceeding pending or overtly threatened against CVM or CVMPS that, if unfavorably concluded, would adversely affect the ability of either of them to enter into this Agreement or to fulfill its obligations hereunder.

SECCIÓN 3.03 Otorgamiento de la Aprobación de CFC.

El Vendedor y los Compradores, tan pronto como sea posible, deberán cooperar entre sí a efecto de realizar las presentaciones necesarias y tomar todas las acciones razonables para la obtención de la Aprobación de CFC, así como para presentar cualquier información complementaria y razonable solicitada por la CFC (según aquí se define), en relación con la misma conforme a las Leyes Aplicables (según aquí se definen). Cualquiera de dichas acciones, presentaciones y la información complementaria serán tomadas y presentadas en cumplimiento con los requisitos de las Leyes Aplicables y de conformidad con los términos y condiciones convenidos por el Vendedor y los Compradores antes de la firma, realización y presentación de los mismos. El Vendedor y los Compradores se proporcionarán recíprocamente dicha información, cooperación y asistencia que sea razonablemente necesaria y que esté a su disposición que se solicite razonablemente en relación con la preparación de cualquier presentación de la solicitud de Aprobación de CFC. El Vendedor y los Compradores deberán cada uno (i) mantenerse informados del estatus de cualesquiera comunicaciones con y cualesquiera indagaciones o solicitudes de información adicional de la CFC; (ii) abstenerse a asistir a cualquier junta formal con la CFC sin darse aviso previo de dicha junta entre sí, y en la medida permitida por la CFC, sin dar la oportunidad de asistir a dicha junta; (iii) cumplir, con la autorización previa del Vendedor o de los Compradores, según sea el caso, con cualquier indagación o solicitud adicional; y (iv) proporcionar, con la autorización previa del Vendedor o de los Compradores, según sea el caso, cualquier información complementaria y razonable solicitada en relación con las presentaciones hechas conforme a las Leyes Aplicables. Toda dicha información complementaria deberá cumplir con los requisitos de las Leyes Aplicables. Para los propósitos de esta Sección 3.03 "acciones razonables" no deberán requerir (i) que los Compradores, cualquier Afiliada de los Compradores (según aquí se define) o la Compañía (A)

SECTION 3.03 Granting of the FCC Approval.

The Seller and the Purchasers shall, as promptly as practicable, cooperate with each other to carry out the necessary filings and submissions and take all reasonable actions for the obtainment of the FCC Approval, as well as submit any supplemental and reasonable information requested by the FCC (as defined herein), in connection therewith pursuant to Applicable Law (as defined herein). Any such actions, filings and submissions and supplemental information must be taken, carried out and submitted in compliance with the requirements of Applicable Law and pursuant to the terms and conditions agreed upon by the Seller and the Purchasers prior to the execution, realization and submission thereof. The Seller and the Purchasers shall furnish each other with the information, cooperation and assistance that is reasonably necessary and that is available to them as may be reasonably requested in connection with the preparation of any filing or submission of the FCC Approval application. The Seller and the Purchasers shall each (i) keep each other apprised of the status of any communications with and any inquiries or requests for additional information from the FCC; (ii) not attend any formal meeting with the FCC without giving prior notice of such meeting to each other and, to the extent permitted by the FCC, without providing the opportunity to attend such meeting; (iii) comply, with the prior authorization of the Seller or the Purchasers, as the case may be, with any such additional inquiry or request; and (iv) provide, with the prior authorization from the Seller or the Purchasers, as the case may be, any supplemental and reasonable information requested in connection with the filings made pursuant to Applicable Law. All such supplemental information shall meet the requirements of Applicable Law. For purposes of this Section 3.03 "reasonable actions" shall not require (i) the Purchasers, any Purchasers' Affiliate (as defined herein) or the Company to (A) hold separate, sell, divest or dispose of any portion of its mantenga separada, venda, desinvierta o disponga de cualquier parte de su negocio, cualquier línea de producto o cualquier parte de sus activos o de otra manera cambie o restrinja las actividades de los Compradores, cualquier Afiliada de los Compradores, o (B) gaste recursos sustanciales o incurra en cualquier otra barrera sustancial o (ii) que los Compradores o cualquier Afiliada de los Compradores, la Compañía o el Vendedor o cualquier Afiliada del Vendedor tome parte en un litigio para obtener la Aprobación de CFC.

business, any product line or any portion of its assets or otherwise change or restrict the activities of the Purchasers, any Purchasers' Affiliate or the Company, or (B) expend any material funds or incur any other material burden or (ii) the Purchasers or any Purchasers' Affiliate, the Company or the Seller or any Seller' s Affiliate to take part in litigation in order to obtain FCC Approval.

SECCIÓN 3.04 Cooperación Mutua. Las Partes deberán firmar y entregar los instrumentos y tomar otras acciones que puedan razonablemente ser requeridas para (i) cumplir con la intención y propósito de este Contrato y (ii) consumar la Operación.

SECTION 3.04 Mutual Cooperation. The Parties shall execute and deliver such instruments and take such other actions as may reasonably be required in order to (i) comply with the intent and purpose of this Agreement and (ii) consummate the Transaction.

Para los propósitos de esta Sección 3.04, "tomar otras acciones que puedan razonablemente ser requeridas" no deberán requerir (i) que los Compradores, cualquier Afiliada de los Compradores o la Compañía (A) mantenga separada, venda, desinvierta o disponga de cualquier parte de su negocio, cualquier línea de producto o cualquier parte de sus activos o de otra manera cambie o restrinja las actividades de los Compradores, cualquier Afiliada de los Compradores, o (B) gaste recursos sustanciales o incurra en cualquier otra barrera sustancial o (ii) que los Compradores o cualquier Afiliada de los Compradores, la Compañía o el Vendedor o cualquier Afiliada del Vendedor tome parte en un litigio para obtener la Aprobación de CFC.

For purposes of this Section 3.04, "such other actions as may be reasonably required" shall not require (i) the Purchasers, any Purchasers' Affiliate or the Company to (A) hold separate, sell, divest or dispose of any portion of its business, any product line or any portion of its assets or otherwise change or restrict the activities of the Purchasers, any Purchasers' Affiliate or the Company, or (B) expend any material funds or incur any other material burden or (ii) the Purchasers or any Purchasers' Affiliate, the Company or Seller or any Seller' s Affiliate (as defined herein) to take part in litigation in order to obtain FCC Approval.

SECCIÓN 3.05 Ciertas Notificaciones. En todo momento antes de la Fecha de Cierre, (a) cada Parte deberá notificar oportunamente a todas las otras Partes por escrito: (i) cualquier aviso u otras comunicaciones de cualquier Persona que afirme que el consentimiento de dicha Persona es o puede ser requerido en relación con la Operación; (ii) cualquier aviso u otra comunicación de cualquier Autoridad

SECTION 3.05 Certain Notifications. At all times prior to the Closing Date, (a) each Party shall promptly notify all other Parties in writing of: (i) any notice or other communications from any Person alleging that the consent of such Person is or may be required in connection with the Transaction; (ii) any notice or other communication from any Governmental Authority (as defined herein) in connection

Gubernamental (según aquí se define) en relación con la Operación; y (iii) cualquier Procedimiento Legal (según aquí se define) iniciado o, según el conocimiento de dicha Parte, amenazado, que se relacione con la consumación de la Operación, y (b) cada Parte notificará oportunamente a las otras Partes por escrito cualquier hecho que se espere o se esperaría razonablemente resulte en la falta de cumplimiento o satisfacción de las obligaciones o condiciones suspensivas contenidas en las Secciones 4.01, 4.02 y 4.03 de este Contrato.

with the Transaction; and (iii) any Legal Proceeding (as defined herein) commenced or, to the knowledge of such Party, threatened that relates to the consummation of the Transaction, and (b) each Party shall promptly notify each other Parties in writing of the occurrence of any event that will or would reasonably be expected to result in the failure to comply with or satisfy the covenants or conditions precedent contained in Sections 4.01, 4.02 and 4.03 of this Agreement.

SECCIÓN 3.06 Divulgación. El Vendedor y los Compradores acuerdan que, en la fecha de este Contrato, el Vendedor y los Compradores estarán facultados a emitir un comunicado anunciando la Operación, en la forma adjunta al presente como **Apéndice 3.06** y, si se considera conveniente, su respectiva traducción a otros idiomas. Ninguna divulgación pública o anuncio respecto a la Operación podrá ser emitido por cualquier Parte sin el consentimiento previo de las otras Partes, excepto cuando dicha divulgación o anuncio sea requerida por la Ley Aplicable o las reglas de la Comisión Nacional Bancaria y de Valores, la Bolsa Mexicana de Valores, S.A.B. de C.V. y/o el *NASDAQ National Market System* o la *United States Securities and Exchange Commission*.

SECTION 3.06. Disclosure. The Seller and the Purchasers agree that, on the date of this Agreement, the Seller and the Purchasers shall be entitled to issue a press release announcing the Transaction in the form attached hereto as **Schedule 3.06** and, if considered advisable, its respective translation into other languages. No public release or announcement concerning the Transaction shall be issued by any Party without the prior consent of the other Parties, except as such release or announcement is required by Applicable Law or the rules of the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*), the Mexican Stock Exchange (*Bolsa Mexicana de Valores, S.A.B. de C.V.)* and/or the NASDAQ National Market System or the United States Securities and Exchange Commission.

SECCIÓN 3.07 Terminación del JV. No obstante lo dispuesto en la Sección 9.3 (Supervivencia de Disposiciones) del JV, excepto por la Sección 10 (Confidencialidad) del JV que continuará surtiendo efectos por un plazo de 4 (cuatro) años, CCM y CVM reconocen bajo el presente y acuerdan dar por terminado el JV simultáneamente a la consumación del Cierre. Dicha obligación recíproca entre CCM y CVM únicamente será aplicable en el caso que se cierre la Operación de conformidad con los términos previstos y acordados en este Contrato.

SECTION 3.07 Termination of the JV. Notwithstanding Section 9.3 (Survival of Provisions) of the JV, except for Section 10 (Confidentiality) of the JV, which will continue in effect for a term of 4 (four) years, CCM and CVM hereby acknowledge and agree to terminate the JV at the same time when Closing is consummated. Such mutual obligation between CCM and CVM shall be only applicable in the event that the Transaction is closed in the terms provided for and agreed upon herein.

Adicionalmente, CCM y CVM renuncian a cualquier disposición del JV aplicable a la transmisión de las Acciones bajo este Contrato.

Additionally, CCM and CVM hereby waive any provision of the JV applicable to the transfer of the Shares under this Agreement.

ARTÍCULO IV
Condiciones Suspensivas

SECCIÓN 4.01 Condiciones Suspensivas. Las obligaciones de las Partes de consumar la Operación en la Fecha de Cierre se sujetarán a la satisfacción y cumplimiento de las condiciones suspensivas siguientes en términos del Artículo 1939 del Código Civil Federal:

(a) Todas las autorizaciones, consentimientos, órdenes o aprobaciones de; declaraciones o presentaciones a; o las expiraciones de los tiempos de espera impuestos por cualquier Autoridad Gubernamental necesarios para la consumación de la Operación contemplada en este Contrato, incluyendo la Aprobación de CFC deberán haber sido presentados, ocurrido, terminado u obtenidos;

(b) Las resoluciones corporativas apropiadas deberán ser obtenidas de los Compradores, del Vendedor y de la Compañía.

SECCIÓN 4.02 Condiciones Suspensivas para las Obligaciones de los Compradores de Cerrar. Las obligaciones de los Compradores de consumar la Operación en la Fecha de Cierre se sujetarán a la satisfacción y cumplimiento de las condiciones suspensivas siguientes en términos del Artículo 1939 del Código Civil Federal:

(a) Declaraciones y Garantías. Las declaraciones y garantías del Vendedor contenidas en este Contrato deberán ser verdaderas y correctas en todos los aspectos materiales en y a la Fecha de Cierre como si se hubieran hecho en y a la Fecha de Cierre.

ARTICLE IV
Conditions Precedent (*Condiciones Suspensivas*)

SECTION 4.01 Conditions Precedent. The obligations of the Parties to consummate the Transaction on the Closing Date shall be subject to the satisfaction of and compliance with the following conditions precedent (*condiciones suspensivas*) in the terms of Article 1939 of the Mexican Federal Civil Code:

(a) All authorizations, consents, orders, or approvals; declarations or filings with; or expirations of waiting periods imposed by any Governmental Authority necessary for the consummation of the Transaction contemplated by this Agreement, including FCC Approval, shall have been filed, occurred, been terminated, or been obtained;

(b) The appropriate corporate resolutions must be obtained from the Purchasers, the Seller and the Company.

SECTION 4.02 Conditions Precedent to the Purchasers' Obligations to Close. The obligations of the Purchasers to consummate the Transaction on the Closing Date shall be subject to the satisfaction of and compliance with the following conditions precedent (*condiciones suspensivas*) in the terms of Article 1939 of the Mexican Federal Civil Code:

(a) Representations and Warranties. The representations and warranties of the Seller contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date as if made at and as of the Closing Date.

(b) Cumplimento de las Obligaciones del Vendedor. El Vendedor deberá haber cumplido en todos los aspectos materiales todas sus obligaciones requeridas bajo este Contrato en o antes de la Fecha de Cierre.

(b) Performance of the Seller' s Obligations. The Seller shall have performed in all material respects all of its required obligations under this Agreement at or prior to the Closing Date.

(c) Certificado de Cierre. Los Compradores deberán haber recibido del Vendedor un certificado, fechado en la Fecha de Cierre, debidamente firmado por un funcionario autorizado del Vendedor, en forma satisfactoria para los Compradores y para los efectos de las Secciones 4.02 (a) y 4.02 (b) anteriores.

(c) Closing Certificate. The Purchasers shall have received from the Seller a certificate, dated on the Closing Date, duly executed by a duly authorized officer of the Seller, satisfactory in form to the Purchasers and to the effect of Sections 4.02 (a) and 4.02 (b) above.

SECCIÓN 4.03 Condiciones Suspensivas para las Obligaciones del Vendedor de Cerrar. Las obligaciones del Vendedor de consumar la Operación en la Fecha de Cierre se sujetarán a la satisfacción y cumplimiento de las condiciones suspensivas siguientes en términos del Artículo 1939 del Código Civil Federal:

SECTION 4.03 Conditions Precedent to the Seller' s Obligations to Close. The obligations of the Seller to consummate the Transaction on the Closing Date shall be subject to the satisfaction of and compliance with the following conditions precedent (*condiciones suspensivas*) in the terms of Article 1939 of the Mexican Federal Civil Code:

(a) Declaraciones y Garantías. Las declaraciones y garantías de los Compradores contenidas en este Contrato deberán ser verdaderas y correctas en todos los aspectos materiales en y a la Fecha de Cierre como si se hubieran hecho en y a la Fecha de Cierre.

(a) Representations and Warranties. The representations and warranties of the Purchasers contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date as if made at and as of the Closing Date.

(b) Cumplimento de las Obligaciones de los Compradores. Los Compradores deberán haber cumplido en todos los aspectos materiales todas sus obligaciones requeridas bajo este Contrato en o antes de la Fecha de Cierre.

(b) Performance of Obligations of the Purchasers. The Purchasers shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Closing Date.

(c) Certificado de Cierre. El Vendedor deberá haber recibido de los Compradores un certificado, fechado en la Fecha de Cierre, debidamente firmado por un funcionario autorizado de los Compradores, en forma satisfactoria para el Vendedor y para los efectos de las Secciones 4.03 (a) y 4.03 (b) anteriores.

(c) Closing Certificate. The Seller shall have received from the Purchasers a certificate, dated on the Closing Date, duly executed by a duly authorized officer of the Purchasers, satisfactory in form to the Seller and to the effect of Sections 4.03 (a) and 4.03 (b) above.

SECCIÓN 4.04. Certificado Pre-Cierre.

(a) A más tardar a los 3 (tres) Días Hábiles posteriores a la fecha en que las condiciones establecidas en la Sección 4.01 de este Contrato hayan sido cumplidas, el Vendedor deberá entregar a los Compradores, con copia para Deutsche, un certificado debidamente emitido por un funcionario autorizado del Vendedor conforme al cual el Vendedor declare y manifieste que dichas condiciones han sido cumplidas y, en lo aplicable, deberán adjuntar la documentación de respaldo correspondiente en relación con las mismas (el "Certificado del Vendedor"); y

(b) A más tardar en la Fecha de Cierre, los Compradores deberán entregar al Vendedor un certificado debidamente emitido por un funcionario autorizado de los Compradores, con copia para Deutsche, conforme al cual los Compradores declaren y manifiesten que dichas condiciones han sido cumplidas y, en lo aplicable, deberán adjuntar la documentación de respaldo correspondiente en relación con las mismas (el "Certificado de los Compradores").

SECTION 4.04 Pre-Closing Certificate.

(a) No later than 3 (three) Business Days after the date on which the conditions set forth in Section 4.01 of this Agreement have been satisfied, the Seller shall deliver to the Purchasers, with a copy to Deutsche, a certificate duly issued by an authorized officer of the Seller under which the Seller represents and warrants that said conditions have been fulfilled and, as applicable, shall attach the corresponding supporting documentation in connection therewith (the "Seller' s Certificate"); and

(b) No later than the Closing Date, the Purchasers shall deliver to the Seller a certificate duly issued by an authorized officer of the Purchasers, with a copy to Deutsche, under which each of the Purchasers represents and warrants that said conditions have been fulfilled and, as applicable, shall attach the corresponding supporting documentation in connection therewith ("Purchasers' Certificate").

ARTÍCULO V
Terminación del Contrato

SECCIÓN 5.01. Terminación. No obstante cualquier cosa en contrario establecida en el presente, este Contrato podrá darse por terminado y la Operación se considerará abandonada en cualquier momento antes del Cierre sin la necesidad de orden judicial:

(a) mediante consentimiento mutuo del Vendedor y los Compradores;

(b) por el Vendedor o los Compradores si el Cierre no ocurre en o antes de 90 (noventa) días naturales después de la firma

ARTICLE V
Termination of the Agreement

SECTION 5.01 Termination of the Agreement. Notwithstanding anything to the contrary contained herein, this Agreement may be terminated and the Transaction considered abandoned at any time prior to Closing without the need for court order:

(a) upon the mutual written consent of the Seller and the Purchasers;

(b) by the Seller or the Purchasers if Closing does not occur on or prior to 90 (ninety) calendar days after the execution de este Contrato por cualquier razón distinta a la no obtención de la Aprobación de CFC dentro de los 90 (noventa) días naturales siguientes a la firma de este Contrato, y si la Aprobación de CFC no se obtiene para esa fecha, el Vendedor podrá extender la fecha por 90 (noventa) Días Hábiles adicionales, en el entendido, sin embargo, que el derecho para terminar este Contrato bajo esta Sección 5.01 (b) no será aplicable para ninguna de las Partes si la Parte que lo pretende hacer valer incumple con cualquier obligación bajo este Contrato que haya causado, contribuido a o resultado en que el Cierre no haya ocurrido en o antes de dicha fecha;

of the Agreement for any reason other than the failure to obtain FCC Approval by 90 (ninety) calendar days after the execution of this Agreement, and if the FCC Approval is not obtained by that date, the Seller may extend the date for an additional 90 (ninety) Business Days, provided, however, that the right to terminate this Agreement under this Section 5.01 (b) shall not be available to any Party if the Party who intends to fails to fulfill any obligation under this Agreement that has caused, contributed to, or resulted in the failure of the Closing to occur on or before such date.

(c) por el Vendedor o los Compradores si existiere alguna ley o reglamento que hagan ilegal la consumación de la Operación contemplada en este Contrato, o si cualquier juicio, medida cautelar, orden o decreto que impida al Vendedor o a los Compradores consumar la Operación contemplada en el presente entra en vigor y dicho juicio, medida cautelar, orden o decreto se convierte en final y no apelable, en el entendido, sin embargo que el derecho de terminar este Contrato bajo esta Sección 5.01 (c) no estará disponible para el Vendedor si el Vendedor ha incumplido sus obligaciones bajo la Sección 3.03 (a) en cualquier manera sustancial, y en el entendido, además, que el derecho de terminar este Contrato bajo esta Sección 5.01 (c) no estará disponible para los Compradores si los Compradores han incumplido sus obligaciones bajo la Sección 3.03 (a) en cualquier manera sustancial;

(c) by the Seller or the Purchasers if there shall be any law or regulation that makes consummation of the Transaction contemplated herein illegal or if any judgment, injunction, order or decree enjoining the Seller or the Purchasers from consummating the Transaction contemplated herein is entered into and such judgment, injunction, order or decree shall become final and nonappealable, provided, however, that the right to terminate this Agreement under this Section 5.01 (c) shall not be available to the Seller if the Seller has breached its obligations under Section 3.03 (a) in any material respect, and provided, further, that the right to terminate this Agreement under this Section 5.01 (c) shall not be available to the Purchasers if the Purchasers have breached their obligations under Section 3.03 (a) in any material respect;

(d) por el Vendedor en el evento de un incumplimiento material de los Compradores de cualquier declaración, garantía o acuerdo contenido en el presente que no sea subsanado o no sea subsanable por el Comprador correspondiente dentro de 10 (diez) Días Hábiles después de que el Vendedor entregue notificación por escrito a los Compradores en relación con el incumplimiento material;

(d) by the Seller in the event of a material breach by a Purchaser of any representation, warranty or agreement contained herein that has not been cured or is not curable by the applicable Purchaser within 10 (ten) Business Days after the Seller gives written notice to the Purchasers regarding the material breach;

(e) por los Compradores en el caso de un incumplimiento material del Vendedor o cualquier declaración, garantía o acuerdo contenido en el presente que no haya sido subsanado o no sea subsanable por el Vendedor dentro de los 10 (diez) Días Hábiles después de que los Compradores entreguen notificación por escrito al Vendedor en relación con el incumplimiento material.

SECCIÓN 5.02 Efectos de la Terminación.

Si este Contrato es terminado como se describe en la Sección 5.01 anterior, este Contrato no tendrá fuerza y efecto posteriores, excepto por la Sección 3.06 (Divulgación), la Sección 6.15 (Legislación Aplicable) y la Sección 6.16 (Arbitraje), que seguirán en pleno vigor y efecto, y las Partes seguirán siendo responsables conforme al presente y en la medida aquí indicada, en la inteligencia que ninguna terminación de este Contrato de conformidad con las disposiciones de la Sección 5.01 liberará a cualquiera de las Partes de responsabilidad por una violación de, u omisión de, cumplir con cualquier disposición de este Contrato que tenga lugar antes de dicha terminación.

ARTÍCULO VI
Misceláneo

SECCIÓN 6.01 No Competencia. Ni el Vendedor ni cualesquiera de las Afiliadas del Vendedor (según aquí se define) deberán directa o indirectamente ser propietarias, operar, actuar en, controlar, participar en, invertir en, consultar con, administrar, licenciar o asistir a cualquier negocio que participe en las operaciones de un club de precios con membresía (distinta a la Compañía o a cualquiera de sus Afiliadas (según aquí se define)) por un periodo desde la Fecha de Cierre hasta el 4º (cuarto) aniversario de la Fecha de Cierre. Si hay un Cambio de Control del Vendedor (según aquí se define), las Afiliadas del Vendedor, incluyendo al Vendedor, podrán directa o indirectamente ser propietarias, operar, actuar en, controlar, participar en, invertir en, consultar con, administrar, licenciar o asistir

(e) by the Purchasers in the event of a material breach by the Seller of any representation, warranty or agreement contained herein that has not been cured or is not curable by the Seller within 10 (ten) Business Days after the Purchasers give written notice to the Seller regarding the material breach.

SECTION 5.02 Effect of Termination.

If this Agreement is terminated as described in Section 5.01 above, this Agreement shall have no further force or effect, except with respect to Section 3.06 (Disclosure), Section 6.15 (Governing Law), and Section 6.16 (Arbitration); which shall each remain in full force and effect, and the Parties shall remain liable hereunder to the extent indicated herein, provided that no termination of this Agreement pursuant to the provisions of Section 5.01 shall relieve any Party of liability for a breach of or failure to perform any provision of this Agreement occurring prior to such termination.

ARTICLE VI
Miscellaneous

SECTION 6.01 Non-Competition. Neither the Seller nor any of the Seller' s Affiliates (as defined herein) shall directly or indirectly own, operate, engage in, control, participate in, invest in, consult with, manage, license or assist any business participating in membership warehouse club operations (other than the Company or any of its Affiliates (as defined herein)) for a period from the Closing Date through the 4th (fourth) anniversary of the Closing Date. If there is a Change in Control of the Seller (as defined herein), the Seller' s Affiliates, including the Seller, may directly or indirectly own, operate, engage in, control, participate in, invest in, consult with, manage, license or assist any business of the Seller' s Affiliates or the Seller participating in the membership a cualquier negocio del Vendedor o de las Afiliadas del Vendedor que participe en las operaciones de un club de precios con membresía, pero solamente en tanto funcionarios y consejeros actuales o anteriores del Vendedor o de las Afiliadas del Vendedor a los que se les proporcionó antes de la Fecha de Cierre material e información confidencial competitivamente sensible y estratégica, de mercadeo u operaciones de la Compañía que continúe siendo confidencial se excluyan de la participación en las operaciones de un club de precios con membresía del Vendedor de las Afiliadas del Vendedor; en el entendido sin embargo, que la referencia a anteriores funcionarios no deberá incluir a funcionarios que han dejado el empleo con el Vendedor antes del 13 de junio de 2012. Para efectos de este Contrato, el término "negocio que participe en las operaciones de un club de precios con membresía" significa cualquier negociación mercantil que utilice 4,000 (cuatro mil) metros cuadrados o más en una sola ubicación que sea operada con membresía y que venda comida y artículos no comestibles a través de una caja central.

Sin perjuicio de lo anterior, esta disposición de no competencia no deberá ser aplicable al Vendedor o a cualesquiera de las Afiliadas del Vendedor (i) respecto de cualesquiera inversiones pasivas/económicas o participaciones accionarias que representen no más del 10% (diez por ciento) del capital social de otros negocios que participen directa o indirectamente en las operaciones de un club de precios con membresía, siempre y cuando ni el Vendedor ni las Afiliadas del Vendedor participen en la toma de decisiones de los mismos; y (ii) con respecto a cualesquiera de las participaciones financieras del Vendedor o de las Afiliadas del Vendedor en inversiones inmobiliarias que tengan alguna relación con un club de precios con membresía; en el entendido, sin embargo que con respecto de las excepciones (i) y (ii) que la Información Confidencial (según se define en el JV) de la Compañía se utilice o se considere directa o

warehouse club operations, but only so long as then current and former officers and directors of the Seller and the Seller' s Affiliates who were provided prior to the Closing Date with material and confidential, competitively sensitive strategic, marketing or operational information of the Company that continues to be confidential are excluded from involvement in the membership warehouse club business of the Seller or the Seller' s Affiliates; provided however, that reference to former officers shall not include officers who have left the employ of the Seller prior to June 13, 2012. For the purpose of this Agreement, the term "business participating in membership warehouse club operations" means any merchandising business utilizing 4,000 (four thousand) square meters or more in a single location that is operated with membership and that sells food and non-food items through a central check-out.

Notwithstanding the foregoing, this non-compete provision shall not apply to any of the Seller or Seller' s Affiliates (i) with respect to any passive/economic investments or equity interests that represent no more than 10% (ten percent) of the corporate capital of other businesses that participate directly or indirectly in a membership warehouse club operation, provided that neither the Seller nor the Seller' s Affiliates participate in any decision making thereof, and (ii) with respect to any of the Sellers or Seller' s Affiliates' financial participation in real estate investments that have any relation with a membership warehouse club, provided, however, that with respect to exceptions (i) and (ii) that no Confidential Information (as defined by the JV) of the Company be used or relied upon directly or indirectly by the Seller or any of the Seller' s Affiliates in connection with the activities described as such exceptions.

indirectamente por el Vendedor o cualesquiera de las Afiliadas del Vendedor en relación con las actividades descritas en dichas excepciones.

SECCIÓN 6.02 No Ofrecimiento.

(a) Sin la previa autorización escrita de la Compañía, por un periodo de 5 (cinco) años siguientes a la Fecha de Cierre, el Vendedor y cualquier Afiliada del Vendedor no deberán en lo individual o en combinación con cualquier otra Persona (i) inducir o tratar de inducir a cualquier funcionario, gerente general de bodega, gerente general de mercancía o gerente general adjunto de mercancía de la Compañía para dejar el empleo de o cualquier posición en la Compañía o en cualquier Subsidiaria relacionada o de cualquier manera interferir con la relación entre la Compañía o cualquier Subsidiaria relacionada y dicho funcionario, gerente general de bodega, gerente general de mercancía o gerente general adjunto de mercancía; (ii) contratar a cualquier funcionario, gerente general de bodega, gerente general de mercancía o gerente general adjunto de mercancía de la Compañía o cualquier Subsidiaria relacionada directamente o a través de otra Persona; o (iii) ofrecer una posición a cualquier funcionario, gerente general de bodega, gerente general de mercancía y gerente general adjunto de mercancía de la Compañía o de cualquier Subsidiaria relacionada directamente o a través de otra Persona.

(b) Sin la previa autorización escrita del Vendedor, por un periodo de 5 (cinco) años siguientes a la Fecha de Cierre, los Compradores y cualquier Afiliada de los Compradores no deberán en lo individual o en combinación con cualquier otra Persona (i) inducir o tratar de inducir a cualquier funcionario, gerente general de bodega, gerente general de mercancía o gerente general adjunto de mercancía del Vendedor

SECTION 6.02 Non-Solicitation.

(a) Without the written permission of the Company, for a period of 5 (five) years following the Closing Date, the Seller and any Seller' s Affiliate shall not alone or in combination with any other Person (i) induce or attempt to induce any officer, warehouse general manager, general merchandise manager or assistant general merchandise manager of the Company to leave the employ of or any position in the Company or in any related Subsidiary or in any way interfere with the relationship between the Company or any related Subsidiary and such employee or officer; (ii) hire any officer, warehouse general manager, general merchandise manager or assistant general merchandise manager of the Company or any related Subsidiary directly or through another Person; or (iii) offer a position to any officer, warehouse general manager, general merchandise manager or assistant general merchandise manager of the Company or any related Subsidiary directly or through another Person.

(b) Without the written permission of the Seller for a period of 5 (five) years following the Closing Date, the Purchasers and any Purchasers' Affiliate shall not alone or in combination with any other Person (i) induce or attempt to induce any officer, warehouse general manager, general merchandise manager or assistant general merchandise manager of the Seller to leave the employ of or any para dejar el empleo de o cualquier posición en el Vendedor o en cualquier Subsidiaria relacionada o de cualquier manera interferir con la relación entre el Vendedor o cualquier Subsidiaria relacionada y dicho funcionario; gerente general de bodega, gerente general de mercancía o gerente general adjunto de mercancía (ii) contratar a cualquier funcionario; gerente general de bodega, gerente general de mercancía o gerente general adjunto de mercancía del Vendedor o cualquier Subsidiaria relacionada directamente o a través de otra Persona; o (iii) ofrecer una posición a cualquier funcionario; gerente general de bodega, gerente general de mercancía o gerente general adjunto de mercancía del Vendedor o de cualquier Subsidiaria relacionada directamente o a través de otra Persona.

Sección 6.03 Devolución de Información Confidencial. El uso y devolución de la Información Confidencial estarán sujetos a la Sección 10 (Confidencialidad) del JV por el plazo al que se refiere la Sección 3.07 de este Contrato con los siguientes cambios: (a) en vez de devolver la Información Confidencial, en la Fecha de Cierre, cualquiera de las Partes podrá entregar a las otras un certificado debidamente firmado y emitido por su director de finanzas, certificando que la Información Confidencial en su posesión ha sido destruida y (b) la devolución o destrucción de la Información Confidencial no será obligatoria en la medida que la retención por la Parte que la posea se requiera por ley, siempre y cuando la Parte destruya o devuelva la Información Confidencial cuando expire el periodo legal prescrito para la retención.

Sección 6.04 Gastos y Cuotas. Cada uno del Vendedor y los Compradores será responsable de pagar todos y cada uno de sus honorarios y gastos en relación con la celebración de este Contrato y la consumación de la Operación, incluyendo pero no limitado a todos los honorarios y gastos de Deutsche, asesores externos y abogados.

position in the Seller or in any related Subsidiary or in any way interfere with the relationship between the Seller or any related Subsidiary and such officer, warehouse general manager, general merchandise manager or assistant general merchandise manager; (ii) hire any officer, warehouse general manager, general merchandise manager or assistant general merchandise manager of the Seller or any related Subsidiary directly or through another Person; or (iii) offer a position to any officer, warehouse general manager, general merchandise manager or assistant general merchandise manager of the Seller or any related Subsidiary directly or through another Person.

Section 6.03 Return of Confidential Information. Use and return of Confidential Information shall be governed by Section 10 (Confidentiality) of the JV for the term referred in Section 3.07 of this Agreement, with the following revisions: (a) in lieu of returning Confidential Information, on the Closing Date, either Party may deliver to the others a duly signed certificate issued by its chief financial officer certifying that Confidential Information in its possession has been destroyed, and (b) the return or destruction of Confidential Information shall not be required to the extent retention by the possessing Party is required by law, provided that the Party destroys or returns the information when the prescribed legal retention period has elapsed.

Section 6.04 Fees and Expenses. Each of the Seller and the Purchasers shall be responsible for paying its own fees and expenses with respect to the execution of this Agreement and the consummation of the Transaction, including, without limitation, all the fees and expenses of Deutsche, external consultants and counsel.

SECCIÓN 6.05 Reformas y Modificaciones. Este Contrato podrá ser reformado, modificado y suplementado en todos y cualesquiera aspectos, pero únicamente mediante instrumento por escrito firmado por todas las Partes del presente, que establezca expresamente que dicho instrumento pretende reformar, modificar o suplementar este Contrato.

SECTION 6.05 Amendments and Modifications. This Agreement may be amended, modified and supplemented in any and all respects, but only by a written instrument signed by all of the Parties hereto expressly stating that such instrument is intended to amend, modify or supplement this Agreement.

SECCIÓN 6.06 Cesión. Este Contrato y los derechos y obligaciones conforme al mismo no podrán ser cedidos ni transferidos por cualquier Parte sin el previo consentimiento por escrito de las otras Partes del presente. Cualquier cesión que no cumpla con lo anterior será inválida.

SECTION 6.06 Assignment. This Agreement and the rights and obligations hereunder shall not be assignable or transferable by any Party without the prior written consent of the other Parties hereto. Any assignment so attempted shall be void.

SECCIÓN 6.07 Renuncia. Cualquiera de las obligaciones contenidas en el presente Contrato podrá ser renunciada mediante el consentimiento expreso de los Compradores y del Vendedor, debidamente otorgado y/o firmado por los representantes legales o apoderados correspondientes debidamente facultados para firmar y otorgar esa clase de documentos.

SECTION 6.07 Waiver. Any of the obligations contained herein may be waived given the express written consent of the Seller and the Purchasers, which must be duly executed and/or signed by a legal representative(s) or attorney(s)-in-fact duly authorized to sign and grant such documents.

SECCIÓN 6.08 Notificaciones. Todas las notificaciones u otras comunicaciones requeridas o permitidas ser entregadas por el presente serán hechas por escrito y entregadas personalmente o por facsímile o enviadas por correo prepagado, por correo exprés registrado o certificado o por servicio de mensajería nocturno y se tendrá por dada cuando sea entregada personalmente, o facsímile, o si fue por correo, 3 (tres) días naturales posteriores a su envío (1 (un) Día Hábil en caso de correo exprés o servicio de mensajero nocturno), como sigue:

SECTION 6.08 Notices. All notices or other communications required or permitted to be given hereunder shall be issued in writing and shall be delivered by hand, sent by facsimile or sent, postage prepaid, by registered, certified or express mail or overnight courier service and shall be deemed given when so delivered by hand or facsimile, or if mailed, 3 (three) calendar days after mailing (1 (one) Business Day in the case of express mail or overnight courier service), as follows:

(i) Si al Vendedor

CONTROLADORA COMERCIAL MEXICANA, S.A.B. DE C.V.

Atención: Director de Finanzas y Director Jurídico
Dirección: Avenida Revolución 780, Módulo 2,
Col. San Juan,
03730, México, D.F., México.
Teléfono: +(52 55) 5270-9315
Fax: +(52 55) 5270-9302
E-mail: josecalvillo@comerci.com.mx y rgarcia@comerci.com.mx

(i) If to the Seller:

CONTROLADORA COMERCIAL MEXICANA, S.A.B. DE C.V.

Attention: Chief Financial Officer and General Counsel
Address: Avenida Revolución 780, Módulo 2,
Col. San Juan,
03730, México, D.F., Mexico
Telephone: +(52 55) 5270-9315
Fax: +(52 55) 5270-9302
E-mail: josecalvillo@comerci.com.mx and rgarcia@comerci.com.mx

con copia para:	with copy to:
SANTAMARINA Y STETA, S.C.	**SANTAMARINA Y STETA, S.C.**
Atención: Lics. Alberto Saavedra Olavarrieta y Alfonso Castro Díaz Dirección: Campos Elíseos No. 345, Pisos 2, 3 y 11, Col. Chapultepec Polanco, 11560, México D.F., México	Attention: Messrs. Alberto Saavedra Olavarrieta and Alfonso Castro Díaz Address: Campos Elíseos No. 345, Pisos 2, 3 y 11, Col. Chapultepec Polanco, 11560, Mexico D.F., Mexico
(ii) Si a los Compradores:	(ii) If to the Purchasers:
COSTCO VENTURE MEXICO	**COSTCO VENTURE MEXICO**
Atención: Director Jurídico Dirección: 999 Lake Drive Issaquah, WA 98027, E.U.A. Teléfono: +1 (425) 313 6114 Fax: +1 (425) 313 8114 E-mail: rolin@costco.com	Attention: General Counsel Address: 999 Lake Drive Issaquah, WA 98027, U.S.A. Telephone: +1 (425) 313 6114 Fax: +1 (425) 313 8114 E-mail: rolin@costco.com
CVM PURCHASING SUBSIDIARY, S.A. DE C.V.	**CVM PURCHASING SUBSIDIARY, S.A. DE C.V.**
Atención: Director de Finanzas Dirección: Blvd. Magnocentro No. 4 ,Colonia San Fernando la Herradura 52765 Huixquilucan, Estado de México Teléfono: +(52 55) 5246-5660 Fax: +(52 55) 5246-5612 E-mail: mtalayerog@costco.com.mx	Attention: Director de Finanzas Address: Blvd. Magnocentro No. 4, Colonia San Fernando la Herradura 52765 Huixquilucan, Estado de Mexico Telephone: +(52 55) 5246-5660 Fax: +(52 55) 5246-5612 E-mail: mtalayerog@costco.com.mx
con copia para:	with copy to:
CAPÍN, CALDERÓN, RAMÍREZ Y GUTIÉRREZ-AZPE, S.C.	**CAPÍN, CALDERÓN, RAMÍREZ Y GUTIÉRREZ-AZPE, S.C.**
Atención: Enrique Ramírez Ramírez Dirección: Galileo No. 55 1er piso Col. Polanco 11560, México, D.F., México Teléfono: +(52 55) 5280-9193 Fax: +(52 55) 5281-0851 E-mail: enrique.ramirez@ccrga.com	Attention: Enrique Ramírez Ramírez Address: Galileo No. 55 1er piso Col. Polanco 11560, México, D.F., México Telephone: +(52 55) 5280-9193 Fax: +(52 55) 5281-0851 E-mail: enrique.ramirez@ccrga.com

(iii) Si a la Compañía:

COSTCO DE MÉXICO, S.A. DE C.V.

Atención: Director de Finanzas
Dirección: Blvd. Magnocentro No. 4 ,Colonia San Fernando la Herradura
52765 Huixquilucan, Estado de México
Teléfono: +(52 55) 5246-5660
Fax: +(52 55) 5246-5612
E-mail: mtalayerog@costco.com.mx

(iv) Si a Deutsche:

DEUTSCHE BANK MÉXICO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, DIVISIÓN FIDUCIARIA

Atención: Alonso Rojas Dingler
Dirección: Blvd. Manuel Avila Camacho 40, Piso 17
Col. Lomas de Chapultepec, C.P. 11000
Distrito Federal, México
Teléfono: +52 (55) 52018000
Fax: +52 (55) 52018144
E-mail: gerardo.sainz@db.com y alonso.rojas@db.com

SECCIÓN 6.09 Términos Definidos.

"Afiliada" significa, con respecto a cualquier Persona específica, cualquier otra Persona que, en la fecha de determinación, directa o indirectamente a través de uno o más intermediarios, controle, sea controlada por o esté bajo el control común con dicha Persona específica.

"Contrato" significa, este Contrato de Compraventa de Acciones, en conjunto con los apéndices, anexos y cualesquier otras modificaciones al presente de tiempo en tiempo.

"Ley Aplicable" significa, con respecto a cualquier Persona en el presente y futuro, todas las (a) leyes, reglas, convenciones, tratados, códigos, reglas, reglamentos,

(iii) If to the Company:

COSTCO DE MÉXICO, S.A. DE C.V.

Attention: Director de Finanzas
Address: Blvd. Magnocentro No. 4,
Colonia San Fernando la Herradura
52765 Huixquilucan, Estado de Mexico
Telephone: +(52 55) 5246-5660
Fax: +(52 55) 5246-5612
E-mail: mtalayerog@costco.com.mx

(iv) If to Deutsche:

DEUTSCHE BANK MÉXICO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, DIVISIÓN FIDUCIARIA

Attention: Alonso Rojas Dingler
Address: Blvd. Manuel Avila Camacho 40, 17th floor
Col. Lomas de Chapultepec, C.P. 11000
Distrito Federal, Mexico
Telephone: +52 (55) 52018000
Fax: +52 (55) 52018144
E-mail: gerardo.sainz@db.com and alonso.rojas@db.com

SECTION 6.09 Defined Terms.

"Affiliate" shall mean, with respect to any specified Person, any other Person that, at the time of determination, directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with such specified Person.

"Agreement" shall mean this Stock Purchase Agreement, together with the schedules, exhibits and any amendments hereto from time to time.

"Applicable Law" shall mean, with respect to any Person, all present and future (a) statutes, laws, rules, conventions, treaties, codes, rules, regulations, ordinances, ordenanzas, órdenes o Normas Oficiales Mexicanas emitidos por cualquier Autoridad y (b) órdenes, decisiones, mandatos, juicios, sentencias, laudos interpretaciones administrativas y decretos presentes y futuros emitidos por o acuerdos celebrados con cualquier Autoridad Gubernamental, aplicables a dicha Persona, sus negocios o cualquiera de sus bienes o activos.

orders or Mexican official standards (*Normas Oficiales Mexicanas* or *NOMs, per its acronym in Spanish*) issued by any Governmental Authority and (b) orders, decisions, injunctions, judgments, awards, administrative interpretations and decrees issued by or agreements with any Governmental Authority applicable to such Person, his/her/its business or any of his/her/its properties or assets.

"Día Hábil" significa un día que no sea sábado, domingo o cualquier otro día en que la Ley Aplicable autorice o requiera que los bancos comerciales en México cierren.

"Business Day" shall mean a day other than Saturday, Sunday or any other day when commercial banks in Mexico are authorized or required by Applicable Law to close.

"CCM" o "Vendedor" significa Controladora Comercial Mexicana, S.A.B. de C.V.

"CCM" or "Seller" shall mean Controladora Comercial Mexicana, S.A.B. de C.V.

"Cambio de Control del Vendedor" significa el momento en que una "persona" o "grupo" (dentro del significado de las Secciones 13(d) y 14(d)(2) de la U.S. Securities Exchange Act of 1934, según se haya modificado) se convierta en el "propietario beneficiario", directa o indirectamente, de acciones del Vendedor representando más del 50% (cincuenta por ciento) del total del poder de voto del total de las acciones del Vendedor en una base totalmente diluida y (a) dicho propietario beneficiario tenga el derecho bajo la Ley Aplicable de ejercer el poder de voto de dichas acciones o (b) dicho propietario beneficiario tenga el derecho de elegir más consejeros que los Tenedores Permitidos (según aquí se define) y sus Afiliadas en dicha fecha. Para efectos de esta definición un "propietario beneficiario" deberá tener tanto el poder de voto (que significa el poder de votar o de dirigir el voto de un título valor), y el poder de inversión (que significa la titularidad económica, incluyendo el poder de disponer o dirigir la disposición de un título valor). Las transmisiones entre los Tenedores Permitidos no deberán constituir un "Cambio en el Control del Vendedor").

"Change in Control of the Seller" means such time as a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the U.S. Securities Exchange Act of 1934, as amended) becomes the "beneficial owner", directly or indirectly, of shares of the Seller representing more than 50% (fifty percent) of the total voting power of the total shares of the Seller on a fully diluted basis and (a) such beneficial owner has the right under Applicable Law to exercise the voting power of such shares or (b) such beneficial owner has the right to elect more directors than the Permitted Holders (as defined herein) and their Affiliates on such date. For purposes of this definition a "beneficial owner" shall require having both voting power (which means the power to vote, or to direct the voting of, a security), and investment power (which shall mean economic ownership, including the power to dispose, or to direct the disposition of, a security). Transfers between and among Permitted Holders shall not constitute a "Change in Control of the Seller."

"Cierre" tendrá el significado atribuido en la Sección 2.01.

"Closing" shall have the meaning set forth in Section 2.01.

"Fecha de Cierre" tendrá el significado atribuido en la Sección 2.01.

"Closing Date" shall have the meaning set forth in Section 2.01.

"Compañía" o "Costco" significa Costco de México, S.A. de C.V.

"Company" or "Costco" shall mean Costco de México, S.A. de C.V.

"Contrato de Términos Comunes" significa el contrato celebrado con fecha 10 de diciembre de 2010 por y entre CCM y ciertos Acreedores para establecer y acordar, entre otros asuntos, ciertos términos y disposiciones uniformes, en relación con el pasivo adeudado a los Acreedores, entre otros asuntos.

"Common Terms Agreement" shall mean the agreement dated December 10, 2010 and executed by and among CCM and certain Creditors in order to provide and agree upon certain terms and uniform provisions connected with the debt owed to the Creditors, among other matters.

"Costco Wholesale Corporation" significa Costco Wholesale Corporation, una sociedad constituida bajo las leyes del Estado de Washington, Estados Unidos de América, como el causahabiente de los intereses de Price/Costco, Inc.

"Costco Wholesale Corporation" shall mean Costco Wholesale Corporation, a corporation organized under the laws of the State of Washington, United States of America, as the successor in interest to Price/Costco, Inc.

"Acreedores" significa cada acreedor que forma parte de cada uno de los Contratos de la Reestructura y el Contrato de Términos Comunes.

"Creditors" shall mean each creditor who is party to each Restructuring Agreement and the Common Terms Agreement.

"Consentimiento de los Acreedores" significa el consentimiento/ renuncia por escrito que en su caso fuere otorgada por los Acreedores de así preverlo el Contrato de Términos Comunes.

"Creditors' Consent" shall mean a written consent/waiver that may be granted, as the case may be, by the Creditors pursuant to the Common Terms Agreement.

"CVM" significa Costco Venture Mexico.

"CVM" shall mean Costco Venture Mexico.

"CVMPS" significa CVM Purchasing Subsidiary, S.A. de C.V.

"CVMPS" shall mean CVM Purchasing Subsidiary, S.A. de C.V.

"CFC" significa la Comisión Federal de Competencia y cualquier Autoridad Gubernamental que la suceda.

"FCC" shall mean the Mexican Antitrust Commission (*Comisión Federal de Competencia*) and any Governmental Authority that replaces it.

"Aprobación de CFC" significa la resolución incondicional y favorable por escrito, emitida por la CFC, o que se considere, conforme a la Ley Aplicable, que será emitida o ha sido emitida por la CFC con respecto a la Operación.

"FCC Approval" shall mean the unconditional and favorable written resolution issued by the FCC or deemed under Applicable Law to be issued or have been issued by the FCC with respect to the Transaction.

"Autoridad Gubernamental" significa cualquier gobierno soberano mexicano y/o de los E.U.A. o cualquier subdivisión política del mismo, ya sea federal, estatal, local, municipal o cualquier órgano legislativo o judicial, y cualquier agencia, autoridad, dependencia gubernamental, órgano regulador, tribunal, banco central u otra entidad que ejerza facultades o funciones ejecutivas, legislativas, judiciales, fiscales, reguladoras o administrativas de o relativas al gobierno.

"Governmental Authority" shall mean any Mexican and/or U.S. sovereign government or any political subdivision thereof, whether federal, state, or local or municipal; any legislative or judicial body; and any agency, authority, government instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, tax, regulatory or administrative powers or functions of or pertaining to government.

"Reglas de la CCI" tendrá el significado atribuido en la Sección 6.16(a).

"ICC Rules" shall have the meaning set forth in Section 6.16(a).

"JV" tendrá el significado atribuido en los Antecedentes de este Contrato.

"JV" shall have the meaning set forth in the Background of this Agreement.

"Procedimiento Legal" significa cualquier acción, causa de acción, reclamación, demanda, juicio, procedimiento, auditoría, indagación o investigación de cualquier naturaleza, ya sea civil, penal, administrativa, regulatoria o de otro tipo, pendiente o amenazada, por o ante cualquier Autoridad Gubernamental.

"Legal Proceeding" shall mean any action, cause of action, claim, demand, suit, proceeding, audit, inquiry or investigation of any nature, whether civil, criminal, administrative, regulatory or otherwise, that is pending or threatened by or before any Governmental Authority.

"México" significa los Estados Unidos Mexicanos.

"Mexico" shall mean the United Mexican States.

"Partes" tendrá el significado establecido en el preámbulo de este Contrato.

"Parties" shall have the meaning set forth in the preamble of this Agreement.

"Tenedores Permitidos" significa (a) Carlos González Zabalegui, Jaime González Nova y Guillermo González Nova, (b) cualquier padre o madre, hermano o hermana, hijo, nieto, sobrina, sobrino o primo de alguno de los individuos nombrados en el párrafo (a), (c) el esposo o exesposo de cualquiera de los individuos nombrados en el párrafo (a) o (b), (d) los descendientes en línea recta de cualquiera de las personas nombradas en los párrafos (a) a (c) y el esposo o exesposos de cualquiera de dichos descendientes en línea recta, (e) la sucesión o cualquier tutor, curador u otro

"Permitted Holders" means (a) Carlos González Zabalegui, Jaime González Nova and Guillermo González Nova, (b) any parent, brother or sister, child, grandchild, niece, nephew or cousin of one of the individuals named in paragraph (a), (c) the spouse or former spouse of any individual named in paragraph (a) or (b), (d) the lineal descendants of any person named in paragraphs (a) through (c) and the spouse or former spouse of any such lineal descendant, (e) the estate or any guardian, custodian or other legal representative of any individual named in representante legal de los individuos nombrados en los párrafos (a) a (d), (f) cualquier fideicomiso establecido solamente para el beneficio de cualquiera de uno o más de los individuos (a) a (d), y (g) cualquier Persona cuyo capital social total sea propiedad directa o indirectamente de uno o más de las Personas nombradas en los párrafos (a) a (f).

paragraphs (a) through (d), (f) any trust established solely for the benefit of any one or more of the individuals named in paragraphs (a) through (d), and (g) any Person in which all of the equity interests are owned, directly or indirectly, by any one or more of the Persons named in paragraphs (a) through (f).

"Persona" significa una persona física, sociedad, corporación, sociedad anónima, asociación, sociedad de responsabilidad limitada, asociación en participación, fideicomiso (cuando aplique), Autoridad Gubernamental o cualquier otra entidad u organización con personalidad reconocida y existente conforme a la Ley Aplicable.

"Person" shall mean a natural person, partnership, corporation, business corporation, association, limited liability company, joint stock company, trust (when applicable), Governmental Authority or any other entity or organization with recognized authority and existing in accordance with Applicable Law.

"Pesos" o "MXN$" significa la moneda de curso legal de México.

"Pesos" or "MXN$" shall mean the lawful currency of Mexico.

"Precio de Compra" tendrá el significado atribuido en la Sección 1.02.

"Purchase Price" shall have the meaning set forth in Section 1.02.

"Compradores" significa CVM y CVMPS.

"Purchasers" shall mean CVM and CVMPS.

"Afiliadas de los Compradores" Cualquier subsidiaria, afiliada, matriz u otra entidad que controle, sea controlada por o esté bajo el control común con los Compradores, incluyendo los accionistas que controlen, funcionarios y directores o cualquiera de los anteriores.

"Purchasers' Affiliate" Any subsidiary, affiliate, parent or other entity that controls, is controlled by or is under common control with the Purchasers, including the controlling shareholders, officers and directors of any of the above.

"Resoluciones Corporativas de los Compradores" significa las resoluciones de la asamblea general de accionistas y/o sesión del consejo de administración o consentimientos del consejo de administración de los Compradores, como fuere requerido, que necesite aprobar la Operación.

"Purchasers' Corporate Resolutions" shall mean the resolutions of the general shareholders' meeting and/or the board of directors meeting or consents of the board of directors of the Purchasers, as required, which must approve the Transaction.

"Certificado de los Compradores" tendrá el significado atribuido en la Sección 4.04 (b).

"Purchasers' Certificate" shall have the meaning set forth in Section 4.04 (b).

"Contratos de la Reestructura" significa junto con el Fideicomiso, el Contrato de Términos Comunes y todos aquellos contratos celebrados por CCM y los Acreedores, a efecto de intercambiar y reestructurar los pasivos adeudados a los Acreedores.

"Fecha de Satisfacción del CV" tendrá el significado atribuido en la Sección 2.01.

"Vendedor" significa CCM.

"Afiliadas del Vendedor" Cualquier subsidiaria, afiliada, matriz u otra entidad que controle, sea controlada por o esté bajo el control común con el Vendedor, incluyendo los accionistas que controlen, funcionarios y directores o cualquiera de los anteriores.

"Resoluciones Corporativas del Vendedor" significa la Asamblea General Ordinaria de Accionistas y/o la sesión del Consejo de Administración del Vendedor, como fuere requerido, que necesite aprobar la Operación.

"Certificado del Vendedor" tendrá el significado atribuido en la Sección 4.04 (a).

"Acciones" tendrán el significado atribuido en la Sección 1.01.

"Subsidiaria" significa, en relación a cualquier Persona, (i) cada corporación, sociedad, asociación, sociedad civil, asociación en participación o cualquier otra entidad legal de la cual dicha Persona sea propietaria, ya sea directa o indirectamente, de acciones u otra participación en el patrimonio y (ii) cada corporación, sociedad, asociación, sociedad civil, asociación en participación o cualquier otra entidad legal de la cual dicha Persona u otra Subsidiaria de dicha Persona sea el accionista mayoritario o tenga el control.

"Impuesto" o "Impuestos" significa, con respecto a cualquier Persona, todos los impuestos, contribuciones, incluyendo el impuesto al valor agregado mexicano y el

"Restructuring Agreements" shall mean with the Trust, the Common Terms Agreement and all the agreements executed by CCM with the Creditors in order to exchange and restructure the debt owed to the Creditors.

"SC Satisfaction Date" shall have the meaning set forth in Section 2.01.

"Seller" shall mean CCM.

"Seller' s Affiliate" Any subsidiary, affiliate, parent or other entity that controls, is controlled by or is under common control with the Seller, including the controlling shareholders, officers and directors of any of the above.

"Seller' s Corporate Resolutions" shall mean the general ordinary shareholders' meeting and/or the board of directors meeting of the Seller, as required, which must approve the Transaction.

"Seller' s Certificate" shall have the meaning set forth in Section 4.04 (a).

"Shares" shall have the meaning set forth in Section 1.01.

"Subsidiary" shall mean, with respect to any Person, (i) each corporation, partnership, association, civil company, joint venture or other legal entity in which such Person owns, either directly or indirectly, stock or other equity interests and (ii) each corporation, partnership, association, civil company, joint venture or other legal entity in which such Person or another Subsidiary of such Person is the general partner or otherwise exercises control.

"Tax" or "Taxes" shall mean, with respect to any Person, all taxes; contributions (*contribuciones*), including Mexican value added tax (*Impuesto al Valor Agregado*) impuesto empresarial a tasa única, derechos o cuotas al Instituto del Fondo Nacional de la Vivienda para los Trabajadores (INFONAVIT), al Instituto Mexicano del Seguro Social (IMSS) y al Sistema de Ahorro para el Retiro (SAR), impuestos locales pagaderos en cada una de las entidades federales en las que la Persona tenga operaciones, incluyendo, mas no limitándose a, impuesto sobre nómina, impuesto predial, derechos de agua y otros impuestos, cuotas, determinaciones o cargos de cualquier clase, junto con todos los intereses y sanciones, adiciones a impuestos y otras cantidades adicionales gravados por cualquier Autoridad Fiscal sobre dicha Persona.

and flat tax (*Impuesto Empresarial a Tasa Única*); rights and fees of the Mexican Workers' National Housing Fund (*Instituto del Fondo Nacional de la Vivienda para los Trabajadores* or *INFONAVIT*, per its acronym in Spanish), the Mexican Social Security Institute (*Instituto Mexicano del Seguro Social* or *IMSS*, per its acronym in Spanish) and the Mexican Retirement Savings Fund System (*Sistema de Ahorro para el Retiro* or *SAR*, per its acronym in Spanish); local taxes payable in each one of the federal entities in which the Person has operations, including, but not limited to, payroll tax, property tax, water utility bills and other taxes, fees, assessments or charges of any kind whatsoever; and all interest and penalties, additions to tax and other additional amounts imposed by any Tax Authority (as defined herein) on such Person.

"Autoridad Fiscal" significa cualquier Autoridad Gubernamental federal, estatal o local responsable de gravar, cobrar o hacer determinaciones con respecto a cualesquiera Impuestos.

"Tax Authority" shall mean any federal, state, or local Governmental Authority responsible for the imposition, collection or making of determinations with respect to any Taxes.

"Operación" significa la compra venta de Acciones en los términos y sujeto a las condiciones establecidas en el presente Contrato y acordados entre las Partes.

"Transaction" shall mean the purchase and sale of the Shares in the terms and subject to the conditions provided for herein and agreed among the Parties hereto.

"Fideicomiso" tendrá el significado atribuido en los Antecedentes de este Contrato.

"Trust" shall have the meaning set forth in the Background of this Agreement.

"Fiduciario" o "Deutsche" tendrá el significado atribuido en el Preámbulo de este Contrato.

"Trustee" or "Deutsche" shall have the meaning set forth in the Preamble of this Agreement.

SECCIÓN 6.10 Interpretación.

SECTION 6.10 Interpretation.

(a) Los encabezados contenidos en este Contrato son para efectos de referencia únicamente y no afectarán de ninguna manera el significado o interpretación de este Contrato.

(a) The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

(b) Cuando se haga una referencia en este Contrato a una sección o cláusula, dicha referencia será a una sección o

(b) When a reference to a section or article is made in this Agreement, such reference shall be understood as being cláusula de este Contrato, a menos que se indique claramente lo contrario de otro modo.

made to a section or article of this Agreement unless clearly indicated to the contrary.

(c) Cuando las palabras "incluye", "incluyen" o "incluyendo" sean utilizadas en este Contrato, se considerará que van seguidas de las palabras "sin limitación".

(c) Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be understood to be followed by the words "without limitation."

(d) Las frases "del presente", "en el presente" y "con el presente" y frases de significado similar, a menos que se establezca otra cosa, serán interpretadas con referencia a este Contrato en conjunto y no una disposición en particular de este Contrato y las referencias a cláusula, sección, párrafo, anexo y apéndice son a las cláusulas, secciones, párrafos, anexos y apéndices de este Contrato, a menos que se especifique otra cosa.

(d) The words "hereof", "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, paragraph, exhibit and schedule references are understood as being made to the articles, sections, paragraphs, exhibits and schedules of this Agreement unless otherwise specified.

(e) El significado asignado a cada término definido en el presente será igualmente aplicable a las formas singular y plural de dicho término, y las palabras que denotan cualquier género incluirán todos los géneros. Cuando una palabra o frase sea definida en el presente, cada una de sus formas gramaticales tendrá un significado correspondiente.

(e) The meaning assigned to each term defined herein shall be equally applicable to both the singular and the plural forms of such term, and words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have the corresponding meaning.

(f) Una referencia a cualquier Parte de este Contrato o cualquier otro contrato o documento incluirá a los sucesores y cesionarios permitidos de dicha Parte.

(f) References to any Party to this Agreement or any other agreement or document shall include such Party' s successors and permitted assigns.

(g) Una referencia a cualquier legislación o a cualquier disposición de cualquier legislación incluirá cualquier reforma a, y cualquier modificación o promulgación de nuevo de la misma, cualquier disposición legislativa que sustituya a la misma y todos los reglamentos e instrumentos legales emitidos conforme a o de acuerdo con la misma.

(g) References to any legislation or to any provision of any legislation shall include any amendment to and any modification or re-enactment of any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto.

(h) Las Partes han participado conjuntamente en la negociación y redacción de este Contrato. En caso de que

(h) The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event of an surja una ambigüedad o cuestión de intención o interpretación, este Contrato será interpretado como si hubiera sido redactado conjuntamente por las Partes, y ninguna suposición o carga de prueba surgirá en favor o en contra de cualquier Parte en virtud de la autoría de cualesquiera disposiciones de este Contrato.

ambiguity or if a question regarding intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

SECCIÓN 6.11 Ejemplares. Este Contrato podrá ser celebrado en uno o más ejemplares, todos los cuales se considerarán uno y el mismo contrato y serán efectivos cuando uno o más ejemplares hayan sido firmados por cada una de las Partes y entregados a las demás Partes.

SECTION 6.11 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more of such counterparts have been signed by each of the Parties and delivered to the other Parties.

SECCIÓN 6.12 Acuerdo Completo. Este Contrato, junto con los apéndices y anexos del mismo, contiene el acuerdo y entendimiento completos entre las Partes con respecto a la materia del presente y sobresee todos los acuerdos y entendimientos anteriores relativos a dicha materia. Ninguna de las Partes será responsable o estará vinculada frente a cualquier otra Parte de cualquier manera por cualesquiera declaraciones, manifestaciones, u obligaciones relacionadas a dicha materia, excepto se establece específicamente en el presente o en cualquier otro acuerdo celebrado por las Partes, y según sea aplicable.

SECTION 6.12 Entire Agreement. This Agreement, along with its schedules and exhibits, contain the entire agreement and understanding among the Parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings relating to such subject matter. None of the Parties shall be liable or bound to any other Party in any manner by any representations, warranties or covenants relating to such subject matter except as specifically set forth herein or in any other contract entered into by the Parties, as applicable.

SECCIÓN 6.13 Divisibilidad. Si cualquier disposición de este Contrato (o cualquier parte de la misma) o la aplicación de cualquiera de dichas disposiciones (o cualquier parte de la misma) a cualquier Persona o circunstancia es considerada inválida ilegal o inejecutable en cualquier aspecto por un tribunal de jurisdicción competente, dicha invalidez, ilegalidad o inejecutabilidad no afectará ninguna otra disposición del presente (o la parte restante de la misma) o la aplicación de dicha disposición a cualesquiera otras Personas o circunstancias. Si la sentencia definitiva de un tribunal de jurisdicción competente u otra autoridad declara que cualquier término o

SECTION 6.13 Severability. If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any Person or circumstance is held to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof (or the remaining portion thereof) or the application of such provision to any other Persons or circumstances. If the final judgment of a court of competent jurisdiction or other authority declares that any term or provision hereof is invalid, void or disposición del presente es inválido, nulo o inejecutable, las Partes convienen que el tribunal que hace dicha determinación tendrá la facultad para reducir el alcance, duración, área o aplicabilidad del término o disposición, eliminar palabras o frases específicas o reemplazar cualquier término o disposición inválido, nulo o inejecutable con un término o disposición que sea válido y ejecutable y que sea lo más cercano a expresar la intención del término o disposición inválido o inejecutable.

unenforceable, the Parties agree that the court making such determination shall have the power to reduce the scope, duration, area or applicability of the term or provision; to delete specific words or phrases; or to replace any invalid, void or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

SECCIÓN 6.14 Idioma. Este Contrato es celebrado por las Partes inglés y español, en la inteligencia que, en caso de cualesquiera controversias que surjan entre las Partes en relación con este Contrato, la versión en inglés prevalecerá.

SECTION 6.14 Language. This Agreement is executed by the Parties in English and Spanish, with the understanding that the English version shall prevail in the event of any disputes among the Parties in connection with this Agreement.

SECCIÓN 6.15 Legislación Aplicable. Este Contrato y la Operación, así como todas las controversias entre las Partes conforme a o relacionadas con este Contrato o los hechos y circunstancias que llevan a su celebración, serán regidos por e interpretados de acuerdo con las leyes de México.

SECTION 6.15 Governing Law. This Agreement and the Transaction, as well as all disputes among the Parties under or regarding this Agreement or the facts and circumstances leading to its execution, shall be governed by and construed in accordance with the laws of Mexico.

SECCIÓN 6.16 Arbitraje.

(a) Cualquier reclamación o controversia que surja de o en relación con la validez, intención, interpretación, realización o cumplimiento de este Contrato será solucionada definitivamente mediante arbitraje conforme a las Reglas de Arbitraje de la Cámara de Comercio Internacional vigentes en la fecha de este Contrato (las "Reglas de la CCI").

(b) El número de árbitros será uno, el cual será nombrado por el Tribunal de Arbitraje Internacional de la Cámara de Comercio Internacional de acuerdo con las Reglas de la CCI.

(c) El lugar de arbitraje será la Ciudad de México, México. El laudo será dictado en inglés. Los procedimientos de arbitraje serán

SECTION 6.16 Arbitration.

(a) Any claim, dispute or controversy arising from or related to the validity, intent, interpretation, performance or enforcement of this Agreement shall be finally settled by means of arbitration under the Rules of Arbitration of the International Chamber of Commerce that are in effect on the date of this Agreement (the "ICC Rules").

(b) The number of arbitrators shall be one, who shall be appointed by the International Chamber of Commerce of the International Court of Arbitration in accordance with the ICC Rules.

(c) Arbitration shall take place in Mexico City, Mexico. The award shall be rendered in English. The arbitration llevados a cabo en idioma inglés. Cualquier constancia documental presentada al panel arbitral será presentada en inglés, traducida en su caso por perito traductor designado en conjunto por el Vendedor y los Compradores.

proceedings shall be conducted in the English language. Any documentary evidence submitted to the arbitrator shall be submitted in English and translated by a translator mutually appointed by the Seller and the Purchasers.

(d) El procedimiento de arbitraje establecido en esta Sección 6.16 será el medio único y exclusivo para solucionar o resolver cualquier controversia mencionada en esta Sección 6.16. El laudo arbitral será definitivo, inapelable y vinculatorio para las Partes y podrá ser presentado por cualquiera de las Partes para cumplimiento en cualquier tribunal de jurisdicción competente, y las Partes por el presente dan su consentimiento a la jurisdicción de dicho tribunal únicamente para objetos de cumplimiento de este acuerdo de arbitraje y cualquier laudo dictado conforme al presente. Los honorarios del árbitro y los otros costos de dicho arbitraje serán sufragados por las Partes en las proporciones que sean especificadas en el laudo arbitral.

(d) The arbitration procedure set forth in this Section 6.16 shall be the sole and exclusive means of settling or resolving any dispute referred to in this Section 6.16. The arbitration award shall be final, non-appealable and binding on the Parties and may be presented by any of the Parties for enforcement in any court of competent jurisdiction, and the Parties hereby consent to the jurisdiction of such court solely for purposes of enforcement of this arbitration agreement and any award rendered hereunder. The fees of the arbitrator and any other costs of such arbitration shall be borne by the Seller and the Purchasers in such proportions as shall be specified in the arbitration award.

SECCIÓN 6.17 Liberación de Responsabilidad. Las Partes de este Contrato manifiestan su conformidad por lo que respecta a la actuación de Deutsche, en su calidad de Fiduciario del Fideicomiso, así como que no se reservan acción legal alguna en contra de Deutsche por lo que respecta a la celebración de este Contrato, obligándose a liberarlo y sacarlo en paz y a salvo de cualquier responsabilidad derivada de, relacionada con, impuesta sobre o incurrida por, con motivo o como consecuencia de los actos llevados a cabo en cumplimiento de las instrucciones recibidas para la celebración de este Contrato.

SECTION 6.17 Release from Liability. The Parties herein acknowledge their agreement regarding the performance of Deutsche, as Trustee of the Trust, and they do not reserve the right to file any legal action against Deutsche in connection with the execution of this Agreement. Furthermore, they agree to release Deutsche and hold it harmless from any liability derived from, related to, imposed upon or incurred as a result of the actions carried out in compliance with the instructions received in order to execute this Agreement.

[*El RESTO DE LA PAGINA SE DEJÓ EN BLANCO INTENCIONALMENTE POR LAS PARTES, A CONTINUACIÓN LA HOJA DE FIRMAS]*

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK BY THE PARTIES. THE SIGNATURE PAGE FOLLOWS.]

EN TESTIMONIO DE LO CUAL, Controladora Comercial Mexicana, S.A.B. de C.V., Costco de México, S.A. de C.V. y Deursche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria firman el Contrato de Compraventa de Acciones celebrado por y ente Controladora Comercial Mexicana, S.A.B. de C.V. en calidad de Vendedor, Costco Venture Mexico y CVM Purchasing Subsidiary, S.A. de C.V. en calidad de Compradores y Deursche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria en su calidad de Fiduciario del Fideicomiso F/1435, en México, Distrito Federal el día 13 de junio de 2012.

IN WITNESS WHEREOF, Controladora Comercial Mexicana, S.A.B. de C.V., Costco de México, S.A. de C.V. and Deursche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria have executed the Stock Purchase Agreement entered by and between Controladora Comercial Mexicana, S.A.B. de C.V. as Seller, Costco Venture Mexico and CVM Purchasing Subsidiary, S.A. de C.V. as Purchasers, and Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria as Trustee of the Trust Agreement F/1435, in México, City, on June 13, 2012

El Vendedor / The Seller

CONTROLADORA COMERCIAL MEXICANA, S.A.B. DE C.V.

/s/ Guillermo González Nova

Por / By: Guillermo González Nova
Cargo / Title: Representante Legal / Attorney-in-Fact

/s/ Carlos González Zabalegui

Por / By: Carlos González Zabalegui
Cargo / Title: Representante Legal / Attorney-in-Fact

La Compañía / The Company

COSTCO DE MÉXICO, S.A. DE C.V.

/s/ Mauricio Antonio Talayero González

Por / By: Mauricio Antonio Talayero González
Cargo / Title: Representante Legal / Attorney-in-Fact

El Fiduciario / The Trustee

DEUTSCHE BANK MÉXICO, S.A., INSTITUCIÓN DE BANCA MÚLTIPLE, DIVISIÓN FIDUCIARIA

/s/ Alonso Rojas Dingler

Por / By: Alonso Rojas Dingler
Cargo / Title: Delegado Fiduciario / Trustee Delegate

EN TESTIMONIO DE LO CUAL, Costco Venture Mexico y CVM Purchasing Subsidiary, S.A. de C.V. firman este Contrato de Compraventa de Acciones celebrado por y ente Controladora Comercial Mexicana, S.A.B. de C.V., en calidad de Vendedor, Costco Venture Mexico y CVM Purchasing Subsidiary, S.A. de C.V., en calidad de Compradores, y Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria, en su calidad de Fiduciario del Contrato de Fideicomiso Irrevocable de Administración y Garantía No. F/1435 , en México, Distrito Federal el día 13 de junio de 2012.

IN WITNESS WHEREOF, Costco Venture Mexico and CVM Purchasing Subsidiary, S.A. de C.V. have executed this Stock Purchase Agreement entered into by and among Controladora Comercial Mexicana, S.A.B. de C.V., as Seller, Costco Venture Mexico and CVM Purchasing Subsidiary, S.A. de C.V., as Purchasers, and Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria, as Trustee of Irrevocable Management and Guaranty Trust Agreement No. F/1435Trust Agreement F/1435, in México, City, on June 13, 2012.

Los Compradores / The Purchasers

COSTCO VENTURE MEXICO

/s/ Enrique Manuel Ramírez Ramírez

Por / By: Enrique Manuel Ramírez Ramírez
Cargo / Title: Representante Legal / Attorney-in-Fact

CVM PURCHASING SUBSIDIARY, S.A. DE C.V.

/s/ Enrique Manuel Ramírez Ramírez

Por / By: Enrique Manuel Ramírez Ramírez
Cargo / Title: Representante Legal / Attorney-in-Fact

Exhibit 10.5

COSTCO DEFERRED COMPENSATION PLAN

Amended and Restated September 8, 2008

Article 1 – Introduction

This deferred compensation plan was established by Costco Wholesale Corporation, a Washington corporation ("Costco"), on January 30, 1990, and has been amended and restated from time to time. This is the restated Plan on September 8, 2008, which is intended to conform with section 409A of the Internal Revenue Code ("Code"). The purpose of this plan is to provide flexibility in timing the receipt of compensation to a select group of management and highly compensated employees.

Article 2 – Definitions

Whenever used in this plan, the following terms shall have the meanings set out below, unless the context clearly indicates otherwise. When the defined meaning is intended, the term is capitalized.

2.1 "Account" - The separate bookkeeping account established for each Participant on the books of the Company for purposes of recording amounts credited with respect to each calendar year' s deferral under the Plan and any associated Company matching credits under Article 5 and interest credits under Article 7. "Accounts" shall refer to the aggregate accounts of each Participant. Effective September 4, 2001, all bookkeeping accounts established under the *Costco Deferred Compensation Plan for Employees of The Price Company* shall be transferred to become Accounts in this Plan, each participant with an account in that plan shall become a Participant in this Plan, and that plan shall be terminated.

2.2 "Affiliate" - Any entity with which the Company would be considered a single employer under Section 414(b) or Section 414(c) of the Code, except that, for purposes of determining whether there is a controlled group or common control, the language "at least 50 percent" is used instead of "at least 80 percent."

2.3 "Bonus" - A bonus awarded under the Costco Executive Bonus Plan during the year in question.

2.4 "Change of Control" - A change in the ownership of the Company, a change in the effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company, as defined for purposes of Code section 409A(a)(2)(A)(v).

2.5 "Committee" - The "Benefits Committee" appointed by Costco to administer the employee benefit programs offered to employees of Costco and its subsidiaries. If there is no acting committee, the Plan shall be administered by Costco acting through its Chief Financial Officer.

2.6 "Company" - Costco Wholesale Corporation and any Affiliate thereof.

2.7 "Participant" - An eligible employee who has elected to defer payment of any portion of Salary or Bonus under the Plan.

2.8 "Plan" - The *Costco Deferred Compensation Plan* reflected in this document.

2.9 "Prior Deferred Compensation" - Amounts that were previously deferred but that are due to be paid out during the year in question.

2.10 "Salary" - The basic compensation of a Participant paid by the Company during the year in question before payroll deductions, including overtime pay and shift differentials, but excluding bonuses, fringe benefits, and disability pay. Salary does not include amounts earned by a Participant after being permanently transferred to a foreign Affiliate and taken off the U.S. payroll.

2.11 "Terminates Employment" - A "termination of employment" or "separation from service" as defined in Treas. Reg. section 1.409A-1(h). However, with respect to an employee, a termination of employment will occur at the date reasonably anticipated by Costco and the employee that the Participant' s level of service will permanently decrease to 21% or less of the average level of service provided by the Participant over the immediately preceding 36 month period (or, if providing services for less than 36 months, such lesser period).

Article 3 – Eligibility and Selection of Participants

Eligibility shall be limited to a select group of management or highly compensated employees as designated by the Company for each year. Eligibility for participation in the Plan may change from year to year, depending on an employee' s position within the Company or on any other factors at the sole discretion of the Company. A Participant who is removed from the eligibility list due to demotion to a position or a salary level that is not eligible for participation shall continue to participate with respect to the deferrals already made under the Plan, including deferrals of Prior Deferred Compensation, but the Participant' s compensation after the demotion shall not be eligible for deferral hereunder until the Participant is re-designated in the eligibility list.

Article 4 – Election to Defer

4.1 Initial Deferral Election. Prior to December 15 of the immediately preceding calendar year, or such earlier date set by the Committee as necessary to comply with Code section 409A, a Participant may elect to defer a specified amount of the Participant' s expected compensation in the calendar year in question.

4.2 Source of Deferrals. Subject to Section 4.4, a Participant may elect, under the terms and conditions of the Plan, to defer all or a portion of his or her Salary and/or Bonus. Such election shall be made by written notice in the manner specified by the Company and shall be irrevocable on December 15 or such earlier date set by the Committee under Section 4.1 as the last day for making the election.

4.3 Crediting of Deferrals. A Participant' s Account shall be credited with the appropriate deferral at the time the Salary and/or Bonus would have been paid to the Participant if a deferral election had not been made, or in any other manner determined by the Company; provided that such deferrals during the applicable plan year, in the aggregate, shall reflect the Participant' s elections in accordance with Code section 409A. If an expected item of compensation would not have been paid to the Participant for any reason, the deferral election is inoperative, and no deferral shall be credited for that item. For avoidance of doubt, in the case of a dollar amount elected to be deferred from total yearly Salary, where the dollar amount deferred is deducted proportionally from each paycheck, no dollar amount shall be treated as deferred from any Salary that is not received.

4.4 Deductions. The Company shall deduct from any deferred amount any necessary payroll withholding and all other amounts it may be required to withhold from the deferral amount by law, to the extent allowed under Code section 409A, and the amount credited to a Participant' s Account shall be reduced by any such deductions. In addition, the Company shall first deduct from a Participant' s Salary or Bonus any other allowed voluntary deductions the Participant may have elected, such as deductions for health care or other benefits and deferrals under the Company' s 401(k) retirement plan, and any other amounts required to be deducted by law, such as amounts that must be paid according to a legally established lien, levy, or court order. The maximum amount that can be elected to be deferred shall be the remaining amount of Salary or Bonus after all such deductions from Salary or Bonus under this Section 4.4.

Article 5 – Company Matching Credit

5.1 Matching Amount. The Company will match a portion of each Participant' s annual deferral of Salary and Bonus by crediting to his or her Account an amount equal to 50% of the Salary and Bonus deferred by the Participant, up to a maximum credit by the Company of $5,000 per calendar year. Such amounts will be credited on or about January 1 following the calendar year of such annual deferral only to Participants who are still employed by the Company on January 1 following the year of deferral. No matching credit shall be given for re-deferrals of Prior Deferred Compensation.

5.2 Vesting. The Company matching contributions credited under this Article shall vest on a "class year" basis, as follows:

(a) 20% immediately on the January 1 that the Company match is credited to a Participant' s Account; and

(b) An additional 20% each following January 1, subject to the employment requirement described below, until the matching credit is 100% vested.

Vesting applies to each year' s matching credit on a separate, "class year" basis. Thus, five years after a Participant' s matching contribution is first credited in connection with the Participant' s first deferral, the Participant will be 100% vested in that first year' s matching credit, but not in the matching credits posted for deferrals in subsequent years, which vest separately according to the number of years that pass from the time of each deferral. Notwithstanding the foregoing, matching credits may be forfeited and the vested portion of a Participant' s matching Accounts may be decreased in the event of a hardship distribution of the deferrals to which the matching credits relate, under the terms set forth in Article 9.

A Participant must remain employed by the Company on the vesting date in order to be entitled to vesting credits on any January 1. However, a Participant shall become 100% vested in all Company matching credits, regardless of the class year vesting that would otherwise apply, in the following events:

(a) The Participant becomes totally disabled (as determined in accordance with Section 6.5) while employed by the Company;

(b) The Participant dies while employed by the Company;

(c) The Participant earns 65 "Vesting Points" while employed by the Company. A Participant shall be credited with one Vesting Point for each year of service with the Company and one Vesting Point for each year of age not to exceed 60 years of age. If a Participant Terminates Service after having reached 65 Vesting Points and is subsequently rehired, he will continue to be treated as having earned 65 Vesting Points on rehire. If a Participant Terminates Service without earning 65 Vesting Points, and is subsequently rehired, years of service with the Company will include only those years of service beginning after the Participant is rehired.

5.3 Forfeiture of Credits for Cause. Notwithstanding the foregoing, the Company retains the right to void the Company matching credit posted under Section 5.1, together with interest posted on all of a Participant' s Accounts, if a Participant is terminated for cause.

Article 6 – Timing and Manner of Distribution

6.1 Option. At the time of each deferral election, a Participant shall make an irrevocable election to receive his or her Account (along with any vested portion of the Company' s matching credit for that Account and the earnings credited to that Account) in one of the following forms:

(a) Payment of the Account in a single lump sum payment in the first calendar quarter of a specified calendar year five or more years after the calendar year during which such compensation would have been paid, were it not deferred; or

(b) Payment of the Account in a specified number of approximately equal annual installments (with a maximum of ten installments), beginning in the first calendar quarter of a specified calendar year five or more years after the calendar year during which such compensation would have been paid, were it not deferred.

If a Participant fails to specify one of the payment options described above, such Participant shall be deemed to have specified the single lump sum payment option payable five years after the calendar year during which the compensation would have been paid, were it not deferred. If a Participant elects installment payments, the amount of any given installment shall be determined by dividing the then-current value of the Account by the remaining number of unpaid installments.

The minimum period of deferral is five years. For example, if funds were deferred from income otherwise payable in calendar year 1995, the earliest a lump sum payment or installment payment can be made from those particular funds would be in the first calendar quarter of the year 2000. However, distribution will be made earlier if a Participant dies, becomes totally disabled (as determined in accordance with Section 6.5), or Terminates Employment with the Company before reaching the age of 65, in the case of deferrals made before 1997, or before earning 65 "Vesting Points" while employed by the Company, in the case of deferrals made on or after January 1, 1997 (in accordance with Section 6.3).

6.2 Change in Time or Form of Distribution. A Participant's election to change the time or form of distribution of Prior Deferred Compensation shall be made by such date set by the Committee and shall be irrevocable as of the last date set for making such election. Such election shall not take effect until at least 12 months after the date of the election, must be made no less than 12 months prior to the date of the otherwise scheduled first payment of the Prior Deferred Compensation, and must defer payment not less than 5 years from the date payment would otherwise be made or, in the case of installments, would begin to be made.

6.3 Termination Before Age 65 Without 65 Vesting Points. If a Participant Terminates Employment with the Company prior to reaching age 65, in the case of deferrals made before 1997, or before earning 65 "Vesting Points" while employed by the Company, in the case of deferrals made on or after January 1, 1997, the Participant's Accounts, to the extent vested, shall be paid to him or her in a lump sum within 90 days after the Participant Terminates Employment. Notwithstanding the foregoing, in the case of a Participant who is determined to be a specified employee under Code Section 409A(a)(2)(B)(i), no payment under this Section 6.3 shall be made before the date that is six months after the Participant Terminates Employment, or upon the Participant's death, if earlier. A payment otherwise due during the six months after the Participant Terminates Employment shall be paid on the first day of the seventh month following the date the Participant Terminates Employment. If a Participant who has Terminated Employment is rehired, the distribution of the Participant's account balance on the Participant's Termination of Employment will be made notwithstanding the Participant's being rehired. For purposes of distribution of account balances contributed after rehire, if a Participant is rehired after having reached age 65 "Vesting Points" at the time he originally Terminated Service, he will continue to be treated as having earned 65 Vesting Points on rehire. If a Participant is rehired after having Terminated Service without earning 65 Vesting Points, years of service with the Company will include only those years of service beginning after the Participant is rehired. The Company retains the right to void the Company matching credit, as well as interest posted on all of a Participant's Accounts, if the Participant is terminated for cause.

6.4 Death. Upon the death of a Participant, his or her Accounts, to the extent vested, shall be paid in a lump sum to his or her designated beneficiary within 90 days after the Participant' s death. If the Participant had designated a spouse as beneficiary but is divorced from that spouse at the time of death, then the designation of the former spouse shall be ineffective, unless the Participant re-designated the former spouse as beneficiary after the date of the divorce. Any designation of secondary or other beneficiaries shall not be affected by the disqualification of a former spouse, except that the former spouse shall be deemed to have died before the Participant. If a Participant has not made an effective beneficiary designation under this Plan, or if all designated beneficiaries predecease the Participant, the designated beneficiary shall be the beneficiary designated by the Participant to receive life insurance benefits under *The Costco Wholesale Corporation Flexible Benefits Plan*, unless that beneficiary is a former spouse designated as beneficiary before the date of the divorce, in which case the former spouse shall be treated as if he or she had died before the Participant. If no effective beneficiary has been designated by the Participant under the *Costco Wholesale Corporation Flexible Benefits Plan*, or if all designated beneficiaries predecease the Participant, the death benefit shall be paid to the Participant' s estate. (If a Participant dies while employed by the Company, the Participant' s matching credits shall become 100% vested.)

6.5 Disability. Upon the total disability of a Participant while employed by the Company, the Participant' s matching credits shall become 100% vested and the vested portion of the Participant' s Accounts shall be paid to him or her in a lump sum within 90 days after such total disability. A Participant is totally disabled under this Plan only when found to be totally disabled by the Social Security Administration, and if such Participant presents proof of eligibility for Social Security disability income benefits to the Committee or its designee.

6.6 Deductions. The Company may deduct from any distribution under this Plan any necessary payroll withholding, any other amounts required to be deducted by law, and any amounts owed by the Participant to the Company.

Article 7 – Interest Credits

7.1 Interest on Accounts. As of the end of each month, the Company shall credit to each Participant' s Accounts interest on all deferral and matching amounts credited by such time based on the interest rate as determined by Section 7.2 or Section 7.3, whichever is appropriate.

7.2 Normal Interest Rate. Interest shall be credited at the monthly equivalent of the annual rate published as the local Bank of America Prime Rate in effect at the date interest is posted.

7.3 Bonus Interest Rate. If a Participant dies while employed by the Company, or if a Participant meets either of the service requirements described below, interest shall be credited thereafter at the monthly equivalent of the annual rate published as the local Bank of America Prime Rate plus one percent, and for all the Participant' s Accounts then in the Plan, interest shall be recalculated retroactively to add one percent to the interest rate in effect at the time the interest was posted for all years of deferral. In all situations, the method of calculation shall be determined pursuant to rules of administration established by the Committee. For purposes of this section, a Participant qualifies for the bonus interest rate in the following events:

(a) The Participant dies while employed by the Company;

(b) With respect to deferrals made before 1997, the Participant reaches the age of at least 65 while the Participant is employed by the Company; or

(c) With respect to deferrals made on or after January 1, 1997, the Participant earns 65 "Vesting Points" while employed by the Company. A Participant shall be credited with one Vesting Point for each year of service with the Company and one Vesting Point for each year of age not to exceed 60 years of age. If a Participant is rehired after having earned 65 Vesting Points at the time he originally Terminated Service, he will continue to be treated as having earned 65 Vesting Points on rehire. If a Participant is rehired after having Terminated Service without earning 65 Vesting Points, years of service with the Company will include only those years of service beginning after the Participant is rehired.

7.4 Forfeiture of Interest for Cause. Notwithstanding the foregoing, the Company retains the right to void all interest posted on all of a Participant' s Accounts if a Participant is terminated for cause.

Article 8 – Rights of Participants and Funding

8.1 No Right to Employment. Nothing contained in the Plan shall:

(a) Confer upon any Participant any right with respect to continuation of employment with the Company;

(b) Interfere in any way with the right of the Company to terminate a Participant' s employment at any time;

(c) Confer upon any Participant or other person any claim or right to any distribution under the Plan, except in accordance with its terms; or

(d) Guarantee continued eligibility for participation in the Plan.

8.2 Unfunded Plan. This Plan shall be unfunded, as that term is defined for tax purposes under the Internal Revenue Code and for purposes of Title 1 of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan constitutes a mere promise by the Company to make benefit payments in the future, and any compensation deferred under this Plan, the Company matching credits, and the interest credited to a Participant' s Accounts shall continue to be a part of the general assets of the Company. To the extent that a Participant, former Participant, or beneficiary acquires a right to receive payments from the Plan, such right may be no greater than the right of any unsecured general creditor of the Company.

8.3 Assignment Prohibited. Except as expressly provided herein, no right or interest of any Participant or beneficiary in any Account in the Plan shall, prior to actual payment or distribution to such Participant or beneficiary, be assignable or transferable in whole or in part, either voluntarily or by operation of law or otherwise, or be subject to payment of debts of any Participant or beneficiary by execution, levy, garnishment, attachment, pledge, bankruptcy, encumbrance, alienation, anticipation, sale, or in any other manner.

Article 9 – Hardship Payments

9.1 Early Payment of Deferred Amounts. Unless otherwise permitted in the Plan, or allowed by the Committee consistent with Treas. Reg. section 1.409A-3(j)(4), a Participant shall not be entitled to payment of any portion of his or her Accounts before payments are otherwise due under the normal terms of the Plan. However, in cases of extreme financial hardship, the Committee may authorize (on a nondiscriminatory basis and taking into account other resources of the Participant) a hardship payment of the portion of a Participant' s deferral Account (excluding any interest credited to date and any matching credits) in the minimum amount that is required to meet the need created by the extreme financial hardship (including amounts necessary to pay taxes reasonably anticipated to result from the hardship payment).

In order to qualify under this section, the hardship must be the result of an unforeseeable emergency. For this purpose, an "unforeseeable emergency" is an event or circumstance described under Treas. Reg. section 1.409A-3(i)(3), *i.e*., an extraordinary and unanticipated emergency that is caused by an event beyond the control of the Participant (such as an illness, accident, casualty or other similar extraordinary and unforeseeable event) and that would result in severe financial hardship to the Participant if the early payment were not permitted. The Participant must supply written evidence of the financial hardship and must declare, under penalty of perjury, that the Participant has no other resources available to meet the emergency, including the resources of the Participant' s spouse and minor children that are reasonably available to the Participant. The Participant must also declare that the need cannot be met by any of the following:

(a) Reimbursement or compensation by insurance or otherwise;

(b) Reasonable liquidation of the Participant' s assets (or the assets of the spouse or minor children of the Participant) to the extent such liquidation will not itself cause severe financial hardship;

(c) Suspending all of the Participant' s contributions to any employee benefit plan (and the spouse' s contributions to any plan), including this Plan, to the extent such contributions may or are required to be suspended; or

(d) Applying for distributions or loans from any other plans in which the Participant or the Participant' s spouse participate.

The Committee may delegate decision-making authority hereunder to an independent person who may or may not be an employee of the Company.

9.2 Forfeiture of Related Matching Credits. No hardship payments are available from a Participant' s matching Accounts. Furthermore, any hardship payment shall result in the forfeiture of any matching credits (and related interest credits) attributable to the amounts paid. For this purpose, hardship payments shall be deemed to consist first of any portion of an Account that was not entitled to a matching credit. However, when a forfeiture of a matching credit occurs, the remaining portion of the matching Account shall be subject to the same vested percentage as the Account before the forfeiture, even though this reduces the amount of what was formerly the vested portion of the Account.

For example, assume that a deferral of $12,000 was made in 1995, which entitled a Participant to a matching credit of $5,000 on January 1 of 1996. Assume also that the Participant receives a hardship payment of $6,000 in June of 1997, when the matching Account is 40% vested (in the apparent amount of $2,000). The first $2,000 of the hardship payment will be deemed to have been taken from deferrals not subject to the match. However, the remaining $4,000 of the payment results in a forfeiture of $2,000 of the matching credit in the Account and of any related interest credits. Ignoring interest credits for purposes of illustration, the $3,000 remaining matching credit remains 40% vested, which results in a revised vested amount of $1,200.

9.3 Suspension of Participation. A Participant who receives a hardship payment from this Plan shall be suspended from further participation in this Plan for the remainder of the calendar year in which the payment was made. Moreover, a Participant who receives a hardship distribution from the *Costco 401(k) Retirement Plan (*or from any other qualified 401(k) plan maintained by the Company) shall be suspended from further participation in this Plan for a period of 12 consecutive months, which period shall be reduced to 6 months effective January 1, 2002. Deferrals already elected under this Plan shall not be made during any suspension period, and an election for deferrals for a subsequent year shall not be effective until the suspension period has expired.

Article 10 – Administration

10.1 Plan Amendment or Termination. The Company or the Committee may, from time to time, amend or suspend any or all of the provisions of the Plan, prospectively or retroactively as it shall see fit. The Company or the Committee may also terminate the Plan at any time. If the Plan is terminated, the value of each Participant' s Accounts as of the date of termination shall be fully vested and distributed to such Participant in a lump sum as soon as administratively feasible, as long as such a distribution shall not result in non-compliance with Code section 409A, including the required six-month delay in payments for specified employees, if applicable. The Plan shall not be amended retroactively in any way that would reduce the accrued vested balance of a Participant' s Accounts as of the date of the amendment.

Amendments to the Plan, including termination of the Plan, shall be valid upon execution by any four members of the Committee, and no formal approval by the Board of Directors of the Company shall be required. However, the Company may also amend or terminate the Plan by resolution of the Board of Directors or an appropriate subcommittee thereof, and such amendment or termination supersedes any inconsistent action by the Committee, except as provided in Section 10.4, relating to a Change of Control of the Company.

10.2 Plan Administration. The administration of the Plan shall be vested in the Committee. The Committee shall, subject to the express provisions of the Plan, have power to construe the Plan, interpret the meaning of its terms, prescribe rules and regulations relating to the Plan, and make all determinations necessary or advisable for the administration and interpretation of the Plan. The Committee may correct any defect, supply any omission, or reconcile any inconsistency in the Plan document in the manner and to the extent deemed expedient to effect the intent of the Company and the purpose of the Plan. The Committee may delegate all or any part of its power under this Section 10.2 to a single member of the Committee.

10.3 Expenses. All expenses and costs incurred in connection with the administration and operation of the Plan shall be borne by the Company.

10.4 Change of Control. If the threat of a Change of Control is accompanied by the filing of Form 13-D with the Securities and Exchange Commission, the Committee shall meet and discuss what, if any, actions regarding this Plan should be taken. In that event, the Committee may elect to terminate the Plan within 30 days before or 12 months following the Change of Control; to secure benefits under the Plan by the establishment of a "Rabbi Trust" in the form set out in Revenue Procedure 92-64 (or any successor ruling or regulation that established an IRS model rabbi trust) or in such other form as may be acceptable to the Committee; to accelerate vesting credits under the Plan; to grant all Participants the higher rate of interest described in Section 7.3; or take any other actions that the Committee deems advisable in order to protect the interests of Participants in the Plan. Furthermore, upon and after a Change of Control, the Plan may not be amended or terminated without the consent of the Committee, as the Committee was constituted before the Change of Control occurred.

Article 11 – Claims Procedure

11.1 Interpretation. Any Participant (or the beneficiary of a deceased Participant) desiring a benefit under, interpretation of, ruling under, or information regarding this Plan shall submit a written request regarding the same to the Committee. The Committee shall respond in writing to any such request as soon as practicable. Any such ruling or interpretation by the Committee shall be final and binding on all parties, subject to the following appeal procedures.

11.2 Denial of Claim. If a claim for benefits under this Plan is denied in whole or in part, the Committee shall notify the claimant in writing of such denial and of his or her right to a conference with an individual designated in the notice for the purpose of explaining the denial. The denial notice will be provided within 90 days after a claim is received by the Committee. If special circumstances require an extension of time for processing a claim beyond the initial 90-day period, written notice of the extension will be furnished before the end of the initial 90-day period. An extension of time will not exceed a period of 90 days from the end of the initial 90-day period. An extension notice will explain the reasons for the extension and the expected date of a decision.

11.3 Contents of Written Notice of Benefit Denial. If a claim for benefits under this Plan is denied, the written notice will include the following:

the specific reason or reasons for the denial;

references to the specific Plan provisions on which the denial is based;

a description of any additional material or information necessary in order to perfect the claim, and an explanation of why such material or information is needed;

an explanation of the Plan' s review procedure for denied claims, including the applicable time limits for submitting a claim for review; and

a statement of the right to bring a civil action under Section 502(a) of ERISA, if a claim is denied on appeal.

11.4 Appeal Procedure. If the claimant does not want a conference, or is dissatisfied with its outcome, the claimant may appeal a denial of a claim for benefits. The claimant (or a duly authorized representative) must file a written appeal with the Committee within 60 days after receipt of written notice of the denial.

The claimant may submit a written statement, documents, records, and other information. The claimant may also, free of charge upon request, have reasonable access to and copies of Relevant Documents. The review will consider all statements, documents, and other information submitted by the claimant, whether or not such information was submitted or considered under the initial denial decision. Claim determinations are made in accordance with Plan documents and, where appropriate, Plan provisions are applied consistently to similarly situated claimants.

11.5 Timing and Effect of Appeal Decision. A decision on an appeal will be made by the Committee not later than 60 days after an appeal is received, unless special circumstances require an extension of time for processing, in which case a decision will be rendered not later than 120 days after an appeal is received. Written notice of any extension of time will be sent before the end of the initial 60-day period explaining the reason for the extension and the expected date of the appeal determination. If an extension is required because the claimant has not provided the information necessary to decide the claim, the time period for processing the claim will not run from the date of notice of an extension until the earlier of 1) the date the Plan receives a response to a request for additional information or 2) the date set by the Plan for the requested response (at least 45 days).

The decision by the Committee on review shall be final and binding upon the claimant and all persons claiming by, through, or under the claimant, subject to the right to appeal under applicable law.

11.6 Contents of Appeal Decision. The decision on review will be in writing and will include the following information:

the specific reason or reasons for the decision;

reference to the specific Plan provisions on which the decision is based;

a statement of the right to receive, upon request free of charge, reasonable access to and copies of Relevant Documents; and

a statement of the right to bring a civil action under Section 502(a) of ERISA.

11.7 Relevant Documents. Relevant Document means any document, record or other information that:

was relied upon in making a decision to deny benefits;

was submitted, considered, or generated in the course of making the decision to deny benefits, whether or not it was relied upon in making the decision to deny benefits; or

demonstrates compliance with any administrative processes and safeguards designed to confirm that the benefit determination was in accord with the Plan and that Plan provisions, where appropriate, have been applied consistently regarding similarly situated individuals.

Article 12 – Code Section 409A Savings Clause

It is the intention of the Company that deferrals of compensation under this Plan shall comply in all respects with Code section 409A. Should it be determined that any provision or feature of the Plan is not in compliance with Code section 409A, that provision or feature shall be null and void to the extent required to avoid the noncompliance with Code section 409A. To the extent taxation of a Participant is required under Code section 409A, the Participant’ s Account shall be distributed to the Participant in an amount equal to the amount required to be included in income under Code section 409A less any required income and payroll tax withholdings under Federal, state, local or other tax laws.

Article 13 – Miscellaneous

13.1 Governing Law. This Plan shall be subject to and governed by the laws of the State of Washington, except to the extent preempted by federal law.

13.2 Execution. This Plan may be adopted, amended, or terminated by an appropriate instrument signed by any four members of the Costco Benefits Committee, if such a committee has been appointed, and if not, by resolution of Costco’ s Board of Directors.

Dated: September 8, 2008

Costco Benefits Committee

By: /s/ Charles Burnett
Charles Burnett

By: /s/ Julie Cruz
Julie Cruz

By: /s/ John Eagan
John Eagan

By: /s/ Richard Galanti
Richard Galanti

By: /s/ Bob Hicok
Bob Hicok

By: /s/ John Matthews
John Matthews

By: /s/ Monica Smith
Monica Smith

By: /s/ Jay Tihinen
Jay Tihinen

By: /s/ John McKay
John McKay

Exhibit 21.1

SUBSIDIARIES OF THE COMPANY

COSTCO WHOLESALE CORPORATION SUBSIDIARIES

Subsidiaries	State or Other Jurisdiction of Incorporation or Organization	Name under Which Subsidiary Does Business
Costco Canada Holdings Inc.	Canadian Federal	Costco Canada Holdings Inc.
Costco Wholesale Membership, Inc.	California	Costco Wholesale Membership, Inc.
Costco Wholesale United Kingdom Ltd.	United Kingdom	Costco Wholesale United Kingdom Ltd.
Costco Wholesale Canada Ltd.	Canadian Federal	Costco Wholesale Canada, Ltd., Costco Wholesale
NW Re Ltd.	Arizona	NW Re Ltd.
PriceCostco International, Inc.	Nevada	PriceCostco International, Inc.
Costco Wholesale Korea, Ltd.	Korea	Costco Wholesale Korea, Ltd.
Costco de Mexico, S.A. de C.V.	Mexico	Costco de Mexico, S.A. de C.V.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Costco Wholesale Corporation:

We consent to the incorporation by reference in the registration statements (Nos. 333-82782, 333-120523, 333-129172, 333-135052, 333-150014, 333-151748, 333-165550, and 333-180163) on Form S-8 and the registration statement (No. 333-140651) on Form S-3 of Costco Wholesale Corporation of our reports dated October 19, 2012, with respect to the consolidated balance sheets of Costco Wholesale Corporation as of September 2, 2012 and August 28, 2011, and the related consolidated statements of income, equity and comprehensive income, and cash flows for the 53-week period ended September 2, 2012, and the 52-week periods ended August 28, 2011 and August 29, 2010, and the effectiveness of internal control over financial reporting as of September 2, 2012, which reports appear in the September 2, 2012 annual report on Form 10-K of Costco Wholesale Corporation.

/s/ KPMG LLP

Seattle, Washington
October 19, 2012

Exhibit 31.1

CERTIFICATIONS

I, W. Craig Jelinek, certify that:

1) I have reviewed this Annual Report on Form 10-K 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.

October 19, 2012

/s/ W. CRAIG JELINEK

W. Craig Jelinek
President and Chief Executive Officer

CERTIFICATIONS

I, Richard A. Galanti, certify that:

1) I have reviewed this Annual Report on Form 10-K 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.

October 19, 2012

/s/ RICHARD A. GALANTI

Richard A. Galanti
Executive Vice President and Chief Financial Officer

Exhibit 32.1

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 Annual Report of Costco Wholesale Corporation (the Company) on Form 10-K for the year ended September 2, 2012, as filed with the Securities and Exchange Commission (the Report), I, W. Craig Jelinek, 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 Company.

/s/ W. CRAIG JELINEK

W. Craig Jelinek
President and Chief Executive Officer

Date: October 19, 2012

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 Annual Report of Costco Wholesale Corporation (the Company) on Form 10-K for the year ended September 2, 2012, as filed with the Securities and Exchange Commission (the Report), I, Richard A. Galanti, 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 Company.

/s/ RICHARD A. GALANTI

Richard A. Galanti
Executive Vice President and Chief Financial Officer

Date: October 19, 2012

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.

Available for Sale and Held to Maturity Investments (Detail) (USD $) In Millions, unless otherwise specified	Sep. 02, 2012	Aug. 28, 2011
Available For Sale And Held To Maturity [Line Items]		
Available-for-sale debt maturities, cost basis	$ 873	
Held-to-maturity, cost basis	447	
Total available-for-sale, Recorded Basis	879	
Total investments, Recorded Basis	1,326	1,604
Held-to-maturity, Recorded Basis	447	
Short-term Investments		
Available For Sale And Held To Maturity [Line Items]		
Unrealized gains	6	10
Total investments, Recorded Basis	1,326	1,604
Total investments, Cost Basis	1,320	1,594
Short-term Investments | US Treasury and Government		
Available For Sale And Held To Maturity [Line Items]		
Available-for-sale debt maturities, cost basis	776	1,096
Unrealized gains	6	8
Total available-for-sale, Recorded Basis	782	1,104
Short-term Investments | Corporate Debt Securities		
Available For Sale And Held To Maturity [Line Items]		
Available-for-sale debt maturities, cost basis	54	6
Unrealized gains	0	1
Total available-for-sale, Recorded Basis	54	7
Short-term Investments | FDIC-Insured Corporate Bonds		
Available For Sale And Held To Maturity [Line Items]		
Available-for-sale debt maturities, cost basis	35	208
Unrealized gains	0	1
Total available-for-sale, Recorded Basis	35	209
Short-term Investments | Asset and Mortgage Backed Securities		
Available For Sale And Held To Maturity [Line Items]		
Available-for-sale debt maturities, cost basis	8	12
Unrealized gains	0	0
Total available-for-sale, Recorded Basis	8	12
Short-term Investments | Available-for-sale Securities		
Available For Sale And Held To Maturity [Line Items]		
Available-for-sale debt maturities, cost basis	873	1,322
Unrealized gains	6	10
Total available-for-sale, Recorded Basis	879	1,332
Short-term Investments | Held-to-maturity Securities | Certificates of Deposit		
Available For Sale And Held To Maturity [Line Items]		
Held-to-maturity, cost basis	447	272

Held-to-maturity, Recorded Basis	$ 447	$ 272

Summary Stock Option Transactions (Detail) (USD $) In Millions, except Share data in Thousands, unless otherwise specified	12 Months Ended Sep. 02, 2012	
Number of options		
Number of options outstanding at beginning balance	5,917	
Exercised	(2,756)	
Number of options outstanding at ending balance	3,161	
Weighted- average exercise price		
Weighted- average exercise price beginning Balance	$ 40.07	
Exercised	$ 39.11	
Weighted- average exercise price ending balance	$ 40.90	
Weighted-average remaining contractual term		
Weighted-average remaining contractual term (in years)	2 years 22 days	
Aggregate intrinsic value		
Aggregate intrinsic value	$ 180	[1]

[1] The difference between the exercise price and market value of common stock at the end of 2012.

Debt (Schedule Of Long-Term Debt Maturities) (Detail) (USD $) In Millions, unless otherwise specified	Sep. 02, 2012	Aug. 28, 2011
Debt		
2013	$ 1	
2014	1	
2015	1	
2016	0	
2017	1,128	
Thereafter	251	
Total	$ 1,382	$ 2,153

Quarterly Financial Data (Parenthetical) (Detail) (USD $)	1 Months Ended	3 Months Ended						4 Months Ended		12 Months Ended		
In Millions, except Per Share data, unless otherwise specified	May 09, 2012	May 06, 2012	Feb. 12, 2012	Nov. 20, 2011	May 08, 2011	Feb. 13, 2011	Nov. 21, 2010	Sep. 02, 2012	Aug. 28, 2011	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
Quarterly Financial Data [Line Items]												
Selling, general and administrative		$ 2,152	$ 2,178	$ 2,144 [1]	$ 1,992	$ 2,040	$ 1,945	$ 3,044	$ 2,714	$ 9,518	$ 8,691	$ 7,848
Settlement of income tax audit in Mexico				24								
Dividend declared per share	$ 0.275							$ 0.275				
Increase to merchandise costs for LIFO inventory adjustment					49	6		12	32	21	87	
Washington State												
Quarterly Financial Data [Line Items]												
Selling, general and administrative				$ 17								

[1] Includes a $17 charge to selling, general and administrative for contributions to an initiative reforming alcohol beverage laws in Washington State.

Stock-Based Compensation Plans (Stock Options Outstanding) (Detail) (USD $) In Thousands, except Per Share data, unless otherwise specified	12 Months Ended Sep. 02, 2012
Share-based Compensation, Shares Authorized under Stock Option Plans, Exercise Price Range [Line Items]	
Options Outstanding and Exercisable, Number of Options	3,161
Options Outstanding and Exercisable, Weighted-Average Remaining Contractual Life	2 years 22 days
Options Outstanding and Exercisable, Weighted-Average Exercise Price	$ 40.90
$30.41 - $37.35	
Share-based Compensation, Shares Authorized under Stock Option Plans, Exercise Price Range [Line Items]	
Range of Prices, Lower limit	$ 30.41
Range of Prices, Upper limit	$ 37.35
Options Outstanding and Exercisable, Number of Options	1,232
Options Outstanding and Exercisable, Weighted-Average Remaining Contractual Life	1 year 3 months 7 days
Options Outstanding and Exercisable, Weighted-Average Exercise Price	$ 35.95
$37.44 - $43.79	
Share-based Compensation, Shares Authorized under Stock Option Plans, Exercise Price Range [Line Items]	
Range of Prices, Lower limit	$ 37.44
Range of Prices, Upper limit	$ 43.79
Options Outstanding and Exercisable, Number of Options	1,699
Options Outstanding and Exercisable, Weighted-Average Remaining Contractual Life	2 years 6 months 26 days
Options Outstanding and Exercisable, Weighted-Average Exercise Price	$ 43.77
$45.99 - $46.46	
Share-based Compensation, Shares Authorized under Stock Option Plans, Exercise Price Range [Line Items]	
Range of Prices, Lower limit	$ 45.99
Range of Prices, Upper limit	$ 46.46
Options Outstanding and Exercisable, Number of Options	230
Options Outstanding and Exercisable, Weighted-Average Remaining Contractual Life	2 years 6 months 22 days
Options Outstanding and Exercisable, Weighted-Average Exercise Price	$ 46.19

Carrying Value and Estimated Fair Value of Company's Long-Term Debt (Detail) (USD $) In Millions, unless otherwise specified	Sep. 02, 2012	Aug. 28, 2011
Debt Instrument [Line Items]		
Long-term debt, carrying value	$ 1,382	$ 2,153
Less current portion, Carrying Value	1	900
Long-term debt, excluding current portion, Carrying Value	1,381	1,253
Long-term debt, fair value	1,663	2,435
Less current portion, fair value	1	924
Long-term debt, excluding current portion, fair value	1,662	1,511
5.5% Senior Notes due March 2017		
Debt Instrument [Line Items]		
Long-term debt, carrying value	1,097	1,097
Long-term debt, fair value	1,325	1,314
5.3% Senior Notes due March 2012		
Debt Instrument [Line Items]		
Long-term debt, carrying value	0	900
Long-term debt, fair value	0	924
Other Long Term Debt		
Debt Instrument [Line Items]		
Other long-term debt	285	156
Long-term debt, fair value	$ 338	$ 197

Summary of Significant Policies - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	1 Months Ended	3 Months Ended		4 Months Ended		12 Months Ended		
	Jul. 31, 2012	May 08, 2011	Feb. 13, 2011	Sep. 02, 2012	Aug. 28, 2011	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
Summary Of Significant Accounting Policies [Line Items]								
Number of warehouses operated						608		
Increase to total assets and liabilities due to consolidation							3.00%	
Initial consolidation of noncontrolling interest in the Costco Mexico joint ventures					$ 357		$ 357	
Purchase of equity interest	50.00%							
Purchase of noncontrolling interest in Costco Mexico	789					789	0	0
Cash dividend declared	366							
Credit and debit card receivables				1,161	982	1,161	982	
Charge to merchandise costs		49	6	12	32	21	87	
Inventory LIFO reserve				108	87	108	87	
Excess of outstanding checks over cash on deposit				565	108	565	108	
Estimated accruals for insurance liabilities				688	595	688	595	
Gain (loss) on foreign currency transaction						41	8	13
Reward rate						2.00%		
Reduction in sales						900	790	688
Foreign Exchange Forward								
Summary Of Significant Accounting Policies [Line Items]								
Notional amount of forward foreign - exchange derivative				284	247	284	247	
Building and Building Improvements | Minimum								
Summary Of Significant Accounting Policies [Line Items]								
Property and equipment, useful life						5 years		
Building and Building Improvements | Maximum								
Summary Of Significant Accounting Policies [Line Items]								
Property and equipment, useful life						50 years		
Furniture and Fixtures | Minimum								
Summary Of Significant Accounting Policies [Line Items]								

Property and equipment, useful life		3 years	
Furniture and Fixtures | Maximum			
Summary Of Significant Accounting Policies [Line Items]			
Property and equipment, useful life		20 years	
Software | Minimum			
Summary Of Significant Accounting Policies [Line Items]			
Property and equipment, useful life		3 years	
Software | Maximum			
Summary Of Significant Accounting Policies [Line Items]			
Property and equipment, useful life		7 years	
Subsidiaries			
Summary Of Significant Accounting Policies [Line Items]			
Percentage of dividend payable	50.00%		
Costco Mexico			
Summary Of Significant Accounting Policies [Line Items]			
Percentage of dividend payable	50.00%		
Equity in earnings of Costco Mexico			$ 41
UNITED STATES			
Summary Of Significant Accounting Policies [Line Items]			
Number of warehouses operated		439	
US and Puerto Rico			
Summary Of Significant Accounting Policies [Line Items]			
Number of regions in country		40	
CANADA			
Summary Of Significant Accounting Policies [Line Items]			
Number of warehouses operated		82	
Number of regions in country		9	
MEXICO			
Summary Of Significant Accounting Policies [Line Items]			
Number of warehouses operated		32	
UNITED KINGDOM			
Summary Of Significant Accounting Policies [Line Items]			
Number of warehouses operated		22	
JAPAN			

Summary Of Significant Accounting Policies [Line Items]	
Number of warehouses operated	13
TAIWAN, PROVINCE OF CHINA	
Summary Of Significant Accounting Policies [Line Items]	
Number of warehouses operated	9
KOREA, REPUBLIC OF	
Summary Of Significant Accounting Policies [Line Items]	
Number of warehouses operated	8
AUSTRALIA	
Summary Of Significant Accounting Policies [Line Items]	
Number of warehouses operated	3

Summary of RSU Transactions (Detail) (Restricted Stock Units (RSUs), USD $) In Thousands, except Per Share data, unless otherwise specified	12 Months Ended Sep. 02, 2012
Restricted Stock Units (RSUs)	
Number of units	
Non-vested Beginning Balance	9,727
Granted	3,593
Vested and delivered	(3,819)
Forfeited	(241)
Non-vested Ending Balance	9,260
Weighted average grant date fair value	
Non-vested Beginning Balance	$ 57.56
Granted	$ 81.55
Vested and delivered	$ 58.97
Forfeited	$ 65.54
Non-vested Ending Balance	$ 66.14

Debt (Tables)

12 Months Ended Sep. 02, 2012

Schedule Of Short-Term Debt

The weighted average borrowings, maximum borrowings, and weighted average interest rate under all short-term borrowing arrangements were as follows for 2012 and 2011:

Category of Aggregate Short-term Borrowings	Maximum Amount Outstanding During the Fiscal Year	Average Amount Outstanding During the Fiscal Year	Weighted Average Interest Rate During the Fiscal Year
2012:			
Bank borrowings:			
Japan	$ 83	$ 57	0.58 %
Bank overdraft facility:			
United Kingdom	3	0	1.50
2011:			
Bank borrowings:			
Canada	$ 6	$ 4	3.00 %
Japan	70	20	0.58
Bank overdraft facility:			
United Kingdom	16	4	1.50

Carrying Value and Estimated Fair Value of Company's Long-Term Debt

The carrying value and estimated fair value of the Company's long-term debt at the end of 2012 and 2011 consisted of the following:

	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
5.5% Senior Notes due March 2017	$1,097	$1,325	$1,097	$1,314
5.3% Senior Notes due March 2012	0	0	900	924
Other long-term debt	285	338	156	197
Total long-term debt	1,382	1,663	2,153	2,435
Less current portion	1	1	900	924
Long-term debt, excluding current portion	$1,381	$1,662	$1,253	$1,511

Schedule Of Long-Term Debt Maturities

Maturities of long-term debt during the next five fiscal years and thereafter are as follows:

2013	$1
2014	1
2015	1
2016	0

2017	1,128
Thereafter	251
Total	$1,382

Leases (Schedule Of Future Minimum Lease Payments For Capital Leases) (Detail) (USD $) In Millions, unless otherwise specified	Sep. 02, 2012	
Leases		
Operating leases, 2013	$ 189	
Operating leases, 2014	184	
Operating leases, 2015	171	
Operating leases, 2016	164	
Operating leases, 2017	156	
Operating leases, Thereafter	1,883	
Operating leases, Total	2,747	
Capital lease obligations, 2013	14	
Capital lease obligations, 2014	14	
Capital lease obligations, 2015	14	
Capital lease obligations, 2016	15	
Capital lease obligations, 2017	15	
Capital lease obligations, Thereafter	328	
Capital lease obligations, Total	400	
Less amount representing interest	(217)	
Net present value of minimum lease payments	183	
Less current installments	(2)	[1]
Long-term capital lease obligations less current installments	$ 181	[2]

[1] Included in other current liabilities.

[2] Included in deferred income taxes and other liabilities.

Fair Value of Financial Assets and Financial Liabilities Measured on Recurring Basis (Detail) (Fair Value, Measurements, Recurring, USD $) In Millions, unless otherwise specified	Sep. 02, 2012		Aug. 28, 2011	
Fair Value, Inputs, Level 1				
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Fair value of assets measured on recurring basis	$ 77		$ 200	
Fair Value, Inputs, Level 1 | Money Market Funds				
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Fair value of assets measured on recurring basis	77	[1]	200	[1]
Fair Value, Inputs, Level 1 | US Treasury and Government				
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Fair value of assets measured on recurring basis	0	[2]	0	[2]
Fair Value, Inputs, Level 1 | Corporate Debt Securities				
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Fair value of assets measured on recurring basis	0		0	
Fair Value, Inputs, Level 1 | FDIC-Insured Corporate Bonds				
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Fair value of assets measured on recurring basis	0		0	
Fair Value, Inputs, Level 1 | Asset-backed Securities				
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Fair value of assets measured on recurring basis	0		0	
Fair Value, Inputs, Level 1 | Foreign Exchange Forward				
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Fair value of assets measured on recurring basis	0	[3]	0	[3]
Fair value of liabilities measured on recurring basis	0	[3]	0	[3]
Fair Value, Inputs, Level 2				
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Fair value of assets measured on recurring basis	889		1,404	
Fair Value, Inputs, Level 2 | Money Market Funds				
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Fair value of assets measured on recurring basis	0	[1]	0	[1]
Fair Value, Inputs, Level 2 | US Treasury and Government				
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Fair value of assets measured on recurring basis	794	[2]	1,177	[2]
Fair Value, Inputs, Level 2 | Corporate Debt Securities				
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Fair value of assets measured on recurring basis	54		7	
Fair Value, Inputs, Level 2 | FDIC-Insured Corporate Bonds				

Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Fair value of assets measured on recurring basis	35		209	
Fair Value, Inputs, Level 2 | Asset-backed Securities				
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Fair value of assets measured on recurring basis	8		12	
Fair Value, Inputs, Level 2 | Foreign Exchange Forward				
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Fair value of assets measured on recurring basis	1	[3]	1	[3]
Fair value of liabilities measured on recurring basis	$ (3)	[3]	$ (2)	[3]

[1] Included in cash and cash equivalents in the accompanying consolidated balance sheets.

[2] $12 and $782 included in cash and cash equivalents and short-term investments, respectively, in the accompanying consolidated balance sheets at the end of 2012. $73 and $1,104 included in cash and cash equivalents and short-term investments, respectively, in the accompanying consolidated balance sheet at the end of 2011.

[3] The asset and the liability values are included in deferred income taxes and other current assets and other current liabilities, respectively, in the accompanying consolidated balance sheets. See Note 1 for additional information on derivative instruments.

Summary Of Significant Accounting Policies (Other Current Liabilities) (Detail) (USD $) In Millions, unless otherwise specified	Sep. 02, 2012	Aug. 28, 2011
Summary Of Significant Accounting Policies		
Insurance-related liabilities	$ 308	$ 276
Deferred sales	159	141
Cash card liability	133	116
Other current liabilities	104	112
Tax-related liabilities	88	122
Sales return reserve	86	74
Vendor consideration liabilities	57	46
Interest payable	30	51
Other Current Liabilities	$ 965	$ 938

Stockholders' Equity (Stock Repurchased During Period) (Detail) (USD $) In Millions, except Share data in Thousands, unless otherwise specified	12 Months Ended		
	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
Stock Repurchase Programs [Line Items]			
Shares Repurchased (000's)	7,272	8,939	9,943
Average Price per Share	$ 84.75	$ 71.74	$ 57.14
Total Cost	$ 617	$ 641	$ 568

Commitments and Contingencies- Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended	
	Sep. 02, 2012	Feb. 04, 2011 Washington State
Commitments and Contingencies Disclosure [Line Items]		
Damages sought	$ 10	
Possible loss in case of assessment by State of Washington		$ 3.3

Income Taxes (Schedule of Foreign And Domestic Income Taxes) (Detail) (USD $) In Millions, unless otherwise specified	3 Months Ended						4 Months Ended		12 Months Ended		
	May 06, 2012	Feb. 12, 2012	Nov. 20, 2011	May 08, 2011	Feb. 13, 2011	Nov. 21, 2010	Sep. 02, 2012	Aug. 28, 2011	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
Income Taxes											
Federal: Current									$ 591	$ 409	$ 445
Federal: Deferred									12	74	1
Total federal									603	483	446
State: Current									100	78	79
State: Deferred									2	14	5
Total state									102	92	84
Foreign: Current									312	270	200
Foreign: Deferred									(17)	(4)	1
Total foreign									295	266	201
Total provision for income taxes	$ 217	$ 215	$ 225 [1]	$ 193	$ 204	$ 172	$ 343	$ 272	$ 1,000	$ 841	$ 731

[1] Includes a $24 charge relating to the settlement of an income tax audit in Mexico (See Note 9-Income Taxes).

Carrying Value and Estimated Fair Value of Company's Long-Term Debt (Parenthetical) (Detail)	12 Months Ended Sep. 02, 2012
5.5% Senior Notes due March 2017	
Debt Instrument [Line Items]	
Loan interest rate, fixed	5.50%
Debt instrument, principal due date	2017-03
5.3% Senior Notes due March 2012	
Debt Instrument [Line Items]	
Loan interest rate, fixed	5.30%
Debt instrument, principal due date	2012-03

Investments

	12 Months Ended
	Sep. 02, 2012

Investments

Note 2—Investments

The Company's investments at the end of 2012 and 2011 were as follows:

2012:	Cost Basis	Unrealized Gains	Recorded Basis
Available-for-sale:			
U.S. government and agency securities	$776	$ 6	$782
Corporate notes and bonds	54	0	54
FDIC-insured corporate bonds	35	0	35
Asset and mortgage-backed securities	8	0	8
Total available-for-sale	873	6	879
Held-to-maturity:			
Certificates of deposit	447		447
Total Short-Term Investments	$1,320	$ 6	$1,326

2011:	Cost Basis	Unrealized Gains	Recorded Basis
Available-for-sale:			
U.S. government and agency securities	$1,096	$ 8	$1,104
Corporate notes and bonds	6	1	7
FDIC-insured corporate bonds	208	1	209
Asset and mortgage-backed securities	12	0	12
Total available-for-sale	1,322	10	1,332
Held-to-maturity:			
Certificates of deposit	272		272
Total Short-Term Investments	$1,594	$ 10	$1,604

At the end of 2012, 2011 and 2010 the Company's available-for-sale securities that were in continuous unrealized-loss position were not material. Gross unrealized gains and losses on cash equivalents were not material at the end of 2012 and 2011.

The proceeds from sales of available-for-sale securities during 2012, 2011, and 2010 are provided in the following table:

	2012	2011	2010
Proceeds	$482	$602	$309

Gross realized gains or losses from sales of available-for-sale securities were not material in 2012, 2011, and 2010.

The maturities of available-for-sale and held-to-maturity securities at the end of 2012 were as follows:

	Available-For-Sale		Held-To-Maturity	
	Cost Basis	Fair Value	Cost Basis	Fair Value

Due in one year or less	$ 590	$ 590	$ 447	$ 447
Due after one year through five years	282	288	0	0
Due after five years	1	1	0	0
	$ 873	$ 879	$ 447	$ 447

Income Taxes - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
Income Taxes [Line Items]			
Income tax benefits allocated directly to equity	$ 65	$ 59	$ 15
Nonrecurring net tax expense	25		
Current deferred income tax assets	393	360	
Non-current deferred income tax assets	58	53	
Non-current deferred income tax liabilities	412	387	
Undistributed earnings of certain non-U.S. affiliates	3,162	2,646	
Tax positions with highly certain deductibility and uncertain timing of such deductibility	70		
Tax benefits that would favorably affect the effective income tax	36	34	
Accrued interest and penalties	$ 16	$ 12	

Fair Value of Financial Assets and Financial Liabilities Measured on Recurring Basis (Parenthetical) (Detail) (USD $) In Millions, unless otherwise specified	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010	Aug. 30, 2009
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Cash and cash equivalents	$ 3,528	$ 4,009	$ 3,214	$ 3,157
Short-term investments	1,326	1,604		
Fair Value, Measurements, Recurring | US Treasury and Government				
Fair Value, Assets and Liabilities Measured on Recurring Basis [Line Items]				
Cash and cash equivalents	12	73		
Short-term investments	$ 782	$ 1,104		

Income Taxes (Tables)

12 Months Ended Sep. 02, 2012

Income Before Income Taxes

Income before income taxes is comprised of the following:

	2012	2011	2010
Domestic (including Puerto Rico)	$1,809	$1,526	$1,426
Foreign	958	857	628
Total	$2,767	$2,383	$2,054

Provisions for Income Taxes

The provisions for income taxes for 2012, 2011, and 2010 are as follows:

	2012	2011	2010
Federal:			
Current	$591	$409	$445
Deferred	12	74	1
Total federal	603	483	446
State:			
Current	100	78	79
Deferred	2	14	5
Total state	102	92	84
Foreign:			
Current	312	270	200
Deferred	(17)	(4)	1
Total foreign	295	266	201
Total provision for income taxes	$1,000	$841	$731

Reconciliation Statutory Tax Rate

The reconciliation between the statutory tax rate and the effective rate for 2012, 2011, and 2010 is as follows:

	2012		2011		2010	
Federal taxes at statutory rate	$969	35.0%	$834	35.0%	$718	35.0%
State taxes, net	59	2.1	55	2.4	56	2.7
Foreign taxes, net	(61)	(2.2)	(66)	(2.8)	(38)	(1.9)
Other	33	1.2	18	0.7	(5)	(0.2)
Total	$1,000	36.1%	$841	35.3%	$731	35.6%

Components of Deferred Tax Assets and Liabilities

The components of the deferred tax assets and liabilities are as follows:

	2012	2011
Equity compensation	$79	$89
Deferred income/membership fees	148	134
Accrued liabilities and reserves	461	429
Other	55	32
Total deferred tax assets	743	684
Property and equipment	522	494
Merchandise inventories	182	164

Total deferred tax liabilities	704	658
Net deferred tax assets	$39	$26

Goss Unrecognized Tax Benefits

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits for 2012 and 2011 is as follows:

	2012	**2011**
Gross unrecognized tax benefit at beginning of year	$106	$83
Gross increases—current year tax positions	15	21
Gross increases—tax positions in prior years	3	10
Gross decreases—tax positions in prior years	(3)	(6)
Settlements	(3)	(1)
Lapse of statute of limitations	(2)	(1)
Gross unrecognized tax benefit at end of year	$116	$106

Stock-Based Compensation Plans (Tables)	12 Months Ended Sep. 02, 2012

Summary of Stock Option Activity

The following table summarizes stock option transactions during 2012:

	Number Of Options (in 000's)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value[(1)]
Outstanding at the end of 2011	5,917	$ 40.07		
Exercised	(2,756)	39.11		
Outstanding at the end of 2012	3,161	$ 40.90	2.06	$ 180

(1) The difference between the exercise price and market value of common stock at the end of 2012.

Summary of Stock Options Outstanding

The following is a summary of stock options outstanding at the end of 2012:

	Options Outstanding and Exercisable		
Range of Prices	Number of Options (in 000's)	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price
$30.41–$37.35	1,232	1.27	$ 35.95
$37.44–$43.79	1,699	2.57	43.77
$45.99–$46.46	230	2.56	46.19
	3,161	2.06	$ 40.90

Tax Benefits Realized and Intrinsic Value Related to Total Stock Options Exercised

The tax benefits realized, derived from the compensation deductions resulting from the option exercises, and intrinsic value related to total stock options exercised during 2012, 2011, and 2010 are provided in the following table:

	2012	2011	2010
Actual tax benefit realized for stock options exercised	$50	$78	$34
Intrinsic value of stock options exercised[(1)]	$137	$227	$98

(1) The difference between the exercise price and market value of common stock measured at each individual exercise date.

Summary of RSU Transactions

The following table summarizes RSU transactions during 2012:

	Number of Units (in 000's)	Weighted-Average Grant Date Fair Value
Non-vested at the end of 2011	9,727	$ 57.56
Granted	3,593	81.55

Vested and delivered	(3,819)	58.97
Forfeited	(241)	65.54
Non-vested at the end of 2012	9,260	$66.14

Summary of Stock-Based Compensation Expense and Related Tax Benefits

The following table summarizes stock-based compensation expense and the related tax benefits under the Company's plans:

	2012	2011	2010
RSUs	$241	$206	$171
Stock options	0	1	19
Total stock-based compensation expense before income taxes	241	207	190
Less recognized income tax benefit	79	67	63
Total stock-based compensation expense, net of income taxes	$162	$140	$127

Tax Benefits Realized and Intrinsic Value Related to Stock Options Exercised (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended					
	Sep. 02, 2012		Aug. 28, 2011		Aug. 29, 2010	
Stock-Based Compensation Plans						
Actual tax benefit realized for stock options exercised	$ 50		$ 78		$ 34	
Intrinsic value of stock options exercised	$ 137	[1]	$ 227	[1]	$ 98	[1]

[1] The difference between the exercise price and market value of common stock measured at each individual exercise date.

Debt - Additional information (Detail) (USD $) In Millions, except Per Share data, unless otherwise specified			12 Months Ended					1 Months Ended		12 Months Ended	1 Months Ended			1 Months Ended		
	Sep. 02, 2012 Short-term Debt	Aug. 28, 2011 Short-term Debt	Sep. 02, 2012 Short-term Debt Minimum	Aug. 28, 2011 Short-term Debt Minimum	Sep. 02, 2012 Short-term Debt Maximum	Aug. 28, 2011 Short-term Debt Maximum	Feb. 28, 2007 5.3% Senior Notes Due March 2012	Feb. 28, 2007 5.5% Senior Notes Due March 2017	Feb. 28, 2007 5.3% Senior Notes Due March 2012 and 5.5% Senior Notes Due March 2017	Sep. 02, 2012 1.18% Fixed-rate Note Due October 2018	Jun. 30, 2008 Yen Tibor Plus Margin Term Loan Due June 2018	Sep. 02, 2012 Yen Tibor Plus Margin Term Loan Due June 2018	Aug. 28, 2011 Yen Tibor Plus Margin Term Loan Due June 2018	Oct. 31, 2007 2.695% Promissory Notes Due October 2017	Aug. 31, 1997 3.5% Zero Coupon Convertible Subordinated Notes Due August 2017	Sep. 02, 2012 3.5% Zero Coupon Convertible Subordinated Notes Due August 2017
Debt [Line Items]																
Line of credit facility, current borrowing capacity	$ 438	$ 391														
Line of credit facility interest rate			0.58%	0.58%	3.96%	4.39%										
Face amount of debt issued							900	1,100							900	
Loan interest rate, fixed							5.30%	5.50%		1.18%				2.695%		
Debt instrument, unamortized discount							2	6								
Debt instrument, principal due date								2017-03		2018-10	2018-06			2017-10	2017-08	
Redemption price Company option									100.00%							
Redemption price certain events									101.00%							
Loan interest rate, basis spread on variable rate											0.35%	0.78%	0.79%			
Yield to maturity percentage															3.50%	
Gross proceeds to company															450	
Notes convertible to number of shares, maximum															832,000	
Conversion price															$ 22.71	
Amount of notes converted																$ 864

Net Income per Common and Common Equivalent Share (Tables)

	12 Months Ended
	Sep. 02, 2012
Schedule of Earnings Per Share Effect on Net Income and Weighted Average Number of Dilutive Potential Common Stock	The following table shows the amounts used in computing net income per share and the effect on income and the weighted average number of shares of potentially dilutive common shares outstanding (shares in 000's):

	2012	2011	2010
Net income available to common stockholders used in basic and diluted net income per common share	$1,709	$1,462	$1,303
Interest on convertible notes, net of tax	1	1	1
Net income available to common stockholders after assumed conversions of dilutive securities	$1,710	$1,463	$1,304
Weighted average number of common shares used in basic net income per common share	433,620	436,119	438,611
Stock options and RSUs	4,906	6,063	6,409
Conversion of convertible notes	847	912	950
Weighted average number of common shares and dilutive potential of common stock used in diluted net income per share	439,373	443,094	445,970
Anti-dilutive RSUs	15	0	1,141

Segment Reporting (Tables)

12 Months Ended Sep. 02, 2012

Segment Reporting Information, by Segment

The Company and its subsidiaries are principally engaged in the operation of membership warehouses in the U.S., Canada, Mexico (see Note 1), the United Kingdom, Japan, and Australia and through majority-owned subsidiaries in Taiwan and Korea. The Company's 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. As discussed in Note 1, the Company began consolidating Mexico on August 30, 2010. For segment reporting, these operations are included as a component of other international operations for 2012 and 2011. For 2010, Mexico is only included in total assets under U.S. operations in the table below, representing the equity method investment in the joint venture. The material accounting policies of the segments are the same as those described in Note 1. All material inter-segment net sales and expenses have been eliminated in computing total revenue and operating income. Certain home office operating expenses are incurred on behalf of the Company's Canadian and other international operations, but are included in the U.S. operations because those costs are not allocated internally and generally come under the responsibility of the Company's U.S. management team.

	United States Operations	Canadian Operations	Other International Operations	Total
2012				
Total revenue	$ 71,776	$ 15,717	$ 11,644	$99,137
Operating income	1,632	668	459	2,759
Depreciation and amortization	667	117	124	908
Capital expenditures, net	1,012	170	298	1,480
Property and equipment, net	9,236	1,664	2,061	12,961
Total assets	18,401	4,237	4,502	27,140
2011				
Total revenue	$ 64,904	$ 14,020	$ 9,991	$88,915
Operating income	1,395	621	423	2,439
Depreciation and amortization	640	117	98	855
Capital expenditures, net	876	144	270	1,290
Property and equipment, net	8,870	1,608	1,954	12,432
Total assets	18,558	3,741	4,462	26,761
2010				
Total revenue	$ 59,624	$ 12,051	$ 6,271	$77,946
Operating income	1,310	547	220	2,077
Depreciation and amortization	625	107	63	795
Capital expenditures, net	804	162	89	1,055
Property and equipment, net	8,709	1,474	1,131	11,314
Total assets	18,247	3,147	2,421	23,815

Summary of Significant Accounting Policies	12 Months Ended Sep. 02, 2012

Summary of Significant Accounting Policies

Note 1—Summary of Significant Accounting Policies

Description of Business

Costco Wholesale Corporation and its subsidiaries operate membership warehouses based on the concept that offering our members low prices on a limited selection of nationally branded and select private-label products in a wide range of merchandise categories will produce high sales volumes and rapid inventory turnover. At September 2, 2012, Costco operated 608 warehouses worldwide which included: 439 United States (U.S.) locations (in 40 U.S. states and Puerto Rico), 82 Canadian locations (in 9 Canadian provinces), 32 Mexico locations, 22 United Kingdom (U.K.) locations, 13 Japan locations, 9 Taiwan locations, 8 Korea locations, and 3 Australia locations. The Company also operates online businesses at costco.com in the U.S. and costco.ca in Canada.

Basis of Presentation

The consolidated financial statements include the accounts of Costco Wholesale Corporation, a Washington corporation, its wholly-owned subsidiaries, subsidiaries in which it has a controlling interest, consolidated entities in which it has made equity investments, or has other interests through which it has majority-voting control or it exercises the right to direct the activities that most significantly impact the entity's performance (Costco or the Company). The Company reports noncontrolling interests in consolidated entities as a component of equity separate from the Company's equity. All material inter-company transactions between and among the Company and its consolidated subsidiaries and other consolidated entities have been eliminated in consolidation. The Company's net income excludes income attributable to noncontrolling interests in its operations in Costco Mexico (Mexico) (prior to the July 2012 acquisition of the 50% noncontrolling interest described below), Taiwan, and Korea. Unless otherwise noted, references to net income relate to net income attributable to Costco.

At the beginning of fiscal 2011, the Company began consolidating Mexico, at that time a 50% owned joint venture, on a prospective basis due to the adoption of a new accounting standard. Mexico's results for fiscal 2010 were accounted for under the equity method and the Company's 50% share was included in "interest income and other, net." For fiscal 2012 (prior to the acquisition) and 2011, the financial position and results of Mexico's operations are fully consolidated and the joint venture partner's share is included in "net income attributable to noncontrolling interests." The initial consolidation of Mexico increased total assets, liabilities, and revenue by approximately 3%, with no impact on net income or net income per common share attributable to Costco. The Company's equity method investment in Mexico as of August 29, 2010 was derecognized and the noncontrolling interest in Mexico totaling $357 was recognized as part of the initial consolidation of the joint venture on August 30, 2010 as shown in the accompanying consolidated statements of total equity and comprehensive income.

Acquisition of Noncontrolling Interest in Mexico

In July 2012, Costco purchased its former joint venture partner's 50% equity interest of Mexico for $789. In addition, Mexico declared a cash dividend of $366, 50% payable to the Company and 50% payable to Costco's former joint venture partner. The Company used dividend proceeds and existing cash and investment balances to fund the purchase.

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. References to 2012 relate to the 53-week fiscal year ended September 2, 2012, with the 53rd week falling in the fourth fiscal quarter. References to 2011 and 2010 relate to the 52-week fiscal years ended August 28, 2011 and August 29, 2010, respectively.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (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. Actual results could differ from those estimates and assumptions.

Reclassifications

Certain reclassifications have been made to prior fiscal year amounts or balances to conform to the presentation in the current fiscal year. These reclassifications did not have a material impact on the Company's previously reported consolidated financial statements.

Cash and Cash Equivalents

The Company considers as cash and cash equivalents all highly liquid investments with a maturity of three months or less at the date of purchase and proceeds due from credit and debit card transactions with settlement terms of up to one week. Credit and debit card receivables were $1,161 and $982 at the end of 2012 and 2011, respectively.

Short-Term Investments

In general, short-term investments have a maturity at the date of purchase of three months to five years. Investments with maturities beyond five years may be classified, based on the Company's determination, as short-term based on their highly liquid nature and because they represent the investment of cash that is available for current operations. Short-term investments classified as available-for-sale are recorded at fair value using the specific identification method with the unrealized gains and losses reflected in accumulated other comprehensive income until realized. Realized gains and losses from the sale of available-for-sale securities, if any, are determined on a specific identification basis and all are recorded in interest income and other, net in the consolidated statements of income. Short-term investments classified as held-to-maturity are financial instruments that the Company has the intent and ability to hold to maturity and are reported net of any related amortization and are not remeasured to fair value on a recurring basis.

The Company periodically evaluates unrealized losses in its investment securities for other-than-temporary impairment, using both qualitative and quantitative criteria. In the event a security is deemed to be other-than-temporarily impaired, the Company recognizes the credit loss component in interest income and other, net in the consolidated statements of income. The majority of the Company's investments are in debt securities.

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments, including cash and cash equivalents, receivables, and accounts payable, approximate fair value due to their short-term nature or variable interest rates. See Notes 2, 3, and 4 for the carrying value and fair value of the Company's investments, derivative instruments, and fixed-rate debt, respectively.

The Company accounts for certain asets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying a fair value hierarchy, which requires maximizing the use of observable inputs when measuring fair value. The three levels of inputs are:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Significant unobservable inputs that are not corroborated by market data.

The Company's valuation techniques used to measure the fair value of money market mutual funds are based on quoted market prices, such as quoted net asset values published by the fund as supported in an active market. Valuation methodologies used to measure the fair value of all other non-derivative financial instruments are based on "consensus pricing," using market prices from a variety of industry-standard independent data providers or pricing that considers various assumptions, including time value, yield curve, volatility factors, credit spreads, default rates, loss severity, current market and contractual prices for the underlying instruments or debt, broker and dealer quotes, as well as other relevant economic measures. All are observable in the market or can be derived principally from or corroborated by observable market data, for which the Company typically receives independent external valuation information.

The Company reports transfers in and out of Levels 1, 2, and 3, as applicable, using the fair value of the individual securities as of the beginning of the reporting period in which the transfer(s) occurred.

The Company's current financial liabilities have fair values that approximate their carrying values. The Company's long-term financial liabilities consist of long-term debt, which is recorded on the balance sheet at issuance price and adjusted for any applicable unamortized discounts or premiums.

Receivables, Net

Receivables consist of the following at the end of 2012 and 2011:

	2012	**2011**
Vendor receivables	$545	$520

Reinsurance receivables	226	201
Third-party pharmacy receivables	104	86
Receivables from governmental entities	87	98
Other receivables	66	63
Allowance for doubtful accounts	(2)	(3)
Receivables, Net	$1,026	$965

Vendor receivables include payments from vendors in the form of volume rebates or other purchase discounts that are evidenced by signed agreements and are reflected in the carrying value of the inventory when earned or as the Company progresses towards earning the rebate or discount and as a component of merchandise costs as the merchandise is sold. Vendor receivable balances are generally presented on a gross basis, separate from any related payable due. In certain circumstances, these receivables may be settled against the related payable to that vendor. Other consideration received from vendors is generally recorded as a reduction of merchandise costs upon completion of contractual milestones, terms of the related agreement, or by another systematic approach.

Reinsurance receivables are held by the Company's wholly-owned captive insurance subsidiary. The receivable balance primarily represents amounts ceded through reinsurance arrangements, and are reflected on a gross basis, separate from the amounts assumed under reinsurance, which are presented on a gross basis within other current liabilities on the consolidated balance sheets. Third-party pharmacy receivables generally relate to amounts due from members' insurance companies for the amount above their co-pay, which is collected at the point-of-sale. Receivables from governmental entities largely consist of tax related items.

Receivables are recorded net of an allowance for doubtful accounts. Management determines the allowance for doubtful accounts based on historical experience and application of the specific identification method. Write-offs of receivables were immaterial for fiscal years 2012, 2011, and 2010.

Merchandise Inventories

Merchandise inventories consist of the following at the end of 2012 and 2011:

	2012	2011
United States (primarily LIFO)	$4,967	$4,548
Foreign (FIFO)	2,129	2,090
Merchandise Inventories	$7,096	$6,638

Merchandise inventories are valued at the lower of cost or market, as determined primarily by the retail inventory method, and are stated using the last-in, first-out (LIFO) method for substantially all U.S. merchandise inventories. Merchandise inventories for all foreign operations are primarily valued by the retail inventory method and are stated using the first-in, first-out (FIFO) method. The Company believes the LIFO method more fairly presents the results of operations by more closely matching current costs with current revenues. The Company records an adjustment each quarter, if necessary, for the projected annual effect of inflation or deflation, and these estimates are adjusted to actual results determined at year-end, when actual inflation rates and inventory levels have been determined.

Due to net inflationary trends in 2012 and 2011, merchandise inventories valued at LIFO were lower than FIFO, resulting in a charge to merchandise costs of $21 and $87, respectively. At the end 2012 and 2011, the cumulative impact of the LIFO valuation on merchandise inventories was $108 and $87, respectively. At the end of 2010, merchandise inventories valued at LIFO approximated FIFO after considering the lower of cost or market principle.

The Company provides for estimated inventory losses between physical inventory counts as a percentage of net sales, using estimates based on the Company's experience. The provision is adjusted periodically to reflect the results of the actual physical inventory counts, which generally occur in the second and fourth fiscal quarters of the fiscal year. Inventory cost, where appropriate, is reduced by estimates of vendor rebates when earned or as the Company progresses towards earning those rebates, provided that they are probable and reasonably estimable.

Property and Equipment

Property and equipment are stated at cost. In general, new building additions are separated into components, each with its own estimated useful life, generally five to fifty years for buildings and improvements and three to twenty years for equipment and fixtures. Depreciation and amortization expense is computed using the straight-line method over estimated useful lives or the lease term, if shorter. Leasehold improvements incurred after the beginning of the initial lease term are depreciated over the shorter of the estimated useful life of the asset or the remaining term of the initial lease plus any renewals that are reasonably assured at the date the leasehold improvements are made.

Repair and maintenance costs are expensed when incurred. Expenditures for remodels, refurbishments and improvements that add to or change the way an asset functions or that extend the useful life of an asset are capitalized. Assets that were removed during the remodel, refurbishment or improvement are retired. Assets classified as held for sale were not material at the end of 2012 or 2011.

The Company evaluates long-lived assets for impairment on an annual basis, when relocating or closing a facility, or when events or changes in circumstances occur that may indicate the carrying amount of the asset group, generally an individual warehouse, may not be fully recoverable. For asset groups held and used, including warehouses to be relocated, the carrying value of the asset group is considered recoverable when the estimated future undiscounted cash flows generated from the use and eventual disposition of the asset group exceed the group's net carrying value. In the event that the carrying value is not considered recoverable, an impairment loss would be recognized for the asset group to be held and used equal to the excess of the carrying value above the estimated fair value of the asset group. For asset groups classified as held for sale (disposal group), the carrying value is compared to the disposal group's fair value less costs to sell. The Company estimates fair value by obtaining market appraisals from third party brokers or other valuation techniques. Impairment charges, included in selling, general and administrative expenses on the consolidated statements of income, in 2012, 2011, and 2010 were immaterial.

Software Costs

The Company capitalizes certain computer software and software development costs incurred in connection with developing or obtaining computer software for internal use. These costs are included in property, plant, and equipment and amortized on a straight-line basis over the estimated useful lives of the software, generally three to seven years.

Other Assets

Other assets consist of the following at the end of 2012 and 2011:

	2012	2011
Prepaid rents, lease costs, and long-term deposits	$230	$211
Receivables from governmental entities	225	216
Cash surrender value of life insurance	76	71
Goodwill, net	66	74
Other	56	51
Other Assets	$653	$623

Receivables from governmental entities largely consists of various tax related items including amounts deposited with taxing authorities in connection with ongoing income tax audits and long term deferred tax assets. The Company adjusts the carrying value of its employee life insurance contracts to the net cash surrender value at the end of each reporting period. Goodwill resulting from certain business combinations is reviewed for impairment in the fourth quarter of each fiscal year, or more frequently if circumstances dictate. No impairment of goodwill has been incurred to date.

Accounts Payable

The Company's banking system provides for the daily replenishment of major bank accounts as checks are presented. Included in accounts payable at the end of 2012 and 2011 are $565 and $108, respectively, representing the excess of outstanding checks over cash on deposit at the banks on which the checks were drawn.

Insurance/Self-Insurance Liabilities

The Company uses a combination of insurance and self-insurance mechanisms, including a wholly-owned captive insurance subsidiary and participation in a reinsurance pool, to provide for potential liabilities for workers' compensation, general liability, property damage, directors' and officers' liability, vehicle liability, and employee health care benefits. The reinsurance agreement is one year in duration and new agreements are entered into by each participant at their discretion at the commencement of the next fiscal year. Liabilities associated with the risks that are retained by the Company are not discounted and are estimated, in part, by considering historical claims experience, demographic factors, severity factors, and other actuarial assumptions. The estimated accruals for these liabilities could be significantly affected if future occurrences and claims differ from these assumptions and historical trends. As of the end of 2012 and 2011, these insurance liabilities were $688 and $595 in the aggregate, respectively, and were included in accounts payable, accrued salaries and benefits, and other current liabilities on the consolidated balance sheets, classified based on their nature.

The Company's wholly-owned captive insurance subsidiary (the captive) receives direct premiums, which are netted against the Company's premium costs in selling, general and administrative expenses, in the consolidated statements of income. The captive participates in a reinsurance program that includes other third-party members. The member agreements and practices of the reinsurance program limit any participating members' individual risk. Income statement adjustments related to the reinsurance program and related impacts to the consolidated balance sheets are recognized as information becomes known. In the event the Company leaves the reinsurance program, the Company is not relieved of its primary obligation to the policyholders for activity prior to the termination of the annual agreement.

Other Current Liabilities

Other current liabilities consist of the following at the end of 2012 and 2011:

	2012	2011
Insurance-related liabilities	$308	$276
Deferred sales	159	141
Cash card liability	133	116
Other current liabilities	104	112
Tax-related liabilities	88	122
Sales return reserve	86	74
Vendor consideration liabilities	57	46
Interest payable	30	51
Other Current Liabilities	$965	$938

Asset Retirement Obligations

The Company's asset retirement obligations (ARO) are related to leasehold improvements that at the end of a lease must be removed in order to comply with the lease agreement. These obligations are recorded as a liability with an offsetting capital asset at the inception of the lease term based upon the estimated fair market value of the costs to remove the leasehold improvements. These liabilities, included in deferred income taxes and other liabilities, are accreted over time to the projected future value of the obligation using the Company's incremental borrowing rate. The capitalized ARO assets are depreciated using the same depreciation convention as the respective leasehold improvement assets and are included with buildings and improvements.

Derivatives

The Company is exposed to foreign-currency exchange-rate fluctuations in the normal course of business. The Company manages these fluctuations, in part, through the use of forward foreign-exchange contracts, seeking to economically hedge the impact of fluctuations of foreign exchange on known future expenditures denominated in a non-functional foreign-currency. The contracts are intended primarily to economically hedge exposure to U.S. dollar merchandise inventory expenditures made by the Company's international subsidiaries, whose functional currency is not the U.S. dollar. Currently, these contracts do not qualify for derivative hedge accounting. The Company seeks to mitigate risk with the use of these contracts and does not intend to engage in speculative transactions. These contracts do not contain any credit-risk-related contingent features.

The aggregate notional amounts of open, unsettled forward foreign-exchange contracts were $284 and $247 at the end of 2012 and 2011, respectively.

The Company seeks to manage counterparty risk associated with these contracts by limiting transactions to counterparties with which the Company has an established banking relationship. There can be no assurance, however, that this practice effectively mitigates counterparty risk. The contracts are limited to less than one year in duration. See Note 3 for information on the fair value of open, unsettled forward foreign-exchange contracts at the end of 2012 and 2011.

The unrealized gains or (losses) recognized in interest income and other, net in the accompanying consolidated statements of income relating to the net changes in the fair value of open, unsettled forward foreign-exchange contracts were immaterial in 2012, 2011, and 2010.

The Company is exposed to fluctuations in prices for the energy it consumes, particularly electricity and natural gas, which it seeks to partially mitigate through the use of fixed-price contracts for certain of its warehouses and other facilities, primarily in the U.S. and Canada. The Company also enters into variable-priced contracts for some purchases of natural gas, in addition to fuel for its gas stations, on an index basis. These contracts meet the characteristics of derivative instruments, but generally qualify for the “normal purchases or normal sales” exception under authoritative guidance and, thus, require no mark-to-market adjustment.

Foreign-Currency

The functional currencies of the Company’s international subsidiaries are the local currency of the country in which the subsidiary is located. Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Translation adjustments resulting from this process are recorded in accumulated other comprehensive income. Revenues and expenses of the Company’s consolidated foreign operations are translated at average rates of exchange prevailing during the year.

The Company recognizes foreign-currency transaction gains and losses related to revaluing all monetary assets and revaluing or settling monetary liabilities denominated in currencies other than the functional currency (generally the U.S. dollar cash and cash equivalents and the U.S. dollar payables of consolidated subsidiaries to their functional currency) in interest income and other, net in the accompanying condensed consolidated statements of income. Also included are realized foreign-currency gains or losses from all settlements of forward foreign-exchange contracts. These items resulted in a net gain of $41, $8 and $13 in 2012, 2011, and 2010, respectively.

Revenue Recognition

The Company generally recognizes sales, which include shipping fees where applicable, net of estimated returns, at the time the member takes possession of merchandise or receives services. When the Company collects payments from customers prior to the transfer of ownership of merchandise or the performance of services, the amounts received are generally recorded as deferred sales, included in other current liabilities on the consolidated balance sheets, until the sale or service is completed. The Company reserves for estimated sales returns based on historical trends in merchandise returns, net of the estimated net realizable value of merchandise inventories to be returned and any estimated disposition costs. Amounts collected from members, which under common trade practices are referred to as sales taxes, are recorded on a net basis.

The Company evaluates whether it is appropriate to record the gross amount of merchandise sales and related costs or the net amount earned as commissions. Generally, when Costco is the primary obligor, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, can influence product or service specifications, or has several but not all of these indicators, revenue and related shipping fees are recorded on a gross basis. If the Company is not the primary obligor and does not possess other indicators of gross reporting as noted above, it records the net amounts as commissions earned, which is reflected in net sales.

Membership fee revenue represents annual membership fees paid by substantially all of the Company's members. The Company accounts for membership fee revenue, net of estimated refunds, on a deferred basis, whereby revenue is recognized ratably over the one-year membership period. The Company's Executive Members qualify for a 2% reward (beginning November, 1, 2011 the reward increased from a maximum of $500 to $750 per year on qualified purchases), which can be redeemed at Costco warehouses. The Company accounts for this reward as a reduction in sales. The sales reduction and corresponding liability are computed after giving effect to the estimated impact of non-redemptions based on historical data. The net reduction in sales was $900, $790, and $688 in 2012, 2011, and 2010, respectively.

Merchandise Costs

Merchandise costs consist of the purchase price of inventory sold, inbound and outbound shipping charges and all costs related to the Company's depot operations, including freight from depots to selling warehouses, and are reduced by vendor consideration. Merchandise costs also include salaries, benefits, and depreciation on production equipment in fresh foods and certain ancillary departments.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of salaries, benefits and workers' compensation costs for warehouse employees, other than fresh foods departments and certain ancillary businesses, as well as all regional and home office employees, including buying personnel. Selling, general and administrative expenses also include utilities, bank charges, rent and substantially all building and equipment depreciation, as well as other operating costs incurred to support warehouse operations.

Marketing and Promotional Expenses

Marketing and promotional costs are expensed as incurred and are included in selling, general and administrative expenses in the accompanying consolidated statements of income.

Stock-Based Compensation

Compensation expense for all stock-based awards granted is recognized using the straight-line method. The fair value of restricted stock units (RSUs) is calculated as the market value of the common stock on the measurement date less the present value of the expected dividends forgone during the vesting period. The fair value of stock options was measured using the Black-Scholes valuation model. While options and RSUs granted to employees generally vest over five years, all grants allow for either daily or quarterly vesting of the pro-rata number of stock-based awards that would vest on the next anniversary of the grant date in the event of retirement or voluntary termination. The historical experience rate of actual forfeitures has been minimal. As such, the Company does not reduce stock-based compensation for an estimate of forfeitures because the estimate is inconsequential in light of historical experience and considering the awards vest on either a daily or quarterly basis. The impact of actual forfeitures arising in the event of involuntary termination is recognized as actual forfeitures occur, which generally has been infrequent. Stock options have a ten-year term. Stock-based compensation expense is predominantly included in selling, general and administrative expenses on the consolidated statements of income. See Note 7 for additional information on the Company's stock-based compensation plans.

Leases

The Company leases land and/or buildings at warehouses and certain other office and distribution facilities, primarily under operating leases. Operating leases expire at various dates through 2052, with the exception of one lease in the Company's United Kingdom subsidiary, which expires in 2151. These leases generally contain one or more of the following options which the Company can exercise at the end of the initial lease term: (a) renewal of the lease for a defined number of years at the then-fair market rental rate or rate stipulated in the lease agreement; (b) purchase of the property at the then-fair market value; or (c) right of first refusal in the event of a third-party purchase offer.

The Company accounts for its lease expense with free rent periods and step-rent provisions on a straight-line basis over the original term of the lease and any exercised extension options, from the date the Company has control of the property. Certain leases provide for periodic rental increases based on the price indices, and some of the leases provide for rents based on the greater of minimum guaranteed amounts or sales volume.

The Company has entered into capital leases for warehouse locations, expiring at various dates through 2040. Capital lease assets are included in buildings and improvements in the accompanying consolidated balance sheets. Amortization expense on capital lease assets is recorded as depreciation expense and is predominately included in selling, general and administrative expenses. Capital lease liabilities are recorded at the lesser of the estimated fair market value of the leased property or the net present value of the aggregate future minimum lease payments and are included in other current liabilities and deferred income taxes and other liabilities. Interest on these obligations is included in interest expense.

Preopening Expenses

Preopening expenses related to new warehouses, new regional offices and other startup operations are expensed as incurred.

Interest Income and Other, Net

Interest income and other, net includes:

	2012	2011	2010
Interest income, net	$49	$41	$23
Foreign-currency transactions gains (losses), net	40	9	14
Earnings from affiliates and other, net	14	10	51
Interest Income and Other, Net	$103	$60	$88

For 2010, the equity in earnings of Costco Mexico, $41, is included in interest income and other, net in the accompanying consolidated statements of income.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credits and loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carry-forwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is established when necessary to reduce deferred tax assets to amounts expected to be realized.

The determination of the Company's provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits of uncertain tax positions are recorded in the Company's consolidated financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from tax authorities. When facts and circumstances change, the Company reassesses these probabilities and records any changes in the consolidated financial statements as appropriate. See Note 9 for additional information.

Net Income per Common Share Attributable to Costco

The computation of basic net income per share uses the weighted average number of shares that were outstanding during the period. The computation of diluted net income per share uses the weighted average number of shares in the basic net income per share calculation plus the number of common shares that would be issued assuming exercise and vesting to the participant of all potentially dilutive common shares outstanding using the treasury stock method for shares subject to stock options and restricted stock units and the "if converted" method for the convertible note securities.

Stock Repurchase Programs

Repurchased shares of common stock are retired, in accordance with the Washington Business Corporation Act. The par value of repurchased shares is deducted from common stock and the excess repurchase price over par value is deducted from additional paid-in capital and retained earnings. See Note 6 for additional information.

Recently Adopted Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued guidance related to fair value measurement that changes the wording used to describe many requirements in GAAP for measuring and disclosing fair values. Additionally, the amendments clarify the application of existing fair value measurement requirements. The amended guidance is effective prospectively for interim and annual periods beginning after December 15, 2011. The Company adopted this guidance at the beginning of its third quarter of 2012. Adoption of this guidance did not have a material impact on the Company's consolidated financial statement disclosures.

Recent Accounting Pronouncements Not Yet Adopted

In June 2011, the FASB issued guidance that eliminates the option to report other comprehensive income and its components in the statement of changes in equity. Instead, an entity will be required to either present a continuous statement of net income and other comprehensive income or present the information in two separate but consecutive statements. The new guidance must be applied retrospectively and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company plans to adopt this guidance at the beginning of its first quarter of fiscal year 2013. Adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements and will impact the financial statements' presentation only. A portion of the new comprehensive income guidance required entities to present reclassification adjustments out of accumulated other comprehensive income by component in both the statement in which net income is presented and the statement in which other comprehensive income is presented. In December 2011, the FASB issued guidance which indefinitely defers the guidance related to the presentation of reclassification adjustments on the face of the financial statements.

In September 2011, the FASB issued guidance to amend and simplify the rules related to testing goodwill for impairment. The revised guidance allows an initial qualitative evaluation, based on the entity's events and circumstances, to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The results of this qualitative assessment determine whether it is necessary to perform the currently required two-step impairment test. The new guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The Company plans to adopt this guidance at the beginning of its first quarter of fiscal year 2013. Adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

Quarterly Financial Data (Unaudited) (Tables)

12 Months Ended Sep. 02, 2012

Unaudited Quarterly Results of Operations

The two tables that follow reflect the unaudited quarterly results of operations for 2012 and 2011.

	53 Weeks Ended September 2, 2012				
	First Quarter 12 Weeks	Second Quarter 12 Weeks	Third Quarter 12 Weeks	Fourth Quarter 17 Weeks	Total 53 Weeks
REVENUE					
Net sales	$21,181	$22,508	$21,849	$31,524	$97,062
Membership fees	447	459	475	694	2,075
Total revenue	21,628	22,967	22,324	32,218	99,137
OPERATING EXPENSES					
Merchandise costs	18,931	20,139	19,543	28,210 (4)	86,823
Selling, general and administrative	2,144 (1)	2,178	2,152	3,044	9,518
Preopening expenses	10	6	6	15	37
Operating income	543	644	623	949	2,759
OTHER INCOME (EXPENSE)					
Interest expense	(27)	(27)	(19)	(22)	(95)
Interest income and other, net	37	10	18	38	103
INCOME BEFORE INCOME TAXES	553	627	622	965	2,767
Provision for income taxes	225 (2)	215	217	343	1,000
Net income including noncontrolling interests	328	412	405	622	1,767
Net income attributable to noncontrolling interests	(8)	(18)	(19)	(13)	(58)
NET INCOME ATTRIBUTABLE TO COSTCO	$320	$394	$386	$609	$1,709
NET INCOME PER COMMON SHARE					

ATTRIBUTABLE TO COSTCO:					
Basic	$0.74	$0.91	$0.89	$1.41	$3.94
Diluted	$0.73	$0.90	$0.88	$1.39	$3.89
Shares used in calculation (000's)					
Basic	434,222	434,535	433,791	432,437	433,620
Diluted	440,615	439,468	439,166	438,344	439,373
CASH DIVIDENDS DECLARED PER COMMON SHARE	$0.240	$0.240	$0.000 (3)	$0.550 (5)	$1.03

(1) Includes a $17 charge to selling, general and administrative for contributions to an initiative reforming alcohol beverage laws in Washington State.

(2) Includes a $24 charge relating to the settlement of an income tax audit in Mexico (See Note 9—Income Taxes).

(3) On May 9, 2012, subsequent to the end of the third quarter of 2012, the Board of Directors declared a quarterly cash dividend of $0.275 per share.

(4) Includes a $12 increase to merchandise costs for a LIFO inventory adjustment (see Note 1—Merchandise Inventories).

(5) Our current quarterly dividend rate is $0.275 per share.

	52 Weeks Ended August 28, 2011				
	First Quarter 12 Weeks	Second Quarter 12 Weeks	Third Quarter 12 Weeks	Fourth Quarter 16 Weeks	Total 52 Weeks
REVENUE					
Net sales	$18,823	$20,449	$20,188	$27,588	$87,048
Membership fees	416	426	435	590	1,867
Total revenue	19,239	20,875	20,623	28,178	88,915
OPERATING EXPENSES					
Merchandise costs	16,757	18,235 (1)	18,067 (1)	24,680 (1)	77,739
Selling, general and administrative	1,945	2,040	1,992	2,714	8,691
Preopening expenses	12	4	8	22	46
Operating income	525	596	556	762	2,439
OTHER INCOME (EXPENSE)					
Interest expense	(26)	(27)	(27)	(36)	(116)

Interest income and other, net	5	4	5	46	60
INCOME BEFORE INCOME TAXES	504	573	534	772	2,383
Provision for income taxes	172	204	193	272	841
Net income including noncontrolling interests	332	369	341	500	1,542
Net income attributable to noncontrolling interests	(20)	(21)	(17)	(22)	(80)
NET INCOME ATTRIBUTABLE TO COSTCO	$312	$348	$324	$478	$1,462
NET INCOME PER COMMON SHARE ATTRIBUTABLE TO COSTCO:					
Basic	$0.72	$0.80	$0.74	$1.09	$3.35
Diluted	$0.71	$0.79	$0.73	$1.08	$3.30
Shares used in calculation (000's)					
Basic	434,099	436,682	436,977	436,596	436,119
Diluted	441,360	443,186	443,570	443,518	443,094
CASH DIVIDENDS DECLARED PER COMMON SHARE	$0.205	$0.205	$0.240	$0.240	$0.89

(1) Includes a $6, $49 and $32 increase to merchandise costs for a LIFO inventory adjustment for the second, third and fourth quarters, respectively (see Note 1—Merchandise Inventories).

Proceeds from Sales of Available for Sale Securities (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
Schedule of Available-for-sale Securities [Line Items]			
Proceeds	$ 482	$ 602	$ 309

Stock-Based Compensation Plans - Additional Information (Detail) (USD $) In Millions, except Share data, unless otherwise specified	12 Months Ended	
	Sep. 02, 2012 Year	Aug. 29, 2010
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Options exercisable, number of options		13,032,000
Options exercisable, weighted-average exercise price		$ 39.43
Non-recurring benefit tax benefit to selling, general and administrative expense related to reversal of expense related to mitigating potential adverse tax consequences		$ 24
Minimum years of service in company necessary to receive accelerated vesting	25	
Number of shares available to be granted as RSUs	14,345,000	
Time-based RSUs awards outstanding	8,558,000	
Performance-based RSUs awards outstanding	702,000	
Outstanding performance-based RSUs awards to be granted	304,000	
Employees		
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Time period over which RSUs vest (in years)	5 years	
Non-Employee Directors [Member]		
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Time period over which RSUs vest (in years)	3 years	
Fourth Restated 2002 Plan		
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Portion of each share issued counted towards limit of shares available	1.75	
Sixth Restated 2002 Plan		
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Additional number of shares authorized	16,000,000	
Restricted Stock Units (RSUs)		
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Unrecognized compensation cost	422	
Weighted-average period of time (in years)	1 year 8 months 12 days	
Restricted stock units vested but not delivered	2,900,000	
Restricted Stock Units (RSUs) | Sixth Restated 2002 Plan		
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]		
Additional number of shares authorized	9,143,000	

Consolidated Balance Sheets (USD $) In Millions, unless otherwise specified	Sep. 02, 2012	Aug. 28, 2011
CURRENT ASSETS		
Cash and cash equivalents	$ 3,528	$ 4,009
Short-term investments	1,326	1,604
Receivables, net	1,026	965
Merchandise inventories	7,096	6,638
Deferred income taxes and other current assets	550	490
Total current assets	13,526	13,706
PROPERTY AND EQUIPMENT		
Land	4,032	3,819
Buildings and improvements	10,879	10,278
Equipment and fixtures	4,261	4,002
Construction in progress	374	269
Gross property, plant and equipment	19,546	18,368
Less accumulated depreciation and amortization	(6,585)	(5,936)
Net property and equipment	12,961	12,432
OTHER ASSETS	653	623
TOTAL ASSETS	27,140	26,761
CURRENT LIABILITIES		
Accounts payable	7,303	6,544
Current portion of long-term debt	1	900
Accrued salaries and benefits	1,832	1,758
Accrued member rewards	661	602
Accrued sales and other taxes	397	335
Other current liabilities	965	938
Deferred membership fees	1,101	973
Total current liabilities	12,260	12,050
LONG-TERM DEBT, excluding current portion	1,381	1,253
DEFERRED INCOME TAXES AND OTHER LIABILITIES	981	885
Total liabilities	14,622	14,188
COMMITMENTS AND CONTINGENCIES		
EQUITY		
Preferred stock $.005 par value; 100,000,000 shares authorized; no shares issued and outstanding	0	0
Common stock $.005 par value; 900,000,000 shares authorized; 432,350,000 and 434,266,000 shares issued and outstanding	2	2
Additional paid-in capital	4,369	4,516
Accumulated Other Comprehensive Income	156	373
Retained earnings	7,834	7,111
Total Costco stockholders' equity	12,361	12,002
Noncontrolling interests	157	571

Total equity	12,518	12,573
TOTAL LIABILITIES AND EQUITY	$ 27,140	$ 26,761

Debt (Schedule Of Short-Term Debt) (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended	
	Sep. 02, 2012	Aug. 28, 2011
JAPAN		
Short-term Debt [Line Items]		
Maximum Amount Outstanding During the Fiscal Year	$ 83	$ 70
Average Amount Outstanding During the Fiscal Year	57	20
Weighted Average Interest Rate During the Fiscal Year	0.58%	0.58%
UNITED KINGDOM		
Short-term Debt [Line Items]		
Maximum Amount Outstanding During the Fiscal Year	3	16
Average Amount Outstanding During the Fiscal Year	0	4
Weighted Average Interest Rate During the Fiscal Year	1.50%	1.50%
CANADA		
Short-term Debt [Line Items]		
Maximum Amount Outstanding During the Fiscal Year		6
Average Amount Outstanding During the Fiscal Year		$ 4
Weighted Average Interest Rate During the Fiscal Year		3.00%

Consolidated Statements of Cash Flows (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income including noncontrolling interests	$ 1,767	$ 1,542	$ 1,323
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:			
Depreciation and amortization	908	855	795
Stock-based compensation	241	207	190
Excess tax benefits on stock-based awards	(64)	(45)	(10)
Other non-cash operating activities, net	28	23	(40)
Deferred income taxes	(3)	84	7
Changes in operating assets and liabilities, net of the initial consolidation of Costco Mexico at the beginning of fiscal 2011:			
Increase in merchandise inventories	(490)	(642)	(213)
Increase in accounts payable	338	804	445
Other operating assets and liabilities, net	332	370	283
Net cash provided by operating activities	3,057	3,198	2,780
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of short-term investments	(2,048)	(3,276)	(2,693)
Maturities of short-term investments	1,821	2,614	1,428
Sales of investments	482	602	309
Additions to property and equipment	(1,480)	(1,290)	(1,055)
Proceeds from the sale of property and equipment	11	16	4
Increase resulting from initial consolidation of Costco Mexico	0	165	0
Other investing activities, net	(22)	(11)	(8)
Net cash used in investing activities	(1,236)	(1,180)	(2,015)
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in bank checks outstanding	457	(514)	5
Repayments of short-term borrowings	(114)	(105)	(73)
Proceeds from short-term borrowings	114	79	81
Proceeds from issuance of long-term debt	130	0	0
Repayments of long-term debt	(900)	0	(84)
Investment by (distribution to) noncontrolling interests	(161)	9	0
Proceeds from exercise of stock options	109	285	235
Minimum tax withholdings on stock-based awards	(107)	(61)	(42)
Excess tax benefits on stock-based awards	64	45	10
Repurchases of common stock	(632)	(624)	(551)
Cash dividend payments	(446)	(389)	(338)
Purchase of noncontrolling interest in Costco Mexico	(789)	0	0
Other financing activities, net	(6)	(2)	38
Net cash used in financing activities	(2,281)	(1,277)	(719)

EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(21)	54	11
Net increase (decrease) in cash and cash equivalents	(481)	795	57
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	4,009	3,214	3,157
CASH AND CASH EQUIVALENTS END OF YEAR	3,528	4,009	3,214
Cash paid during the year for:			
Interest (reduced by $10, $9, and $11 interest capitalized in 2012, 2011, and 2010, respectively)	112	111	110
Income taxes	956	742	637
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:			
(Decrease)/increase in accrued property and equipment	(29)	(10)	24
Property acquired under capital leases	18	0	90
Unsettled repurchases of common stock	2	17	17
Distribution declared but not paid to noncontrolling interest	$ 22	$ 0	$ 0

Retirement Plans - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Sep. 02, 2012 Day	Aug. 28, 2011	Aug. 29, 2010
Retirement Plans [Line Items]			
Minimum number of days of employment to qualify for 401(k) retirement plan	90		
Amounts expensed under defined contribution and defined benefit plans	$ 382	$ 345	$ 313
US Employees Other Than California Union			
Retirement Plans [Line Items]			
Deferred pre-tax matching contribution rate of employee benefits	50% of the first one thousand dollars		
California Union Employees			
Retirement Plans [Line Items]			
Deferred pre-tax matching contribution rate of employee benefits	50% of the first five hundred dollars		

Summary Of Significant Accounting Policies (Merchandise Inventories (Detail) (USD $) In Millions, unless otherwise specified	Sep. 02, 2012	Aug. 28, 2011
Schedule of Inventory [Line Items]		
Merchandise inventories	$ 7,096	$ 6,638
UNITED STATES		
Schedule of Inventory [Line Items]		
United States (primarily LIFO)	4,967	4,548
Foreign		
Schedule of Inventory [Line Items]		
Foreign (FIFO)	$ 2,129	$ 2,090

Income Taxes (Gross Unrecognized Tax Benefits) (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended	
	Sep. 02, 2012	Aug. 28, 2011
Income Taxes		
Gross unrecognized tax benefit at beginning of year	$ 106	$ 83
Gross increases-current year tax positions	15	21
Gross increases-tax positions in prior years	3	10
Gross decreases-tax positions in prior years	(3)	(6)
Settlements	(3)	(1)
Lapse of statute of limitations	(2)	(1)
Gross unrecognized tax benefit at end of year	$ 116	$ 106

Summary of Significant Accounting Policies (Tables)	12 Months Ended Sep. 02, 2012

Receivables, Net

Receivables consist of the following at the end of 2012 and 2011:

	2012	2011
Vendor receivables	$545	$520
Reinsurance receivables	226	201
Third-party pharmacy receivables	104	86
Receivables from governmental entities	87	98
Other receivables	66	63
Allowance for doubtful accounts	(2)	(3)
Receivables, Net	$1,026	$965

Merchandise Inventories

Merchandise inventories consist of the following at the end of 2012 and 2011:

	2012	2011
United States (primarily LIFO)	$4,967	$4,548
Foreign (FIFO)	2,129	2,090
Merchandise Inventories	$7,096	$6,638

Other assets

Other assets consist of the following at the end of 2012 and 2011:

	2012	2011
Prepaid rents, lease costs, and long-term deposits	$230	$211
Receivables from governmental entities	225	216
Cash surrender value of life insurance	76	71
Goodwill, net	66	74
Other	56	51
Other Assets	$653	$623

Other Current Liabilities

Other current liabilities consist of the following at the end of 2012 and 2011:

	2012	2011
Insurance-related liabilities	$308	$276
Deferred sales	159	141
Cash card liability	133	116
Other current liabilities	104	112
Tax-related liabilities	88	122
Sales return reserve	86	74
Vendor consideration liabilities	57	46
Interest payable	30	51
Other Current Liabilities	$965	$938

Interest Income And Other, Net

Interest income and other, net includes:

	2012	2011	2010
Interest income, net	$49	$41	$23
Foreign-currency transactions gains (losses), net	40	9	14

Earnings from affiliates and other, net	14	10	51
Interest Income and Other, Net	$103	$60	$88

Summary Of Significant Accounting Policies (Other Assets) (Detail) (USD $) In Millions, unless otherwise specified	Sep. 02, 2012	Aug. 28, 2011
Summary Of Significant Accounting Policies		
Prepaid rents, lease costs, and long-term deposits	$ 230	$ 211
Receivables from governmental entities	225	216
Cash surrender value of life insurance	76	71
Goodwill, net	66	74
Other	56	51
Other Assets	$ 653	$ 623

Fair Value Measurement (Tables)

12 Months Ended Sep. 02, 2012

Fair Value of Financial Assets and Liabilities Measured on Recurring Basis

The tables below present information at the end 2012 and 2011, respectively, regarding the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis, and indicate the level within the fair value hierarchy of the valuation techniques utilized to determine such fair value. As of these dates, the Company's holdings of Level 3 financial assets and liabilities were immaterial.

2012:	Level 1	Level 2
Money market mutual funds(1)	$ 77	$ 0
Investment in U.S. government and agency securities(2)	0	794
Investment in corporate notes and bonds	0	54
Investment in FDIC-insured corporate bonds	0	35
Investment in asset and mortgage-backed securities	0	8
Forward foreign-exchange contracts, in asset position(3)	0	1
Forward foreign-exchange contracts, in (liability) position(3)	0	(3)
Total	$ 77	$ 889

2011:	Level 1	Level 2
Money market mutual funds(1)	$ 200	$0
Investment in U.S. government and agency securities(2)	0	1,177
Investment in corporate notes and bonds	0	7
Investment in FDIC-insured corporate bonds	0	209
Investment in asset and mortgage-backed securities	0	12
Forward foreign-exchange contracts, in asset position(3)	0	1
Forward foreign-exchange contracts, in (liability) position(3)	0	(2)
Total	$ 200	$1,404

(1) Included in cash and cash equivalents in the accompanying consolidated balance sheets.

(2) $12 and $782 included in cash and cash equivalents and short-term investments, respectively, in the accompanying consolidated balance sheets at the end of 2012. $73 and $1,104 included in cash and cash equivalents and short-term investments, respectively, in the accompanying consolidated balance sheet at the end of 2011.

(3) The asset and the liability values are included in deferred income taxes and other current assets and other current liabilities, respectively, in the accompanying consolidated balance sheets. See Note 1 for additional information on derivative instruments.

Segment Reporting Information by Segment (Detail) (USD $) In Millions, unless otherwise specified	3 Months Ended						4 Months Ended		12 Months Ended		
	May 06, 2012	Feb. 12, 2012	Nov. 20, 2011	May 08, 2011	Feb. 13, 2011	Nov. 21, 2010	Sep. 02, 2012	Aug. 28, 2011	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
Segment Reporting Information [Line Items]											
Total revenue	$ 22,324	$ 22,967	$ 21,628	$ 20,623	$ 20,875	$ 19,239	$ 32,218	$ 28,178	$ 99,137	$ 88,915	$ 77,946
Operating income	623	644	543	556	596	525	949	762	2,759	2,439	2,077
Depreciation and amortization									908	855	795
Capital expenditures, net									1,480	1,290	1,055
Property and equipment, net							12,961	12,432	12,961	12,432	11,314
Total assets							27,140	26,761	27,140	26,761	23,815
United States Operations											
Segment Reporting Information [Line Items]											
Total revenue									71,776	64,904	59,624
Operating income									1,632	1,395	1,310
Depreciation and amortization									667	640	625
Capital expenditures, net									1,012	876	804
Property and equipment, net							9,236	8,870	9,236	8,870	8,709
Total assets							18,401	18,558	18,401	18,558	18,247
Canadian Operations											
Segment Reporting Information [Line Items]											
Total revenue									15,717	14,020	12,051
Operating income									668	621	547
Depreciation and amortization									117	117	107
Capital expenditures, net									170	144	162
Property and equipment, net							1,664	1,608	1,664	1,608	1,474
Total assets							4,237	3,741	4,237	3,741	3,147
Other International Operations											
Segment Reporting Information [Line Items]											
Total revenue									11,644	9,991	6,271
Operating income									459	423	220
Depreciation and amortization									124	98	63
Capital expenditures, net									298	270	89
Property and equipment, net							2,061	1,954	2,061	1,954	1,131
Total assets							$ 4,502	$ 4,462	$ 4,502	$ 4,462	$ 2,421

Consolidated Statements of Cash Flows (Parenthetical) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
Interest capitalized	$ 10	$ 9	$ 11

Consolidated Balance Sheets (Parenthetical) (USD $)	Sep. 02, 2012	Aug. 28, 2011
Preferred stock, par value	$ 0.005	$ 0.005
Preferred stock, shares authorized	100,000,000	100,000,000
Preferred stock, shares issued	0	0
Preferred stock, shares outstanding	0	0
Common stock, par value	$ 0.005	$ 0.005
Common stock, shares authorized	900,000,000	900,000,000
Common stock, shares issued	432,350,000	434,266,000
Common stock, shares outstanding	432,350,000	434,266,000

Net Income per Common and Common Equivalent Share	12 Months Ended Sep. 02, 2012
Net Income per Common and Common Equivalent Share	

Note 10—Net Income per Common and Common Equivalent Share

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

	2012	2011	2010
Net income available to common stockholders used in basic and diluted net income per common share	$1,709	$1,462	$1,303
Interest on convertible notes, net of tax	1	1	1
Net income available to common stockholders after assumed conversions of dilutive securities	$1,710	$1,463	$1,304
Weighted average number of common shares used in basic net income per common share	433,620	436,119	438,611
Stock options and RSUs	4,906	6,063	6,409
Conversion of convertible notes	847	912	950
Weighted average number of common shares and dilutive potential of common stock used in diluted net income per share	439,373	443,094	445,970
Anti-dilutive RSUs	15	0	1,141

Document and Entity Information (USD $)	12 Months Ended Sep. 02, 2012	Oct. 05, 2012	Feb. 10, 2012
Document Information [Line Items]			
Document Type	10-K		
Amendment Flag	false		
Document Period End Date	Sep. 02, 2012		
Document Fiscal Year Focus	2012		
Document Fiscal Period Focus	FY		
Trading Symbol	COST		
Entity Registrant Name	COSTCO WHOLESALE CORP /NEW		
Entity Central Index Key	0000909832		
Current Fiscal Year End Date	--09-02		
Entity Well-known Seasoned Issuer	Yes		
Entity Current Reporting Status	Yes		
Entity Voluntary Filers	No		
Entity Filer Category	Large Accelerated Filer		
Entity Common Stock, Shares Outstanding		432,424,379	
Entity Public Float			$ 36,229,506,282

Commitments and Contingencies	12 Months Ended Sep. 02, 2012
Commitments and Contingencies	

Note 11—Commitments and Contingencies

Legal Proceedings

The Company is involved in a number of claims, proceedings and litigation arising from its business and property ownership. In accordance with applicable accounting guidance, the Company establishes an accrual for legal proceedings if and when those matters reach a stage where they present loss contingencies that are both probable and reasonably estimable. In such cases, there may be a possible exposure to loss in excess of any amounts accrued. The Company monitors those matters for developments that would affect the likelihood of a loss and the accrued amount, if any, thereof, and adjusts the amount as appropriate. If the loss contingency at issue is not both probable and reasonably estimable, the Company does not establish an accrual, but will continue to monitor the matter for developments that will make the loss contingency both probable and reasonably estimable. As of the date of this report, the Company has recorded an accrual with respect to one matter described below, which accrual is not material to the Company's financial statements. 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 our accrual) cannot in our view be reasonably estimated because, among other things, (i) the remedies or penalties sought are indeterminate or unspecified, (ii) the legal and/or factual theories are not well developed; and/or (iii) the matters involve complex or novel legal theories or a large number of parties.

The Company is a defendant in the following matters, among others:

A case brought as a class action on behalf of certain present and former female managers, in which plaintiffs allege denial of promotion based on gender in violation of Title VII of the Civil Rights Act of 1964 and California state law. Shirley "Rae" Ellis v. Costco Wholesale Corp., United States District Court (San Francisco), Case No. C-04-3341-MHP. Plaintiffs seek compensatory damages, punitive damages, injunctive relief, interest and attorneys' fees. Class certification was granted by the district court on January 11, 2007. On September 16, 2011, the United States Court of Appeals for the Ninth Circuit reversed the order of class certification and remanded to the district court for further proceedings. On September 25, 2012, the district court certified a class of women in the United States denied promotion to warehouse general manager or assistant general manager since January 3, 2002. Currently the class is believed to be approximately 1,250 people. Costco has sought permission to file an interlocutory appeal to the Ninth Circuit.

Numerous putative class actions have been brought around the United States against motor fuel retailers, including the Company, alleging that they have been overcharging consumers by selling gasoline or diesel that is warmer than 60 degrees without adjusting the volume sold to compensate for heat-related expansion or disclosing the effect of such expansion on the energy equivalent received by the consumer. The Company is named in the following actions: Raphael Sagalyn, et al., v. Chevron USA, Inc., et al., Case No. 07-430 (D. Md.); Phyllis Lerner, et al., v. Costco Wholesale Corporation, et al., Case No. 07-1216 (C.D. Cal.); Linda A. Williams, et al., v. BP Corporation North America, Inc., et al., Case No. 07-179 (M.D. Ala.); James Graham, et al. v. Chevron USA, Inc., et al., Civil Action No. 07-193 (E.D. Va.); Betty A. Delgado, et al., v. Allsups, Convenience Stores, Inc., et al., Case No. 07-202 (D.N.M.); Gary Kohut, et al. v. Chevron USA, Inc., et al., Case No. 07-285 (D. Nev.); Mark Rushing, et al., v. Alon USA, Inc., et al., Case No. 06-7621 (N.D. Cal.); James Vanderbilt, et al., v. BP Corporation North America, Inc., et al., Case No. 06-1052 (W.D. Mo.); Zachary Wilson, et al., v. Ampride, Inc., et al., Case No. 06-2582 (D. Kan.); Diane Foster, et al., v. BP North America Petroleum, Inc., et al., Case No. 07-02059 (W.D. Tenn.); Mara Redstone, et al., v. Chevron USA, Inc., et al., Case No. 07-20751 (S.D. Fla.); Fred Aguirre, et al. v. BP West Coast Products LLC, et al., Case No. 07-1534 (N.D. Cal.); J.C. Wash, et al., v. Chevron USA, Inc., et al.; Case No. 4:07cv37 (E.D. Mo.); Jonathan Charles Conlin, et al., v. Chevron USA, Inc., et al.; Case No. 07 0317 (M.D. Tenn.); William Barker, et al. v. Chevron USA, Inc., et al.; Case No. 07-cv-00293 (D.N.M.); Melissa J. Couch, et al. v. BP Products North America, Inc., et al., Case No. 07cv291 (E.D. Tex.); S. Garrett Cook, Jr., et al., v. Hess Corporation, et al., Case No. 07cv750 (M.D. Ala.); Jeff Jenkins, et al. v. Amoco Oil Company, et al., Case No. 07-cv-00661 (D. Utah); and Mark Wyatt, et al., v. B. P. America Corp., et al., Case No. 07-1754 (S.D. Cal.). On June 18, 2007, the Judicial Panel on Multidistrict Litigation assigned the action, entitled In re Motor Fuel Temperature Sales Practices Litigation, MDL Docket No 1840, to Judge Kathryn Vratil in the United States District Court for the District of Kansas. On April 12, 2009, the Company agreed to settle the actions in which it is named as a defendant. Under the settlement, which is subject to final approval by the court, the Company agreed, to the extent allowed by law, to install over five years from the effective date of the settlement temperature-correcting dispensers in the States of Alabama, Arizona, California, Florida, Georgia, Kentucky, Nevada, New Mexico, North Carolina, South Carolina, Tennessee, Texas, Utah, and Virginia. Other than payments to class representatives, the settlement does not provide for cash payments to class members. On September 22, 2011, the court preliminarily approved a revised settlement, which did not materially alter the terms. On April 24, 2012, the court granted final approval of the revised settlement. A class member who objected has filed a notice of appeal from the order approving the settlement. Plaintiffs have moved for an award of $10 million in attorneys' fees, as well as an award of costs and payments to class representatives. The Company has opposed the motion.

On October 4, 2006, the Company received a grand jury subpoena from the United States Attorney's Office for the Central District of California, seeking records relating to the Company's receipt and handling of hazardous merchandise returned by Costco members and other records. The Company has entered into a tolling agreement with the United States Attorney's Office.

The Environmental Protection Agency (EPA) issued an Information Request to the Company, dated November 1, 2007, regarding warehouses in the states of Arizona, California, Hawaii, and Nevada and relating to compliance with regulations concerning air-conditioning and refrigeration equipment. On March 4, 2009, the Company was advised by the Department of Justice that the Department was prepared to allege that the Company has committed at least nineteen violations of the leak-repair requirements of 40 C.F.R. § 82.156(i) and at least seventy-four violations of the recordkeeping requirements of 40 C.F.R. § 82.166(k), (m) at warehouses in these states. The Company has responded to these allegations, is engaged in communications with the Department about these and additional allegations, and has entered into tolling agreements. Substantial penalties may be levied for violations of the Clean Air Act. The Company is cooperating with this inquiry.

On October 7, 2009, the District Attorneys for San Diego, San Joaquin and Solano Counties filed a complaint, People of the State of California v. Costco Wholesale Corp., et al, No. 37-2009-00099912 (Superior Court for the County of San Diego), alleging on information and belief that the Company has violated and continues to violate provisions of the California Health and Safety Code and the Business and Professions Code through the use of certain spill clean-up materials at its gasoline stations. Relief sought includes, among other things, requests for preliminary and permanent injunctive relief, civil penalties, costs and attorneys' fees.

The Company has received notices from most states stating that they have appointed an agent to conduct an examination of the books and records of the Company to determine whether it has complied with state unclaimed property laws. In addition to seeking the turnover of unclaimed property subject to escheat laws, the states may seek interest, penalties, costs of examinations, and other relief. The State of Washington conducted such an examination on its own behalf and on February 4, 2011 issued an assessment of $3.3 million. The Company filed suit on March 4, 2011, to contest the assessment. In July 2012, summary judgment on liability was granted in favor of the State; damages will be determined at trial.

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; however, 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.

Consolidated Statements of Income (USD $) In Millions, except Share data in Thousands, unless otherwise specified	3 Months Ended						4 Months Ended		12 Months Ended		
	May 06, 2012	Feb. 12, 2012	Nov. 20, 2011	May 08, 2011	Feb. 13, 2011	Nov. 21, 2010	Sep. 02, 2012	Aug. 28, 2011	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
REVENUE											
Net sales	$ 21,849	$ 22,508	$ 21,181	$ 20,188	$ 20,449	$ 18,823	$ 31,524	$ 27,588	$ 97,062	$ 87,048	$ 76,255
Membership fees	475	459	447	435	426	416	694	590	2,075	1,867	1,691
Total revenue	22,324	22,967	21,628	20,623	20,875	19,239	32,218	28,178	99,137	88,915	77,946
OPERATING EXPENSES											
Merchandise costs	19,543	20,139	18,931	18,067 [1]	18,235 [1]	16,757	28,210 [2]	24,680 [1]	86,823	77,739	67,995
Selling, general and administrative	2,152	2,178	2,144 [3]	1,992	2,040	1,945	3,044	2,714	9,518	8,691	7,848
Preopening expenses	6	6	10	8	4	12	15	22	37	46	26
Operating income	623	644	543	556	596	525	949	762	2,759	2,439	2,077
OTHER INCOME (EXPENSE)											
Interest expense	(19)	(27)	(27)	(27)	(27)	(26)	(22)	(36)	(95)	(116)	(111)
Interest income and other, net	18	10	37	5	4	5	38	46	103	60	88
INCOME BEFORE INCOME TAXES	622	627	553	534	573	504	965	772	2,767	2,383	2,054
Provision for income taxes	217	215	225 [4]	193	204	172	343	272	1,000	841	731
Net income including noncontrolling interests	405	412	328	341	369	332	622	500	1,767	1,542	1,323
Net income attributable to noncontrolling interests	(19)	(18)	(8)	(17)	(21)	(20)	(13)	(22)	(58)	(80)	(20)
NET INCOME ATTRIBUTABLE TO COSTCO	$ 386	$ 394	$ 320	$ 324	$ 348	$ 312	$ 609	$ 478	$ 1,709	$ 1,462	$ 1,303
NET INCOME PER COMMON SHARE ATTRIBUTABLE TO COSTCO:											
Basic	$ 0.89	$ 0.91	$ 0.74	$ 0.74	$ 0.80	$ 0.72	$ 1.41	$ 1.09	$ 3.94	$ 3.35	$ 2.97
Diluted	$ 0.88	$ 0.90	$ 0.73	$ 0.73	$ 0.79	$ 0.71	$ 1.39	$ 1.08	$ 3.89	$ 3.30	$ 2.92
Shares used in calculation (000's)											
Basic	433,791	434,535	434,222	436,977	436,682	434,099	432,437	436,596	433,620	436,119	438,611
Diluted	439,166	439,468	440,615	443,570	443,186	441,360	438,344	443,518	439,373	443,094	445,970
CASH DIVIDENDS DECLARED PER COMMON SHARE	$ 0.000 [5]	$ 0.240	$ 0.240	$ 0.240	$ 0.205	$ 0.205	$ 0.550 [6]	$ 0.240	$ 1.03	$ 0.89	$ 0.77

[1] Includes a $6, $49 and $32 increase to merchandise costs for a LIFO inventory adjustment for the second, third and fourth quarters, respectively (see Note 1-Merchandise Inventories).

[2] Includes a $12 increase to merchandise costs for a LIFO inventory adjustment (see Note 1-Merchandise Inventories).

[3] Includes a $17 charge to selling, general and administrative for contributions to an initiative reforming alcohol beverage laws in Washington State.

[4] Includes a $24 charge relating to the settlement of an income tax audit in Mexico (See Note 9-Income Taxes).

[5] On May 9, 2012, subsequent to the end of the third quarter of 2012, the Board of Directors declared a quarterly cash dividend of $0.275 per share.

[6] Our current quarterly dividend rate is $0.275 per share.

Leases	12 Months Ended Sep. 02, 2012

Leases

Note 5—Leases

Operating Leases

The aggregate rental expense for 2012, 2011 and 2010 was $220, $208, and $187, respectively. Sublease income, included in interest income and other, net, and contingent rents are not material.

Capital Leases

Gross assets recorded under capital leases were $187 and $170, at the end of 2012 and 2011, respectively. These assets are recorded net of accumulated amortization of $19 and $13 at the end of 2012 and 2011, respectively.

At the end of 2012, future minimum payments, net of sub-lease income of $177 for all years combined, under non-cancelable operating leases with terms of at least one year and capital leases were as follows:

	Operating Leases	Capital Leases
2013	$ 189	$14
2014	184	14
2015	171	14
2016	164	15
2017	156	15
Thereafter	1,883	328
Total	$ 2,747	400
Less amount representing interest		(217)
Net present value of minimum lease payments		183
Less current installments[1]		(2)
Long-term capital lease obligations less current installments[2]		$181

(1) Included in other current liabilities.

(2) Included in deferred income taxes and other liabilities.

Certain leases may require the Company to incur costs to return leased property to its original condition, such as the removal of gas tanks. Estimated asset retirement obligations associated with these leases, which amounted to $44 and $31 at the end of 2012 and 2011, respectively, are included in deferred income taxes and other liabilities in the accompanying consolidated balance sheets.

Debt	12 Months Ended Sep. 02, 2012

Debt

Note 4—Debt

Short-Term Borrowings

The Company enters into various short-term bank credit facilities. There were no amounts outstanding under these facilities at the end of 2012 and 2011, and the total credit available was $438 and $391, respectively. The various credit facilities provide for applicable interest rates ranging from 0.58% to 3.96% in 2012 and 0.58% to 4.39% in 2011.

The weighted average borrowings, maximum borrowings, and weighted average interest rate under all short-term borrowing arrangements were as follows for 2012 and 2011:

Category of Aggregate Short-term Borrowings	Maximum Amount Outstanding During the Fiscal Year	Average Amount Outstanding During the Fiscal Year	Weighted Average Interest Rate During the Fiscal Year
2012:			
Bank borrowings:			
Japan	$ 83	$ 57	0.58 %
Bank overdraft facility:			
United Kingdom	3	0	1.50
2011:			
Bank borrowings:			
Canada	$ 6	$ 4	3.00 %
Japan	70	20	0.58
Bank overdraft facility:			
United Kingdom	16	4	1.50

Long-Term Debt

The carrying value and estimated fair value of the Company's long-term debt at the end of 2012 and 2011 consisted of the following:

	2012		2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
5.5% Senior Notes due March 2017	$1,097	$1,325	$1,097	$1,314
5.3% Senior Notes due March 2012	0	0	900	924
Other long-term debt	285	338	156	197
Total long-term debt	1,382	1,663	2,153	2,435
Less current portion	1	1	900	924
Long-term debt, excluding current portion	$1,381	$1,662	$1,253	$1,511

The estimated fair value of the Company's debt was based primarily on reported market values, recently completed market transactions and estimates based upon interest rates, maturities, and credit risk.

In February 2007, the Company issued $900 of 5.3% Senior Notes that were due March 15, 2012 (2012 Notes) at a discount of $2 and $1,100 of 5.5% Senior Notes due March 15, 2017 at a discount of $6 (together the 2007 Senior Notes). Interest on the 2007 Senior Notes is payable semi-annually on March 15 and September 15 of each year until their respective maturity date. The discount and issuance costs associated with the Senior Notes have been amortized to interest expense over the terms of those notes. The Company, at its option, may redeem the remaining 2007 Senior Notes at any time, in whole or in part, at a redemption price plus accrued interest. The redemption price is equal to the greater of 100% of the principal amount of the remaining 2007 Senior Notes to be redeemed or the sum of the present values of the remaining scheduled payments of principal and interest to maturity. Additionally, the Company will be required to make an offer to purchase the remaining 2007 Senior Notes at a price of 101% of the principal amount plus accrued and unpaid interest to the date of repurchase, upon certain events as defined by the terms of the 2007 Senior Notes. In March 2011, the Company reclassified its 2012 Notes, to a current liability within the current portion of long-term debt of the consolidated balance sheets to reflect its remaining maturity of less than one year. On March 15, 2012, the Company paid the outstanding principal balance and associated interest on the 2012 Notes with its existing sources of cash and cash equivalents and short-term investments. These notes are classified as a Level 2 measurement in the fair value hierarchy.

In October and December 2011, the Company's Japanese subsidiary issued two series of 1.18% Yen-denominated promissory notes through a private placement. For both series, interest is payable semi-annually, and principal is due in October 2018. These notes are included in other long-term debt in the table above and are classified as a Level 3 measurement in the fair value hierarchy.

In June 2008, the Company's Japanese subsidiary entered into a ten-year term loan with a variable rate of interest of Yen TIBOR (6-month) plus a 0.35% margin (0.78% and 0.79% at the end of 2012 and 2011, respectively) on the outstanding balance. Interest is payable semi-annually and principal is due in June 2018. This debt is included in other long-term debt in the table above and is classified as a Level 3 measurement in the fair value hierarchy.

In October 2007, the Company's Japanese subsidiary issued promissory notes through a private placement, bearing interest at 2.695%. Interest is payable semi-annually, and principal is due in October 2017. These notes are included in other long-term debt in the table above and are classified as a Level 3 measurement in the fair value hierarchy.

In August 1997, the Company sold $900 principal amount at maturity 3.5% Zero Coupon Convertible Subordinated Notes (Zero Coupon Notes) due in August 2017. The Zero Coupon Notes were priced with a yield to maturity of 3.5%, resulting in gross proceeds to the Company of $450. The remaining Zero Coupon Notes outstanding are convertible into a maximum of 832,000 shares of Costco Common Stock shares at an initial conversion price of $22.71. The Company, at its option, may redeem the Zero Coupon Notes (at the discounted issue price plus accrued interest to date of redemption) any time after August 2002. These notes are included in other long-term debt in the table above and are classified as a Level 2 measurement in the fair value hierarchy. At the end of 2012, $864 in principal amount of Zero Coupon Notes had been converted by note holders into shares of Costco Common Stock.

Maturities of long-term debt during the next five fiscal years and thereafter are as follows:

2013	$1
2014	1
2015	1
2016	0
2017	1,128
Thereafter	251
Total	$1,382

Investments (Tables)

12 Months Ended Sep. 02, 2012

Available for Sale and Held to Maturity Investments

The Company's investments at the end of 2012 and 2011 were as follows:

2012:	Cost Basis	Unrealized Gains	Recorded Basis
Available-for-sale:			
U.S. government and agency securities	$776	$ 6	$782
Corporate notes and bonds	54	0	54
FDIC-insured corporate bonds	35	0	35
Asset and mortgage-backed securities	8	0	8
Total available-for-sale	873	6	879
Held-to-maturity:			
Certificates of deposit	447		447
Total Short-Term Investments	$1,320	$ 6	$1,326

2011:	Cost Basis	Unrealized Gains	Recorded Basis
Available-for-sale:			
U.S. government and agency securities	$1,096	$ 8	$1,104
Corporate notes and bonds	6	1	7
FDIC-insured corporate bonds	208	1	209
Asset and mortgage-backed securities	12	0	12
Total available-for-sale	1,322	10	1,332
Held-to-maturity:			
Certificates of deposit	272		272
Total Short-Term Investments	$1,594	$ 10	$1,604

Proceeds From Sales of Available for Sale Securities

The proceeds from sales of available-for-sale securities during 2012, 2011, and 2010 are provided in the following table:

	2012	2011	2010
Proceeds	$482	$602	$309

Maturities of Available for Sale and Held to Maturity Securities

The maturities of available-for-sale and held-to-maturity securities at the end of 2012 were as follows:

	Available-For-Sale		Held-To-Maturity	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Due in one year or less	$ 590	$ 590	$ 447	$ 447
Due after one year through five years	282	288	0	0

Due after five years	1	1	0	0
	$ 873	$ 879	$ 447	$ 447

Segment Reporting	12 Months Ended Sep. 02, 2012

Segment Reporting

Note 12—Segment Reporting

The Company and its subsidiaries are principally engaged in the operation of membership warehouses in the U.S., Canada, Mexico (see Note 1), the United Kingdom, Japan, and Australia and through majority-owned subsidiaries in Taiwan and Korea. The Company's 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. As discussed in Note 1, the Company began consolidating Mexico on August 30, 2010. For segment reporting, these operations are included as a component of other international operations for 2012 and 2011. For 2010, Mexico is only included in total assets under U.S. operations in the table below, representing the equity method investment in the joint venture. The material accounting policies of the segments are the same as those described in Note 1. All material inter-segment net sales and expenses have been eliminated in computing total revenue and operating income. Certain home office operating expenses are incurred on behalf of the Company's Canadian and other international operations, but are included in the U.S. operations because those costs are not allocated internally and generally come under the responsibility of the Company's U.S. management team.

	United States Operations	Canadian Operations	Other International Operations	Total
2012				
Total revenue	$ 71,776	$ 15,717	$ 11,644	$99,137
Operating income	1,632	668	459	2,759
Depreciation and amortization	667	117	124	908
Capital expenditures, net	1,012	170	298	1,480
Property and equipment, net	9,236	1,664	2,061	12,961
Total assets	18,401	4,237	4,502	27,140
2011				
Total revenue	$ 64,904	$ 14,020	$ 9,991	$88,915
Operating income	1,395	621	423	2,439
Depreciation and amortization	640	117	98	855
Capital expenditures, net	876	144	270	1,290
Property and equipment, net	8,870	1,608	1,954	12,432
Total assets	18,558	3,741	4,462	26,761
2010				
Total revenue	$ 59,624	$ 12,051	$ 6,271	$77,946
Operating income	1,310	547	220	2,077
Depreciation and amortization	625	107	63	795
Capital expenditures, net	804	162	89	1,055
Property and equipment, net	8,709	1,474	1,131	11,314
Total assets	18,247	3,147	2,421	23,815

Retirement Plans	12 Months Ended Sep. 02, 2012
Retirement Plans	**Note 8—Retirement Plans** The Company has a 401(k) Retirement Plan available to all U.S. employees who have completed 90 days of employment. For all U.S. employees, with the exception of California union employees, the plan allows pre-tax deferrals which the Company matches (50% of the first one thousand dollars of employee contributions). In addition, the Company provides each eligible participant an annual discretionary contribution based on salary and years of service. California union employees are allowed to make pre-tax deferrals into the 401(k) plan which the Company matches (50% of the first five hundred dollars of employee contributions) and provides each eligible participant a contribution based on hours worked and years of service. California union employees participate in a defined benefit plan sponsored by their union under a multi-employer plan, and the Company makes contributions to this plan based upon its union agreement. The Company's contributions to this plan are not material to the Company's consolidated financial statements. The Company has a defined contribution plan for Canadian and United Kingdom employees and contributes a percentage of each employee's salary. Certain other foreign operations have defined benefit and defined contribution plans that are not material. Amounts expensed under all plans were $382, $345, and $313 for 2012, 2011, and 2010, respectively, and were included in selling, general and administrative expenses and merchandise costs in the accompanying consolidated statements of income.

Income Taxes (Income Before Income Taxes) (Detail) (USD $) In Millions, unless otherwise specified	3 Months Ended						4 Months Ended		12 Months Ended		
	May 06, 2012	Feb. 12, 2012	Nov. 20, 2011	May 08, 2011	Feb. 13, 2011	Nov. 21, 2010	Sep. 02, 2012	Aug. 28, 2011	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
Income Taxes											
Domestic (including Puerto Rico)									$ 1,809	$ 1,526	$ 1,426
Foreign									958	857	628
INCOME BEFORE INCOME TAXES	$ 622	$ 627	$ 553	$ 534	$ 573	$ 504	$ 965	$ 772	$ 2,767	$ 2,383	$ 2,054

Stockholders' Equity	12 Months Ended Sep. 02, 2012
Stockholders' Equity	

Note 6—Stockholders' Equity

Dividends

The Company's current quarterly dividend rate is $0.275 per share.

Stock Repurchase Programs

The Company's stock repurchase program is conducted under a $4,000 authorization by the Board of Directors approved in April 2011, which expires in April 2015. As of the end of 2012, the total amount repurchased under this plan was $911. The following table summarizes the Company's stock repurchase activity:

	Shares Repurchased (000's)	Average Price per Share	Total Cost
2012	7,272	$84.75	$617
2011	8,939	71.74	641
2010	9,943	57.14	568

These amounts differ from the stock repurchase balances in the accompanying consolidated statements of cash flows due to changes in unsettled stock repurchases at the end of each fiscal year.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income, net of tax where applicable, was $156 and $373 at the end of 2012 and 2011, respectively, and was comprised primarily of unrealized foreign-currency translation adjustments. In 2012, as part of the acquisition of the noncontrolling interest in Mexico, the Company reclassified $155 of accumulated unrealized losses on foreign-currency translation adjustments to Costco's accumulated other comprehensive income. This balance was previously included as a component of non-controlling interest.

Stock-Based Compensation Plans

12 Months Ended Sep. 02, 2012

Stock-Based Compensation Plans

Note 7—Stock-Based Compensation Plans

The Company grants stock-based compensation to employees and non-employee directors. Stock options awards were granted under the Amended and Restated 2002 Stock Incentive Plan, amended as of January 2006 (Second Restated 2002 Plan), and predecessor plans until, effective in the fourth quarter of fiscal 2006, the Company began awarding restricted stock units (RSUs) under the Second Restated 2002 Plan in lieu of stock options. Through a series of shareholder approvals, there have been a series of amended and restated plans and new provisions implemented by the Company. Under revisions in the Fourth Restated 2002 Plan in the fourth quarter of fiscal 2008, prospective grants of RSUs are subject, upon certain terminations of employment, to quarterly vesting, as opposed to daily vesting. Previously awarded RSU grants continue to involve daily vesting upon certain terminations of employment. Additionally, employees who attain certain years of service with the Company will receive shares under accelerated vesting provisions on the annual vesting date rather than upon qualified retirement. The first grant impacted by these amendments occurred in the first quarter of fiscal 2009. Each share issued in respect of stock bonus or stock unit awards is counted as 1.75 shares toward the limit of shares made available under the Fourth Restated 2002 Plan. The Sixth Restated 2002 Plan, amended in the second quarter of fiscal 2012, is the Company's only active stock-based compensation plan at the end of 2012. The Sixth Restated 2002 Plan authorized the issuance of 16,000,000 shares (9,143,000 RSUs) of common stock for future grants in addition to shares previously authorized. The Company issues new shares of common stock upon exercise of stock options and upon vesting of RSUs. RSUs are delivered to participants annually, net of shares equal to the minimum statutory withholding taxes.

Summary of Stock Option Activity

All outstanding stock options were fully vested and exercisable at the end of 2012 and 2011. The following table summarizes stock option transactions during 2012:

	Number Of Options (in 000's)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value[1]
Outstanding at the end of 2011	5,917	$40.07		
Exercised	(2,756)	39.11		
Outstanding at the end of 2012	3,161	$40.90	2.06	$ 180

[1] The difference between the exercise price and market value of common stock at the end of 2012.

The following is a summary of stock options outstanding at the end of 2012:

Options Outstanding and Exercisable

Range of Prices	Number of Options (in 000's)	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price
$30.41–$37.35	1,232	1.27	$ 35.95
$37.44–$43.79	1,699	2.57	43.77
$45.99–$46.46	230	2.56	46.19
	3,161	2.06	$ 40.90

Options exercisable and the weighted average exercise price at the end of 2010 were 13,032 shares and $39.43, respectively.

The tax benefits realized, derived from the compensation deductions resulting from the option exercises, and intrinsic value related to total stock options exercised during 2012, 2011, and 2010 are provided in the following table:

	2012	2011	2010
Actual tax benefit realized for stock options exercised	$50	$78	$34
Intrinsic value of stock options exercised[1]	$137	$227	$98

(1) The difference between the exercise price and market value of common stock measured at each individual exercise date.

Employee Tax Consequences on Certain Stock Options

In 2010, the Company recorded a non-recurring benefit of $24 to selling, general and administrative expense related to a refund of a previously recorded Canadian employee tax liability.

Summary of Restricted Stock Unit Activity

RSUs granted to employees and to non-employee directors generally vest over five years and three years, respectively; however, the Company provides for accelerated vesting for employees and non-employee directors that have attained twenty-five or more years and five or more years of service with the Company, respectively. Recipients are not entitled to vote or receive dividends on non-vested and undelivered shares. At the end of 2012, 14,345,000 shares were available to be granted as RSUs under the Sixth Restated 2002 Plan.

The following awards were outstanding at the end of 2012:

- 8,558,000 time-based RSUs that vest upon continued employment over specified periods of time;
- 702,000 performance-based RSUs, of which 304,000 will be formally granted to certain executive officers of the Company upon the official certification of the attainment of specified performance targets for 2012. Once formally granted, the restrictions lapse upon continued employment over specified periods of time.

The following table summarizes RSU transactions during 2012:

	Number of Units (in 000's)	Weighted-Average Grant Date Fair Value
Non-vested at the end of 2011	9,727	$ 57.56
Granted	3,593	81.55
Vested and delivered	(3,819)	58.97
Forfeited	(241)	65.54
Non-vested at the end of 2012	9,260	$ 66.14

The remaining unrecognized compensation cost related to non-vested RSUs at the end of 2012 was $422 and the weighted-average period of time over which this cost will be recognized is 1.7 years. At the end of 2012, there were approximately 2,900,000 RSUs vested, but not yet delivered.

Summary of Stock-Based Compensation

The following table summarizes stock-based compensation expense and the related tax benefits under the Company's plans:

	2012	2011	2010
RSUs	$241	$206	$171
Stock options	0	1	19
Total stock-based compensation expense before income taxes	241	207	190
Less recognized income tax benefit	79	67	63
Total stock-based compensation expense, net of income taxes	$162	$140	$127

Income Taxes

Income Taxes

12 Months Ended Sep. 02, 2012

Note 9—Income Taxes

Income before income taxes is comprised of the following:

	2012	2011	2010
Domestic (including Puerto Rico)	$1,809	$1,526	$1,426
Foreign	958	857	628
Total	$2,767	$2,383	$2,054

The provisions for income taxes for 2012, 2011, and 2010 are as follows:

	2012	2011	2010
Federal:			
Current	$591	$409	$445
Deferred	12	74	1
Total federal	603	483	446
State:			
Current	100	78	79
Deferred	2	14	5
Total state	102	92	84
Foreign:			
Current	312	270	200
Deferred	(17)	(4)	1
Total foreign	295	266	201
Total provision for income taxes	$1,000	$841	$731

Tax benefits associated with the exercise of employee stock options and other employee stock programs were allocated to equity attributable to Costco in the amount of $65, $59, and $15, in 2012, 2011, and 2010, respectively.

The reconciliation between the statutory tax rate and the effective rate for 2012, 2011, and 2010 is as follows:

	2012		2011		2010	
Federal taxes at statutory rate	$969	35.0%	$834	35.0%	$718	35.0%
State taxes, net	59	2.1	55	2.4	56	2.7
Foreign taxes, net	(61)	(2.2)	(66)	(2.8)	(38)	(1.9)
Other	33	1.2	18	0.7	(5)	(0.2)
Total	$1,000	36.1%	$841	35.3%	$731	35.6%

The Company’s provision for income taxes for 2012 was adversely impacted by nonrecurring net tax expense of $25 relating primarily to the following items: the adverse impact of an audit of Costco Mexico by the Mexican tax authority; the tax effects of the cash dividend declared by Costco Mexico (included in Other in the table above); and the tax effects of nondeductible expenses for the Company's contribution to an initiative reforming alcohol beverage laws in Washington State.

The components of the deferred tax assets and liabilities are as follows:

	2012	2011
Equity compensation	$79	$89
Deferred income/membership fees	148	134
Accrued liabilities and reserves	461	429
Other	55	32
Total deferred tax assets	743	684
Property and equipment	522	494
Merchandise inventories	182	164
Total deferred tax liabilities	704	658
Net deferred tax assets	$39	$26

The deferred tax accounts at the end of 2012 and 2011 include current deferred income tax assets of $393 and $360 respectively, included in deferred income taxes and other current assets; non-current deferred income tax assets of $58 and $53, respectively, included in other assets; and non-current deferred income tax liabilities of $412 and $387, respectively, included in deferred income taxes and other liabilities.

The Company has not provided for U.S. deferred taxes on cumulative undistributed earnings of $3,162 and $2,646 at the end of 2012 and 2011, respectively, of certain non-U.S. consolidated subsidiaries as such earnings are deemed by the Company to be indefinitely reinvested. Because of the availability of U.S. foreign tax credits and complexity of the computation, it is not practicable to determine the U.S. federal income tax liability that would be associated with such earnings if such earnings were not deemed to be indefinitely reinvested. The Company believes that its U.S. current assets position is sufficient to meet its U.S. liquidity requirements and has no current plans to repatriate for use in the U.S. the cash and cash equivalents and short-term investments held by these subsidiaries.

A reconciliation of the beginning and ending amount of gross unrecognized tax benefits for 2012 and 2011 is as follows:

	2012	2011
Gross unrecognized tax benefit at beginning of year	$106	$83
Gross increases—current year tax positions	15	21
Gross increases—tax positions in prior years	3	10
Gross decreases—tax positions in prior years	(3)	(6)
Settlements	(3)	(1)
Lapse of statute of limitations	(2)	(1)
Gross unrecognized tax benefit at end of year	$116	$106

Included in the balance at the end of 2012, are $70 of tax positions for which the ultimate deductibility is highly certain but for which there is uncertainty about the timing of such deductibility. Because of the impact of deferred tax accounting, other than interest and penalties, the disallowance of these tax positions would not affect the annual effective tax rate but would accelerate the payment of cash to the taxing authority to an earlier period.

The total amount of such unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods is $36 and $34 at the end of 2012 and 2011, respectively.

Accrued interest and penalties related to income tax matters are classified as a component of income tax expense. Interest and penalties were not material in 2012 and 2011, respectively. Accrued interest and penalties were $16 and $12 at the end of 2012 and 2011, respectively.

The Company is currently under audit by several taxing jurisdictions in the United States and in several foreign countries. Some audits may conclude in the next 12 months and the unrecognized tax benefits we have recorded in relation to the audits may differ from actual settlement amounts. It is not practical to estimate the effect, if any, of any amount of such change during the next 12 months to previously recorded uncertain tax positions in connection with the audits. The Company does not anticipate that there will be a material increase or decrease in the total amount of unrecognized tax benefits in the next twelve months.

The Company files income tax returns in the United States, various state and local jurisdictions, in Canada and in several other foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state or local examination for years before fiscal 2007. The Company is currently subject to examination in Canada for fiscal years 2008 to present and in California for fiscal years 2004 to present. No other examinations are believed to be material.

Income Taxes (Components of Deferred Tax Assets And Liabilities) (Detail) (USD $) In Millions, unless otherwise specified	Sep. 02, 2012	Aug. 28, 2011
Income Taxes		
Equity compensation	$ 79	$ 89
Deferred income/membership fees	148	134
Accrued liabilities and reserves	461	429
Other	55	32
Total deferred tax assets	743	684
Property and equipment	522	494
Merchandise inventories	182	164
Total deferred tax liabilities	704	658
Net deferred tax assets	$ 39	$ 26

Schedule of Earnings Per Share Effect on Net Income and Weighted Average Number of Dilutive Potential Common Stock (Detail) (USD $) In Millions, except Share data in Thousands, unless otherwise specified	3 Months Ended						4 Months Ended		12 Months Ended		
	May 06, 2012	Feb. 12, 2012	Nov. 20, 2011	May 08, 2011	Feb. 13, 2011	Nov. 21, 2010	Sep. 02, 2012	Aug. 28, 2011	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
Earnings Per Share [Line Items]											
Net income available to common stockholders used in basic and diluted net income per common share	$ 386	$ 394	$ 320	$ 324	$ 348	$ 312	$ 609	$ 478	$ 1,709	$ 1,462	$ 1,303
Interest on convertible notes, net of tax									1	1	1
Net income available to common stockholders after assumed conversions of dilutive securities									$ 1,710	$ 1,463	$ 1,304
Weighted average number of common shares used in basic net income per common share	433,791	434,535	434,222	436,977	436,682	434,099	432,437	436,596	433,620	436,119	438,611
Stock options and RSUs									4,906	6,063	6,409
Conversion of convertible notes									847	912	950
Weighted average number of common shares and dilutive potential of common stock used in diluted net income per share	439,166	439,468	440,615	443,570	443,186	441,360	438,344	443,518	439,373	443,094	445,970
Anti-dilutive RSUs									15	0	1,141

Income Taxes (Reconciliation Between Statutory And Effective Rates) (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
Income Taxes			
Federal taxes at statutory rate, value	$ 969	$ 834	$ 718
State taxes, net, value	59	55	56
Foreign taxes, net, value	(61)	(66)	(38)
Other, value	33	18	(5)
Total provision for income taxes	$ 1,000	$ 841	$ 731
Federal taxes at statutory rate	35.00%	35.00%	35.00%
State taxes, net, rate	2.10%	2.40%	2.70%
Foreign taxes, net, rate	(2.20%)	(2.80%)	(1.90%)
Other, rate	1.20%	0.70%	(0.20%)
Total, rate	36.10%	35.30%	35.60%

Summary Of Significant Accounting Policies (Receivables, Net) (Detail) (USD $) In Millions, unless otherwise specified	Sep. 02, 2012	Aug. 28, 2011
Summary Of Significant Accounting Policies		
Vendor receivables	$ 545	$ 520
Reinsurance receivables	226	201
Third-party pharmacy receivables	104	86
Receivables from governmental entities	87	98
Other receivables	66	63
Allowance for doubtful accounts	(2)	(3)
Receivables, Net	$ 1,026	$ 965

Stockholders' Equity - Additional Information (Detail) (USD $) In Millions, except Per Share data, unless otherwise specified	1 Months Ended	4 Months Ended	12 Months Ended	
	May 09, 2012	Sep. 02, 2012	Sep. 02, 2012	Aug. 28, 2011
Equity And Comprehensive Income [Line Items]				
Dividends declared and paid	$ 0.275	$ 0.275		
Accumulated Other Comprehensive Income		$ 156	$ 156	$ 373
Reclassification of accumulated unrealized losses on foreign currency translation			(789)	
Accumulated Other Comprehensive Income (Loss)				
Equity And Comprehensive Income [Line Items]				
Reclassification of accumulated unrealized losses on foreign currency translation			(155)	
April 2011				
Equity And Comprehensive Income [Line Items]				
Stock repurchase program, amount Authorized			4,000	
Stock repurchased amount expiration date		April 2015	April 2015	
Stock repurchase program, amount repurchased			$ 911	

Summary of Significant Accounting Policies (Policies)	12 Months Ended Sep. 02, 2012

Basis of Presentation

Description of Business

Costco Wholesale Corporation and its subsidiaries operate membership warehouses based on the concept that offering our members low prices on a limited selection of nationally branded and select private-label products in a wide range of merchandise categories will produce high sales volumes and rapid inventory turnover. At September 2, 2012, Costco operated 608 warehouses worldwide which included: 439 United States (U.S.) locations (in 40 U.S. states and Puerto Rico), 82 Canadian locations (in 9 Canadian provinces), 32 Mexico locations, 22 United Kingdom (U.K.) locations, 13 Japan locations, 9 Taiwan locations, 8 Korea locations, and 3 Australia locations. The Company also operates online businesses at costco.com in the U.S. and costco.ca in Canada.

Basis of Presentation

The consolidated financial statements include the accounts of Costco Wholesale Corporation, a Washington corporation, its wholly-owned subsidiaries, subsidiaries in which it has a controlling interest, consolidated entities in which it has made equity investments, or has other interests through which it has majority-voting control or it exercises the right to direct the activities that most significantly impact the entity's performance (Costco or the Company). The Company reports noncontrolling interests in consolidated entities as a component of equity separate from the Company's equity. All material inter-company transactions between and among the Company and its consolidated subsidiaries and other consolidated entities have been eliminated in consolidation. The Company's net income excludes income attributable to noncontrolling interests in its operations in Costco Mexico (Mexico) (prior to the July 2012 acquisition of the 50% noncontrolling interest described below), Taiwan, and Korea. Unless otherwise noted, references to net income relate to net income attributable to Costco.

At the beginning of fiscal 2011, the Company began consolidating Mexico, at that time a 50% owned joint venture, on a prospective basis due to the adoption of a new accounting standard. Mexico's results for fiscal 2010 were accounted for under the equity method and the Company's 50% share was included in "interest income and other, net." For fiscal 2012 (prior to the acquisition) and 2011, the financial position and results of Mexico's operations are fully consolidated and the joint venture partner's share is included in "net income attributable to noncontrolling interests." The initial consolidation of Mexico increased total assets, liabilities, and revenue by approximately 3%, with no impact on net income or net income per common share attributable to Costco. The Company's equity method investment in Mexico as of August 29, 2010 was derecognized and the noncontrolling interest in Mexico totaling $357 was recognized as part of the initial consolidation of the joint venture on August 30, 2010 as shown in the accompanying consolidated statements of total equity and comprehensive income.

Acquisition of Noncontrolling Interest in Mexico

Acquisition of Noncontrolling Interest in Mexico

In July 2012, Costco purchased its former joint venture partner's 50% equity interest of Mexico for $789. In addition, Mexico declared a cash dividend of $366, 50% payable to the Company and 50% payable to Costco's former joint venture partner. The Company used dividend proceeds and existing cash and investment balances to fund the purchase.

Fiscal Year End

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. References to 2012 relate to the 53-week fiscal year ended September 2, 2012, with the 53rd week falling in the fourth fiscal quarter. References to 2011 and 2010 relate to the 52-week fiscal years ended August 28, 2011 and August 29, 2010, respectively.

Use of Estimates

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (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. Actual results could differ from those estimates and assumptions.

Reclassifications

Reclassifications

Certain reclassifications have been made to prior fiscal year amounts or balances to conform to the presentation in the current fiscal year. These reclassifications did not have a material impact on the Company's previously reported consolidated financial statements.

Cash and Cash Equivalents

Cash and Cash Equivalents

The Company considers as cash and cash equivalents all highly liquid investments with a maturity of three months or less at the date of purchase and proceeds due from credit and debit card transactions with settlement terms of up to one week. Credit and debit card receivables were $1,161 and $982 at the end of 2012 and 2011, respectively.

Short-Term Investments

Short-Term Investments

In general, short-term investments have a maturity at the date of purchase of three months to five years. Investments with maturities beyond five years may be classified, based on the Company's determination, as short-term based on their highly liquid nature and because they represent the investment of cash that is available for current operations. Short-term investments classified as available-for-sale are recorded at fair value using the specific identification method with the unrealized gains and losses reflected in accumulated other comprehensive income until realized. Realized gains and losses from the sale of available-for-sale securities, if any, are determined on a specific identification basis and all are recorded in interest income and other, net in the consolidated statements of income. Short-term investments classified as held-to-maturity are financial instruments that the Company has the intent and ability to hold to maturity and are reported net of any related amortization and are not remeasured to fair value on a recurring basis.

The Company periodically evaluates unrealized losses in its investment securities for other-than-temporary impairment, using both qualitative and quantitative criteria. In the event a security is deemed to be other-than-temporarily impaired, the Company recognizes the credit loss component in interest income and other, net in the consolidated statements of income. The majority of the Company's investments are in debt securities.

Fair Value of Financial Instruments

Fair Value of Financial Instruments

The carrying value of the Company's financial instruments, including cash and cash equivalents, receivables, and accounts payable, approximate fair value due to their short-term nature or variable interest rates. See Notes 2, 3, and 4 for the carrying value and fair value of the Company's investments, derivative instruments, and fixed-rate debt, respectively.

The Company accounts for certain asets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying a fair value hierarchy, which requires maximizing the use of observable inputs when measuring fair value. The three levels of inputs are:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Significant unobservable inputs that are not corroborated by market data.

The Company's valuation techniques used to measure the fair value of money market mutual funds are based on quoted market prices, such as quoted net asset values published by the fund as supported in an active market. Valuation methodologies used to measure the fair value of all other non-derivative financial instruments are based on "consensus pricing," using market prices from a variety of industry-standard independent data providers or pricing that considers various assumptions, including time value, yield curve, volatility factors, credit spreads, default rates, loss severity, current market and contractual prices for the underlying instruments or debt, broker and dealer quotes, as well as other relevant economic measures. All are observable in the market or can be derived principally from or corroborated by observable market data, for which the Company typically receives independent external valuation information.

The Company reports transfers in and out of Levels 1, 2, and 3, as applicable, using the fair value of the individual securities as of the beginning of the reporting period in which the transfer(s) occurred.

The Company's current financial liabilities have fair values that approximate their carrying values. The Company's long-term financial liabilities consist of long-term debt, which is recorded on the balance sheet at issuance price and adjusted for any applicable unamortized discounts or premiums.

Receivables, Net

Receivables, Net

Receivables consist of the following at the end of 2012 and 2011:

	2012	2011
Vendor receivables	$545	$520
Reinsurance receivables	226	201
Third-party pharmacy receivables	104	86

Receivables from governmental entities	87	98
Other receivables	66	63
Allowance for doubtful accounts	(2)	(3)
Receivables, Net	$1,026	$965

Vendor receivables include payments from vendors in the form of volume rebates or other purchase discounts that are evidenced by signed agreements and are reflected in the carrying value of the inventory when earned or as the Company progresses towards earning the rebate or discount and as a component of merchandise costs as the merchandise is sold. Vendor receivable balances are generally presented on a gross basis, separate from any related payable due. In certain circumstances, these receivables may be settled against the related payable to that vendor. Other consideration received from vendors is generally recorded as a reduction of merchandise costs upon completion of contractual milestones, terms of the related agreement, or by another systematic approach.

Reinsurance receivables are held by the Company's wholly-owned captive insurance subsidiary. The receivable balance primarily represents amounts ceded through reinsurance arrangements, and are reflected on a gross basis, separate from the amounts assumed under reinsurance, which are presented on a gross basis within other current liabilities on the consolidated balance sheets. Third-party pharmacy receivables generally relate to amounts due from members' insurance companies for the amount above their co-pay, which is collected at the point-of-sale. Receivables from governmental entities largely consist of tax related items.

Receivables are recorded net of an allowance for doubtful accounts. Management determines the allowance for doubtful accounts based on historical experience and application of the specific identification method. Write-offs of receivables were immaterial for fiscal years 2012, 2011, and 2010.

Merchandise Inventories

Merchandise Inventories

Merchandise inventories consist of the following at the end of 2012 and 2011:

	2012	2011
United States (primarily LIFO)	$4,967	$4,548
Foreign (FIFO)	2,129	2,090
Merchandise Inventories	$7,096	$6,638

Merchandise inventories are valued at the lower of cost or market, as determined primarily by the retail inventory method, and are stated using the last-in, first-out (LIFO) method for substantially all U.S. merchandise inventories. Merchandise inventories for all foreign operations are primarily valued by the retail inventory method and are stated using the first-in, first-out (FIFO) method. The Company believes the LIFO method more fairly presents the results of operations by more closely matching current costs with current revenues. The Company records an adjustment each quarter, if necessary, for the projected annual effect of inflation or deflation, and these estimates are adjusted to actual results determined at year-end, when actual inflation rates and inventory levels have been determined.

Due to net inflationary trends in 2012 and 2011, merchandise inventories valued at LIFO were lower than FIFO, resulting in a charge to merchandise costs of $21 and $87, respectively. At the end 2012 and 2011, the cumulative impact of the LIFO valuation on merchandise inventories was $108 and $87, respectively. At the end of 2010, merchandise inventories valued at LIFO approximated FIFO after considering the lower of cost or market principle.

The Company provides for estimated inventory losses between physical inventory counts as a percentage of net sales, using estimates based on the Company's experience. The provision is adjusted periodically to reflect the results of the actual physical inventory counts, which generally occur in the second and fourth fiscal quarters of the fiscal year. Inventory cost, where appropriate, is reduced by estimates of vendor rebates when earned or as the Company progresses towards earning those rebates, provided that they are probable and reasonably estimable.

Property and Equipment

Property and Equipment

Property and equipment are stated at cost. In general, new building additions are separated into components, each with its own estimated useful life, generally five to fifty years for buildings and improvements and three to twenty years for equipment and fixtures. Depreciation and amortization expense is computed using the straight-line method over estimated useful lives or the lease term, if shorter. Leasehold improvements incurred after the beginning of the initial lease term are depreciated over the shorter of the estimated useful life of the asset or the remaining term of the initial lease plus any renewals that are reasonably assured at the date the leasehold improvements are made.

Repair and maintenance costs are expensed when incurred. Expenditures for remodels, refurbishments and improvements that add to or change the way an asset functions or that extend the useful life of an asset are capitalized. Assets that were removed during the remodel, refurbishment or improvement are retired. Assets classified as held for sale were not material at the end of 2012 or 2011.

The Company evaluates long-lived assets for impairment on an annual basis, when relocating or closing a facility, or when events or changes in circumstances occur that may indicate the carrying amount of the asset group, generally an individual warehouse, may not be fully recoverable. For asset groups held and used, including warehouses to be relocated, the carrying value of the asset group is considered recoverable when the estimated future undiscounted cash flows generated from the use and eventual disposition of the asset group exceed the group's net carrying value. In the event that the carrying value is not considered recoverable, an impairment loss would be recognized for the asset group to be held and used equal to the excess of the carrying value above the estimated fair value of the asset group. For asset groups classified as held for sale (disposal group), the carrying value is compared to the disposal group's fair value less costs to sell. The Company estimates fair value by obtaining market appraisals from third party brokers or other valuation techniques. Impairment charges, included in selling, general and administrative expenses on the consolidated statements of income, in 2012, 2011, and 2010 were immaterial.

Software Costs

Software Costs

The Company capitalizes certain computer software and software development costs incurred in connection with developing or obtaining computer software for internal use. These costs are included in property, plant, and equipment and amortized on a straight-line basis over the estimated useful lives of the software, generally three to seven years.

Other Assets

Other Assets

Other assets consist of the following at the end of 2012 and 2011:

	2012	2011
Prepaid rents, lease costs, and long-term deposits	$230	$211
Receivables from governmental entities	225	216
Cash surrender value of life insurance	76	71
Goodwill, net	66	74
Other	56	51
Other Assets	$653	$623

Receivables from governmental entities largely consists of various tax related items including amounts deposited with taxing authorities in connection with ongoing income tax audits and long term deferred tax assets. The Company adjusts the carrying value of its employee life insurance contracts to the net cash surrender value at the end of each reporting period. Goodwill resulting from certain business combinations is reviewed for impairment in the fourth quarter of each fiscal year, or more frequently if circumstances dictate. No impairment of goodwill has been incurred to date.

Accounts Payable

Accounts Payable

The Company's banking system provides for the daily replenishment of major bank accounts as checks are presented. Included in accounts payable at the end of 2012 and 2011 are $565 and $108, respectively, representing the excess of outstanding checks over cash on deposit at the banks on which the checks were drawn.

Insurance/Self-Insurance Liabilities

Insurance/Self-Insurance Liabilities

The Company uses a combination of insurance and self-insurance mechanisms, including a wholly-owned captive insurance subsidiary and participation in a reinsurance pool, to provide for potential liabilities for workers' compensation, general liability, property damage, directors' and officers' liability, vehicle liability, and employee health care benefits. The reinsurance agreement is one year in duration and new agreements are entered into by each participant at their discretion at the commencement of the next fiscal year. Liabilities associated with the risks that are retained by the Company are not discounted and are estimated, in part, by considering historical claims experience, demographic factors, severity factors, and other actuarial assumptions. The estimated accruals for these liabilities could be significantly affected if future occurrences and claims differ from these assumptions and historical trends. As of the end of 2012 and 2011, these insurance liabilities were $688 and $595 in the aggregate, respectively, and were included in accounts payable, accrued salaries and benefits, and other current liabilities on the consolidated balance sheets, classified based on their nature.

The Company's wholly-owned captive insurance subsidiary (the captive) receives direct premiums, which are netted against the Company's premium costs in selling, general and administrative expenses, in the consolidated statements of income. The captive participates in a reinsurance program that includes other third-party members. The member agreements and practices of the reinsurance program limit any participating members' individual risk. Income statement adjustments related to the reinsurance program and related impacts to the consolidated balance sheets are recognized as information becomes known. In the event the Company leaves the reinsurance program, the Company is not relieved of its primary obligation to the policyholders for activity prior to the termination of the annual agreement.

Other Current Liabilities

Other Current Liabilities

Other current liabilities consist of the following at the end of 2012 and 2011:

	2012	2011
Insurance-related liabilities	$308	$276
Deferred sales	159	141
Cash card liability	133	116
Other current liabilities	104	112
Tax-related liabilities	88	122
Sales return reserve	86	74
Vendor consideration liabilities	57	46
Interest payable	30	51
Other Current Liabilities	$965	$938

Asset Retirement Obligations

Asset Retirement Obligations

The Company's asset retirement obligations (ARO) are related to leasehold improvements that at the end of a lease must be removed in order to comply with the lease agreement. These obligations are recorded as a liability with an offsetting capital asset at the inception of the lease term based upon the estimated fair market value of the costs to remove the leasehold improvements. These liabilities, included in deferred income taxes and other liabilities, are accreted over time to the projected future value of the obligation using the Company's incremental borrowing rate. The capitalized ARO assets are depreciated using the same depreciation convention as the respective leasehold improvement assets and are included with buildings and improvements.

Derivatives

Derivatives

The Company is exposed to foreign-currency exchange-rate fluctuations in the normal course of business. The Company manages these fluctuations, in part, through the use of forward foreign-exchange contracts, seeking to economically hedge the impact of fluctuations of foreign exchange on known future expenditures denominated in a non-functional foreign-currency. The contracts are intended primarily to economically hedge exposure to U.S. dollar merchandise inventory expenditures made by the Company's international subsidiaries, whose functional currency is not the U.S. dollar. Currently, these contracts do not qualify for derivative hedge accounting. The Company seeks to mitigate risk with the use of these contracts and does not intend to engage in speculative transactions. These contracts do not contain any credit-risk-related contingent features. The aggregate notional amounts of open, unsettled forward foreign-exchange contracts were $284 and $247 at the end of 2012 and 2011, respectively.

The Company seeks to manage counterparty risk associated with these contracts by limiting transactions to counterparties with which the Company has an established banking relationship. There can be no assurance, however, that this practice effectively mitigates counterparty risk. The contracts are limited to less than one year in duration. See Note 3 for information on the fair value of open, unsettled forward foreign-exchange contracts at the end of 2012 and 2011.

The unrealized gains or (losses) recognized in interest income and other, net in the accompanying consolidated statements of income relating to the net changes in the fair value of open, unsettled forward foreign-exchange contracts were immaterial in 2012, 2011, and 2010.

The Company is exposed to fluctuations in prices for the energy it consumes, particularly electricity and natural gas, which it seeks to partially mitigate through the use of fixed-price contracts for certain of its warehouses and other facilities, primarily in the U.S. and Canada. The Company also enters into variable-priced contracts for some purchases of natural gas, in addition to fuel for its gas stations, on an index basis. These contracts meet the characteristics of derivative instruments, but generally qualify for the "normal purchases or normal sales" exception under authoritative guidance and, thus, require no mark-to-market adjustment.

Foreign-Currency

Foreign-Currency

The functional currencies of the Company's international subsidiaries are the local currency of the country in which the subsidiary is located. Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Translation adjustments resulting from this process are recorded in accumulated other comprehensive income. Revenues and expenses of the Company's consolidated foreign operations are translated at average rates of exchange prevailing during the year.

The Company recognizes foreign-currency transaction gains and losses related to revaluing all monetary assets and revaluing or settling monetary liabilities denominated in currencies other than the functional currency (generally the U.S. dollar cash and cash equivalents and the U.S. dollar payables of consolidated subsidiaries to their functional currency) in interest income and other, net in the accompanying condensed consolidated statements of income. Also included are realized foreign-currency gains or losses from all settlements of forward foreign-exchange contracts. These items resulted in a net gain of $41, $8 and $13 in 2012, 2011, and 2010, respectively.

Revenue Recognition

Revenue Recognition

The Company generally recognizes sales, which include shipping fees where applicable, net of estimated returns, at the time the member takes possession of merchandise or receives services. When the Company collects payments from customers prior to the transfer of ownership of merchandise or the performance of services, the amounts received are generally recorded as deferred sales, included in other current liabilities on the consolidated balance sheets, until the sale or service is completed. The Company reserves for estimated sales returns based on historical trends in merchandise returns, net of the estimated net realizable value of merchandise inventories to be returned and any estimated disposition costs. Amounts collected from members, which under common trade practices are referred to as sales taxes, are recorded on a net basis.

The Company evaluates whether it is appropriate to record the gross amount of merchandise sales and related costs or the net amount earned as commissions. Generally, when Costco is the primary obligor, is subject to inventory risk, has latitude in establishing prices and selecting suppliers, can influence product or service specifications, or has several but not all of these indicators, revenue and related shipping fees are recorded on a gross basis. If the Company is not the primary obligor and does not possess other indicators of gross reporting as noted above, it records the net amounts as commissions earned, which is reflected in net sales.

Membership fee revenue represents annual membership fees paid by substantially all of the Company's members. The Company accounts for membership fee revenue, net of estimated refunds, on a deferred basis, whereby revenue is recognized ratably over the one-year membership period. The Company's Executive Members qualify for a 2% reward (beginning November, 1, 2011 the reward increased from a maximum of $500 to $750 per year on qualified purchases), which can be redeemed at Costco warehouses. The Company accounts for this reward as a reduction in sales. The sales reduction and corresponding liability are computed after giving effect to the estimated impact of non-redemptions based on historical data. The net reduction in sales was $900, $790, and $688 in 2012, 2011, and 2010, respectively.

Merchandise Costs

Merchandise Costs

Merchandise costs consist of the purchase price of inventory sold, inbound and outbound shipping charges and all costs related to the Company's depot operations, including freight from depots to selling warehouses, and are reduced by vendor consideration. Merchandise costs also include salaries, benefits, and depreciation on production equipment in fresh foods and certain ancillary departments.

Selling, General and Administrative Expenses

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of salaries, benefits and workers' compensation costs for warehouse employees, other than fresh foods departments and certain ancillary businesses, as well as all regional and home office employees, including buying personnel. Selling, general and administrative expenses also include utilities, bank charges, rent and substantially all building and equipment depreciation, as well as other operating costs incurred to support warehouse operations.

Marketing and Promotional Expenses

Marketing and Promotional Expenses

Marketing and promotional costs are expensed as incurred and are included in selling, general and administrative expenses in the accompanying consolidated statements of income.

Stock-Based Compensation

Stock-Based Compensation

Compensation expense for all stock-based awards granted is recognized using the straight-line method. The fair value of restricted stock units (RSUs) is calculated as the market value of the common stock on the measurement date less the present value of the expected dividends forgone during the vesting period. The fair value of stock options was measured using the Black-Scholes valuation model. While options and RSUs granted to employees generally vest over five years, all grants allow for either daily or quarterly vesting of the pro-rata number of stock-based awards that would vest on the next anniversary of the grant date in the event of retirement or voluntary termination. The historical experience rate of actual forfeitures has been minimal. As such, the Company does not reduce stock-based compensation for an estimate of forfeitures because the estimate is inconsequential in light of historical experience and considering the awards vest on either a daily or quarterly basis. The impact of actual forfeitures arising in the event of involuntary termination is recognized as actual forfeitures occur, which generally has been infrequent. Stock options have a ten-year term. Stock-based compensation expense is predominantly included in selling, general and administrative expenses on the consolidated statements of income. See Note 7 for additional information on the Company's stock-based compensation plans.

Leases

Leases

The Company leases land and/or buildings at warehouses and certain other office and distribution facilities, primarily under operating leases. Operating leases expire at various dates through 2052, with the exception of one lease in the Company's United Kingdom subsidiary, which expires in 2151. These leases generally contain one or more of the following options which the Company can exercise at the end of the initial lease term: (a) renewal of the lease for a defined number of years at the then-fair market rental rate or rate stipulated in the lease agreement; (b) purchase of the property at the then-fair market value; or (c) right of first refusal in the event of a third-party purchase offer.

The Company accounts for its lease expense with free rent periods and step-rent provisions on a straight-line basis over the original term of the lease and any exercised extension options, from the date the Company has control of the property. Certain leases provide for periodic rental increases based on the price indices, and some of the leases provide for rents based on the greater of minimum guaranteed amounts or sales volume.

The Company has entered into capital leases for warehouse locations, expiring at various dates through 2040. Capital lease assets are included in buildings and improvements in the accompanying consolidated balance sheets. Amortization expense on capital lease assets is recorded as depreciation expense and is predominately included in selling, general and administrative expenses. Capital lease liabilities are recorded at the lesser of the estimated fair market value of the leased property or the net present value of the aggregate future minimum lease payments and are included in other current liabilities and deferred income taxes and other liabilities. Interest on these obligations is included in interest expense.

Preopening Expenses

Preopening Expenses

Preopening expenses related to new warehouses, new regional offices and other startup operations are expensed as incurred.

Interest Income and Other, Net

Interest Income and Other, Net

Interest income and other, net includes:

	2012	2011	2010
Interest income, net	$49	$41	$23

Foreign-currency transactions gains (losses), net	40	9	14
Earnings from affiliates and other, net	14	10	51
Interest Income and Other, Net	$103	$60	$88

For 2010, the equity in earnings of Costco Mexico, $41, is included in interest income and other, net in the accompanying consolidated statements of income.

Income Taxes

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and tax credits and loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences and carry-forwards are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is established when necessary to reduce deferred tax assets to amounts expected to be realized.

The determination of the Company's provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits of uncertain tax positions are recorded in the Company's consolidated financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from tax authorities. When facts and circumstances change, the Company reassesses these probabilities and records any changes in the consolidated financial statements as appropriate. See Note 9 for additional information.

Net Income Attributable to Costco per Common Share

Net Income per Common Share Attributable to Costco

The computation of basic net income per share uses the weighted average number of shares that were outstanding during the period. The computation of diluted net income per share uses the weighted average number of shares in the basic net income per share calculation plus the number of common shares that would be issued assuming exercise and vesting to the participant of all potentially dilutive common shares outstanding using the treasury stock method for shares subject to stock options and restricted stock units and the "if converted" method for the convertible note securities.

Stock Repurchase Programs

Stock Repurchase Programs

Repurchased shares of common stock are retired, in accordance with the Washington Business Corporation Act. The par value of repurchased shares is deducted from common stock and the excess repurchase price over par value is deducted from additional paid-in capital and retained earnings. See Note 6 for additional information.

Recently Adopted Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board (FASB) issued guidance related to fair value measurement that changes the wording used to describe many requirements in GAAP for measuring and disclosing fair values. Additionally, the amendments clarify the application of existing fair value measurement requirements. The amended guidance is effective prospectively for interim and annual periods beginning after December 15, 2011. The Company adopted this guidance at the beginning of its third quarter of 2012. Adoption of this guidance did not have a material impact on the Company's consolidated financial statement disclosures.

Recent Accounting Pronouncements Not Yet Adopted

In June 2011, the FASB issued guidance that eliminates the option to report other comprehensive income and its components in the statement of changes in equity. Instead, an entity will be required to either present a continuous statement of net income and other comprehensive income or present the information in two separate but consecutive statements. The new guidance must be applied retrospectively and is effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. The Company plans to adopt this guidance at the beginning of its first quarter of fiscal year 2013. Adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements and will impact the financial statements' presentation only. A portion of the new comprehensive income guidance required entities to present reclassification adjustments out of accumulated other comprehensive income by component in both the statement in which net income is presented and the statement in which other comprehensive income is presented. In December 2011, the FASB issued guidance which indefinitely defers the guidance related to the presentation of reclassification adjustments on the face of the financial statements.

In September 2011, the FASB issued guidance to amend and simplify the rules related to testing goodwill for impairment. The revised guidance allows an initial qualitative evaluation, based on the entity's events and circumstances, to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The results of this qualitative assessment determine whether it is necessary to perform the currently required two-step impairment test. The new guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The Company plans to adopt this guidance at the beginning of its first quarter of fiscal year 2013. Adoption of this guidance is not expected to have a material impact on the Company's consolidated financial statements.

Leases (Tables)	12 Months Ended Sep. 02, 2012

Schedule Of Future Minimum Lease Payments

At the end of 2012, future minimum payments, net of sub-lease income of $177 for all years combined, under non-cancelable operating leases with terms of at least one year and capital leases were as follows:

	Operating Leases	Capital Leases
2013	$ 189	$ 14
2014	184	14
2015	171	14
2016	164	15
2017	156	15
Thereafter	1,883	328
Total	$ 2,747	400
Less amount representing interest		(217)
Net present value of minimum lease payments		183
Less current installments[1]		(2)
Long-term capital lease obligations less current installments[2]		$ 181

(1) Included in other current liabilities.

(2) Included in deferred income taxes and other liabilities.

Leases - Additional Information (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
Leases Disclosure [Line Items]			
Aggregate rental expense	$ 220	$ 208	$ 187
Gross assets recorded under leases	187	170	
Accumulated amortization related to leased assets	19	13	
Future minimum payments, net of sub-lease income	177		
Asset retirement obligations associated with these leases	$ 44	$ 31	

Maturities of Available for Sale and Held to Maturity Securities (Detail) (USD $) In Millions, unless otherwise specified	Sep. 02, 2012
Available-For-Sale, Cost Basis	
Available-For-Sale, Cost Basis due in one year or less	$ 590
Available-For-Sale, Cost Basis due after one year through five years	282
Available-For-Sale, Cost Basis due after five years	1
Available-For-Sale, Cost Basis, total	873
Available-For-Sale, Fair Value	
Available-For-Sale, Fair Value due in one year or less	590
Available-For-Sale, Fair Value due after one year through five years	288
Available-For-Sale, Fair Value due after five years	1
Available-For-Sale, Fair Value, total	879
Held-To-Maturity, Cost Basis	
Held-To-Maturity, Cost Basis due in one year or less	447
Held-To-Maturity, Cost Basis due after one year through five years	0
Held-To-Maturity, Cost Basis due after five years	0
Held-To-Maturity, Cost Basis, total	447
Held-To-Maturity, Fair Value	
Held-To-Maturity, Fair Value due in one year or less	447
Held-To-Maturity, Fair Value due after one year through five years	0
Held-To-Maturity, Fair Value due after five years	0
Held-To-Maturity, Fair Value, total	$ 447

Consolidated Statements of Equity And Comprehensive Income (USD $) In Millions, except Share data, unless otherwise specified	Total	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Costco Stockholders' Equity	Noncontrolling Interests
Beginning Balance at Aug. 30, 2009	$ 10,104	$ 2	$ 3,811	$ 110	$ 6,101	$ 10,024	$ 80
Beginning Balance (in shares) at Aug. 30, 2009		435,974,000					
Comprehensive Income:							
Net income	1,323				1,303	1,303	20
Foreign-currency translation adjustment and other, net	13			12		12	1
Comprehensive income	1,336					1,315	21
Stock-based compensation	190		190			190	
Stock options exercised, including tax effects (in shares)		5,576,000					
Stock options exercised, including tax effects	243	0	243			243	
Release of vested restricted stock units (RSUs), including tax effects (share)		1,885,000					
Release of vested restricted stock units (RSUs), including tax effects	(38)	0	(38)			(38)	
Conversion of convertible notes, shares		18,000					
Conversion of convertible notes	1	0	1			1	
Repurchases of common stock, shares	(9,943,000)	(9,943,000)					
Repurchases of common stock	(568)	0	(92)		(476)	(568)	
Cash dividends declared	(338)				(338)	(338)	
Ending Balance at Aug. 29, 2010	10,930	2	4,115	122	6,590	10,829	101
Ending Balance (in shares) at Aug. 29, 2010		433,510,000					
Initial consolidation of noncontrolling interest in Costco Mexico	357					0	357
Comprehensive Income:							
Net income	1,542				1,462	1,462	80
Foreign-currency translation adjustment and other, net	275			251		251	24
Comprehensive income	1,817					1,713	104
Stock-based compensation	207		207			207	
Stock options exercised, including tax effects (in shares)		7,245,000					

Stock options exercised, including tax effects	332	0	332			332	
Release of vested restricted stock units (RSUs), including tax effects (share)		2,385,000					
Release of vested restricted stock units (RSUs), including tax effects	(51)	0	(51)			(51)	
Conversion of convertible notes, shares		65,000					
Conversion of convertible notes	2	0	2			2	
Repurchases of common stock, shares	(8,939,000)	(8,939,000)					
Repurchases of common stock	(641)	0	(89)		(552)	(641)	
Cash dividends declared	(389)				(389)	(389)	
Investment by noncontrolling interest	9						9
Ending Balance at Aug. 28, 2011	12,573	2	4,516	373	7,111	12,002	571
Ending Balance (in shares) at Aug. 28, 2011	434,266,000	434,266,000					
Comprehensive Income:							
Net income	1,767				1,709	1,709	58
Foreign-currency translation adjustment and other, net	(96)			(62)		(62)	(34)
Comprehensive income	1,671					1,647	24
Stock-based compensation	241		241			241	
Stock options exercised, including tax effects (in shares)	2,756,000	2,756,000					
Stock options exercised, including tax effects	142	0	142			142	
Release of vested restricted stock units (RSUs), including tax effects (share)		2,554,000					
Release of vested restricted stock units (RSUs), including tax effects	(76)	0	(76)			(76)	
Conversion of convertible notes, shares		46,000					
Conversion of convertible notes	2	0	2			2	
Repurchases of common stock, shares	(7,272,000)	(7,272,000)					
Repurchases of common stock	(617)	0	(77)		(540)	(617)	
Cash dividends declared	(446)				(446)	(446)	
Distribution to noncontrolling interest	(183)						(183)
Purchase of noncontrolling interest in Costco Mexico	(789)		(379)	(155)		(534)	(255)

Ending Balance at Sep. 02, 2012	$ 12,518	$ 2	$ 4,369	$ 156	$ 7,834	$ 12,361	$ 157
Ending Balance (in shares) at Sep. 02, 2012	432,350,000	432,350,000					

Fair Value Measurement

Fair Value Measurement

12 Months Ended
Sep. 02, 2012

Note 3—Fair Value Measurement

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The tables below present information at the end 2012 and 2011, respectively, regarding the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis, and indicate the level within the fair value hierarchy of the valuation techniques utilized to determine such fair value. As of these dates, the Company's holdings of Level 3 financial assets and liabilities were immaterial.

2012:	Level 1	Level 2
Money market mutual funds(1)	$ 77	$ 0
Investment in U.S. government and agency securities(2)	0	794
Investment in corporate notes and bonds	0	54
Investment in FDIC-insured corporate bonds	0	35
Investment in asset and mortgage-backed securities	0	8
Forward foreign-exchange contracts, in asset position(3)	0	1
Forward foreign-exchange contracts, in (liability) position(3)	0	(3)
Total	$ 77	$ 889

2011:	Level 1	Level 2
Money market mutual funds(1)	$ 200	$ 0
Investment in U.S. government and agency securities(2)	0	1,177
Investment in corporate notes and bonds	0	7
Investment in FDIC-insured corporate bonds	0	209
Investment in asset and mortgage-backed securities	0	12
Forward foreign-exchange contracts, in asset position(3)	0	1
Forward foreign-exchange contracts, in (liability) position(3)	0	(2)
Total	$ 200	$ 1,404

(1) Included in cash and cash equivalents in the accompanying consolidated balance sheets.

(2) $12 and $782 included in cash and cash equivalents and short-term investments, respectively, in the accompanying consolidated balance sheets at the end of 2012. $73 and $1,104 included in cash and cash equivalents and short-term investments, respectively, in the accompanying consolidated balance sheet at the end of 2011.

(3) The asset and the liability values are included in deferred income taxes and other current assets and other current liabilities, respectively, in the accompanying consolidated balance sheets. See Note 1 for additional information on derivative instruments.

All financial assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during 2012 and 2011 were immaterial. There were no transfers in or out of Level 1, 2, or 3 during 2012 and 2011.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Financial assets measured at fair value on a nonrecurring basis include held-to-maturity investments that are carried at amortized cost and are not remeasured to fair value on a recurring basis. There were no fair value adjustments to these financial assets during 2012 and 2011. See Note 4 for discussion on the fair value of long-term debt.

Nonfinancial assets measured at fair value on a nonrecurring basis include items such as long lived assets resulting from impairment, if deemed necessary. Fair value adjustments to these nonfinancial assets and liabilities during 2012 and 2011 were immaterial.

Summary of Stock-Based Compensation Expense (Detail) (USD $) In Millions, unless otherwise specified	12 Months Ended		
	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Total stock-based compensation expense before income taxes	$ 241	$ 207	$ 190
Less recognized income tax benefit	79	67	63
Total stock-based compensation expense, net of income taxes	162	140	127
Restricted Stock Units (RSUs)			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Total stock-based compensation expense before income taxes	241	206	171
Stock Option			
Share-based Compensation Arrangement by Share-based Payment Award [Line Items]			
Total stock-based compensation expense before income taxes	$ 0	$ 1	$ 19

Quarterly Financial Data (Detail) (USD $) In Millions, except Share data in Thousands, unless otherwise specified	3 Months Ended						4 Months Ended		12 Months Ended		
	May 06, 2012	Feb. 12, 2012	Nov. 20, 2011	May 08, 2011	Feb. 13, 2011	Nov. 21, 2010	Sep. 02, 2012	Aug. 28, 2011	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
REVENUE											
Net sales	$ 21,849	$ 22,508	$ 21,181	$ 20,188	$ 20,449	$ 18,823	$ 31,524	$ 27,588	$ 97,062	$ 87,048	$ 76,255
Membership fees	475	459	447	435	426	416	694	590	2,075	1,867	1,691
Total revenue	22,324	22,967	21,628	20,623	20,875	19,239	32,218	28,178	99,137	88,915	77,946
OPERATING EXPENSES											
Merchandise costs	19,543	20,139	18,931	18,067 [1]	18,235 [1]	16,757	28,210 [2]	24,680 [1]	86,823	77,739	67,995
Selling, general and administrative	2,152	2,178	2,144 [3]	1,992	2,040	1,945	3,044	2,714	9,518	8,691	7,848
Preopening expenses	6	6	10	8	4	12	15	22	37	46	26
Operating income	623	644	543	556	596	525	949	762	2,759	2,439	2,077
OTHER INCOME (EXPENSE)											
Interest expense	(19)	(27)	(27)	(27)	(27)	(26)	(22)	(36)	(95)	(116)	(111)
Interest income and other, net	18	10	37	5	4	5	38	46	103	60	88
INCOME BEFORE INCOME TAXES	622	627	553	534	573	504	965	772	2,767	2,383	2,054
Provision for income taxes	217	215	225 [4]	193	204	172	343	272	1,000	841	731
Net income including noncontrolling interests	405	412	328	341	369	332	622	500	1,767	1,542	1,323
Net income attributable to noncontrolling interests	(19)	(18)	(8)	(17)	(21)	(20)	(13)	(22)	(58)	(80)	(20)
NET INCOME ATTRIBUTABLE TO COSTCO	$ 386	$ 394	$ 320	$ 324	$ 348	$ 312	$ 609	$ 478	$ 1,709	$ 1,462	$ 1,303
NET INCOME PER COMMON SHARE ATTRIBUTABLE TO COSTCO:											
Basic	$ 0.89	$ 0.91	$ 0.74	$ 0.74	$ 0.80	$ 0.72	$ 1.41	$ 1.09	$ 3.94	$ 3.35	$ 2.97
Diluted	$ 0.88	$ 0.90	$ 0.73	$ 0.73	$ 0.79	$ 0.71	$ 1.39	$ 1.08	$ 3.89	$ 3.30	$ 2.92
Shares used in calculation (000's)											
Basic	433,791	434,535	434,222	436,977	436,682	434,099	432,437	436,596	433,620	436,119	438,611
Diluted	439,166	439,468	440,615	443,570	443,186	441,360	438,344	443,518	439,373	443,094	445,970
CASH DIVIDENDS DECLARED PER COMMON SHARE	$ 0.000 [5]	$ 0.240	$ 0.240	$ 0.240	$ 0.205	$ 0.205	$ 0.550 [6]	$ 0.240	$ 1.03	$ 0.89	$ 0.77

[1] Includes a $6, $49 and $32 increase to merchandise costs for a LIFO inventory adjustment for the second, third and fourth quarters, respectively (see Note 1-Merchandise Inventories).

[2] Includes a $12 increase to merchandise costs for a LIFO inventory adjustment (see Note 1-Merchandise Inventories).

[3] Includes a $17 charge to selling, general and administrative for contributions to an initiative reforming alcohol beverage laws in Washington State.

[4] Includes a $24 charge relating to the settlement of an income tax audit in Mexico (See Note 9-Income Taxes).

[5] On May 9, 2012, subsequent to the end of the third quarter of 2012, the Board of Directors declared a quarterly cash dividend of $0.275 per share.

[6] Our current quarterly dividend rate is $0.275 per share.

Stockholders' Equity (Tables)	12 Months Ended Sep. 02, 2012
Stock Repurchased Activity	The following table summarizes the Company's stock repurchase activity:

	Shares Repurchased (000's)	Average Price per Share	Total Cost
2012	7,272	$84.75	$ 617
2011	8,939	71.74	641
2010	9,943	57.14	568

Summary Of Significant Accounting Policies (Interest Income And Other, Net) (Detail) (USD $) In Millions, unless otherwise specified	3 Months Ended						4 Months Ended		12 Months Ended		
	May 06, 2012	Feb. 12, 2012	Nov. 20, 2011	May 08, 2011	Feb. 13, 2011	Nov. 21, 2010	Sep. 02, 2012	Aug. 28, 2011	Sep. 02, 2012	Aug. 28, 2011	Aug. 29, 2010
Summary Of Significant Accounting Policies											
Interest income, net									$ 49	$ 41	$ 23
Foreign-currency transactions gains (losses), net									40	9	14
Earnings from affiliates and other, net									14	10	51
Interest Income and Other, Net	$ 18	$ 10	$ 37	$ 5	$ 4	$ 5	$ 38	$ 46	$ 103	$ 60	$ 88

Quarterly Financial Data (Unaudited)	12 Months Ended Sep. 02, 2012

Quarterly Financial Data (Unaudited)

Note 13—Quarterly Financial Data (Unaudited)

The two tables that follow reflect the unaudited quarterly results of operations for 2012 and 2011.

	53 Weeks Ended September 2, 2012				
	First Quarter 12 Weeks	Second Quarter 12 Weeks	Third Quarter 12 Weeks	Fourth Quarter 17 Weeks	Total 53 Weeks
REVENUE					
Net sales	$21,181	$22,508	$21,849	$31,524	$97,062
Membership fees	447	459	475	694	2,075
Total revenue	21,628	22,967	22,324	32,218	99,137
OPERATING EXPENSES					
Merchandise costs	18,931	20,139	19,543	28,210 (4)	86,823
Selling, general and administrative	2,144 (1)	2,178	2,152	3,044	9,518
Preopening expenses	10	6	6	15	37
Operating income	543	644	623	949	2,759
OTHER INCOME (EXPENSE)					
Interest expense	(27)	(27)	(19)	(22)	(95)
Interest income and other, net	37	10	18	38	103
INCOME BEFORE INCOME TAXES	553	627	622	965	2,767
Provision for income taxes	225 (2)	215	217	343	1,000
Net income including noncontrolling interests	328	412	405	622	1,767
Net income attributable to noncontrolling interests	(8)	(18)	(19)	(13)	(58)
NET INCOME ATTRIBUTABLE TO COSTCO	$320	$394	$386	$609	$1,709

NET INCOME PER COMMON SHARE ATTRIBUTABLE TO COSTCO:					
Basic	$0.74	$0.91	$0.89	$1.41	$3.94
Diluted	$0.73	$0.90	$0.88	$1.39	$3.89
Shares used in calculation (000's)					
Basic	434,222	434,535	433,791	432,437	433,620
Diluted	440,615	439,468	439,166	438,344	439,373
CASH DIVIDENDS DECLARED PER COMMON SHARE	$0.240	$0.240	$0.000 (3)	$0.550 (5)	$1.03

(1) Includes a $17 charge to selling, general and administrative for contributions to an initiative reforming alcohol beverage laws in Washington State.

(2) Includes a $24 charge relating to the settlement of an income tax audit in Mexico (See Note 9—Income Taxes).

(3) On May 9, 2012, subsequent to the end of the third quarter of 2012, the Board of Directors declared a quarterly cash dividend of $0.275 per share.

(4) Includes a $12 increase to merchandise costs for a LIFO inventory adjustment (see Note 1—Merchandise Inventories).

(5) Our current quarterly dividend rate is $0.275 per share.

	52 Weeks Ended August 28, 2011				
	First Quarter 12 Weeks	Second Quarter 12 Weeks	Third Quarter 12 Weeks	Fourth Quarter 16 Weeks	Total 52 Weeks
REVENUE					
Net sales	$18,823	$20,449	$20,188	$27,588	$87,048
Membership fees	416	426	435	590	1,867
Total revenue	19,239	20,875	20,623	28,178	88,915
OPERATING EXPENSES					
Merchandise costs	16,757	18,235 (1)	18,067 (1)	24,680 (1)	77,739
Selling, general and administrative	1,945	2,040	1,992	2,714	8,691
Preopening expenses	12	4	8	22	46
Operating income	525	596	556	762	2,439

OTHER INCOME (EXPENSE)					
Interest expense	(26)	(27)	(27)	(36)	(116)
Interest income and other, net	5	4	5	46	60
INCOME BEFORE INCOME TAXES	504	573	534	772	2,383
Provision for income taxes	172	204	193	272	841
Net income including noncontrolling interests	332	369	341	500	1,542
Net income attributable to noncontrolling interests	(20)	(21)	(17)	(22)	(80)
NET INCOME ATTRIBUTABLE TO COSTCO	$312	$348	$324	$478	$1,462
NET INCOME PER COMMON SHARE ATTRIBUTABLE TO COSTCO:					
Basic	$0.72	$0.80	$0.74	$1.09	$3.35
Diluted	$0.71	$0.79	$0.73	$1.08	$3.30
Shares used in calculation (000's)					
Basic	434,099	436,682	436,977	436,596	436,119
Diluted	441,360	443,186	443,570	443,518	443,094
CASH DIVIDENDS DECLARED PER COMMON SHARE	$0.205	$0.205	$0.240	$0.240	$0.89

(1) Includes a $6, $49 and $32 increase to merchandise costs for a LIFO inventory adjustment for the second, third and fourth quarters, respectively (see Note 1—Merchandise Inventories).