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Costco's Code of Ethics

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Our Mission

To continually provide our members with quality goods and services at the lowest possible prices.

In order to achieve our mission we will conduct our business with the following Code of Ethics in mind:

Our Code of Ethics

1. **Obey the law.**
2. **Take care of our members.**
3. **Take care of our employees.**
4. **Respect our suppliers.**

If we do these four things throughout our organization, then we will achieve our ultimate goal, which is to:

5. **Reward our shareholders.**

Costco's Code of Ethics:

1. Obey the Law

The law is irrefutable! Absent a moral imperative to challenge a law, we must conduct our business in total compliance with the laws of every community where we do business. We pledge to:

* Comply with all laws and other legal requirements.
* Respect all public officials and their positions.
* Comply with safety and security standards for all products sold.
* Exceed ecological standards required in every community where we do business.
* Comply with all applicable wage and hour laws. Comply with all applicable anti-trust laws.
* Conduct business in and with foreign countries in a manner that is legal and proper under United States and foreign laws.
* Not offer, give, ask for, or receive any form of bribe or kickback to or from any person or pay to expedite government action or otherwise act in violation of the Foreign Corrupt Practices Act.
* Promote fair, accurate, timely, and understandable disclosure in reports filed with the Securities and Exchange Commission and in other public communications by the Company.

2. Take care of our members

Costco membership is open to business owners, as well as individuals. Our members are our reason for being - the key to our success. If we don't keep our members happy, little else that we do will make a difference. There are plenty of shopping alternatives for our members and if they fail to show up, we cannot survive. Our members have extended a trust to Costco by

virtue of paying a fee to shop with us. We will succeed only if we do not violate the trust they have extended to us, and that trust extends to every area of our business. To continue to earn their trust, we pledge to:

* Provide top-quality products at the best prices in the market.
* Provide high quality, safe and wholesome food products by requiring that both vendors and employees be in compliance with the highest food safety standards in the industry.
* Provide our members with a 100% satisfaction guaranteed warranty on every product and service we sell, including their membership fee.
* Assure our members that every product we sell is authentic in make and in representation of performance.
* Make our shopping environment a pleasant experience by making our members feel welcome as our guests.
* Provide products to our members that will be ecologically sensitive.
* Provide our members with the best customer service in the retail industry.
* Give back to our communities through employee volunteerism and employee and corporate contributions to United Way and Children's Hospitals.

3. Take care of our employees

Our employees are our most important asset. We believe we have the very best employees in the warehouse club industry, and we are committed to providing them with rewarding challenges and ample opportunities for personal and career growth. We pledge to provide our employees with:

* Competitive wages
* Great benefits
* A safe and healthy work environment
* Challenging and fun work
* Career opportunities
* An atmosphere free from harassment or discrimination
* An Open Door Policy that allows access to ascending levels of management to resolve issues
* Opportunities to give back to their communities through volunteerism and fund-raising

Career Opportunities at Costco:

* Costco is committed to promoting from within the company. The majority of our current management team members (including Warehouse, Merchandise, Administrative, Membership, Front End and Receiving Managers) are "home grown."
* Our growth plans remain very aggressive and our need for qualified, experienced employees to fill supervisory and management positions remains great.
* Today we have Warehouse Managers and Vice Presidents who were once Stockers and Callers or who started in clerical positions for Costco. We believe that Costco's future executive officers are currently working in our warehouses, depots and buying offices, as well as in our Home Office.

4. Respect our suppliers

Our suppliers are our partners in business and for us to prosper as a company, they must prosper with us. To that end, we strive to:

* Treat all suppliers and their representatives as you would expect to be treated if visiting their places of business.
* Honor all commitments.
* Protect all suppliers' property assigned to Costco as though it were our own.
* Not accept gratuities of any kind from a supplier.
* Avoid actual or apparent conflicts of interest, including creating a business in competition with the Company or working for or on behalf of another employer in competition with the Company.

These guidelines are exactly that - guidelines - some common sense rules for the conduct of our business. At the core of our philosophy as a company is the implicit understanding that all of us, employees and management alike, must conduct ourselves in an honest and ethical manner every day. In fact, dishonest conduct will not be tolerated. To do any less would be unfair to the overwhelming majority of our employees who support and respect Costco's commitment to ethical business conduct. If you are ever in doubt as to what course of action to take on a business matter that is open to varying ethical interpretations, TAKE THE HIGH ROAD AND DO WHAT IS RIGHT.

If we follow the four principles of our Code of Ethics throughout our organization, then we will achieve our fifth principle and ultimate goal, which is to:

5. Reward our shareholders

* As a company with stock that is traded publicly on the NASDAQ stock exchange, our shareholders are our business partners.
* We can only be successful so long as we are providing them with a good return on the money they invest in our company.
* This, too, involves the element of trust. They trust us to use their investment wisely and to operate our business in such a way that it is profitable.
* Over the years Costco has been in business, we have consistently followed an upward trend in the value of our stock. Yes, we have had our ups and our downs, but the overall trend has been consistently up.
* We believe Costco stock is a good investment, and we pledge to operate our company in such a way that our present and future stockholders, as well as our employees, will be rewarded for our efforts.

Application, Reporting of Violations, and Enforcement

1. The Code of Ethics applies to all directors, officers, and employees of the Company.
2. All persons are encouraged to promptly report actual or suspected violations of the Code. Federal law and other laws protect employees from retaliation if complaints are honestly made. Violation involving employees should be reported to the responsible Executive Vice President, who shall be responsible for taking prompt and appropriate action to investigate

and respond. Other violations should be reported to the General Counsel (999 Lake Drive, Issaquah WA 98027), who shall be responsible for taking prompt and appropriate action to investigate and respond.

3. Conduct that violates the Code will constitute grounds for disciplinary action, ranging from reprimand to termination and possible criminal prosecution.

What do Costco's Mission Statement and Code of Ethics have to do with you?

EVERYTHING!

The continued success of our company depends on how well each of Costco's employees adheres to the high standards mandated by our Code of Ethics. And a successful company means increased opportunities for success and advancement for each of you.

No matter what your current job, you can put Costco's Code of Ethics to work every day. It's reflected in the energy and enthusiasm you bring to work, in the relationships you build with your management, your co-workers, your vendors and your members.

By always choosing to do the right thing, you will build your own self-esteem, increase your chances for success and make Costco more successful, too. It is the synergy of ideas and talents, each of us working together and contributing our best, which makes Costco the great company it is today and lays the groundwork for what we will be tomorrow.