

CBOE Research Circular #RS12-640

Date: November 30, 2012

To: Permit Holders

From: Scott Speer

RE: Costco Wholesale Corporation ("COST")
CONTRACT ADJUSTMENT FOR SPECIAL CASH DIVIDEND

Ex-Date: December 6, 2012

Costco Wholesale Corporation ("COST") has declared a special cash dividend of **\$7.00** per share on its outstanding common stock. The special cash dividend has a record date of December 10, 2012 and a payable date of December 18, 2012. **The ex-distribution date will be on Thursday, December 6, 2012.**

THE FOREGOING DISCUSSION IS AN UNOFFICIAL SUMMARY OF THE TERMS OF THE SPECIAL DIVIDEND, PREPARED BY CBOE FOR THE CONVENIENCE OF ITS PERMIT HOLDERS. CBOE ACCEPTS NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS SUMMARY. PERMIT HOLDERS SHOULD REFER TO THE COSTCO WHOLESALE CORPORATION NEWS RELEASE DATED NOVEMBER 28, 2012, FOR THE AUTHORITATIVE DESCRIPTION OF THE SPECIAL DIVIDEND AND ALL OF ITS TERMS AND CONDITIONS.

Contract Adjustment for the Special Cash Dividend

Pursuant to Article VI, Section 11 and 11A of OCC's By-Laws, all outstanding COST option series will be adjusted to reflect this special cash dividend as follows: **On Thursday, December 6, 2012, each COST series shall be adjusted by decreasing the strike price by \$7.00, the amount of the cash dividend, rounded to the nearest 1/100th.** The option symbols for the adjusted contracts will remain the same. Premiums and strike-price amounts for the adjusted COST options will continue to be calculated on the basis of a multiplier of 100, *i.e.*, for premium and strike-price extensions, 1 point of premium or strike price will equal \$100. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

Adjusted Option Symbols

On Thursday, December 6, 2012, trading in COST series will be on an adjusted basis. At 8:30 A.M., Chicago time, an opening rotation will be effected with the following adjustments:

EXISTING SERIES					ADJUSTED SERIES*			
COST	80.00	2012-12-22	C/P	=>	COST	73.00	2012-12-22	C/P
COST	85.00	2012-12-22	C/P	=>	COST	78.00	2012-12-22	C/P
COST	87.50	2012-12-22	C/P	=>	COST	80.50	2012-12-22	C/P
COST	90.00	2012-12-22	C/P	=>	COST	83.00	2012-12-22	C/P
COST	92.50	2012-12-22	C/P	=>	COST	85.50	2012-12-22	C/P
COST	95.00	2012-12-22	C/P	=>	COST	88.00	2012-12-22	C/P
COST	97.50	2012-12-22	C/P	=>	COST	90.50	2012-12-22	C/P
COST	100.00	2012-12-22	C/P	=>	COST	93.00	2012-12-22	C/P

EXISTING SERIES					ADJUSTED SERIES*			
COST	105.00	2012-12-22	C/P	=>	COST	98.00	2012-12-22	C/P
COST	110.00	2012-12-22	C/P	=>	COST	103.00	2012-12-22	C/P
COST	115.00	2012-12-22	C/P	=>	COST	108.00	2012-12-22	C/P
COST	120.00	2012-12-22	C/P	=>	COST	113.00	2012-12-22	C/P
COST	35.00	2013-01-19	C/P	=>	COST	28.00	2013-01-19	C/P
COST	40.00	2013-01-19	C/P	=>	COST	33.00	2013-01-19	C/P
COST	42.50	2013-01-19	C/P	=>	COST	35.50	2013-01-19	C/P
COST	45.00	2013-01-19	C/P	=>	COST	38.00	2013-01-19	C/P
COST	47.50	2013-01-19	C/P	=>	COST	40.50	2013-01-19	C/P
COST	50.00	2013-01-19	C/P	=>	COST	43.00	2013-01-19	C/P
COST	55.00	2013-01-19	C/P	=>	COST	48.00	2013-01-19	C/P
COST	60.00	2013-01-19	C/P	=>	COST	53.00	2013-01-19	C/P
COST	65.00	2013-01-19	C/P	=>	COST	58.00	2013-01-19	C/P
COST	70.00	2013-01-19	C/P	=>	COST	63.00	2013-01-19	C/P
COST	72.50	2013-01-19	C/P	=>	COST	65.50	2013-01-19	C/P
COST	75.00	2013-01-19	C/P	=>	COST	68.00	2013-01-19	C/P
COST	77.50	2013-01-19	C/P	=>	COST	70.50	2013-01-19	C/P
COST	80.00	2013-01-19	C/P	=>	COST	73.00	2013-01-19	C/P
COST	82.50	2013-01-19	C/P	=>	COST	75.50	2013-01-19	C/P
COST	85.00	2013-01-19	C/P	=>	COST	78.00	2013-01-19	C/P
COST	87.50	2013-01-19	C/P	=>	COST	80.50	2013-01-19	C/P
COST	90.00	2013-01-19	C/P	=>	COST	83.00	2013-01-19	C/P
COST	92.50	2013-01-19	C/P	=>	COST	85.50	2013-01-19	C/P
COST	95.00	2013-01-19	C/P	=>	COST	88.00	2013-01-19	C/P
COST	97.50	2013-01-19	C/P	=>	COST	90.50	2013-01-19	C/P
COST	100.00	2013-01-19	C/P	=>	COST	93.00	2013-01-19	C/P
COST	105.00	2013-01-19	C/P	=>	COST	98.00	2013-01-19	C/P
COST	110.00	2013-01-19	C/P	=>	COST	103.00	2013-01-19	C/P
COST	115.00	2013-01-19	C/P	=>	COST	108.00	2013-01-19	C/P
COST	120.00	2013-01-19	C/P	=>	COST	113.00	2013-01-19	C/P
COST	125.00	2013-01-19	C/P	=>	COST	118.00	2013-01-19	C/P
COST	130.00	2013-01-19	C/P	=>	COST	123.00	2013-01-19	C/P
COST	50.00	2013-04-20	C/P	=>	COST	43.00	2013-04-20	C/P
COST	55.00	2013-04-20	C/P	=>	COST	48.00	2013-04-20	C/P
COST	60.00	2013-04-20	C/P	=>	COST	53.00	2013-04-20	C/P
COST	65.00	2013-04-20	C/P	=>	COST	58.00	2013-04-20	C/P
COST	70.00	2013-04-20	C/P	=>	COST	63.00	2013-04-20	C/P
COST	75.00	2013-04-20	C/P	=>	COST	68.00	2013-04-20	C/P
COST	80.00	2013-04-20	C/P	=>	COST	73.00	2013-04-20	C/P
COST	85.00	2013-04-20	C/P	=>	COST	78.00	2013-04-20	C/P

EXISTING SERIES

ADJUSTED SERIES*

COST	87.50	2013-04-20	C/P	=>	COST	80.50	2013-04-20	C/P
COST	90.00	2013-04-20	C/P	=>	COST	83.00	2013-04-20	C/P
COST	92.50	2013-04-20	C/P	=>	COST	85.50	2013-04-20	C/P
COST	95.00	2013-04-20	C/P	=>	COST	88.00	2013-04-20	C/P
COST	97.50	2013-04-20	C/P	=>	COST	90.50	2013-04-20	C/P
COST	100.00	2013-04-20	C/P	=>	COST	93.00	2013-04-20	C/P
COST	105.00	2013-04-20	C/P	=>	COST	98.00	2013-04-20	C/P
COST	110.00	2013-04-20	C/P	=>	COST	103.00	2013-04-20	C/P
COST	115.00	2013-04-20	C/P	=>	COST	108.00	2013-04-20	C/P
COST	120.00	2013-04-20	C/P	=>	COST	113.00	2013-04-20	C/P
COST	125.00	2013-04-20	C/P	=>	COST	118.00	2013-04-20	C/P
COST	130.00	2013-04-20	C/P	=>	COST	123.00	2013-04-20	C/P

COST	50.00	2013-07-20	C/P	=>	COST	43.00	2013-07-20	C/P
COST	55.00	2013-07-20	C/P	=>	COST	48.00	2013-07-20	C/P
COST	60.00	2013-07-20	C/P	=>	COST	53.00	2013-07-20	C/P
COST	65.00	2013-07-20	C/P	=>	COST	58.00	2013-07-20	C/P
COST	70.00	2013-07-20	C/P	=>	COST	63.00	2013-07-20	C/P
COST	75.00	2013-07-20	C/P	=>	COST	68.00	2013-07-20	C/P
COST	80.00	2013-07-20	C/P	=>	COST	73.00	2013-07-20	C/P
COST	85.00	2013-07-20	C/P	=>	COST	78.00	2013-07-20	C/P
COST	87.50	2013-07-20	C/P	=>	COST	80.50	2013-07-20	C/P
COST	90.00	2013-07-20	C/P	=>	COST	83.00	2013-07-20	C/P
COST	92.50	2013-07-20	C/P	=>	COST	85.50	2013-07-20	C/P
COST	95.00	2013-07-20	C/P	=>	COST	88.00	2013-07-20	C/P
COST	97.50	2013-07-20	C/P	=>	COST	90.50	2013-07-20	C/P
COST	100.00	2013-07-20	C/P	=>	COST	93.00	2013-07-20	C/P
COST	105.00	2013-07-20	C/P	=>	COST	98.00	2013-07-20	C/P
COST	110.00	2013-07-20	C/P	=>	COST	103.00	2013-07-20	C/P
COST	115.00	2013-07-20	C/P	=>	COST	108.00	2013-07-20	C/P
COST	120.00	2013-07-20	C/P	=>	COST	113.00	2013-07-20	C/P
COST	125.00	2013-07-20	C/P	=>	COST	118.00	2013-07-20	C/P
COST	130.00	2013-07-20	C/P	=>	COST	123.00	2013-07-20	C/P

2014 LEAPS

COST	45.00	2014-01-18	C/P	=>	COST	38.00	2014-01-18	C/P
COST	47.50	2014-01-18	C/P	=>	COST	40.50	2014-01-18	C/P
COST	50.00	2014-01-18	C/P	=>	COST	43.00	2014-01-18	C/P
COST	55.00	2014-01-18	C/P	=>	COST	48.00	2014-01-18	C/P
COST	60.00	2014-01-18	C/P	=>	COST	53.00	2014-01-18	C/P
COST	65.00	2014-01-18	C/P	=>	COST	58.00	2014-01-18	C/P
COST	70.00	2014-01-18	C/P	=>	COST	63.00	2014-01-18	C/P

EXISTING SERIES

ADJUSTED SERIES*

COST	75.00	2014-01-18	C/P	=>	COST	68.00	2014-01-18	C/P
COST	80.00	2014-01-18	C/P	=>	COST	73.00	2014-01-18	C/P
COST	82.50	2014-01-18	C/P	=>	COST	75.50	2014-01-18	C/P
COST	85.00	2014-01-18	C/P	=>	COST	78.00	2014-01-18	C/P
COST	87.50	2014-01-18	C/P	=>	COST	80.50	2014-01-18	C/P
COST	90.00	2014-01-18	C/P	=>	COST	83.00	2014-01-18	C/P
COST	92.50	2014-01-18	C/P	=>	COST	85.50	2014-01-18	C/P
COST	95.00	2014-01-18	C/P	=>	COST	88.00	2014-01-18	C/P
COST	97.50	2014-01-18	C/P	=>	COST	90.50	2014-01-18	C/P
COST	100.00	2014-01-18	C/P	=>	COST	93.00	2014-01-18	C/P
COST	105.00	2014-01-18	C/P	=>	COST	98.00	2014-01-18	C/P
COST	110.00	2014-01-18	C/P	=>	COST	103.00	2014-01-18	C/P
COST	115.00	2014-01-18	C/P	=>	COST	108.00	2014-01-18	C/P
COST	120.00	2014-01-18	C/P	=>	COST	113.00	2014-01-18	C/P
COST	125.00	2014-01-18	C/P	=>	COST	118.00	2014-01-18	C/P
COST	130.00	2014-01-18	C/P	=>	COST	123.00	2014-01-18	C/P
COST	135.00	2014-01-18	C/P	=>	COST	128.00	2014-01-18	C/P
COST	140.00	2014-01-18	C/P	=>	COST	133.00	2014-01-18	C/P
COST	145.00	2014-01-18	C/P	=>	COST	138.00	2014-01-18	C/P

2015 LEAPS

COST	50.00	2015-01-17	C/P	=>	COST	43.00	2015-01-17	C/P
COST	55.00	2015-01-17	C/P	=>	COST	48.00	2015-01-17	C/P
COST	60.00	2015-01-17	C/P	=>	COST	53.00	2015-01-17	C/P
COST	65.00	2015-01-17	C/P	=>	COST	58.00	2015-01-17	C/P
COST	70.00	2015-01-17	C/P	=>	COST	63.00	2015-01-17	C/P
COST	75.00	2015-01-17	C/P	=>	COST	68.00	2015-01-17	C/P
COST	80.00	2015-01-17	C/P	=>	COST	73.00	2015-01-17	C/P
COST	85.00	2015-01-17	C/P	=>	COST	78.00	2015-01-17	C/P
COST	90.00	2015-01-17	C/P	=>	COST	83.00	2015-01-17	C/P
COST	92.50	2015-01-17	C/P	=>	COST	85.50	2015-01-17	C/P
COST	95.00	2015-01-17	C/P	=>	COST	88.00	2015-01-17	C/P
COST	97.50	2015-01-17	C/P	=>	COST	90.50	2015-01-17	C/P
COST	100.00	2015-01-17	C/P	=>	COST	93.00	2015-01-17	C/P
COST	105.00	2015-01-17	C/P	=>	COST	98.00	2015-01-17	C/P
COST	110.00	2015-01-17	C/P	=>	COST	103.00	2015-01-17	C/P
COST	115.00	2015-01-17	C/P	=>	COST	108.00	2015-01-17	C/P
COST	120.00	2015-01-17	C/P	=>	COST	113.00	2015-01-17	C/P
COST	125.00	2015-01-17	C/P	=>	COST	118.00	2015-01-17	C/P
COST	130.00	2015-01-17	C/P	=>	COST	123.00	2015-01-17	C/P
COST	135.00	2015-01-17	C/P	=>	COST	128.00	2015-01-17	C/P
COST	140.00	2015-01-17	C/P	=>	COST	133.00	2015-01-17	C/P

EXISTING SERIES					ADJUSTED SERIES*			
COST	145.00	2015-01-17	C/P	=>	COST	138.00	2015-01-17	C/P
COST	150.00	2015-01-17	C/P	=>	COST	143.00	2015-01-17	C/P

*** Any additional COST series that are added prior to the ex-date will also be adjusted in the manner described above.**

GTC Order Conversion

On Wednesday, December 5, 2012, immediately after the CBOE close, the system will convert or cancel all resting orders in the COST order book. If your firm has requested, all booked orders (phone, wire, and electronic) and all ORS orders residing outside the book (booth or crowd routed) will be converted reflecting the adjustment. If your firm has requested, all booked orders and ORS orders residing outside of the book will be canceled. If your firm receives CXL drops, the CXL confirms will print at your booth at 3:15 p.m. ORS CXLs will also be transmitted electronically to your branches.

A report will be available at the Help Desk listing the orders that are converted or canceled. If converted, this list will also show how the new orders will be adjusted. This report will be available on request anytime during the day prior to the night of the adjustment.

Position and Exercise Limits

The CBOE Department of Market Regulation has determined that: "The position and exercise limits following this cash distribution will remain the same."

Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). CBOE contract adjustment memos can also be accessed from CBOE.com at the following web address:

<http://www.cboe.com/ContractAdjustments>