

Talking Points
Jim Stafford, Assistant VP, Costco Wholesale Corporation
Senate Majority Policy Hearing on April 18, 2007
April 16, 2007

Costco Wholesale Overview: Worldwide, U.S., Pennsylvania

Costco Wholesale Mission Statement:

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 five code of ethics in mind:

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 properly, and in this order, then we will accomplish what every corporation has a responsibility to accomplish, which is to:

5. Reward our shareholders.

Costco Beer, Wine & Spirit Overview:

1. Role of the category within Costco:
 - * Provide quality and value to our customers.
 - * Compliments fresh departments.
 - * Integrated in-line adjacent to high-end cheeses and meats.
2. Typical item mix - 270 items. 190 or approximately 70% are wine (75% of these wines are over \$10.00).
3. Controls:
 - * 844 licenses, averaging less than 2 violations per year since 1990.
 - * Unexplained inventory loss (shrink) of less than .25%
 - * Staffed entry and exit in every warehouse.
4. Buying Expertise and Vision

Costco Employment Statistics:

1. Each Costco Wholesale employs approximately 250 people.
2. Average wage is approximately \$20.82/hr. Starting wage is \$11.00/hr.
3. After 4 years, a typical full-time cashier makes \$44,000/year.
4. 87% of our employees are benefit eligible. Benefits include health, dental, drug, vision, life and disability. The benefits cover both full and part-time employees and their spouses, domestic partners, and family members.
5. Participation in our 401K is currently running at 92%.
6. Over 50% of our employees are Full-Time.
7. Employee turnover is running at 20%, but after one year, drops to 6%.