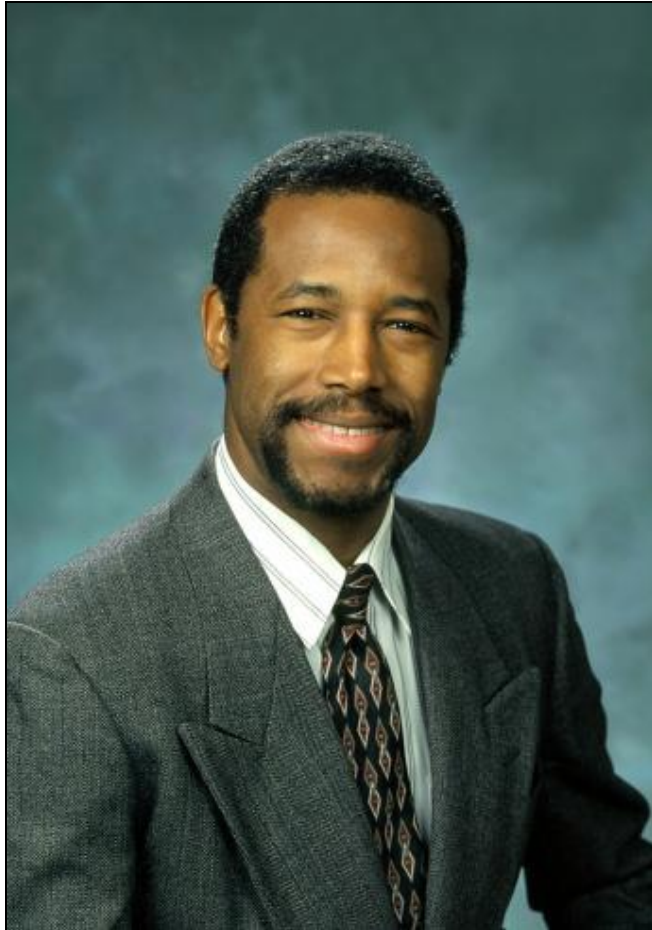




Annual Shareholders' Meeting
January 26, 2012

Board Members

Benjamin S. Carson, Sr., M.D.



Joined the Board in May 1999

Director of Pediatric Neurosurgery at
Johns Hopkins Medicine

Director of Kellogg Company

Benjamin S. Carson, Sr., M.D.



- In 1987, made medical history surgically separating twins who were conjoined at the back of the head
- Holds dozens of honorary doctorate degrees, as well as the Ford's Theater Lincoln Medal and the Presidential Medal of Freedom – the country's highest civilian honor
- Author of four books
- In 2009, Academy Award-winning actor Cuba Gooding, Jr. portrayed him in TNT's "Gifted Hands"

Board Members

Susan L. Decker

Joined the Board in October 2004

Director of Intel Corporation, Berkshire Hathaway Inc., and LegalZoom.com

Served on the Financial Accounting Standards Advisory Council (FASAC) from 2000 to 2004

Director of Pixar Animation Studios from June 2004 to May 2006

Director of The Stanford Institute for Economic Policy Research (SIEPR) from March 2005 to May 2007



YAHOO!

Susan L. Decker

- President of Yahoo from 2007 to 2009
CFO of Yahoo from 2000 to 2007
- Entrepreneur-in-Residence at Harvard Business School 2009 – 2010
- Trustee of Save the Children
- Recognized by Institutional Investor magazine as a top-rated analyst for 10 consecutive years
- On September 30, 2010, she received Harvard Business School's most important honor, the Alumni Achievement Award



Board Members

Richard A. Galanti

Joined the Board in January 1995

Executive Vice President and
Chief Financial Officer

Director of the Federal Reserve
Bank of San Francisco



Richard A. Galanti

- In 1964, began career in retail at age of 8 in Canton, GA (father's grocery store)
- From 1978 to 1983 - spent 5 years on Wall Street
- 1984 – saved by Costco
- With wife, Barrie, involved with many local charities and schools.



Board Members

William H. Gates

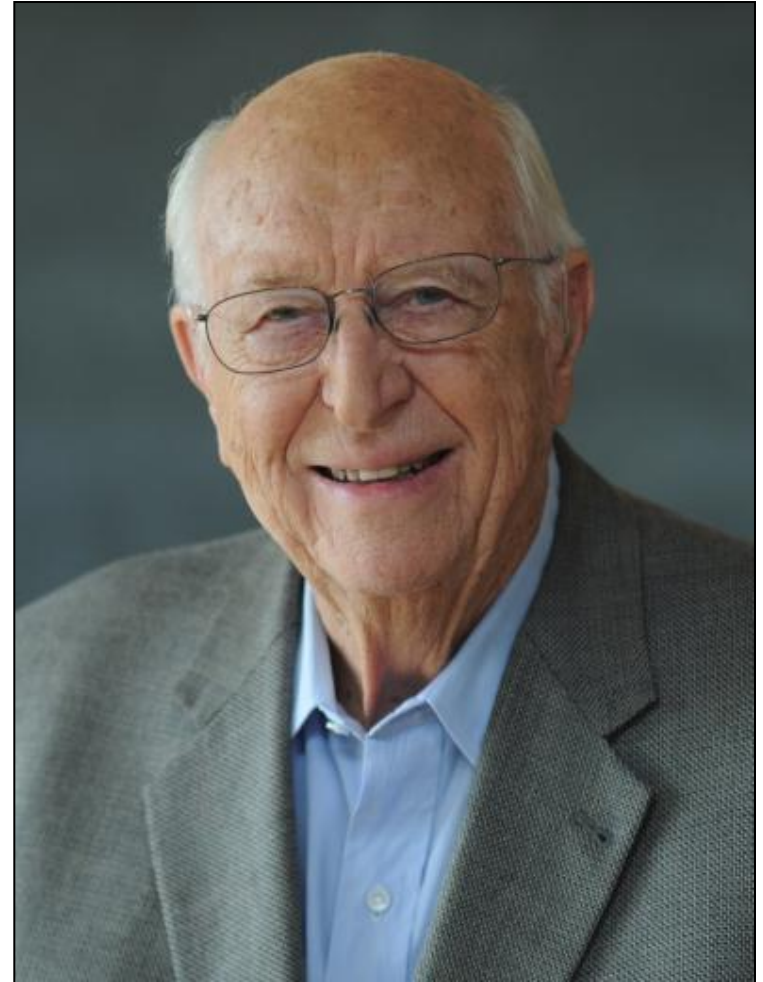
Joined the Board in January 2003

Co-chair of the Bill & Melinda Gates Foundation

Board of Regents of the University of Washington

Former Partner in law firm of Preston, Gates & Ellis for 30 years

Served as president of the Seattle/King County Bar Association and the Washington State Bar Association



William H. Gates

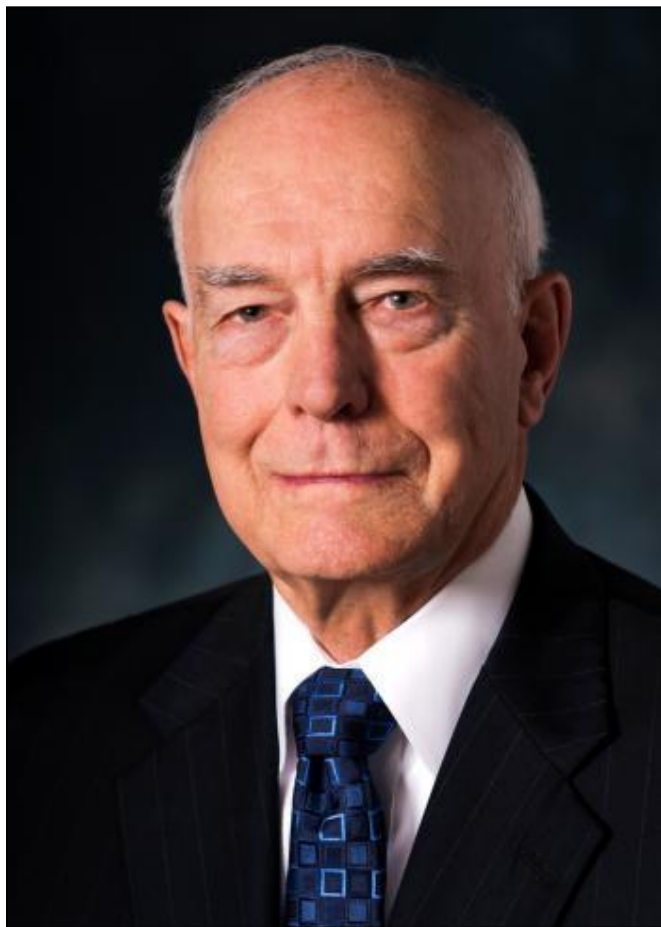


With Bill Gates Sr. at the foundation's offices,
Seattle, Washington

- **Trustee, officer and volunteer for more than two dozen Northwest organizations, including the Greater Seattle Chamber of Commerce and King County United Way**
- **In 1995 founded the Technology Alliance, a cooperative regional effort to expand technology-based employment in the State of Washington**



Board Members



Daniel J. Evans

Joined the Board in January 2003

Served as a Navy lieutenant, then went into private practice as an engineer

Political career began in 1956; later served as a three-term Governor of Washington and a U.S. Senator

Chairman of Daniel J. Evans Associates

Daniel J. Evans



- Director of NIC Inc. and Archimedes Technology Group
- Founded the Washington Wildlife and Recreation Coalition and served on the University of Washington Board of Regents
- Current chair of the Husky Stadium renovation committee

Board Members

Hamilton E. James

Joined the Board in
August 1988

President and Chief Operating
Officer of The Blackstone Group

Director of Blackstone Group
Management L.L.C.



Hamilton E. James



- Fly fisherman, active with Trout Unlimited
- Known on Wall Street for his people skills, work ethic, unassuming manner and sharp financial mind



Board Member

Craig Jelinek

President & CEO

Joined the Board in February 2010



Board Members



Rick Libenson

Joined the Board in October 1993

A Founder & Director of The Price Company from 1976 to 1993

Executive Officer of The Price Company from 1976 to 1989

Director of the Rady Children's Hospital Foundation Board since 1993

Rick Libenson



- Has devoted his life to work and his family

Board Members

John W. Meisenbach

Director since inception

Graduated Enumclaw's White River High in 1954, and now presents an annual Mary Meisenbach Excellence in Education Award (in honor of his mother, Mary) to a deserving White River High teacher, along with scholarships to White River students

Served in the U.S. Navy Submarine Service

President of MCM, a Meisenbach Company

Director of Expeditors International and M Financial Holdings



John W. Meisenbach



- **Trustee of the Elite Fund and Seattle University**
- **On the Board of America's Foundation for Chess**
- **Supports Seattle's Zion Preparatory Academy, Seattle Children's Hospital, United Way of King County, Global Partnerships & Medical Teams International**

Board Members

Charles T. Munger

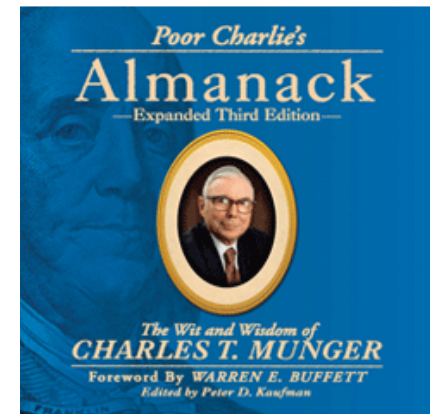
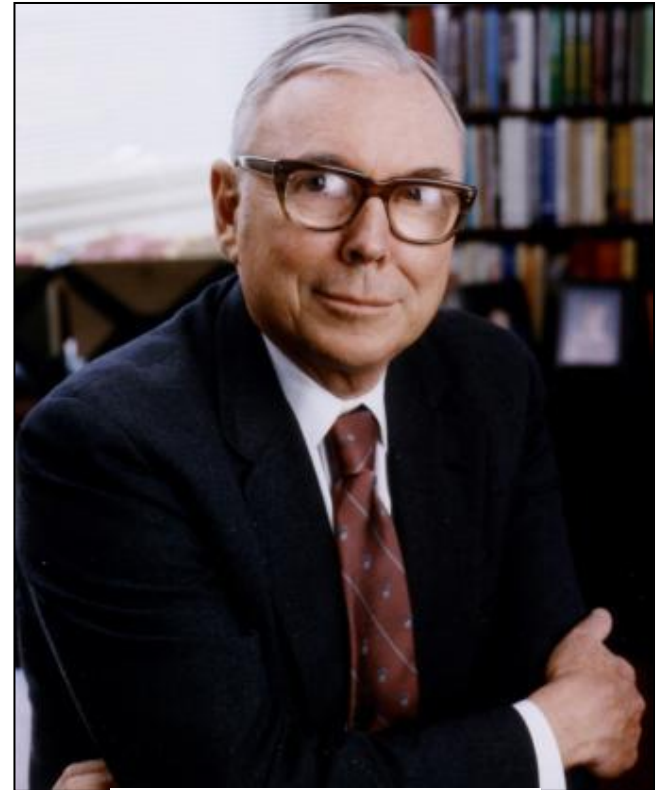
Joined the Board in January 1997

Studied mathematics at the University of Michigan; left to serve as a U.S. Army Air Corps Meteorologist during World War II

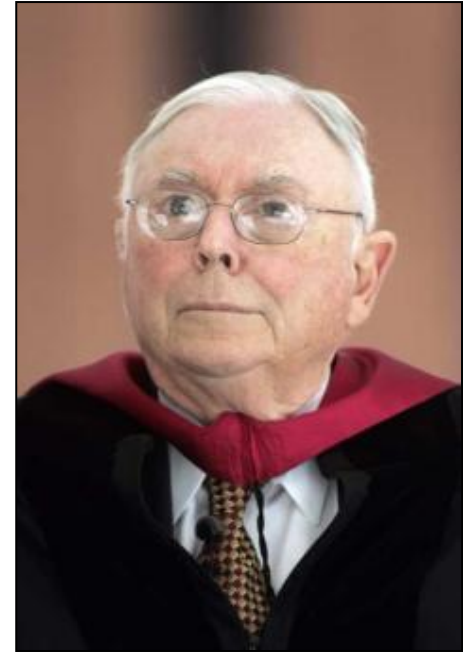
Persuaded Harvard University to accept him, sans degree, and graduated magna cum laude with a doctorate in law in 1948

Director and Vice Chairman of the Board of Berkshire Hathaway Inc.

A collection of his speeches and talks were published in “Poor Charlie’s Almanack: The Wit and Wisdom of Charles T. Munger”



Charles T. Munger



- **Chairman of the Board of Daily Journal Corporation**
- **Former Chairman & CEO of Wesco Financial Corporation**
- **Benefactor of education, including University of Michigan, Stanford University & L.A.'s Marlborough and Harvard-Westlake schools**

Board Members

Jeffrey S. Raikes

Joined the Board in December 2008

Worked at Apple for 15 months before joining Microsoft and becoming an Executive Officer.

Chief Executive Officer of the Bill & Melinda Gates Foundation

Founder of the Raikes Foundation and Co-chair of the 2006-2007 United Way of King County fundraising campaign – its most successful campaign ever



Jeffrey S. Raikes



- Named 2011 Executive of the Year by the Puget Sound Business Journal
- As part of a community effort to preserve Major League Baseball in the Northwest, he joined with other business leaders to purchase the Seattle Mariners



Board Members

Jill S. Ruckelshaus



Joined the Board in February 1996

White House Special Assistant on Women's Rights. Husband Bill worked as Deputy Attorney General. Both resigned in 1973 in protest of the Nixon Administration's principles

Trustee of both University of Puget Sound & Seattle Symphony

Jill S. Ruckelshaus



- Has served on many Boards, including: UNICEF/US; the White House Endowment Fund; Northwest Women's Law Center; The Seafirst Corporation; Discovery Institute; Lincoln National; and Sustainable Northwest; as well as chair of Seattle's Lakeside School
- Women's liberation spokesperson for the National Women's Political Caucus





Board Member

Jim Sinegal

Co-Founder & Director

Former President & CEO





Annual Shareholders' Meeting
January 26, 2012

Tucson III, AZ
4/14/11



Courtenay, BC

6/02/11



Lodi, CA

6/09/11



San Marcos, CA (NRL)

7/08/11

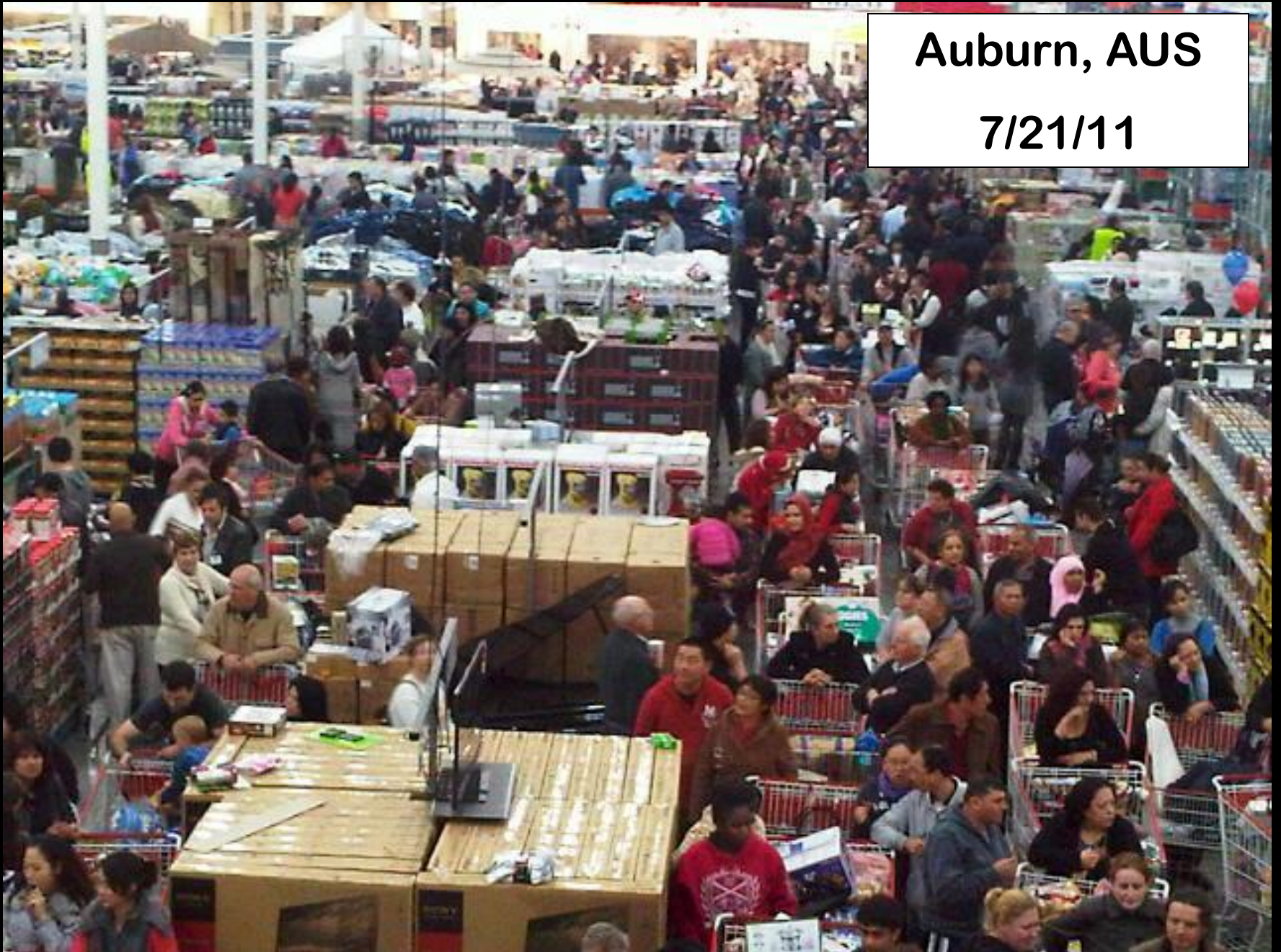


Auburn, AUS
7/21/11



Auburn, AUS

7/21/11



Canberra, AUS
7/22/11



Canberra, AUS

7/22/11



Fredericton, NB

8/19/11



Costco
WHOLESALE
OPENING AUGUST 19
800-852-2629
www.costco.ca

Tainan, TW

8/23/11





Maebashi Gunma, JP

8/26/11





Costco Today

- **2nd Largest retailer in U.S.**
- **7th Largest retailer in the world**
- **28th Largest in Fortune 500**
- **\$35+ Billion market cap**



Costco Today

(January 2012)

- Sales of \$92.2B (LTM)
- 598 warehouses - 40 states & PR
- 9 countries
- \$146M average sales / whse. – FY'11
- 85.0M Sq. Ft. (143K / whse.)
- 161,300 employees worldwide
- >1.9M transactions / day



Costco Today

(January 2012)

598 Warehouses Worldwide

433 – U.S.

11 – Japan

82 – CN

8 – Taiwan

32 – Mexico

7 – Korea

22 – UK

3 – Australia



Costco Today

(January 2012)

- **Members**
 - **35.6M households**
 - **64.9M total cardholders**
 - **89% renewal rate (U.S. & CN)**
 - **\$2.0B in cash fees LTM**



Fiscal Year

	<u>2010</u>	<u>2011*</u>	<u>% Inc.</u>
Sales	\$76,255	\$87,048	14.2%
Gross Margin	10.83%	10.69%	
SG&A	<u>10.28%</u>	<u>9.97%</u>	
Operating Income	\$2,077	\$2,439	17.4%
Net Income	<u>\$1,303</u>	<u>\$1,462</u>	<u>12.2%</u>
E.P.S.	\$2.92	\$3.30	

*Includes an \$87M LIFO charge.



FY'11 Highlights

- Sales of \$87.0B
- 92 locations > \$200M
- 19 warehouse openings
- Strong international growth
- Membership renewals (89%)
- Increasing shopping frequency
- Improved expense control
- 10% Comp sales



Member Shopping Frequency

2003 – 2007 +1.5%

2008 +2.5%

2009 +4.0%

2010 +4.3%

2011 +4.4%

2011 Holiday Sales Days > \$1M

TY - 456 Days
LY - 261 Days





\$1.9B TVs Sold in FY'11



FY'11 Camera Sales \$466M



Costco Diamonds



FY'11 Sales

103,000 Carats

6.17ct Round Brilliant Diamond Ring \$185,000 (Port Chester)

2.36ct Round Brilliant Diamond Ring \$63,000 (Clackamas)

3.51ct Round Brilliant Diamond Ring \$60,000 (Chantilly)



16129*
SEVEN FOR ALL MANK'D
LADIES A-POCKET JEAN
SIZES: 27-32
109.99

931018
TRUE RELIGION
LADIES BOBBY JEAN
SIZES: 29-32
112.99

203908
JONES
LADIES SLEEVELESS
SPLIT V NECKLINE
13.49

203909
JONES
LADIES SLEEVELESS
SPLIT V NECKLINE
14.99



SALE
KNOX AND MONARCH
MEN'S 1/2 SLIM-FIT
DRESS SHIRTS
17.99

MEGA MOVIE TICKETS
Without Ever Leaving Home

SALE



FY'11

Fine Wine Sales \$681M

Total Wine Sales \$1.3B



FY'11 Produce Sales \$3.9B



FY'11 Seafood Sales \$855M



FY'11 Bakery Sales \$1.1B



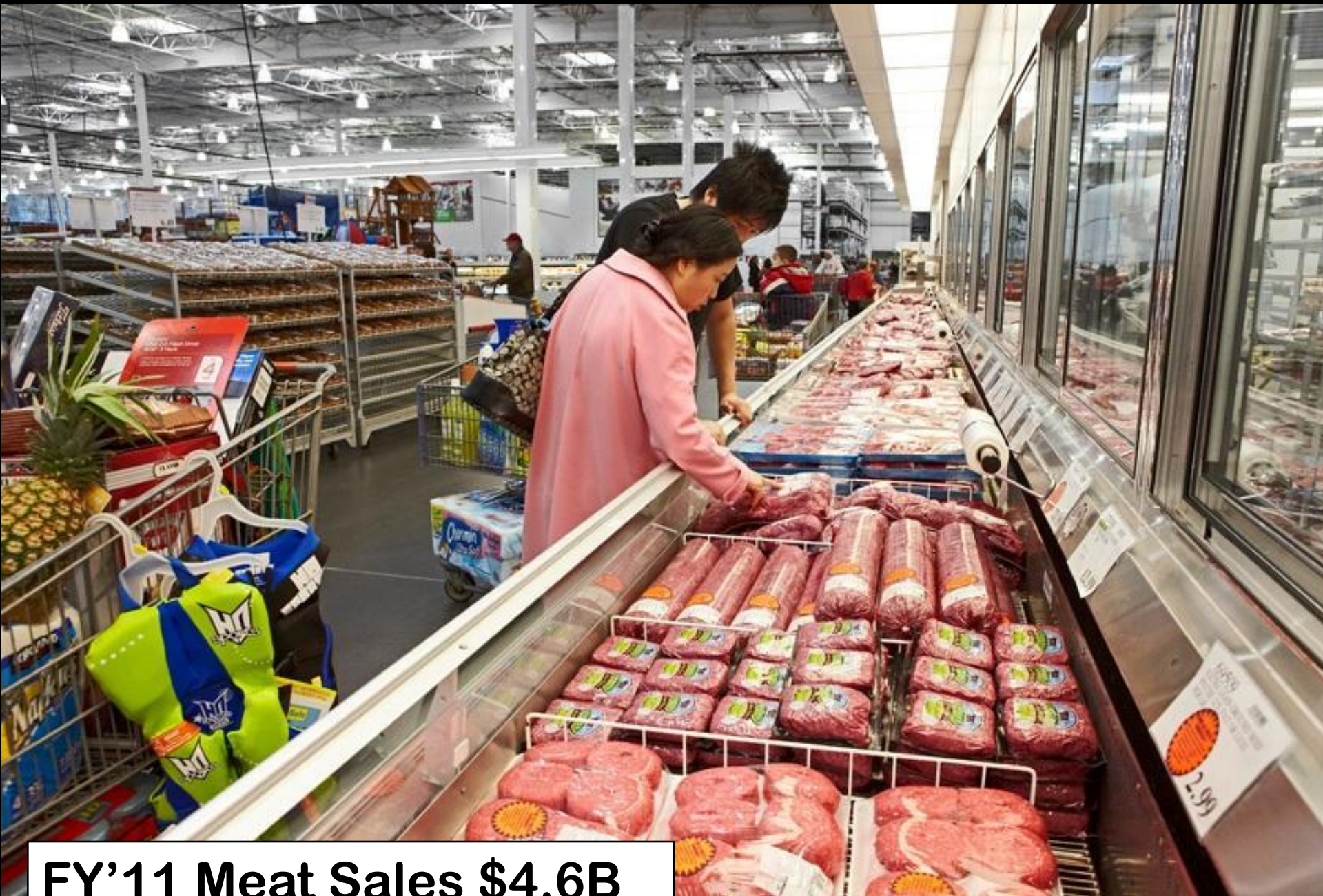
Pumpkin Pies

Thanksgiving Sales (Mon ~ Wed)

1.4M Units



\$5.99



FY'11 Meat Sales \$4.6B



87745
ROTISSERIE CHICKEN
MINIMUM WT 3.0 LBS.
EACH
4.99

CAUTION HOT

RIBS

CAUTION HOT

FY'11 Sales \$291M
55M Chickens





KIRKLAND

Signature



KS Peanut Butter Cups

Sell \$11.99



3.75 LBS

KS by Campbell's



Tomato Bisque 8 Pack

18.7oz cans

Sell: \$8.99



Chicken Combo 8 Pack

18.7oz cans

Sell: \$10.99



KS Steak Strips



Sell \$8.99



12oz pack



KS & Cinnabon Cinnamon Rolls

Sell \$8.99
2lbs





KS Organic Beef Patties

4lb Sell - \$15.99

12 individual 1/3 lb. patties





KS Peanut Butter Filled Pretzels

Sell \$6.99



3.25lbs





KS 100% Silk Tie Made in Italy

Sell: \$19.99

Comp: \$135.00





KS Gabardine Italian Wool Pleated Slacks



Sell: \$49.99

Comp: \$275.00 - \$325.00



Costco Services

Auto Buying Program

FY'11

- 225K cars sold in U.S.
- 70K cars sold in CN

**U.S. – 1M vehicles
sold in last 5 years**

COSTCO AUTO PROGRAM

Your guide to saving money, time and hassle.

SAVINGS That Add Up

New Vehicles • Factory-Certified Pre-Owned Vehicles • New Boats • New RVs



In the last 5 years, more than
1 MILLION VEHICLES
were purchased through the Costco Auto Program

Call 1-800-800-5778
or visit Costco.com and search: **autosave**

Costco
AUTO PROGRAM
Volume 11.1

Food Court



100M Hot dog & soda combos sold in FY'11

Optical



3.2M Pairs of glasses sold in FY'11

Hearing Aids

HEARING AIDS AVAILABLE HERE

Free Hearing Test

Test to determine if you could be helped by a hearing aid **BY A LICENSED PROFESSIONAL**

LATEST TECHNOLOGY CUSTOM FIT DIGITAL HEARING AIDS



KIRKLAND
2 Premium Digital Hearing Aids with Bluetooth® Capabilities™ & Accessory Kit
\$1,999⁹⁹

Schedule your FREE hearing test and product demonstration today!

HEARING AID CENTER

HEARING AID CENTER	TEST & CONSULTATION
HEARING AID CENTER	TEST & CONSULTATION
HEARING AID CENTER	TEST & CONSULTATION
HEARING AID CENTER	TEST & CONSULTATION
HEARING AID CENTER	TEST & CONSULTATION
HEARING AID CENTER	TEST & CONSULTATION

Dr. [Name]
Hearing Aid Specialist
License # [Number]

Monthly hearing aid costs from \$9.99



EXTRAORDINARY VALUE!

- FREE product demonstration
- FREE hearing test
- FREE hearing adjustments
- FREE wax and earplug coverage
- FREE warranty periods
- FREE hearing aid clean

Don't miss out on this incredible offer!

424 Locations



Comp \$5,000
60% Savings



**2 Premium Digital
Hearing Aids with *Bluetooth*[®]
Capabilities** & Accessory Kit**



\$1,999⁹⁹
A PAIR
Item 510997

Schedule your FREE hearing test* and product demonstration today!

*Test to determine if your hearing loss may be helped by hearing aids.
The Bluetooth[®] word mark and logos are owned by the Bluetooth SIG, Inc. and any use of such marks by Costco Wholesale is under license.
Other trademarks and trade names are those of their respective owners. **Optional BLU RCU required for Bluetooth connectivity. Optional BLU RCU \$325.99.

Annual Sales \$51M

Gasoline



\$8.7B / 2.6B Gallons sold in FY'11

Car Wash



7 Locations

Tire Center

6.5M Tires sold in FY'11



Touring Sedan / Sports Car

MICHELIN BRIDGESTONE

BFGoodrich

Passenger Tires

Car / Minivan

MICHELIN BRIDGESTONE

BFGoodrich

Certified Tire

What's New Appliances Automotive Baby & Kids Computers Electronics Entertainment Funeral Furniture & Decor
 Grocery & Floral Hardware Health & Beauty Home Jewelry Office Products Outdoor Sports & Fitness View All

LOGIN Search in All [CLICK HERE TO LEARN ABOUT NEW & FEATURED ITEMS, SPECIAL EVENTS, AND MORE AT YOUR LOCAL COSTCO WAREHOUSE!](#)

DELL XPS 8300 BLU-RAY DESKTOP WITH 24" MONITOR

- Intel® Core™ i7 processor
- 1GB graphics
- Microsoft® Office Home and Student.

\$1,199⁹⁹ AFTER \$400 OFF

VALID THROUGH 11/6/11 [CLICK HERE](#)

Shop Online Now!
While supplies last.

[BUYERS PICKS](#)

USA

Sign up to receive offers by email:

COSTCO INFO
 Warehouse hours and holiday closures, membership and more. [CLICK HERE](#)

EARN 3% CASH BACK WHEN YOU BUY GAS

[LEARN MORE](#)

Spend cap on gasoline and other restrictions apply.

JOIN THE CLUB...

...AND THE MORE THAN 50 MILLION PEOPLE WHO ARE ALREADY SAVING!
[JOIN TODAY](#)



4.71 ctw Round DIAMOND RING
 VVS2 CLARITY, E COLOR PLATINUM



Only One Available
\$226,999.99 DELIVERED

SHOP Christmas TREES

[CLICK HERE](#)



Top Selling Computers
Up to \$400 OFF



Top Selling Cameras
Up to \$250 OFF



Top Selling TVs
Up to \$400 OFF

FY'11 Sales \$2.2B

WEDDING DRESS

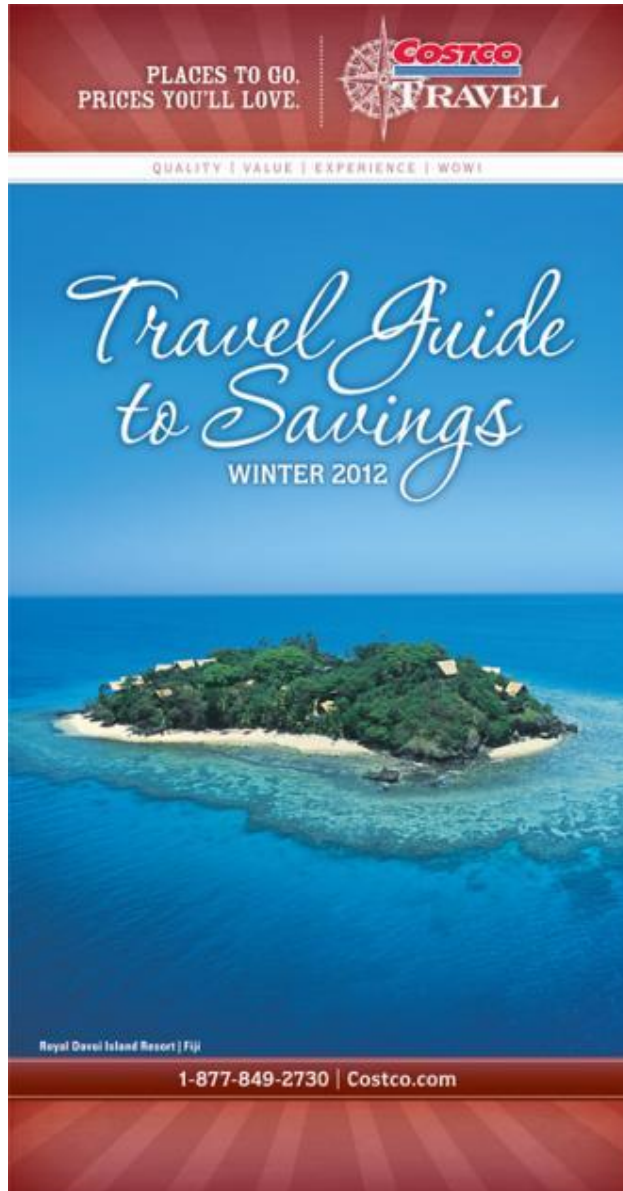
Pharmacy



35M Prescriptions filled in FY'11



Costco Travel



FY'11 Highlights

Vacation Packages

141,822

Cruises

102,435

Rental Cars

723,067

Total Sales \$430M

Mira Loma



Square Footage:

Dry - 970K

Wet - 396K



Business Centers

- **8 locations**
- **\$1.2B in sales**
- **Prominent Wholesale and Executive Member base**
- **Healthy growth in delivery business**





Membership Fees (U.S. & CN)

	<u>Old Fee</u>	<u>New Fee</u>
Gold Star	\$50	\$55
Business	\$50	\$55
Bus Add-on	\$50	\$55
Executive	\$100	\$110



Financial Position (MM's)

Q1, 2012

Cash & Equivalents	\$5,915
Short Term Debt	934
Long Term Debt	<u>1,330</u>
Total Debt	\$2,264
Stockholders' Equity	\$11,909
Property & Equipment (net)	\$12,381

Dividend

- **Initiated May 2004 at \$.40**
- **Currently at \$.96**
- **\$420M+ Annually**



Stock Repurchase

(6/07/2005 – 1/18/2012)

Repurchases

Dollars Expended	\$6.3B
Shares repurchased	111M
Avg. price per share	\$57

Expansion

FY'06	27
FY'07	31
FY'08	26
FY'09	16
FY'10	13
FY'11	20
FY'12(E)	17

Tainan, TW
8/23/11



Tainan, TW
8/23/11

				
披薩	熱狗	沙拉	飲料	果汁
300 60	50	20	45	50 50 45



Maebashi Gunma, JP
8/26/11



Maebashi Gunma, JP
8/26/11



Yawata Kyoto, JP
12/09/11



Zama, JP
12/10/11



Zama, JP
12/10/11



Sustainability

- **Sustainable Construction and Renewable Energy**
 - Building construction uses recycled steel
 - 60 buildings with large rooftop solar panel systems
- **Recycling and Waste Stream Management**
- **Energy Efficient Products and Innovative Packaging**
 - CFL and LED light bulbs
 - Packaging changes: fewer delivery trucks on the road





American Customer Satisfaction Index Specialty Retail Stores

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Costco	81%	81%	83%	81%	82%
Sam's	78	77	79	79	78
Lowe's	74	75	76	79	77
Target	77	77	77	80	78
Home Depot	<u>70</u>	<u>67</u>	<u>70</u>	<u>72</u>	<u>75</u>
Average	76%	75%	77%	78%	78%
Wal-Mart	72%	68%	68%	71%	73%
Whole-Foods	n/a	73%	75%	76%	79%



Fantastic Employees

- **160,292 employees worldwide**
 - **85% benefits eligible in the U.S.**
(99% enrolled)
- **Highly compensated**
 - **\$20.34 average hourly wage**
- **Low turnover**
 - **10% annually**
 - **5.8% after 1 year**



Costco in the Military

- 389 employees currently on military leave
- Supplemental pay benefit
- Healthcare benefits continue on leave
- Quarterly “care” packages



842 College Graduates In 2011





“I’m Staying at Costco!”

Costco employees: You just won the lottery – What are you going to do next?....The majority of the 20 colleagues lucky enough to split a \$201.9 million jackpot intend to keep their jobs at the Costco store in Melville, N.Y...

Could there be a better testimonial for how Costco treats its employees?

Stores Magazine

July 2011

Our People

- **People**
 - **Our best ambassadors**
 - **Good jobs / wages / benefits**
 - **Careers – not just jobs**
 - **Promote from “within”**
 - **Everyone is included**
 - **This is a “good business”**



Our Challenges

- **Economy / Unemployment**
- **Control expenses / eliminate waste**
- **Real Estate**
- **Merchandise mix**
- **Member satisfaction**
- **Capitalize on the talent of our employees**



Company Annual Growth (Since Dec '85)*

Net Sales **13.8%**

Net Income **13.4%**

Stock Price **16.9%**

*Compounded for 25 years since going public.





Annual Shareholders' Meeting
January 26, 2012