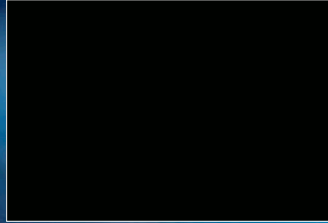




Costco Wholesale

Our Success Story:
How Do We Sell Beef
as a Retailer?



La Quinta, CA
11/22/06



Kawasaki, JP
07/12/07



Kawasaki Warehouse Opening



Mission Statement

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



COSTCO
MEAT

Code of Ethics

- Obey the law
- Take care of our members
- Take care of our employees
- Respect our vendors
- Reward our shareholders

COSTCO
MEAT

Costco Today

- 4th Largest retailer in U.S.
Stores Magazine, July 2007
- 8th Largest retailer in the world
Stores Magazine, January '07
- 32nd Largest in Fortune 500
Fortune Magazine, April '07
- \$28+ Billion market cap

COSTCO
MEAT

JP Morgan

“With a strong business model and ‘forward-thinking’ management team, it is easy to see why the stock has been a favorite for many years . . . We rate Costco overweight.”

Charles Grom
July 20, 2007

COSTCO
MEAT

Costco Today

October 2007

- \$63.1B sales in Fiscal Year 2007
- \$130M average sales / whse
- 68.7M+ Sq. Ft. (140K / whse)
- 136,000 employees worldwide
- >1.3M transactions / day

COSTCO
MEAT

Costco Today

- Members
 - 28.7M households
 - 53.1M total
 - 86% renewal rate

COSTCO
MEAT

Costco Today

November 2007

522 Warehouses Worldwide

- U.S. – 387
- Canada – 71
- Mexico – 30
- U.K. – 19
- Japan – 6
- Korea – 5
- Taiwan – 4



COSTCO
MEAT

Costco's Strengths

- 53.1M loyal cardholders
- Strong member renewals
- Absolute pricing authority
- Fantastic employees
- Great merchandise
- Treasure hunt atmosphere
- Nimbleness
- Quality image

COSTCO
MEAT

On The Money

CNBC – February 2007

COSTCO
MEAT

Warehouse Club Industry*

	Costco	Sam's	BJ's
Locations	518	692	175
Sales (\$B)	\$63.1	\$43.1	\$8.5
Avg. Sales (\$M)	\$130	\$74	\$49
Comp Sales	5%	4%	2%

* Estimates as of August 2007



COSTCO
MEAT

American Customer Satisfaction Index

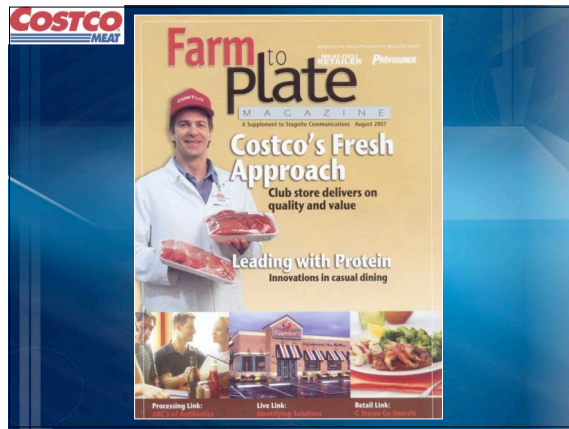
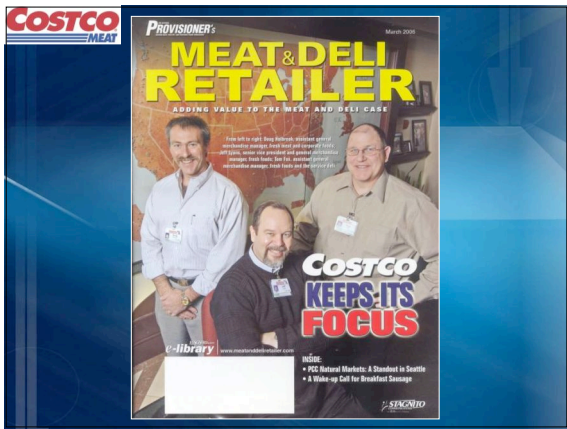
Specialty Retail Stores

	2003	2004	2005	2006
Costco	80%	79%	79%	81%
Sam's	77%	75%	76%	78%
Lowe's	77%	76%	78%	74%
Target	77%	75%	78%	77%
Home Depot	73%	73%	67%	70%
Average	77%	76%	76%	76%
Wal-Mart	75%	73%	72%	72%

COSTCO
MEAT

Mad Money

CNBC – May 2007



COSTCO
MEAT

The Present

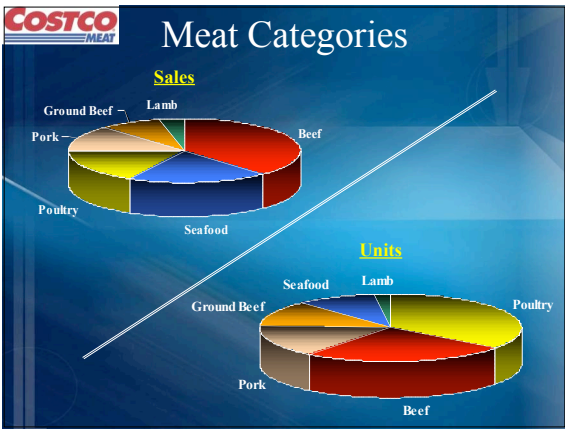


2007
387 Locations
\$130K / Week

COSTCO
MEAT

How Big are We?

- Largest buyer of USDA Choice Beef
- Largest buyer of Farmed Salmon from Chile
- Largest buyer of Lamb from Australia

COSTCO
MEAT

How We Sell Meat

Quality is top priority!



COSTCO
MEAT

How We Sell Meat

New York Steak

	Costco	Sam's
<ul style="list-style-type: none"> • First cut defaced • Bone felt removed • Back strap removed 		
<ul style="list-style-type: none"> • First cut minimal facing • Bone felt remains • Strap remains 		
		

COSTCO
MEAT

How We Sell Meat

New York Steak

Product Yield Difference

	Costco	Sam's
Delivered cost:	\$5.06/lb	\$5.06/lb
Package weight:	3.14 lbs	3.14 lbs
Sell price:	\$6.89/lb	\$6.87/lb
Trim weight:	0.0	0.25
Trim value:	\$0.00	\$0.41
True sell price:	\$6.89/lb	\$7.28/lb



COSTCO
MEAT

How We Sell Meat

Ribeye Steak

Costco

- Fat trimmed to ¼"
- Bone felt removed
- Kernel fat removed


Sam's

- Bone felt remains
- Excess fat remains
- Kernel fat remains

COSTCO
MEAT

How We Sell Meat

Ribeye Steak



Product Yield Difference

	Costco	Sam's
Delivered cost:	\$5.48/lb	\$5.48/lb
Package weight:	4.02 lbs	4.02 lbs
Sell price:	\$6.89/lb	\$6.87/lb
Trim weight:	0.0	.50
Trim Value:	\$0.00	\$0.68
True sell price:	\$6.89/lb	\$7.55/lb

COSTCO
MEAT

How We Sell Meat

Tenderloin Steak

Costco

- Tendon & connective tissue removed
- Flake & excess fat removed


Sam's

- Tendon & connective tissue remains
- Excess fat remains
- Poor trim

COSTCO
MEAT

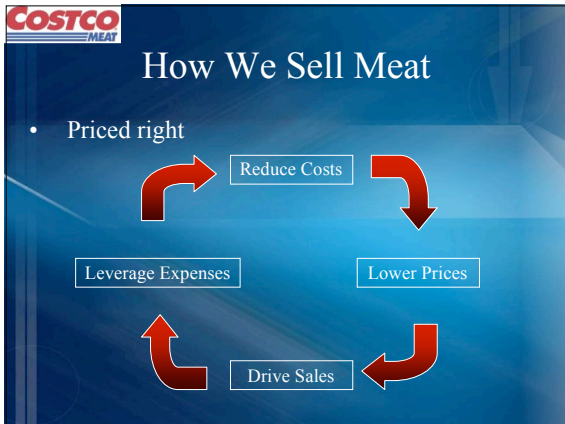
How We Sell Meat

Tenderloin Steak



Product Yield Difference

	Trimmed	Sam's
Delivered cost:	\$9.05/lb	\$9.05/lb
Sell price:	\$11.67/lb	\$11.67/lb
Yield %:	79.8%	91.2%
Tenderloin Steak:	\$0.73/oz	



COSTCO
MEAT

How We Sell Meat

- Limited SKU consisting of top selling items
 - The top 10 items account for 44% of our total sales
 - Our top 5 items all do over \$100M in sales



COSTCO MEAT

How We Sell Meat

- Exciting merchandising
 - Seafood roadshows
 - End caps




COSTCO MEAT

How We Sell Meat

- Start with the right product
 - Food safety audits
 - Freshness
 - Cut tests



COSTCO MEAT

How We Sell Meat

- User and environmentally friendly packaging





COSTCO MEAT

How We Sell Meat

- Demos




COSTCO MEAT

Tracy Meat Plant

- Food safety
- Quality control
 - 85,000 micro tests in FY 2007



COSTCO MEAT

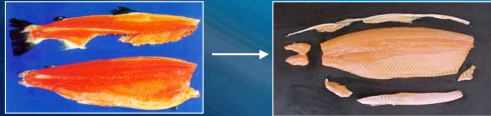
Our Salmon Story






Our Salmon Story

- 1992: Commodity fillet, skin on, pin bone in, untrimmed
- 1994: Belly fat, collar bones, back fins and belly fins removed
- 1996: Fully trimmed, skinless, boneless
- 1999: Maximum 2" lateral line
- 2003: Full fat line removed, minimum 6mm belly thickness, collar fully removed, tail squared off



Costco Wholesale

Thank You

