today

US ORIENTATION



Welcome to the Costco Team

Photo Credit: France Freeman

WELCOME!

You are now a valued part of the Costco team and your role is important.

We call our customers "members" because they pay a fee to shop with us. That means providing excellent member service is the best way you can make a difference every day. You set the tone for building long-standing relationships with our members by greeting them sincerely using eye contact and smiling, by being accountable and taking responsibility, and by thanking every member.

When members renew their membership, we know we're doing things right. We must continue to provide the best member service and quality merchandise at the best possible prices or they may choose to shop elsewhere. That's not good for our business.

Members tell their friends and family about the great service they received or about the great value they found in our warehouses, and those stories keep members coming back and inspire new members to sign up.

Costco membership is more than just a card. It stands for great value on quality products and services, and exceptional member service.



The eNet, or breakroom computer, is an intranet for all Costco employees. You can find your employee computer in the breakroom at your building. It helps ensure that all employees have equal opportunities to grow their careers and stay up to date on the latest company news and information, regardless of their position.

Check out the terminal to access a wide range of resources, including the Job Bank, Employee Self-Service, Costco Benefits, the Care Network and more.



MEET CRAIG JELINEK

During a question-and-answer session, *Costco Today* asked Craig some questions to learn more about our president and chief executive officer.

Costco Today: What goals do you have for our company in the next five years?
Craig Jelinek: Our goal is always to increase sales, because if we do that, we can provide good jobs and opportunities for our employees. If we take care of our people, they will take care of our members, and that will grow our business.

CT: What experiences from your career in retail inspire your vision of great member service?
CJ: I don't draw on my experience in retail to define what great member service is; I draw on my experience as a customer, just as everyone else does. I don't need someone to ask me about my personal life, but I do expect to be greeted and to have my questions answered like a valued customer. We are a service business, and truthfully, if you don't like working with people, you're probably working for the wrong company.

CT: You have said "consistency achieves excellence." Can you elaborate on that?
CJ: It's a simple concept: We need to perform at our best every day. Doing a good job once or on occasion isn't good enough. If each of us shows up for work every day with a great attitude and a willingness to excel, we will.

CT: What is your favorite thing to eat at our food courts?
CJ: My favorite is definitely the hot dog. ■

CRAIG'S BIO & TIMELINE

Prior to Craig's career at Costco, he worked for FedMart, a discount merchant started by Sol Price (who later founded Price Club) that was open exclusively to government employees. He worked for FedMart through college, and stayed with the company after graduation. By the time FedMart closed its doors in 1982, Craig was operations manager of its Los Angeles division.

Following a two-year stint with Gemco, a department store chain in Southern California, Craig was hired by Costco. His Costco career timeline is as follows:

1984	Warehouse Manager, #06, Southcenter, Washington
1985	Assistant Vice President/Regional Manager, Southwest Region
1992	Senior Vice President, West Coast
1993	Senior Vice President, Northwest Region
1995	Executive Vice President/COO, Northern Division
1996	Executive Vice President/COO, Merchandising
2010	President/COO
2012	President/CEO

BULK HISTORY
The story of Costco



The original Morena Boulevard Price Club location



The remodeled Morena Boulevard Costco

The membership warehouse club concept started in San Diego on July 12, 1976. Called Price Club, after its founder Sol Price, it was a groundbreaking concept based on the premise of leveraging buying and operating efficiencies to keep costs down and then passing the savings on to members.

Innovative and visionary, Sol was already a retail legend, having developed the successful FedMart business in the late 1960s. One of his top merchants at FedMart was **Jim Sinegal**, who served as executive vice president of merchandising, distribution and marketing.

Price Club was initially open only to business owners, and its early merchandise offerings emphasized wholesale items and included office supplies, cigarettes, candy, health and beauty aids, small and major appliances, electronics, hardware, automotive, foods and sundries, photo processing, cameras and film, and restaurant, institutional and janitorial supplies.


Jeff Brotman


Jim Sinegal

While business started slowly, as the Price Club team fine-tuned its merchandise and marketing strategies, it soon began to build, giving birth to a new industry that would change the face of retailing globally. Costco Wholesale was founded by **Jeff Brotman** and **Jim Sinegal** seven years later and opened its first warehouse in Seattle on September 15, 1983. Together they built a management team still considered by many to be the most innovative and talented in the retail industry.

For 10 years each company grew, expanding their businesses and their product mix, and pioneering new services. The two mega-retailers merged in 1993, bringing together two incredibly gifted staffs to form the unbeatable team that soon made Costco the world's category-dominant warehouse club operator. Their passion for excellence and commitment to bring high-quality goods and services to market at the lowest possible prices created a cult-like following for the company, with millions of loyal members around the globe.

Costco warehouses carry a limited number of SKUs (stock keeping units) – about 4,000 – compared to the 30,000 found at most supermarkets and 200,000 on the shelves at many supercenters. At Costco, shoppers know they will find the best value on the market. The company excels at providing the perfect mix of quality, price, brand and features.

As much as Costco has expanded and evolved over the years, it is still driven by the same entrepreneurial spirit and holds tenaciously to the strong culture and dedication to excellence that have always been the hallmark of its success. The frenetic pace of our warehouses is matched by the energy of our management teams and employees who together dazzle and delight our members.

Jim and Jeff began a culture that is dynamic but very down-to-earth by establishing early on that employees be called by their first names, including Jim and Jeff. All executives travel a good deal of the time, visiting Costco warehouses and prospective properties. Operations leaders rarely miss a warehouse opening, and always will be casually dressed.

Costco has been lauded as more employee-focused than other retailers. By paying employees well and providing them with top-notch benefits, good things are going to happen – and our members will notice.

Each division and warehouse manager is given a lot of autonomy in the way he or she guides the everyday aspects of their operation. This helps Costco remain nimble and best serve its members. Every four weeks, executives meet to report the status of their operations, and each year the management teams of each country journey to Seattle to review the prior year's business, see hot, new merchandise, and discuss goals for the coming year.

It's a strategy that works. ■

Where is Costco located?

We have warehouses, depots and manufacturing facilities around the world. Each location is supported by our home and regional offices.

HOME OFFICE
999 Lake Drive, Issaquah, WA 98027

U.S. REGIONAL OFFICES
Duluth, Georgia
Garden Grove, California
Issaquah, Washington
Livermore, California
Oak Brook, Illinois
Plano, Texas
San Diego, California
Sterling, Virginia

CANADIAN REGIONAL OFFICES
Burnaby, British Columbia
Ottawa, Ontario

INTERNATIONAL OFFICES
Auburn, Australia
Huixquilucan, Mexico
Madrid, Spain
Seoul, South Korea
Taipei, Taiwan
Tokyo, Japan
Villebon, France
Watford, England

WALKING THE TALK

The foundation for everything we do is our Code of Ethics.
Here at Costco, we don't just talk about our Code; we live it every day.



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.



2 TAKE CARE OF OUR MEMBERS

Costco membership is open to business owners and individuals. Our members are our reason for being – the key to our success. If we don't keep our members happy, little else we do will make a difference.



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.



4 RESPECT OUR SUPPLIERS

Our suppliers are our partners in business, and for us to prosper as a company, they must prosper with us.



5 REWARD OUR SHAREHOLDERS

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



See the Employee Agreement for more information.

MEMBER SERVICE **EXPECTATIONS**

If you like interacting with people, you've come to the right place.



Make eye contact

First impressions make a difference and include complying with Costco's dress code and keeping a clean, safe workplace.

Greet and acknowledge each member sincerely

Give the member your full attention. Make every effort to assist and approach members in all areas of the operation. Don't engage in idle chatter with co-workers.

Smile

It's one of the easiest and most tangible ways your body language shows good member service.

Be accountable and take responsibility

If you see something outside your area that needs attention, take action or immediately contact your supervisor or manager.

Appreciate and thank every member

Give each member your sincere gratitude.

Our members are our reason for being. If we don't keep them happy, little else we do will matter. Every position at Costco has a direct impact on member service. For instance:

As a stocker: Is your aisle clean, straight and safe? Is the merchandise well-presented? Is all pertinent information about the merchandise clearly and safely displayed? Is it in stock and on the floor?

On the front end: Are you greeting and thanking every member with a smile? Are orders rung up accurately? Are you presenting yourself in a professional, friendly manner? Do you have boxes for your members' purchases? Is your register area clean and clear of personal items?

At the door: Are you offering a clean cart to any member without one? Are you thanking each member for coming in? Can you answer basic questions about the warehouse that members may need to know?

At the membership counter: Do you greet each member or potential member with a smile, and thank them when they leave? Do you follow our 100-percent satisfaction policy? Are you processing the transactions in an efficient, professional manner? Is the return area neat and safe? Is the membership counter clean and clear of personal items?

At the food court: Are the tables clean? Is the area sanitary and clear of trash and wrappers? Are the trash containers monitored and emptied regularly?

As important as friendly, courteous employees are, we must run our operation as accurately and efficiently as possible at all times. We need to continually evaluate and challenge all areas of our operation for ways to improve. We have a talented group of managers and employees; we encourage your ideas and participation to enhance not only our successes, but also the opportunities you may uncover in our business.

Should you have any questions about how to best serve our members, please contact your supervisor or manager. ■

WHAT OUR MEMBERS WANT TO **KNOW**

To provide good service to our members, it's important that you are able to answer their questions in a caring and positive manner.

Why doesn't Costco have an express checkout line?

- This is not usually a problem, because our typical member purchases an average of 10 items each and every time they shop.
- Operating an express checkout line would increase overhead costs, thereby driving up our cost of doing business. Since our mission at Costco is to bring merchandise and services to our members at the best possible prices, we must keep our costs of operation as low as possible.
- We continue to test variations of the checkout process to meet our members' needs in a cost-effective manner.



What is Costco's return and refund policy?

- Costco offers a "Double Guarantee" – 100-percent satisfaction guaranteed on all merchandise and membership fees.
- If members are dissatisfied with anything they purchase at Costco, including their membership up to the 365th day, they may return it for a full refund.
- Even purchases made at Costco.com may be returned to any warehouse for a full refund (including shipping charges, with a receipt).
- When returning merchandise, members are asked to:
  - » Return the item within 30 days
  - » Return the item in its original container
  - » Bring their sales receipt
- Depending on circumstances, we can be more lenient with the three points above on many items. However, certain electronic products cannot be returned more than 90 days after purchase. In that event, the merchandise would be subject to the manufacturer's warranty, which has been extended on some items for up to two years.
- To ensure our members understand how to install and operate certain electronic items, we offer Costco Concierge Services.
- Jewelry returns, particularly the return of diamonds, follow a different set of procedures. Ask your manager before processing any jewelry returns.

Why do I have to purchase a membership?

- Our membership fees are an integral part of Costco's business model and make up a large percentage of our profits, thereby helping us keep our operating costs low.
- It is our low operating costs that enable us to offer products at the best possible prices.
- The modest cost of a Costco membership is so low when compared to the savings we offer that it represents a real bargain to typical Gold Star, Business and Executive Members.

Why should I upgrade to an Executive Membership?

- Executive Members enjoy an annual 2% Reward* on qualified Costco purchases. They also receive additional benefits and greater discounts on many Costco Services, including Travel.

* Terms and conditions apply.
See the membership counter for details.

What are the benefits of the Costco Anywhere Visa® Card by Citi?

- The Costco Anywhere Card saves you money in two ways:*
  - » There is no annual fee for this card (with your paid Costco membership), and you can use it everywhere Visa® cards are accepted.
  - » It provides cash back for your eligible purchases: 4% on eligible gas worldwide, including gas at Costco; 3% on restaurant and eligible travel purchases worldwide; 2% for purchases at Costco and on Costco.com; and 1% on all other purchases. This is in addition to your annual 2% Reward, if you have an Executive Membership with Costco.
- The Costco Anywhere Card serves as both your Visa card and your Costco membership card.

* Terms and conditions apply.

Why don't you accept MasterCard, Discover or American Express?

- By taking only Visa credit cards, this allows our transaction fees to stay low and allows us to pass the savings on to our members.
- We accept all Visa cards in the warehouses. We also accept MasterCard and Discover on Costco.com.



Why does my picture have to be on my membership card?

- Costco membership cards are nontransferable. Only the person whose name and picture are on the card is authorized to use it.
- Your photo helps us to ensure that no unauthorized person uses your card in the event it is lost or stolen.

Why am I required to show my membership card at the entry door?

- Since members pay a fee to shop at Costco, we allow only our members and their guests in the warehouse.

Why don't you accept manufacturers' coupons?

- Costco's goal is to provide national brand-name merchandise at the greatest possible value for our members. We do this in part by eliminating many of the costs normally associated with other types of coupon-based retailing – costs for advertising, expensive fixtures and high-priced displays.
- We allow our members to use Costco-specific coupons that are mailed to members throughout the year, as well as mailings associated with the opening of some of our new locations.

If I need assistance loading my car, do you have employees who can help?

- Although we do not have staff assigned to assist our members with loading their cars, we certainly will make every effort to assist our members whenever necessary, especially with bulky or heavy items.
- Remember our Code of Ethics: We want to take care of our members' needs.

Why does Costco constantly move merchandise around in the building?

- We receive new items on a daily basis, and it is often necessary to move product to make room for new items.
- We also allocate space based on seasonal sales trends.
- Moving merchandise creates a treasure hunt atmosphere.

What does Costco sell online?

- Costco.com offers some of the items found at Costco warehouses plus an additional selection of items year-round, delivered in-home or to a business address.
- Costco.com offers a wide variety of items, such as outdoor playsets, furniture and exercise equipment, and most include installation.
- Items purchased on Costco.com may be returned to the warehouse for an immediate refund, or the member may contact Costco.com customer service to arrange a pickup or refund, whichever is most convenient for them.

Does Costco have sales assistants on the floor to assist members?

- Yes! In an effort to maintain the best possible prices, Costco has a limited number of sales assistants on the floor.
- Tire sales, majors (televisions, cameras and electronics), pharmacy, optical, photo, hearing aids and jewelry have trained staff to assist with product information.
- In addition, all Costco employees can answer member questions.

Why doesn't Costco carry certain everyday products?

- We carry only products that will offer our members the best value at the best possible price.
- Our philosophy is to offer low prices every day by reducing the number of items we carry and by focusing on only the highest quality and best-sellers.

Why does Costco sometimes stock merchandise for a short period of time and then never carry that product again?

- As we seek to provide our members with the very best values, we often carry products that are seasonal or "one-time buys."
- It is important for our members to know that they should buy merchandise when they see it, as they might not find it here again.

Why doesn't Costco open earlier and stay open later?

- Since our goal is to offer quality merchandise at the best possible prices, we strive to keep our operating costs at an appropriate level.
- The cost of staffing and payroll required to accommodate the increase in hours would impact our operating costs, thereby forcing us to pass those costs on to our members in the form of higher prices.



Why doesn't Costco have a special membership category for senior citizens?

- We value our many members who are senior citizens, but since our membership fees are very important in helping us keep costs down, we are unable to create special categories for anyone.
- The product price savings we provide are substantial enough to make our modest annual fee worthwhile, even for individuals who may shop as infrequently as once a month. ■

Operations Strategy



To bring high-quality goods and services to market at the best possible prices for our members takes the efforts of all Costco employees working together, while adhering to some very basic strategies. Everything we do is built around operating efficiencies designed to help us save costs, and every penny counts.

RAPID INVENTORY TURNOVER

Because of our sales volume and limited selection, we have a rapid turnover of merchandise. This means that most of Costco's merchandise is sold prior to our being billed. The result? More money to allow us to fulfill our mission.

LOW-COST WAREHOUSE OPERATIONS

Because of our terrific values, members are willing to shop in a bare-bones warehouse environment with concrete floors and merchandise on pallets. We also reuse boxes, avoid hand-stacking merchandise and limit waste at all levels – all done to save expenses and help us focus on providing the best member service.

DIRECT PURCHASING

We buy virtually all our merchandise directly from the manufacturer, thereby eliminating costly distributors and distribution channels.

MINIMAL INVENTORY LOSS AND CREDIT COSTS

By strictly controlling the entrances and exits of our buildings, we are able to limit losses to less than one-quarter of 1 percent of sales, well below that of our competition. By accepting all Visa® cards, cash, checks, Costco Cash Cards, debit/ATM cards, EBT and Costco Credit Cards, we do not absorb, nor pass on to our members, any of the costs associated with standard credit cards.

LIMITED ADVERTISING EXPENSES

Advertising and promotions are limited mainly to new warehouse openings. We rely on word of mouth to spread our concept. By stocking nationally recognized brand names, we benefit from the manufacturers' advertising to promote the products we sell. ■

Pickles, Pennies & Profits

Costco's revenue comes from merchandise, services and membership fees. To determine how many of those dollars get to our bottom line, or profit (defined by how much money is left over once we deduct the cost of doing business), we present the Pickle Calculator.

This pickle jar illustrates Costco's expenses and earnings on a typical item sold in our warehouses. As you can see by our profit, it's a penny business!

Pickle Schmickle

Based on the profit that each jar of pickles represents (6 cents), a location must sell 62 jars of pickles every time a jar of pickles breaks, simply to recover the sell price of the item.

The Bigger Picture

Replacing a $25,000 forklift requires us to sell 417,000 jars of pickles.



The foundation of Costco's success has a lot to do with two sets of "Rights." As one of the world's most successful retailers, we live by the

Six Rights of Merchandising & the Six Rights of People.

1 The right merchandise

- We sell only quality products.
- We sell a limited number of items, and we make sure they're the best in their field.
- The quality of our private label items is equal to or exceeds that of national brands.

2 In the right place

- As good merchants, our merchandise is carefully placed for optimum sales performance, with end caps and displays designed to let the quality of the product speak for itself.
- Costco pays attention to the basics and we like to keep things simple.

3 At the right time

- For seasonal items, we want to be in early and out early.
- We are constantly bringing in new, exciting merchandise that our members know might not be there the next time. This creates an urgency to buy and also gives our warehouses a treasure hunt atmosphere.

4 In the right quantity

- We want to always have enough of our basic merchandise to serve our members well at all times.
- We don't keep a lot of surplus inventory in our buildings; it isn't cost-effective.
- We have a rapid turnover of inventory, with goods constantly coming in through receiving and leaving just as fast out the front door in members' carts.

5 In the right condition

- We sell only high-quality goods, and we want these to be in the very best condition — that means nothing faulty, damaged or broken.
- Our fresh products really are fresh, and are backed by the highest food-safety standards in the industry.

6 At the right price

- We figure out the least expensive and most efficient way to get an item from the manufacturer to the member.
- We sell items for as little as we can, instead of for as much as we can.
- We always pass on any savings or reduction in cost to the member.
- Our private label items always represent at least a 20-percent savings over the national brand, and usually more — some of them can mean a savings of more than 50 percent.
- If we can't be competitive in price with an item, we won't carry it.

1 The right people

- We believe that having the right employees is crucial to the success of any business.
- Costco wants to find, and then retain, qualified employees who not only do the job well but also who can be successful in our culture.

2 The right environment

- The right environment involves creating a workplace that is safe for our people. We have safety policies, including substance-abuse testing, to protect every employee.
- Costco is committed to maintaining an environment that is free from the obstacles of harassment and discrimination.
- We want to provide our employees with a workplace where they can learn and be successful.

3 The right training

- We want to provide our employees with the training necessary for them to grow in our business. That means giving them the information they need, when they need it, so they are ready to face new challenges.

4 The right compensation

- The right compensation means that our employees can trust that their pay and benefits are at the leading edge of the marketplace.
- In addition, we want to provide employees with quality service and support when they need it.

5 The right programs

- It's important to us that our employees and management teams be supported by the right programs.
- Sometimes this means linking our management teams to support networks so, in partnership, they can all be more effective.
- It can also mean finding creative ways to simplify complex issues, such as leave of absence policies, so everyone can receive support when they need it.

6 The right opportunities

- We believe that all of this work to grow our people and help them become successful should be the springboard that affords them the right opportunities.
- Our employees want to be engaged in meaningful work, and Costco's challenge is to continue to look for opportunities where employees can reach their full personal and professional potential.
- To that end, we are committed to promoting most of our supervisory and management positions from within the company. ■



Inclusion
INNOVATION
THROUGH DIVERSITY

Look around:
Diversity already exists in many forms.

Costco's mission is to foster an **environment of inclusion** that allows us to take advantage of that diversity.

We maintain a culture that:

- respects individuals
- values differences
- rewards excellence
- enhances member service
- connects to communities
- creates opportunities
- increases innovation
- promotes employee satisfaction



OPEN DOOR POLICY

The Open Door Policy is as integral to our company as the flatbed; since the beginning, the policy has worked for countless numbers of employees who needed to express an issue to management. By creating an atmosphere of openness, creative problem-solving and mutual support, the Open Door Policy is available to help all employees resolve work-related problems and disagreements in a timely manner.

And just like Costco and its philosophy of keeping things simple, the policy is as uncomplicated as anything else we do. Do you have an issue? If so, there is someone here who will listen.

"As with any workplace, we understand that issues will arise from time to time. Costco's Open Door Policy is an avenue available to all employees if they feel an issue has not been resolved appropriately," says **Russ Miller**, executive vice president, COO, Southwest Division and Mexico. "The Open Door is an important part of Costco's culture, and has been in place since the founding of our company. And it does work!"

If an employee has a problem, they have the option of contacting higher levels of management, preferably in ascending order, either verbally or in writing. At every level, our company is committed to providing a timely response.

In instances when employees are not comfortable approaching their supervisors, or if a matter is not resolved to their satisfaction, they may inform their department or location manager. If a satisfactory solution still has not been found, this process can continue through regional management levels.

Each region has its own leadership team, ranging from individual location managers to vice presidents, senior vice presidents and the executive vice president, COO. (The appropriate phone numbers for your region can be found on the poster in your location's breakroom.)

"I know personally how well the Open Door Policy can work, because I get calls just like the rest of my executive team," says **Joe Portera**, executive vice president, COO, Eastern Division and Canada. "And that's not a bad thing. I see those moments as opportunities to work with my management teams to solve problems."

If there are still disagreements, or if the employee is not comfortable approaching certain members of our leadership team, they are encouraged to contact the human resources department at the Home Office for further assistance.

The company will not permit retaliation against anyone who, in good faith, makes a complaint, assists another to complain or cooperates with an investigation. If an employee feels that by using the Open Door Policy they have been subject to retaliation for raising a complaint at any level, it is their duty to report the possible violation immediately to a manager, and those claims will be investigated fully.

> "I know personally how well the Open Door Policy can work, because I get calls just like the rest of my executive team,"
> – Joe Portera

"The Open Door Policy is more than just a written policy; it is part of the Costco culture. If an employee is having a problem, we want them to feel comfortable addressing it with a manager for a quick resolution. We strive to practice this policy each and every day," says **Jim Klauer**, executive vice president, COO, Northern Division. We want all of our team members to feel good about their jobs and the people they work with. Misunderstandings and situations come up that might take effort to resolve. We want everyone to be comfortable asking for the clarification they need to move forward, so we all can get back to the task at hand: taking care of the business and our members. If we do not know about a problem or situation, we can't help to fix it. This is why we encourage all employees at all levels to take advantage of the Open Door Policy." ■

Whistleblower Policy

The Open Door Policy is likely to be the quickest and most efficient way to get your workplace concerns resolved. Costco also has a confidential Whistleblower Policy, specifically for issues concerning accounting, internal controls and auditing, or a belief that anyone at Costco has committed, is committing, or is about to engage in conduct that may be illegal or a violation of Costco policy. You can raise issues through the Open Door Policy, but the Whistleblower Policy is available when an employee feels a need for anonymity.

Employees can use any internet-enabled computer, as well as the eNet, to access costco.ethicspoint.com to report a concern. EthicsPoint provides for two-way communication with an employee who can, if he or she chooses, remain anonymous and still aid the investigation and receive a report concerning its outcome. Costco encourages the good-faith reporting of concerns regarding unlawful or other inappropriate activity. You are protected from retaliation or reprisal if you honestly make a report. ■

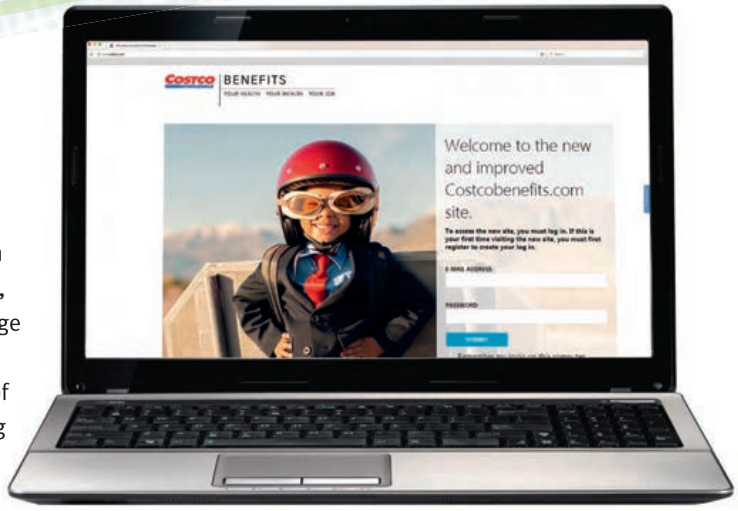
COSTCO WHOLESALE

BENEFITS

YOUR HEALTH YOUR WEALTH YOUR JOB

Costco Has Great Benefits

Costco has one of the most competitive benefits packages in the industry. Not only do we provide our employees with a full spectrum of benefits, but also employees may elect coverage for their spouse, domestic partner and children. The company pays a larger percentage of the premiums than do most other retailers, and employee-paid premiums are withheld pretax, which means you get to keep more of your hard-earned money. From safeguarding your health to planning for a secure future, you can put Costco's benefits to work for you.



Benefits information is available anytime at CostcoBenefits.com.

BENEFITS-ELIGIBILITY REQUIREMENTS

Full-time hourly employees are eligible for benefits the first day of the second month after 250 paid hours.

Part-time hourly employees are eligible for benefits the first day of the second month after 450 paid hours.

Salaried employees are benefits-eligible on the first of the month after date of hire.

As you become eligible, more information will be provided to you. You also can access information about Costco's Employee Benefits Program by logging on to **costcobenefits.com**.

*Eligible paid hours are calculated at the end of each pay period.

HEALTH CARE

Full-time and part-time employees are offered generous health care coverage with low biweekly payroll contributions.

DENTAL CARE

Full-time benefits-eligible employees may choose from two dental plans: Core Dental and Premium Dental. Part-time benefits-eligible employees may elect the Core Dental Plan.

PHARMACY PROGRAM

Most Costco warehouses have pharmacies in-house, making it easy to pick up prescriptions at work. Benefits-eligible employees' co-payments can be as little as $3 for generic medications. Birth control pills are included.

VISION PROGRAM

Most Costco warehouses have in-house optical centers, which make it easy to access this benefit. For benefits-eligible employees and covered dependents, the program pays $60 toward an optical exam. Generous annual allowances are provided toward the purchase of glasses and contact lenses.

401(k) PLAN

Created to help employees plan for a comfortable retirement, Costco matches employee contributions 50 cents on the dollar for the first $1,000 each year to a maximum company match of $500 a year ($250 a year for union employees). Once employees meet eligibility requirements, the company makes an annual contribution to their account, which is based on a percentage of eligible earnings. This percentage increase is based on the employee's years of service.*

*Different rules apply to union employees.

DEPENDENT CARE ASSISTANCE PLAN

All Costco employees whose families qualify can take advantage of tax savings by enrolling in the Dependent Care Assistance Plan.

CARE NETWORK

This confidential, free resource program is completely separate from Costco, and is available to all employees and their families from the very first day of employment. Care Network's professional counselors are dedicated to Costco employees and trained to help you resolve personal, work or family challenges. They also can provide guidance, information and referrals to local service providers, including lawyers and debt resolution services, to help you address a number of different needs. See page 17 for additional information.

VOLUNTARY SHORT-TERM DISABILITY

Where disability coverage isn't mandated by their state, all hourly employees who pass their 90-day probationary period will be automatically enrolled in short-term disability insurance. This important coverage provides a tax-free income replacement benefit in case an employee is unable to perform their job due to a non-work-related accident, illness or pregnancy.

LONG-TERM DISABILITY

Costco provides long-term disability coverage at no cost for benefits-eligible employees enrolled in a health plan. This policy pays up to 60% of their earnings if they are out past 26 weeks.

LIFE INSURANCE

Generous basic life insurance and accidental death and dismemberment policies are provided at no cost for benefits-eligible employees. Benefit amount is based on years of service and whether an employee is full- or part-time. Employees also may elect to purchase supplemental coverage for themselves, their spouses or children.

EMPLOYEE STOCK PURCHASE PLAN

New employees are immediately eligible to enroll in this plan, which allows them to purchase Costco stock by payroll deduction. Not only does this plan avoid commissions and fees normally associated with the purchase of stock, but also it's another easy way to save for the future.

HEALTH CARE REIMBURSEMENT ACCOUNT

Benefits-eligible employees can arrange to have pretax money automatically deducted from their paychecks and placed into a health care reimbursement account to pay medical and dental bills, including co-pays and deductibles. ■

Note: Some health and dental plans are not available in all locations. For more information, log on to CostcoBenefits.com.

CostcoBenefits

@CostcoBenefits

Confidential Assistance and Resources for Everyone 24/7

The Care Network is a confidential, free resource program that is completely separate from Costco and is available to all employees and their families from the very first day of employment. Care Network counselors are dedicated to Costco employees and are trained to help you resolve personal, work or family challenges. They also can provide guidance, information and referrals to local service providers, including lawyers and debt-resolution services to help you address a number of different needs.



PARENTING & CHILD CARE
- Adoption, pregnancy and infertility
- Special-needs children
- Day care and summer care options

EVERYDAY ISSUES
- Consumer education
- Moving and relocation resources
- Balancing family and work life
- Home repair

EDUCATION
- Academic planning
- College and university searches and planning
- GED/vocational training

ADULT CARE
- Eldercare options
- Adjusting to retirement
- Health and wellness
- Nutrition

WORKPLACE CHALLENGES
- Communicating with your boss
- Career development
- Maintaining motivation and enthusiasm

RELATIONSHIP ISSUES
- Dealing with conflict
- Marital/partner issues
- Single life issues

LEGAL & FINANCIAL CONCERNS
- Retirement planning
- Budget and credit management
- Debt resolution
- Legal resources and referrals
- Identity theft prevention and recovery

EMOTIONAL WELL-BEING
- Depression
- Managing stress and anxiety
- Adjusting to change
- Alcohol and substance abuse

Care NETWORK

Call 24/7: **877-578-0528**
or visit CostcoBenefits.com.

Learning To Work Safely

We value you as an employee and want your work experience to be both satisfying and safe. As a new employee, you will learn work habits and use equipment you may not have had experience with. Learning how to work safely is critical. Costco's Safety Program is outlined in the Risk Management Manual and can be found on the intranet home page under "Costco Safety/SDS Disaster Info." Here are some very important things to remember:

LIFTING

ALWAYS:

- Assess the weight of a load before lifting it.
- Keep the load as close to your body as possible.
- Use mechanical assistance (e.g., forklift, electric pallet jack, cart) when available.
- Use safe lifting techniques, as taught.
- Get help with large, heavy or awkward items.
- Lead the lift with your head and chest, and keep your nose aligned with your toes.
- Perform team lifts with an employee, never with a member.

NEVER:

- Twist during a lift.
- Lift heavy items beyond your physical ability.

CUTTING

ALWAYS:

- Cut away from your body.
- Keep the cutter closed while not in use.
- Dispose of used razor blades in designated, approved containers.

NEVER:

- Use dull razor blades.
- Set a cutter down and walk away from it.
- Put a cutter in your mouth.
- Attempt to catch a dropped cutter as it's falling.

CHEMICALS

ALWAYS:

- Know the hazards of any chemicals being used or stored in your work area.
- Read product labels and understand how to interpret safety data sheets.
- Consult a manager if you are unsure of safe chemical handling.
- Follow proper spill-response procedures.

NEVER:

- Combine chemicals.
- Dispose of chemicals by pouring them into a drain.

CARTS AND FLATS

ALWAYS:

- Use a rope/strap to prevent damage and runaway carts.
- Wear a high-visibility, reflective vest.
- Pay close attention to your surroundings; look and listen.
- Watch for cars backing up and moving around you.
- Push with your legs, and keep your back straight and your head up.

NEVER:

- Push more carts than you are physically able (maximum 10).
- Pull carts.
- Wear ear buds or use a phone.

COMPACTOR AND BALER

ALWAYS:

- Adhere strictly to procedures for what can/can't be disposed of in a compactor (see STOP poster).
- Keep fingers clear of baler's safety gate.
- Wear eye protection.

NEVER:

- Climb into a compactor chute or baler. If you experience a jam, notify a manager.
- Dispose of chemicals (e.g., chlorine, bleach, fertilizer) into a compactor or baler.
- Place large quantities of any liquid into the compactor.
- Enter or allow any part of your body to cross the plane of a confined-space opening.

INJURIES/ACCIDENTS

ALWAYS:

- Report an incident or injury to a manager immediately.
- Wear personal protective equipment and avoid direct contact with others' blood or bodily fluids.
- Notify a manager of unaddressed hazards.

NEVER:

- Administer first aid beyond your level of comfort and training. If necessary, call 911.

SPILLS AND TRIP HAZARDS

ALWAYS:

- First identify the spilled substance, and then guard the hazard and direct people away from it.
- Get assistance, if needed. If safe to do so, clean up the spill as quickly as possible.
- Guard storm drains from spills by using provided booms and absorbent pads.
- Immediately report anything, other than rainwater, flowing toward or into a storm drain.
- Pick up twine, cardboard, shrink-wrap, empty pallets and other trip hazards.

NEVER:

- Ignore a spill or leave it unattended.

EMERGENCIES

ALWAYS:

- Respond to all emergency alarms as instructed.
- Stay calm and wait for direction.
- Comply with a robber's demands.
- Assist with the evacuation of members, if safe to do so.
- Know who your location's certified first-aid/cpr responders are.
- Go to the designated rally point, following an evacuation, and remain there for roll call and further direction.
- Comply with law enforcement's instructions.



ALWAYS SAFETY BY CHOICE. NEVER SAFETY BY CHANCE.

ELECTRICAL

ALWAYS:

- Notify a manager if there is an electrical problem or failure.
- Ensure that equipment wiring and extension cords are intact and unbroken before use.

NEVER:

- Work on any type of electrical equipment, electrical panels or wiring.

FORKLIFT/EPJ

ALWAYS:

- Pay close attention while escorting powered equipment on the sales floor.
- Maintain the required 4-foot distance from moving equipment. Think "4-foot rule."
- Use designated pedestrian walkways or paths.

NEVER:

- Ride on equipment with the operator of a forklift or EPJ.
- Stand on the lift's elevated forks for any reason.
- Operate a forklift on the sales floor during open hours without spotters.
- Operate powered equipment without required training or certification.

STEEL

ALWAYS:

- Use a ladder or wear fall protection while working 4 feet or more from the ground.
- Look for unsafe pallets (steel, floor, dock) and report them to management right away.
- Follow instructed ladder-training guidelines.
- Inspect ladder before using it.

NEVER:

- Climb on steel racks.
- Install or uninstall steel racking without proper training.

GENERAL SAFETY

ALWAYS:

- Ask if you are not sure of the safest way to perform a task.
- Read the safety notices, which are normally posted in or near your break area.
- Communicate safety ideas/suggestions by informing a manager/supervisor or a safety committee member, or by using the safety suggestion box.
- Cooperate with safety committee initiatives.
- Correct unsafe displays or product stacks and report, or get help, if necessary.

NEVER:

- Participate in horseplay.

PERSONAL PROTECTIVE EQUIPMENT (PPE)

ALWAYS:

- Use ppe, as required, for the task you are performing.
- Report missing, unusable or damaged ppe immediately.

EQUIPMENT

ALWAYS:

- Ask for training prior to using any piece of equipment.
- Use the right tool for the job.
- Stop and notify a manager if electrical cords are broken or frayed.

NEVER:

- Use equipment if broken or in need of maintenance.
- Modify equipment, guarding or interlocks in any way.
- Use a hand tool or piece of equipment for anything other than its intended purpose and without knowledge of its safe use.



WORK INJURY COMPENSATION

At Costco, we take the safety of our employees very seriously.

You will receive safety training as part of your initial orientation (including viewing the New Hire Safety Orientation video), and you also will be provided with additional safety training on a monthly basis. Each building has a safety committee that focuses on keeping our work environment as safe as possible. We encourage you to participate. It's good to know, though, that Costco stands ready to work with you in the event that you suffer a work-related injury or occupational disease.

REPORTING A JOB-RELATED INJURY OR OCCUPATIONAL DISEASE

Report a work-related injury or occupational disease immediately to your manager or supervisor. You will be asked to complete an Employee Injury/Incident Report immediately.

OBTAINING MEDICAL CARE

If you need to seek medical treatment, your manager will assist you, and your claim will be reported to a third-party administrator. It is your responsibility to obtain a work status note from the medical provider and to give it to your manager after each visit.

RECEIVING ELIGIBLE BENEFITS

The claim examiner will evaluate your claim for benefits, and will pay covered medical bills related to an allowable, on-the-job injury or occupational disease. You also may be entitled to wage replacement and other benefits that your claim's examiner will explain to you in detail.

KNOWING YOUR RIGHTS AND RESPONSIBILITIES

Costco cannot deny you the right to file a work-related injury or occupational disease claim, nor can we penalize you or discriminate against you for filing a claim. It is important to be honest; any employee who files a false claim will be subject to disciplinary action.

QUESTIONS?

If you have questions that your manager cannot answer, he or she can provide you with the name and phone number of your claim examiner. You also may contact the integrated leave department at **800-284-4882, option 3.** ■



Giving Back

It would be impossible to cover all the philanthropic activities that Costco and its employees (that's you!) are involved with at the location level, but this brief description of our corporate-sponsored programs provides an overview of the value we add to our communities.

CHILDREN'S HOSPITALS

Since 1988, employees in the U.S., Puerto Rico and Canada have assisted members in raising funds for Children's Miracle Network Hospitals to support research and training, purchase equipment, and pay for uncompensated care, all to save and improve the lives of children in our communities. Donations stay in the community, ensuring that every dollar helps local kids.

BACKPACK PROGRAM

Every year since 1993, each Costco location where we do business has "adopted" a local school, where we provide backpacks to children in need. Millions of backpacks with selected school supplies have been donated to students.





SUNSHINE BROOKS SCHOLARSHIP

The Sunshine Brooks Foundation awards scholarships to Costco employees and their children (U.S. residents only) for higher education tuition at accredited colleges or universities. Either the applicant or a parent must be a full- or part-time employee of Costco. For additional information and an application, visit the foundation's website at sunshinebrooks.com.

COSTCO EMPLOYEE GIVING PROGRAM/UNITED WAY

Since 1984, Costco has provided an easy way for employees to support charitable organizations in our communities. Costco's open giving campaign allows employees to give to the 501(c)(3) nonprofit organizations of their choice, or to the United Way. The United Way provides assistance to many worthy groups in our communities – organizations that support children and families and help with important causes, such as homelessness, poverty, disaster relief, bullying awareness and much more – many that might not exist if not for support from United Way.



COSTCO VOLUNTEERS

Costco's Volunteer Center organizes local activities where our employees can donate their time and services. Costco volunteers have donated thousands of hours to projects such as planting trees, painting buildings, feeding the homeless and staffing important community aid events.

COSTCO READING PROGRAM

Since 1998, the Costco Reading Program has opened the door to employees to tutor local children who are reading below their grade level. Employee tutors are matched with a child from their local adopted school and work with their student one-on-one, once a week for approximately 15 weeks.



CHARITABLE GIVING

All Costco's warehouses and the regional and home offices actively provide monetary donations to nonprofit organizations that fit within our giving guidelines. Specifically, programs that focus on children, education, and health and human services are reviewed and considered year-round for Costco support.

Costco's community involvement makes a difference!

Learning the Lingo

We use terms at Costco that are unique to our company and the merchandising industry. Here's a brief glossary to help you learn the Costco "language." Spending some time now to learn the lingo will make your first days and weeks at work a lot easier. If you have questions, ask your supervisor or manager. They'll be glad to help.





Aisle – Walkway with rows of merchandise on either side, which we refer to by the type of products stocked there – foods, majors, etc.

Back Door – Truck drivers' entrance in receiving, which employees use prior to warehouse opening hours.

Back Order – When a supplier makes multiple shipments for one purchase order, or the portion of an order that a supplier is not able to fill on time.

Bad Board – Broken pallet.

Block Down – To clean, square and level off a pallet of merchandise.

Blocks – Codes placed on membership accounts in the register system that require supervisor intervention.

Board or Pallet –

1) The front end break sheet (or "aid").
2) A large wooden skid that merchandise is shipped, displayed and stored on. A "short board" is a pallet from which some product has been removed.

Box Run – Pulling empty boxes from the sales floor for use at the front end to pack member orders.

Break – Rest period provided to employees.

Business Membership –

A membership available to:

1) Any valid business licensed by the city, county or state.
2) Any business with a license to purchase for resale.
3) Nonprofit organizations.
4) Government agencies or subdivisions.
5) Other valid businesses.

Provides additional cards for employees and household members.

Cash Bleed or Check Bleed –
Terms used when cash or checks are cleared from cash register to be secured in vault.

Central or Corporate – Costco Home Office located in Issaquah, Washington.

Cooler – Big refrigerated box where "cold" products are located.

Computer – Available for employees to access Employee Self-Service, CostcoBenefits.com and other sites.

Costco Cash Card – Electronic gift card that may be used to make purchases at our warehouses, gas stations and online at Costco.com.

Depot – Costco facilities that receive truckloads of goods from our suppliers and then combine them and ship them out to our warehouses.

Dispo Label – Label created by membership/return employees to direct disposition of returned items and to list defects, if any.

Domestics – Sheets, towels, blankets, etc.

Door Count – The number of members who have come through the front door in a given time period.

DNI – Do not inventory.

EDP – Room in the warehouse that houses computer operations equipment.

End Cap – Items displayed at the end of an aisle to prompt impulse buys.

End of Day – Closing procedure, including zeroing out cash registers and communicating sales to the Home Office.

Executive Membership – Provides members with exclusive savings on a variety of business and consumer services, and includes an annual 2% Reward on qualified Costco purchases.*

* Terms and conditions apply.

Fall Zone – This is a "danger zone" that must be clear of people when a forklift is dropping merchandise out of the steel.

Fence – An impulse-buy area located just inside the front door.

Fiscal Year – Costco's financial year, which runs from September through August and is normally broken into 13 four-week periods.

Flatbed – Large, six-wheel flat cart with more room than a standard shopping cart.

Fresh Foods – Includes bakery, meat, produce and service deli departments.

Front-Facing Aisle – Aisles members see as they walk the "racetrack" or "horseshoe," where we display our most exciting items.

Go-backs – Misplaced or unused returned products that need to be returned to the sales floor.

Gold Star Membership – Individual membership that allows members to shop at the same prices as Business Members.

Gratuity – A gift or favor from a supplier or business associate, or a tip from a member. Costco does not permit employees to accept gratuities.

HABA – Health and beauty aids department.

Hardlines – Non-foods departments of HABA, office products, automotive, hardware, major appliances, sporting goods, toys, garden and patio.

Inventory – Value of merchandise on hand at cost and/or retail. The stock status report keeps track of day-to-day changes.

ITM – Item SKU information accessed from main menu of the computer – price, quantity on hand, how many sold, etc.

Job Bank – Electronic job posting board where we post open positions.

Key Flick or Override – When the front end supervisor is required to override the cash register due to a blocked membership number.

Kirkland Signature™ – Costco Wholesale's private label brand.

Lockup or MPU (member pickup) – Cabinets or closet near front end holding expensive, theft-prone items. To purchase, a member fills out a pick-up slip and gives it to the cashier.

Lot Duty – Security responsibility for the parking lot after business hours.

Majors – Department selling computers, TVs and electronics.

Markdowns – Reductions made to retail prices to remain competitive or to clear out-of-season items or damaged product.

MIMO – Money in, money out. Automatic cash recycler used to distribute and deposit register tills.

One-Day Pass or Preview Pass – One-day passes given to potential members so they can get acquainted with Costco.

OT – Overtime.

Pallet Jack – Equipment that lifts four-way pallets from any side.

Pallet Tag – Tag located on each pallet, listing product name, SKU number, PO number and the date so product can be located in the steel.

Penetration – Percentage of total warehouse sales represented by each item, department or category.

Racetrack or Horseshoe – Path from the front door, past hardlines to fresh foods and back toward the registers along foods.

Renewal – Annual fee required to maintain membership.

Resale – Items purchased by wholesale members that they will resell; no tax is charged. Transaction is recorded on a resale (blue) card.

Rewraps – Opened product that needs to be repackaged.

RF Scanner – Portable, handheld electronic devices linked to computers that provide inventory and product information, and used to document training.

Special Event or Roadshow – Special merchandise that is brought into the warehouse for a short period of time.

RTV – Return to vendor – unsold or defective items that are returned to the supplier for credit.

Roadshow – A category of merchandise a vendor brings in for only 3-10 days that adds excitement to the treasure hunt experience (e.g., purses, jewelry, pillows, blenders).

Run – The steel shelving and product located on one side of an aisle.

Run on an Item Number – Moving with urgency to the floor to get the correct item number when scanned merchandise does not display correctly in the register system.

Salvage – Damaged product that can't be sold or returned and must be disposed of through other channels.

Schedule – Assigned employee work hours for the current week.

Shrink or Shrinkage – Mismarked, misreceived, lost or stolen product. Also, the difference between the value of actual inventory (items that have been physically counted in your building) and the value of book inventory (items that accounting records say your building should have).

Showtime Ready – Clean, neat and straight. Ready for business.

Sign-in Log – A notebook where all warehouse employees must sign their name and time of arrival when entering the building (through the back door) prior to opening. Remember – you must be ready to work in your area at your assigned time, not at the time you sign the log.

SKU or Item – Stock keeping unit (regularly stocked merchandise).

Softlines – Apparel, domestics, housewares, small electrics, jewelry, books, media and furniture.

Start of Day – Opening procedure performed on the cash register system each morning to open registers for the day.

Steel – Racks where products are stored and displayed.

Supplier – The manufacturer, vendor, broker, merchant or resource from whom products are purchased.

Sweep – Going through the warehouse at closing time to let members know we are closing and offering to help them complete their shopping.

Triple Play – This is when a new member signs up as an Executive Member and applies for the Costco Anywhere Visa® Card by Citi.

UPC or Bar Code – Universal product code – a printed symbol on merchandise that is scanned into the register system.

Valley – The area between two aisles that face each other.

Vault – The room where bank deposits are counted, money is stored and change for registers is kept.

Weeds – Merchandise throughout the floor that is not in its home.

.97 & .00 – When a price has a .97 at the end, it means the item has been marked down by a buyer. A .00 refers to a warehouse markdown.

***** – An asterisk in the upper-right corner of an item description/price sign means that the item is pending delete, recently has been discontinued or has become inactive.



Your Information. Your Control.

Employee Self-Service offers multiple benefits.

✓Secure
Maintain privacy. You control the input of your information, not others.

✓Convenient
Input and view information at home or work on any computer.*

✓Efficient
Maintain low overhead with reduced paper waste and administrative costs – and be good to the environment.

When can I see my pay stub?
Pay stubs are displayed on the Wednesday prior to payday Friday. If you encounter any problems printing your pay stub, please contact your payroll clerk.

How do I adjust my tax status?
Tax withholdings are easy to update! Log in and click Payroll. Just as with the paper form, be sure to set a reminder if changing your status only for a short time.

What if I don't have access to a computer?*
Employee Self-Service can be found on all breakroom computers.

**Currently ESS is not optimized for mobile devices (e.g., phone, tablets).*

How to access Employee Self-Service

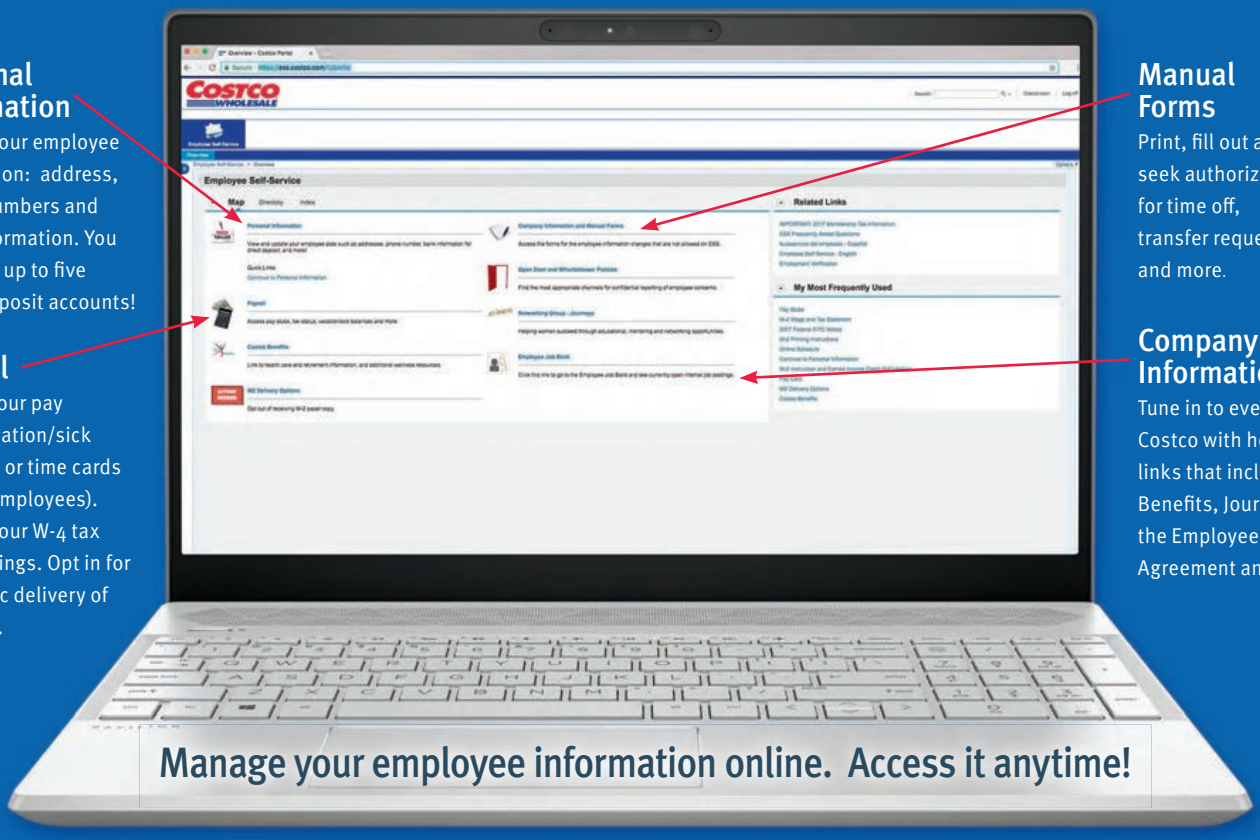
1. Visit Costco.com.
2. Click Employee Site.
3. Choose Register or Login under Employee Self-Service.
4. New user?
   Yes = Register
   No = Login

ESS
EMPLOYEE SELF-SERVICE

Available 24/7

Personal Information
Update your employee information: address, phone numbers and bank information. You can have up to five direct deposit accounts!

Payroll
Review your pay stub, vacation/sick balances or time cards (hourly employees). Update your W-4 tax withholdings. Opt in for electronic delivery of your W-2.



Manual Forms
Print, fill out and seek authorization for time off, transfer requests and more.

Company Information
Tune in to everything Costco with helpful links that include Benefits, Journeys, the Employee Agreement and more.

Manage your employee information online. Access it anytime!

NEED HELP? Contact your payroll clerk for assistance with any Employee Self-Service questions.

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