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WILLIAM C. THOMPSON, JR.
COMPTROLLER

May 19, 2009

Mr. James D. Sinegal
Chief Executive Officer
Costco Wholesale Corporation
999 Lake Drive
Issaquah, WA 98027

Dear Mr. Sinegal:

As New York City's Comptroller and Chief Investment Officer of the \$82 billion New York City Pension Funds, I write to express my concern regarding Costco's continued refusal to accept payment for food items from the Supplemental Nutritional Assistance Program (SNAP).

This ill-advised resistance clearly establishes a competitive disadvantage and presents a reputational risk for Costco. At a time when Costco is poised to open a facility in East Harlem – where tens of thousands of residents receive SNAP – such refusal is both contrary to social policy and a poor business decision.

One need only to look at our neighbors and friends who are losing jobs, homes and livelihoods to understand the universal impact that the deepening economic woes are having on our nation. Those who rely on SNAP now more than ever should provide a compelling reason for you to revisit – and reverse – this thoughtless policy.

As of January, New York City residents received more than \$181 million in SNAP benefits, a number that is growing substantially due to the infusion of American Recovery and Reinvestment Act funds.

The New York City Pension Funds hold nearly 1.5 million shares of Costco stock valued at more than \$66 million. During my tenure, I have endeavored to maintain constructive dialogue through the shareholder process, often advocating for stronger corporate governance standards and workplace rights. I believe these activities are consistent with my fiduciary obligation to protect the assets of the Funds.

It is my staunch belief that accepting SNAP payments would not only display sensible corporate responsibility, but promote your new facility's opening, and burnish Costco's reputation as a good and dependable neighbor.

I look forward to your reply.

Very truly yours,


William C. Thompson, Jr.