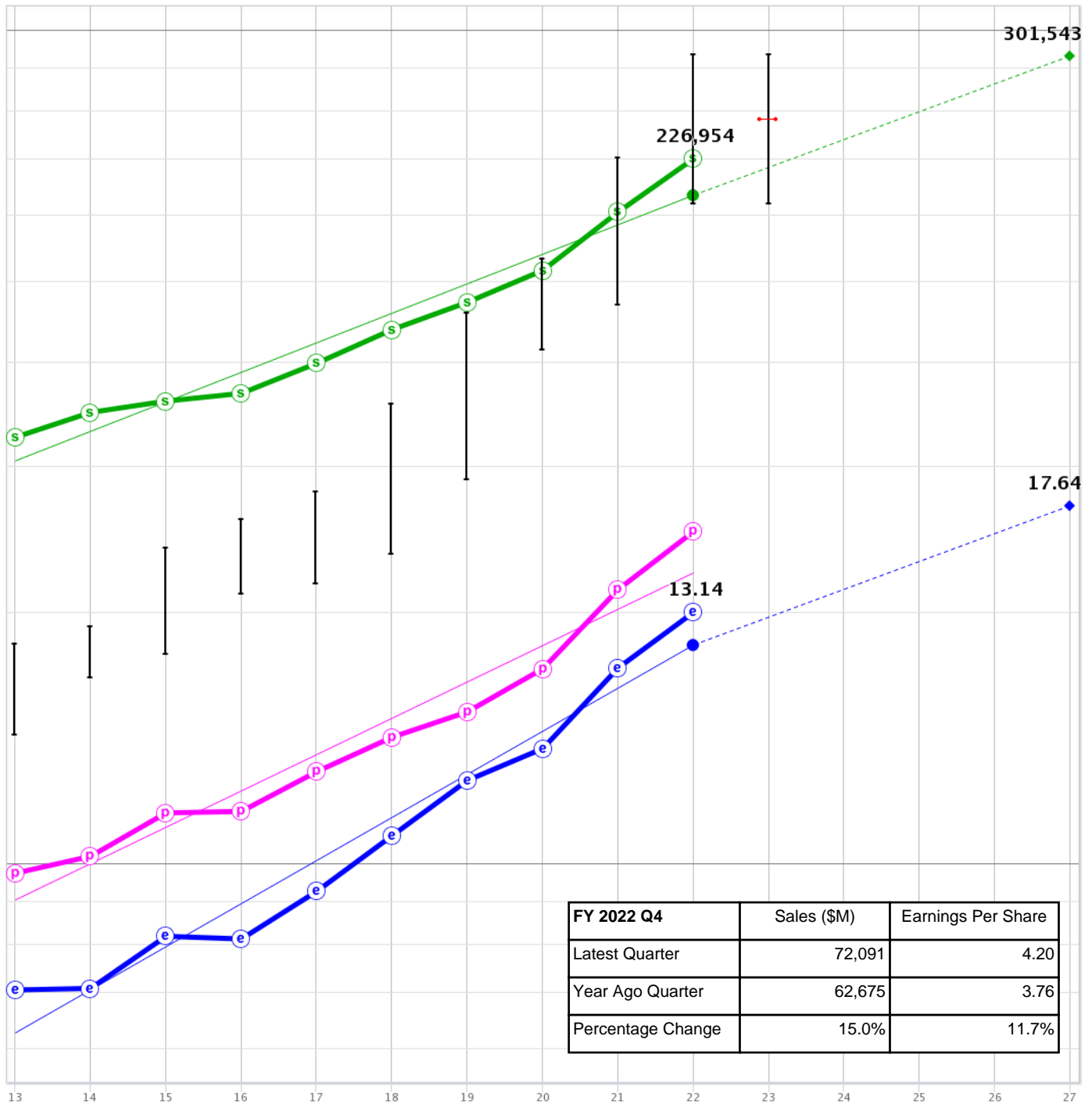


Stock Selection Guide

Company	Costco Wholesale		Date	11/10/22	
Prepared by	Maskey		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Discount Stores		
Capitalization ---	Outstanding Amounts	Reference			
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	444.6	0.5	62.0		
Debt (\$M)	9,039.0	% to Tot Cap	30.5	% Pot Dil	0.2

Symbol: COST

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|------|--|-------|
| (1) Historical Sales Growth | 8.5% | (3) Historical Earnings Per Share Growth | 12.6% |
| (2) Estimated Future Sales Growth | 8.0% | (4) Estimated Future Earnings Per Share Growth | 8.0% |

2 EVALUATING Management

Costco Wholesale

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Last 5 Year Avg.
% Pre-tax Profit on Sales	2.9%	2.8%	3.1%	3.0%	3.1%	3.1%	3.1%	3.2%	3.4%	3.5%	3.3%
% Earned on Equity	19.3%	17.2%	22.2%	20.3%	26.9%	25.6%	25.1%	23.7%	30.2%	29.1%	26.7%
% Debt To Capital	31.6%	29.3%	36.7%	29.9%	38.2%	33.6%	30.9%	35.7%	36.6%	30.5%	33.5%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 513.13 (11/10/22) **52-WEEK HIGH** 612.27 **52-WEEK LOW** 406.51

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2018	233.5	154.1	7.09	32.9	21.7	2.14	30.2	1.4
2019	300.0	189.5	8.26	36.3	22.9	2.44	29.5	1.3
2020	349.1	271.3	9.02	38.7	30.1	2.70	29.9	1.0
2021	460.6	307.0	11.27	40.9	27.2	2.98	26.4	1.0
2022	612.3	406.5	13.14	46.6	30.9	3.38	25.7	0.8
AVERAGE		265.7		39.1	26.6		28.4	
CURRENT/TTM			13.14	46.6	30.9	3.60	27.4	
AVERAGE PRICE EARNINGS RATIO: 32.8					CURRENT PRICE EARNINGS RATIO: 39.1			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 39.1 X Estimate High Earnings/Share 17.64 = Forecasted High Price \$ 689.7

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 27.4 X Estimate Low Earnings/Share 13.14 = Forecasted Low Price \$ 360.0

(b) Avg. Low Price of Last 5 Years 265.7

(c) Recent Market Low Price 307.0

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{3.60}{1.39\%} = 259.3$

Selected Forecasted Low Price \$ 360.0

C ZONING using 25%-50%-25%

Forecasted High Price 689.7 Minus Forecasted Low Price 360.0 = 329.7 Range. 25% of Range 82.4

Buy Zone 360.0 to 442.4

Hold Zone 442.4 to 607.3

Sell Zone 607.3 to 689.7

Present Market Price of 513.13 is in the **HOLD** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price } 689.7 - \text{Present Price } 513.13}{\text{Present Price } 513.13} = \frac{176.59}{513.13} = 1.2$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price } 689.7}{\text{Closing Price } 513.13} = 1.3442 \times 100 = 134.42 - 100 = 34.4$ % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend } 3.38}{\text{Closing Price } 513.13} = 0.0070 = 0.7\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout } 29.0\%}{\text{Forecast High PE } 39.10} = 0.7\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout } 29.0\%}{\text{Forecast Average PE } 33.25} = 0.9\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 6.1 %
Average Yield 0.7 %
Annualized Rate of Return 6.8 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 2.7 %
Average Yield 0.9 %
Annualized Rate of Return 3.6 %

Notes: COST MK MicNOVA 11/20/22

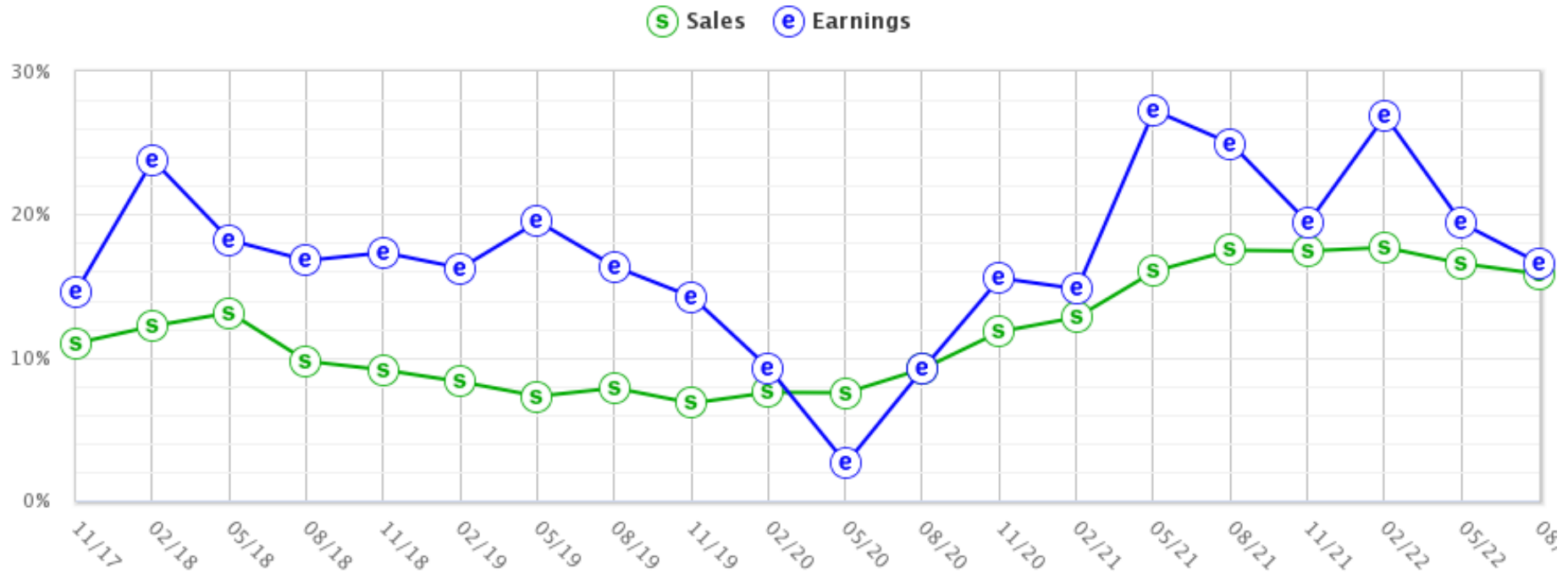
Date	Subject	Description	Type
12/07/22	December 7 Review	<p>Projected Sales as 8% because it has been 8% in Projected Value Line at past 5 years and past 10 years. Projected EPS at 8% (\$17.64) which was close to Value Line 25 to 27 projection of \$17.00.</p> <p>Used Estimated High P/E of 39.1 which was my projected Average High P/E which resulted in a high Price of \$689.70 which is close to the high price range of Value Line (\$655) For the estimated low P/E I used 27.4 which resulted in a low price of \$360 which is 70% of the current price, Resulting in 1.2 to 1 Upside/Downside and is a HOLD.</p> <p>Value Line summary from October 21, 2022 with a stock price of \$466.31 and a P/E of 33.9 - These timely shares should interest momentum investors. Performance has held up remarkably well despite challenges. Although the shares are trading at a high valuation, we think the stability of the business is worth the price premium given current market conditions.</p> <p>. Morningstar Fair Value and profit drivers Fiscal 2023 should be volatile as Costco laps exceptional prior-year sales and inflation remains high. We expect mid-single-digit percentage adjusted comparable expansion, roughly in line with our long-term forecast as Costco's attractive values drive store traffic and its international operations deliver member growth. We expect the firm to build to a roughly 1,100-warehouse global footprint over the next decade, from 838 locations in fiscal 2022. International expansion should drive mid-single-digit growth in paid members, with Costco executing material membership fee increases in fiscal 2023 and fiscal 2028 (consistent with its recent cadence; we anticipate fees rise by a high-single-digit percentage with no impact to renewals, and that increases take about two years to be fully reflected).</p>	Study
09/10/21	August 2021	<p>All data is updated according to Value Line July 23, 2021. On Left side : Technical was lowered again since April, but is still a 4. 18 month and 5 year projections for H and L are both UP. Institutional holdings are down. Total debt is down. Earnings forecast is up to 10.5%. Quarterly revenues and Earnings per share were both UP above the projects amounts. On the Right side: Cash flow and earnings per share 5 year projections are both UP. Income tax 5 year projection is down.</p> <p>In evaluating the back of the SSG; I used the current PE for the selected high and the projected PE as the selected low. I used the programs forecast high price of \$643.9 rather than Value Line, because today's price is already at the VL low projection. The estimated low price is 80% of the current price.</p> <p>COST is still a HOLD. It is doing very well in our portfolio.</p>	Community

Study Audit: COST MK MicNOVA 11/20/22

Review Advised	Category	Explanation
✓	Future P/Es	Do you want to rely upon investors paying more than 30 times earnings for this stock in order for you to make money? Average High P/E Forecast: 39.1
✓	Future P/Es	Do you want to estimate the future low PE to exceed the average low? Average Low P/E Forecast: 27.4 Average Low P/E: 26.6
✓	SSG Results	If purchased at the current price, your potential gain is projected to be less than three times your potential loss. Upside Downside Ratio: 1.2
✓	SSG Results	If purchased at the current price, this stock is not likely to double your money over the next five years. Total Return (High P/E):6.8%

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data



Quarterly Data									Last 12 Months Data										
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit			Sales	Income Tax			%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil	%Sales		\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales	
08/22	4.20	11.7	2,516.0	3.5	9.8	72,091.0	15.0	25.4	13.14	7,840.0	3.5	226,954.0	1,914.3	24.4	16.6	17.4	15.8		
05/22	3.04	10.5	1,827.0	3.5	10.7	52,596.0	16.2	24.9	12.70	7,615.0	3.5	217,538.0	1,872.7	24.6	19.4	21.7	16.6		
02/22	2.92	36.4	1,801.0	3.5	36.5	51,904.0	15.9	26.7	12.41	7,438.0	3.5	210,219.0	1,836.1	24.7	26.9	28.9	17.7		
11/21	2.98	13.7	1,696.0	3.4	19.4	50,363.0	16.6	20.7	11.63	6,956.0	3.4	203,084.0	1,711.3	24.6	19.4	21.4	17.4		
08/21	3.76	20.1	2,291.0	3.7	22.6	62,675.0	17.4	26.1	11.27	6,680.0	3.4	195,929.0	1,578.8	23.6	24.9	24.5	17.5		
05/21	2.75	45.5	1,650.0	3.6	41.9	45,277.0	21.5	25.3	10.64	6,258.0	3.4	186,637.0	1,460.6	23.3	27.3	25.4	16.0		
02/21	2.14	1.9	1,319.0	2.9	3.3	44,769.0	14.6	26.4	9.78	5,771.0	3.2	178,626.0	1,368.2	23.7	14.8	16.6	12.8		

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data										Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit			Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil	%Sales		\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales
11/20	2.62	37.9	1,420.0	3.3	34.2	43,208.0	16.7	16.8	9.74	5,729.0	3.3	172,929.0	1,350.5	23.6	15.5	17.2	11.8	
08/20	3.13	26.7	1,869.0	3.5	25.3	53,383.0	12.4	24.9	9.02	5,367.0	3.2	166,761.0	1,295.5	24.1	9.2	12.6	9.2	
05/20	1.89	-7.8	1,163.0	3.1	3.6	37,266.0	7.3	26.7	8.36	4,990.0	3.1	160,876.0	1,213.4	24.3	2.6	5.7	7.5	
02/20	2.10	4.5	1,277.0	3.3	5.1	39,072.0	10.4	25.8	8.52	4,950.0	3.1	158,350.0	1,100.9	22.2	9.2	6.0	7.5	
11/19	1.90	9.8	1,058.0	2.9	13.2	37,040.0	5.6	19.1	8.43	4,888.0	3.2	154,674.0	1,087.1	22.2	14.2	10.1	6.8	
08/19	2.47	4.7	1,492.0	3.1	3.0	47,498.0	7.0	25.6	8.26	4,765.0	3.1	152,703.0	1,033.6	21.7	16.3	7.3	7.9	
05/19	2.05	20.6	1,123.0	3.2	4.9	34,740.0	7.4	18.4	8.15	4,722.0	3.2	149,616.0	1,044.7	22.1	19.5	7.0	7.3	
02/19	2.01	26.4	1,215.0	3.4	23.2	35,396.0	7.3	25.8	7.80	4,670.0	3.2	147,237.0	1,154.9	24.7	16.2	8.5	8.3	
11/18	1.73	19.3	935.0	2.7	-0.1	35,069.0	10.2	16.9	7.38	4,441.0	3.1	144,836.0	1,118.8	25.2	17.3	7.6	9.1	
08/18	2.36	13.5	1,449.0	3.3	2.1	44,411.0	5.0	27.3	7.10	4,442.0	3.1	141,576.0	1,269.5	28.6	16.8	10.0	9.7	
05/18	1.70	6.9	1,071.0	3.3	11.0	32,361.0	12.1	28.9	6.82	4,412.0	3.2	139,465.0	1,338.0	30.3	18.2	16.1	13.1	
02/18	1.59	35.9	986.0	3.0	21.9	32,995.0	10.8	27.7	6.71	4,306.0	3.2	135,964.0	1,284.3	29.8	23.8	17.3	12.2	
11/17	1.45	16.9	936.0	2.9	10.6	31,809.0	13.2	30.5	6.29	4,129.0	3.1	132,735.0	1,313.1	31.8	14.6	11.5	11.0	
08/17	2.08	17.5	1,419.0	3.4	20.2	42,300.0	15.7	34.3	6.08	4,039.0	3.1	129,025.0	1,324.4	32.8	13.9	11.6	8.7	
05/17	1.59	28.2	965.0	3.3	15.6	28,860.0	7.8	26.8	5.77	3,801.0	3.1	123,285.0	1,238.8	32.6	8.9	5.8	4.5	
02/17	1.17	-5.6	809.0	2.7	-3.8	29,766.0	5.7	35.6	5.42	3,671.0	3.0	121,194.0	1,264.5	34.4	3.6	3.2	3.3	
11/16	1.24	13.8	846.0	3.0	11.0	28,099.0	3.2	34.4	5.49	3,703.0	3.1	119,598.0	1,260.8	34.0	2.8	3.2	2.6	
08/16	1.77	2.3	1,181.0	3.2	2.2	36,560.0	2.2	33.5	5.34	3,619.0	3.0	118,719.0	1,247.5	34.5	-0.6	0.4	2.2	
05/16	1.24	6.0	835.0	3.1	4.5	26,769.0	2.6	34.3	5.30	3,594.0	3.0	117,937.0	1,231.4	34.3	1.5	1.7	1.7	
02/16	1.24	-8.1	841.0	3.0	-3.3	28,170.0	2.6	34.0	5.23	3,558.0	3.0	117,269.0	1,226.1	34.5	2.1	2.9	1.4	
11/15	1.09	-2.7	762.0	2.8	-2.2	27,220.0	1.3	36.1	5.34	3,587.0	3.1	116,553.0	1,202.2	33.5	10.8	8.1	1.8	
08/15	1.73	9.5	1,156.0	3.2	6.4	35,778.0	0.7	32.7	5.37	3,604.0	3.1	116,199.0	1,199.6	33.3	15.2	12.7	3.2	
05/15	1.17	9.3	799.0	3.1	10.4	26,101.0	1.2	35.0	5.22	3,534.0	3.0	115,944.0	1,197.3	33.9	16.5	15.3	5.8	
02/15	1.35	28.6	870.0	3.2	19.5	27,454.0	4.4	30.2	5.12	3,459.0	3.0	115,637.0	1,161.5	33.6	15.1	13.3	7.2	
11/14	1.12	16.7	779.0	2.9	18.2	26,866.0	7.4	35.2	4.82	3,317.0	2.9	114,489.0	1,153.7	34.8	3.9	8.3	7.5	
08/14	1.58	12.9	1,086.0	3.1	13.8	35,523.0	9.3	35.1	4.66	3,197.0	2.8	112,640.0	1,107.4	34.6	0.6	4.8	7.1	
05/14	1.07	2.9	724.0	2.8	1.7	25,794.0	7.1	33.8	4.48	3,065.0	2.8	109,604.0	1,059.5	34.6				
02/14	1.05	-15.3	728.0	2.8	-1.5	26,306.0	5.8	35.0	4.45	3,053.0	2.8	107,893.0	1,062.9	34.8				
11/13	0.96	1.1	659.0	2.6	2.0	25,017.0	5.5	34.6	4.64	3,064.0	2.9	106,458.0	990.1	32.3				
08/13	1.40		954.0	2.9		32,487.0		34.8										
05/13	1.04		712.0	3.0		24,083.0		34.8										

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change		\$	\$ Mil	%Sales		\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales
02/13	1.24		739.0	3.0		24,871.0		25.0									
11/12	0.95		646.0	2.7		23,715.0		34.8									