



DATE: December 14, 2006
TO: INTERESTED PARTIES
FROM: Richard Galanti, EVP/CFO
RE: **Additional First Quarter FY 2007 Information**

The attached information is provided to address questions about Costco Wholesale Corporation's 1st quarter FY 2007 results (dollars in thousands):

1. What was the impact of LIFO in FY 2007? 2006? FY 2005?

	<u>LIFO (Income)/Expense (Pre-tax)</u> <u>(000's/% to Sales)</u>		
	Fiscal 2007	Fiscal 2006	Fiscal 2005
1st Quarter	\$0/0%	\$0/0%	\$0/0%
2nd Quarter	\$0/0%	\$0/0%	\$2,500/.02%
3rd Quarter	\$0/0%	\$0/0%	\$3,500/.03%
4th Quarter	\$0/0%	\$0/0%	\$7,410/.05%
YTD	\$0/0%	\$0/0%	\$13,410/.03%

2. Calculation of Diluted Earnings Per Share – see attached.

3. 1st Quarter Condensed Balance Sheet- see attached.

4. What was the effect of the Canadian and UK exchange rates for FY 2007? FY 2006? FY 2005?

Exchange Rates	CANADA (CN vs. US)			UK (UK vs. US)		
	FY 2007	FY 2006	FY2005	FY 2007	FY 2006	FY 2005
1st Quarter	.8875	.8467	.7980	1.8861	1.7761	1.8122
2nd Quarter	.0000	.8621	.8191	0.0000	1.7521	1.8988
3rd Quarter	.0000	.8713	.8136	0.0000	1.7599	1.8999
4th Quarter	.0000	.8954	.8124	0.0000	1.8657	1.7997
YTD/Total	.8875	.8704	.8106	1.8861	1.7924	1.8471

6. What was the impact of income tax rates in FY 2007? FY 2006? FY 2005?

	Fiscal 2007	Fiscal 2006	Fiscal 2005
1st Quarter	37.35%	37.86%	37.00%
2nd Quarter	00.00%	36.11%	37.55%*
3rd Quarter	00.00%	38.93%	37.90%
4th Quarter	00.00%	35.89%	35.80%*
YTD/Total Year	37.35%	37.01%*	36.21%

* Before unusual items

7. Breakdown of Total and Comparable Warehouse Sales Increases:

	<u>FY 2007</u>		<u>FY 2006</u>		<u>FY 2005</u>	
	<u>Total Sales</u>	<u>Comp. Sales</u>	<u>Total Sales</u>	<u>Comp. Sales</u>	<u>Total Sales</u>	<u>Comp. Sales</u>
1st Quarter	9%	4%	12%	9%	10%	7%
2nd Quarter	0%	0%	11%	7%	10%	7%
3rd Quarter	0%	0%	11%	7%	10%	7%
4th Quarter	0%	0%	12%/19%*	8%	10%	7%
YTD/Total Year	9%	4%	12%/14**%	8%	10%	7%

*Reflects 53-week fiscal year

8. Warehouse Openings for FY 2007

At fiscal 2006 year end, the Company operated 487 warehouses, including 358 in the United States and Puerto Rico, 68 in Canada, 18 in the United Kingdom, five in Korea, four in Taiwan, five in Japan and 29 in Mexico. Warehouse openings in FY 2007 through 12/31/06 (including Mexico) are listed below (13 openings in the 1st Quarter of FY 2007; four openings to date in the 2nd Quarter of FY2007):

<u>Date</u>	<u>Location</u>
<u>First Qtr '07</u>	
09/21/06	Marysville, WA
10/17/06	Kauai, HI
10/20/06	Gypsum, CO
10/25/06	Raleigh, NC
10/26/06	Louisville, KY
10/27/06	Maple Grove, MN
11/10/06	Vancouver, BC
11/14/06	W. Nashville, TN
11/15/06	Cumberland Mall (Atlanta), GA
11/16/06	Toluca, MX
11/17/06	Fontana, CA
11/21/06	Boisbriand, QC
11/22/06	La Quinta, CA

<u>Second Qtr '07</u>	<u>Location</u>
11/28/06	Helena, MT
11/29/06	Columbus, OH
11/30/06	Orland Park, IL
12/02/06	Chester, UK

COSTCO WHOLESALE CORPORATION
ADDITIONAL Q1 FY 2007 QUARTER INFORMATION
CALCULATION OF DILUTED EARNINGS PER SHARE

DILUTED EPS	Q1 (12 weeks)	Q2 (12 weeks)	Q3 (12 weeks)	Q4 (16 weeks)	YTD (52 weeks)
Net Income	\$236,886				\$236,886
Add back interest on subordinated Interest on subordinated convertible notes less related taxes (3-1/2% Zero Coupons)	403				403
Net income, adjusted	<u>\$237,289</u>	<u></u>	<u></u>	<u></u>	<u>\$237,289</u>
SHARES					
Weighted average shares used in basic EPS	458,873				458,873
Stock Options and restricted stock units	6,279				6,279
Conversion of subordinated notes (3-1/2% Zero Coupons)	2,684				2,684
Total Shares	<u>467,836</u>	<u></u>	<u></u>	<u></u>	<u>467,836</u>
EPS - Diluted	<u>\$0.5072</u>	<u></u>	<u></u>	<u></u>	<u>\$0.5072</u>
Earnings Per Share - Rounded	<u>\$0.51</u>	<u></u>	<u></u>	<u></u>	<u>\$0.51</u>

COSTCO WHOLESALE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except par value)
(unaudited)

	<u>November 26, 2006</u>	<u>September 3, 2006</u>
ASSETS		
Cash and cash equivalents.....	\$ 1,843,101	\$ 1,510,939
Short-term investments	770,833	1,322,181
Receivables, net	607,032	565,373
Merchandise inventories	5,388,792	4,568,723
Deferred income taxes and other current assets	254,501	264,866
Total current assets	<u>8,864,259</u>	<u>8,232,082</u>
Property and equipment, net.....	8,831,818	8,564,295
Other assets	719,097	698,693
	<u>\$18,415,174</u>	<u>\$ 17,495,070</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 5,537,829	\$ 4,581,395
Short-term borrowings and current portion of long-term debt.....	396,128	349,908
Other current liabilities.....	3,012,902	2,887,888
Total current liabilities.....	<u>8,946,859</u>	<u>7,819,191</u>
Long-term debt, excluding current portion.....	174,733	215,369
Deferred income taxes and other liabilities	257,141	253,713
Total liabilities	<u>9,378,733</u>	<u>8,288,273</u>
Minority Interest	64,455	63,358
Total stockholders' equity.....	<u>8,971,986</u>	<u>9,143,439</u>
	<u>\$18,415,174</u>	<u>\$ 17,495,070</u>