

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF WISCONSIN

If you are or were a participant in the Costco 401(k) Retirement Plan at any time from May 30, 2014 to the present, you may be a part of a class action settlement.

IMPORTANT

PLEASE READ THIS NOTICE CAREFULLY

THIS NOTICE RELATES TO THE PENDENCY OF A CLASS ACTION LAWSUIT AND, IF YOU ARE A CLASS MEMBER, CONTAINS IMPORTANT INFORMATION ABOUT YOUR RIGHTS TO OBJECT TO THE SETTLEMENT

*A federal court authorized this notice. You are not being sued.
This is not a solicitation from a lawyer.*

- A Settlement has been reached in a class action lawsuit against Costco Wholesale Corporation, the Costco Wholesale Corporation Board of Directors and the Costco Benefits Committee (collectively, “Defendants” or “Costco”). The class action lawsuit asserts claims under the Employee Retirement Income Security Act of 1974 (“ERISA”) concerning the management, operation and administration of the Costco 401(k) Retirement Plan (the “Plan”). Costco denies all claims made in the lawsuit, and the Court has not determined whether the claims are valid.
- You are included as a Class Member if you were a participant, beneficiary, or an alternate payee of the Plan who (1) had a Plan account as of March 17, 2022, or (2) did not have a Plan account as of March 17, 2022 and had a Plan account on or after the last business day of a month on and after May 30, 2014, provided that the Plan account attained a balance in excess of \$1,000 for at least 12 months beginning on and after May 30, 2014 (such balance and months to be calculated as of the last business day of a month).
- The proposed Settlement provides the following:
 - **Current Participants:** Costco has agreed to provide, at no cost to participants, an administrative fee reduction for Current Participants with a value of \$3,200,000. Costco will ensure that the Plan Administrative Service Per Capita Recordkeeping Fee deducted from Plan accounts does not exceed \$3.25 per Plan account per quarter for as many quarters as it takes for the reduction to equal \$3,200,000 in the aggregate. (The current fee, as of the first calendar quarter of 2022, is \$4.25 per participant per quarter.).
 - **Former Participants and eligible Current Participants (Current Participants who cease to have a Plan account by the Settlement Effective Date):** Costco has agreed to establish a \$400,000 Former Participant Pool against which Former Participants will be entitled to make a claim for payment. The amount of each eligible Class Member’s payment will be based on the number of quarters his or her Plan account balances exceeded \$1,000 during the Class Period and will be determined according to a Plan of Allocation in the Settlement Agreement. Payments to former Plan participants who submit a claim will be made directly to former Plan participants by check.
 - **Attorney’s Fees and Expenses:** Class Counsel will petition the Court for an award of attorneys’ fees in an amount not to exceed \$1.5 million and expenses not to exceed \$40,000.00. Any expenses awarded will be deducted from the Former Participant Pool before any distributions to eligible Class Members.
- Further information regarding the litigation, the Settlement, and this Notice, including any changes to the terms of the Settlement and all orders of the Court regarding the Settlement, may be obtained at www.CostcoERISASettlement.com.

Please read this notice carefully. Your legal rights are affected whether you act, or don’t act.

According to the Plan's records, you are a Current Participant. If you believe instead that you meet the definition of a Former Participant, please contact the Settlement Administrator.

THIS TABLE CONTAINS A SUMMARY OF YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

<p>OUR RECORDS INDICATE THAT YOU ARE A CURRENT PARTICIPANT. SO LONG AS YOU HAVE A PLAN ACCOUNT WITH A BALANCE GREATER THAN \$0 ON THE SETTLEMENT EFFECTIVE DATE, YOU DO NOT NEED TO DO ANYTHING TO PARTICIPATE IN THE SETTLEMENT</p>	<p><u>Our records indicate that you are a Current Participant because you had an account balance in the Plan as of March 17, 2022.</u></p> <p>If, however, you are a Former Participant who participated in the Plan during the Class Period and did not have a balance greater than \$0 as of March 17, 2022, or if you are a Current Participant but cease to have a Plan account with a balance greater than \$0 as of the Settlement Effective Date, or if you are the beneficiary, alternate payee, or attorney-in-fact of such a person, then, unlike a Current Participant, you must return a Former Participant Claim Form that is postmarked by July 1, 2022 to be eligible to receive a check for your share of the Former Participant Pool. If you are a Former Participant, and you do not return the Former Participant Claim Form that is postmarked by July 1, 2022, you will forfeit your share of the Former Participant Pool even though you will be bound by the Settlement, including the release.</p> <p>We have not included a claim form in your notice because Current Participants do not need to submit a claim form, and our records indicate that you are a Current Participant. However, if you believe you are a Former Participant, a claim form may be obtained by accessing www.CostcoERISASettlement.com.</p>
<p>YOU CAN OBJECT BY JUNE 17, 2022</p>	<p>You may write to the Court and counsel if you don't like the Settlement to explain why you object. If the Court approves the Settlement, you are eligible for Settlement benefits to which you are entitled, regardless of whether you objected to the Settlement.</p>
<p>YOU CAN ATTEND A HEARING ON JULY 18, 2022</p>	<p>You may ask to speak in Court about the fairness of the Settlement if you notify the Court and counsel of your intent to appear at the hearing. If the Court approves the Settlement, you will get a share of the Settlement benefits to which you are entitled, regardless of whether you spoke in Court about the fairness of the Settlement.</p>
<p>DO NOTHING</p>	<p>If the Court approves the Settlement, you are eligible for the Settlement benefits to which you are entitled.</p>

BASIC INFORMATION

1. What is this notice and why should I read it?

A court authorized this notice to let you know about a proposed settlement of a class action lawsuit called *Soulek v. Costco Wholesale Corporation, et al.*, Case No. 1:20-cv-00937 (E.D. Wis.) (the "Action"), brought on behalf of the Class

Members, and pending in the United States District Court for the Eastern District of Wisconsin. This notice describes the Settlement. Please read this notice carefully. Your rights and options—and the deadlines to exercise them—are explained in this notice. Please understand that if you are a Class Member, your legal rights are affected regardless of whether you act.

2. What is a class action lawsuit?

A class action is a lawsuit in which one or more plaintiffs sue on behalf of a group of people who allegedly have similar claims. After the Parties reached an agreement to settle this Action, the Court granted preliminary approval of the Settlement. Among other things, this preliminary approval permits Class Members to voice their support of or opposition to the Settlement before the Court makes a final determination as to whether to approve the Settlement. In a class action, the court resolves the issues for all Class Members.

THE CLAIMS IN THE LAWSUIT AND THE SETTLEMENT

3. What is this lawsuit about?

Plaintiff filed a class action complaint against Costco on behalf of a class of Plan participants, alleging that Costco caused the Plan to incur higher administrative fees and investment management fees than reasonable and necessary. A complete description of Plaintiff's allegations is in the Amended Complaint, which is available on the Settlement Website at www.CostcoERISASettlement.com.

Costco denies Plaintiff's claims and allegations in their entirety, denies that it is liable at all to the Plaintiff or the Class Members, and denies that the Plaintiff, Class Members or the Plan have suffered any harm or damage for which Costco could or should be held responsible. Costco believes its conduct was lawful. Costco is settling the Action solely to avoid the expense, inconvenience, and inherent risk and disruption of litigation.

4. Why is there a Settlement?

The Court has not decided in favor of either side in this Action. Instead, both sides agreed to a settlement. That way, both sides avoid the cost and risk of litigation or trial, and the affected current and former Plan participants will get substantial benefits that they would not have received if Plaintiff had litigated the case and lost. The Plaintiff and his attorneys believe the Settlement is in the best interests of the Class Members and the Plan.

WHO'S INCLUDED IN THE SETTLEMENT?

5. How do I know if I am a Class Member and included in the Settlement?

The Court decided that everyone who fits this description is a **Class Member**:

All participants, beneficiaries, and alternate payees of the Costco 401(k) Retirement Plan (excluding the Defendants or any participant/beneficiary who is a fiduciary to the Plan): (1) who have a Plan account as of the date the Settlement Class is certified by the Court or (2) who do not have a Plan account as of the date the Settlement Class is certified by the Court, and had a Plan account on or after the last business day of a month on and after May 30, 2014, provided that such Plan account attained a balance in excess of \$1000 for at least 12 months beginning on and after May 30, 2014 (such balance and months to be calculated as of the last business day of a month).

The "**Class Period**" is defined as May 30, 2014 through March 17, 2022, the date the Settlement Class is certified by the Court.

THE SETTLEMENT BENEFITS

6. What does the Settlement provide?

The proposed Settlement provides the following:

- **Current Participants:** Costco has agreed to provide an administrative fee reduction allocated among Current Participants with a maximum value of \$3,200,000. Costco will ensure that the Plan Administrative Service Per Capita Recordkeeping Fee deducted from Plan accounts does not exceed \$3.25 per Plan account per quarter for as many quarters as it takes for the reduction to equal \$3,200,000 in the aggregate.
- **Former Participants and eligible Current Participants (Current Participants who cease to have a Plan account by the Settlement Effective Date):** Costco has agreed to establish a \$400,000 Former Participant Pool against which Former Participants will be entitled to make a claim for payment. The amount of each Former Class Member's payment will be based on the number of quarters his or her Plan account balances exceeded \$1,000 during the Class Period and will be determined according to a Plan of Allocation in the Settlement Agreement. Payments to former Plan participants who submit a claim will be made directly to former Plan participants by check.

To be eligible for a distribution from Former Participant Pool, you must either be a (1) an eligible "Current Participant" as defined on page 1, or (2) an "Authorized Former Participant" (a "Former Participant" as defined on page 1 who submitted a completed, satisfactory Former Participant Claim Form that is postmarked by the deadline).

No amount shall be distributed to a Former Participant or eligible Current Participant that is five dollars (\$5.00) or less, because such an amount would cost more in processing than its value.

HOW TO GET BENEFITS

7. How do I get benefits?

Whether you need to submit a Claim Form to receive monetary benefits from this Settlement depends on whether you are considered a "Current Participant" or a "Former Participant."

According to the Plan's records, you are a Current Participant. Therefore, you do not need to do anything to receive your monetary benefit from the Settlement. However, if you cease to have a Plan account with a balance greater than \$0 by the Settlement Effective Date, you may be eligible to submit a Claim Form for payment from the Former Participant Pool. Contact the Settlement Administrator or visit www.CostcoERISASettlement.com if you believe this may apply to you.

8. When will I get my payment?

If you are a Current Participant and maintain a Plan account with a balance greater than \$0 as of the Settlement Effective Date, then you will receive your share of the Settlement in the form of reduced Plan Administrative Service fees once the Settlement has received final approval and/or after any appeals have been resolved in favor of the Settlement. The hearing to consider the final fairness of the Settlement is scheduled for July 18, 2022 at 9:30 a.m. in Courtroom 201, 125 S. Jefferson St. Green Bay WI. If you cease to have Plan account with a balance greater than \$0 by the Settlement Effective Date, you may be eligible to submit a Claim Form for payment from the Former Participant Pool.

THE LAWYERS REPRESENTING YOU

9. Who represents the Class Members?

The Court has appointed lawyers from the law firm of Walcheske & Luzi, LLC as Class Counsel. If you want to be represented by your own lawyer, you may hire one at your own expense. In addition, the Court appointed Plaintiff, Dustin S. Soulek, to serve as the Class Representative. He is also a Class Member.

Subject to approval by the Court, Class Counsel has proposed that up to \$10,000 may be paid to the Class Representative

in recognition of the time and effort expended on behalf of the Class Members. The Court will determine the proper amount of any such award. The Court may award less than the requested amount.

10. How will the lawyers be paid?

From the beginning of the case, which was filed in June 2020, to the present, Class Counsel have not received any payment for their services in prosecuting the case or obtaining the settlement, nor have they been reimbursed for any out-of-pocket expenses they have incurred. Class Counsel will apply to the Court for an award of attorneys' fees and expenses not to exceed \$1,500,000.00 and expenses not to exceed \$40,000.00. The Court will determine the proper amount of any attorneys' fees and expenses to award Class Counsel.

Any attorneys' fees awarded by the Court will be paid to Class Counsel by Costco Wholesale Corporation. Any attorneys' expenses awarded by the Court will be paid to Class Counsel from the Former Participant Pool.

YOUR RIGHTS AND OPTIONS

11. What is the effect of final approval of the Settlement?

If the Court grants final approval of the Settlement, a final order and judgment dismissing the case will be entered in the Action. Once the appeal period expires or any appeal is resolved, payments under the Settlement will then be processed and distributed, and the release by Class Members will also take effect. All Class Members included in the Settlement will release and forever discharge Defendants and the Released Settling Parties from any and all Released Claims (as defined in the Settlement Agreement). Please refer to Article 9 of the Settlement Agreement for a full description of the claims and persons that will be released upon final approval of the settlement.

No Class Member will be permitted to continue to assert Released Claims in any other litigation against Costco or the other persons and entities covered by the Release. If you object to the terms of the Settlement Agreement, you may notify the Court of your objection. (See Table on page 2 of this Notice, and Question 15 below.) If the Settlement is not approved, the case will proceed as if no settlement had been attempted or reached.

If the Settlement is not approved and the case resumes, there is no assurance that Class Members will recover more than is provided for under the Settlement, or anything at all.

12. What happens if I do nothing at all?

If you do nothing, you will release any claims you may have against Costco and the Released Settling Parties concerning the conduct Plaintiff alleged in the Complaint, the management and administration of the Plan, and other claims within the scope of the release. (See Question No. 14.) If you are a Current Participant you do not need to do anything to receive your monetary benefit from the Settlement. However, if you cease to have a Plan account with a balance greater than \$0 by the Settlement Effective Date you will not receive a payment as described in Question No. 8 unless you submit a timely Claim Form.

13. How do I get out of the Settlement?

If the Court approves the Settlement, you will be bound by it and will receive whatever benefits you are entitled to under its terms. You cannot exclude yourself from the Settlement, but you may notify the Court of your objection to the Settlement. (See Question No. 15.) The Court has certified the class for settlement purposes under Federal Rule of Civil Procedure 23(b)(1), which does not permit Class Members to opt out of the Class.

14. Can I sue Costco for the same claims later?

No. If the Court approves the Settlement, you will have given up any right to sue Costco for all Released Claims covered by this Settlement.

15. How do I object to the Settlement?

You can object to the Settlement if you don't like any part of it. If you object, you must give the reasons why you think the Court should not approve the Settlement. The Court will consider your views. Your objection to the Settlement must be postmarked no later than **June 17, 2022** and must be sent to the Court and the attorneys for the Parties at the addresses below:

Court	Class Counsel	Defendant's Counsel
Clerk of the Court Jefferson Court Building 125 S Jefferson St., Room 102 Green Bay, WI 54301	Paul M. Secunda WALCHESKE & LUZI, LLC 235 N. Executive Dr., Suite 240 Brookfield, WI 53005	Ian H. Morrison SEYFARTH SHAW LLP 233 S. Wacker Drive, Suite 8000 Chicago, IL 60606

The objection must be in writing and include the case name *Soulek v. Costco Wholesale Corporation, et al.*, Case No. 1:20-cv-00937 (E.D. Wis.), the judge's name Hon. William C. Griesbach, and (a) your name; (b) your address; (c) a statement that you are a Class Member; (d) the specific grounds for the objection (including all arguments, citations, and evidence supporting the objection); (e) all documents or writings that you desire the Court to consider (including all copies of any documents relied upon in the objection); (f) your signature; and (g) a notice of intention to appear at the Fairness Hearing (if applicable). (If you are represented by counsel, you or your counsel must file your objection through the Court's CM/ECF system.) The Court will consider all properly filed objections from Class Members. If you wish to appear and be heard at the Fairness Hearing in addition to submitting a written objection to the settlement, you or your attorney must say so in your written objection or file and serve a notice of intent to appear at the Fairness Hearing by **June 17, 2022**.

Class Counsel will file with the Court their request for attorneys' fees by at least thirty (30) calendar days before June 17, 2022.

THE COURT'S FAIRNESS HEARING

17. When and where will the Court hold a hearing on the fairness of the Settlement?

A Fairness Hearing has been set for July 18, 2022 at 9:30 a.m.. The hearing may be conducted telephonically, by video conference, or in person before Judge William C. Griesbach at the Courtroom 201, 125 S. Jefferson St. Green Bay WI. At the hearing, the Court will consider whether the Settlement is fair, reasonable and adequate. The Court will hear any comments, objections, and arguments concerning the fairness of the proposed Settlement, including the amount requested by Class Counsel for attorneys' fees and expenses and the incentive award to Plaintiff as the Class Representative. You do not need to attend this hearing. You also do not need to attend to have an objection considered by the Court. (See Question No. 18.)

Note: The date, time, and location of the Fairness Hearing are subject to change by Court Order, but any changes will be posted on the Settlement Website at www.CostcoERISASettlement.com.

18. Do I have to come to the Fairness Hearing?

No. Class Counsel will answer any questions the Court may have. But you are welcome to come at your own expense. If you send an objection, you don't have to come to Court to talk about it. As long as any written objection you choose to make is filed and mailed on time and meets the other criteria described in the Settlement Agreement, the Court will consider it. You may also pay another lawyer to attend, but you don't have to do so.

19. May I speak at the hearing?

You may ask the Court for permission to speak at the hearing concerning any part of the proposed Settlement. To do so, you must send a letter or other paper called a "Notice of Intent to Appear" to the Court. Be sure to include your name, address, telephone number, and your signature. Your "Notice of Intent to Appear" must be mailed to the attorneys and the Court at the addresses listed above by **June 17, 2022**.

QUESTIONS? CALL 844-473-0587 TOLL FREE, OR VISIT WWW.COSTCOERISASETTLEMENT.COM

GETTING MORE INFORMATION

20. Where can I get additional information?

This notice provides only a summary of the matters relating to the Settlement. For more detailed information, you may wish to review the Settlement Agreement. You can view the Settlement Agreement and get more information on the Settlement Website at www.CostcoERISAsettlement.com. You can also get more information by calling toll-free 1-844-473-0587. The Agreement and all other pleadings and papers filed in the case are available for inspection and copying during regular business hours at the office of the Clerk of the Eastern District of Wisconsin located at Jefferson Court Building, 125 S Jefferson St - Room 102, Green Bay, WI 54301-4541.

If you would like additional information, you can also call 844-473-0587.

**PLEASE DO NOT CONTACT THE COURT, THE JUDGE, T ROWE PRICE, OR COSTCO
WITH QUESTIONS ABOUT THE SETTLEMENT.**