

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 Plan.
- You are included as a Class Member if you were a participant, beneficiary, or an alternate payee of the Costco 401(k) Retirement who (1) has a Plan account as of March 17, 2022, or (2) does 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 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 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.
 - 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’s 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 Former Participants or eligible Current Participants. Payments to current Plan participants will be credited to their respective Plan accounts.
- 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 Former Participant. If you believe instead that you meet the definition of a Current Participant, please contact the Settlement Administrator. Former Participants are individuals who no longer had an account balance greater than \$0 as of March 17, 2022.

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

<p>OUR RECORDS INDICATE THAT YOU ARE A FORMER PARTICIPANT. YOU MUST RETURN THE ENCLOSED FORMER PARTICIPANT CLAIM FORM BY JULY 1, 2022 TO PARTICIPATE IN THE SETTLEMENT</p>	<p>The Plan's records indicate that you are a Former Participant. You must return a Former Participant Claim Form that is postmarked by July 1, 2022 in order 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. A claim form also can 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 will get a share of the 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 will get a share of the Settlement benefits to which you are entitled if you file a claim form by the specified deadline.</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. You need not live in Wisconsin to get a benefit under the Settlement. 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 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?

Plaintiffs filed a class action complaint against Costco on behalf of a class of Plan participants, alleging that Costco violated ERISA by breaching fiduciary duties owed to the Plan and/or the Plan' participants under ERISA by causing the Plan to incur higher administrative fees and expenses than reasonable and necessary. A complete description of Plaintiffs' allegations is in the Complaint, which is available on the Settlement Website at www.CostcoERISASettlement.com.

Costco has denied and continues to deny Plaintiffs' claims and allegations in their entirety, denies that it is liable at all to the Plaintiffs or the Class Members, and denies that the Plaintiffs, Class Members or the Plan have suffered any harm or damage for which Costco could or should be held responsible, as Costco denies all allegations of wrongdoing and asserts that its conduct was lawful. Costco contends that the Plan has been managed, operated and administered at all relevant times in compliance with ERISA and applicable regulations, including the fiduciary responsibility and prohibited transaction provisions of ERISA. 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 a trial, and the affected current and former Plan participants will get substantial benefits that they would not have received if Plaintiffs had litigated the case and lost. The Plaintiffs and their 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 of Preliminary Approval:

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.

- **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) “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), or (3) a beneficiary, alternate payee, or attorney-in-fact of persons identified in (1) or (2).

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 is de minimis and 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 Former Participant. Therefore, you need to return your Claim Form or submit your claim online to receive your share of the Settlement.

8. When will I get my payment?

If you are a current Plan participant, 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.

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 he 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 \$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 and Local 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 from any and all Released Claims (as defined in the Settlement Agreement). Please refer to Articles 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.) 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 Parties concerning the conduct Plaintiffs allege in their complaint and the management and administration of the Plan. (See Question No. 14.) If you are a Former Participant or an eligible Current Participant, you will not receive a payment as described in Question No. 8.

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.) If the Court approves the Settlement, it will do so 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 comments 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 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 The William C Griesbach in Courtroom 201 at 125 S. Jefferson St., Green Bay, WI 54301. 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 and Local Counsel for attorneys’ fees and expenses and the incentive award to Plaintiffs as the Class Representatives. 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.

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**.

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 writing to the Settlement Administrator at The Costco 401(k) Plan Settlement Administrator, P.O. Box 2007, Chanhassen, MN 55317-2007 or calling toll-free 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, OR COSTCO WITH
QUESTIONS ABOUT THE SETTLEMENT.**

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