COSTCO

401(k) Retirement Plan

Summary Plan Description

January 1, 2022

#SAVE

GET STARTED

Welcome

This booklet, called a "Summary Plan Description," summarizes the rules of the Costco 401(k) Retirement Plan ("Plan") in effect as of January 1, 2022. The information contained here describes the main features of the Plan, tells you how it operates and gives you certain information required by law. However, this booklet is only a summary – the terms of the Plan control.

The Plan is maintained by Costco Wholesale Corporation ("Costco") for the exclusive benefit of eligible employees of Costco and its designated participating employer subsidiaries (Costco Wholesale Membership, Inc., CWC Travel, Inc., CWC DC LLC, and Lincoln Premium Poultry, LLC). In this booklet, these affiliates and Costco are all referred to as "participating employers." Lincoln Premium Poultry, LLC ("LPP") employees participate in the Plan, but their benefits are described in a separate booklet.

The Plan may be changed in the future. You will be notified of any material changes to the Plan in a "summary of material modifications" (SMM). Officers and employees of Costco or its affiliates are not authorized to speak on behalf of the Plan or the Plan Administrator (the Costco Benefits Committee).

If you have any questions with respect to benefits under the Plan, you can speak to a Plan service representative by calling T. Rowe Price at **800-922-9945**. If you still have unanswered questions, you should contact the Costco Benefits Department at **800-284-4882**.

The terms of the Plan and this Summary Plan Description govern over oral or other written communications (including electronic communications) concerning the Plan.

References to other pages within this booklet are blue and linked.

Portions of this Summary Plan Description (including all subsequent summaries of material modifications hereto) that describe the material terms of the Costco 401(k) Retirement Plan and its operation constitute part of a prospectus covering securities that have been registered under the Securities Act of 1933, as amended, as described in the Prospectus for Costco Wholesale Corporation – Costco 401(k) Retirement Plan, dated December 31, 2019 (or subsequent versions thereof).

Although portions of this Summary Plan Description constitute part of the Costco stock prospectus, the other documents that make up the Costco stock prospectus or that Costco files with the SEC are separate from, are not part of, and are not incorporated by reference into this Summary Plan Description.

Este folleto contiene un resumen en inglés de tu plan de derechos y beneficios bajo el Plan de Retiro Costco 401(k).

Si se te dificulta comprender alguna parte de este folleto, contacta al departamento de Beneficios de Costco al 800-284-4882 o en el 999 Lake Drive, Issaquah, WA 98027. El horario de oficina es de 8:00 a 17:00 hrs. de Lunes a Viernes.

Eligibility and Enrollment

Eligibility

To be eligible to make pre-tax and Roth salary deferral contributions (and receive Costco's matching contributions), you must be at least 18 years old and you must have completed 90 days of service within a 12-consecutive-month period. You may enter the Plan on the first day of the month after you work 90 days and meet the age requirement, and any pay date thereafter. For example, if you are at least 18 and your 90th day of employment is July 15, you may enter the Plan beginning on August 1 or any pay date thereafter. When you enter the Plan on a pay date, this means that your salary deferral election will apply when administratively practicable to all compensation you earned during the pay period for that pay date (other than compensation earned before your entry date).

Employees designated as employees on Costco's Issaquah, Washington payroll system, and who receive a Form W-2 from a participating employer, may participate in the Plan when they meet the eligibility requirements described above. However, union employees may participate only to the extent their collective bargaining agreement and the Plan specifically provide for coverage. ("Union employees" are employees who are part of a collective bargaining unit recognized by Costco and with respect to whom retirement benefits have been the subject of good-faith bargaining.) Employees working and being paid in Puerto Rico are covered by the Costco Puerto Rico Retirement Plan and do not participate in this Plan. Employees working and being paid in foreign countries are not eligible to participate in this Plan. Leased employees, NWAP employees, temporary agency employees, independent contractors, and individuals performing work for a participating employer in any other non-employee capacity are not eligible to participate. These rules apply notwithstanding any subsequent reclassification of an individual as an employee.

From time to time, Costco may acquire a new company and adopt special rules. For example, acquired employees may be offered an opportunity to roll over an outstanding plan loan or after-tax contributions. Any transition rules will be described in the Plan and communicated to affected employees. Except to the extent the Plan specifically provides otherwise, prior service with an acquired company or its affiliates is not counted for any purpose under the Plan.

ELIGIBILITY UPON REHIRE

If you were participating in the Plan at the time you terminated or you were eligible to participate but had not yet entered the Plan at the time of your termination, you are eligible to begin participating upon your rehire. If you had not previously met the eligibility requirements, you must become eligible in accordance with the provisions of the Plan.

Enrollment

To begin making salary deferral contributions to the Plan, contact T. Rowe Price online at rps.troweprice.com or by calling 800-922-9945, elect a salary deferral percentage (i.e., the percentage of your pay that you wish to contribute to the Plan as a pre-tax salary deferral contribution, a Roth salary deferral contribution, or a combination of the two), and make your investment choices. (An enrollment kit with further details will be provided to you.)

Your election will take effect when administratively practicable following the date of your request. Elections may not be made or changed retroactively. It is your responsibility to review account statements and pay stubs to verify that the correct amounts are taken from your compensation and contributed to the Plan. You must notify the Costco Benefits Department of any error, in which case the error will be fixed prospectively. However, salary deferral contributions that have already been taken from your compensation are final and irrevocable.

AUTOMATIC ENROLLMENT

If you don't contact T. Rowe Price and make a salary deferral election (i.e., an election to contribute a percentage of your compensation to the Plan or an election to contribute nothing), you will be automatically enrolled in the Plan. If you are automatically enrolled, each paycheck will be reduced by 4% of your compensation, which is contributed to the Plan as a pre-tax salary deferral contribution. In order to make a Roth salary deferral contribution, you must contact T. Rowe Price.

Prior to April 2, 2022, participants who were automatically enrolled had each paycheck reduced by 3% of their compensation. This changed to 4% of compensation, effective for participants whose entry date for salary deferral contributions is after April 1, 2022. This change also applies to participants who become eligible to make salary deferral contributions upon their rehire or entry into eligible employment after April 1, 2022, and to any occasional automatic enrollments announced by the Plan Administrator that take effect after April 1, 2022.

Automatic enrollment happens in the following situations:

- **Initial eligibility** – If you are a newly eligible employee who becomes eligible after completing 90 days of service within a 12-consecutive-month period, you will be automatically enrolled if you don't make a salary deferral election within 30 days after the first day of the next month. However, if you are not in eligible employment on the first day of the next month, you will be automatically enrolled if you don't make a salary deferral election within 30 days after the date you enter eligible employment.
- **Rehire** – If you are a former participant or eligible employee who again becomes eligible to participate as of your date of rehire (as described in Eligibility upon rehire on page 3), you will be automatically enrolled if you don't make a salary deferral election within 30 days after rehire.
- **Occasional automatic enrollment** – From time to time, the Plan Administrator may automatically enroll non-participating eligible employees, regardless of their hire or rehire date. You will receive advance notice of any such automatic enrollment, and you will not be automatically enrolled if (1) you make any salary deferral election within 30 days of the date of the notice, or (2) you changed your salary deferral percentage to 0% within the 90 days before the automatic enrollment is scheduled to occur.

Automatic enrollment will take effect when administratively practicable following the end of the 30-day period described above. If you are automatically enrolled, you can change your pre-tax salary deferral percentage, elect to make Roth salary deferral contributions, or elect not to participate prospectively at any time by contacting T. Rowe Price, as described in Employee contributions on page 5. Once you are enrolled, your pre-tax salary deferral percentage will automatically increase each year unless you opt out, as described in Automatic contribution increases on page 5.

Contributions

Employee contributions

You may elect to contribute, by payroll deduction, up to 50% of your compensation per pay period (in 1% increments). Generally, your salary deferral contributions cannot exceed the maximum amount permitted by the Tax Code each year ($20,500 for 2022, and increased by IRS cost-of-living adjustments in future years). This Code limit applies to your pre-tax and Roth salary deferral contributions, combined. However, if your total salary deferral contributions have hit this limit and you're age 50 or older (or if you will turn 50 by the end of the calendar year), you are eligible to make additional pre-tax and/or Roth salary deferral contributions called "catch-up contributions." You may elect to make catch-up contributions, by payroll deduction, of up to 50% of your compensation per pay period (in 1% increments), up to the maximum catch-up contribution amount permitted by the Code each year ($6,500 for 2022, and increased by IRS cost-of-living adjustments in future years).

You may stop, restart or change your contributions at any time by contacting T. Rowe Price online at rps.troweprice.com or by calling **800-922-9945**. Requests to stop or restart contributions or change your salary deferral percentage will take effect when administratively practicable. If the contribution change does not take effect within 2-3 pay cycles, contact T. Rowe Price.

Any contributions made before your request to change or stop contributions takes effect will not be reversed or refunded – the contributions will remain in your account until you are eligible to receive a distribution from the Plan, as described in Distributions on page 20.

EXCESS CONTRIBUTIONS

The above Code limit on your salary deferral contributions applies to all your contributions during the year to this Plan and any other 401(k) plan, or 403(b) or 408(k) plan, combined. If you exceed this limit and want the Plan to return the excess to you (adjusted for investment earnings and losses accrued during the year in question), you must notify T. Rowe Price in writing before April 1 of the following year. You may have adverse tax consequences if you do not ask T. Rowe Price to return the excess.

In addition, your contributions to the Plan are subject to an annual test to ensure that employees at different pay levels benefit from the Plan on a nondiscriminatory basis. If you are a highly compensated employee, the test results may require you to reduce your contribution. You will be notified if the test results indicate that the percentage you contribute must change or if contributions must be returned to you. If it is necessary to return your contribution, a check will be mailed to you, if possible by March 15 following the year in question, and it will include any income or loss the returned contributions accrued during such year. You must include the returned amount in your taxable income.

AUTOMATIC CONTRIBUTION INCREASES

After you are enrolled in the Plan, your pre-tax salary deferral contributions will automatically increase by 1% each year. The automatic increase will take effect when administratively practicable following the anniversary of your date of hire. However, the automatic increase will not occur if: (1) you changed your salary deferral election within the 30 days prior to your anniversary date, (2) you are already contributing 20% or more of your pay to the Plan, (3) you have elected not to contribute to the Plan, or (4) you have opted out of automatic increases.

You may opt out of automatic increases at any time. You may also customize automatic increases as follows: you can choose to have your pre-tax salary deferral contributions automatically increase on a different day of the year or by more than 1% each year, or you can choose to have automatic increases stop at a different contribution percentage (up to 50%). To elect not to contribute to the Plan, or to opt out of or customize automatic increases, contact T. Rowe Price at 800-922-9945 or online at rps.troweprice.com.

Automatic increases will not apply to your Roth salary deferral contributions. To change the percentage of your Roth salary deferral contributions, you must contact T. Rowe Price as described above.

IF CONTRIBUTION ELECTION EXCEEDS NET PAY

Your compensation in any pay period is first reduced for most other deductions, such as state and federal taxes, loan repayments, garnishments, and most benefits under the Costco Employee Benefits Program. If your net pay after these deductions is insufficient to make your elected contributions for a pay period, you will be treated as having withdrawn your election with respect to the following categories of contributions in the following order, until your total election is less than your net pay: all catch-up Roth salary deferral contributions; all non-catch-up Roth salary deferral contributions; all catch-up pre-tax salary deferral contributions; and all non-catch-up pre-tax salary deferral contributions. For example, if your compensation is $1,300 and your net pay is $1,000, and you elect $600 of Roth salary deferral contributions and $600 of pre-tax salary deferral contributions, you will be treated as having withdrawn your election to make Roth salary deferral contributions, but your election to make $600 of pre-tax salary deferral contributions will be given effect.

Costco's contributions

Costco may make three kinds of contributions to the Plan on your behalf:

1. **Matching contribution**

   Costco may contribute an amount equal to a percentage of (or a tiered percentage of) your total salary deferral contributions made for a year, up to a certain dollar amount. The matching contribution formula is established annually by Costco. Costco reserves the right to make no matching contribution and the right to modify the contribution formula or allocation. For 2022, the matching contribution is the lesser of $500 or 50% of your salary deferral contributions. Costco does not match catch-up contributions.

   Union employees (as defined in Eligibility on page 3) are ineligible for matching contributions except to the extent their collective bargaining agreement provides for a matching contribution to the Plan. The matching contribution for participants whose work is covered by the collective bargaining agreement with the International Brotherhood of Teamsters in California, the Eastern Area Teamsters Agreement, or the Teamsters Local 243, Local 174 or Local 150 Agreements is that which is required by those agreements and memorialized by Costco. For 2022, the matching contribution for work covered by those collective bargaining agreements is the lesser of $250 or 50% of your salary deferral contributions.

   If you work both as a union employee and as a non-union employee during a year, the following rules apply: If you receive a matching contribution under a collective bargaining agreement for hours worked as a union employee, you may not also receive a matching contribution under the non-union matching contribution schedule with respect to that same work, and vice versa. In addition, your total matching contribution for the year may not exceed the annual maximum under the non-union schedule ($500 for 2022).

Matching contributions are subject to a special IRS test to ensure that employees at different pay levels benefit from the Plan on a nondiscriminatory basis. If you are a highly compensated employee, the test results may require that a portion of the matching contribution made on your behalf be distributed to you or forfeited. You will be notified if this applies to you.

2. **Discretionary contribution**

In addition to the matching contribution, Costco may make a discretionary contribution to your account if you have met the eligibility requirements for discretionary contributions, as described below.

Before you can enter the Plan for purposes of Costco's discretionary contributions, you must be at least 18 years old and have waited at least 12 months since your first date of employment with a participating employer on or after January 1, 2020. Once you have met the age and service requirements, you enter the Plan for purposes of discretionary contributions on the next entry date for discretionary contributions, which occurs twice each year, on January 1 and July 1. You will then be eligible to receive discretionary contributions provided you are employed on December 31 of the year for which the contribution is made. For instance, if you were hired on July 15, 2020, you would have met the service requirement on July 14, 2021. Assuming you were at least 18 years of age, you would enter the Plan on the next entry date, which would be January 1, 2022. You would be eligible for discretionary contributions made in 2023 for the 2022 plan year, as long as you were still employed on December 31, 2022. Note that for purposes of eligibility for discretionary contributions, a former employee who is receiving severance is not considered "employed" after the termination date specified in the severance agreement.

The discretionary contribution, if made, will be a percentage of your compensation based on your years of service. The following chart shows the discretionary contribution that was made for 2021:

Years of service	Percentage of compensation contributed
Less than 1	0
3 (less than 4)	3
4 (less than 5)	4
5-9 (less than 10)	5
10-14 (less than 15)	6
15-19 (less than 20)	7
20-24 (less than 25)	8
25 or more	9

If you entered the discretionary contribution portion of the Plan on the July 1 entry date, your contribution for the first year will be with respect to your compensation paid after that date. In addition, if you are still employed by a participating employer at the end of the year but have changed jobs, so that for a portion of the year you were not in eligible employment, only the compensation you earned while you were in eligible employment will be used to calculate your discretionary contribution. For a description of eligible employment, see Eligibility on page 3.

Union employees (as defined in Eligibility on page 3) are ineligible for the discretionary contribution except to the extent their collective bargaining agreement provides for a discretionary contribution, they have met the Plan's eligibility requirements for discretionary contributions (see above), and the Plan specifically provides for coverage. The discretionary contribution for employees whose work is covered by the collective bargaining agreement with the International Brotherhood of Teamsters in California, the Eastern Area Teamsters Agreement, or the Teamsters Local 243, Local 174 or Local 150 Agreements is that which is required by those agreements and memorialized by Costco. This type of discretionary contribution is called the "company contribution." The company contribution, if made, will be a contribution amount (based on a participant's years of service) times straight time hours worked during the year. For this purpose, "straight time hours" means straight time hours worked, including hours worked on Sunday, up to a maximum of 2,080 for each calendar year of work. Only straight time hours worked pursuant to the collective bargaining agreement and after your entry date for discretionary contributions are taken into account when computing the company contribution. The following chart shows the company contribution for 2021:

Years of service	Company contribution
Less than 1	0
4 (less than 5)	5 cents an hour up to 2,080 hours
5-9 (less than 10)	15 cents an hour up to 2,080 hours
10-19 (less than 20)	37 cents an hour up to 2,080 hours
20 or more	47 cents an hour up to 2,080 hours

If you receive a company or other discretionary contribution under a collective bargaining agreement for hours worked, you may not also receive a discretionary contribution under the non-union discretionary contribution schedule for compensation earned with respect to that same work, and vice versa.

For purposes of determining your years of service for any Plan contribution, prior service does not count if you terminated employment for a year or more. In addition, an employee who was employed by The Price Company on the effective date of the merger of The Price Company and Costco may not count any previous service with Costco, and vice versa. Also, work performed as an LPP employee does not count for purposes of discretionary or company contributions. However, former Plan participants who are rehired, and former LPP employees who become employed with another participating employer, are treated as having no less than one year of service.

Costco reserves the right to make no discretionary or company contribution and the right to modify the contribution formula or allocation.

3. **Profit-sharing contribution**

   In addition to matching and discretionary contributions, Costco may from time to time make a profit-sharing contribution to your account if you meet the specific eligibility requirements listed in Appendix C to the Plan. To request a copy of Appendix C, contact the Benefits Department at 800-284-4882. Profit-sharing contributions were last made in 2008.

VESTING OF COSTCO'S CONTRIBUTIONS

The term "vesting" refers to the percentage of contributions that you are entitled to if you terminate employment. This is also called your "vested percentage." You are always 100% vested in your salary deferral, rollover contribution, and profit-sharing contribution accounts. However, your matching and discretionary contribution accounts are subject to a vesting schedule based on your years of service, as follows:

Years of service	Percentage vested in Costco's contributions
Under 2 years	0%
2 years	20%
3 years	40%
4 years	60%
5 years	100%

Your vested interest will automatically increase to 100% if you turn age 65 (the Plan's normal retirement age) while you are still in active employment with a participating employer, if you terminate employment with a participating employer as a result of total disability (as defined by the Plan), if you die while employed by a participating employer or while performing qualified military service, or if the Plan is terminated.

Years of service for vesting purposes

You will receive one year of service for vesting purposes for each whole year of service with participating employers. If you terminate employment but then return within 12 months, your absence is ignored. Also ignored are the following: approved leaves of absence, military leave (to the extent provided in the Plan), and maternity or paternity leave (to the extent provided in the Plan). Otherwise, an absence of more than 12 months ends the preceding period of service, and a new period of service begins on your return. If you have more than one period of service, your periods of service will be added together and you will receive one year of service for every 365 days of employment. If you have prior service that should be considered for the purpose of calculating vesting, please contact the Costco Benefits Department at 800-284-4882.

If you stop working before you are 100% vested

The portions of your matching and discretionary contribution accounts that are not vested when you terminate employment with all participating employers are forfeited in accordance with the following rules. If you are 0% vested, forfeiture occurs as of your termination date. Otherwise, it occurs on the earlier of: (1) the date you receive distribution of your vested account balance, or (2) at the end of five consecutive "breaks in service." (A "break in service" is a 12-consecutive-month period during which you are not employed by a participating employer.) The forfeited funds stay in the Plan to be used first to pay administrative expenses and second to reduce future employer contributions to the Plan for other participants.

If you are rehired within five years, any amount forfeited under the above rules will be restored to your account if you repay the amount that was distributed to you (if any). You must make the repayment within five years of your reemployment date. If you do not do so, the previously forfeited amounts will remain forfeited. If this applies to you, contact the Costco Benefits Department at 800-284-4882. Also, regardless of whether you took a distribution, if you are not rehired within five years, any amount that was not vested when you terminated employment will be permanently forfeited.

Rollover contributions

ROLLOVERS FROM A FORMER EMPLOYER'S PLAN

You may make a rollover contribution from a former employer's plan as long as you are eligible to make salary deferral contributions to the Plan (see Eligibility on page 3) and the amount contributed is an eligible rollover distribution (as defined in Code Section 402(c)) from a pre-tax IRA or from another qualified plan, or a Code Section 403(a), 403(b), or 457(b) plan. You can make a rollover contribution from a Roth salary deferral account in one of those plans, but this Plan does not accept rollovers from Roth IRAs or other types of after-tax contributions. In addition, a rollover contribution may not include an outstanding loan, it may not require any changes to the operation or administration of the Plan, and it may not require the provision of any form of distribution not otherwise provided by the Plan. Exceptions may be made with respect to employees of a newly acquired company, to the extent provided in the Plan.

In general, rollovers must be made within 60 days of the time you received the distribution or they must be transferred directly to this Plan from your IRA or the trustee of your former plan. However, the 60-day rollover option is not available for rollovers from a Roth salary deferral account – those rollovers must be made directly to this Plan from the trustee of your former plan. If you wish to make a rollover contribution, contact T. Rowe Price at 800-922-9945 for a rollover kit. Rollover contributions will be deposited into a "rollover contribution account" in your name. Rollovers from a Roth salary deferral account will be placed in a separate sub-account called a "Roth rollover contribution account."

Like your other Roth accounts, distributions from your Roth rollover contribution account can be rolled over only to a Roth IRA or to a Roth salary deferral account in another qualified plan or a Code Section 403(b) or 457(b) plan. Also, you cannot take a Plan loan from your Roth rollover contribution account.

IN-PLAN ROTH ROLLOVERS

In-Plan Roth rollovers are also available. An in-Plan Roth rollover allows you to convert certain non-Roth balances in your account to a Roth balance. An in-Plan Roth rollover could potentially provide tax benefits, depending on your individual circumstances. You should talk with your own financial or tax advisor before electing an in-Plan Roth rollover.

You may convert invested pre-tax amounts that you've contributed to the Plan, adjusted for earnings and losses and prior withdrawals. Other types of contributions, including Costco's matching and discretionary contributions, cannot be converted. Loan balances and Costco stock also cannot be converted to Roth. In addition, conversions are not available to non-spouse death beneficiaries and alternate payees who are not a spouse or former spouse.

If you elect an in-Plan Roth rollover, the converted amount will be transferred to an in-Plan Roth rollover account in your name and will be subject to tax at the time of the conversion. Income taxes will not be withheld from the converted amount, so it will be your responsibility to satisfy all taxes due. Distributions of converted amounts (and earnings) are tax-free so long as certain timing and other requirements are met. In general, a distribution will be tax-free if you've waited at least five years after the conversion and you are age 59½ or older.

Converted amounts are subject to the same distribution rules that applied before the conversion. For example, if you convert pre-tax salary deferral contributions, generally you still cannot withdraw those funds until age 59½ or termination of employment. A hardship distribution can be taken from converted salary deferral contributions (other than investment gains), but only if you have no remaining pre-tax salary deferral contributions. Hardship distributions cannot be taken from investment gains on converted amounts. In addition, you cannot take a loan from your in-Plan Roth rollover account.

To elect an in-Plan Roth rollover, call T. Rowe Price at **800-922-9945.** The amount you elect to convert will be taken pro rata from your investments in your eligible contribution accounts, other than investments in Costco stock, and transferred in-kind to your in-Plan Roth rollover account. To convert amounts invested in Costco stock, you must first exchange into a different investment option. Note that if you have reached your required beginning date, you will not be able to elect an in-Plan Roth rollover until you have taken your required minimum distribution for the year.

In-Plan Roth rollovers are final – you cannot elect to move the funds back to non-Roth.

Total contribution limits

There's an IRS limit on the total contributions that can be made to your account each year. The limit applies to Costco's contributions and your own salary deferral contributions, but it does not apply to any rollover contributions that you make. For 2022, the limit is the lesser of 100% of your compensation or $61,000 ($67,500 including catch-up contributions) (increased for IRS cost-of-living adjustments in following years). If you believe this limit may be a problem for you, ask T. Rowe Price for help in figuring out the most you should defer without losing benefits because of this limit.

COMPENSATION DEFINITION

For your salary deferral contributions and Costco's matching and discretionary contributions, compensation generally means your regular, taxable base pay, overtime, vacation pay, sick leave except third-party sick or disability pay, and extra checks (before pre-tax reductions, such as contributions you make for health coverage under the Costco Employee Benefits Program). It does not include executive bonuses, deferred compensation, sick leave payoff, restricted stock units and stock options, relocation expenses, ridesharing payments, severance pay or any other amounts paid after severance from employment, incentives and similar amounts. Compensation taken into account for purposes of your salary deferral contributions and Costco's matching contributions does not include compensation you earned prior to your entry date for salary deferral contributions, and compensation for purposes of discretionary contributions does not include compensation you earned prior to your entry date for discretionary contributions.

The IRS sets a maximum amount of compensation that may be considered by the Plan. For 2022, the maximum amount is $305,000. This is adjusted annually for inflation. For further details on how the Plan defines compensation, see Appendix B to the Plan, which sets forth in detail the types of pay that are treated as compensation for each purpose. You can request a copy of Appendix B from the Costco Benefits Department by calling **800-284-4882**.

Costco contributes to the Plan with respect to LPP compensation only to the extent described in the separate booklet for LPP employees.

Investing Your Account

You are responsible for directing the investment of your account among the investment options offered by the Plan. A list of the Plan's investment options will be provided to you annually. You may also obtain the list by contacting T. Rowe Price at **800-922-9945** or online at rps.troweprice.com. You may direct the investment of your entire account into one investment option, or you may direct portions of your account (in any whole percentage) to be invested in as many of the options as you like, subject to certain restrictions described below. The Plan's investment options may be changed from time to time by the Benefits Committee, in their sole discretion. In addition, if you obtain a participant loan from your account (see Loans on page 18), your loan is considered an investment of your account.

The portion of the Plan invested directly in Costco stock is an Employee Stock Ownership Plan ("ESOP"). The ESOP is designed to invest exclusively in Costco stock. However, you may sell portions of your account invested in Costco stock and reinvest those amounts in any of the investment options offered under the Plan.

The Plan is intended to be an ERISA Section 404(c) plan and Labor Regulation Section 2550.404c-1 plan. This means that you are responsible for controlling the investment of your account and Plan fiduciaries are not liable for any investment losses attributable to your investment decisions. You should make your investment decisions carefully, after you have read all of the investment information given to you, requested any additional information from the Plan, and consulted with your own investment advisers to determine the appropriate mix of investments for your individual needs. With respect to Costco stock held in the ESOP, you should be aware that there is a risk to holding a substantial portion of your assets in the securities of one company, as individual securities tend to have wider price swings, up and down, in short periods of time, compared to diversified investment options. If any dispute arises regarding your investment decisions or instructions, it constitutes a dispute arising under the terms of the Plan and must be processed as an administrative claim under the claim and appeal procedures in Filing a claim on page 31.

INVESTMENT INFORMATION

The following types of information are available from T. Rowe Price:

- **Fund Fact Sheets** – These are short descriptions of the investment options, prepared by T. Rowe Price.
- **Costco stock prospectus** – The Prospectus for Costco Wholesale Corporation – Costco 401(k) Retirement Plan ("Costco stock prospectus").
- **Other investment-related information** – This includes performance, fee and expense information; prospectuses (the short-form or summary prospectuses may be provided) or similar documents provided by investment options that do not issue a prospectus; and other investment-related information as described in Labor Regulation Section 2550.404a-5(d)(4).

To request a copy of any of the above information, contact T. Rowe Price Retirement Plan Services at 4515 Painters Mill Road, Owings Mills, MD 21117, or call **800-922-9945**. Some of the above information is also available online at rps.troweprice.com. Note that prospectuses, Fund Fact Sheets and other documents and filings relating to particular investments are not drafted or published by the Plan.

In addition, you may request copies of the following documents that are incorporated by reference in the Costco stock prospectus (but which are not part of this Summary Plan Description) that are filed or to be filed by Costco with the SEC pursuant to the Securities Exchange Act of 1934 (other than exhibits): Costco's latest annual report on Form 10-K, all other reports filed by Costco with the SEC pursuant to the Exchange Act since the end of the fiscal year covered by the annual report on Form 10-K, and the description of Costco stock that is incorporated by reference in the latest annual report on Form 10-K.

You may obtain copies of these documents, at no cost, by writing or telephoning Costco Wholesale. Written requests should be directed to Investor Relations, Costco Wholesale Corporation, 999 Lake Drive, Issaquah, WA 98027. Telephonic requests should be directed to Investor Relations at **425-313-8100**. Also, all filings are available on the "Investor Relations" page at costco.com. Although portions of this Summary Plan Description that describe the material terms of the Plan and its operation constitute part of the Costco stock prospectus, the other documents that make up the Costco stock prospectus or that Costco files with the SEC are separate from, are not part of, and are not incorporated by reference into this Summary Plan Description.

Choosing your investments

When you enroll for the first time, you may make your investment selections on the T. Rowe Price plan account line (PAL) at **800-922-9945** or online at rps.troweprice.com. Changes in your investments may be made at any time by requesting either an exchange or a rebalance:

- When requesting an "exchange," you're directing T. Rowe Price to sell a particular investment option and invest the proceeds into a different option. For example, you might sell the T. Rowe Price Retirement 2035 Trust and buy Costco stock.
- When requesting a "rebalance," you're directing T. Rowe Price to change the asset allocation of your entire account balance. That is, you select the investment options in which you'd like to invest and the percentage of your account that should be invested in each option. For example, you might direct T. Rowe Price to invest 25% of your account in one investment option and 75% in another.

You may also elect an "auto rebalance," which directs T. Rowe Price to automatically rebalance your account back to your selected asset allocation from time to time. However, auto rebalance is not available while you are invested in the Income Class of the T. Rowe Price Retirement Trust. If you elect to invest in the Income Class, your auto rebalance election will automatically end. In addition, under certain circumstances auto rebalance will not occur, in which case you will be notified.

Contacting T. Rowe Price (by phone or online, as described above) is the only way you can provide investment instructions, and the record of those transactions will be controlling. The timing of your changes is discussed below. Representatives of T. Rowe Price are available to assist you on business days at the above telephone number between 7 a.m. and 10 p.m. Eastern time (ET). After your investment direction is carried out, T. Rowe Price will send you a confirmation of your transaction.

WHEN CHANGES TAKE EFFECT

In general, if your investment instruction is received on a business day before the time that the New York Stock Exchange closes (typically 4 p.m. ET), your request will be carried out that day and it will post to your account at that day's closing prices. If your request is received after the New York Stock Exchange closes, it will be carried out the next business day, at that day's closing prices. However, if your timely instruction involves Costco stock, it is processed differently: your transaction will post to your account the next business day, at the net average price of all such transactions traded for the Plan on that day (minus commissions and, for stock sales, a nominal regulatory fee).

If your instruction is to sell an investment option and purchase Costco stock, here's what happens:

- Assuming you enter your instruction on a business day before the New York Stock Exchange closes (Day 1),
- You will receive that day's closing price for the investment option, and
- Your purchase of Costco stock will post to your account the next business day (Day 2) at the net average transaction price (minus

commissions and a nominal regulatory fee) for all Costco stock transactions processed on Day 2 for the Plan.

- On the next business day, the Costco stock transaction will settle and you will be the shareholder of record (Day 3).

If your instruction is to sell Costco stock and to purchase a different investment option, here's what happens:

- Assuming you enter your instruction on a business day before the New York Stock Exchange closes (Day 1),
- The sale of Costco stock will post to your account on the following business day (Day 2) at the net average transaction price (minus commissions and a nominal regulatory fee) for all Costco stock transactions processed on Day 2 for the Plan, and
- The purchase of the investment option will post to your account one business day later (Day 3), at the closing price on that day, and you will no longer be the shareholder of record for the Costco stock sold from your account.

Note that there may be situations (such as excessive trading situations, blackouts, certain periods of large employer contributions, or other restrictions described in the investment option's prospectus or governing documents) where your instructions will not be completed within these time frames. However, your instructions will be completed as soon as practicable.

Also, if you ask T. Rowe Price to rebalance your account (see Choosing your investments on page 13), the composition of your account at the time of initiating your rebalance determines the sale and repurchase transactions necessary to execute your rebalance, and affects the time it takes to complete your rebalance. For example, if your rebalance will involve buying and selling Costco stock, it may take up to two extra business days. This can affect when you become a shareholder of record. For details specific to your account call T. Rowe Price at **800-922-9945**.

Default investment elections

In general, if you don't contact T. Rowe Price to make an investment election, your account will be invested in the Plan's "qualified default investment alternative" (QDIA). As shown in the chart below, the Plan's QDIA is the T. Rowe Price Retirement Trust with the target retirement date closest to the year you turn age 65 (unless you were born in 1937 or earlier, in which case your QDIA is the T. Rowe Price Retirement Balanced Trust).

If you were born...	The QDIA is...
In 1998 or after	T. Rowe Price Retirement 2065 Trust or T. Rowe Price Retirement 2060 Trust†
Between 1993 and 1997	T. Rowe Price Retirement 2060 Trust or T. Rowe Price Retirement 2055 Trust*
Between 1988 and 1992	T. Rowe Price Retirement 2055 Trust
Between 1983 and 1987	T. Rowe Price Retirement 2050 Trust
Between 1978 and 1982	T. Rowe Price Retirement 2045 Trust
Between 1973 and 1977	T. Rowe Price Retirement 2040 Trust
Between 1968 and 1972	T. Rowe Price Retirement 2035 Trust
Between 1963 and 1967	T. Rowe Price Retirement 2030 Trust
Between 1958 and 1962	T. Rowe Price Retirement 2025 Trust
Between 1953 and 1957	T. Rowe Price Retirement 2020 Trust
Between 1948 and 1952	T. Rowe Price Retirement 2015 Trust
Between 1943 and 1947	T. Rowe Price Retirement 2010 Trust
Between 1938 and 1942	T. Rowe Price Retirement 2005 Trust
In 1937 or before	T. Rowe Price Retirement Balanced Trust

† The 2065 Trust is your QDIA if contributions are first made to your Plan account on or after October 16, 2020. Otherwise, your QDIA is the 2060 Trust (subject to a special rule if you are rehired – see below for details).

* The 2060 Trust is your QDIA if contributions are first made to your Plan account after 2014. Otherwise, your QDIA is the 2055 Trust (subject to a special rule if you are rehired – see below for details).

Your failure to direct the investment of your account by contacting T. Rowe Price is considered your affirmative investment election to direct the investment of your account into the T. Rowe Price Retirement Trust listed above. Subject to excessive trading restrictions, you may direct T. Rowe Price to move your account out of a T. Rowe Price Retirement Trust and into another investment option available under the Plan. There is no fee for moving your account from a T. Rowe Price Retirement Trust into another option available under the Plan.

Note that contributions made to your account before March 16, 2005, were invested in the T. Rowe Price Stable Value Fund if you had not contacted T. Rowe Price to direct investment of your account. In January 2013, those contributions were transferred to the Capital Preservation Portfolio (which replaced the T. Rowe Price Stable Value Fund), unless you elected otherwise. Those contributions will remain invested in the Capital Preservation Portfolio until you make a different investment election.

If you terminate employment and then are rehired by a participating employer, any previous investment election you had on file for new contributions is negated at the time of rehire. If you do not make a new investment election, new contributions to your account will be invested in the QDIA (any existing account balance will remain as currently invested until you make a different investment election). Therefore, if you were born between 1993 and 1997 and are rehired after 2014, any contributions previously defaulted to the 2055 Trust will remain invested in the 2055 Trust, and the 2060 Trust will be your QDIA for any new contributions to your account (until you make a different investment election). Similarly, if you were born after 1997 and rehired on or after October 16, 2020, any contributions previously defaulted to the 2060 Trust will remain invested in the 2060 Trust, and the 2065 Trust will be your QDIA for any new contributions to the Plan (until you make a different investment election).

If you are an alternate payee and you do not make an investment election before the date your account is segregated, or if you are a death beneficiary and you do not make an investment election or request a total distribution within 30 days of the date your account is established, your account will be invested in the QDIA for your age. If the beneficiary is a trust, estate, or other entity, the QDIA will be the T. Rowe Price Retirement Balanced Trust (except in cases where there is one primary beneficiary and the beneficiary's date of birth is known to T. Rowe Price, in which case the QDIA will be based on the beneficiary's date of birth).

In addition, if your account has not been transferred to an account for your beneficiary within six months of the date Costco receives notice of your death (for example, because your beneficiary has not submitted necessary documentation), your account will be invested in the T. Rowe Price Retirement Balanced Trust as soon as administratively practicable after the six-month period ends. Your account will remain invested in the T. Rowe Price Retirement Balanced Trust until the balance is transferred to your beneficiary's account or forfeited in accordance with the Plan's unclaimed account procedures.

The current fee class of the Retirement Trusts is Class J. If the fee class changes, you'll be notified. For more information about the QDIA, see the Plan's current Notice Regarding the Qualified Default Investment Alternative. For a copy of the Notice, contact T. Rowe Price.

Fees and restrictions

REDEMPTION FEES, LIMITATIONS AND RESTRICTIONS ON INVESTMENT DIRECTIONS

Some of the investment options have excessive trading policies. If an excessive trading policy applies to an investment option, you may not exceed one purchase and sale or one sale and purchase in that option during a specified period, unless an exception applies. If an investment option has a specific type of excessive trading policy called a "30-day purchase block," you may be restricted from exchanging into that investment option for a period of 30 calendar days after you have exchanged out of that same option, unless an exception applies.

You will be advised through the T. Rowe Price online and phone transaction services if you are making an investment election that may be impacted by an excessive trading policy. In addition, any redemption fees, excessive trading policies, or other trading limitations or restrictions that may apply to an investment option are described in the option's prospectus or other governing documents. To obtain a current copy of these items, or if you need any assistance in identifying whether a particular investment option charges redemption fees or has excessive trading restrictions, call T. Rowe Price at **800-922-9945**.

In addition, the Plan has limits on Costco stock held in the ESOP. In general, there is a 50% limit on your account's investment in Costco stock. You may not allocate more than 50% of future contributions to Costco stock – this applies to all sources of money that may come into your account, other than Costco stock dividends. You may direct T. Rowe Price to sell an investment and move the proceeds into Costco stock, so long as after the transaction your invested account balance would be no more than 50% stock. Also, certain individuals may not trade Costco stock during regularly scheduled time periods called blackout periods. These restrictions relate to securities law. If you are subject to these restrictions, you will receive a notice and blackout calendar. Other individuals who are "Insiders" are ineligible to invest in stock.

INCOME CLASS RESTRICTIONS

The Plan offers the "Income Class" of certain T. Rowe Price Retirement Trusts. These investments are only available to those who are age 59½ or older and 100% vested in their Plan account, and who have terminated employment with all participating employers. Eligibility to invest in the Income Class ends upon rehire, notice to the Plan of your death, or if a hold is placed on your account (for example, because the Plan receives notice of a pending divorce or other domestic relations action). If you lose eligibility to invest in the Income Class, then when administratively practicable T. Rowe Price will exchange your Income Class balance to the other class of that investment option offered by the Plan. For example, if you were invested in the T. Rowe Price Retirement 2020 Trust – Income Class, your balance would be exchanged to the T. Rowe Price Retirement 2020 Trust.

If you elect to invest in the Income Class, your election will not apply to any additional contributions to your Plan account. Those contributions will instead be invested in accordance with the investments you last selected for new contributions. However, you may exchange into the Income Class (or any of the Plan's other investment options) by contacting T. Rowe Price.

Also, if you invest in the Income Class while you have an outstanding loan, you won't be able to continue making loan repayments. Investment in the Income Class will trigger a default and taxable distribution/offset of your loan. See Distribution while a loan is outstanding on page 19.

For information about Income Class distributions, see Retirement distributions on page 22.

INVESTMENT RIGHTS

Voting rights

You have the right to vote your account's Costco stock shares held in the ESOP. You will be able to direct the Plan's trustee as to how to vote your shares or exercise other shareholder ownership rights. If you choose not to vote your shares, they will remain unvoted (or untendered if there was a tender offer).

Unless you are notified otherwise, you do not have voting rights for any other investments held in your account.

Confidentiality of investment in Costco stock shares held in the ESOP

The Plan does not distribute, to participating employers or their employees, information related to whether you have decided to hold, purchase, or sell Costco stock shares held in the ESOP, unless required to comply with law or efficiently administer the Plan.

The confidentiality of your voting and exercise of tender and similar rights is also protected by the following procedures. Your proxy card showing how you voted should be submitted to the proxy tabulation company in accordance with the instructions included in your proxy materials. This company, which is independent of Costco, adds up the votes and sends the numeric results (with no individual identifying information) to T. Rowe Price, which then forwards the results to Costco in time for the annual meeting of Costco shareholders.

The Costco Benefits Committee (999 Lake Drive, Issaquah, WA 98027, **425-313-8100**) is responsible for monitoring compliance with these procedures to safeguard the confidentiality of information regarding your purchase, holding and sale of Costco stock and the exercise of voting, tender, and similar rights. In the event of potential for undue employer influence with regard to the direct or indirect exercise of shareholder rights, the Costco Benefits Committee will appoint an independent outside fiduciary (someone not affiliated with any participating employer) to safeguard the confidentiality of this information.

Special rights for dividends paid on Costco stock in the ESOP

Because the portion of the Plan invested directly in Costco stock is an ESOP, you have the following choice when Costco pays a dividend on your Costco stock shares held in the ESOP on a dividend record date: you may elect either to receive payment of such dividends in a check or to reinvest them in Costco stock within the ESOP. (Note that the Plan's limit on Costco stock investment does not apply to dividends – that is, you may reinvest 100% of your dividends in Costco stock, even if your invested balance is more than 50% Costco stock.)

Unless you affirmatively elect to receive dividend checks, your dividends will be used within the ESOP to purchase additional shares of Costco stock (reinvested). If you want to receive dividend checks, you must contact T. Rowe Price (at **800-922-9945** or online at rps.troweprice.com) by no later than 4 p.m. ET on the last business day before the next dividend payment date. Dividend checks will be taxed to you as ordinary income, and they are not eligible for rollover to an IRA. In general, your dividend election will continue in effect unless and until you change your election by contacting T. Rowe Price as described above. However, from time to time dividend elections may be "reset" to the default (reinvestment in Costco stock). Before this occurs, you will be notified and given an opportunity to elect to have your dividends paid in a check.

ESOP dividends are 100% vested at all times. You may not take a loan from reinvested dividends.

Managing your account

ACCOUNT VALUE

The price of the investment options and Costco stock varies from day to day. The current value of each of your investments will depend upon the number of shares or units you own and the most recent price at which the shares or units were traded. The exception is the Capital Preservation Portfolio which seeks to maintain a constant value of one dollar per unit. Interest is paid on the amount that you invest but its principal value is not expected to change.

ACCOUNT STATEMENTS

Following the end of each calendar quarter, you will receive an account statement that will show the contributions credited, investments held, the total value of your account balances as of the end of the quarter, and certain fees and expenses charged to your account during the prior quarter. You can also obtain account balance and investment information at any time by contacting T. Rowe Price online at rps.troweprice.com or by calling **800-922-9945**.

Loans

You may take a loan from your Plan account while you are employed by a participating employer. Two types of loans are available: standard loans and principal residence loans. A principal residence loan is a loan requested to buy a home that is to be used as your principal residence. A principal residence loan must be made at the same time you purchase your home. The documentation requirements for a principal residence loan are specified in the loan application. All other loans are standard loans.

You may have only one outstanding loan at a time, and loans may not be amended or refinanced.

You may borrow from your pre-tax salary deferral contribution account, your pre-tax rollover contribution account, and your profit-sharing contribution account. You may not borrow from your Roth accounts, discretionary contribution account, matching contribution account, ESOP dividend reinvestment account, QNEC account, or rescission account.

Your loan is paid as a single lump sum and is taken from your investment options on a pro rata basis from available accounts (but you can change your investment mix at any time before or after the loan is made). A loan is treated as a direction of investment by you.

The interest rate for loans is set by the Plan Administrator. For the current rate, call T. Rowe Price.

Loan limits

You may borrow up to 45% of your vested account balance (measured at the time of your request) or $50,000 (reduced by the highest outstanding loan balance over the last 12 months), whichever is less. Also, your loan cannot exceed 50% of your vested account balance at the time it is made. Up to 50% of your vested account balance will be used as security for the loan. You may not receive a loan to the extent it would require loan repayments that exceed 25% of your pay period net pay that is available for payroll deduction. The minimum loan amount is $1,000.

Loan repayment

Loan repayments are automatically deducted from your paycheck on an after-tax basis and credited to your account. If you are not receiving a paycheck from a participating employer for any reason, including because you are on approved leave of absence or because you have terminated employment, you must make the payments directly to the Plan on the same pay period schedule. The Plan does not suspend the repayment obligation of participants on a leave of absence. Loan repayments that are not automatically deducted from your paycheck must be paid by personal check, cashier's check, certified check or money order. Loan payoffs may also be made using any of these methods. However, please note that payments by personal check will not post to your account for five business days after receipt to allow for bank processing.

Loan repayments are invested according to your investment direction for new contributions at the time of repayment.

You have a maximum of four years to repay a standard loan and 15 years to repay a principal residence loan. You may request a shorter term.

You may pay off your entire outstanding loan balance at any time. However, partial loan prepayments are not accepted. If you wish to pay off your loan, contact T. Rowe Price at **800-922-9945**.

IF YOU DEFAULT ON A LOAN

There are income tax penalties for failure to repay a Plan loan on schedule. If any payment remains overdue at the end of the applicable cure period (90 days after the date the missed payment was due), the loan is considered in default and the Plan is required to report the outstanding balance of your loan to the IRS as a "deemed distribution." As a result, you will owe income tax on the entire outstanding loan balance (including interest accrued to that date), not just the portion that is overdue. Income tax (including a penalty tax if you are under age 59½) will be determined as if you had received a distribution from the Plan rather than a loan. After a loan is deemed distributed, salary reductions for loan payments will stop.

If you are entitled to a distribution (i.e., you are age 59½, totally disabled, or have terminated employment with all participating employers) at the time your loan goes into default, then in addition to the tax consequences noted above, your account will be reduced ("offset") by the amount necessary to repay the loan and all accrued interest. A taxable loan offset will also occur if you die with an outstanding loan. You may be eligible to roll over a Plan loan offset to an IRA or eligible retirement plan. Timing rules apply; you can request the Plan's rollover notice from T. Rowe Price for more information and should consult your tax advisor.

If you are not entitled to a distribution at the time of your default and deemed distribution, the offset will occur later, when you do become entitled to a distribution. An offset loan will be treated as paid in full and you will have no further obligation with respect to the loan.

If you default on a loan, you may not apply for a subsequent loan until at least six months after the initial loan is paid in full.

DISTRIBUTION WHILE A LOAN IS OUTSTANDING

You can take distributions while you have an outstanding loan. However, if you have terminated employment and you request an installment distribution, an Income Class distribution, or a total distribution of your Plan account, this will trigger a default and taxable distribution/offset of your loan, as described above. You can take a partial distribution without impacting your loan.

How to apply for a loan

If you wish to apply for a loan, contact T. Rowe Price at **800-922-9945** or online at rps.troweprice.com. For standard loans, you must apply for the loan over the phone or online. For principal residence loans, you must select the amount and length of your loan over the phone or online, and you will then receive a loan application package from T. Rowe Price in a few days. Return the completed loan documents and the required supporting documentation to T. Rowe Price in the envelope provided. Upon approval of your loan, T. Rowe Price will send a check to your address of record within 30 days.

LOAN FEES

There is an application fee for each loan, which will be deducted from your account (and taken from your investments on a pro-rata basis) at the time the loan is made. The current application fee is $50. If you reside in Florida, you also will have to pay a documentary stamp tax.

In addition, you will be required to pay an annual loan maintenance fee, currently $25 per year. This fee will be deducted from your account (and taken from your investments on a pro-rata basis) during the fourth quarter of each calendar year if you have an outstanding loan balance at the time the fee is deducted. However, if your loan is issued in the fourth quarter of the calendar year you will only be charged the loan application fee – you will not be charged a loan maintenance fee until the following year.

Distributions

In-service distributions

The Plan offers the following types of "in-service" distributions (that is, distributions from your account while still employed by a participating employer): rollover contribution distributions, after-tax distributions, age 59½ distributions, hardship distributions and disability distributions, as described further below.

ROLLOVER CONTRIBUTION DISTRIBUTIONS, AFTER-TAX DISTRIBUTIONS AND AGE 59½ DISTRIBUTIONS

- **Rollover contribution distribution** – allows you to withdraw all or a portion of any funds you have rolled over from another plan, as described in Rollover contributions on page 9. A rollover contribution distribution can be made at any time.
- **After-tax distribution** – allows you to withdraw all or a portion of any funds you may still have in an after-tax account under the prior Price Company Retirement Plan, which merged into this Plan in 1995. (These after-tax amounts are different from your Roth salary deferral contributions.) An after-tax distribution can be made at any time.
- **Age 59½ distribution** – allows you to withdraw all or a portion of your vested account balance at any time after you've reached age 59½. You may take one age 59½ distribution each calendar quarter. You can choose to have the payment made from your pre-tax accounts, from your Roth accounts, or from all accounts on a pro-rata basis.

To request a rollover contribution distribution, after-tax distribution, or age 59½ distribution, you must contact T. Rowe Price at **800-922-9945** or online at rps.troweprice.com. See Rollover distributions on page 23 and How distributions are taxed on page 23 for information about your rollover options and how your distribution will be taxed. T. Rowe Price will provide you with additional information when you apply for a distribution.

Distributions are made pro rata from all investments in the applicable accounts – you cannot choose to take your distribution out of a specific investment option. Your distribution will be paid to you in a single lump sum, unless you are eligible for and elect a rollover to an IRA or another qualified plan. A check will be mailed to your address of record within an administratively practicable period after your distribution request is approved. If your distribution includes Costco stock, you may elect to have the stock paid to you in cash or in kind, as described in Payment options on page 22.

HARDSHIP DISTRIBUTIONS

Hardship distributions are limited distributions available if you cannot meet certain immediate and heavy financial needs with your own resources.

You may take up to two hardship distributions each calendar year. You qualify for a hardship distribution only if you satisfy the deemed hardship distribution standards of the Treasury Regulations and the Plan. Under these standards, an immediate and heavy financial need may arise only if you require a hardship distribution to pay for any the following:

- Expenses for (or necessary to obtain) medical care for you, your spouse, or your dependents (as defined in Code Section 152, without regard to subsections (b)(1), (b)(2), or (d)(1)(B)). Such expenses must be deductible for federal income tax purposes under Code Section 213(d) (determined without regard to whether the expenses exceed 7.5% of adjusted gross income).

- Costs directly related to the purchase of your principal residence (excluding mortgage payments).
- Payments necessary to prevent your eviction from your principal residence or foreclosure of the mortgage on your principal residence.
- Payment of tuition, related educational fees, and room and board expenses for up to the next 12 months of post-secondary education for yourself, your spouse, your children, or your dependents (as defined in Code Section 152, without regard to subsections (b)(1), (b)(2), or (d)(1)(B)).
- Payments for burial or funeral expenses for your deceased parent, spouse, child, or dependent (as defined in Code Section 152, without regard to subsection 152(d)(1)(B)).
- Expenses for the repair of damage to your principal residence that would qualify for the casualty deduction determined under Code Section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income or was caused by a federally declared disaster).
- Expenses and losses (including loss of income) on account of a disaster declared by the Federal Emergency Management Agency ("FEMA"). To qualify, your principal residence or principal place of employment at the time of the disaster must be in an area designated by FEMA for individual assistance with respect to the disaster.
- From time to time, the Plan may permit hardship distributions to pay for other types of expenses in special circumstances, in accordance with IRS guidance.

Before you can take a hardship distribution you must have obtained all other currently available distributions under this Plan and all other retirement or deferred compensation plans maintained by Costco (including payment by check of Costco stock dividends as described in Special rights for dividends paid on Costco stock in the ESOP on page 17). You must also confirm that you have insufficient cash or other liquid assets reasonably available to satisfy your financial need.

Hardship distribution limits

Hardship distributions cannot exceed your salary deferral contribution account balance (excluding investment earnings and any outstanding loans). You may not withdraw matching contributions, discretionary contributions, profit-sharing contributions, or any investment earnings on any of your accounts. Also, the distribution cannot be more than the amount of your immediate and heavy financial need (including amounts necessary to pay any state, federal or local income taxes or penalties reasonably anticipated to result from the distribution).

A hardship distribution is paid in a single lump sum. It is treated as taxable income and, in most cases, you will incur an early distribution penalty tax if you are younger than 59½. The current federal income tax penalty is 10%, and some states have a penalty as well.

How to apply

You must submit a written application to T. Rowe Price. The application form is available online at rps.troweprice.com or by calling T. Rowe Price at **800-922-9945**. The form requires you to detail the reason for the hardship request, and you must submit a statement that you have taken all distributions available under all benefit plans maintained by participating employers. You must also provide the documentation described in the application that supports the reason for your withdrawal and the dollar amount that you are requesting. If your application is approved, a check will be mailed to your address of record within an administratively practicable period.

DISABILITY DISTRIBUTIONS

You may take a distribution if you become totally disabled (as defined by the Plan). Disability distributions are not subject to early withdrawal penalties; however, they are subject to applicable state and federal income tax withholding. To request a disability distribution, you must complete and submit the Plan's disability distribution form along with proof of eligibility for Social Security disability benefits. The disability distribution form is available at rps.troweprice.com or by calling T. Rowe Price at **800-922-9945**. Disability distributions are paid in a single lump sum.

Retirement distributions

To request a distribution after you retire or otherwise terminate employment with all participating employers, contact T. Rowe Price at **800-922-9945** or online at rps.troweprice.com.

PAYMENT OPTIONS

In general, your total vested balance will be paid in one lump-sum payment, called a "total distribution." However, if your vested account balance is more than $1,000, you also have the option of electing a partial distribution or an installment distribution, or you may invest in the T. Rowe Price Retirement Trust Income Class and receive Income Class distributions. These distributions are described below.

- **Partial distributions** – A partial distribution is one lump-sum payment of only part of your vested account balance. Unlike other kinds of distributions, when you take a partial distribution you will choose to have the payment made from your pre-tax accounts, from your Roth (after-tax) accounts, or from all accounts on a pro-rata basis. However, you cannot choose to take your distribution out of a specific investment. Distributions are pro rata over all investments in the selected contribution accounts. You may take as many partial distributions as you want, so long as your vested account balance exceeds $1,000.
- **Installment distributions** – With an installment distribution, you are asking T. Rowe Price to pay your total vested account balance in installments made on a monthly, quarterly, semi-annual, or annual basis. You can choose to have the payments made in a fixed dollar amount or over your life expectancy or other specified period. Once your installment payments begin, they will continue even if your account balance goes below $1,000. Distributions are pro rata over all investments and contribution accounts (except for the Income Class of the T. Rowe Price Retirement Trust). You may elect to stop, change or restart your installment payments at any time, and your election would apply for any payments not yet processed. Your installment payments will automatically stop if you die or if you are rehired by a participating employer. Your payments also automatically stop if you elect to exchange into or out of the T. Rowe Price Retirement Trust Income Class – you can restart your installment distribution by calling T. Rowe Price, but the payments won't be taken from any amounts invested in the Income Class.
- **Income Class distributions** – While you are invested in the Income Class of the T. Rowe Price Retirement Trust, you will receive monthly payments from that investment. Payments will continue even if your account balance goes below $1,000. Each monthly payment will equal the number of Income Class units you own multiplied by a dollar rate calculated annually by T. Rowe Price. For example, if the monthly rate is $.0382 per unit and you own 10,000 units, you will receive $382 per month.

  T. Rowe Price calculates the dollar rate in advance of each calendar year, with the goal of making the total per-unit payments during the year equal about 5% of a unit's average net asset value over the prior five years. This calculation is intended to reduce the effects of market volatility on your payment amounts. The dollar rate is expected to stay the same during the year but will likely vary from one year to another – as a result, your per-unit monthly payments will likely vary from one year to another. And if you purchase additional Income Class units (or sell some of your Income Class units), your monthly payments will change accordingly.

  If you are invested in the Income Class as of close of business on the record date for receiving a monthly payment (the 15th day of each month, or the next business day if the 15th falls on a day the New York Stock Exchange (NYSE) is closed), you will receive a monthly payment for that month. Payments are processed on the second business day that the NYSE is open following the record date. The payments are not eligible for rollover to another plan or IRA.

If your distribution includes Costco stock, you may elect to have the stock portion of the distribution paid to you in cash or in-kind (your shares will be electronically registered in your name via Direct Registration with the transfer agent for Costco stock, or registration via DTC with your financial institution of choice). Any partial shares will be paid in cash. You should consult your tax advisor with respect to the tax impact of distributions of stock in kind and net unrealized appreciation.

Rollover distributions

In general, you may elect to have all or a portion of your payment(s) made payable to an individual retirement account (IRA), Roth IRA, or eligible retirement plan (i.e., a qualified plan, a Code Section 403(a) annuity plan, a Code Section 403(b) tax-sheltered annuity contract, or a Code Section 457(b) government plan). A check made payable to the IRA or plan will be mailed to your address of record, and you are responsible for transmitting the check to the IRA or plan. This is called a "direct rollover." (Alternatively, if you elect to receive a check made payable to you, you may roll the payment over yourself within 60 days of receipt.)

However, certain types of payments (such as hardship distributions, minimum distributions required by the Code, installment distributions that will be paid over your life expectancy or a period of 10 or more years, and Income Class distributions) are not eligible for rollover. In addition, distributions from your Roth accounts can only be rolled over to a Roth IRA or to a Roth salary deferral account in another qualified plan or Code Section 403(b) tax-sheltered annuity contract or a Code Section 457(b) government plan.

Delaying distributions after termination of employment

Whether you can delay taking distributions after termination of employment depends on the value of your account:

- **Accounts over $1,000** – If your vested account balance exceeds $1,000, you may delay distribution until your "required beginning date", at which time the minimum distributions required by the Code must begin.

  If you turn age 70½ after 2019, your "required beginning date" is April 1 of the year following the year you turn age 72 or the year in which you retire, whichever comes later. However, if you turned age 70½ prior to 2020, your "required beginning date" is April 1 of the year following the year you turned 70½ or the year in which you retire, whichever comes later.

  If you have already taken distributions that are more than the required minimum distribution for the year, you will not have to take another distribution that year. If they're less than the required minimum distribution, you will still have to take another distribution that year but it will only be for the difference between the required minimum distribution and the distributions you already received. The amount of your required minimum distribution is recalculated each year.

- **Accounts $1,000 or less** – If your vested account balance is $1,000 or less, you may not delay distribution of your account. Your entire vested account will be distributed to you, unless you elect a rollover. Prior to the automatic distribution occurring, you will receive a notification from T. Rowe Price that explains your options, what you must do to select the distribution or rollover option of your choice, and the timeframe for making your election. However, your account will not be automatically distributed while you are receiving an installment or Income Class distribution, even if your vested account balance goes below $1,000.

How distributions are taxed

How distributions are taxed depends on the type of contribution being distributed:

- **Distribution of pre-tax contributions** – Your pre-tax salary deferral, pre-tax rollover, matching, profit-sharing, and discretionary contributions to the Plan are not taxed when made, and earnings accumulate in the Plan without tax. However, when these amounts are paid out, income tax will be due unless an exception applies. If your distribution is eligible for rollover, 20% of your distribution must be withheld for federal income tax (and mandatory state income tax withholding may also apply) unless you elect a direct rollover from this Plan to an individual retirement account (IRA) or eligible retirement plan. If you elect a direct rollover to a Roth IRA, the payment is taxable but withholding is not required. See Rollover distributions on page 23 for more information on rollovers. If your distribution is not eligible for rollover (for example, because it is an Income Class distribution) different tax withholding rules apply. For more information, call T. Rowe Price at **800-922-9945**.

- **Distribution of Roth contributions** – Your Roth salary deferral contributions are taxed when made, so they are not taxed when paid out. Earnings on your Roth salary deferral contributions are also distributed tax-free if the distribution: (1) is made on or after you reach age 59½, die or become totally disabled, (2) is made no earlier than the 5th taxable year following the year you first made Roth salary deferral contributions to the Plan, (3) is not a pass-through distribution of ESOP dividends, and (4) is not an amount distributed because it exceeds a Code limit. In addition, distributions from your other Roth accounts are tax-free if certain timing and other requirements are met. In general, a distribution from your in-Plan Roth rollover account will be tax-free if you've reached age 59½ and you've waited at least five years after the conversion, and a distribution from your Roth rollover contribution account will be tax-free if you've reached age 59½ and it's been at least five years since you began making Roth salary deferral contributions to this Plan or your former plan.

Also, whether or not your distribution includes pre-tax or Roth amounts, there is a federal income tax penalty of 10% (in addition to ordinary income tax) for distributions received before you are age 59½, unless you elect a rollover or another exception, such as disability, applies. Some states also tax distributions and impose an income tax penalty on distributions before age 59½.

T. Rowe Price and Costco cannot give you tax advice. You should consult your tax adviser for details on the tax consequences of your distribution.

Beneficiaries

If you die, your entire vested account balance will be paid to your beneficiary. If you have an outstanding loan from the Plan, your account will be offset by the amount necessary to repay the loan, which will be treated as a taxable distribution, as described in Loans on page 18.

You may designate your beneficiary online at rps.troweprice.com or you may call T. Rowe Price at **800-922-9945**. A beneficiary designation is effective only if properly completed and received by T. Rowe Price before your death.

You can name multiple beneficiaries. When you submit your beneficiary designation to T. Rowe Price, you can specify the percentage of your vested account balance that each beneficiary is to receive. If you do not specify the percentage, they will receive equal shares. You may also designate beneficiaries as either primary or secondary. Secondary beneficiaries are entitled to a distribution only if no primary beneficiary survives you.

If you are married, your beneficiary must be your spouse, unless you obtain the necessary consent described below.

When you die, your beneficiary will be determined based on the beneficiary designation on record with T. Rowe Price and shown in your online Plan account. Any other beneficiary designation you made will be invalid.

Default beneficiary

If your online Plan account does not show that you designated a beneficiary, your vested account balance will be paid to your default beneficiary, who is:

- your surviving spouse, and if you have no surviving spouse,
- your surviving issue (children, or grandchildren by a deceased child) in equal shares, by right of representation, and if you have no surviving issue,
- your surviving parents (in equal shares), and if you have no surviving parents,
- your surviving siblings (in equal shares), and if you have no surviving siblings,
- your estate, and if the Plan Administrator cannot locate a qualified representative of your estate or if no representative has been appointed,
- your heirs at law. If no heirs can be found, the Plan's unclaimed account procedures apply.

Your surviving issue also includes a child who is born within 42 weeks of your death. And following a legal adoption, the adopted child is treated as the child of the adoptive parent (not the child of the biological parent) if the parental rights of the biological parent have been terminated. If any beneficiary is a minor or incompetent, the Plan may instead distribute benefits to that person's parent (if a minor), legal conservator or guardian, custodian, trustee, or to a responsible adult.

Naming a beneficiary other than your spouse

For Plan purposes, your "spouse" means the person to whom you are legally married and who is treated as your spouse under federal law. Domestic partners and partners in a civil union are not treated as a "spouse" under federal law.

If you are married, you can name a beneficiary other than your spouse only if your spouse agrees. Your spouse's agreement must be in writing and notarized on the Plan's Designation of Beneficiary Form, and must be received by T. Rowe Price prior to your death. Otherwise, your account will be paid to your spouse and not to your designated beneficiary. If you have designated a beneficiary and then get married, the prior designation will be ineffective unless you submit a new form with your new spouse's notarized signature.

IF YOU GET DIVORCED

Designation of your spouse as beneficiary is automatically revoked to the extent the Plan receives written notice of your divorce (or the annulment of your marriage) before your account is distributed. If you still want your former spouse to be the beneficiary, or if a court has ordered you to keep your former spouse as beneficiary, you must submit a new beneficiary designation after the date of divorce (or annulment) to reinstate your former spouse as your beneficiary, and your current spouse (if you've remarried) must consent in writing as described above.

How distributions are made to beneficiaries

If the amount payable to your beneficiary is $1,000 or less, it will be automatically distributed in one lump-sum cash payment. However, if the amount payable to your beneficiary exceeds $1,000, your beneficiary may delay distribution until payments must begin under the required minimum distribution rules described below. Your beneficiary may elect one lump-sum cash payment or a partial or installment distribution. And if your beneficiary has reached age 59½, your beneficiary may elect to invest in the T. Rowe Price Retirement Trust Income Class and receive Income Class distributions (see Retirement distributions on page 22). In addition, spouses and certain other beneficiaries are eligible for regular payments over their life expectancy in accordance with the required minimum distribution rules described below.

If your beneficiary is your spouse, they will generally have the same rollover options as you (see Rollover distributions on page 23). Your non-spouse beneficiary will also be able to elect a rollover, but only to an individual retirement account (IRA) or Roth IRA that is treated as an "inherited IRA." However, required minimum distributions, Income Class distributions, and certain installment distributions are not eligible to be rolled over.

REQUIRED MINIMUM DISTRIBUTION RULES

If your beneficiary's vested account balance exceeds $1,000, the following required minimum distribution rules apply:

For accounts of participants who died prior to 2020:

- If you died on or after your "required beginning date" (see Delaying distributions after termination of employment on page 23), your beneficiary must receive the remaining portion of your account balance by December 31 of the calendar year following the year of your death.
- If you died before your "required beginning date," your beneficiary may delay distribution until December 31 of the calendar year containing the 5th anniversary of your death, at which time a lump-sum payment is required. However, if your beneficiary is your spouse, your spouse may delay distribution until December 31 of the calendar year in which you would have attained age 72 (age 70½ if you were born prior to July 1, 1949) or, if later, December 31 of the calendar year immediately following the calendar year in which you died, at which time minimum distributions required by the Code must begin. If your spouse fails to make an election by September 30 of the earliest year in which payments would be required under either of these options (or such other election deadline established by the Plan Administrator from time to time), the option under the Code that provides for annual minimum distributions over your spouse's life expectancy will apply. To make an election, your spouse must contact T. Rowe Price at **800-922-9945**.

For accounts of participants who die after 2019:

In general, your account must be distributed in full to your beneficiary by no later than December 31 of the calendar year containing the

10th anniversary of your death ("the 10-year rule"). However, special rules apply to certain beneficiaries:

- If your beneficiary is your spouse, they may choose to have the account paid under the 10-year rule or over their life expectancy. Under the life expectancy rule for spouses, the account is paid in annual minimum distributions required by the Code commencing by no later than December 31 of the calendar year in which you would have attained age 72 (age 70½ if you were born prior to July 1, 1949) or, if later, December 31 of the calendar year immediately following the calendar year in which you died. If no election is made by September 30 of the earliest year in which payments would be required under either of the above options (or such other election deadline as established by the Plan Administrator from time to time), distribution will be made under the life expectancy rule. To make an election, your spouse must contact T. Rowe Price at **800-922-9945**.
- If your beneficiary is your minor child, or a person other than your spouse who is not more than 10 years younger than you or who is "disabled" or "chronically ill" (as those terms are defined in Section 401(a)(9) of the Code), they may choose to have the account paid under the 10-year rule or over their life expectancy. Under the life expectancy rule for these beneficiaries, the account is paid in annual minimum distributions required by the Code commencing by no later than December 31 of the calendar year immediately following the calendar year in which you died. If no election is made by September 30 of the year following the year in which you died (or such other election deadline as established by the Plan Administrator from time to time), distribution will be made under the 10-year rule. To make an election, your beneficiary must contact T. Rowe Price at **800-922-9945**. Your beneficiary may be required to prove or certify that they qualify for the life expectancy rule at the time of their election.

  If payments are being made to your minor child under the life expectancy rule, once your child reaches the age of majority the remainder of the account must be paid out within 10 years. An exception applies to adult children who are "disabled" or "chronically ill" (as those terms are defined in Section 401(a)(9) of the Code). Whether a child is a minor is determined under Section 401(a)(9) of the Code and regulations thereunder.
- If your beneficiary is an entity, such as your estate or a charitable organization, the rules for accounts of participants who died prior to 2020 will apply. Special rules apply to trusts.
- The above rules may change as required by federal law.

If your beneficiary dies

If your beneficiary dies after you but before distribution in full of your account to him/her, the remaining account will be distributed to the beneficiary designated by your beneficiary (as reflected in your beneficiary's online Plan account). If no effective beneficiary designation is on file with T. Rowe Price when your beneficiary dies, distribution will be made to your beneficiary's estate. Different required minimum distribution rules apply to the beneficiaries of beneficiaries, depending on whether the initial beneficiary was your spouse, the timing of your and the initial beneficiary's death, and other factors. For more information, contact T. Rowe Price.

Legal and Claims Information

Plan administration

The name of the Plan is the Costco 401(k) Retirement Plan.

The Plan is a defined contribution plan. Due to the salary deferral feature, the Plan also is known as a 401(k) plan because it operates under Code Section 401(k). The Plan is intended to be a qualified retirement plan under Code Section 401, and the trust is a tax-exempt trust under Code Section 501(a). Moreover, because participants make their own investment choices, the Plan is also known as an ERISA Section 404(c) plan. Finally, the portion of the Plan that is an ESOP is invested directly in Costco stock.

To the extent this Plan is maintained pursuant to one or more collective bargaining agreements, participants and beneficiaries may obtain a copy of such agreements upon written request to the Plan Administrator and such agreements are also available for examination.

A prior 401(k) plan for The Price Company was established effective September 2, 1991, and a prior profit-sharing plan for The Price Company was established effective August 31, 1987. A prior 401(k) plan for Costco was established effective January 1, 1987. These prior plans were combined into this Plan, effective January 1, 1995. In addition, the Costco 401(k) Plan for California Union Employees, established effective June 1, 1995, was merged into this Plan effective December 31, 2002. The Plan has been amended from time to time to make changes desired by Costco and to comply with changes in the law. This booklet describes the version of the Plan in effect as of January 1, 2022.

PLAN RECORDS

Plan records are kept on a calendar year basis, and the "plan year" ends on each December 31. However, eligibility to participate and vesting are calculated from the time you are hired.

PLAN SPONSOR

Costco Wholesale Corporation sponsors the Plan. Its address and telephone number are:

Costco Wholesale Corporation
999 Lake Drive
Issaquah, WA 98027
(425) 313-8100

Costco's employer identification number (EIN) assigned by the IRS is 91-1223280. The Plan number assigned by Costco for IRS purposes is 002.

PLAN ADMINISTRATOR

The "Plan Administrator" as defined under ERISA is the Costco Benefits Committee. The Benefits Committee is also the named fiduciary. The Benefits Committee exercises sole, exclusive and discretionary authority and control over Plan administration, the construction and interpretation of all Plan and trust documents, booklets, policies, rules or regulations, and granting or denying benefits under the Plan, except where such authority and control have been delegated to another person or entity. The Benefits Committee can be contacted at the address or phone number listed above for Costco. The Committee's exercise of discretion and determinations in all of the above matters are final and binding and entitled to the fullest deference permitted by law.

Currently, the Committee members are: Pat Callans, Darby Greek, Joe Moore, Mario Omoss, Yoram Rubanenko, Jay Tihinen, and Brenda Weber.

The Costco Benefits Committee may delegate its authority among Committee members and may also designate persons other than named fiduciaries to carry out its responsibilities under the Plan. The record keeper and claims administrator for the Plan is T. Rowe Price. T. Rowe Price's contact information is as follows:

T. Rowe Price Retirement Plan Services, Inc.
4515 Painters Mill Road
Owings Mills, MD 21117
800-922-9945
rps.troweprice.com

PLAN TRUSTEE

T. Rowe Price (specifically, the T. Rowe Price Trust Company) is the Plan trustee. The trustee holds all Plan assets and performs duties including investing Plan accounts as directed by participants, beneficiaries and alternate payees and making benefit payments from the Plan as directed by the Plan Administrator or its delegee.

The trustee can be contacted at the following address and telephone number:

T. Rowe Price Trust Company
100 E. Pratt St.
Baltimore, MD 21202
800-922-9945

AGENT FOR SERVICE OF LEGAL PROCESS

Costco has appointed its Chief Compliance Officer (currently John Sullivan) to be the agent for service of any legal process on the Plan, at the address for Costco shown above. In addition, service of legal process may be made on the Plan's trustee at its address shown above, or on the Plan Administrator at the address shown above for Costco.

PENSION BENEFIT GUARANTY CORPORATION (PBGC) INFORMATION

ERISA requires that certain types of pension plans be insured by the PBGC, a federal agency, to guarantee benefit payment in the event a plan terminates. Since this Plan is a defined contribution type of plan, it is not covered by the PBGC.

COMMUNICATIONS WITH THE PLAN

Written communications (including written communications made electronically) to the Plan Administrator, the Plan, Costco, the trustee, the Benefits Committee or other fiduciaries, or their delegees, agents or representatives, must be received before the expiration of any time expressed in the Plan, this Summary Plan Description or in related documents. These parties' records will be conclusive as to whether a communication has been sent or received and the date of such sending or receipt (unless you procure a United States Postal Service return receipt, with respect to communications made via mail). The common law "mailbox rule" shall apply for all other purposes under the Plan.

From time to time, the above parties may communicate with you via telephone, rather than in writing. The Plan's rules on content and date of sending/receiving written communications also apply to telephonic communications.

UNCLAIMED ACCOUNT AND UNCASHED CHECK RULES

You have an obligation to keep the Plan informed of any address changes or other information that enables the Plan to provide you with quarterly statements, notices, and distribution checks. If your address isn't current or if you do not cash a check within 180 days of issuance and the Plan is unable to locate you, your account may be forfeited in accordance with the Plan's unclaimed account procedures. To update your address and other information, contact T. Rowe Price.

ASSET OWNERSHIP DISPUTES AND OVERPAYMENTS

If any controversy or disagreement arises with respect to the ownership of the assets of your account (for example, after your death if persons other than your named beneficiaries claim an interest in your account), the Plan may (1) hold your assets until resolution of the disagreement, (2) begin a court action known as an "interpleader" to ask the court to resolve the dispute, and/or (3) take other action the Plan deems appropriate.

In addition, if you receive an overpayment from the Plan, you must return the overpayment upon the Plan's request.

FEES AND EXPENSES

Under certain circumstances, fees and expenses may be charged to and withdrawn from your account. Below are examples:

Example 1: The Plan's recordkeeping expenses are charged to Plan accounts. The charge (currently, $4.25 per quarter) will be taken from your investments on a pro-rata basis on the last business day of each quarter, unless your account balance is less than $1,000 on that date.

Example 2: Upon your death, your beneficiary cannot be located or potential beneficiaries dispute their entitlement to your account. The Plan Administrator must engage in a search for your beneficiary or hire counsel to advise it on proper distribution of your account or it may interplead your account into court. The fees and expenses incurred by the Plan, including court costs and attorney's fees, may be deducted from your account.

Example 3: Your child is your beneficiary under the Plan. At the time of your death, your child's property is held in trust by a trustee, and the trustee requests that distribution from the Plan be made to the trust rather than to your child. The Plan's legal fees and expenses for reviewing the trust document and determining if it is proper to make the distribution may be charged to your account.

Example 4: Distribution checks are mailed via first class mail at no additional charge. If you instead elect to have your check mailed via Express Mail Services, a $30 charge will be deducted from your account for each express mail delivery transaction requested.

Example 5: The address you have on file with the Plan is incorrect or you do not cash a distribution check within 180 days of issuance, and the Plan incurs expenses to find you or locate your correct address. Your account may be charged those expenses.

The above are examples of situations where your account may be charged. Others are noted elsewhere in this booklet, and there may be additional situations in which the Plan Administrator determines that the reasonable or necessary expenses of administering the Plan should be charged to your account. More detailed information about these fees and expenses will be provided to you annually, and you will be notified of any changes. Also, your quarterly account statements contain information about certain of the fees and expenses that were charged to your account in the previous quarter.

Protection of benefits

Except as described below or required by ERISA and the Tax Code, your benefit is not transferable or assignable and may not be used as collateral for a loan (other than a Plan loan).

DOMESTIC RELATIONS ORDERS

The Plan Administrator is required to honor a court order regarding child support, alimony payments, or property division in connection with a divorce or other domestic relations action, if the order is a Qualified Domestic Relations Order (QDRO) under applicable law. If an order is a QDRO, all or a portion of your benefits may be paid out to your children, spouse, former spouse, or other dependent (called your "alternate payee"). The Plan has a written procedure for processing domestic relations orders and a sample QDRO. A copy of the QDRO procedures and the sample QDRO are available to any participant or alternate payee, without charge, from the Costco Benefits Department at **800-284-4882**.

If the Plan receives a domestic relations order relating to your account, a temporary hold will be placed on your account while the order is being analyzed to determine if it is a QDRO. While the hold is in place, you cannot receive a loan, you cannot be invested in the Income Class, and you generally cannot receive a distribution from the Plan. However, you can still make other changes to your investments and to your salary deferral percentage, and you may receive distribution of Costco stock dividends as described in Special rights for dividends paid on Costco stock in the ESOP on page 17. The reasonable legal fees and expenses the Plan incurs in determining if the order is a QDRO will be charged to and withdrawn from your account (and/or the account established for your alternate payee) in accordance with the Plan's QDRO procedures.

Once an order is determined to be a QDRO, the alternate payee's interest will be transferred to an account in his or her name. Distribution will be made to the alternate payee as soon as administratively practicable if the account balance payable to the alternate payee is $1,000 or less. Otherwise, the alternate payee may delay distribution until the date that the participant must begin receiving minimum distributions required by the Code, and may choose any payment form available to participants (see Distributions on page 20). To request a distribution or make an investment election, an alternate payee must call T. Rowe Price at **800-922-9945**. Different rules apply to QDROs for child support – see the QDRO Procedures for details.

FORFEITURE OF BENEFITS

If you terminate your employment prior to being 100% vested in the Plan, you will forfeit the unvested portion of your matching and discretionary contribution accounts, as described in If you stop working before you are 100% vested on page 9.

You may also voluntarily assign your benefits to Costco, in limited circumstances. Ask the Costco Benefits Department for details on the Plan's assignment policy.

In addition, your account may be forfeited in accordance with the Plan's unclaimed account procedures, as described in Unclaimed account and uncashed check rules on page 29.

It is also possible that your accounts could decrease in value because of negative investment results.

AMENDMENT OR DISCONTINUATION OF PLAN

Costco (or its delegee, the Costco Benefits Committee) may amend or terminate the Plan in its sole discretion at any time, but no amendment may reduce your vested benefit under the Plan or divert Plan funds to any purpose other than for the exclusive benefit of Plan participants and their beneficiaries.

In the event the Plan is terminated, you will automatically become 100% vested in your account balance. Accounts will be distributed when it is administratively practicable to do so, following payment of Plan administrative expenses.

Filing a claim

T. Rowe Price is the claims administrator for the Plan and will process distribution requests. (However, the Costco Benefits Department is the claims administrator for purposes of determining death beneficiaries.) In general, you must contact T. Rowe Price online at rps.troweprice.com or by calling 800-922-9945 to request a distribution. However, for hardship or total disability distributions, or if you are a beneficiary, you must contact T. Rowe Price at **800-922-9945** for the forms and procedures necessary to process your request, and instructions as to where to submit your claim. If you are an alternate payee, call T. Rowe Price at **800-922-9945** to request a distribution. You must follow these forms and procedures in order to file a claim for benefits under the Plan.

If your claim is denied at the initial claim administration level, you may appeal the denial to the Benefits Committee (“Plan Administrator”) as explained further below. A claim for benefits that is subject to the following claim procedures includes any claim under the terms of the Plan to recover benefits, to clarify rights to benefits, or to enforce rights.

Your authorized representative may file a claim or appeal a denied claim on your behalf. For purposes of these procedures, your “authorized representative” is any individual you authorize in writing to act on your behalf, or any individual authorized by court order to submit claims on your behalf.

IF YOUR CLAIM IS DENIED

If your claim is denied, a written denial notice will generally be provided to you within 90 days after the date your claim is received by the claims administrator. (However, if special circumstances require an extension of time for processing the claim beyond the initial 90-day period, written notice of the extension will be furnished to you before the end of the initial 90-day period. An extension of time will not exceed a period of 90 days from the end of the initial 90-day period. An extension notice will explain the reasons for the extension and the expected date of a decision.)

The written denial notice will include the following:

- the specific reason or reasons for the denial;
- references to the specific Plan provisions on which the denial is based;
- a description of any additional material or information necessary in order for you to perfect the claim, and an explanation of why such material or information is needed;
- an explanation of the Plan’s review procedure for denied claims, including the applicable time limits for submitting your claim for review; and
- a statement of your right to bring a civil action under Section 502(a) of ERISA, if your claim is denied on appeal.

APPEALING A DENIED CLAIM

If you wish to appeal a denial of your claim for benefits, you must file a written appeal with the Plan Administrator within 60 days after receiving written notice of the denial. You may submit written comments, documents, records, and other information relating to the claim. You may also, upon request and free of charge, have reasonable access to and copies of Relevant Documents (defined below). The review will take into account all comments, documents, records and other information you submit relating to the claim, without regard to whether such information was submitted or considered in the initial denial decision. Claim determinations are made in accordance with Plan documents and, where appropriate, Plan provisions are applied consistently to similarly situated claimants.

The Plan Administrator reviews appeals of denied claims and makes final determinations. The Plan Administrator has the sole, exclusive and discretionary authority and control to administer, construe and interpret the terms and provisions of all Plan and trust documents, booklets, policies, and rules and regulations, and to determine eligibility for benefits under the Plan.

In general, a decision on your appeal will be made by the Plan Administrator no later than the date of its next regularly-scheduled quarterly meeting after your appeal is received. However, if your appeal is received within 30 days prior to such meeting, a decision will be made no later than the second regularly-scheduled quarterly meeting after your appeal is received. In addition, if special circumstances require an extension of time for processing your appeal, a decision will be made no later than the third regularly-scheduled quarterly meeting after your appeal is received. Written notice of any extension of time will be sent before it commences explaining the reason for the extension and the expected date of the appeal determination. Notice of the appeal decision will be provided not later than five days after the decision is made. If an extension is required because you have not provided the information necessary to decide your appeal, the extension period will not count against the Plan Administrator's time for processing your appeal. The extension period starts on the date of the extension notice and ends on the earlier of 1) the date the Plan receives your response or 2) the date set by the Plan for your requested response (at least 45 days).

The written notice of the appeal decision will include the following information:

- the specific reason or reasons for the decision;
- reference to the specific Plan provisions on which the decision is based;
- a statement of your right to receive, upon request free of charge, reasonable access to and copies of Relevant Documents (defined below); and
- a statement of your right to bring a civil action under Section 502(a) of ERISA within two years after your appeal is denied or, if earlier, the date your cause of action first accrued.

RELEVANT DOCUMENTS

Relevant Document means any document, record or other information that:

- was relied upon in making a decision to deny benefits;
- was submitted, considered, or generated in the course of making the decision to deny benefits, whether or not it was relied upon in making the decision to deny benefits; or
- demonstrates compliance with any administrative processes and safeguards designed to confirm that the benefit determination was in accord with the Plan and that Plan provisions, where appropriate, have been applied consistently regarding similarly situated individuals.

LIMITATIONS ON LEGAL ACTION

Following these procedures is very important. The Plan Administrator has the right to refuse to review your claim if it is not appealed within 60 days following your receipt of a benefit claim denial. Moreover, you may not be allowed to bring a lawsuit against the Plan in court unless you have first made a written appeal to the Plan Administrator within the applicable 60-day timeline.

In order to bring a lawsuit against the Plan, the Plan sponsor or a participating employer, the trust, the Plan Administrator or its delegees, or any members of the Benefits Committee, you must file suit within two years after your appeal is denied or, if earlier, the date your cause of action first accrued.

Note: Certain claim and appeal deadlines are suspended during the COVID-19 Outbreak Period. For details, see Temporary COVID-19 rules on page 35.

Additional rights and Plan rules

YOUR ERISA RIGHTS

As a Plan participant, you are entitled to the following rights and protections under ERISA:

- **Receive information about your plan and benefits** – ERISA provides that all Plan participants are entitled to:
  - » Examine, without charge, at the offices of the Plan Administrator, and at other specified locations, such as worksites, all documents governing the Plan, including any applicable collective bargaining agreements, and a copy of the latest annual report (Form 5500

Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

» Obtain, upon written request to the Plan Administrator, copies of all documents governing operation of the Plan, including any applicable collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and an updated Summary Plan Description. The Plan Administrator may make reasonable charge for the copies.

» Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

» Obtain a statement telling you of your account balance, the amount of vesting in that balance, and how many more years you have to work to become 100% vested. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide the statement free of charge.

- **Prudent action by plan fiduciaries** – In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan are called "fiduciaries" of the Plan. The fiduciaries have a duty to operate the Plan prudently and in the interests of you and other Plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a retirement plan benefit or exercising your rights under ERISA.
- **Enforce your rights** – If your claim for a benefit under the Plan is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce your rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan Administrator and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 per day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court (subject to the rules in the Plan's claim and appeal procedures described above). In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in a federal court. If it should happen that the Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay the costs and fees, for example, if it finds your claim is frivolous.

- **Assistance with your questions** – Contact T. Rowe Price or the Plan Administrator if you have any questions about the Plan. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest area office of the Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Ave. N.W., Washington, D.C., 20210. You also may obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

USERRA RIGHTS

Under the Uniformed Services Employment and Reemployment Rights Act ("USERRA") and other federal law, if you leave work for a participating employer to perform qualified military service you may be entitled to certain rights and benefits under the Plan. These include the following:

1. If you have a Plan loan with an interest rate greater than 6%, your interest rate will be reduced to 6% for the duration of your military service. However, you must still make regular loan payments while on military leave (see Loans on page 18 for details).

2. If you are on active duty in military service for a period of at least 31 days, you may withdraw any portion of your salary deferral account. If you take a withdrawal under this rule, however, you may not make pre-tax or Roth salary deferral contributions to the Plan for six months. For a summary of the tax rules applicable to your withdrawal, see How distributions are taxed on page 23.

3. When you return to work for a participating employer following qualified military service, you may be able to make up salary deferral contributions (and receive associated matching contributions) that you missed during your leave. In addition, you may receive any discretionary and/or profit-sharing contributions you would have received during your leave had you remained actively employed with a participating employer. You may also receive service credit for the period of your leave.

4. If you die or become totally disabled (as defined by the Plan) while performing qualified military service, the following rules apply:

   - Your vested interest in your Plan benefits will automatically increase to 100%.

   - Costco will treat your date of death as a re-employment for purposes of the rule in paragraph #3 above. Therefore, your beneficiary will receive any discretionary and/or profit-sharing contributions you would have received had you remained actively employed with a participating employer until your date of death. Your beneficiary will also receive any matching contributions you would have received during your military leave had you continued to make salary deferral contributions at your average rate during the 12-month period immediately preceding your leave.

To receive any of the above rights and benefits, you must notify your employer before taking military leave, unless precluded by military necessity or other reasonable cause. In addition, your military service and re-employment (if applicable) both must qualify under USERRA. A number of specific timelines and requirements apply. Contact Costco's Benefits Department at 800-284-4882 for details.

POWER OF ATTORNEY

In general, you cannot authorize another person to request a distribution, designate your beneficiary, or otherwise act on your behalf with respect to your Plan account. However, the Plan may allow an attorney in fact to act on your behalf pursuant to a signed power of attorney if you are incapacitated, legally incompetent, or on military leave, in accordance with the Plan's power of attorney procedures. Also, as described under Filing a claim on page 31, you may designate an individual to act as your "authorized representative" for purposes of pursuing a benefit claim or appeal.

IF THE PLAN BECOMES TOP-HEAVY

A top-heavy plan means that key employees (such as certain officers) receive 60% or more of the plan's benefits. This Plan has never been top-heavy and is not expected to ever be top-heavy. In the unlikely event that the Plan is ever top-heavy, special vesting and contribution rules will apply.

TEMPORARY COVID-19 RULES

- **Suspension of claim and appeal deadlines** – In response to the pandemic, the United States Department of Labor and the Internal Revenue Service have adopted a rule that requires certain Plan deadlines be extended during the COVID-19 "Outbreak Period" – that is, the period from March 1, 2020, through the end of the federal declaration of emergency regarding COVID-19, plus 60 days. As a result, the portion of any deadline to file an initial claim for benefits or appeal a denied claim that falls within the Outbreak Period will be disregarded, up to a maximum of one year (and the deadline will be extended by the number of days of the deadline that passed during the Outbreak Period, up to one year).

In addition, the following rules apply if you were diagnosed with or adversely affected by the coronavirus or COVID-19, as described in IRS guidance issued under the CARES Act:

- Coronavirus-Related Distributions – Effective April 24 through December 30, 2020, the Plan allowed you to take up to two "Coronavirus-Related Distributions," even if you were not otherwise eligible to receive a distribution from the Plan. Limitations applied – for example, no more than $50,000 could be withdrawn.

  If you took a Coronavirus-Related Distribution from the Plan in 2020, you can elect to repay the distribution to the Plan. The repayment is treated like a rollover contribution – that means you can delay paying any federal income tax on the repaid amount until it is distributed to you again. To request a repayment election form, contact T. Rowe Price (online at rps.troweprice.com or by calling 800-922-9945). Limitations apply to all of your Coronavirus-Related Distributions from all plans in which you participate – for example, the repayment must be completed within three years of the day after the date you received the distribution, the maximum amount you can repay to this Plan (or other plans or IRAs) is $100,000, and certain distributions (such as a deemed distributions of a defaulted loan) are not eligible. You will be required to certify that your distribution qualifies for repayment under IRS rules.

- **Suspension of loan repayments** – The Plan allowed participants with an outstanding loan to request a suspension of loan repayments that were due from March 27 through December 31, 2020. If the request was approved by T. Rowe Price, in January 2021 the entire loan balance (including interest on the delayed payments) was reamortized over the remaining term of the loan (which was extended by nine months).

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