

To: All employees

From: Richard Galanti

Date: April 26, 2017

On April 25, 2017 we issued a press release reporting the declaration of a special cash dividend of \$7 per share, to be funded primarily through additional borrowings. A copy of that release can be found on the intranet under "Recent Press Releases" or [here](#). The special cash dividend will be paid on May 26 to shareholders who owned Costco stock at the close of business on May 10, 2017.

Included in the press release was the following statement from me: "Today's announcement of a \$7 special dividend is our latest step in returning capital to our shareholders. Our strong balance sheet and favorable access to the credit markets allow us to provide shareholders with this dividend, while preserving financial and operational flexibility to continue to grow our business globally. Costco will continue to be in a financial position allowing us to take care of our employees, enhance the value of the Costco membership, and create shareholder value over the long term."

Please pay careful attention to the following details:

1. Equity Plan Participants. Because you are in trading blackout starting May 1, any instructions for transactions in Costco securities, whether through Merrill Lynch, the 401(k) Plan, or the open market, must be given by April 28.
2. Employees who are not Equity Plan Participants. (A) To change the allocations in your 401(k) account into Costco stock in time to receive the special dividend, you need to alert T. Rowe Price by 4 pm Eastern on May 4 --all 401(k) transactions are subject to limits concerning ownership of Costco stock. (B) If you wish to purchase shares on the open market (outside the 401(k) plan), you need to place the order with your broker by May 2. This is because of the time that it takes trades to settle; and that you must own shares in advance of the dividend record date to receive the dividend. **Check with your own broker to make sure that your objectives are met.**
3. All employees who expect to receive dividends in the 401(k) Plan. Your account currently has instructions as to whether cash dividends are to be reinvested in Costco stock or treated otherwise. If you wish to change that election, you need to alert T. Rowe Price by 4 p.m. Eastern time on May 25.

You may contact T. Rowe Price at [\(800\) 922-9945](tel:8009229945) or on-line at rps.troweprice.com. Any 401(k) investment changes must be made no later than **4 p.m. Eastern time (close of market) on the applicable cutoff date**. Any non-401(k) related and/or other questions can be directed to David Sherwood [\(425\) 313-8239](tel:4253138239) or Bob Nelson [\(425\) 313-8255](tel:4253138255).

As is as the case for regular cash dividends, unvested RSUs will **not** receive the special dividend. As in 2015, however, adjustments will be made to granted-but-unvested RSUs to account for the dividend – more information will follow in early May on this adjustment.

Thanks to everyone of you for making Costco the great company that it is today.