

# Lincoln Premium Poultry

## QDRO Procedures

These QDRO Procedures are intended for use by current and former Lincoln Premium Poultry employees who participate in the Costco 401(k) Retirement Plan, alternate payees with respect to such participants, and their attorneys and authorized representatives.

## **COSTCO 401(k) RETIREMENT PLAN**

### Procedures for Processing Domestic Relations Orders

These Procedures will be followed to determine the qualified status of any domestic relations Order purporting to assign all or any portion of a Participant's account balance in the Plan to an Alternate Payee.

#### **NOTICE OF PENDING QDRO / ACCOUNT HOLD**

1. If the Plan Administrator is notified in writing that a divorce or other domestic relations action is pending that may affect a Participant's account in the Plan, within 15 business days or as soon as administratively convenient thereafter a temporary hold will be placed on the Participant's account. The Participant will be notified that the temporary hold is in place, and the Participant and the potential Alternate Payee, if known, will be given a copy of these Procedures. Notification will be given by mail at the addresses on file with the Plan Administrator.
2. An account hold prevents distribution of any benefits from the account, including but not limited to installment, Plan loan, or hardship distributions. However, a hold will not prevent distribution of Costco stock dividends in accordance with Internal Revenue Code Section 404(k). In addition, a hold will not affect the Participant's ability to change contributions to the Plan, elect an in-Plan Roth rollover, or direct investment of the account, absent a court order that specifically provides otherwise. Notwithstanding the foregoing, the Participant will not be permitted to invest in the Income class of the T. Rowe Price Retirement 2020 Trust while the account hold is in place. If the Participant's account is already invested in the Income class, the Participant's Income class balance will be exchanged to the other (non-Income) class of the 2020 Trust as soon as administratively convenient after the hold is placed, and it will remain so invested until the Participant makes a new investment election.
3. The Plan Administrator may release an account hold if the Plan Administrator deems it appropriate and the Plan Administrator receives a) a completed, signed, and notarized *Declaration to Release Hold Form* from the Participant and from the potential Alternate Payee or b) a court-signed and filed order dismissing the domestic relations action, awarding the Participant his or her entire Plan account, or otherwise permitting release of the hold. Such an order is required to release the hold if the Plan Administrator previously received legal process regarding the Participant's account (for example, if the Plan was joined to the action or received an Order that did not meet the requirements of a QDRO). In addition, the Plan Administrator may, in its discretion, release a temporary hold where it appears unlikely that an Order will be submitted to the Plan (for example, where 180 days have passed since the Plan received written notice that a domestic relations action is pending, but no Order has been received by the Plan).
4. When a hold is released as provided in these Procedures, it may be released without notification to any party.

### RECEIPT OF ORDER

5. If the Plan Administrator receives an Order that may impact a Participant's Plan account (such as a divorce decree, property settlement agreement, or other order purporting to be a QDRO), then the Plan Administrator will place an extended hold on the Participant's account for up to 18 months, during which time the Plan Administrator will determine if the Order is a QDRO. The determination will be made as soon as administratively convenient.
6. Upon receipt of an Order, the Plan Administrator will notify the Participant and the potential Alternate Payee and will send both parties a copy of these Procedures if they have not already been provided. A Participant or a potential Alternate Payee may, in writing, designate a representative for receipt of notices and correspondence regarding qualification of the Order. Unless legal process requires otherwise, the state agency named in an Order for child support is the Alternate Payee's representative with respect to that Order.
7. To the extent required by law, if the Plan Administrator does not determine the Order is a QDRO within the 18-month period following receipt of an Order, then the Plan Administrator will notify the parties and will cause any benefits payable to be paid to the entitled person or persons as if there had been no Order. If the Order is determined to be qualified following the end of the 18-month period, the determination will be applied prospectively only.

### QDRO DETERMINATION

8. The Plan Administrator will review the Order to preliminarily determine if it meets the requirements of a QDRO under the Plan, the Employee Retirement Income Security Act of 1974 (ERISA), as amended, Internal Revenue Code Section 414(p), and other applicable law. The Plan Administrator is not responsible for determining whether the Order is consistent with state domestic relations law, a divorce decree or other court order, or an agreement between the parties. However, the Plan Administrator may take any reasonable steps it deems necessary in connection with its determination of whether an order is a QDRO. The Plan Administrator will notify the Participant and the Alternate Payee of the preliminary determination and may describe the Plan Administrator's interpretation of any ambiguous provisions or indicate the reason(s) why the Order failed to qualify as a QDRO, as applicable.
9. The Plan Administrator's preliminary determination, including the interpretation of any ambiguous provisions, will become final without further notice 30 days from the date of the preliminary determination, except as follows. Either party may obtain a review of the determination by providing a written objection or clarification of any ambiguous provision before the preliminary determination becomes final, i.e., within 30 days. The preliminary determination will not become final if the Plan Administrator receives such a written objection or clarification within the 30-day period. The Plan Administrator will review and make a final determination, or take other action it deems necessary or appropriate, within 90 days of receiving a timely written objection or clarification to a preliminary determination. In addition, even if no objection or clarification is received within the 30-day period, the Plan Administrator may delay its preliminary determination

from becoming final in circumstances it deems necessary or appropriate (for example, if the Plan Administrator's preliminary determination letter is returned as undeliverable).

10. The parties may elect to waive the 30-day period described above if both complete, sign, have notarized, and return the Plan's *Waiver of Right to Contest Qualification of Domestic Relations Order Form* to the Plan Administrator after the Plan Administrator makes its preliminary determination. However, if the preliminary determination is that the Order is a QDRO, the Alternate Payee must also make an investment election by calling T. Rowe Price (the Plan's trustee) at 1-800-922-9945, unless the Order is for child support. Otherwise, the Alternate Payee's election to waive the 30-day period will be invalid. (To request a *Waiver of Right to Contest Qualification of Domestic Relations Order Form*, contact Costco's Benefits Department at (425) 427-7434.)
11. If there is a final determination that the Order is not a QDRO, the Plan Administrator may release the hold in accordance with Paragraph 3, above.
12. If there is a final determination that the Order is a QDRO:
  - a) As soon as administratively convenient thereafter, the interest of the Alternate Payee will be segregated (i.e. transferred) into a separate Plan account in the Alternate Payee's name (unless it's an Order for child support, in which case the Alternate Payee's interest will be distributed to the appropriate party in accordance with the Order). Administrative convenience is generally ten to 30 business days after the preliminary determination that an Order is a QDRO becomes final. The Alternate Payee's interest will be taken pro rata from all sources in the Participant's account. The Alternate Payee's interest will also be taken pro rata from all investments in the Participant's account unless the Order clearly provides otherwise.
  - b) The Alternate Payee will direct the investment of the Alternate Payee's account. The Alternate Payee may make an investment election at any time following the preliminary determination by calling T. Rowe Price at 1-800-922-9945. If the Alternate Payee makes an investment election prior to segregation, the Alternate Payee's account will be invested in accordance with his or her investment election as soon as administratively practicable after segregation. If the Alternate Payee has not made an investment election prior to segregation, the Alternate Payee's account will instead be invested in the Plan's qualified default investment alternative (the "QDIA") as soon as administratively practicable after segregation.
  - c) A QDRO is not an application for payment. The Alternate Payee must call T. Rowe Price at 1-800-922-9945 if the Alternate Payee wishes to have his or her Plan account distributed or transferred to an IRA or to another qualified employer plan. The Alternate Payee may request a distribution or transfer to an IRA or another qualified employer plan at any time following segregation. However, such distribution or transfer will not be made until any expenses allocable to the Alternate Payee's account have been determined and withdrawn from the account as provided below. An Alternate Payee may delay distribution of his or

her account as provided under Plan terms. However, if the Alternate Payee's account balance is \$1,000 or less, the Plan requires distribution of the Alternate Payee's account, and the Alternate Payee may not delay distribution.

- d) If the Order is for child support, subparagraphs b) and c) of Paragraph 12 do not apply. Paragraphs 19 and 20 also do not apply.
  - e) Following segregation of the Alternate Payee's interest (and withdrawal of any attorney's fees and costs allocable to the Participant's account, as described below), the hold on the Participant's account will be lifted, unless otherwise required by legal process or these Procedures.
  - f) In the event the Plan inadvertently pays benefits to the Participant or Alternate Payee that were assigned to the other party pursuant to the QDRO, the receiving party will immediately return the inadvertent payment to the Plan, unless otherwise directed by the Plan Administrator.
13. Notwithstanding anything herein to the contrary, if the Plan Administrator receives an objection to the QDRO determination before assets are paid to a Participant or Alternate Payee, the Plan Administrator may, in its discretion, take all legal action available to resolve the matter, including negotiating a settlement or filing an interpleader action, and may maintain the hold on the account(s) until the matter is resolved. To the extent the Plan must interplead or otherwise undergo legal expense, all attorney's fees and costs incurred by the Plan will be allocated to the Participant and/or Alternate Payee, consistent with Paragraph 22, below.

<b>GENERAL</b>
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14. The Plan Administrator may require the Participant or Alternate Payee to submit any clarification, additional information or documents that the Plan Administrator deems necessary or appropriate in connection with its duties under the Plan or these Procedures.
15. Written communications to the Plan Administrator or its representative must be received before the expiration of any time period expressed herein or in the Plan. The Plan Administrator's records will be conclusive as to whether a communication has been sent or received and the date of such sending or receipt (unless the sender produces a completed United States Postal Service return receipt, with respect to communications made via mail). The common law "mailbox rule" will not apply to determine receipt or the date of receipt by the Plan Administrator, the Plan, Costco Wholesale Corporation or other participating employers, the trustee, Plan fiduciaries, or their delegates, agents, or representatives. The common law mailbox rule will apply for other purposes. All communications to the Plan Administrator pursuant to or in connection with these Procedures must be addressed as follows:

If by mail, to the following address:

Attn: Plan Administrator, QDRO  
Costco Benefits Department  
Costco Wholesale Corporation  
730 Lake Drive  
Issaquah, WA 98027

If by facsimile, to: (425) 416-9019.

16. The Plan Administrator will not review draft or proposed orders unless it receives a signed and notarized *Authorization to Review Proposed Order Form* from the Participant.
17. The Plan Administrator cannot calculate account balances for dates earlier than January 1, 1995 (June 1, 1995, for Participants previously covered by the Costco 401(k) Plan for California Union Employees).
18. If a Participant has an outstanding Plan loan on any date (e.g., date of segregation or valuation) and the Order does not clearly indicate otherwise, the Participant's account balance on that date equals the Participant's total account balance less the loan balance. A QDRO will not be given effect to the extent it assigns responsibility for a Plan loan to an Alternate Payee. Alternate Payees are ineligible for Plan loans and are ineligible for hardship distributions.
19. The Alternate Payee may designate a Plan beneficiary, subject to limits of the Plan on beneficiary designations. The Alternate Payee must designate a beneficiary in the form or manner approved by the Plan Administrator and cannot designate a beneficiary (including his or her "estate" as beneficiary) through a QDRO. For this purpose, the Alternate Payee has the same rights and obligations as a Plan Participant. If the Alternate Payee dies before receiving the Alternate Payee's entire interest under the Plan, the segregated account will be payable to the Alternate Payee's designated beneficiary or, if no beneficiary has been designated under the terms of the Plan, then the Alternate Payee's beneficiary as defined by the terms of the Plan relating to Participants who have made no effective beneficiary designation.
20. If the Participant dies after a preliminary determination that an Order is a QDRO, but before the segregation of the Alternate Payee's interest, and the Alternate Payee is the spouse or former spouse of the Participant, then the Alternate Payee will be considered the Participant's surviving spouse for purposes of any benefits payable under the Plan, but only to the extent of the amount of the Alternate Payee's interest described in the Order. After segregation, the Alternate Payee's account will be unaffected by the Participant's death. If the parties have divorced, the Alternate Payee will not be the beneficiary on the remaining share of the Participant's account unless the Alternate Payee is designated as such on the Participant's beneficiary designation form dated after the date of divorce (with the consent of the Participant's spouse, if the Participant has remarried).
21. The Plan Administrator may release information regarding a Participant's account balance and status of the account to the potential Alternate Payee. The potential Alternate Payee will be considered a beneficiary entitled to Plan documents upon request while the Plan Administrator is determining whether an Order is a QDRO.

22. The reasonable attorney's fees and costs incurred by the Plan attendant to a QDRO determination, including fees and costs incurred in connection with responding to joinders or other legal process, will be charged as follows. Attorney's fees and costs are withdrawn from the Participant's account as they are incurred, or as administratively convenient. Attorney's fees and costs incurred for review of proposed or draft orders are charged to the Participant's account, if the Participant directs such review by signing the *Authorization to Review Proposed Order Form*. If the Participant's account is segregated pursuant to a QDRO, the outstanding attorney's fees and costs will be allocated equally to the accounts of the Participant and Alternate Payee and the Plan Administrator will take any action necessary to effect an equal allocation of total attorney's fees and costs (including those associated with a prior proposed or draft order), unless the QDRO clearly indicates otherwise; however, in the case of a QDRO for child support, the attorney's fees and costs will be allocated solely to the account of the Participant, unless the QDRO clearly indicates otherwise. To the extent a Participant's invested balance (immediately following deduction of the Alternate Payee's interest) is insufficient to pay fees and costs allocated to the Participant's account, such fees and costs will instead be allocated to the Alternate Payee's interest. Similarly, to the extent the Alternate Payee's interest is insufficient to pay fees and costs allocated to the Alternate Payee's account, such fees and costs will instead be allocated to the Participant's account.
23. Unless a QDRO clearly provides otherwise, a Participant's account balance on a past valuation date will include both vested and unvested amounts. To the extent an Alternate Payee's interest includes amounts that are not vested as of the date of segregation, the Plan Administrator will interpret the QDRO as awarding an equivalent amount of the Participant's vested balance, unless the QDRO clearly provides otherwise. In no event, however, will the Plan Administrator transfer unvested amounts to an Alternate Payee. A QDRO may not mandate transfer of any unearned or uninvested amounts, or amounts not yet allocated to the Participant's account as of the date of segregation. An Alternate Payee's interest will be reduced to the extent it exceeds the Participant's vested account balance on the date of segregation (less outstanding loans).
24. If the Alternate Payee's interest is valued on a date other than the date of segregation and the QDRO does not clearly indicate otherwise, the Alternate Payee's interest will be adjusted for a proportionate share of gains and losses incurred by the Participant's account from the date of valuation to the date of segregation. However, in the case of a QDRO for child support, the Alternate Payee's benefit will not be adjusted for gains and losses unless the QDRO clearly indicates otherwise.

For purposes of adjusting an Alternate Payee's interest for gains and losses incurred from the date of valuation to the date of segregation, gains and losses include investment gains and losses, quarterly recordkeeping charges, and loan maintenance fees for loans issued prior to the valuation date. Any Costco stock dividends paid directly to the Participant (instead of reinvested in the Participant's account) during such period will not be treated as an investment gain, unless the QDRO clearly indicates otherwise.

25. The parties' federal and state income tax obligations, and the Plan's tax withholding and disclosure obligations, are determined by applicable law and cannot be modified through a QDRO. If the

Alternate Payee is the Participant's child, the distribution to the Alternate Payee is taxable to the Participant and will be reduced by applicable income tax withholding.

26. All QDROs will be administered in accordance with the Plan and these Procedures; any ambiguity in a QDRO will be resolved in accordance with the Plan and these Procedures.
27. These Procedures may be amended from time to time. This version of the Procedures is restated effective December 1, 2023.
28. The following definitions apply to these Procedures:

***“Alternate Payee”*** means a spouse, former spouse, child, or other dependent of a Participant who is recognized by a QDRO as having a right to receive all, or a portion of, the benefits payable under the Plan with respect to such Participant.

***“Authorization to Review Proposed Order Form,” “Waiver of Right to Contest Qualification of Domestic Relations Order Form,” and “Declaration to Release Hold Form”*** mean the forms provided upon request to Participants and Alternate Payees by the Plan Administrator.

***“Order”*** means a signed and court-certified copy, court-filed copy, or similar copy of an order that purports to be a QDRO. An ***“Order for child support”*** means an Order awarding amounts for child support with respect to an Alternate Payee who is the child of the Participant.

***“Participant”*** means the Plan Participant named in the Order (or the draft or proposed order, as applicable).

***“Plan”*** means the Costco 401(k) Retirement Plan.

***“Plan Administrator”*** means the Costco Benefits Committee. The Plan Administrator has delegated its duties under these Procedures to the Costco Benefits Department, which may, in turn, assign certain of its duties hereunder.

***“QDRO”*** and ***“Qualified Domestic Relations Order”*** as used in this document mean an Order that is determined by the Plan Administrator to be a qualified domestic relations order within the meaning of the Plan, the Internal Revenue Code Section 414(p), and ERISA.