

This is a court-authorized website notice of a proposed settlement in a class action lawsuit regarding background reports that Costco Wholesale Corporation obtained on certain job applicants. Payments to participating Class Members are likely to be between \$25 and \$175 each, but could be as large as \$400 each, as explained in paragraph 6 below. Approximately 1,510 Class Members Entitled to Autopay will automatically get paid, unless they exclude themselves, as explained in paragraph 6 below. Other Class Members, to get paid, must return a Claim Form, as explained in paragraph 7 below.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT:	
Submit a Claim Form	If you want a payment, you need to return a Claim Form, unless you are a Class Member Entitled to Autopay. You should have received a Claim Form in the mail. You may also go to www.TerrellFCRASettlement.com to complete a Claim Form.
Do Nothing	If you are not a Class Member Entitled to Autopay, and if you don't return the Claim Form, you will receive no monetary recovery and will lose your right to sue Costco over related matters in the future.
Exclude Yourself	This is the only option that allows you to be part of any other lawsuit against Costco about the matters being resolved in this Settlement. But by excluding yourself you will not receive payment in this Settlement.
Object	Ask for an opportunity to tell the Court why you object to the Settlement.

Your rights and options—and the deadlines to exercise them—are explained in this Notice.

This Notice summarizes the proposed Settlement. For the precise terms and conditions of the Settlement, you may view the Settlement Agreement at www.TerrellFCRASettlement.com. You may also contact the Settlement Administrator at 1-833-380-5571.

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BASIC INFORMATION

1. WHY AM I SEEING THIS NOTICE?

The Court in this case has approved the posting of this Notice on a website so that it could be viewed by Class Members, who may become members of the Settlement Class. The Class Members are:

All persons on whom Costco obtained a consumer report for employment purposes for a U.S. location during the period from August 10, 2014 through April 17, 2017.

Class membership is determined on the basis of Costco's records and investigation. If you are unsure of whether you are a Class Member, you can contact the Settlement Administrator at 1-833-380-5571.

This Notice has been posted because Class Members have a right to know about a proposed settlement of a lawsuit in which they are class members, and about all their options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after objections or appeals relating to that Settlement are resolved, the benefits provided for by the Settlement will be available to members of the Settlement Class. Class Members become members of the Settlement Class by submitting a Claim Form. If you were denied employment by Costco because of a consumer report being challenged in this Litigation, then you are considered one of the Class Members Entitled to Autopay, as explained in paragraph 5 below, and need not submit a Claim Form to receive a payment.

This Notice explains the Litigation, the Settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them. A full copy of the Settlement Agreement may be reviewed at the Settlement Website: www.TerrellFCRASettlement.com. This Notice contains only a summary of the Settlement Agreement.

The Court in charge of this case is the Washington Superior Court in and for the County of King, The Honorable Mary Rogers presiding. The Litigation is called *Julius Terrell v. Costco Wholesale Corporation*, Case No. 16-2-19140-1 SEA (the "Litigation"). Julius Terrell, the person who filed this Litigation, is called the Plaintiff, and Costco is called the Defendant.

2. WHAT IS THE LITIGATION ABOUT?

Plaintiff alleges that Costco violated the Fair Credit Reporting Act ("FCRA") when it obtained background reports on job applicants by using a disclosure form that allegedly was not a stand-alone form as required by the FCRA. Plaintiff alleges that the use of an allegedly non-compliant disclosure form (the "Challenged Disclosure Form") caused him harm and violated the law.

Costco disputes the Plaintiff's claim and denies all liability to Plaintiff and the Class, and has raised a number of defenses to the claims asserted. In particular, Costco maintains that the Challenged Disclosure Form fully complied with the FCRA and did not harm anyone.

The Parties are settling the Litigation to avoid further risk and expense. No court has found Costco to have violated the law in any way. No court has found that the Plaintiff or the Class could recover any certain amount in this Litigation.

Although the Court has authorized notice to be given of the proposed Settlement, this Notice does not express the opinion of the Court on the merits of the claims or defenses asserted by either side in the Litigation.

3. WHY IS THIS CASE A CLASS ACTION?

Class actions are lawsuits in which the claims and rights of many people are decided in a single proceeding. In a class action, a representative Plaintiff is called a “Class Representative.” That Plaintiff seeks to assert claims on behalf of all similarly situated people. The Plaintiff can thus conserve resources by asserting all the claims in one lawsuit. Class actions often involve circumstances where claimed individual damages are too small for people to proceed on their own, but where the defendant’s conduct affected a number of people in the same way.

Lawyers who represent people who file class actions are called “class counsel.” The lawyers who brought this case (“Class Counsel”) have not yet been paid any money for their work and have paid all their expenses out of pocket. They will be paid only if they win the Litigation or if the Court approves the Settlement.

4. WHY IS THERE A SETTLEMENT?

The Court did not decide this case in favor of the Plaintiff or in favor of Costco. If approved, the Settlement will stop the Litigation from being litigated any more. If the Litigation continued, there is a possibility that the Settlement Class would receive nothing. There is also the possibility that Costco would be required to pay more than it has agreed to pay as a result of the Settlement.

Class Counsel investigated the facts and law regarding the Plaintiff’s claims and Costco’s defenses. The Parties engaged in lengthy and arms-length negotiations to reach this Settlement. Plaintiff and Class Counsel believe that the proposed Settlement is fair, reasonable, and adequate and in the best interests of the Settlement Class.

Both sides agree that, by settling, Costco is not admitting any liability or that it did anything wrong. Both sides want to avoid the uncertainties and expense of further litigation.

WHO IS IN THE SETTLEMENT

5. HOW DO I KNOW IF I AM PART OF THE SETTLEMENT?

You are part of the Settlement if you applied for U.S. employment with Costco at any time from August 10, 2014, through April 17, 2017, authorized a background report, and Costco conducted a background check about you. Plaintiff alleges that Costco, to obtain background reports on job applicants, used a disclosure form that was not a stand-alone form (as the FCRA requires), but that instead contained additional information not permitted by law. If you were among the 1,510 individuals who were denied employment after review of your background report, you are considered one of the Class Members Entitled to Autopay, which means that you will get paid automatically, so long as you do not opt out of the class or object to this Settlement. If you instead were hired by Costco, you are not one of the Class Members Entitled to Autopay and, to receive a payment, you must submit a Claim Form alleging that you were harmed by the Challenged Disclosure Form.

If you have received the Postcard Notice, Costco’s records indicate you are a member of the Settlement Class. The Postcard Notice will tell you if you are a Class Members Entitled to Autopay (in which case you don’t need to submit a Claim Form) or are not a Class Members Entitled to Autopay (in which case you do need to submit a Claim Form if you want a payment). If you are not certain as to whether you are a Class Member, you may contact the Settlement Administrator to find out. The Administrator can be reached at 1-833-380-5571. The question of class membership will be determined based on Costco’s records and investigation.

THE SETTLEMENT BENEFITS

6. WHAT DOES THE SETTLEMENT PROVIDE?

The Settlement provides money for Settlement Class Members. Costco will provide a settlement fund of \$2,490,000. This money will be available for payment to about 113,839 Class Members, and will also be used to pay for any court-approved attorneys' fees, Class Representative service payment, and administration costs.

The exact amount each Class Member will receive will depend on the amount of fees, service payments and costs, as well as the number of Claim Forms returned. If Costco's records indicate that a Class Member was denied employment because of the background check conducted based on the Challenged Disclosure Form, the Class Member will be a Class Members Entitled to Autopay and will receive a payment even without submitting a Claim Form. Although the exact amount of payment will vary depending on the amount of attorneys' fees, Class Representative Service payment, administration costs, and the number of Claim Forms submitted, it is expected that Settlement Class Members will receive between \$25 and \$175 each, but possibly as much as \$400. Class Members Entitled to Autopay would receive at least the same amount as those who submit a Claim Form and, depending on the amount of claims and uncashed checks, could possibly receive more.

The Postcard Notice you received will tell you if you are Class Members Entitled to Autopay, in which case you don't need a Claim Form. The Postcard Notice will also tell you if you are not Class Members Entitled to Autopay, in which case you need to submit a Claim Form in order to get money from the settlement.

7. HOW CAN I GET A BENEFIT?

If you are a Class Members Entitled to Autopay (you were denied employment after use of Costco's Challenged Disclosure Form), you do not need to do anything to get a payment. If you are not a Class Members Entitled to Autopay, you need to return the Claim Form that was mailed to you, postmarked on or before May 14, 2018. The completed Claim Form must be signed and dated.

Your interest as a Class Member will be represented by the Plaintiff and Class Counsel. You will be bound by any judgment arising from the Settlement. If the Settlement is approved, and you timely return the Claim Form, the Settlement Administrator will send you a check for any money you're entitled to under the Settlement.

If you change your address, you must mail a notification of your new address to the Settlement Administrator or submit a change of address online at www.TerrellFCRASettlement.com.

8. WHEN WOULD I GET MY MONEY?

The Court will hold a final approval hearing on June 15, 2018 at 1:30 p.m. to decide whether to approve the Settlement. If the Settlement is approved, there may be appeals. Payments to members of the Settlement Class will be made only if the Settlement is finally approved. This may take some time, so please be patient.

9. WHAT AM I GIVING UP IF I STAY IN THE CLASS?

Upon the Court's approval of the Settlement, all Class Members (whether or not they have timely submitted a properly completed Claim Form) who have not timely and properly opted out of the Settlement Class (as well as their spouses, heirs, and others who may possess rights on their behalf), will fully release Costco from any and

all claims arising out of or relating directly or indirectly in any manner whatsoever to the facts alleged or that could have been alleged or asserted in the Litigation, including but not limited to any and all claims under 15 U.S.C. § 1681b, and any analogous state law claims. This release explicitly includes claims for actual damages, statutory damages, and punitive damages, as well as for attorneys' fees and costs.

This release may affect your rights, and may carry obligations, in the future. To view the full terms of this release, which are contained in the Settlement Agreement, please visit www.TerrellFCRASettlement.com.

10. HOW DO I GET OUT OF THE SETTLEMENT?

If you choose to be excluded from the Settlement (or "opt out"), you will not be bound by any judgment or other final disposition of the Litigation and you will not receive any settlement payment. You will retain any claims against Costco you might have. To opt out, you must state in writing your desire to be excluded from the Settlement Class. **Your request for exclusion must be sent by first class mail, postmarked on or before May 14, 2018**, addressed to:

Terrell v. Costco Wholesale Corp.
c/o Settlement Administrator
P.O. Box 91348
Seattle, WA 98111-9862

If the request is not postmarked on or before May 14, 2018, your request for exclusion will be invalid, and you will be bound by the terms of the Settlement approved by the Court, including the judgment ultimately rendered in the case, and you will be barred from bringing any claims that arise out of or relate in any way to the claims in the Litigation as specified in the release referenced in paragraph 9 above.

11. IF I DON'T EXCLUDE MYSELF, CAN I SUE COSTCO FOR THE SAME THING LATER?

No. Unless you exclude yourself, you give up any right to sue Costco for the claims that this Settlement resolves, even if you do not submit a Claim Form. If you have a pending lawsuit, speak to your lawyer in that case immediately.

12. IF I EXCLUDE MYSELF, CAN I GET MONEY FROM THIS SETTLEMENT?

No. If you exclude yourself, you are not part of the Settlement.

THE LAWYERS REPRESENTING YOU

13. DO I HAVE A LAWYER IN THIS CASE?

The Court has appointed Berger & Montague, P.C., and Beth Terrell as Class Counsel:

E. Michelle Drake
Berger & Montague, P.C.
43 SE Main Street, Suite 505
Minneapolis, MN 55414

Beth Terrell
Terrell Marshall Law Group PLLC
936 North 34th Street, Suite 300
Seattle, WA 98103

You may hire your own attorney to advise you, but if you hire your own attorney, you will be responsible for paying that attorney's fees.

14. HOW WILL THE LAWYERS AND CLASS REPRESENTATIVES BE PAID?

Class Counsel have not been paid anything for their representation of the Settlement Class to date. They have paid all the expenses of litigation out of their own pockets. If they were to lose the case, they would be paid nothing.

In connection with this Settlement, Class Counsel intend to apply to the Court for payment of attorneys' fees and costs, in an amount not to exceed one-third of the total Gross Settlement Amount. The Court will evaluate whether this fee request is reasonable in light of Class Counsel's skill and the risk they undertook in bringing the Litigation. The Court may award less.

The Court has appointed the Plaintiff, Julius Terrell, as the Class Representative. Class Counsel also will seek compensation for his services to the Class Members, in an amount not to exceed \$5,000. This compensation is intended to pay the Class Representative for the time and effort put into bringing this Litigation on behalf of everyone in the Settlement Class.

The costs of settlement administration are expected to be approximately \$129,935. If awarded by the Court, all of these amounts will be paid directly out of the settlement fund.

OBJECTING TO THE SETTLEMENT

15. HOW DO I TELL THE COURT THAT I DON'T LIKE THE SETTLEMENT?

You can ask the Court to deny approval of the Settlement by filing an objection. You cannot ask the Court to order a larger settlement; the Court can only approve or deny the Settlement as is. If the Court denies approval, then no settlement payments will be sent out and the Litigation will continue. If that is what you want to happen, you must object.

You may object to the proposed Settlement in writing. You may also appear at the final approval hearing, either in person, or through your own attorney. If you appear through your own attorney, you are responsible for paying that attorney.

All written objections and supporting papers must (a) clearly identify the case name and number (*Terrell v. Costco Wholesale Corp.*, Case No. 16-2-19140-1 SEA (King County Superior Court)), (b) contain the basis for and an explanation of the objection, (c) contain your name, address, telephone number, and email address (if you have one), (d) include a statement of whether you intend to appear at the final approval hearing, either with or without an attorney, and (e) be submitted to the Settlement Administrator, c/o JND Legal Administration, PO Box 91348, Seattle, WA 98111. Your objection must be submitted with a postmark on or before May 14, 2018.

Any member of the Settlement Class who does not submit an objection in the time and manner described above will not be permitted to raise that objection later.

No payments under the Settlement will go to any objector, or any objector's counsel.

16. WHAT'S THE DIFFERENCE BETWEEN OBJECTING AND EXCLUDING?

Objecting is simply telling the Court that you don't like something about the Settlement. You can object only if you stay in the Settlement. Excluding yourself is telling the Court that you don't want to be part of the Settlement. If you exclude yourself, you have no basis to object because the Litigation no longer affects you.

17. WHERE AND WHEN WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?

There will be a final approval hearing to consider approval of the proposed Settlement on June 15, 2018 at 1:30pm in King County Superior Court at 516 3rd Ave., Room C-203, Seattle, Washington 98104. The hearing may be postponed to a later date without further notice. Settlement Class Members should check www.TerrellFCRASettlement.com regularly for any changes to this date. The purpose of the hearing is to determine the fairness, reasonableness, and adequacy of the terms of Settlement; whether the Settlement Class is adequately represented by the Class Representatives and Class Counsel; and whether an order and Final Judgment should be entered approving the proposed Settlement. The Court also will consider Class Counsel's application for payment of attorneys' fees and expenses and Class Representatives' compensation.

You will be represented at the final approval hearing by Class Counsel, unless you choose to enter an appearance in person or through your own counsel. The appearance of your own attorney is not necessary to participate in the hearing.

18. DO I HAVE TO COME TO THE HEARING?

No. Class Counsel will represent the Settlement Class at the final approval hearing, but you are welcome to come at your own expense. If you send any objection, you do not have to come to Court to talk about it, but you may if you wish. As long as you timely submitted your written objection, the Court will consider it. You may also pay your own lawyer to attend, if you wish.

19. MAY I SPEAK AT THE HEARING?

You may ask the Court for permission to speak at the final approval hearing. To do so, you must send with your objection a notice of intention to appear at the hearing as described in Paragraph 15 above. You cannot speak at the hearing if you excluded yourself.

GETTING MORE INFORMATION

20. ARE THERE MORE DETAILS ABOUT THE SETTLEMENT?

This Notice is only a summary. For a more detailed statement of the matters involved in the Litigation or the Settlement, you may refer to the papers filed in this case during regular business hours at the office of the Clerk of the Court, King County Superior Court, 516 Third Avenue, Room E-609, Seattle, Washington 98104, File: *Terrell v. Costco Wholesale Corp.*, Case No. 16-2-19140-1 SEA. The full Settlement Agreement and certain pleadings filed in the case are also available at www.TerrellFCRASettlement.com or can be requested, in writing or by phone, from the Settlement Administrator.

21. HOW DO I GET MORE INFORMATION?

You can visit www.TerrellFCRASettlement.com or contact the lawyers representing the Settlement Class, identified in Paragraph 13 above. **Please do not contact the Court for information.**