



Costco Teams with Yahoo! and Spinway To Launch Free Internet Service

Costco and Yahoo! Align to Leverage Online and Offline Resources

Costco Free Unlimited Internet Access Now Available Exclusively to Costco Members

ISSAQUAH, Wash. and SANTA CLARA, Calif. -- September 18, 2000 -- Costco Wholesale Corporation (Nasdaq: COST), a leading warehouse club operator, Yahoo! Inc. (Nasdaq: YHOO), a leading global Internet communications, commerce and media company, and Spinway Inc., a leading provider of co-branded, free dial-up Internet access and premium online advertising solutions, today announced the launch of Costco Free Unlimited Internet Access, exclusively for Costco's 25 million members in the U.S. In addition, Costco has entered into a Fusion Marketing agreement with Yahoo! to extend its e-commerce platform and become a premier merchant on Yahoo!® This agreement marks a significant alliance between leading retailer Costco, and Yahoo!, a global Internet company.

Through Costco Free Unlimited Internet Access, Costco members gain free Internet access as an added value to their membership - a savings of hundreds of dollars per year for comparable paid Internet Service Provider (ISP) access. In addition, users of the Costco/My Yahoo! co-branded Web site will receive special up-to-the-minute news on new Costco programs, products and events, as well as a direct link to Costco.com, Costco's e-commerce Web site. In addition to the free Internet access, Costco.com provides visitors with an extensive selection merchandise as well as site features that allow the consumer a one-stop, user-friendly shopping encounter. Costco.com features high-quality, brand-name products including computers, electronics, fine jewelry, books, CDs, DVDs, appliances, and services.

"At Costco, we are continuing our tradition of offering extra value to our members by offering a quality Internet service with Yahoo! and Spinway for free," says Jim Sinegal, president and chief executive officer of Costco Wholesale Corporation. "This service gives our 25 million loyal U.S. members easy access to the Internet and valuable online resources and tools, as well as products featured at costco.com that may not be available at our warehouses."

Costco Free Unlimited Internet Access is available via CD-ROMs distributed at Costco locations nationwide and is downloadable directly from costco.com. Costco will actively market the new ISP service using displays in its 237 U.S. warehouses, direct mail and its member magazine, The Costco Connection. Spinway will provide the ISP infrastructure and customer support for the service. The agreement will also provide Costco members with access to Yahoo!'s suite of personalized tools and services including a co-branded Costco/My Yahoo! start page (<http://costco.my.yahoo.com>), Yahoo! Mail (<http://mail.yahoo.com>), Yahoo! Messenger (<http://messenger.yahoo.com>) and Yahoo! Companion (<http://companion.yahoo.com>), as well as local news, sports, stocks and entertainment information.

"We're pleased to enter into this innovative relationship with Costco and look forward to leveraging Yahoo!'s online platform with Costco's offline brand strength and loyal customer base," said Anil Singh, chief sales and marketing officer, Yahoo! Inc. "The agreement with Costco and Spinway is yet another example of our commitment to offer a great breadth and depth of high-quality products and services to our millions of users. Costco is the latest select brand leader to choose to communicate and transact online through Yahoo! Fusion Marketing. Yahoo! Fusion Marketing allows any company to build an audience, communicate with that audience and sell to them online."

Through Costco's partnership with Spinway, Costco members are given one of the highest-rated Internet access services available with fast, reliable connections; 24-hour customer support; and thousands of local access numbers nationwide. The service is designed to be easy to use, as millions of consumers using Spinway's service are accessing the Internet for the first time. In addition, Spinway ensures the quality of the consumers' online experience by protecting user privacy and only allowing advertisements to be downloaded when the consumer's Internet connection is inactive.

"Spinway is pleased to be working with Costco and Yahoo! to offer a high-quality, free service to millions of loyal Costco members, who are an important addition to our network," says Steve Seabolt, chairman and chief executive officer, Spinway, Inc. "Spinway's co-branded free ISP service enables Costco to develop direct one-to-one relationships with its members to increase online brand awareness and to provide information on what's happening at Costco locations."

As a premier merchant on Yahoo!, Costco will be promoted on various properties throughout the Yahoo! network, including Yahoo! Messenger, Yahoo! Mail and My Yahoo!. In addition, Costco will be a featured store on Yahoo! Shopping and will receive placement throughout a number of categories, including Home and Garden; Food and Beverages; and Health and Wellness; Computers; Electronics; and Toys and Games. Yahoo! Shopping's position as a leading commerce destination serves as an ideal distribution channel for merchants and content providers and allows retailers such as Costco to reach millions of consumers - the world's largest Web-based purchasing audience.

About Costco

Costco (NASDAQ:COST) headquartered in Issaquah, Washington, operates an international chain of membership warehouses that carry quality, brand-name merchandise at substantially lower prices than typically are found at conventional wholesale or retail sources. The warehouses are designed to help small-to-medium-sized businesses reduce costs in purchasing for resale and for everyday business use. Qualified individuals also are allowed to purchase for their personal needs. Costco began its online presence in 1995 with an informational Web site and in November 1998 began conducting e-commerce at costco.com. The Web site offers a wide selection of brand-name merchandise and services. Some of the product categories include computers, electronics, floral delivery, fine jewelry, clothing, books, CDs and DVDs, travel packages and products.

With more than 33 million Costco cardholders worldwide and 80,000 employees, the company's sales for fiscal year 2000 exceeded \$31 billion. Costco currently operates 332 warehouses, that includes 237 in the United States, 59 in Canada, 10 in the United Kingdom, three in Korea, three in Taiwan, one in Japan, as well as 19 in Mexico with a joint venture partner.

About Yahoo!

Yahoo! Inc. is a global Internet communications, commerce and media company that offers a comprehensive branded network of services to more than 156 million individuals each month worldwide. As the first online navigational guide to the Web, www.yahoo.com is the leading guide in terms of traffic, advertising, household and business user reach, and is one of the most recognized brands associated with the Internet. The company also provides online business services designed to enhance the Web presence of Yahoo!'s clients, including audio and video streaming, store hosting and management, and Web site tools and services. The company's global Web network includes 23 local World properties outside the United States. Yahoo! has offices in Europe, the Asia Pacific, Latin America, Canada and the United States, and is headquartered in Santa Clara, Calif.

About Spinway

Incorporated in January 1999, Spinway, Inc. (www.spinway.com) is enabling Internet advertising to live up to its potential as the most powerful medium in the advertising industry. Spinway is rapidly establishing its advertising network by partnering with offline brand-leaders to co-brand their free ISP services. To enrich its co-branded free Internet access offering, Spinway has recently teamed with Yahoo! Inc., its preferred partner for content including personalized start pages and email. In seven months, Spinway has obtained over 5 million consumers, making it the fastest growing free ISP in history. Spinway offers advertisers a new approach to online advertising that uniquely targets consumers by demographics, psychographics, geographics, time-of-day and keywords. Spinway's proprietary advertising technology tracks advertising impressions and enables full motion video ads to run while consumers are connecting to the service without any performance impact. Spinway does not sell its subscribers' personal information to advertisers.

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