



HomeSpace Expands Real Estate and Mortgage Programs to All Costco Wholesale Members Nationwide

May 3, 2000

ENGLEWOOD, Colo.--(BUSINESS WIRE)--May 3, 2000--HomeSpace(TM), Inc. today announced that its real estate and mortgage programs will be expanded to include the entire membership of Costco Wholesale Corp. (Nasdaq: COST) nationwide, under a new long-term agreement.

The agreement opens up the popular homeownership programs that offer guaranteed low rates on mortgages and cash savings on real estate transactions to some 28 million Costco members in 16 million U.S. households. Members will also receive Costco gift certificates when using HomeSpace services.

"This is truly a unique consumer offering," said Henry DeNero, Chairman and Chief Executive Officer of HomeSpace. "No other membership club or retailer offers both real estate and mortgage programs of our magnitude, managed by a single entity representing the consumer."

The new relationship builds on the successful real estate and mortgage programs HomeSpace has offered to Costco Executive Members since 1997. While these programs are now available to all Costco Members, Executive Members will continue to receive additional benefits when they use HomeSpace services.

"These programs save our members money," said Don Burdick, Vice President, Executive Membership of Costco Wholesale. "The original Executive Membership program has proven that this service has a place in our offerings. Our members recognize Costco as a company that brings both quality and significant value to them and this offering ably fills both areas."

The HomeSpace programs have returned \$9.7 million in cash rebates or credits back to Costco members. Last year, Costco Executive Members completed nearly \$400 million in real estate transactions with HomeSpace, which returned \$3.2 million in cash rebates or credits to these buyers and sellers. Additionally, the company completed more than \$400 million in mortgage transactions for Costco Executive Members also at considerable savings.

"We are pleased that our real estate and mortgage services plus our consumer advocacy will now be available to the entire Costco Membership," said DeNero. "Our partnership with Costco has successfully and substantially achieved our goal of reducing the cost and stress of the homeownership experience."

Benefits to Costco Members

HomeSpace provides consumers with substantial savings on home purchases, sales and mortgage financing. The company also serves as the consumer's advocate throughout the residential experience, offering a high level of personalized service to consumers buying, selling or financing a home. All of these benefits and more are now available to all Costco Members through a savings and service offering designed for them.

Costco Members can access these programs online at <http://www.costco.com> where they will be linked to a co-branded Web site and via a special toll-free phone number.

HomeSpace's programs and personalized real estate, mortgage and home services, plus support from its consumer advocates, are available to all consumers at <http://www.homespace.com> or 1-877-HOMESPACE.

Program Roll Out

The HomeSpace programs will become available to Costco members in California, Washington, Arizona, Oregon, Colorado, Virginia, Maryland, Florida and the District of Columbia starting today. Expansion into all other states will follow rapidly, including Michigan, Tennessee, Hawaii, Utah and Illinois.

The HomeSpace programs will also be introduced to Costco members by way of 1,500 warehouse "road shows" over the next six months, starting in Arizona, California, Florida, Hawaii and Tennessee. The road shows then will move to Costco warehouses in key markets in the Northeast, Mid-Atlantic, Northwest and the South. Other major markets will follow quickly.

The road shows give Costco Members the opportunity to meet leading, local, full-service real estate agents who belong to HomeSpace's nationwide network, and to learn firsthand about the benefits of the company's real estate and mortgage services.

About Costco

Costco currently operates 322 warehouses, including 231 in the United States, 59 in Canada, eight in the United Kingdom, three in Korea, three in Taiwan, and a warehouse in Japan; as well as 17 additional warehouses in Mexico with a joint venture partner.

The company also operates Costco Online, an electronic commerce Web site at www.costco.com. The company plans to open an additional 13 to 15 new warehouses (including two to four relocations of existing warehouses to larger and better-located facilities) prior to the end of its fiscal year 2000 on September 3, 2000.

About HomeSpace

HomeSpace (<http://www.homespace.com>) serves as the consumer's advocate for the residential experience, providing a full range of real estate,

mortgage and homeowner services, all accessible through the Internet or a toll-free call to 1-877-HOMESPACE.

Under the advocacy concept, the company provides value-pricing, superior hands-on service, information to educate the consumer and intervention, where necessary, to ensure that its service partners perform to HomeSpace's rigorous customer service standards.

Established in 1996, HomeSpace became the exclusive provider of mortgage and real estate services to Costco Wholesale in 1997. Since then, HomeSpace has made its unique savings and consumer support programs available to all consumers.

To date, it has closed more than 2,800 real estate transactions, representing approximately \$600 million of residential property and has completed close to 6,000 mortgage transactions, totaling over \$1 billion.

The HomeSpace national real estate network has contractual relationships with the leading real estate brokers in over 350 major cities in all 50 states. This network includes brokers from the industry's leading franchises, such as Coldwell Banker, Century 21, Prudential, RE/MAX, Realty Executives, Better Homes and Gardens, and ERA, as well as many large independent brokers.

HomeSpace gives consumers savings when they buy or sell a home using real estate brokers that are part of its network. It also helps manage the real estate transaction and provides contractual protections to consumers that are typically not available through a direct relationship with a real estate professional.

HomeSpace offers competitively priced home loans from more than 60 national and regional lenders, including such leading financial institutions as Bank of America, Chase Manhattan, Ohio Savings Bank and Interfirst (a division of ABN Amro).

Major investors in HomeSpace include: Global Retail Partners (until recently part of Donaldson, Lufkin & Jenrette); Oak Investment Partners; Moore Capital Management; Pequot Capital Management; and Robert Zangrillo, former chairman, CEO and co-founder of Interworld. Other investors are Bluewater Capital; T. Rowe Price; and Weiss, Peck & Greer.

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