

WAL-MART STORES, INC.

Bentonville Office

MEMORANDUM

TO: ALL WAL-MART ASSOCIATES

cc:

FROM: Sam Walton

SUBJECT: SAM'S WHOLESALE CLUB

DATE: 3/31/83

April 7th - the newest division of our Wal-Mart Company will open - known as Sam's Wholesale Club - in Oklahoma City. This unit will occupy about 100,000 square feet of space in an old store building that we have renovated in the Midwest City area of Oklahoma City.

We have seen this type of operation successfully done by The Price Club in San Diego, California first, and they now have 8 such units generating very high sales volume, and though a relatively low percentage net profit on total sales, their return on investment and turnover has been spectacular.

As we have often done in the past as a new trend in retailing develops, we want to be one of the first to test it, try it, and see if we can do it better. I must emphasize that this is strictly an experiment for our Company. We have this one location now and are in the process of negotiating for two more sites - one more of which we hope to have open in late 1983.

We're very pleased with our management team and all our very fine group of new associates of Sam's Wholesale Club, and I'm reasonably certain that we can, and will be successful with this new venture. However, I want to stress that while we'll all work hard to support and cooperate in every way for a successful Sam's Wholesale Club operation, our primary emphasis must continue to be on our total Wal-Mart Stores program.

Out of this new Wal-Mart experiment we hope to learn some things that will help us in our Wal-Mart stores. We'll be exposed to some new lines and items of merchandise for example, that could be attractive for us. Also, if profitable, this vehicle could provide an important entry for us into the larger metropolitan areas.

Overall, this wholesale concept is based on a similar strategy of the warehouse food stores that you've seen. Very low gross margins, with a corresponding low expense structure, and very low prices. The profit margin percentage will also be low, but hopefully, we'll have high volume sales - 12 to 16 turns a year in inventory, and an excellent return on investments.

Yes - we deem it worth trying, so - as with our long-standing philosophy of "do it, try it, and fix it" - we're off and running with our first Sam's Wholesale Club. Thought you'd want to know, but let's all of us remember that our main business - some 98½% or more - is keeping our great Wal-Mart store program rolling right on through the 80's until we reach that 1000 store number with those sales well above the 10 billion mark with record profits. Quite a goal, but one I know we'll achieve together.

We'll keep you posted as we get further along with this Wholesale Club project.  
Thanks!

APR 5 1983