

Membership. The following two options are available to members:

	Plus Membership	Club Membership
Annual Membership Fee	\$100	\$45
Number of Add-on Memberships (\$40 each)	Up to 16	Up to 8
Eligible for Cash Rewards	Yes	No

All memberships include a spouse/household card at no additional cost. Plus Members are eligible for Cash Rewards, which is a benefit that provides 2% back on qualifying Sam's Club purchases up to a \$500 cash reward annually. The amount earned can be used for purchases, membership fees or redeemed for cash. Plus Members are also eligible for Free Shipping on the majority of merchandise, with no minimum order size, and receive discounts on prescriptions and glasses.

Omni-channel. While Sam's Club is a membership-only warehouse club, it provides an omni-channel experience to customers, integrating retail stores and eCommerce. The warehouse facility sizes generally range between 32,000 and 168,000 square feet, with an average size of approximately 134,000 square feet.

Members have access to a broad assortment of merchandise, including products not found in our clubs, and services online at samsclub.com and through our mobile commerce applications, providing services such as "Club Pickup" or the option of delivery direct-to-home.

Merchandise. Sam's Club offers merchandise in the following five merchandise categories:

- Grocery and consumables includes dairy, meat, bakery, deli, produce, dry, chilled or frozen packaged foods, alcoholic and nonalcoholic beverages, floral, snack foods, candy, other grocery items, health and beauty aids, paper goods, laundry and home care, baby care, pet supplies and other consumable items;
- Fuel, tobacco and other categories consists of gasoline stations, tobacco, tools and power equipment, and tire and battery centers;
- Home and apparel includes home improvement, outdoor living, grills, gardening, furniture, apparel, jewelry, housewares, toys, seasonal items, mattresses and small appliances;
- Technology, office and entertainment includes electronics, wireless, software, video games, movies, books, music, office supplies, office furniture, photo processing and third-party gift cards; and
- Health and wellness includes pharmacy, optical and hearing services and over-the-counter drugs.

In addition, the Member's Mark private label brand continues to expand assortment and deliver member value.

Operations. Operating hours for Sam's Clubs are generally Monday through Friday from 10:00 a.m. to 8:30 p.m., Saturday from 9:00 a.m. to 8:30 p.m. and Sunday from 10:00 a.m. to 6:00 p.m. Additionally, most club locations offer Plus Members the ability to shop before the regular operating hours Monday through Saturday, starting at 7:00 a.m. A variety of payment methods are accepted. Consistent with its strategy, Sam's Club continues to develop technology tools to drive a great member experience in club. For example, Sam's Garage, a new application in its tire and battery business, is leveraging technology in new ways to provide a personalized and efficient shopping experience. Sam's Club also offers "Scan and Go," a mobile checkout and payment solution, which allows members to bypass the checkout line.

Seasonal Aspects of Operations. Sam's Club's business is seasonal to a certain extent due to calendar events and national and religious holidays, as well as different weather patterns. Historically, its highest sales volume has occurred in the fiscal quarter ending January 31.

Competition. Sam's Club competes with other membership-only warehouse clubs, the largest of which is Costco, as well as with discount retailers, retail and wholesale grocers, general merchandise wholesalers and distributors, gasoline stations as well as omni-channel and eCommerce retailers and catalog businesses. At Sam's Club, we provide value at members-only prices, a quality merchandise assortment, and bulk sizing to serve both our Plus and Club members. Our eCommerce website and mobile commerce applications have increasingly become important factors in our ability to compete.

Distribution. During fiscal 2020, approximately 73% of Sam's Club's non-fuel club purchases were shipped from Sam's Club's 25 dedicated distribution facilities, located strategically throughout the U.S., or from some of the Walmart U.S. segment's distribution facilities, which service the Sam's Club segment for certain items. Suppliers shipped the balance of the Sam's Club segment's club purchases directly to Sam's Club locations. Sam's Club ships merchandise purchased on samsclub.com and through its mobile commerce applications by a number of methods including shipments made directly from Clubs, nine dedicated eCommerce fulfillment centers, two dedicated import facilities and other distribution centers.