## Document 2163 mart Corp. agreed to acquire Pace Membership Warehouse Inc. for \$ 23 a share , or \$ 322 million , in a move to expand its presence in the rapidly growing warehouse-club business named:x-c n:x v:e-i-h \_ v:e-i-p named:x-c named:x-c n:x p:e-u-i n:x card:i-i-c p:e-u-i n:x card:i-i-c p:e-u-i n:x card:i-i-c p:e-u-i n:x n:x n:x ARG2 (ARGI) compound ARGI The proposed merger comes as K mart 's profit is deq:i-h-h v\_to:e-i-p n:x v:e-i x:e-h-h named:x-c n:x \_ n:x \_ v: Mich. , recently said net income would fall for the third consecutive quarter , after a 16 % drop in the first half of its current fiscal year named:x-c \_ ace-e v\_to:e-i-h-i n:x n:x v\_modal:e-h v:e-i p:e-u-i q:i-h-h ord:i-i-c a:e-p n\_temp:x \_ p:e-u-i q:i-h-h card:i-i-c n\_of:x n\_of:x-i p:e-u-i q:i-h-h ord:i-i-c n\_of:x n\_of:x-i p:e-u-i q:i-h-h a:e-p a:e-p n:x membership warehouse-club concept has great potential n:x n:x n:x v:e-i-i a\_for:e-p n:x \_ q:i-h-h n\_of:x-i \_ n=0f:x-i \_ n many of whom operate small businesses , pay annual membership fees , which provide an income base for the stores much-many\_a:e-p \_ \_ v:e-i-p a:e-p n:x \_ v\_for:e-i-i-i a:e-p n:x n:x \_ \_ v:e-i-p q:i-h-h n:x n:x p:e-u-i q:i-h-h n:x compound ARG1 (ARGI) (compound) warehouse-club sector last year with its acquisition of a 51 % interest in Makro Inc n:x n:x q:i-h-h n:x p:e-u-i q:i-h-h n\_of:x-i \_ q:i-h-h card:i-i-c n\_of:x n\_in:x-i \_ named:x-c n:x . Pace , based in Aurora , Colo. , operates 41 named:x-c \_ v:e-i-p-h p:e-u-i named:x-c \_ named:x-c \_ v:e-i-p card:i-i-c 41 warehouse-club stores eard:i-i-c n:x The company had losses for several years before turning profitable in fiscal 1988 q:i-h-h n\_of:x-i v:e-i-i n [22163011] , on sales of \$ 1.3 billion , and analysts expect its results to continue to improve p:e-u-i n\_of:x-i \_ n:x card:i-i-c \_ \_ n:x v:e-i-h q:i-h-h n\_of:x-i \_ v:e-i \_ v:e-i r 72 cents a share , after a tax-loss carry-forward , card:i-i-c n:x p:e-u-i n\_of:x \_ p:e-u-i q:i-h-h n\_of:x-i n:x

"The company turned the corner fairly recently in profitability q:i-h-h n\_of:x-i v:e-i-p q:i-h-h n\_of:x-i x:e-u a:e-e p:e-u-i n:x

y , " said Margo McGlade of PaineWebber Inc.

\_ v\_to:e-i-h-i named:x-c named:x-c n:x

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jump in Pace 's net income from operations this year and another 42 % increase next year ... n:x p:e-u-i named:x-c \_ n:x n:x p:e-u-i n\_of:x-i q\_dem:i-h-h n:x \_ q:i-h-h card:i-i-c n\_of:x n:x q:i-h-h n:x \_

