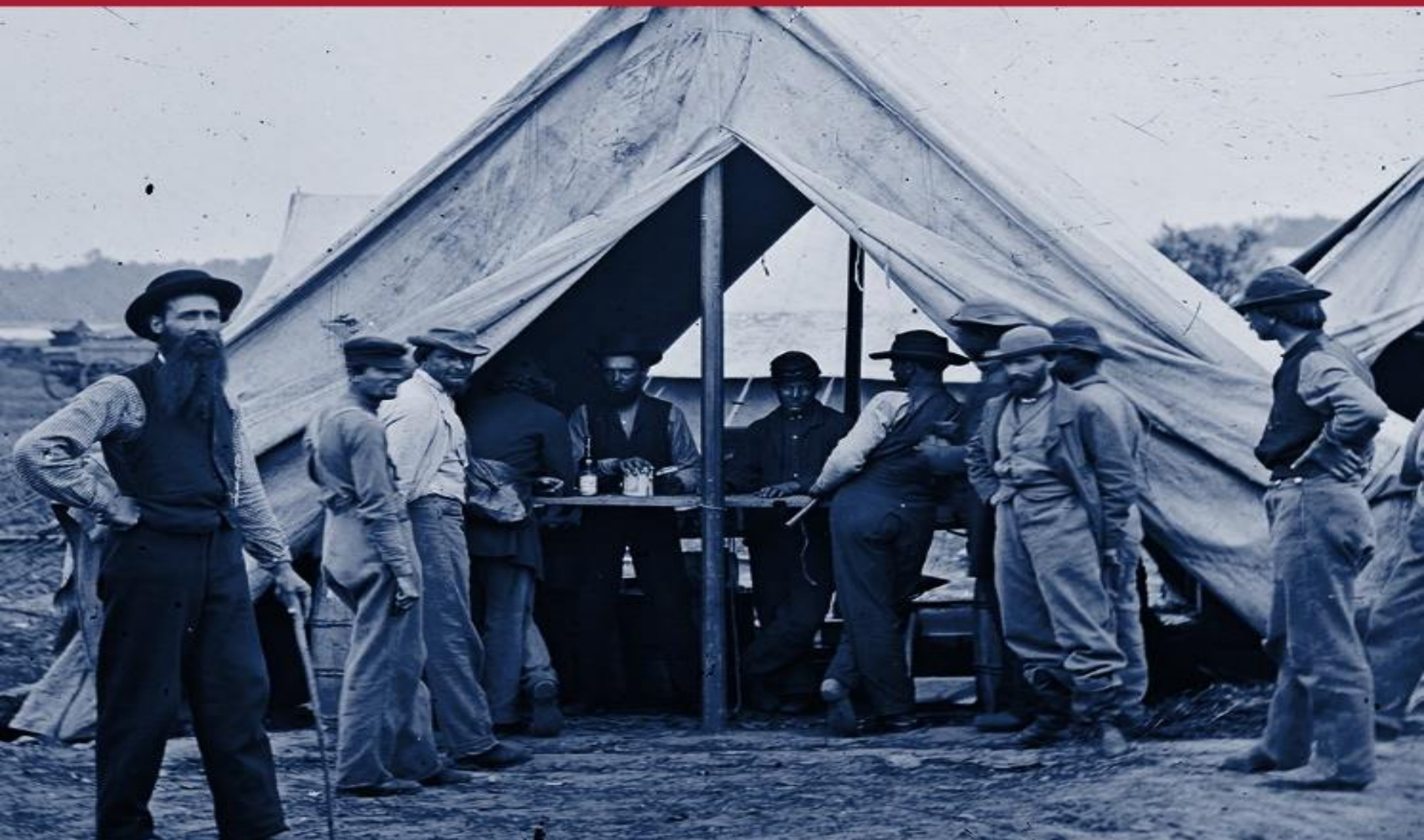


FROM SUTLERS' TENTS TO SHOPPING CENTERS

*We go where you go to improve the quality of your lives
through goods and services we provide*

The Army and Air Force Exchange Service

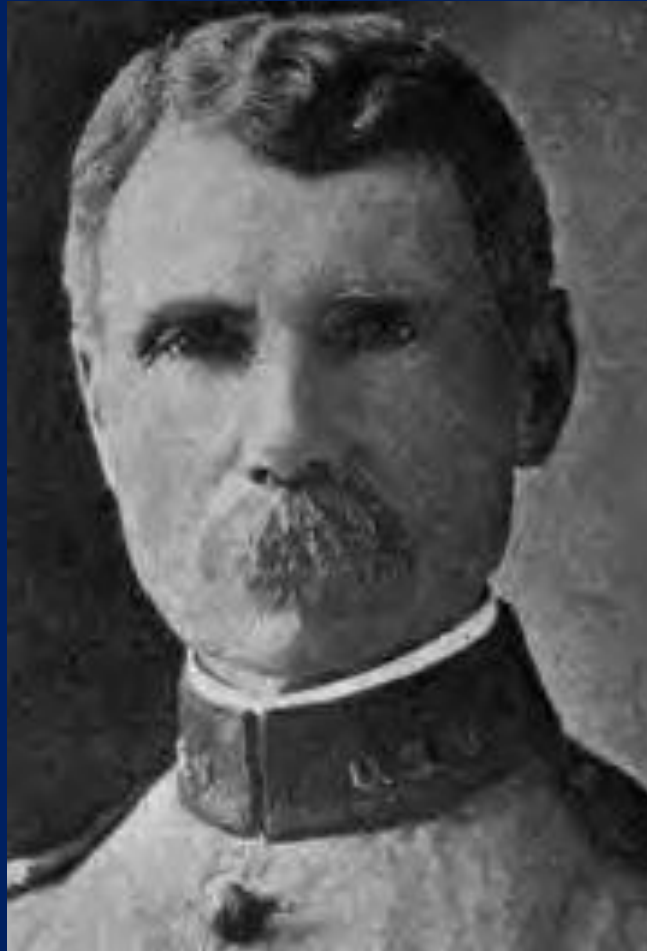
The Early Days



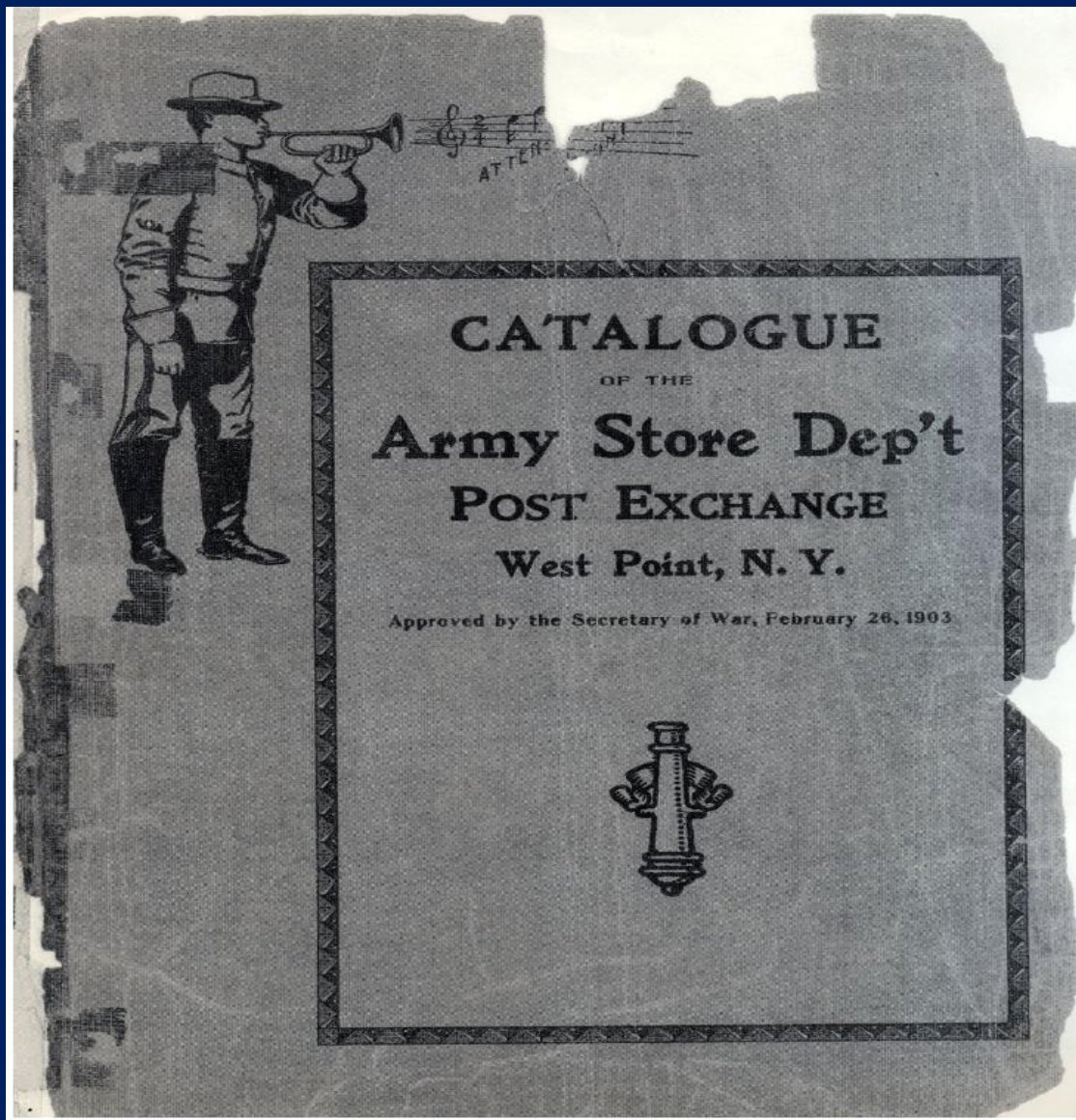
Our First Mall



Our “Founder”



Our First Catalog



Our Mission, Vision and Core Values

MISSION

We go where you go to improve the quality of your lives
through goods and services we provide

VISION

Be the preferred retail and service provider for the Military family through
extraordinary customer experiences and value pricing

CORE VALUES

Family serving family

Respect everyone

Courage to use good judgment

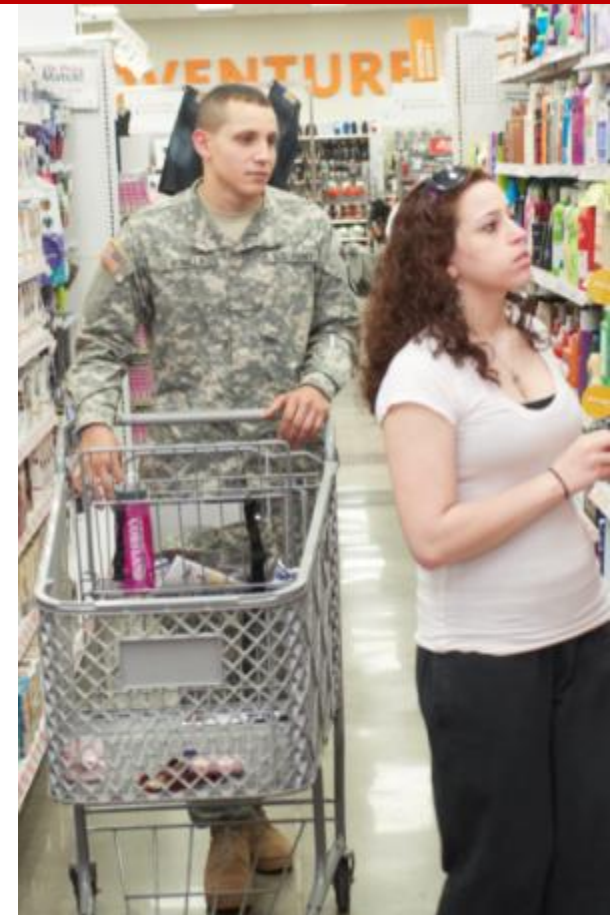
Supporting Military Communities



\$8.7B
Revenue FY 2018
(includes concessions)



\$386M
Earnings FY 2018



\$ 223M
Dividend to Soldiers,
Airmen and their Families

Family Serving Family



4,700

Volunteered to deploy
to combat zones

1,400

Wounded Warriors
hired since 2010

1.1M

Combat uniforms
outfitted in FY 2018

Family Serving Family



35,000

Associates serving Soldiers,
Airmen and their Families



85%

Connected
to the military



26%

Are military spouses

Tastes of America, Wherever They Serve



2,500
Facilities Worldwide



7 Plants
Providing US spec baked
goods and bottled water
to overseas bases



2.5 Million
School lunches
served each year

We Are Like a Retailer in Your Town

Creating a Sense of Community



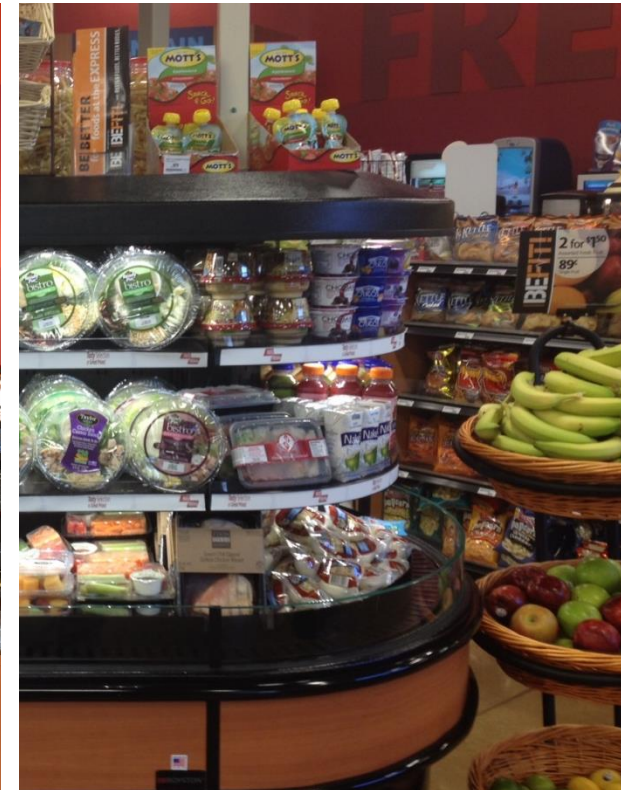
500 Express Stores Serve Convenience and Value



Gasoline



*Grab and Go Snacks
and Beverages*



*Better For You
Options to Support
Force Readiness*

Our Food Courts Serve a Variety of Dining Options



Our Exchange Malls Offer Brands, Unique Services



We Are Nothing Like Your Average Retailer



Mobile Field Exchange (MFE)
Within 48 Hours
AAFES operated and merchandised
Satellite capability



Natural Disaster Relief Operations



Training/Exercises
CONUS and OCONUS

Loss Prevention

Mission

“Increase Net Earnings...
...by Reducing Losses!”

Director’s Goal

Shrink (w/o Gas)
0.50% expected
0.30% exceptional

IFR Goal

4.5 expected
4.0 exceptional



Loss Prevention - Staffing

- **Vice President**
- **Senior Field Operations Manager:**
 - Field Operations (including logistics)
- **Senior Operations Manager:**
 - HQ Operations (covert surveillance, safety, LP analysts, equipment, budget, & training)
- **Regional Managers (13)**
- **LP Associates (364)**

Retail

- Security Compliance
- Safety
- Environmental
- Community Awareness Events
- Shoplifting Awareness Events
- Ecommerce Theft/Fraud

Logistics

- Security Compliance
- Safety
- Environmental
- Associate Awareness Events
- Ecommerce Theft/Fraud

Deployment - Staffing

Kuwait

Regional LP Manager
LP Manager
LP Investigator
(2) Safety and Security Associates

Qatar

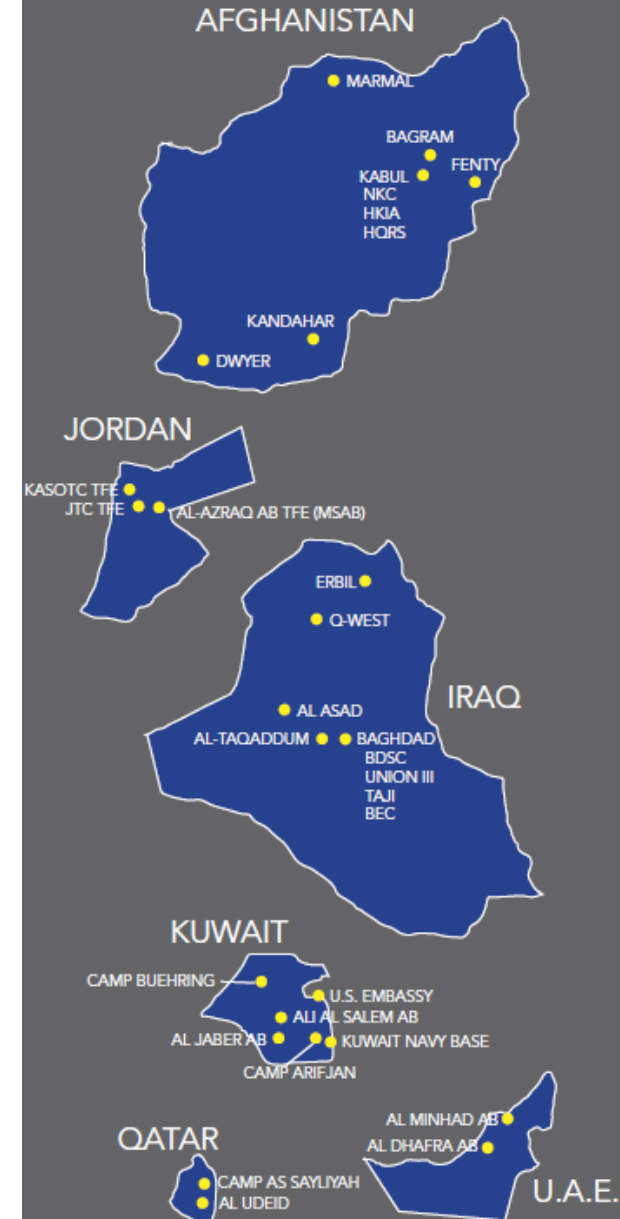
Safety and Security Associate

Afghanistan

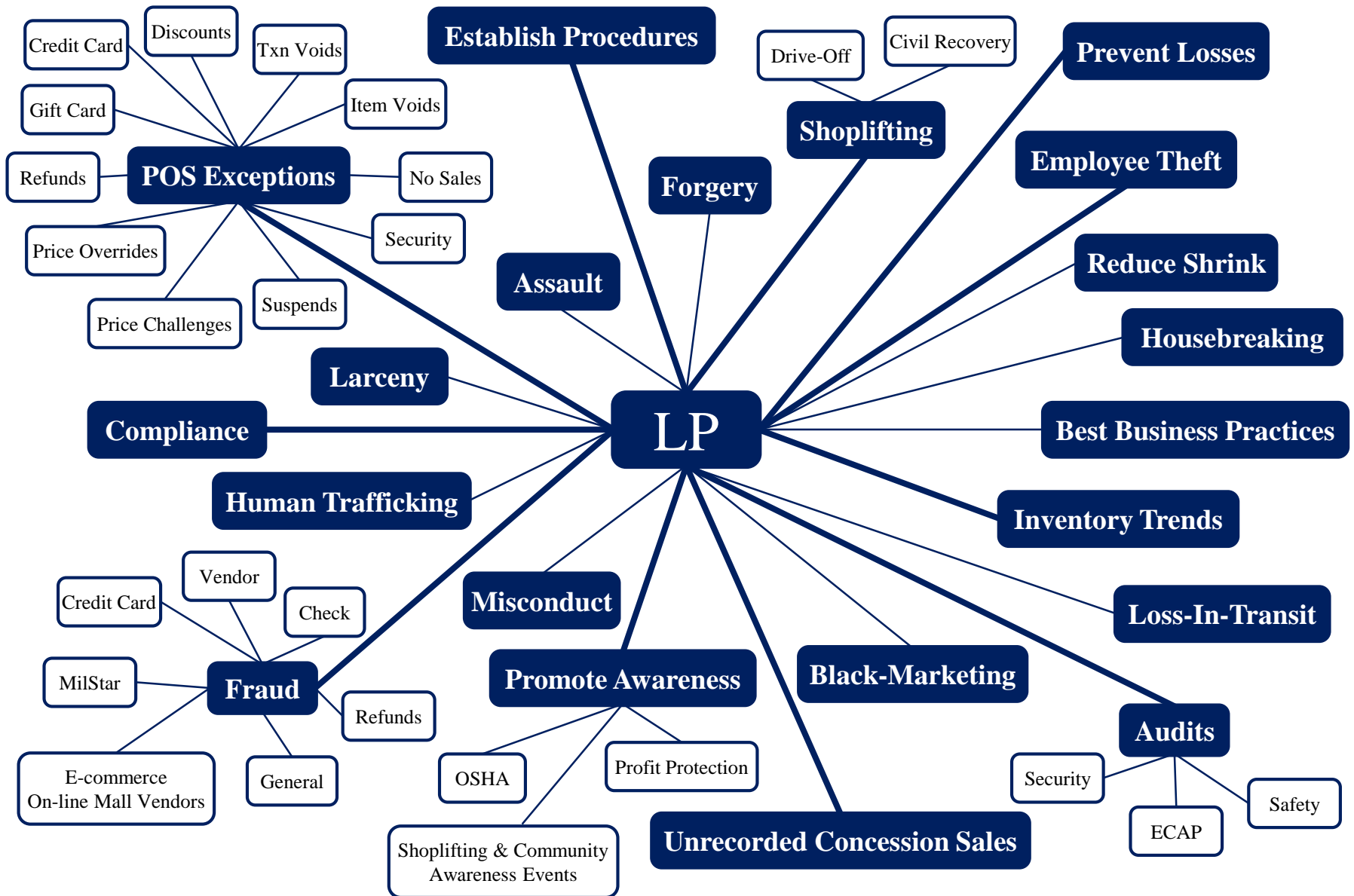
LP Manager
(2) Safety and Security Associates

Iraq

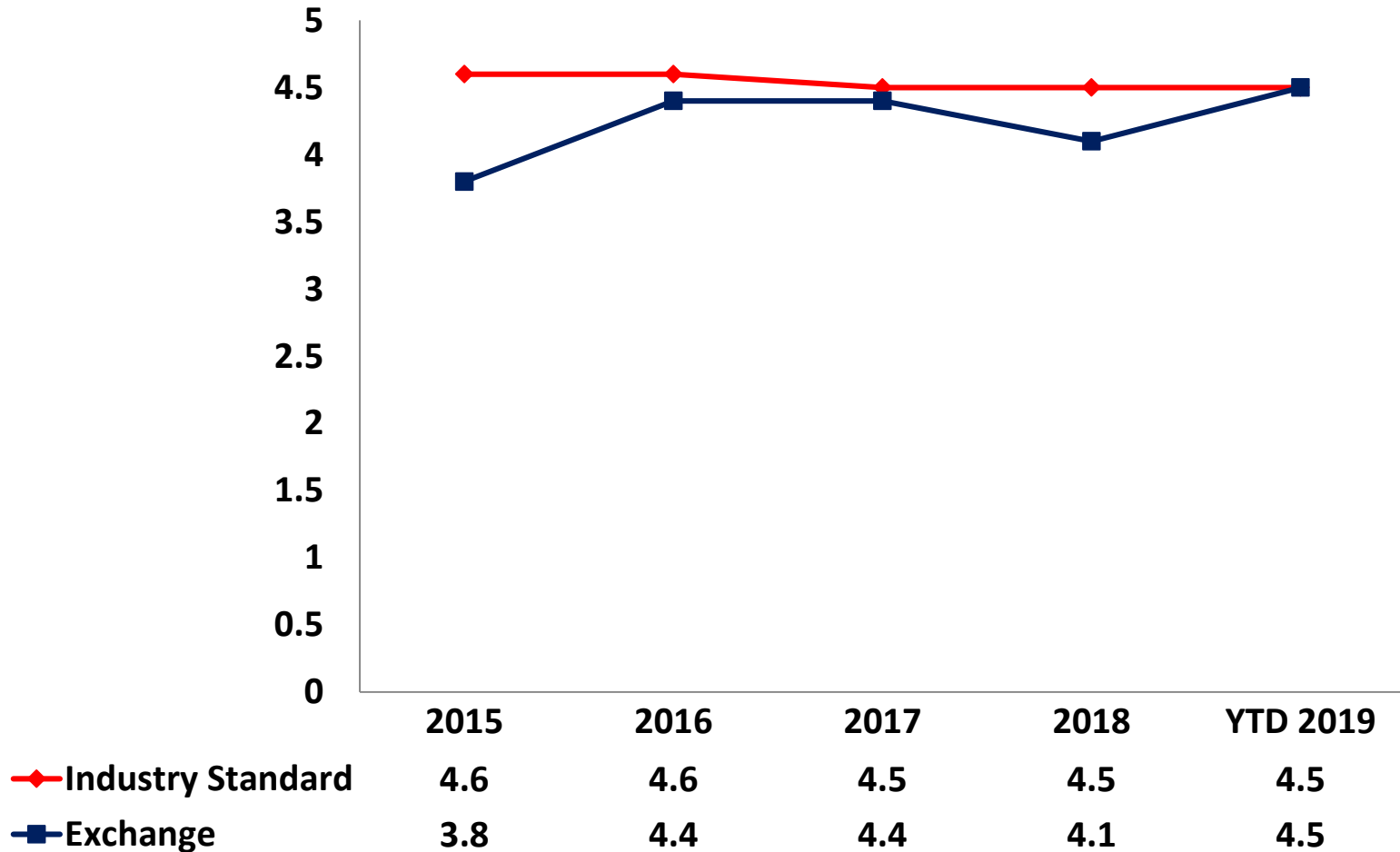
LP Manager



Loss Prevention



5 Year IFR Comparison



Industry Standard - Bureau of Labor Statistics Workplace Injury Illnesses Report



2019 Community Awareness Events



2nd Qtr, 1st Place Winner, Schofield Barracks, Employee Safety Fair



3rd Qtr, 4th Place Winner, Aviano/FPW



How to keep your summer BBQ FROM GOING UP IN FLAMES



- Keep your grill clean by removing grease from the grill and the tray below the grill.
- Never leave your grill unattended. Keep at least three feet away from the grill.
- Keep your grill placed away from the site out from under eaves and overhanging.
- If using charcoal, let the coals come in a metal container.
- If using propane, check the gas law usage it for the first time each year.
- If you smell gas while cooking, smother the grill and call the fire department.
- If the flame goes out, turn the grill at least 10 minutes before re-lighting it.



2nd Qtr, 4th Place Winner LP teaching safe grilling at JB Lewis McChord



2nd Qtr, 3rd Place Winner, Travis/ Heat Stress Awareness

2019 Community Awareness Events



3rd Qtr, 1st Place Winner, United Kingdom/FPW



3rd Qtr, 2nd Place Winner, Ft Bragg/Back to School Safety



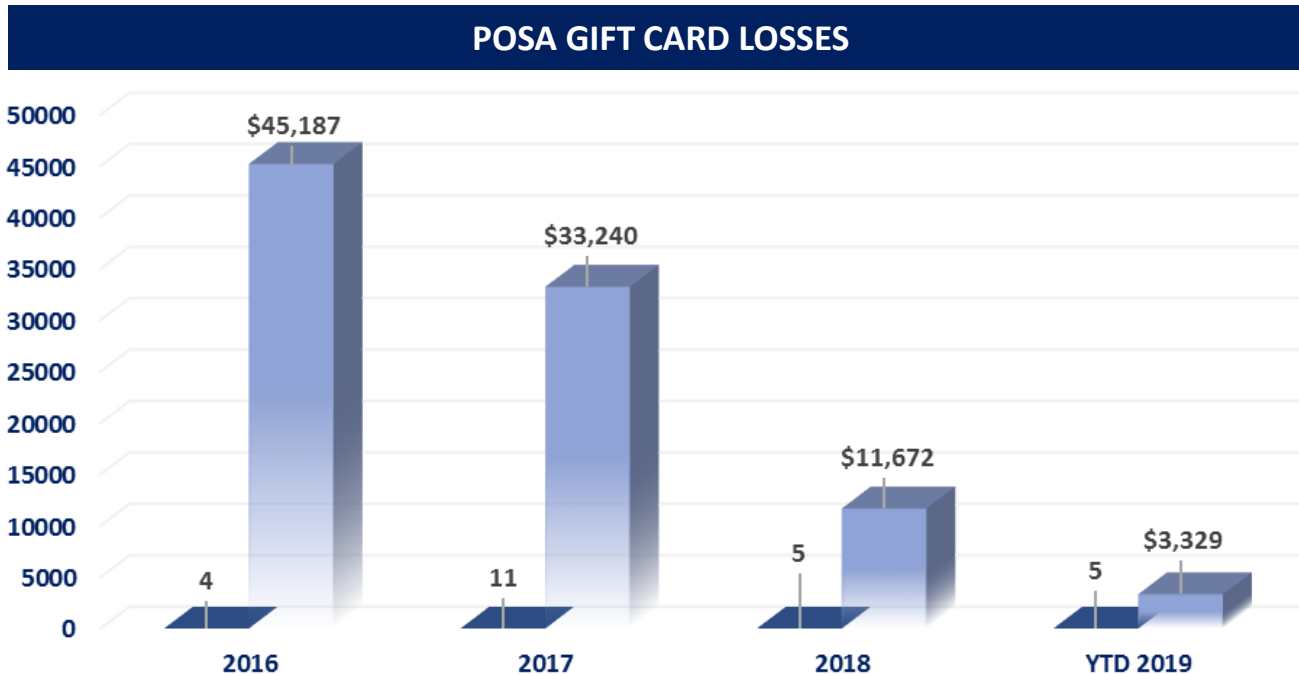
3rd Qtr, 3rd Place Winner, JB Charleston/FPW



2nd Qtr, 5th Place Winner, Ft Carson, Summer Safety



Loss Prevention – POSA Scams



Sep 2016 – Dec 2019

\$93,426 lost at 25 Exchanges as a result of POSA gift card scams

- **\$139,079 in total POSA scams were attempted**

Scams avoided

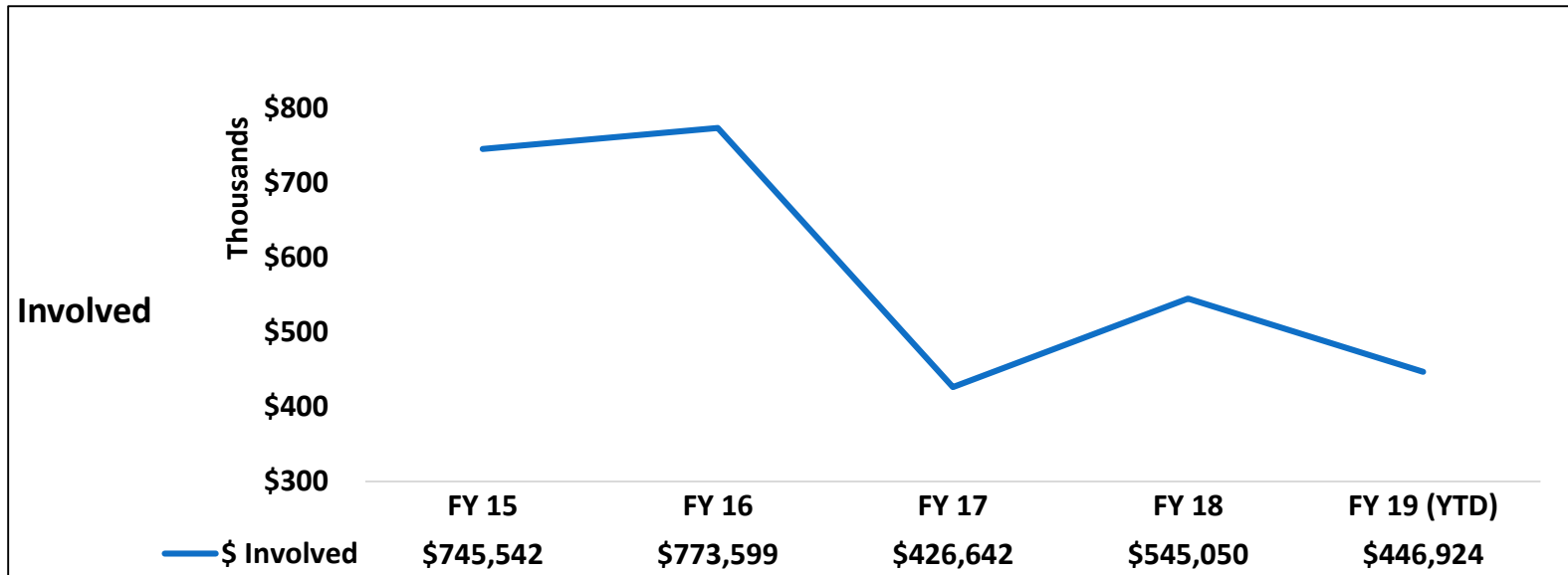
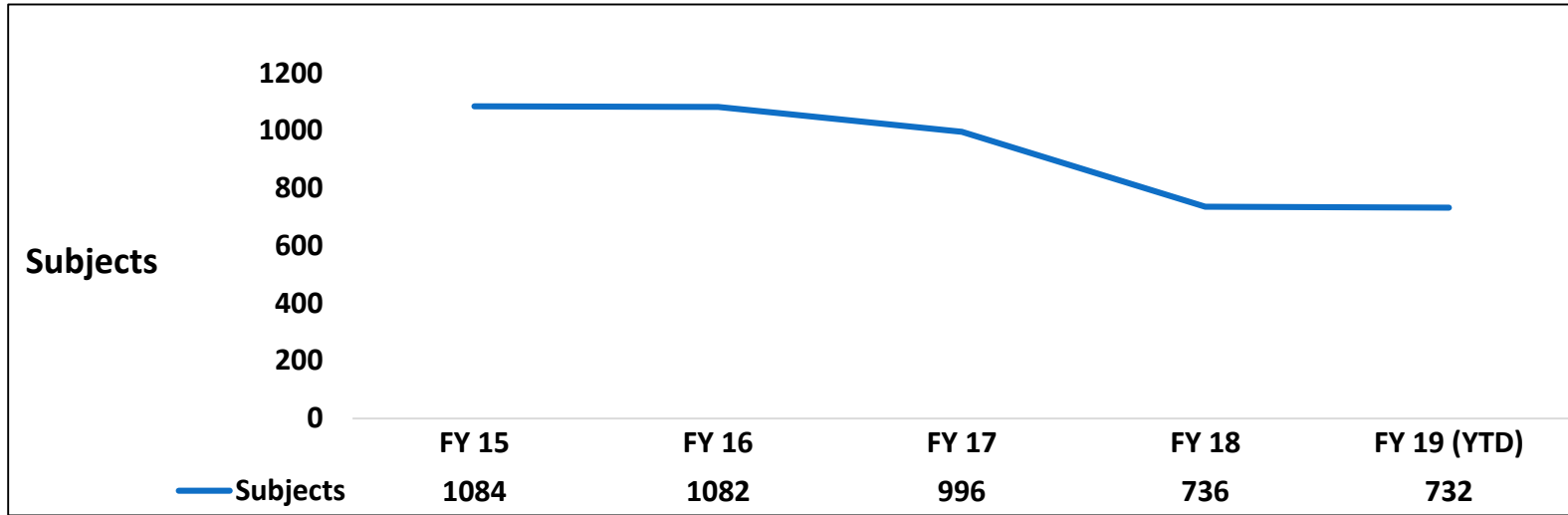
97 POSA scam attempts denied by associates who knew to hang-up and not activate gift cards or provide information to callers

Scam avoidance methods

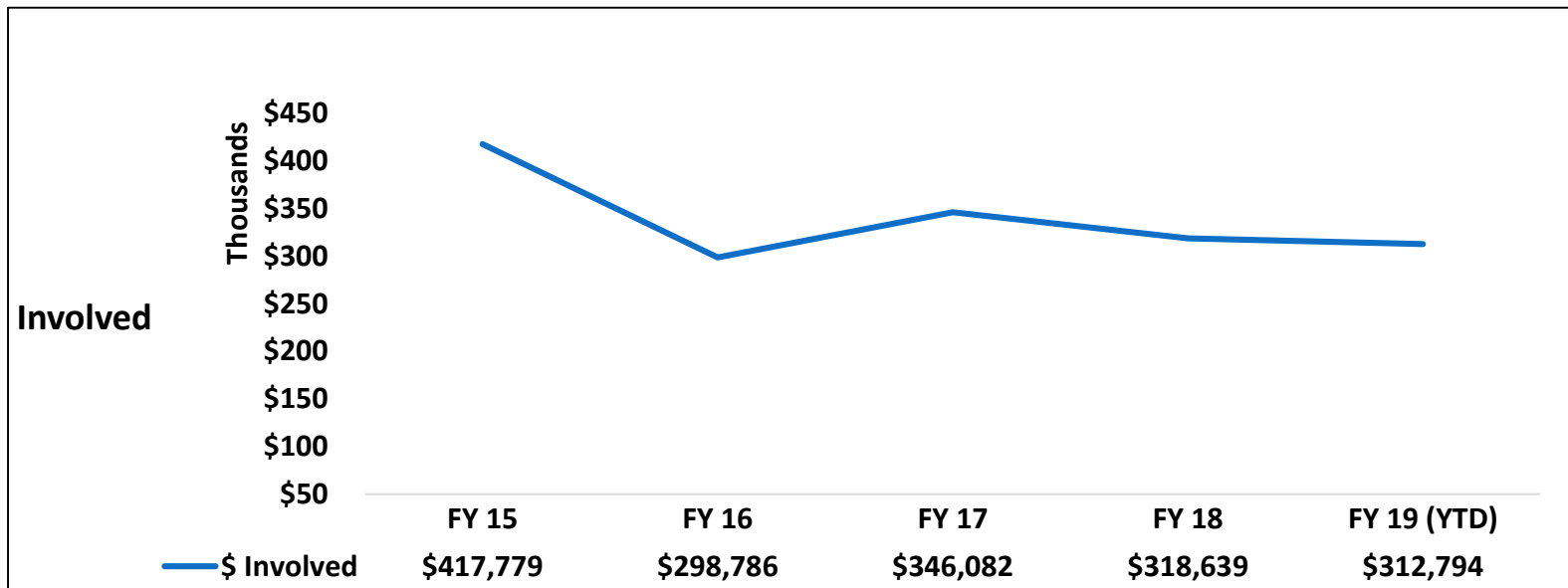
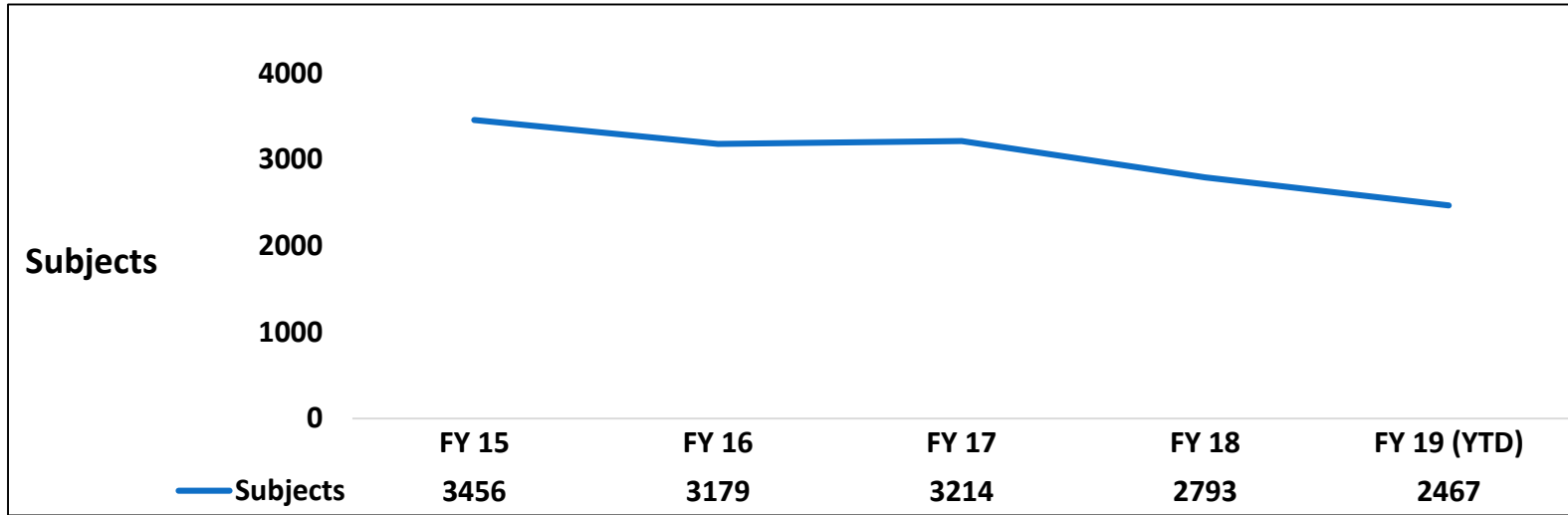
Training and reminders

- Focus items
- Communication
- \$3,500 fraud threshold

Employee Theft Detected



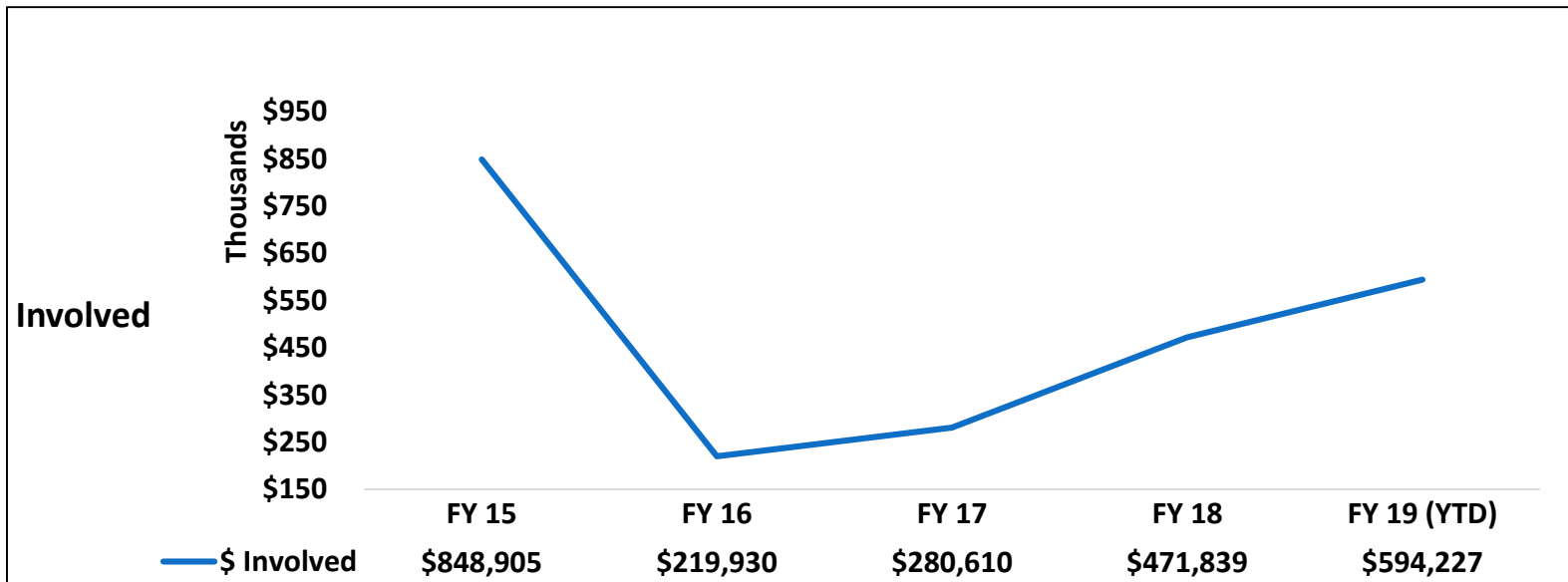
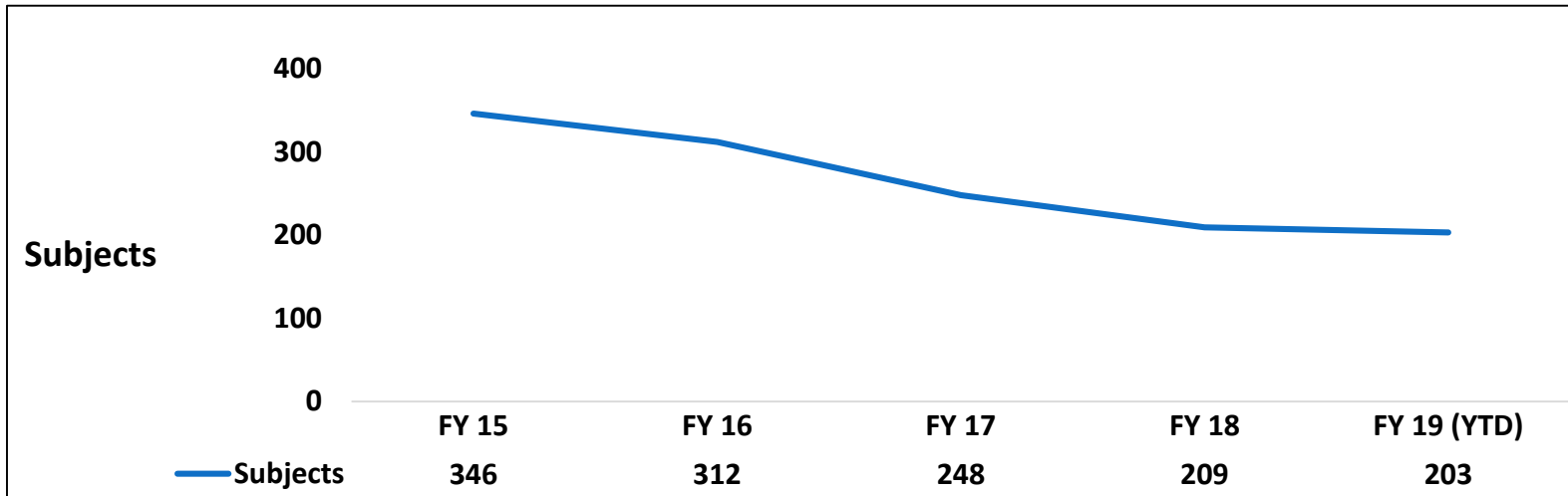
Shoplifting Detected



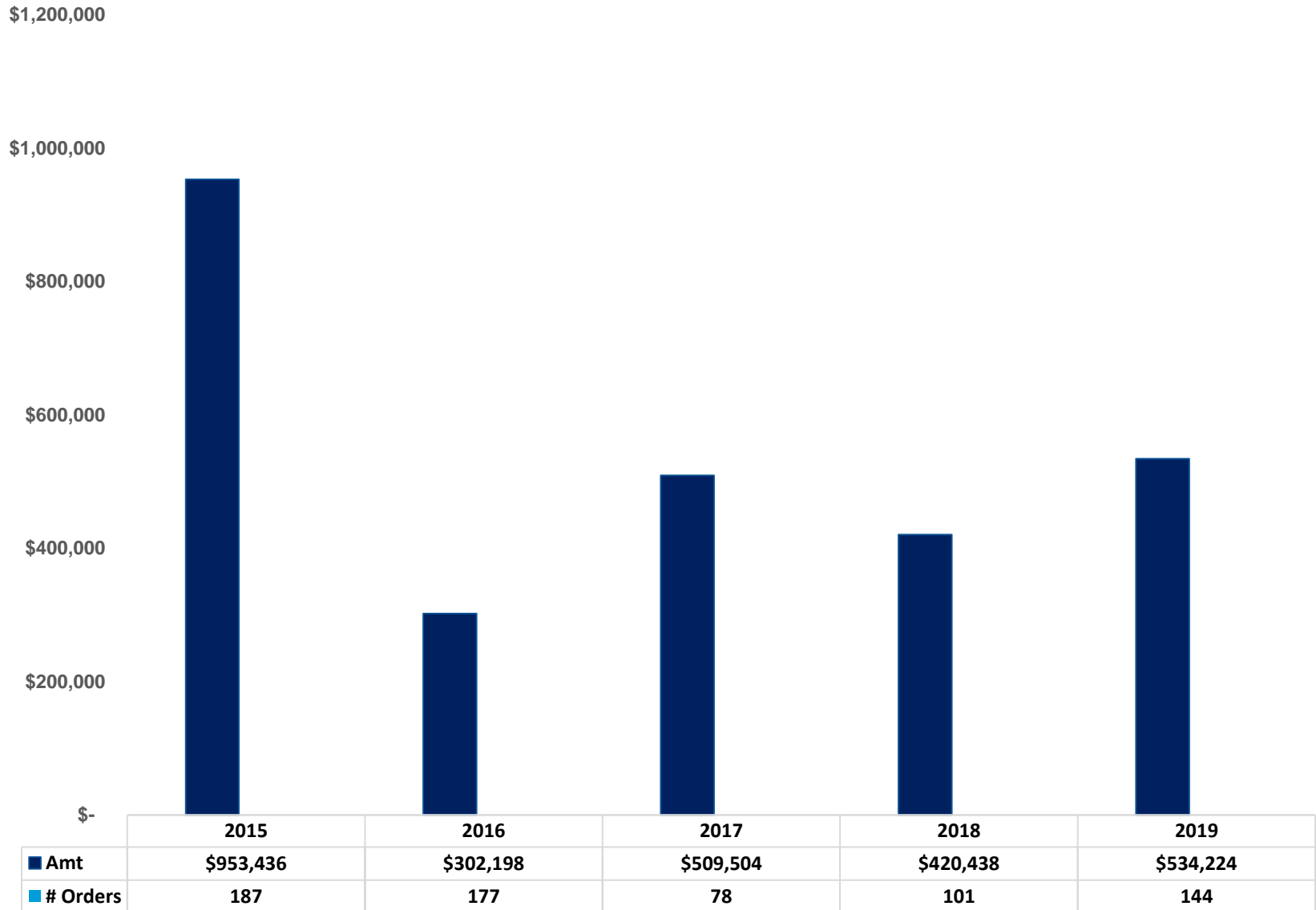
Civil Recovery

	Collected	Debt	%
WW	\$241,187	\$356,380	67.7
Central	\$46,745	\$68,406	68.3
Eastern	\$61,442	\$89,887	68.4
Europe	\$34,810	\$50,597	68.8
Pacific	\$34,900	\$45,539	76.6
Western	\$63,290	\$101,950	62.1

Concession Theft

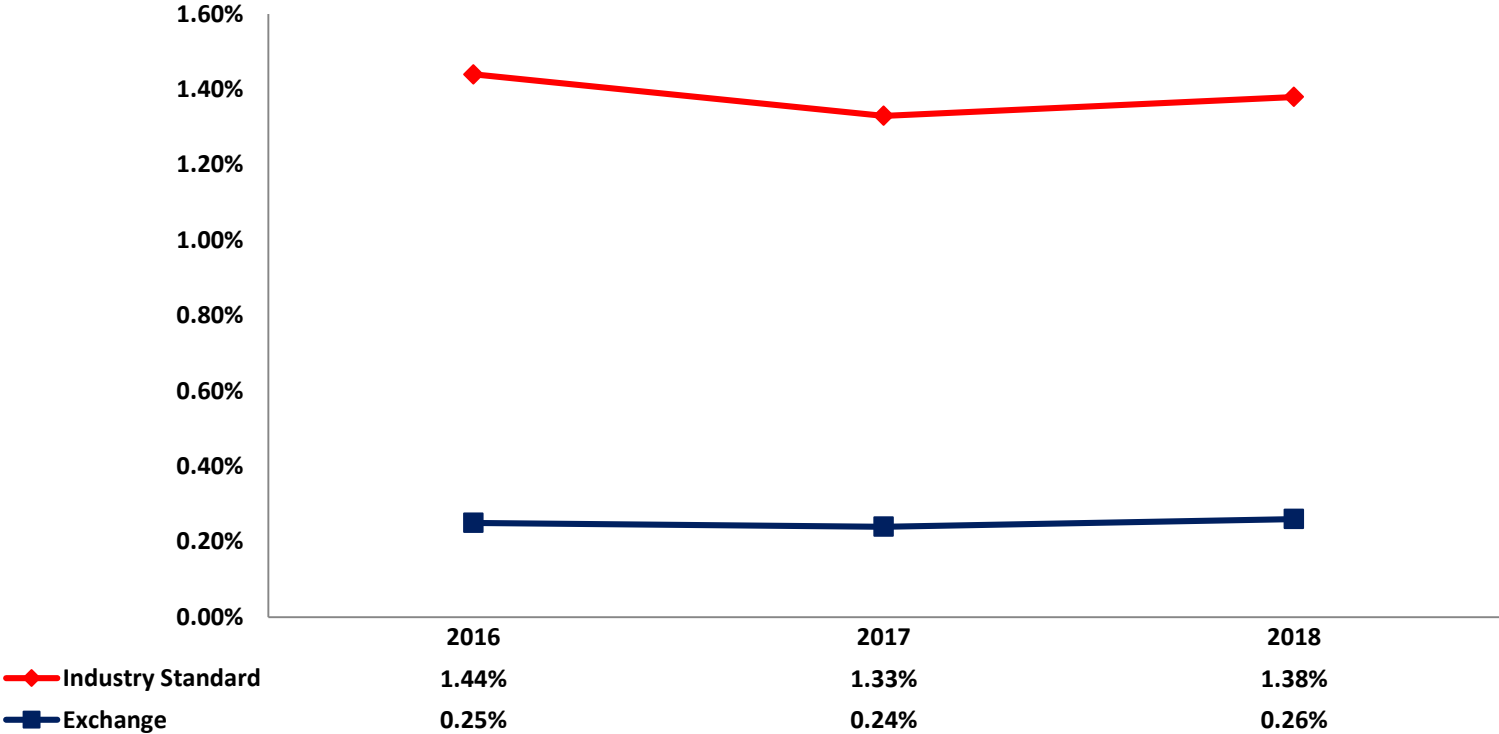


Military Star/ Fraud



Shrink Comparison

As Percent of Sales - Compared to National Average



Our Logistics Operations Span the Globe



The Exchange is the Third Largest Shipper in the Defense Transportation System

12th	Largest Retail Private Fleet in U.S.	10	Distribution Centers	35,835	Containers Exported
342	Exchange Tractors	2,526	LG Associates	4,096	Containers Imported
1,711	Exchange Trailers	48M	Cases Shipped		
12.6M	Miles Driven				



Logistics Operations – U.S.

Fleet Network



3 Major Terminals and 15 Switch Points across CONUS

Exchange Fleet Driver Statistics



225 Drivers worldwide

- 138 in CONUS
- 87 in OCONUS

65 Military Veteran drivers worldwide

- 38 in CONUS

27 Retired military drivers

- 21 in CONUS

6 Female Drivers

Average age of driver = 55.6

- 57.1 in CONUS
- 54.2 in OCONUS

12,612,340 Miles driven worldwide

- 9,853,825 in CONUS
- 2,758,515 in OCONUS

22 “million-mile” drivers

4 “two million-mile” drivers

National Private Truck Council Awards

- 4 All Stars
- 4 Driver Hall of Fame

Loss Prevention



Samsara AI Dash Cams analyze the road and driver behavior in real-time. By sending alerts to drivers and actionable insights to managers, these intelligent cameras are proven to improve driver safety and lower fleet costs.

Driving Distance [View Details](#)

Avg Distance Driven
157.1 mi

TOP VEHICLES	MILES
1307 - G6PR-DCX-5PS	477.5 mi
1911 - GS7D-RJ4-644	293.2 mi
1913 - X01759	107.7 mi
GB2Z-UDS-GEK	70.3 mi
1917 - GND2-VFS-EWH	54.2 mi

Driving Hours [View Details](#)

Avg Hours Driven
2.8 h

TOP VEHICLES	HOURS
1307 - G6PR-DCX-5PS	8.2 h
1911 - GS7D-RJ4-644	4.1 h
1913 - X01759	2.2 h
GB2Z-UDS-GEK	1.4 h
1917 - GND2-VFS-EWH	1.2 h

Safety Violations [View Details](#)

Avg Violations
0.0

LEAST SAFE VEHICLES	VIOLATIONS
1307 - G6PR-DCX-5PS	0.0
1911 - GS7D-RJ4-644	0.0
1917 - GND2-VFS-EWH	0.0
GB2Z-UDS-GEK	0.0
1913 - X01759	0.0

Loss Prevention



samsara

Samsara AI Dash Cams use artificial intelligence and computer vision to detect near-misses, road signs, and high-risk driver behavior.



Welcome Home, Veterans!

All honorably discharged Veterans are eligible to shop their military exchanges online, tax-free for life.

This benefit saves Veterans money and helps the military community by generating earnings in support of critical Quality-of-Life programs.

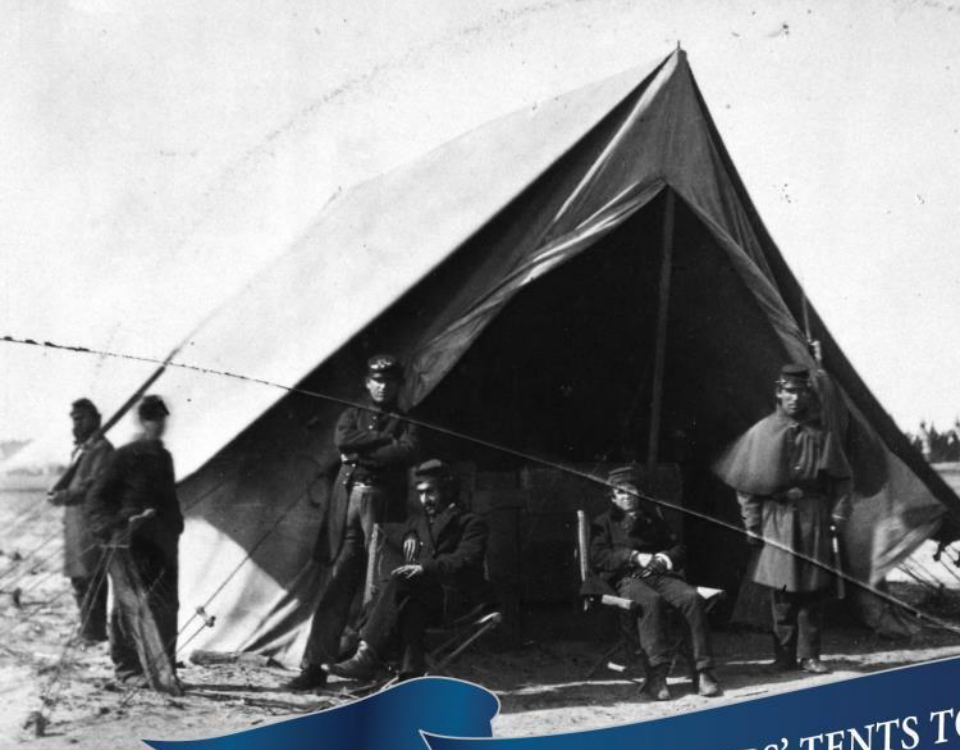


The Department of Defense expanded in-store military exchange and commissary shopping privileges as well as MWR resale facility use to all:

- Veterans with service-connected disabilities
- Former Prisoners of War
- Purple Heart recipients
- Registered primary caregivers



Learn more about these new benefits at shopmyexchange.com/Vets



FROM SUTLERS' TENTS TO SHOPPING CENTERS

Thank You