

2008 AAFES Logistics Partners Forum

A pair of hands, one from the top right and one from the bottom left, are shown holding a glowing green Earth. The Earth is the central focus, with a bright green color and visible white cloud patterns. The background is a deep blue with a subtle, radial light effect emanating from behind the Earth. The hands are rendered in a realistic style with soft lighting.

Building Powerful Partnerships

"Vision is perhaps our greatest strength... it has kept us alive to the power and continuity of thought through the centuries, it makes us peer into the future and lends shape to the unknown"

Li Ka Shing

















START BY CREATING A SHARED VISION & MISSION



*MAKE SURE WE ADDRESS NEEDS AND
EXPECTATIONS*



*IDENTIFY AND UTILIZE THE STRENGTHS
OF EACH PARTNER*



UNDERSTAND THE LIMITATIONS



SET COLLABORATIVE GOALS/ACCOUNTABILITY



HANDLE ISSUES QUICKLY



*COMMUNICATE, COMMUNICATE,
COMMUNICATE*



AAFES and Logistics Overview

Steve Richardson
Vice-President AAFES
Logistics



Our Mission

Provide quality goods & services at competitively low prices...



and generate earnings to support MWR Programs



Governing Body

Army



Board of Directors



Air Force



**Deputy Commander
Brig Gen Hendricks**



**Commander
MG Keith Thurgood**

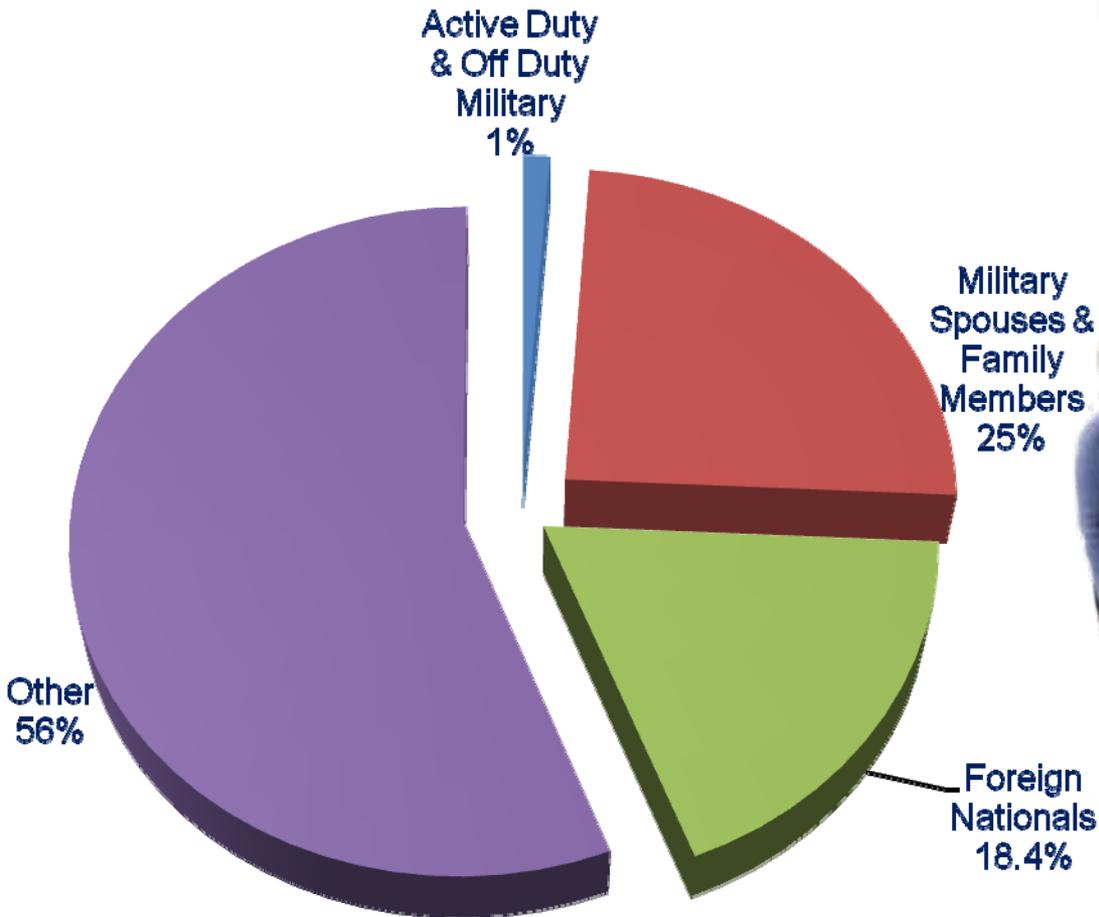


**Chief Operating Officer
Michael P. Howard**



Those Who Serve

Our AAFES Family



43,522 Associates

- More than 450 Associates serve on contingency teams

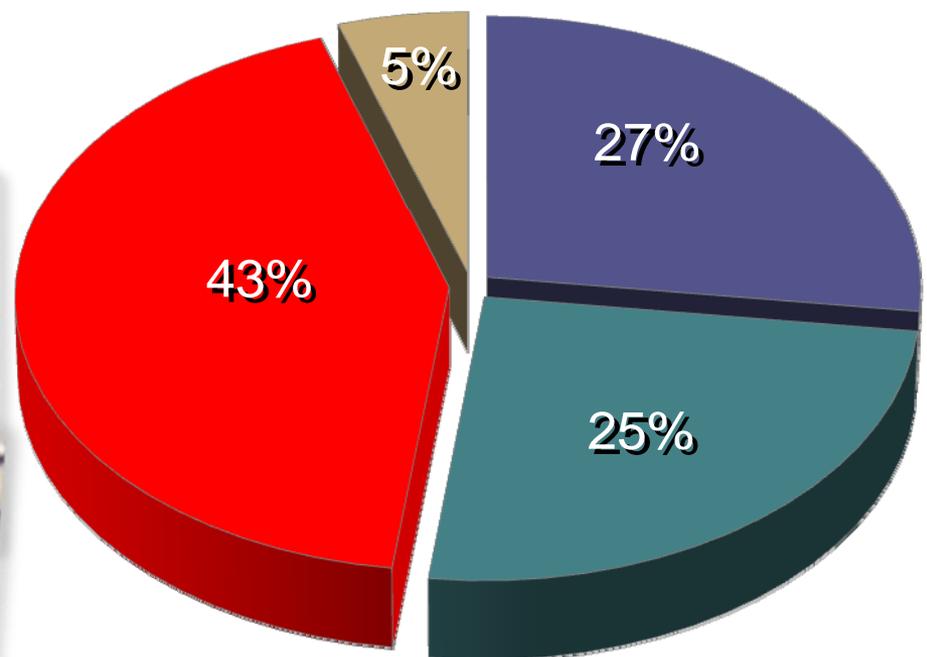




AAFES' Customers



11.6 Million Eligible Customers



- Active Duty
- Guard/Reserve
- Retiree
- Civilian/Other



Global Retailer



- \$9.7B Revenue
- 3100+ facilities
- Proprietary Credit Card
- Ice Cream and Bread Plants
- Worldwide Logistics Supply Chain
- Catalogs
- Online shopping

- 49 - US States
- 5 - U.S. Territories
- 30+ Countries
- 176 Main Stores
- 85 Contingency Stores
- 279 Shoppettes
- Over 5,000 Services & Vending
- 1729 Specialty Stores
 - Class Six
 - Box Office Video
 - Bookmark
- 197 Military Clothing Sales Stores

aafes.com
Click. Find. Save.

17 October 2008





Name Brand Fast Food & Signature Operations





Plant Operations





On-Line Shopping

aafes.com
Click. Find. Save.

NO SALES TAX
when you shop the Exchange Online Store, Exchange Catalog, or BX/PX (excludes online Mail purchases).



Log In and Shop

AAFES MISSION, NEWS AND MORE



SHOP BY DEPARTMENT

Shop by Department



SHOP BY CURRENT SPECIAL

Shop by Current Special



SHOP BY CATALOG

Shop by Catalog

Check inside for **ONE HOT PRICE** on these items:



one hot price



WEEKLY SWEEPSTAKES

Take advantage of our ongoing **FREE** Standard Shipping offers!

WEEKLY SWEEPSTAKES

Weekly SWEEPSTAKES

ENTER ONCE A DAY
FOR A CHANCE TO WIN AN
INCREDIBLE WEEKLY PRIZE!

SUPER DAILY SPECIAL



ONE DAY ONLY
CLICK HERE
SAVE BIG!

ONLINE SPECIALTY STORES

Specialty stores

Enjoy special offers
and **THOUSANDS**
of great values!

HELPFUL RESOURCES FOR MILITARY LIFE



U.S. ARMY
MWR

USAF SERVICES
Combat Support & Community Service



Industry Recognition

"18 of Top 100 Consumer Electronic Retailers" – Twice
Magazine Top 100 Report, May 2008

"2007 Sales Achievement Award" – Goody Products, March
2008

"41st of Top 100 Retailers" – SAP Top 100 Retailers, July 2008

"The 57th Biggest DFW Corporate Employers" - Dallas Morning
News, 2007

"28th of Top 500 Internet Retailer" – Dealerscope, March 2007

Multichannel Merchants (MCM) Awards Finalist 2008

"58th of the Top 50 Companies for Diversity" - Diversity Inc.
Magazine, 2007

"Top 10 Military Spouse Friendly Employers" – Military
Spouse, July/Aug 2007



AAFES Logistics

- ✓ Logistics Vision:

Provide best-in-class logistical support to our customers

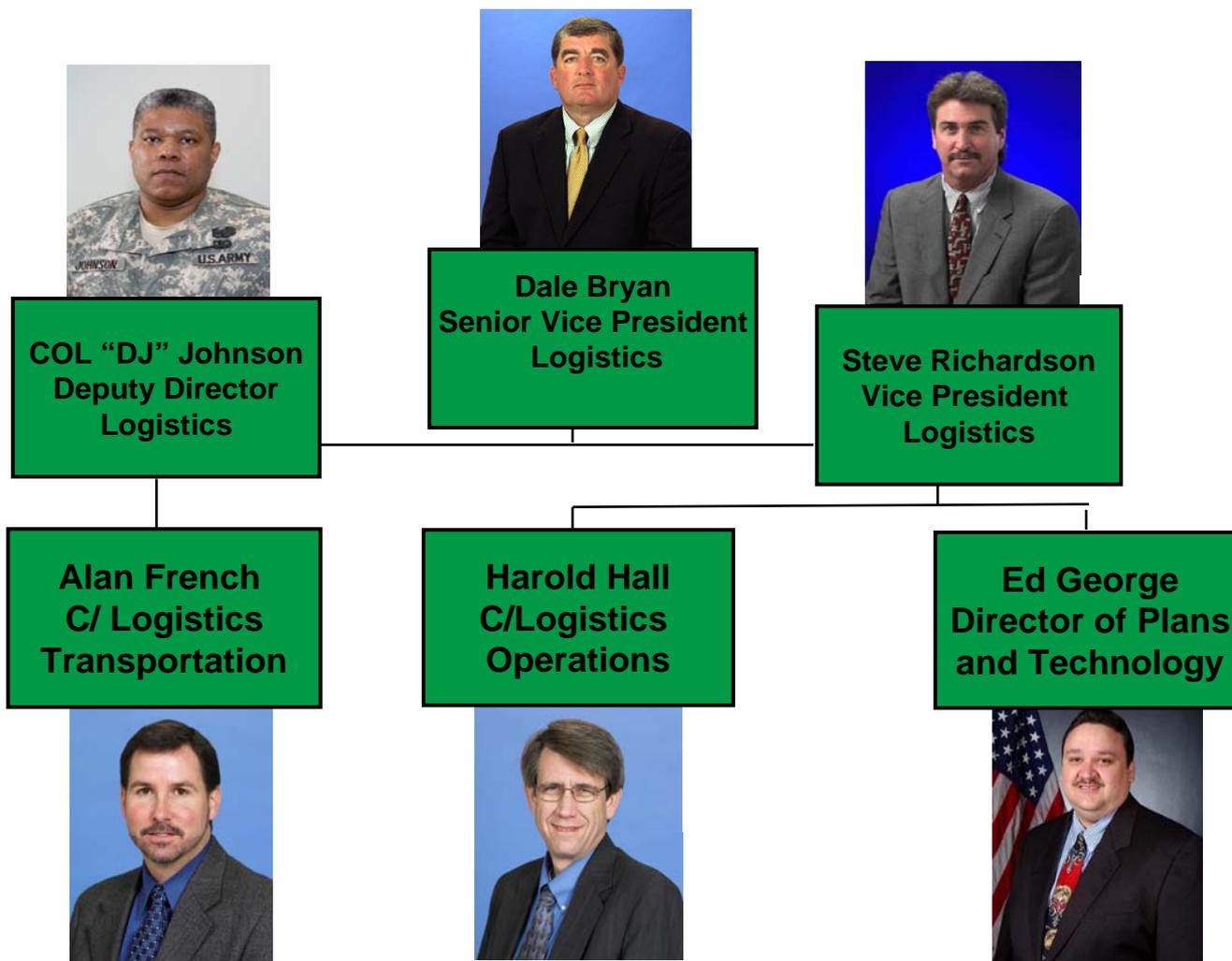
- ✓ Logistics Mission:

Provide effective and efficient logistics to our global customer base





Logistics Senior Leadership



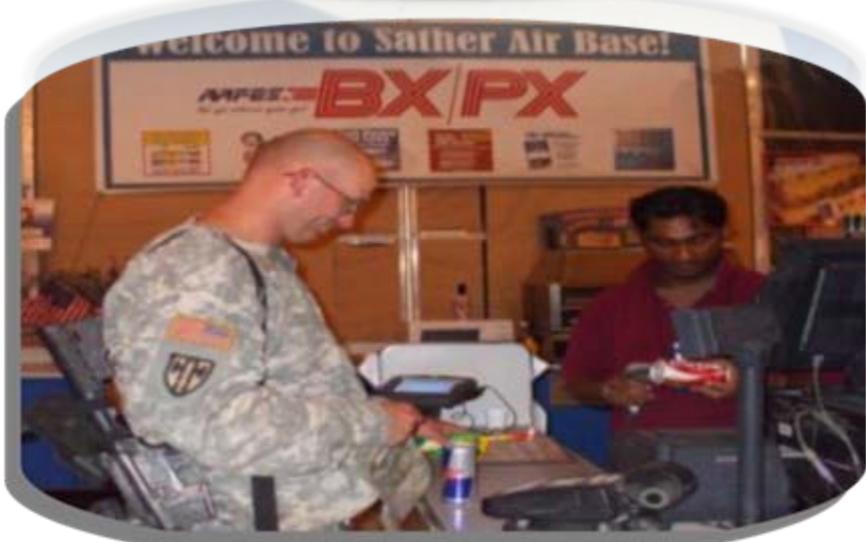


Logistics Directorate

- ✓ DC Operations
- ✓ Transportation
- ✓ Plans and Technology



Bottom Line: Right Place, Right Time





We Go Where Your Go!





Destiny is no matter of chance. It is a matter of choice: it is not a thing to be waited for, it is a thing to be achieved.

William Jennings Bryan



Logistics DC Operations Overview

*Harold Hall
Chief of Operations
AAFES Logistics*



Worldwide AAFES Distribution Centers



* Kuwait DCC is a deconsolidation center



CONUS Distribution Centers



Schedule for Closure 2010



OCONUS Distribution Centers



KOREA DC



JAPAN DC



**United
Kingdom DC**

Germany DC



OKINAWA DC



HAWAII DC

Puerto Rico DC



Kuwait DCC





Logistics Operations Best Practices

- ✓ Radio Frequency (RF) Technology
- ✓ Put to Light Order Fulfillment
- ✓ Cross Dock ASN Receiving
- ✓ 3rd Party Logistics

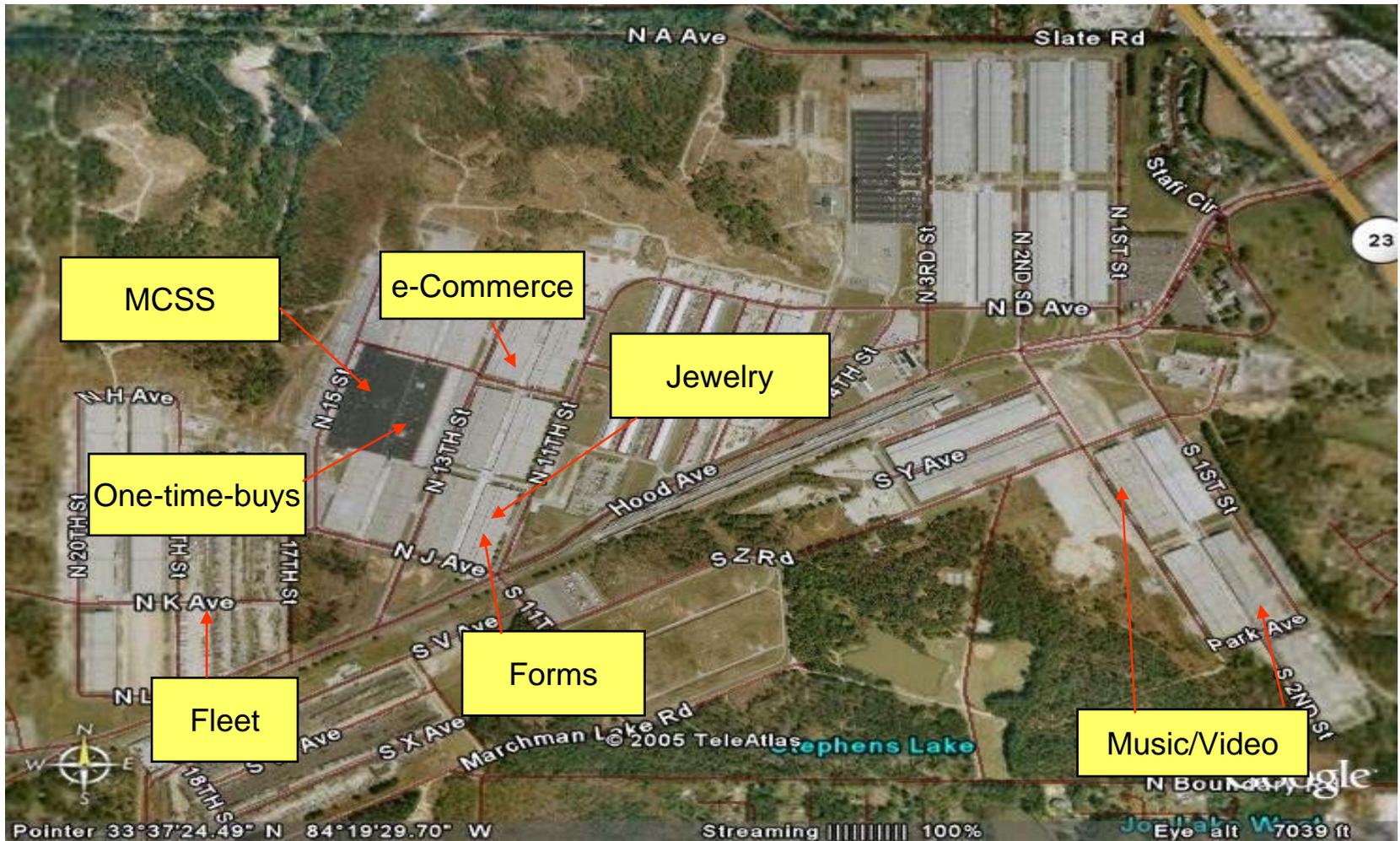


Logistics Operations Challenges

- ✓ Troop Re-stationing
- ✓ DC Realignment
 - Atlanta
 - Giessen
 - Korea

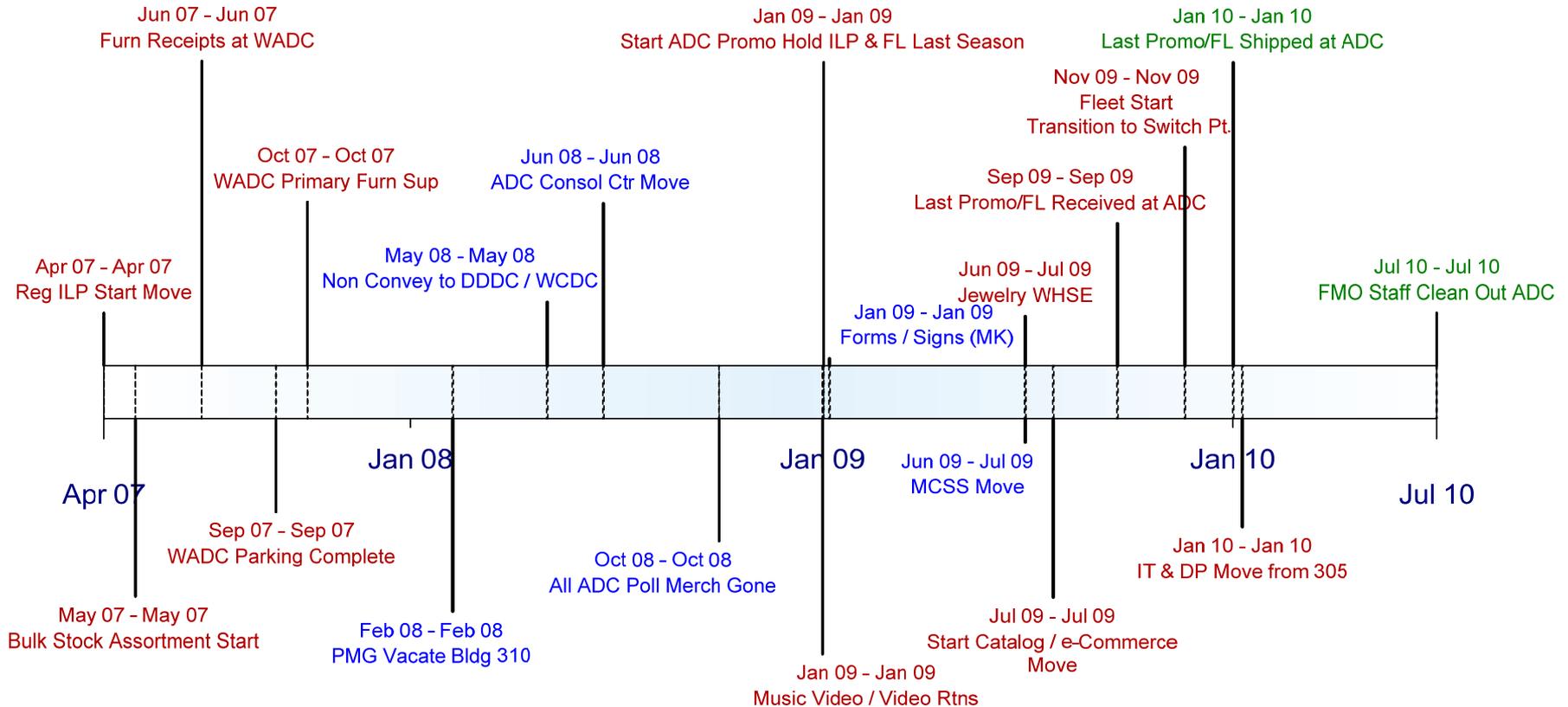


Atlanta Distribution Center





ATLANTA REALIGNMENT TIMELINE



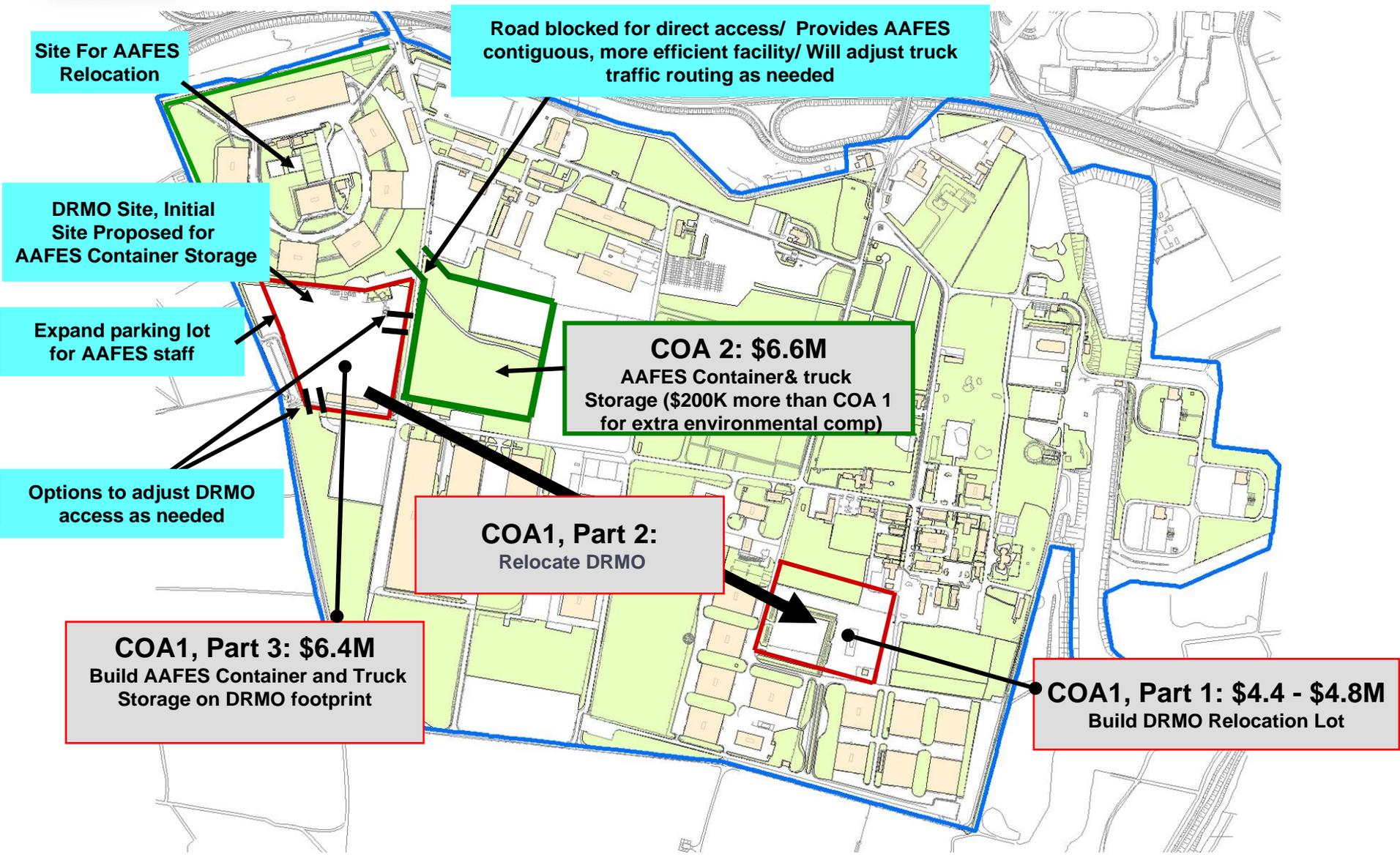


Giessen DC Relocation

- **AAFES hired consultant to evaluate Germersheim project Jan 07**
- **Planning Charrette conducted Nov 2007 with recommendations to IMCOM-Europe Jan 08**
- **1391 input to IMCOM for FY12 budget (\$20M)**
- **Design plan**
 - ➔ **382,000 Square feet**
 - ✓ **360,000 Dry Warehouse**
 - ✓ **22,000 Admin Space**
- **Plan move FY13/14**



AAFES Container/Truck Parking Costs





Korea DC Relocation

- KOM consultant firm was hired to evaluate and propose a new DC at Camp Humphreys in April 08
- KOM on site 10-16 April to conduct on site evaluation
- Initial design presented to AAFES April 08.
- Final drawings to include fixtures and mechanization presented Sep 08.
- New Design
 - ➔ 410,000 Square Feet
 - ✓ 305,000 Dry
 - ✓ 67,000 Freeze/chill
 - ✓ 38,000 Admin, PMG, Building & Fleet Maintenance
- Timeline: 2012/2013



Mobile Field Exchanges

Purpose

- Supporting Natural Disasters
- Troop Deployments

Infrastructure

- 9 Units
- Satellite Communication
- Coolers, Safe, Shelving
- 40K in merchandise at dispatch



Advantages

- Turn Key Operations
- 48 Hour Response Time

Results

- 143,000 troops supported
- 1.2M in Sales to date



Questions ?





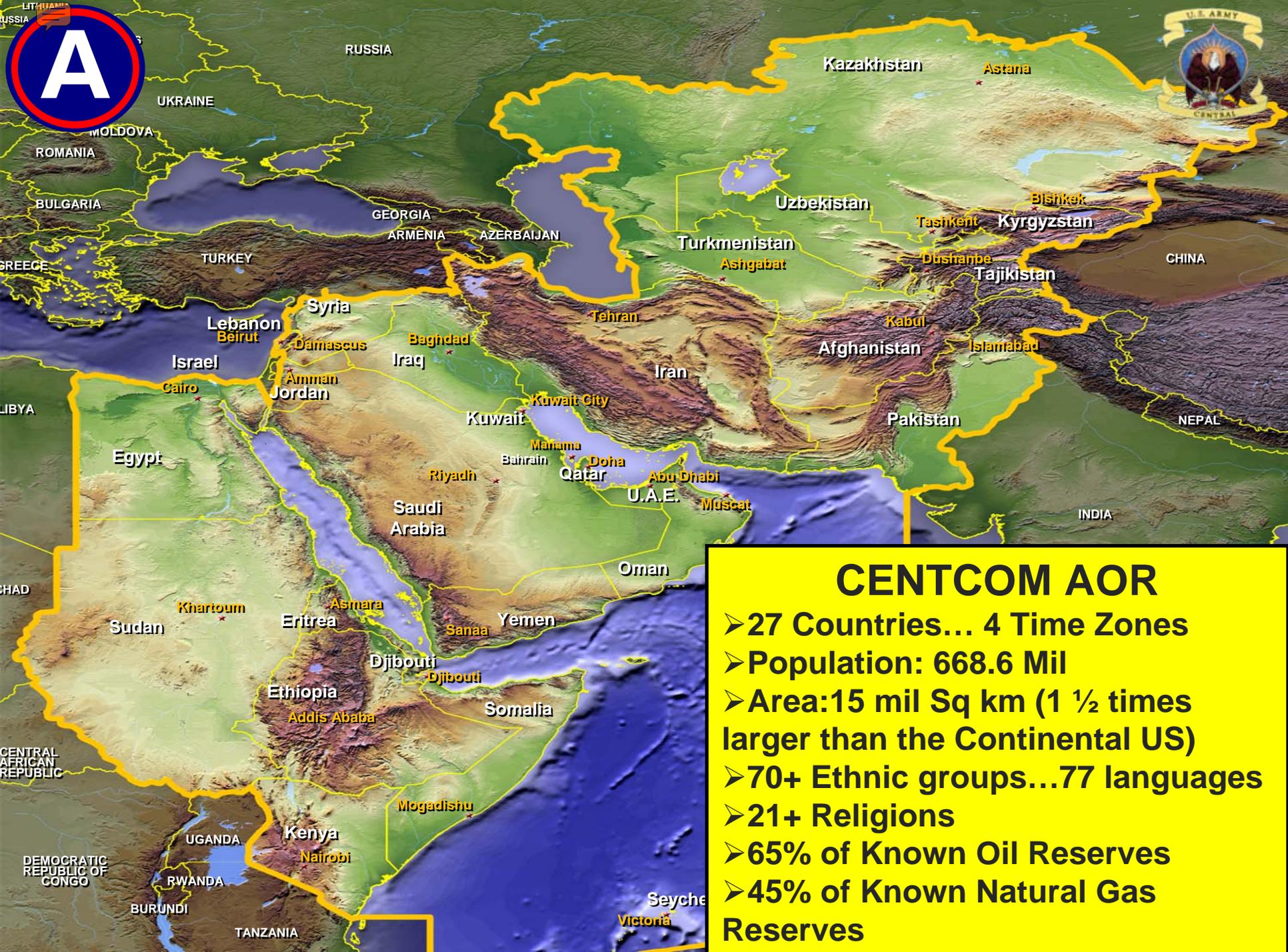
Welcome to the Hilton!!!





I should have joined the Navy!!!!





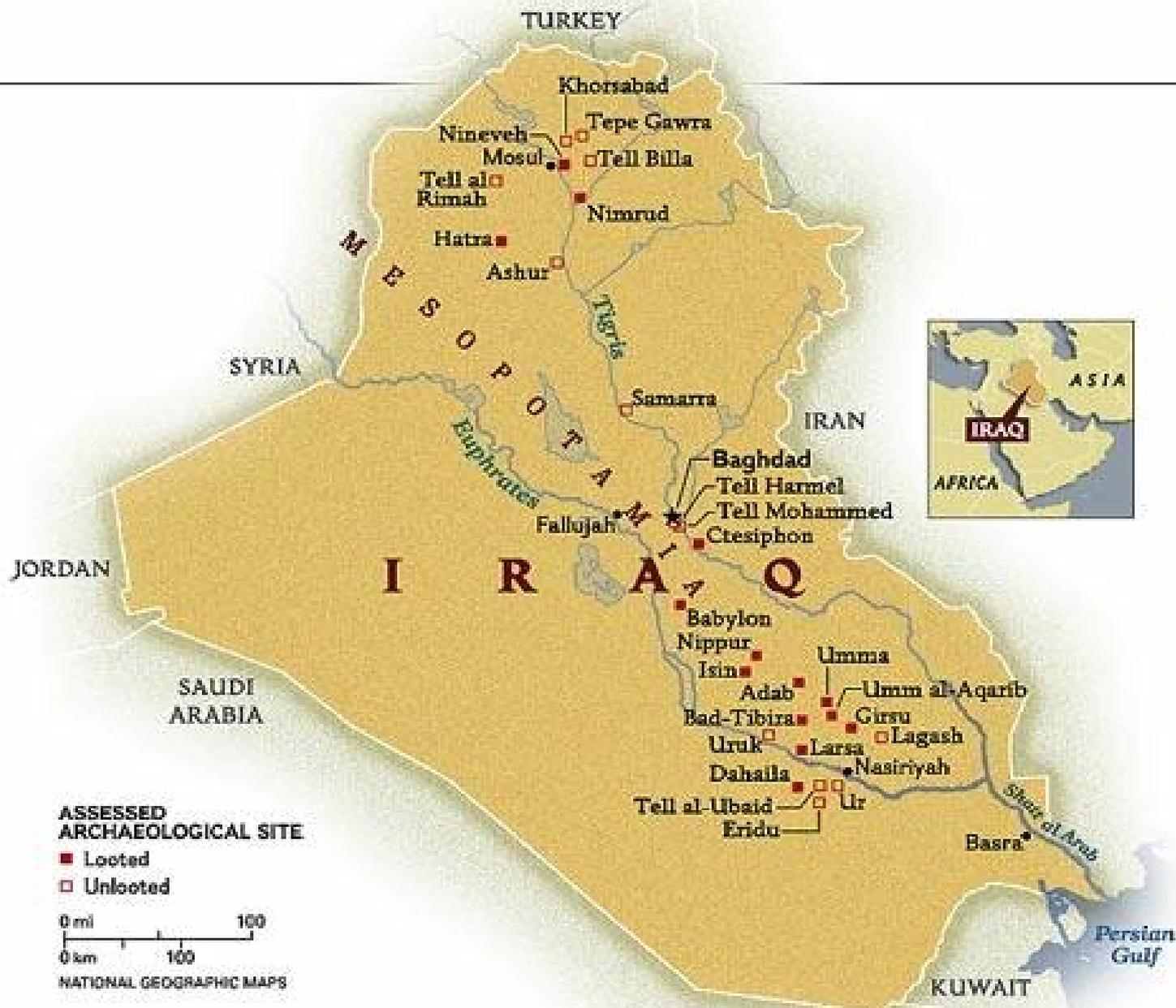
CENTCOM AOR

- 27 Countries... 4 Time Zones
- Population: 668.6 Mil
- Area: 15 mil Sq km (1 ½ times larger than the Continental US)
- 70+ Ethnic groups... 77 languages
- 21+ Religions
- 65% of Known Oil Reserves
- 45% of Known Natural Gas Reserves



US States Renamed for Countries with Similar GDP









**Abraham Born/Lives
In Ur**

2000 BCE

**Hammurapi Controls
Babylon**

1792 BCE

**Hittites SIEZE
Babylon**

1595 BCE

**Assyrians
Expand**

900 BCE

**Babylonians Defeat
Assyrians**

612 BCE

**Nebuchadnezzar
Capture Palestine**

600 BCE

**Cyrus Defeats
Babylonians**

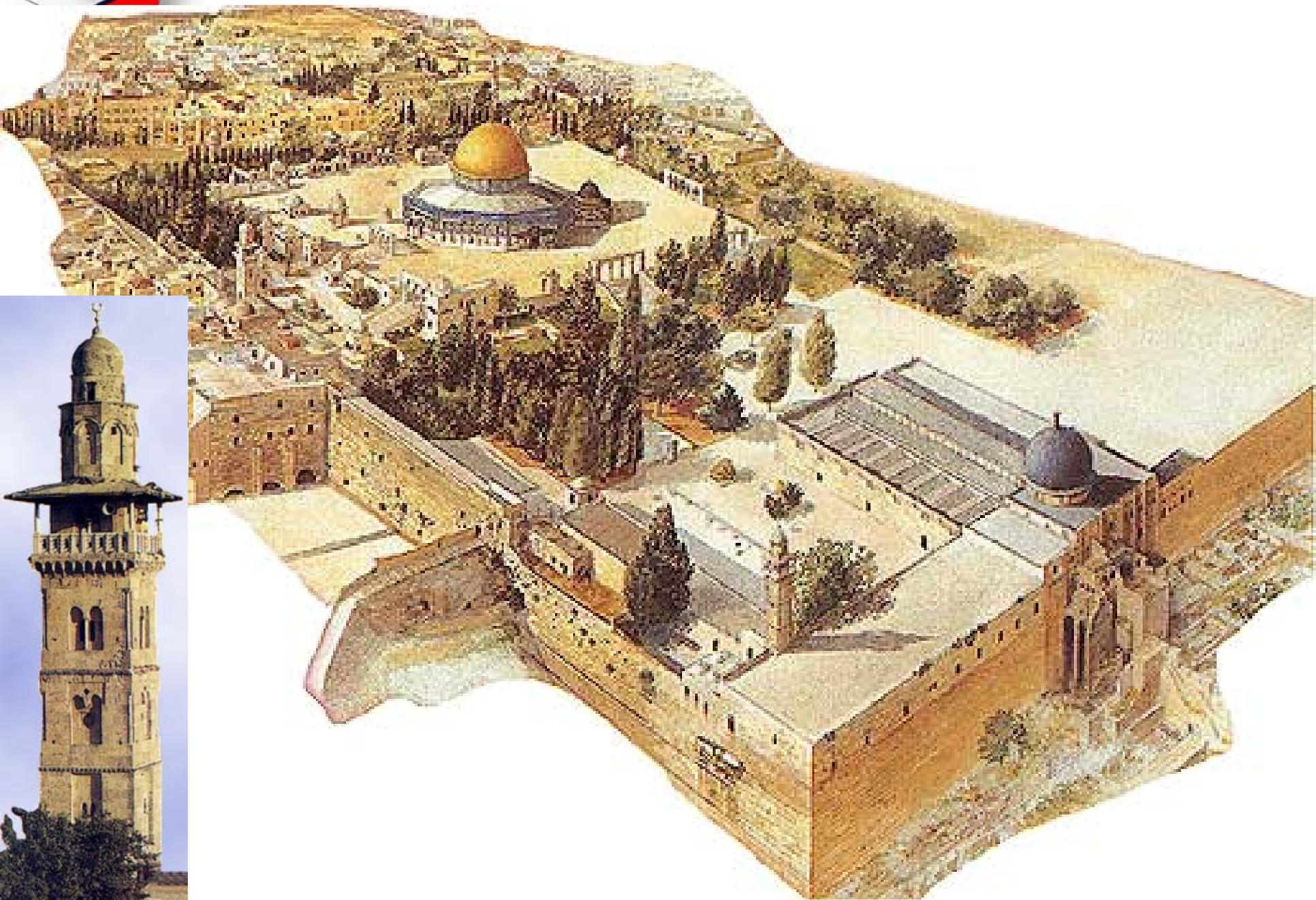
586 BCE

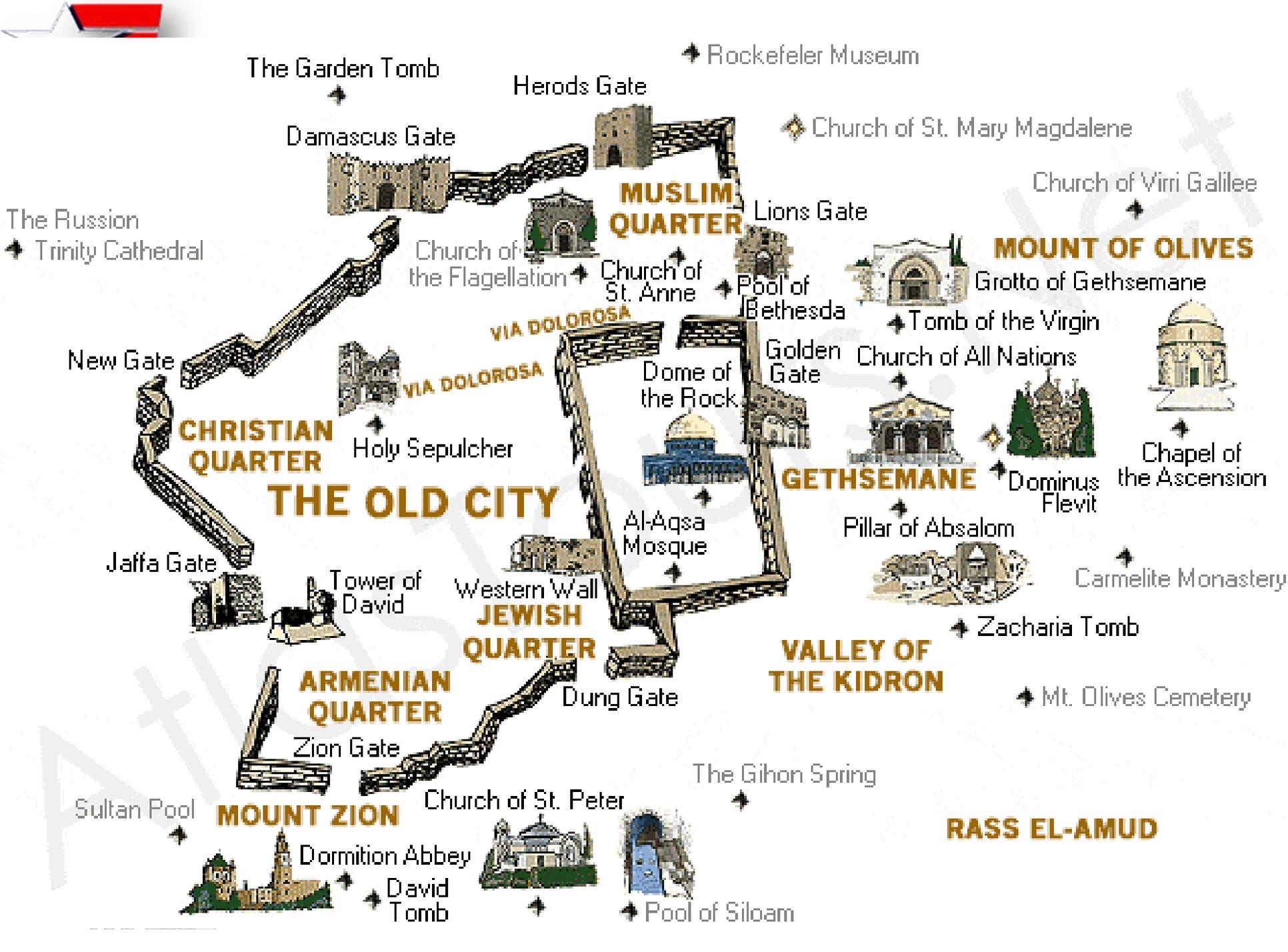
**Cyrus Conquers
Babylon**

539 BCE









The Garden Tomb

Rockefeller Museum

Herods Gate

Damascus Gate

Church of St. Mary Magdalene

The Russian
Trinity Cathedral

MUSLIM
QUARTER

Lions Gate

Church of Virri Galilee

Church of
the Flagellation

Church of
St. Anne

Pool of
Bethesda

MOUNT OF OLIVES

Grotto of Gethsemane

VIA DOLOROSA

Church of
St. Anne

Tomb of the Virgin

New Gate



VIA DOLOROSA

Dome of
the Rock

Golden
Gate

Church of All Nations

CHRISTIAN
QUARTER

Holy Sepulcher

Al-Aqsa
Mosque

GETHSEMANE



Chapel of
the Ascension

THE OLD CITY

Pillar of Absalom

Dominus
Flevit

Jaffa Gate

Tower of
David

Western Wall

JEWISH
QUARTER

VALLEY OF
THE KIDRON

Carmelite Monastery

Zacharia Tomb

ARMENIAN
QUARTER

Dung Gate

Mt. Olives Cemetery

Sultan Pool

MOUNT ZION

Church of St. Peter

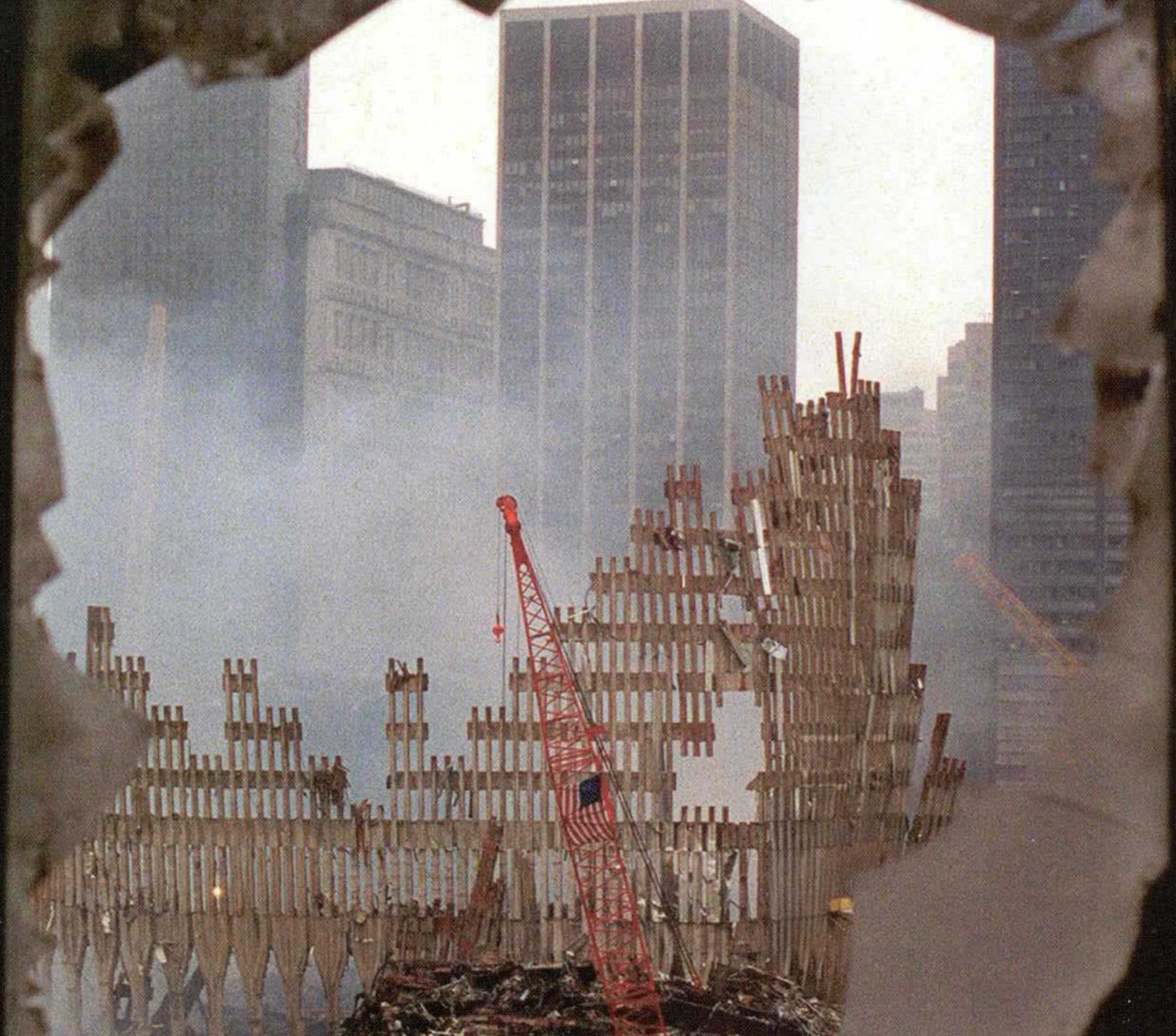
The Gihon Spring

RASS EL-AMUD

Dormition Abbey

David
Tomb

Pool of Siloam

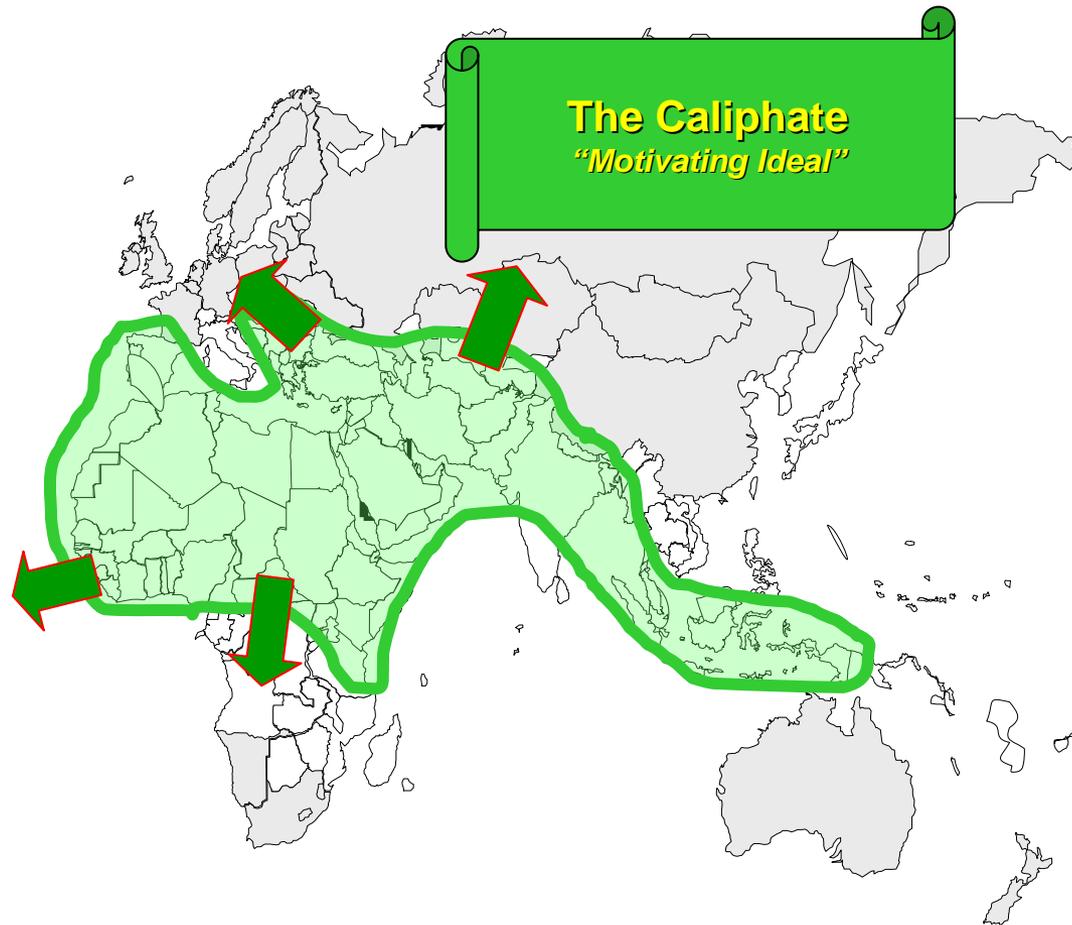


بشتر

الإفصاح

بشتر

بشتر





A DAY IN THE LIFE OF SUSTAINMENT

400 Convoys on the Road..2,500 Trucks...11 Days to Baghdad

700M of Meals Pushed

3M Gals of Fuel Delivered

3M Gals of Fuel Received

170M Supply Requisitions Processed

110K Cases of Bottled Water Pushed

3.4M Gals of Water Produced

3.7M Gals of Water Issued

Rotate 600,000 soldiers a year

200 CL IX (Parts) High Priority Pallets Offloaded

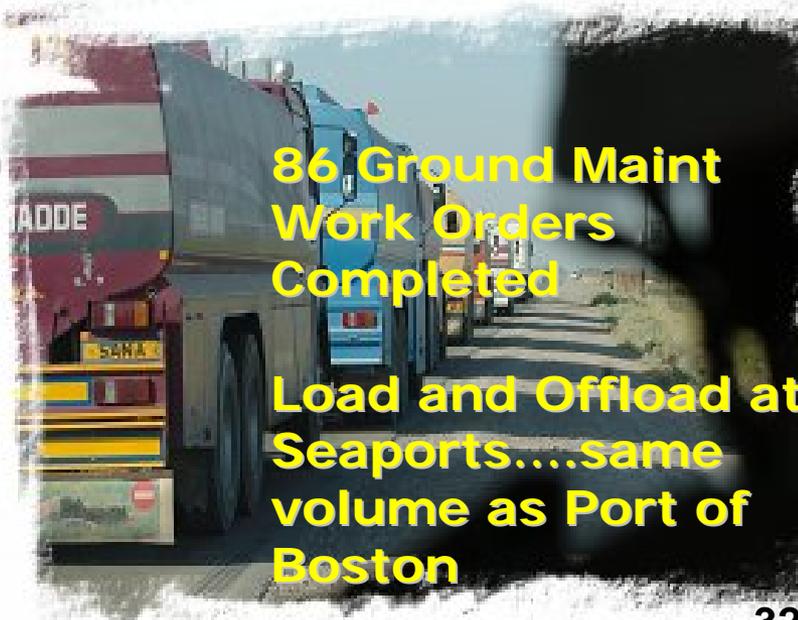
11 Aviation Maint Work Orders Completed

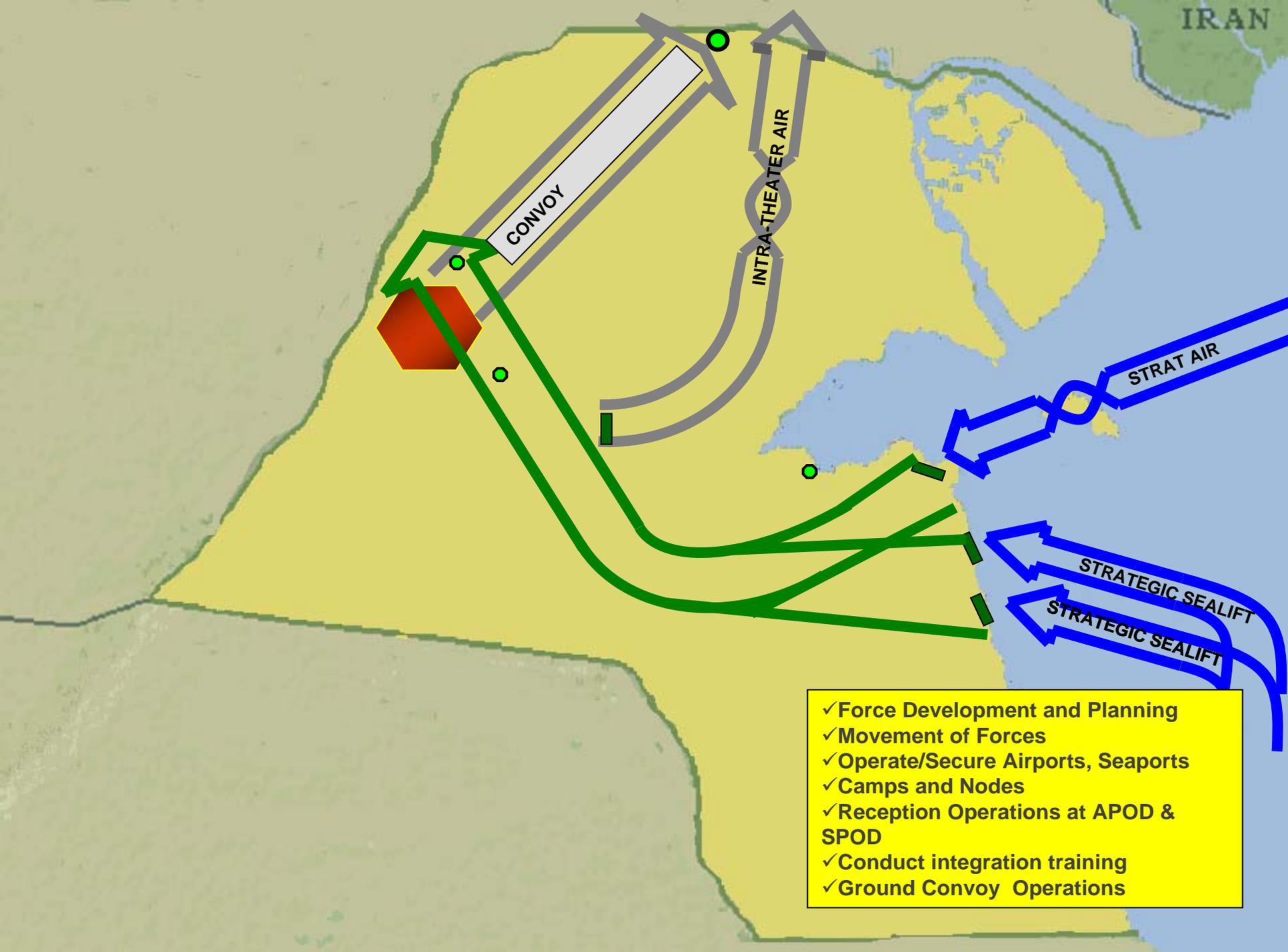
1MM rounds of Small arms ammo Issued...store 47M tons

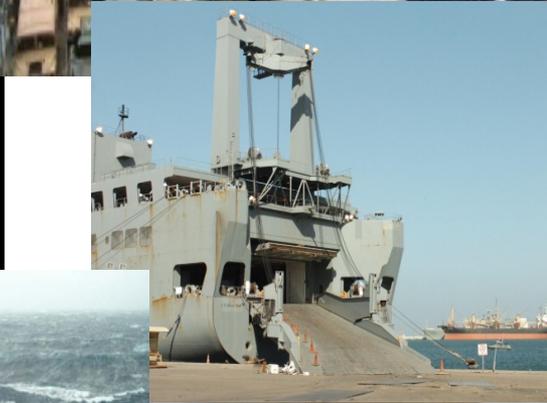
225 Gun Truck Missions

86 Ground Maint Work Orders Completed

Load and Offload at Seaports....same volume as Port of Boston

































UNITED STATES OF AMERICA







TP35



6 12:26



B5-3
FA
323T

DANG
ALCOY

M17 TRANSPORT

C-33

1A1-35

63









54786 / 111413-1
MFR: 030728

REMOVE

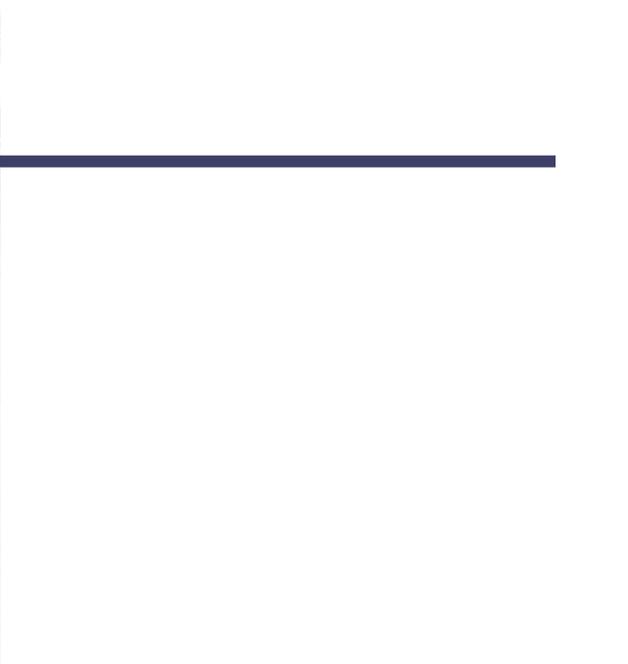


REMOVE







































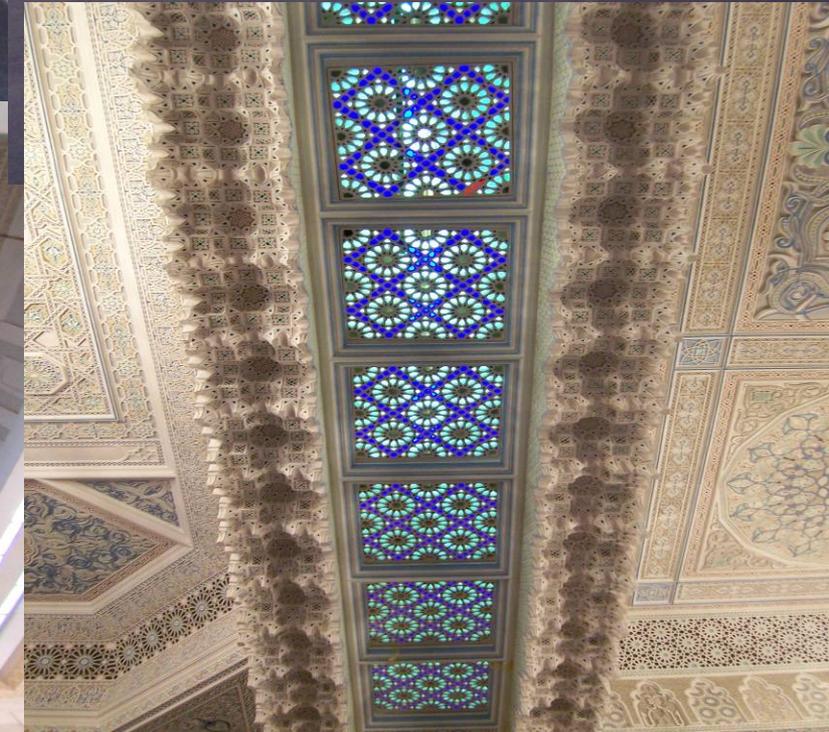
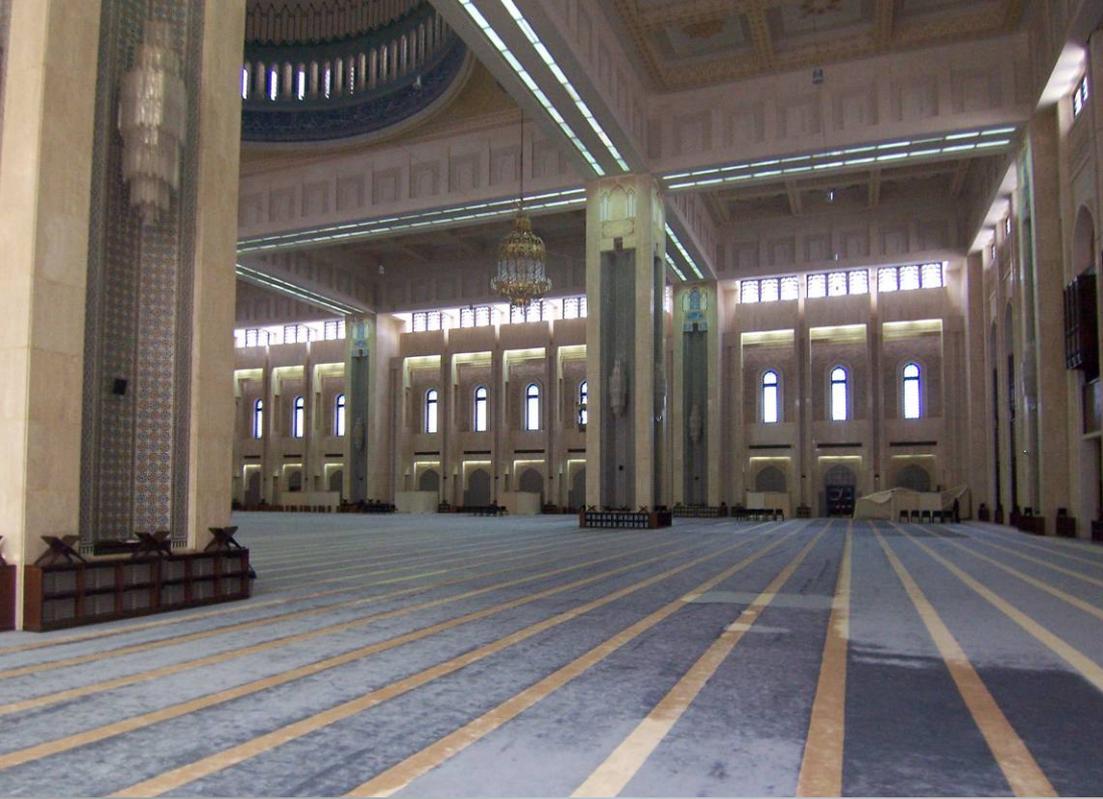
















THE ZIGGURAT IN 1934 CE





An Army at War... and More



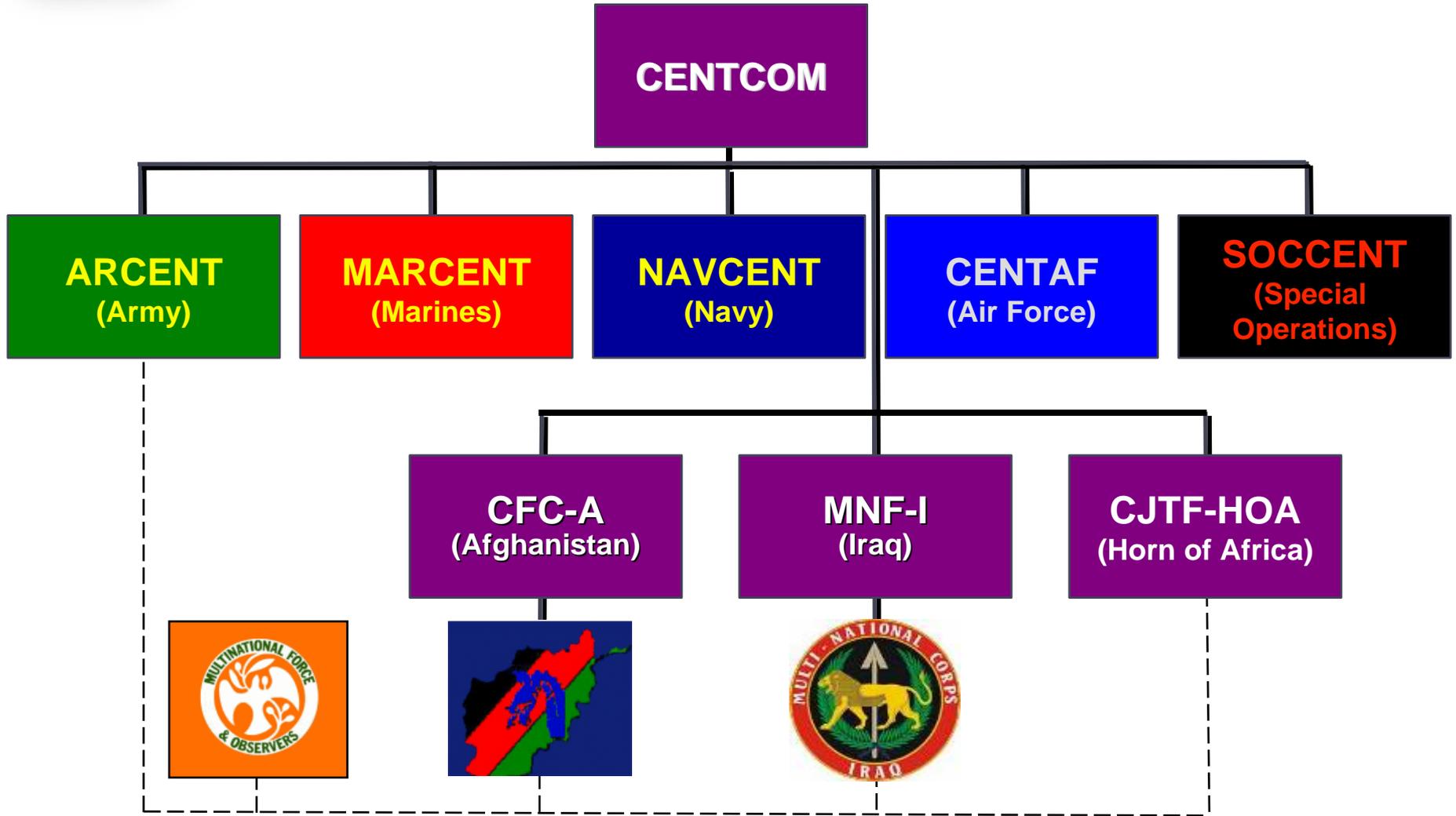
Our Army is at War...and keeping the Peace...and deterring aggression...and providing humanitarian assistance around the globe. Over 320,000 Soldiers are committed worldwide. It hasn't been easy, but we're working to make it better for you and still uphold our responsibilities to our Nation.







Command Relationships





The Foundation Stone







AAFES Transportation



Alan French
Chief AAFES Transportation Operations



Largest Peace Time Shipper in the Defense Transportation System



Transportation Costs (\$000,000)



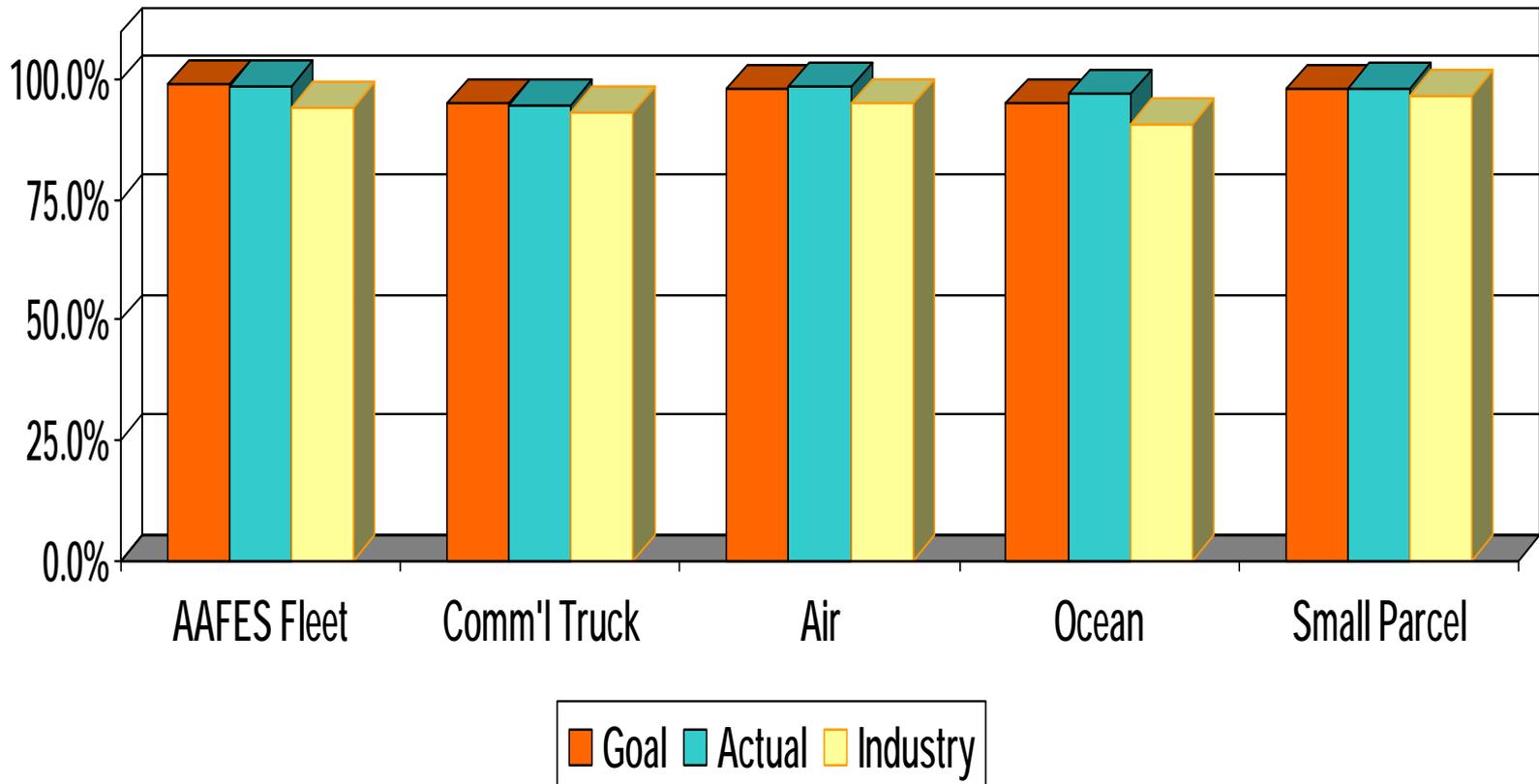
	<u>Actual</u>	<u>Budget</u>	<u>+/-</u>
NAF FY 2008	\$193.9*	\$196.3	-1.6%
APF (SDT) GFY 08	\$144.0*	\$138.6	3.9%
GWOT (SDT) GFY 08	<u>\$138.0*</u>	<u>-----</u>	<u>-----</u>
TOTAL	\$475.2*	\$472.9	.5%

*projected



On-Time Performance

On-Time Performance YTD





Negotiations & Compliance

✓ Valued Partnerships

- Trust
- Honesty
- Integrity

✓ Performance Management

- Clear Expectations
- Goal Oriented
- Rate Based

✓ Calculating Success

- Scorecards
- Key Metrics
- Reduced Expenses
- Increased Revenue

✓ Moving Forward

- Quarterly Reviews
- Sharing in Success
- Collaboration





Fleet Assets

- 83rd Largest Private Fleet *
- Equipment
 - ◆ 379 Tractors
 - ◆ 1,773 Trailers
 - ➔ 1,597 dry; 176 reefer
- 21.1 Million miles driven worldwide in FY07
- 1.4 Accidents per million miles driven
 - ◆ Industry average is 4.0 accidents per million miles
- Recognized **Higinio Ortiz DOTY (1994 & 2007)**
 - ◆ AAFES first **4 Million Mile Driver**

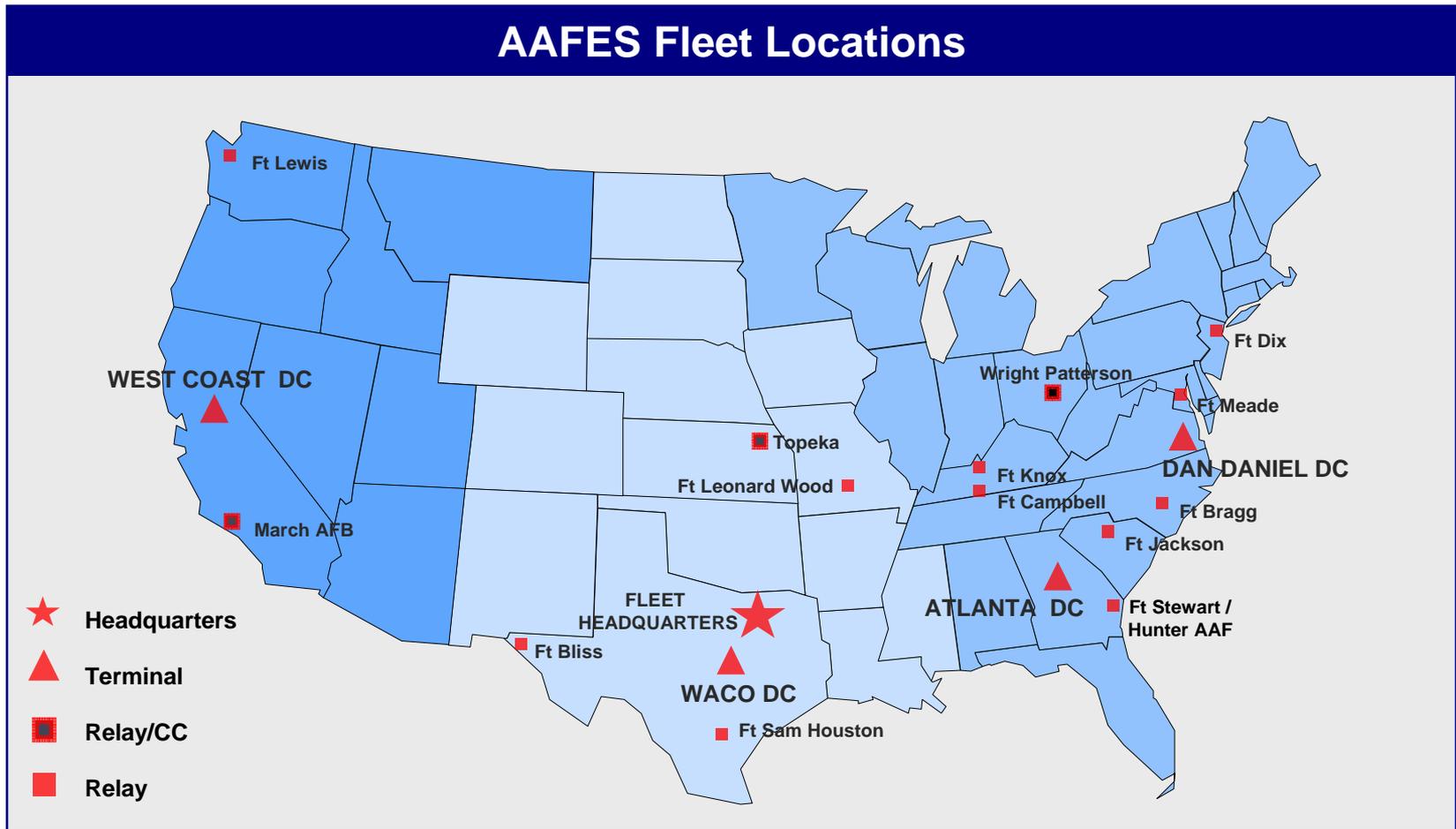


* Transport Topics



CoNUS Network

Location of AAFES CONUS Terminals and Relays

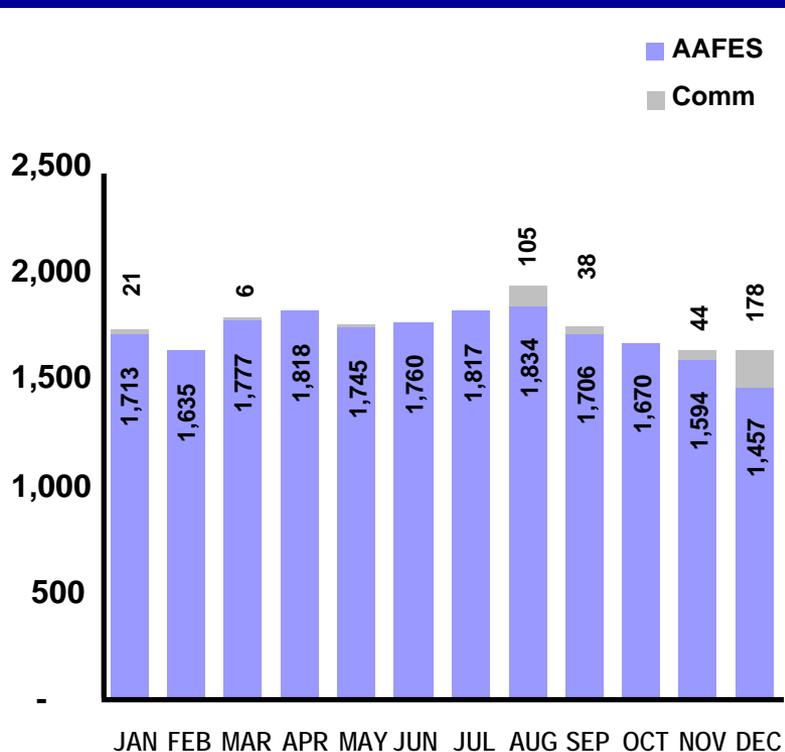




Fleet Optimization

With 26 additional drivers, cover 98.9% of all delivery dispatches

Projected AAFES Coverage



AAFES vs Commercial

- Adding driver capacity to cover 320 additional dispatches per month:
 - 98.9% AAFES overall
- 26 additional drivers will be needed to cover the additional dispatches
- AAFES drivers provide a higher level of service to our customers
 - Installation access
 - In-Cab communication
 - Flexibility
 - Supply Chain Visibility



Impact

Decrease transportation costs; increase service levels

Approved Recommendations

- Increase CONUS drivers 12%
 - 26 additional drivers
 - Personnel costs included in AAFES CPM
- Purchase 26 new tractors for additional drivers: \$2.4M
 - Atlanta DC may provide tractors instead of purchasing
 - Depreciation included in cost-per-mile
- Increased fleet cost over project life: \$14.6M
- Cost avoided over project life: \$16.8M
- Total cost avoidance over project life: \$2.2M
- **Minimum expected ROI from new investment: 15.00%**



Planning for the Future

Project Implementation Strategy

How do we get there?

Atlanta DC Closure

- As Atlanta closes, some drivers and excess equipment from the terminal can be repositioned

- Phase in new drivers over four years
 - Add 25% of the total addition to the workforce each year
 - Increase of \$1.6M per year over project life
 - Personnel cost, equipment and depreciation

- Perform Fleet Optimization Study annually
 - Ensures the fleet's direction matches LG's network as it transforms
 - Analytics completed



TMS Economic Value & Benefits

- ✓ Proven savings of 10.7% on inbound freight costs
- ✓ Increased visibility of shipments
- ✓ Better vendor control
- ✓ Better carrier control
- ✓ Real-time reporting capabilities
 - ➔ Allows AAFES to see what vendor has and has not released
 - ➔ Po's that have been released 48 hours or less





Current TMS Statistics

- ✓ Overall TMS savings since 2005 - \$2.1 M
- ✓ Over 2,300 vendor codes
- ✓ Average 34,000 shipments per month through TMS
- ✓ Average monthly savings for 2008 is \$135,900

Army Air Force Exchange Service TMS System - Microsoft Internet Explorer provided by AAFES IE 6 SP1 Build 1.2

File Edit View Favorites Tools Help

Address <http://tms.aafes.com/scripts/WebObjects.dll/ShipperView.woa/7017/wco/WKOGDeOBwIntzb1F8NGQ/0.5.0>

Refresh Close Prev Next Vendor Bill of Lading

Edit Shipment

Current Status: Tendered Last Action: Tender Confirmed

Send revision notifications. Include Message

To:

- Matson Integrated Logistics (Carrier)
- AAFES (Shipper HQ)
- AMERICAN TEXTILE COMPANY (Ship From)
- AAFES W COAST DC (WCDC) (Ship To)
- WCDC W COAST DC (Mark For)

Shipper Reference: AAFES-00000000001272 Number: PO #: 0010906577

Hazard Code: Hazard Remarks:

Ship From: 0043374730000 AMERICAN TEXTILE COMPANY
10 NORTH LINDEN STREET
DUQUESNE, PA 15110
Contact: Lisa Seybert
Email: LSEYBERT@AMERICANTEXTILE.COM
Fax: 4129481003

Ship To: 1059966 AAFES W COAST DC (WCDC)
BLDG 550 700 E ROTH RD
SHARPE ARMY DEPOT
FRENCH CAMP, CA 95231 US

Bill To: Mark For: 1059966
WCDC W COAST DC
BLDG 550-A XDK/ILP
700 E ROTH RD SHARPE ARMY DPT
FRENCH CAMP, CA 95231 US

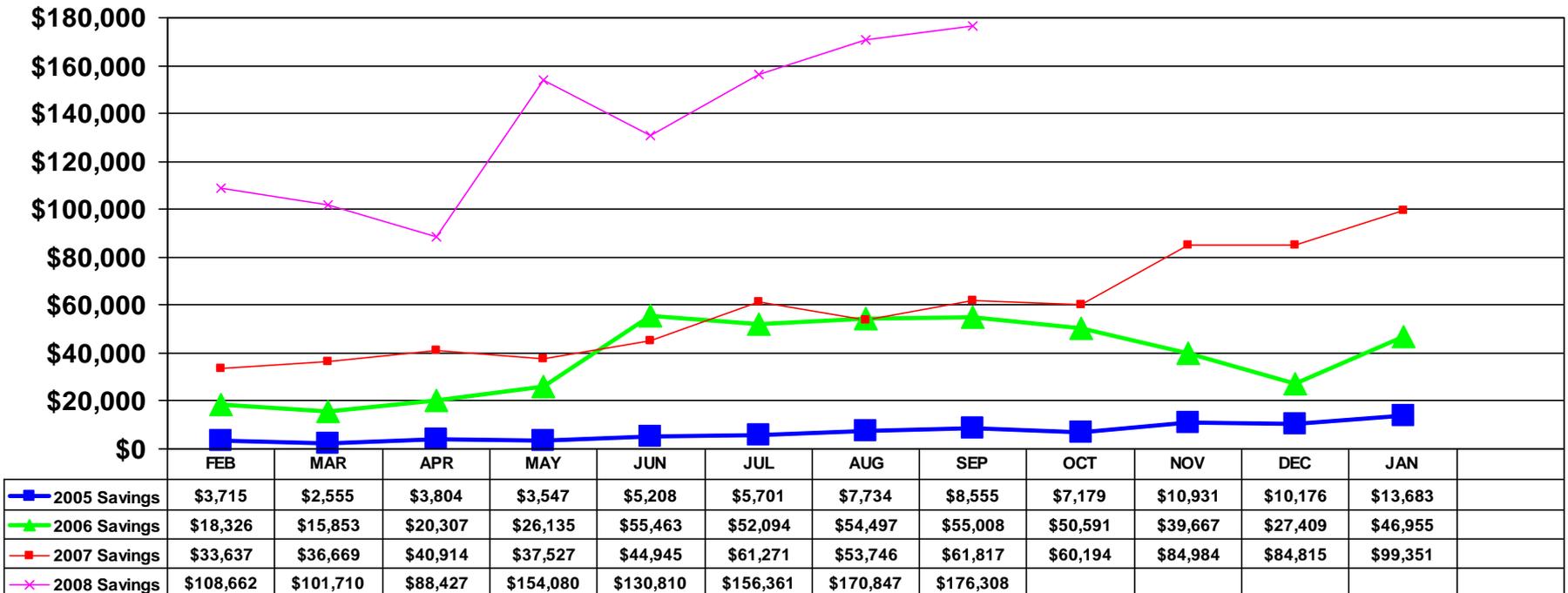
Done Local intranet

start 12:00 10:1 J... 4 M... CF... W 2 M... Microsoft Office Microsoft Office Tools 1:25 PM



Transportation Management System

Savings per month through Optimization





Import Program

- ✓ June 2007- contracted with APL Logistics as sole provider
 - Ocean transportation
 - Consolidation
 - Air transportation
 - Customs brokerage



Contract Savings Since Inception
\$4.8M



Import Capabilities

Supply Chain Management: network design & optimization, solutions engineering, lead logistics manager

IT Solutions: visibility, connectivity, monitoring, exception management, analytics



Supplier & Vendor Management



Consolidation



International Ocean/
Air Transportation



Document Delivery



Deconsolidation Distribution



Domestic Multi-Modal Transportation



Warehousing & DC's



Delivery to Point-of-Sale

Origin Services/ Export Management

- Consolidation
- MCC
- P.O. management
- Vendor mgmt.
- Quality assurance
- Packaging/Labeling
- GOH
- VMI
- Carrier arrangements
- Documentation

Destination Services Import Management

- Customs house brokerage
- Deconsolidation
- DC Bypass
- Local transportation

International Freight Management

- Ocean LCL/FCL
- Airfreight management

Domestic Freight Management

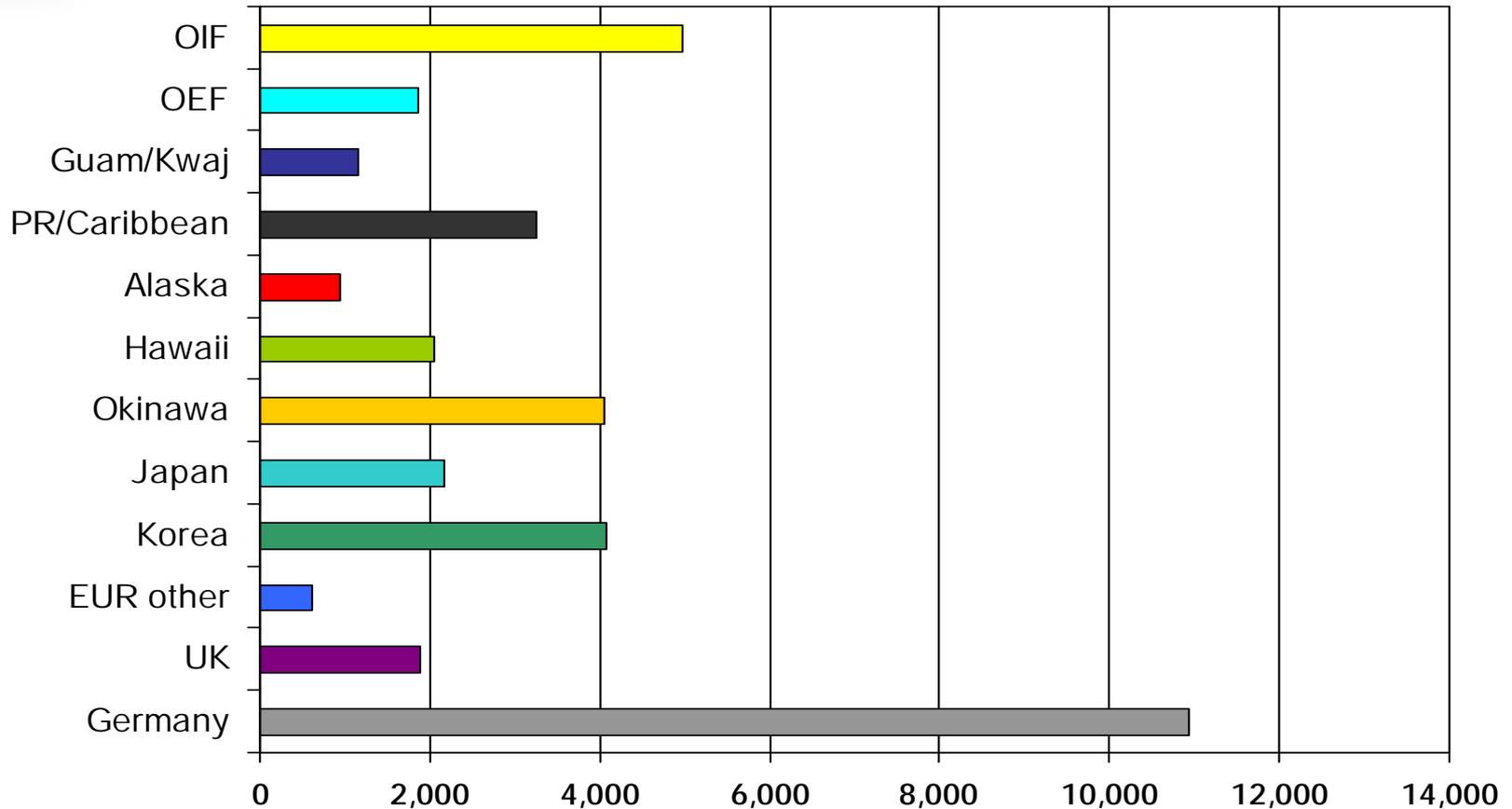
- Inter-modal transport
- Truck and rail services
- Dedicated contract carriage
- Route design
- Carrier negotiations
- Freight payment/audit

Warehouse/ D.C. Management

- Facility design
- Store/Pick/Pack/Ship
- Inspection/Configuration
- Cross docking
- Packaging/Labeling
- VMI
- Kitting
- Sequencing
- Light sub-assembly
- JIT pickup/deliver
- Returns management



Export Program GFY08

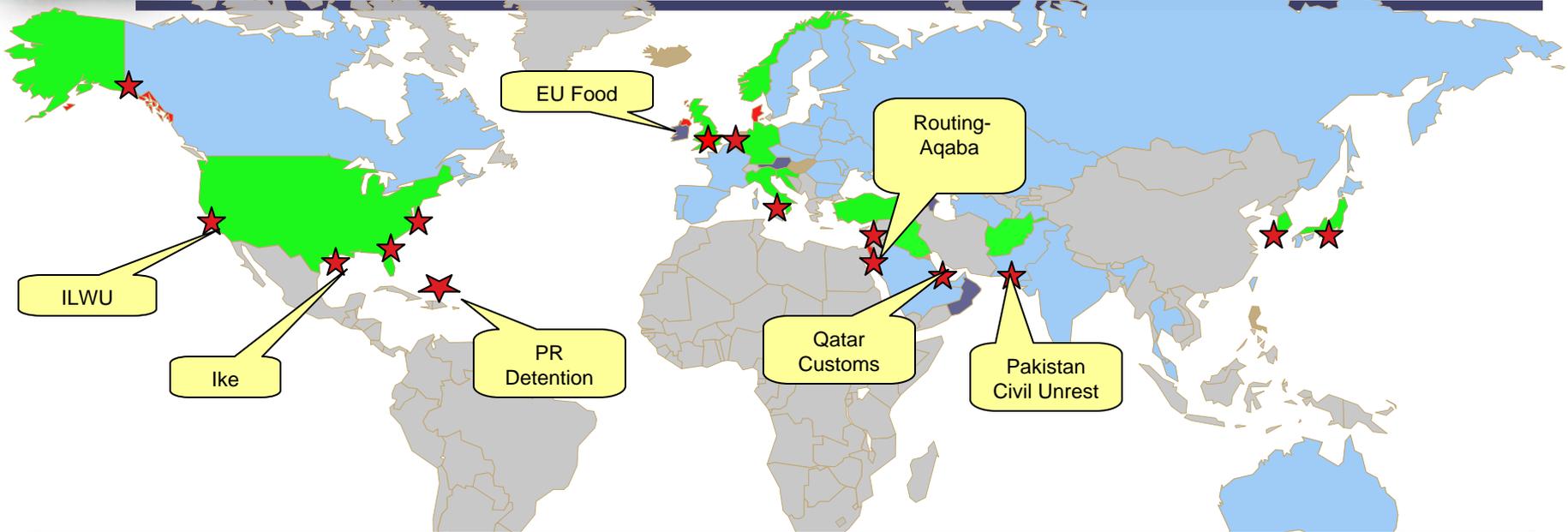


- ✓ 38,015 containers shipped worldwide.
- ✓ 66% Direct booking
- ✓ 67th largest exporter in the U.S. (Journal of Commerce, May 2008)





Transportation Issues



Region	Movement	Remarks
West Coast	●	Union Contract Negotiation
Gulf of Mexico	●	Hurricane Ike
East Coast	●	
Europe	●	EU Food Health Certificates
Pacific	●	
Mediterranean	●	
SWA	●	Pakistan Unrest/ routing to Aqaba/Qatar Customs delays
Alaska	●	
Hawaii	●	
Caribbean	●	Increased container detention in Puerto Rico due to store closures.

Jordan Routing

TURKEY

IRAN

SAUDI ARABIA

KUWAIT City

UNCLASSIFIED

KDCC

KUWAIT



- DDDC / GDC support Western and Central Iraq Camps
- Convoys are escorted through a mix of military and Private security
- Total containers shipped through Jordan - 1732

- Agility operating Jordan trans-ship point
- Average lead-time to West Camps – 45 Days
- Average lead-time to Baghdad Camps – 47 Days
- Total shipments West - 773
- Total shipments Baghdad - 959
- Total Cost Avoidance-\$10.2 mil



Iraq Support Issues (via Jordan)

- ✓ Inconsistent Lead time
 - Feeder delays
 - Re-routes (Port Skipping)
- ✓ New Routing
 - Four additional Days Transit
 - Needed Consistency
- ✓ Route Closures Through mid-October
 - Estimate Openings One Day per Week
 - Instructed Agility to have Loads Ready

Logistics Structure Afghanistan



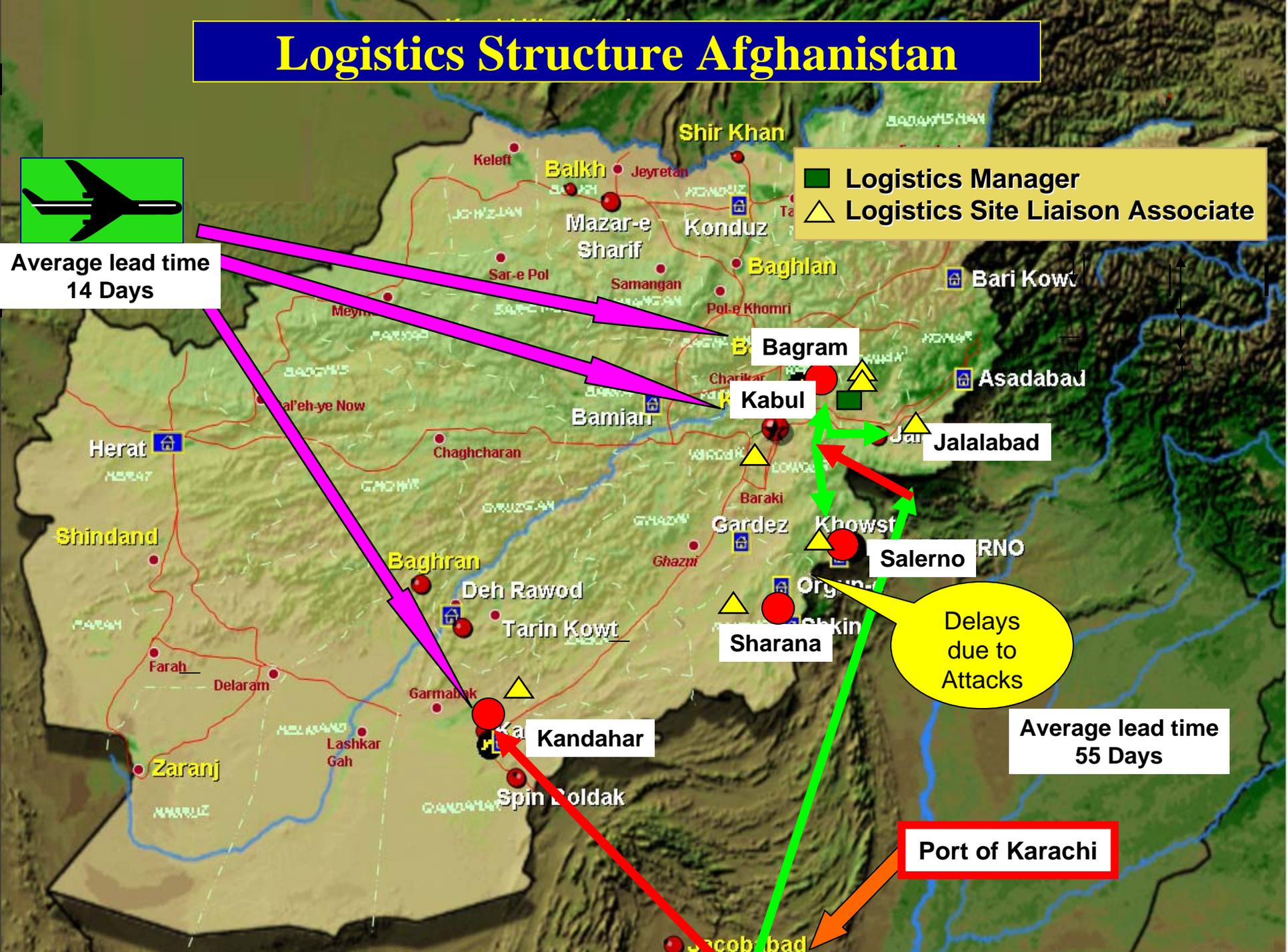
- Logistics Manager
- △ Logistics Site Liaison Associate

Average lead time
14 Days

Average lead time
55 Days

Delays due to Attacks

Port of Karachi



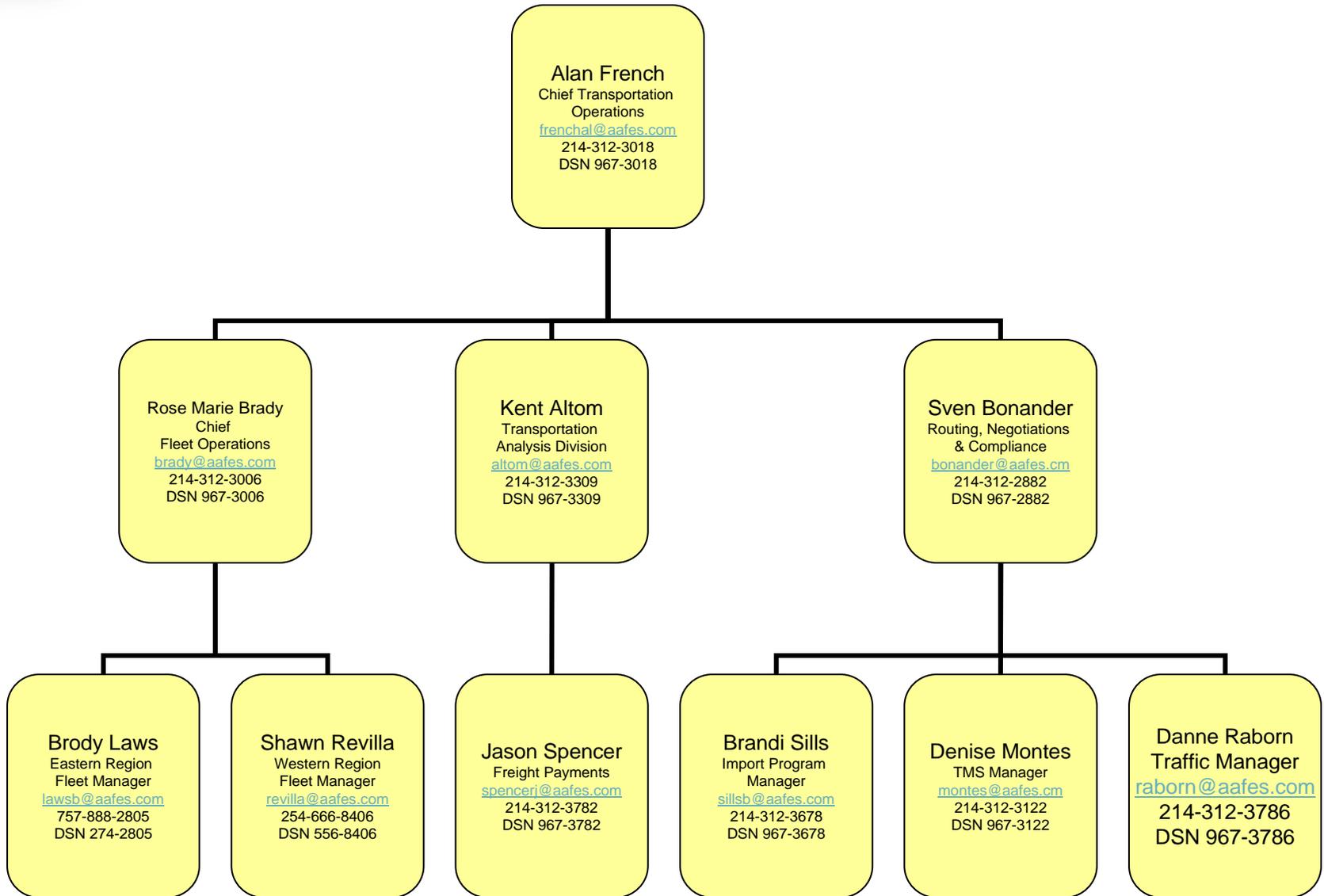


Afghanistan Support Issues

- ✓ Continuing Civil Unrest in Pakistan
- ✓ Increasing Attacks on Supply Lines
- ✓ Salerno - Hot Spot
 - Carriers are unable to consistently make deliveries
 - Delayed Deliveries by up to 4-6 weeks
- ✓ Pilferage
 - Significant Reductions for the Past 9 Months
 - Continuing GPS Test
- ✓ Twenty Four Containers in Detention



Transportation Key POCs





Leading the Way

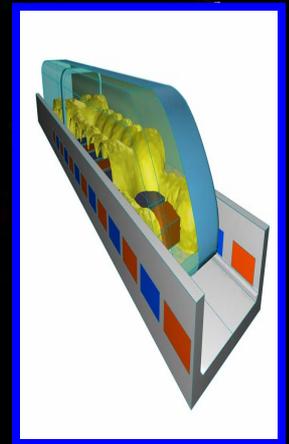




Logistics Strategies Overview

Ed George
Director Plans and Technology
AAFES Logistics

The Evolution of Transportation





AAFES Logistics Strategies

- ✓ Strategic Plan for AAFES Logistics
 - ➔ Pursue cooperative efforts
 - ➔ Develop and/or recruit for future leadership
 - ➔ Integrate/upgrade Supply Chain technologies
 - ➔ Pursue strategic partnership opportunities with both internal and external supply chain partners
 - ➔ Leverage the supply chain to regulate costs
 - ➔ Pursue Energy and Waste Stream Efficiency Initiatives



"A fundamental rule in technology says that whatever can be done will be done"

Andrew Grove



Technology
Joe Mcdougal



Voice Technology Project

- ✓ Project initiated to utilize voice technology warehousing solutions within LG CONUS Distribution Centers (DCs)
 - ➔ Voice Technology Benefits:
 - ❑ Lower cost per issue
 - ❑ Increased accuracy rates
 - ❑ Decrease in safety incidents
 - ❑ Decrease in training times
 - ❑ Improvements to associate satisfaction
 - ➔ Contract Award – Sept/Oct 08
 - ❑ Begin Implementation at Dan Daniel Distribution Center (DDDC)
 - ❑ Estimated 1st Quarter 09





Transportation Management System

- ✓ Add outbound shipment optimization functionality to existing Transportation Management System (TMS)
 - ➔ Benefits:
 - ❑ Reduce outbound freight costs from 5% to 10 %
 - ❑ Increased utilization of AAFES fleet assets
 - ❑ Allow AAFES to incorporate outbound movement with inbound freight movements
 - ❑ Provide visibility of shipments leaving the distribution centers to customers
 - ❑ Reduction of empty miles driven by fleet
 - ❑ Development of metrics to measure cube utilization
 - ❑ Reduce fleet maintenance costs
 - ❑ Provide savings in fuel consumption/cost
 - ➔ Implementation of TMS Outbound solution is dependent on rollout/implementation of new WMS suite at CONUS DCs.



Supply Chain Visibility

- ✓ Provide total visibility for re-sale items, supplies and equipment moving within the supply chain; from vendor ship point to final consignee
 - ➔ System characteristics
 - ❑ Centralize data from multi platform, legacy systems
 - ❑ Web-based application
 - ❑ Reporting tools for customize reports
 - ❑ Link to others corporate systems
 - ➔ Approaches
 - ❑ Phase implementation
 - ❖ Internal corporate data – Completed
 - ❖ External partner interface – Designing
 - ➔ On going due to transformation of supply chain applications



WMS Project

- ✓ Replace current end of life cycle legacy systems (WMS and WLS).
 - Functional Requirements:
 - ❑ A single system to control all warehouse operations
 - ❑ Uniform procedures for order control and fulfillment
 - ❑ Support ASN and RF technology throughout the enterprise
 - ❑ Support discrete labor standards and productivity management
 - ❑ Support yard management and appointment scheduling
 - ❑ Support warehouse planning and layout for seasonal shifts in merchandise demand



WMS Project Benefits

- ✓ Increased personnel efficiency
 - The automated processes within the WMS will result in increased efficiency lowering personnel cost to issues by 10%
- ✓ Decrease inventory cycle time
 - Automation will result in a reduction of 2 days in inventory cycle time
- ✓ Increase capability and flow through
 - Improved capability to handle multiple item types without multiple CRC's
 - Use of multi-level UPC's directly relates to store shelf selling units

What's In The Logo





"Our choices at all levels—individual, community, corporate and government—affect nature. And they affect us"

— *David Suzuki, [Suzuki Foundation](#)*



Sustainability
Laura Mendoza



Ecological Sustainability

- ✓ The Logistics Directorate is designing initiatives that will:
 - Support environmentally sound business processes
 - Deliver a balance between cost efficiency and customer service

- ✓ Our initiatives are focused on:
 - Increasing energy efficiency
 - Decreasing use of water consumption
 - Promoting the use of bio fuels whenever possible
 - Reducing waste by capitalizing on recycling opportunities



Reduce Energy Consumption

✓ Improve energy efficiency by 3% for fiscal year 2008 within guidance of EO 13423 & EISA 07

→ Current

- ❑ Higher efficiency battery chargers
- ❑ Flat screen computer monitors
- ❑ WATTS utility data tracking

→ Exploring

- ❑ Solar Energy options
- ❑ T-5 Fluorescent/LED lighting
- ❑ Update conveyor software
- ❑ Conduct Energy Management Audit
- ❑ Building Automation System
- ❑ Replace batteries with hydrogen fuel cells





Reduce Water Consumption

✓ Reduce water consumption by 2% for fiscal year 2008

→ Exploring:

- Waterless urinals
- Low flow nozzles
- Low flow toilet devices
- Use of Automatic faucets
- Lawn sprinkler usage reduction





Fleet

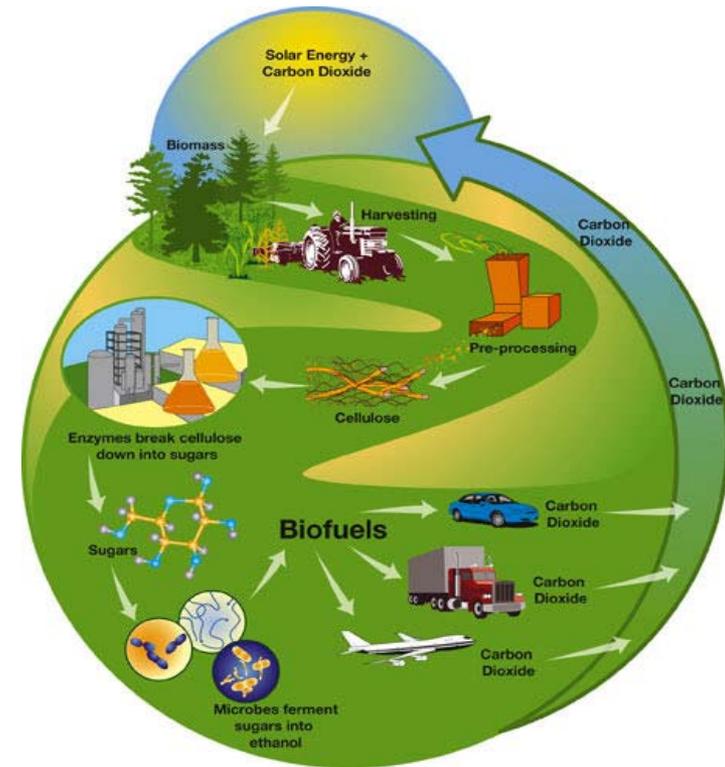
✓ Improve Fleet fuel utilization efficiency by 1% and reduce petroleum by 2% in 2008

→ Increase Fuel Efficiency

- ❑ Bio Fuel vs. Diesel
- ❑ Driver Training
- ❑ Auxiliary Power Units
- ❑ Automatic Tire Inflation Devices

→ Future Initiatives

- ❑ Aerodynamic Improvements
- ❑ Rolling Friction
- ❑ Smartway Transportation Partnership



alternative-energy-news.info



Recycle

- ✓ Increase DC recycled waste by 25% for fiscal years 2008 – 2011

→ Recycling Programs

- ❑ Cardboard
- ❑ Scrap Metal
- ❑ Pallets
- ❑ Office Paper
- ❑ Plastic
- ❑ Tires
- ❑ Engine Oil (OPS1)
- ❑ Batteries



TRADITION

JUST BECAUSE YOU'VE ALWAYS DONE IT THAT WAY
DOESN'T MEAN IT'S NOT INCREDIBLY STUPID



Collaboration
Morgan Meeks



Collaboration Opportunities

- ✓ Pursue cooperative efforts with other DoD agencies
 - Share single TMS with other services
 - Offer consolidation service for export
 - Offer van stuffing services for all services
 - All services share volumes/negotiate rates
 - All services utilize AAFES fleet
 - Collaborate on resale buying with all services
 - Consolidate import functions
 - Distribution Center neutral replenishment
 - Utilize Warehouse Ordering Web application



People Collaboration

- ✓ Pursue strategic alliances with both internal and external supply chain partners
 - Place LG liaisons in SD
 - Provide economic analysis to SD
 - Work with SD to meet delivery dates ahead of competition
 - Implement processes to reduce expedites
 - Work upstream with Supplier's Logistics / Manufacturing



LG Forum

Sales Directorate



Hunter Cole

Vice President

PAR

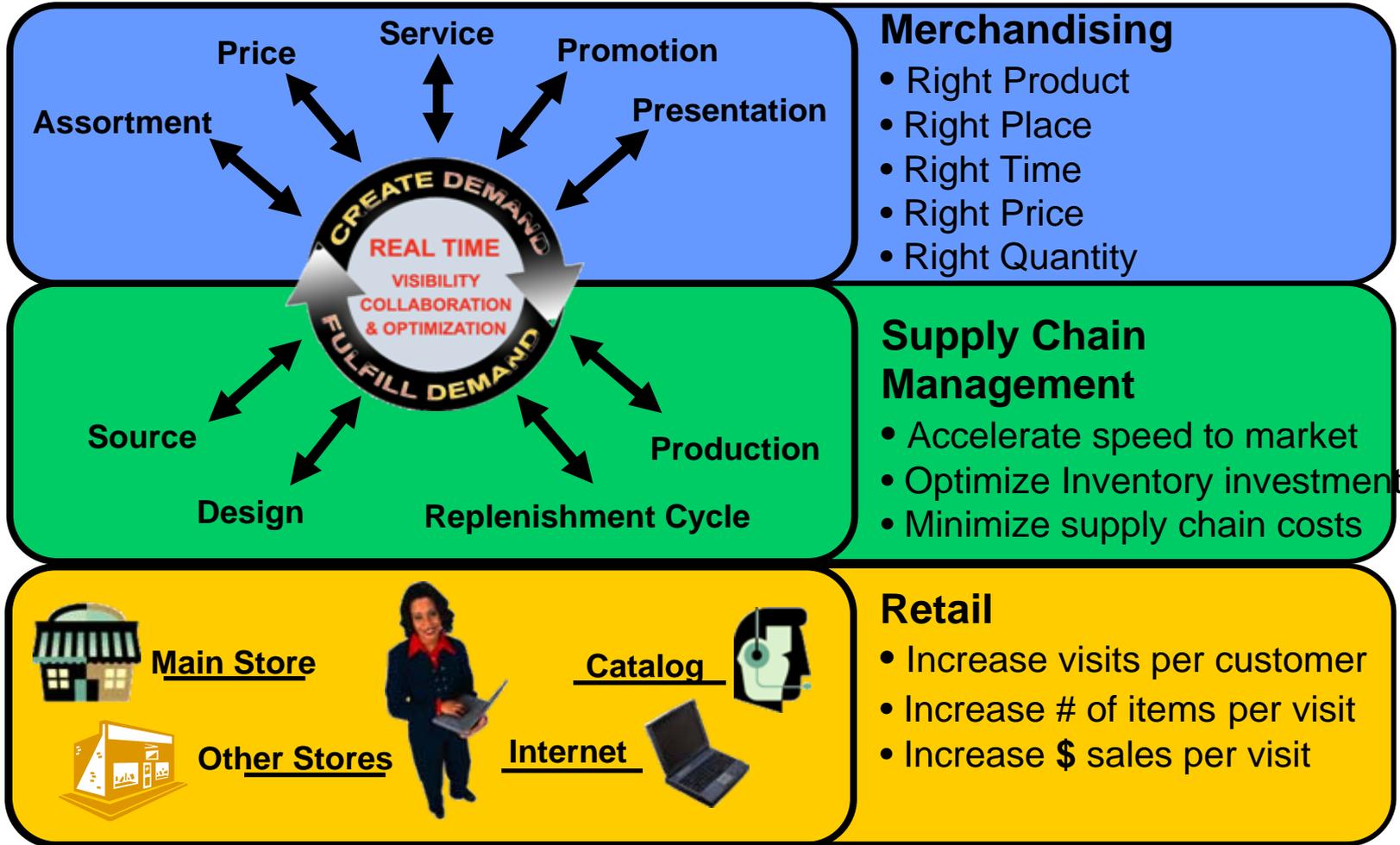


Sales Directorate Responsibilities ...

- ✓ Selection/procurement of retail products
- ✓ Replenishment of merchandise in AAFES Distribution Centers and Stores
- ✓ Aggressively pursuing new business initiatives
- ✓ Identify, develop and launch food concepts and personal/professional service activities
- ✓ Store/restaurant operating policies and procedures
- ✓ Ensuring quality goods and services



Strategic Objectives





PAR & LG Driving Success

- ✓ Collaboration is Key:

- S&OP – Sales and Operations Planning

- Leverage Vendor Capabilities

- ✓ Visibility for Decisions:

- Open to Buy

- CPFR – Collaborative Planning, Forecasting, and Replenishment

- ✓ Efficiency of the Supply Chain:

- On Time Deliveries

- Shorten Vendor Lead Times

- Better Distributions/ Better Allocations / Better Sales!!!!



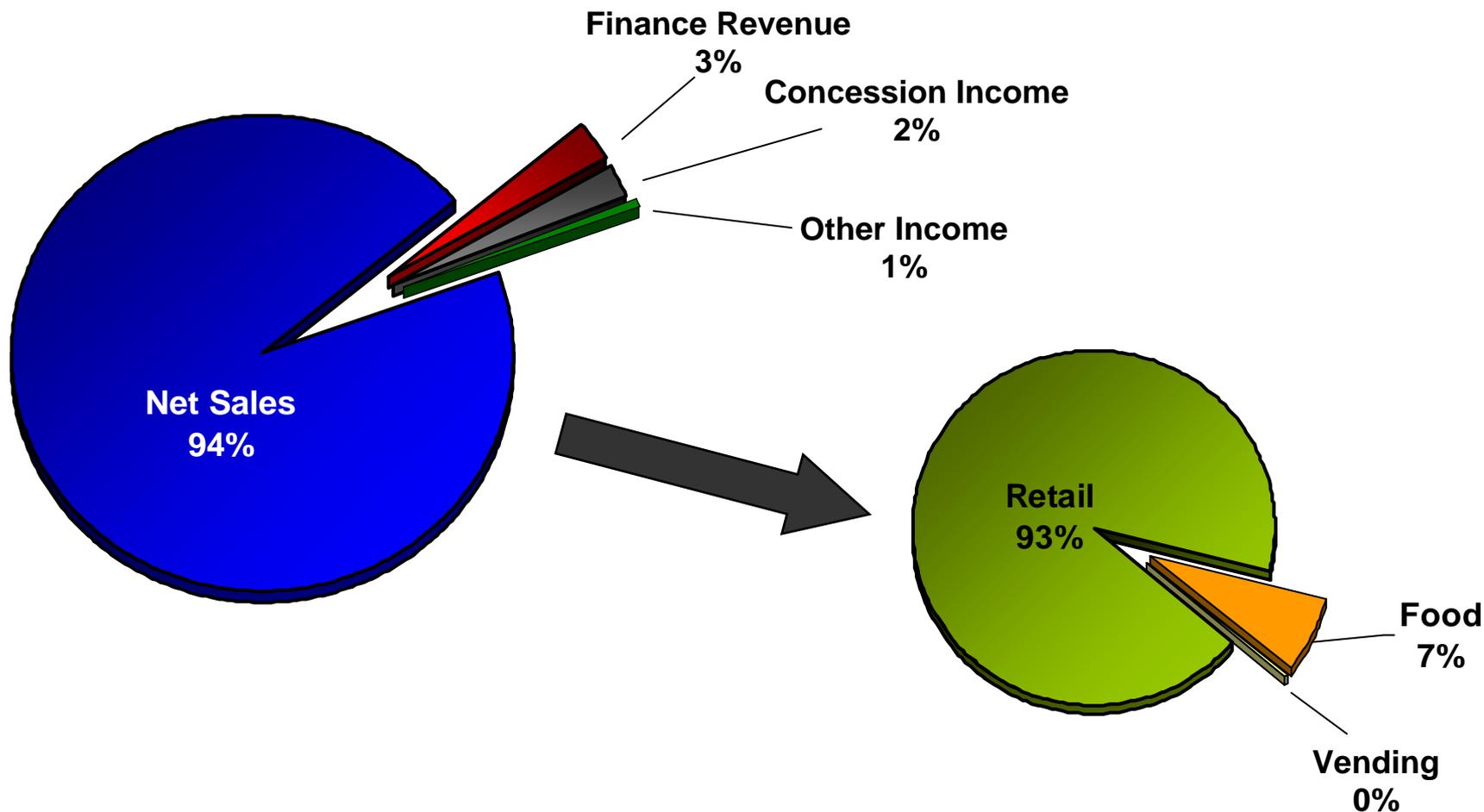
Finance & Accounting Overview

Presented by:
Mr Harold Lavender
Chief Financial Officer



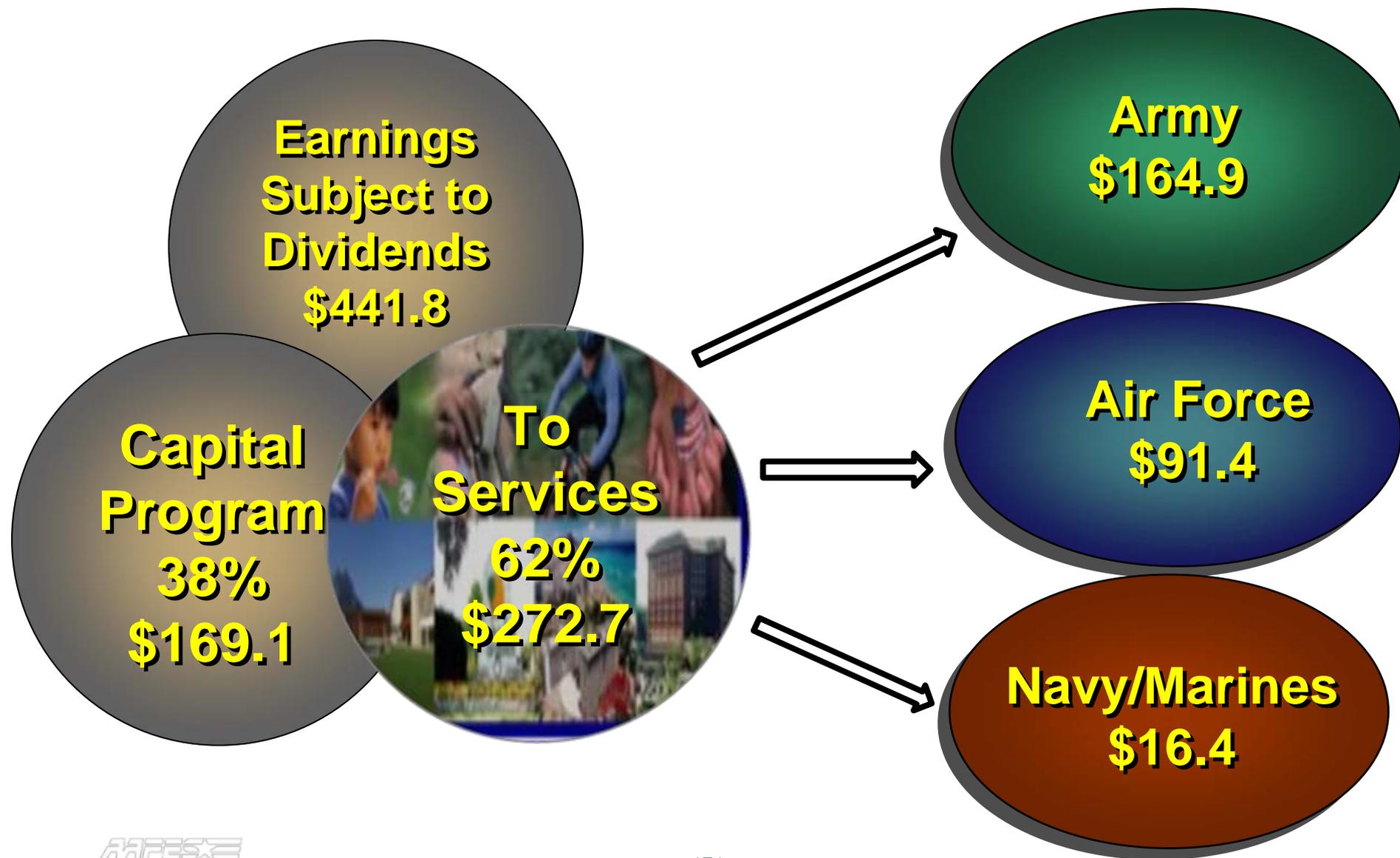
FY 2007 Revenue

Total Revenue \$8,748.5M



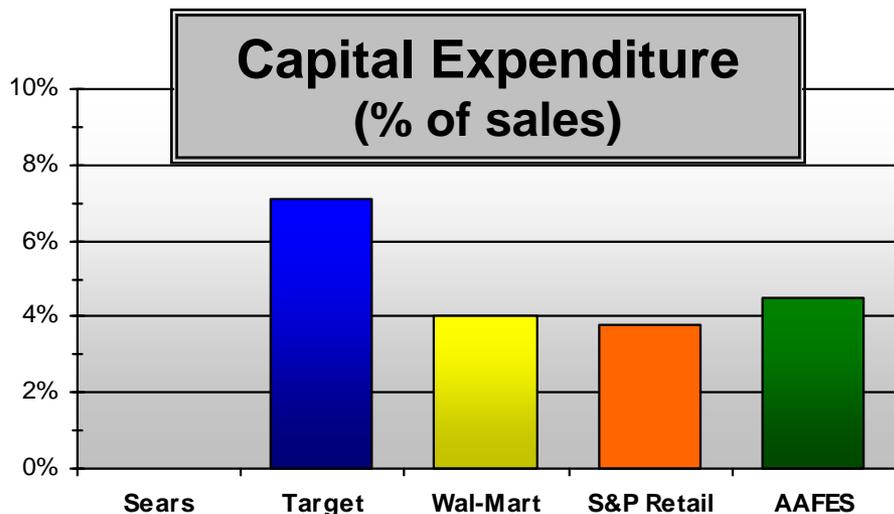
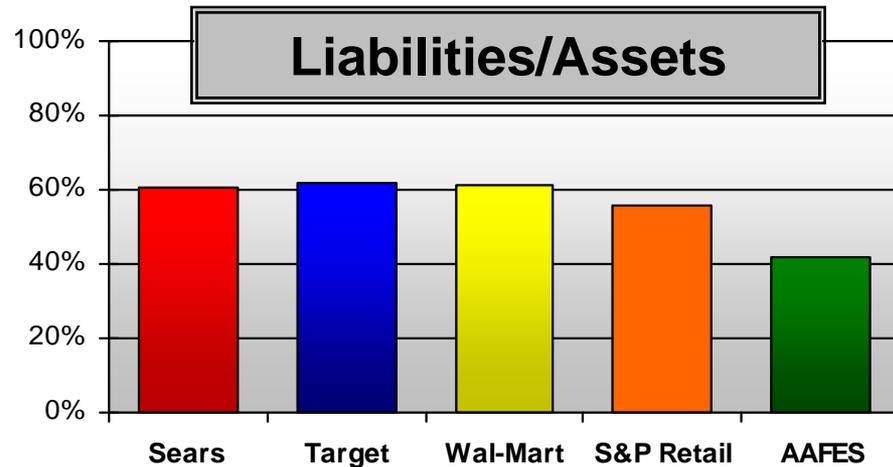
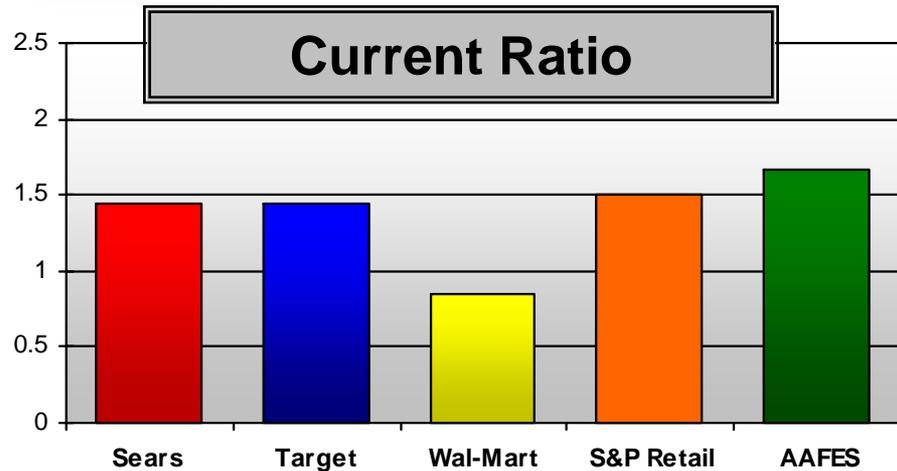


2007 Dividend Distribution (\$'s in Millions)





FY 07 Balance Sheet Ratios



Key Points

- Strong Balance Sheet
 - Highly Liquid
 - Low Debt Levels
- S&P Credit Ratings
 - Corporate Credit: AA/Stable
 - Short-term: A-1+



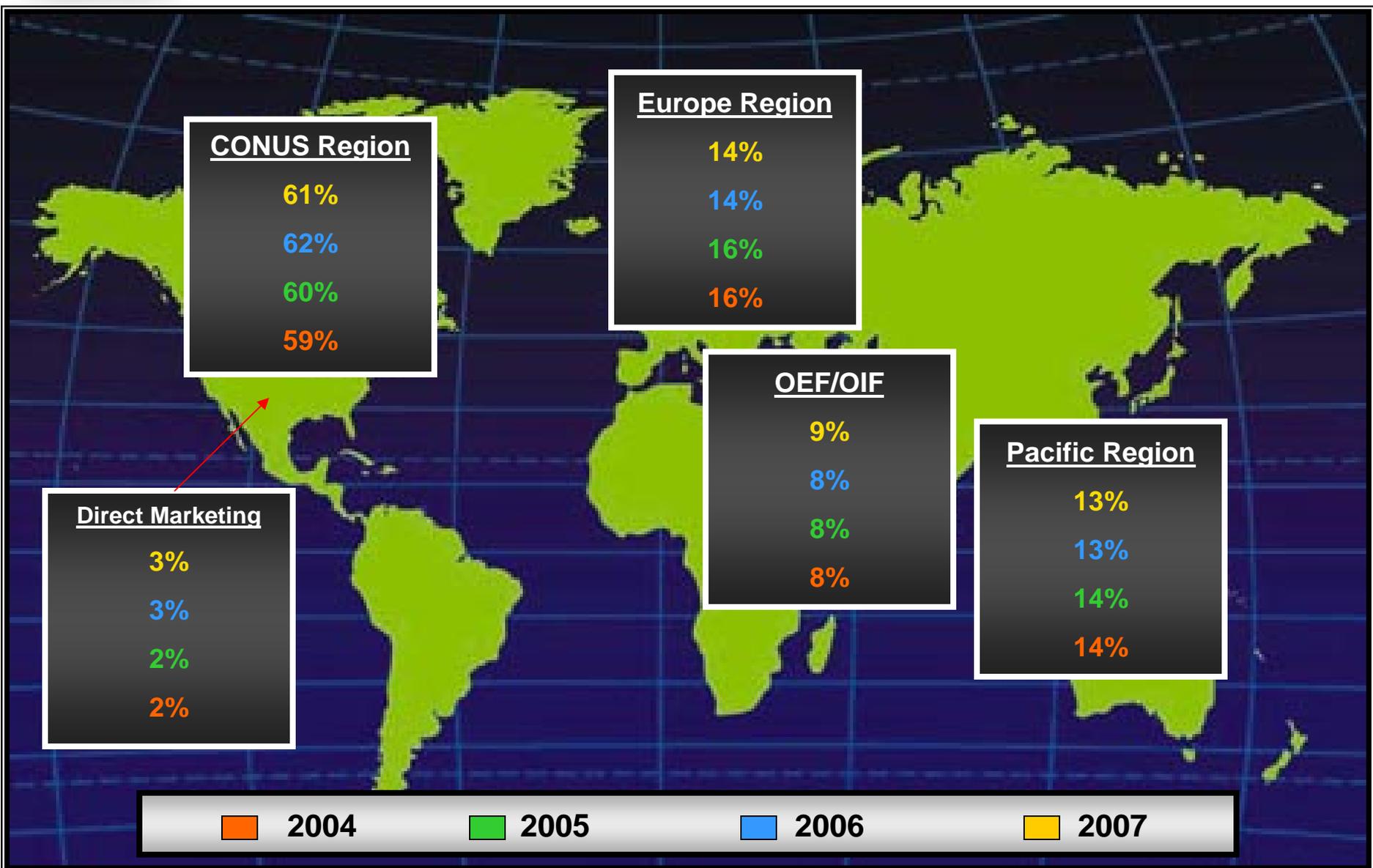


AAFES Worldwide Sales \$8.3B





Shifting Sales (% of Worldwide Sales)

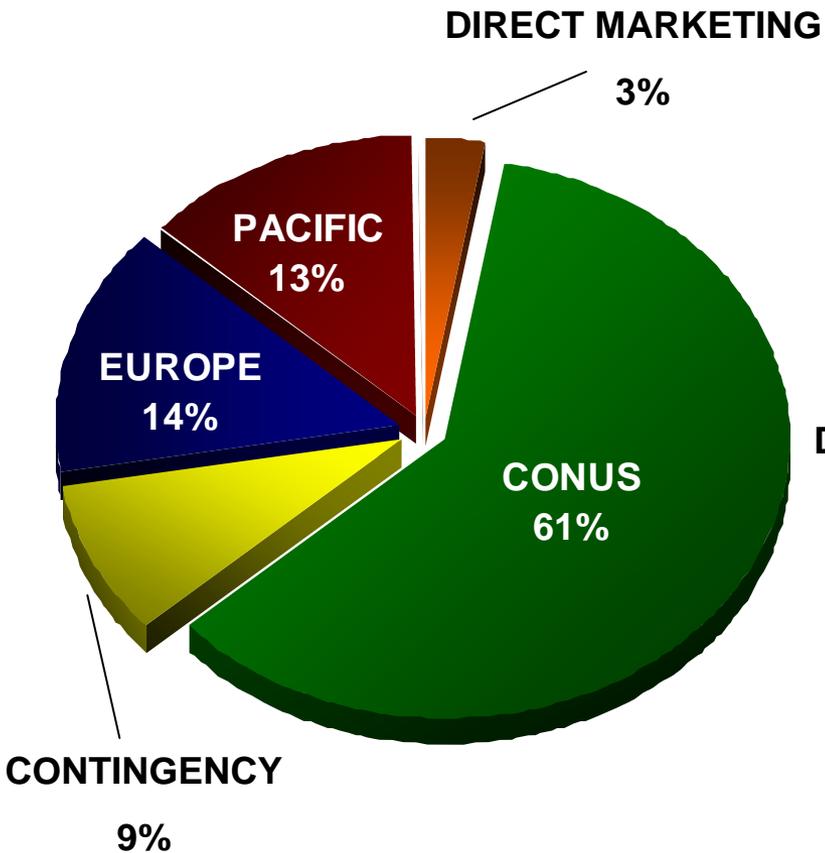


*Percentages may not add due to rounding.



Current vs. Projected Sales*

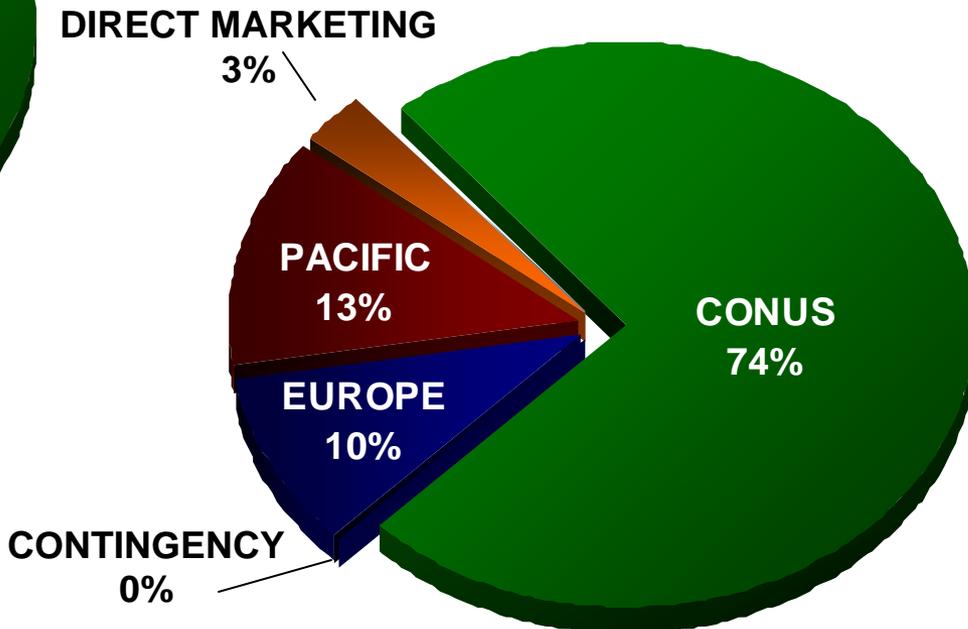
FY 07



Factors affecting Sales

- BRAC
- Restationing
- OEF/OIF
- 2008 Election Results
- U.S. Economy
- Energy Costs

Projected FY 12*



* Projected Sales are assuming troops are out of OEF/OIF by FY 2012



Revenue/Earnings/Dividends

(\$ in Millions)

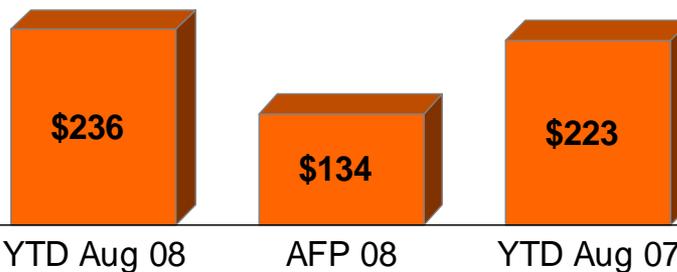
(YTD Aug)

FY 08 vs. FY 07
Revenue is **↑ 5%**
Earnings are **↑ 6%**
Dividends are **↑ 3%**

Revenue



Earnings



Dividends



Revenue



Earnings



Dividends



Shopping Center Projects (FY 08-10)



Europe

Ramstein AB

CONUS

Offut AFB*

FT Drum

FT Riley

Minot AFB

Little Rock AFB

FT Polk

Randolph AFB

Charleston AFB

Pacific

Andersen AFB

Eielson AFB

Kadena AB

FT Wainwright



Total Expenditure: \$440.5M

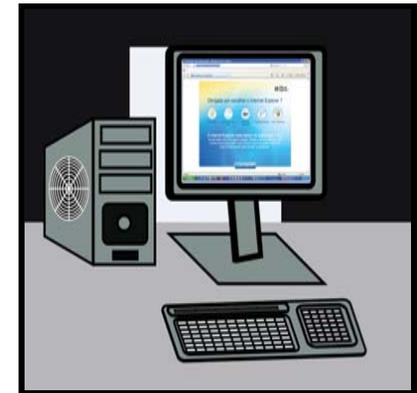
* Already Opened



Investments: IT

Major Systems

Intelligent Purchasing Analytics
Price Optimization
PZ Transformation
Voice Technology
Warehouse Management





Investments: Human Capital

Major Programs

Tuition Reimbursement (Degree Programs)
Executive Development Program/Continuing Education
Product Knowledge Training
Certificate Programs
Specialized and Job-Related Training
Leadership Assessment





Dividends to Services FY 00 – FY 07

Totals (in millions)			
Army	Air Force	Marines/Navy	Total Dividend
\$1,162.7	\$662.0	\$103.6	\$1,928.4

**Projected FY 08-12 Contribution
Over \$1.3B**