



JANUARY 2009

AAFES RETIRED EMPLOYEES ASSOCIATION

NEWSLETTER

SUPPORTING THE INTERESTS OF AAFES, ITS RETIREES AND THE PEOPLE IT SERVES

AREA Membership Application Form is now easier to use

It seems difficult to believe, but we have not had a membership application form for many years that can be easily completed and sent to the Membership Director.

Until now, we were limited to an online form on our website site that we also encouraged people to printout and mail in. It wasn't a very satisfactory alternative.

This new form, which is on page 23, looks nice and is easy to use. You can complete the form, save it, and send it to the Membership Director as an attachment to an e-mail message. See page 3 for Membership Director's e-mail address and our website address. Also, copies can be made and distributed to members and others to encourage retirees to join AREA.

Give it a try – send an e-mail message to retirees in your address book and ask them to sign up, and hand out the form at chapter meetings.

Better still, do another form with your chapter information and distribute both. (Write to Chuck Poffenbarger by email: cpoffen@earthlink.net, and he'll send you the application in WORD).

Membership in AREA and our chapters is a good investment – just look at all of the information that's in this January Newsletter. You simply can't find that elsewhere.

AAFES Chief Financial Officer:

Pension benefits are a promise AAFES has made to you and intends to keep

**By Harold Lavender
AAFES Chief Financial Officer**

We want to take a moment to discuss the AAFES retirement plans in light of the 2008 stock market volatility. Your pension benefits are a promise that AAFES has made to you and, regardless of what is happening in the market place, AAFES intends to keep that promise.

An unpredictable market should not leave you worrying about your AAFES Retirement Plan! Despite the current market downturn, our pension plans are still well-funded, and we continue to take necessary steps to mitigate losses to the plans' asset valuations. Harold Lavender, AAFES Chief Financial Officer expressed, "The asset values do not determine the retirement benefits, they only impact the level of contributions AAFES must make to the plans."

The Trustees with the help of 30 professional investment managers and a team of investment advisors have developed a well diversified portfolio across a wide range of investment asset classes.

AAFES has over \$4.2 billion in investments held in trusts that are used for the exclusive purpose of providing benefits to our current and fu-



Harold Lavender

ture retirees. The Trustees have a fiduciary responsibility and a vested interest in ensuring the Retirement Plans' assets are secure.

Remember, your pension benefits are a promise AAFES

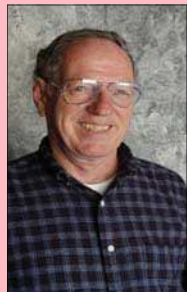
has made to you and intends to keep! AAFES Retirement Plans are structured for the long term commitment of paying our current and future retiree benefits. Our Trustees know the importance of your financial future and are committed to ensuring a secure plan for your retirement.

See related AAFES article on financial performance during 2008, page 3

Retirement Savings 401(k) Plan Advice

If you participate in the AAFES Retirement Saving Plan 401(k), Fidelity can provide you investment advice at no cost to you! The investment options you choose are your choice and responsibility. Please contact Fidelity by calling them at **1-800-835-5098** or go online at Fidelity NetBenefits® at www.401k.com. There are also Investment Centers that you can visit to obtain face to face investment advice. Find a location near you by calling **1-800-343-3548** or go online to <http://personal.fidelity.com/accounts/services/content/find-investor.shtml.cvsr>.





CHUCK POFFENBARGER, PRESIDENT

AREA & Chapter Goings On

Bit O' This
Bit O' That

Welcome to the January, 2009 edition of AREA's Newsletter, and the first month of Winter.

"The twelve months...
Snowy, Flowy, Blowy,
Showery, Flowery, Bowery,
Hoppy, Croppy, Droppy,
Breeze, Sneezy, Freezy."
- *George Ellis*

We had our 4th quarter AREA board meeting on October 30th and agreed to again support our Basic Scholarship Program for the 2009-2010 academic year. The basic program consists of 12 scholarships @ \$36,500 with these dollar amounts:

2/\$5,000

One scholarship is designated the Marilyn Iverson Scholarship.

The second one is undesignated

1/\$4,000 undesignated

9/\$2,500 undesignated

12/\$36,500

Thru October, we have \$40,462 in scholarship donations in 2008. Each year's donations form the basis for funding the following year's program. At the January, '09 board meeting, we'll vote on the specific dollar amount of the program.

Gerry Peterson, Treasurer, presented the 3rd quarter financial results.

1. The General Fund income and expenses are generally in line with budgeted amounts. We should end up the year with a profit of \$1,000-1,500 which is good, but not enough to fully fund 1/3 of the cost for the next edition of the AREA Membership Directory. The General Fund Balance Sheet looks good—Total Assets are approximately \$2,800 higher than this point last year. Despite a gain of \$1,755 today [Oct 30th], the Market Value of our investments is still \$2,782 lower than the value stated on the financial reports.

2. As expected, investment income is down 22% from last year., resulting in an \$11,792 loss so far this year. The stock market has also adversely impacted the Scholarship Fund investments. Since the end of May, our Vanguard portfolio is down \$100K from a high of \$360K.

We have not sold any investments so losses remain 'paper losses' at this point. We're hopeful that the market returns and that our funds will return to the values we had before the credit situation turned everything upside down.

The minutes for our May meeting (we didn't have one in July) have been posted to our web site. Go to www/aafes.com/area, click on History, and then [Milestones 00 - current](#).

I'll see you next in April edition.

Chuck

AAFES financial performance in one word: Strong

“Despite the economic turmoil, AAFES YTD September 2008 financial results have remained strong. Sales Revenue is up \$ 293M or 5% over last year of which \$266M is attributable to Specialty Sales. Gasoline sales increased \$220M or 24% from last year primarily due to the \$0.87/gal increase in average price per gallon,” AAFES Chief Financial Officer Harold Lavender points out.

AAFES Net Earnings are \$286.7M, an increase of \$25.3M or 10% above last year’s earnings figure of \$261.4M. Bad Debt Expense decreased by \$21.5M or 121% over last year. “This decrease is due to improved collections resulting primarily from IRS stimulus checks,” explained AAFES Treasurer Renee Figge.

Due to the strong financial performance, AAFES continues to meet its obligation to the Army and Air Force Exchange Service MWR dividend program. AAFES has paid dividends (excluding APF) in the amount of \$130.5M; \$6.7M over projections and \$1.7M over last year. Jim Mace, Director of Financial Analysis and Budget points out that “outside the gates, major retail segments continue closing operations, filing for bankruptcies, restructuring programs and downsizing while AAFES is on track to meet and exceed our goals for 2008”.

A reader’s thoughts...

Gratitude for Townsend Trust and appreciation for scholarship that helped son, Justin, succeed in college

My husband, Mike, retired from AAFES a few short years ago and we both look forward to your newsletter. It arrived today and I just finished reading, again, the wonderful story about the Townsend Trust. What a remarkable thing to do for our young people!

AREA awarded our son, Justin, a \$3,000 scholarship in 2004 as he was entering college. It helped a great deal. Justin, a member of Phi Beta Kappa, graduated Magna Cum Laude, with Distinction, from the University of the South in Sewanee, Tennessee in May.

He is now a first year law student at the Tulane School of Law in New Orleans.

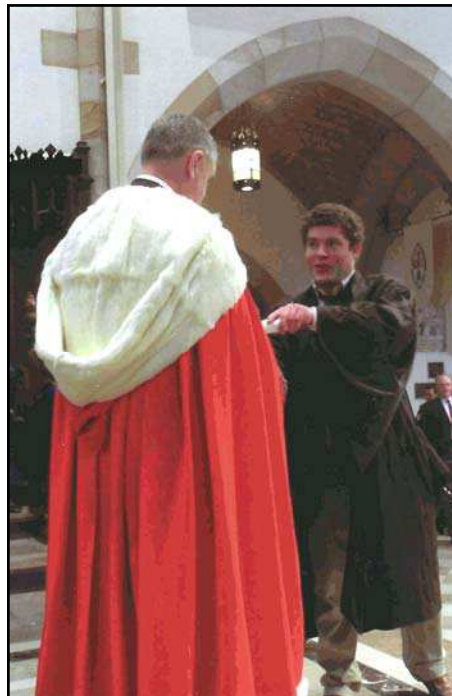
After reading the newsletter today, I thought you might know that we still appreciate the scholarship that Justin got back in '04 and how it helped enable him to be so successful today.

Keep up the wonderful work!

Sincerely,

Pam Woodard
Cataula, Georgia

*Magna Cum Laude
with Distinction...*



Justin Woodard receives his degree from University of the South, Sewanee, TN.



AAFES RETIRED EMPLOYEES ASSOCIATION

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MAILING ADDRESS:

AREA
P. O Box 380614
Duncanville, TX 75138-0614
FAX: (972) 283-6948

PRESIDENT:

Chuck Poffenbarger
cpoffen@yahoo.com
Tel: (972) 296-0388
FAX: (972) 692-5176

MEMBERSHIP

Send your NEWSLETTER ADDRESS and MEMBERSHIP changes to the Membership Director Pat Weaver.

ken-pat@sbcglobal.net
FAX & Tel: (972) 780-9810

NEWSLETTER

Submit articles for the newsletter to the editor by e-mail to Newsletter Editor: Larry E. Phillips

AREA-Newsletter@tx.rr.com
Tel: (972) 224-8116

AREA Web address:

<http://www.aafes.com/area>

YOUR AAFES BENEFITS...

AAFES Retirees receive 5.8% Cost of Living Adjustment (COLA) with December annuity payments

AAFES Retirees receiving annuity payments on or prior to December 1, 2007 will receive a 5.8 % Cost of Living Adjustment to their annuity. Retirees with annuity commencement dates after December 1, 2007, will receive a prorated COLA based on the following schedule:

RETIREE COLA	=	5.8%	COLA Adjustment
Annuity commencement date	Year	Number of months out of 12 that they 'get'	Their COLA % is:
Dec	2007	12	5.8%
Jan	2008	11	5.3%
Feb	2008	10	4.8%
Mar	2008	9	4.4%
Apr	2008	8	3.9%
May	2008	7	3.4%
Jun	2008	6	2.9%
Jul	2008	5	2.4%
Aug	2008	4	1.9%
Sep	2008	3	1.5%
Oct	2008	2	1.0%
Nov	2008	1	0.5%
Dec	2008	0	0.0%

The Cost of Living Adjustment is payable beginning with the December 1, 2008 annuity payment.

Social Security Announces 5.8 Percent Benefit Increase for 2009

Monthly Social Security and Supplemental Security Income benefits for more than 55 million Americans will increase 5.8 percent in 2009, the Social Security Administration announced in October. The 5.8 percent increase is the largest since 1982.

The 5.8 percent Cost-of-Living Adjustment (COLA) will begin with benefits that over 50 million Social Security beneficiaries receive in January 2009. Increased payments to more than 7 million Supplemental Security Income beneficiaries will begin on December 31.

Some other changes that take effect in January of each year are based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$106,800 from \$102,000. Of the estimated 164 million workers who will pay Social Security taxes in 2009, about 11 million will pay higher taxes as a result of the increase in the taxable maximum. Information about Medicare changes for 2009 can be found at www.medicare.gov.

YOUR AAFES BENEFITS...

FIRST BABY BOOMER RETIREMENT PAYMENT MADE BY DIRECT DEPOSIT

By Tom Clark
Social Security Public Affairs Specialist

Baby boomers can be such trend-setters. Take the first baby boomer to receive Social Security retirement benefits, for example.

When Kathy Casey-Kirschling, the nation's first baby boomer, decided it was time to retire, she applied online at www.socialsecurity.gov because she knew it was fast, convenient and secure.

And when the application asked her how she wanted to receive her first payment, she chose the safest, quickest and most convenient way — direct deposit.

No doubt, millions of baby boomers will follow her example. Here's why:

Direct deposit is safe. Your money goes directly to the bank in the form of an electronic transfer so there's no risk of a check being lost or stolen.

Direct deposit is quick. You can sign up at www.socialsecurity.gov/deposit or call us toll-free at 1-800-772-1213 (TTY 1-800-325-0778). Your benefit will go automatically into your account every month and you'll have more time to do the things you enjoy.

Direct deposit is convenient. You no longer have to stand in line to cash your check when it arrives, or leave your house in bad weather or worry if you're on vacation or away from home. Your money is as close as your nearest ATM or just the click of a mouse away with online banking.

For more information about direct deposit, go to www.socialsecurity.gov/deposit or visit www.GoDirect.org. To learn more about Social Security's online services, go to www.socialsecurity.gov/onlineservices.

Beneficiary Designations – Does your beneficiary information need updating?

Does your beneficiary form still show a divorced spouse or a beneficiary that is now deceased? Or, does the form still identify a person you no longer want to receive benefits in case something happens to you? If the answer to one or more of these questions is "yes", then it is time to take action.

So what should you do? Take the time now to update your beneficiary information on the eBenefits web site. If you don't want to make any changes from your previously completed paper beneficiary form, you don't have to do anything and your latest completed beneficiary form is still valid.

Please note that eBenefits was not populated with the beneficiary designation previously submitted on paper. If you have never entered beneficiaries through the eBenefits system, then your beneficiary information resides in paper form in the Benefits office only. Any beneficiary information you enter online supersedes previously submitted paper forms.

When should you make changes? You can make changes to your beneficiary information in eBenefits at **any time**.

You can access the eBenefits website at www.aafesbenefits.com. Just enter your ID # for eBenefits (It begins with AF ...)
Any beneficiary information you enter online in the eBenefits system supersedes previously submitted paper forms.

Please contact the AAFES HQ Benefits office at 1-800-519-3381 if you have help or have questions.

YOUR AAFES BENEFITS...

January AREA Newsletter Benefits Questions and Answers

Our retirees asked, and AAFES-Benefits provided the answers

Department of Defense Nonappropriated Fund Health Benefits Program (DoD NAF HBP)

Medical

Q: Why doesn't Aetna pay for injection of vaccines, such as shingles, when administered by a Pharmacist at the Pharmacy location?

A: The shingles vaccine is covered under the **medical plan** (like other vaccines). However, when the vaccine is administered at the pharmacy, either you or the pharmacist must submit a **medical claim** (not a pharmacy claim) for reimbursement. Note the pharmacy must be participating under the DoD NAF medical plan.

Q: When claims (i.e. vaccinations) are rejected by Medicare, why does the member have to manually send the claim to Aetna for reimbursement, instead of Medicare sending the claim to Aetna directly?

A: This is a Medicare standard procedure. It is the member's responsibility to file all denied/rejected claims with their insurance carrier.

Q: How will my medical plan pay if I am traveling overseas and become ill?

A: If you are traveling overseas and become ill you will receive benefits for services covered under your medical plan. However, you will have to submit a claim form to Aetna for reimbursement.

Q: Will the annual EMP Cooper Clinic physical be extended to retired EMPs?

A: According to our Human Resources Office (HRO), there are no current plans to extend the annual EMP Cooper Clinic physicals to retired EMPs. The annual EMP Cooper Clinic Physical Program is administered through the HRO. You may contact HRO at 214 312 6532. Remember under the DoD NAF medical plans (PPO & TC) you can receive an annual physical that is covered at **100%**.

Medicare

Q: What options are available to AAFES retirees, due to the arrival of Medicare Part D?

A: AAFES retirees with medical coverage under the DoD NAF HBP do not have to enroll in this option. The DoD NAF medical plan provides a prescription drug benefit that is, on average for all plan participants, expected to pay out as much as a standard Medicare prescription drug coverage pays. Note there is no coordination of benefits between Medicare Part D plans and the DoD NAF plan.

Q: Will there be changes to the DoD NAF prescription drug benefit?

A: Yes, there will be changes to the DoD NAF prescription drug benefits beginning January 1, 2009:

Brand-name drugs (Tier 2): The copay will decrease from \$25 to \$20 for a 30 day supply.

YOUR AAFES BENEFITS...

Non-formulary brand-name drugs (Tier 3): The copay will be replaced by a percentage of the cost. You'll pay **35%** of the negotiated price, with:

a minimum out-of-pocket cost of \$35 and a maximum of \$100 when purchased at a local pharmacy

a minimum out-of-pocket cost of \$70 and maximum of \$200 when purchased through the mail-order pharmacy

Remember to ask your physician about generic drugs, when receiving a prescription!

Long Term Care

Q: What is the effect on the premiums when a couple has Long Term Care and one dies?

A: When a couple has Long Term Care and one dies, the premiums are reduced by the amount of the deceased participant premiums. You can contact Aetna Long Term Care to confirm new premium amount:

1-800-537-8521

Q: Who should you contact if you have a concern about the claim procedure for Long Term Care?

A: You should contact Aetna Long Term Care if you have questions or concerns regarding your coverage.

Call 1-800-537-8521 or

Write to Aetna at:

Aetna Life Insurance Company

Long Term Care Unit, SH41

151 Farmington Avenue

Hartford, CT 06156

Disease management program

Q: Does the information provided the Aetna nurse through the disease management program (**Aetna Health Connections**) impact my coverage?

A: Your coverage **is not** impacted by your participation in the disease management program. Participation in the program is voluntary and your information **is not** shared with AAFES. The disease management program is offered to help you manage your chronic illness by providing information and wellness coaching through specially trained nurses. Your participation in Aetna Health Connections assists you in getting the most appropriate treatment and preventive care for your condition. This program also helps you to take charge of your own health.



Japan employees recall stories 60 years old during Las Vegas reunion

By Tim Brogan

About 30 employees of the old 8th Army Central Exchange/FEES/JAKOR/JCE met again June 9-11 in Las Vegas at Harrah's Hotel Casino. Nobuaki Jin, who worked in management in Ofuna, came all the way from Japan to see old friends, and Paul Koban came from far-away Alaska.

The biggest thing going on as talk of the good old days in Japan. Some attendees were in Japan as long ago as 60 years and some stayed 20 years or more.

The first night we headed to Makino Restaurant, an excellent and well-known sushi buffet, where we have gathered for previous reunions. The second night was open for those who wanted to see a show. The last night we went to a Chinese banquet in Las Vegas' Chinatown. Days were spent in more storytelling. It was suspected a few minutes were spent in front of slot machines.

A good time was had by all. So we plan to do it again next year. All are welcoming, having served in Japan or not. If interested call Tom Ige (626-614-8184) or Tim Brogan (210-494-0016).



Helen Ige, Tom Martin and Ken and Aiko Thompson



Bill and Pat Bloom, Yoshiko and John Milostan, Nobuaki Jin, Paul Hiroshima and Tim Brogan



Jerry Saperstein, Dick Janes, Helen and Tom Ige



Francis Law, Marie and Tom Rourke and Paul Koban



Sam Murakami, Joe Murakami, Katsuku Murakami, Ed Ikemiya and Ann Brogan



Ed Ikemiya, Chiyoko Ikemiya, Tom Ige and Jim Yamamoto

AREA Community Service Awards

AREA recognizes retirees and AAFES Associates who volunteer their time and devote other resources, such as personal knowledge and expertise, to help improve the economic, civic and social health of the communities where they live and work. The Community Service Review Committee, AREA President Chuck Poffenbarger (standing in for Richard Fregoe, Chairman), and members Don Streeter and Jerry Cloud reviewed the nominations and, along with the entire AREA membership, are pleased to recognize seven people for their commitment to their communities' well-being.

All recipients were provided with an AREA Certificate of Appreciation, and prizes from Watt Spohn Universal, a leading, worldwide Exchange Broker headquartered in Dallas, Texas. WSU specializes in representing brand name manufacturers in the Power Zone, Automotive, Hardware, Housewares, Sporting Goods, and Consumables categories. They have a long history of supporting AREA through their active involvement in the DFW and HRALA Chapters. We wish to thank Watt Spohn Universal for their sponsorship of these AREA retirees and AAFES Associates, and invite you to visit them at www.wattspohn.com



COMMUNITY AWARD RECIPIENTS, 1ST QUARTER, CALENDAR YEAR 2009

Tom Harmon: Tom has been involved in many community projects of the Duncanville Rotary Club, including placing flags out on holidays and packaging donated books to send to third world countries. Tom has also made trips to third world countries distributing wheel chairs on behalf of Rotary Club International.

Leslie R. Watson: Leslie has volunteered over 1,000 hours with the Civilians on Patrol Program (COPS) over the past year, and is currently performing patrols once or twice a week. He is attending an advanced class one night per week given by many sections of the police department and FBI to better educate himself and to understand the effect of crime control by the civilian population. He has also volunteered at the Dallas-Fort Worth National Cemetery run by the U. S. Department of Veterans Affairs. He is retired from the Marine Corps.

William "Bill" Langley: Once each month Bill volunteers by serving food to the homeless at the City of Dallas Homeless Shelter.

Diane E. Van Loan: Diane was diagnosed with breast cancer in December 2007. She is now receiving follow-up treatment, and is recovering nicely. Not content to be "just" another breast cancer survivor she has thrown her energies into being a Kirklin Clinic (Birmingham, AL) Breast Care Center "Angel", someone who befriends and counsels other breast cancer patients who are facing her type of surgery, or worse. In addition she has volunteered to be part of a study group that is looking at the effects of varying levels of treatment (estrogen therapy, chemotherapy, radiation therapy; any or all the three) on women with her same likelihood of having a recurrence. In doing so she may have to withstand more severe treatments and harmful side effects than what her recurrence level would normally call for. We are all extremely proud of Diane and her selfless concern for others.

Karen Smith: Karen has been volunteering on Mondays for the local Habitat for Humanity in their Thrift Store, mostly sorting incoming clothing, but also bringing dirty (but otherwise good condition) clothing home to wash and dry, and iron if necessary, to enhance value to the local Habitat affiliate. She also volunteers during the school year on Tuesday through Friday as a reading tutor for first grade students who are in serious need for help to learn how to read. She has been doing both these community volunteer functions for 9 years.

Robert Haver: Once each month Bob volunteers by serving food to the homeless at the City of Dallas Homeless Shelter. Although not a member, he has assisted the Duncanville Rotary Club on several of their Community Projects - placing flags out on holidays and packaging donated books to send to third world countries.

Lawrence Lefkof: Larry has been providing food for the needy in the Dallas area since 1986 by obtaining excess food products from various producers, such as Mrs. Bairds, and transporting them at his own expense to the Network of Community Ministries in Richardson, TX. Volunteers from about 50 churches and synagogues go to the Network to collect food for needy families in their communities. Larry also makes deliveries from the Network to organizations (such as Hopes Door for abused women) and needy families.

VISIT OUR WEB SITE AT WWW.AAFES.COM/AREA FOR COMPLETE INFORMATION ON THE COMMUNITY SERVICE AWARD PROGRAM.

AREA Scholarship Program set for 2009

At its October 30 meeting the AREA BOD approved scholarship awards for 2009:

- One \$5,000 - Designated the "Marilyn Iverson Scholarship" One \$5,000 - Undesignated.
- One \$4,000 - Undesignated
- Nine \$2,500 - Undesignated
- Twelve scholarships totaling \$36,500

In 2008 AREA awarded 22 scholarships totaling \$46,000. The Board initially approved twelve scholarship awards (\$36,500) but the Scholarship Committee asked the board to approve ten additional \$1,000 awards based on the quality of the applications received. The board unanimously endorsed the proposal. It is plain to see that the AREA BOD has built flexibility into its scholarship program and carefully reviews and endorses awards over and above plan when justified.

So how many scholarships has AREA awarded over the years? I am proud to tell you that 203 deserving students have garnered \$346,295 in awards to since the AREA scholarship program's inception in 1985.

How does AREA support such an ambitious program? It does so through the support of industry partners and from many within our own ranks who choose to contribute to the program or even recognize loved ones with donations to the AREA Scholarship fund. Industry support from and individual donations are key factors to the program's past and future success.

2008 was another banner year for the AREA Scholarship Program:

- 45 applications – One of the highest participation rates since the program began.
- 27 applicants met AREA criteria - The most ever in a single year.
- 22 awards were made - The most ever in a single year.

How does the scholarship evaluation process work?

Each application is screened to determine if it meets minimum requirements - "AAFES Employee, Son or Daughter" and minimum academic criteria.

Qualified applicant files are reviewed privately by each member of the evaluation committee.

Each committee member ranks qualified applicants using academic achievement, awards, school and outside activity participation, letters of recommendation and finally, an essay themed on why "...I deserve this scholarship..."

All scores are then aggregated, ties broken and the award roster finalized.

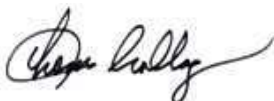
The AREA President is given the list of awardees and sends each a letter detailing his/her AREA scholarship.

The 2009 evaluation committee has seven AREA/AAFES members who voluntarily take time and apply exceptional judgment to the evaluation process.

Participation in the 2008 AREA Scholarship Program was exceptional and I expect 2009 to be even better... So if you know a qualifying high school senior entering his or her first college semester in the 2009, make sure an AREA Scholarship application is sent in...

The application period runs from January 1 to March 31, 2009... Full details can be found on the AREA web site at [http://www.aafes.com/area/...](http://www.aafes.com/area/) We love to award monies to deserving students!!!

We're AAFES people helping AAFES people...It's the right thing to do!



Thomas Gallagher
Director, AREA Scholarship Program

Inside AAFES Today: Real Estate Directorate...building the future

**By Mike Gividen
Senior Vice President
Real Estate Directorate**

The Real Estate Directorate (RE) as we know it today is the result of the evolution and growth of the organization as a customer centric and progressive part of the military benefit to soldiers and airmen. It was stood up in 2002 and was intended to be completely integrated in AAFES core business processes to make optimal life-cycle business decisions for the long-term benefit of the company. Prior to that, several directorates were responsible for the many steps involved in developing, opening and maintaining new stores once they were completed. The process was slow to develop and expensive to complete with inconsistent standards and at the end of the day nobody was accountable for the results.

Today, the RE mission is to identify, scope, plan, design, construct and maintain our facilities, fixtures and equipment. It is a diverse organization with a wide variety of skills and backgrounds from field and headquarters experience. It is no longer an "order taker" but a team of integrated real estate professionals charged with making life-cycle business decisions for AAFES. The reorganization aligned RE with industry best practices and improved the mission significantly through a streamlined

approach to facilities and project management.

Real Estate Directorate Goals

Our current project portfolio includes 28 major projects under construction valued at nearly \$300 million, and another 47 major projects in design or planning valued over \$390 million. Collectively, our job is to delight our customers by developing stores and communities, maintain current return on assets and improve operational efficiencies.

- Become a Strategic Partner to the Business Units (SD)
- Strengthen Relationships with Stakeholders
- Increase Return on Assets
- Implement LEED and revitalize the Energy Management Program
- Value and Optimize Associates
- Improve Project Management

Leadership

The Real Estate team is led by Mike Gividen. His primary mission is to transform business strategies into real estate strategies and earn an acceptable return on invested capital. The Command Engineer, COL Jeffery Hall provides the technical



competency and oversight for our construction programs. The Vice President, Dave Nelson

insures we meet our customers' expectations by delivering projects on time, on budget and within scope. RE is comprised of four divisions: Master Planning, Facilities, Construction and Support. We also have two matrix contracting and financial organizations to make our processes as seamless as possible. The RE supports all aspects of AAFES operations to include long range capital investments, facilities, finance, project management, environmental, energy and programming support.

Real Estate Directorate Focus

The concentric circles above represent the strategic focus of the directorate. The outer ring defines our encompassing strategic vision of the directorate's support of the AAFES mission by looking at real estate as a continuous process. This support is defined through Business, Construction, Customer, and Sustainment Solutions and evaluates all four throughout their life cycle. All the activities of the RE Directorate are interrelated and focused on achieving solutions that will enhance the shopping experience for our customers.

Business Solutions

Business Solutions is the integration of the RE Plans Division (RE-P) and is under the leadership of David Gentry. The objectives of RE-P in the inner ring include Planning, Design, Measuring and Monitoring. The Plans Division identifies future construction projects through Master Planning of installations on a 10-year cycle and through monitoring of existing facilities through a replacement strategy based on a 30-year building life cycle. Measurement of existing operations through various ana-



Grand Openings of new stores, like this one at Anderson AB, Guam in September 2008, are designed to increase interest, delight customers and grow the business.

lytical tools is the basis for determining opportunities that may exist for future development and expansion of facilities.

There are two other areas of the plans division. The Store Planning group is responsible for executing the design store layout standards for renovations, resets, and new facilities. The Business Planning group is responsible for defining future business opportunities in coordination with the Sales Directorate as well as creating store layout standards that are consistent with industry best practices.

Construction Solutions

The Real Estate Construction Division (RE-C) is responsible for directing, controlling and administering new major construction projects and is led by Rob Sennet. Their role in the inner ring is Pre-Construction, Construction, and Start Up. As a part of Pre-Construction, the engineering branch reviews drawings and specifications to verify compliance with AAFES technical standards. The Construction Division working with a variety of stakeholders insures the project is designed and built to meet the needs of our store operators and our customers.

RE-C is responsible for meeting our internal customers' expectations by delivering projects on time, on budget and within scope. Strong emphasis is placed on best practices to control cost, schedule and risks associated with the project.

Sustainment Solutions

Once the building has been constructed, continual investment and support of the asset is provided by the Real Estate Facilities Division (RE-F). RE is headed by Gus Elliot who supports the inner ring objectives of Maintenance and Repair. RE-F is responsible for maintenance and repair of existing facilities as well as managing renovation projects and minor construction projects.

Overall support for the RE Directorate is handled by the Support Division (RE-S). Their objectives defined by the inner ring include Measuring and Monitoring the performance of our efforts. Mike Smietana is the Vice President and is responsible for cost controls and budgets of the directorate, business analysis, the capital

Inside AAFES Today
Fourth in a Series on Hq. AAFES and Regions

program and our Energy and Environmental programs. AAFES is committed to finding new ways

to protect our environment by reducing energy costs, reducing the carbon footprint and marketing energy-efficient products. The RE Directorate is excited to be leading the way by creating a culture where we incorporate energy, environmental protection and sustainable buildings into the way we do business on an everyday basis. Our energy management team guides our sustainability movement. The team oversees Energy Management and Strategy, Risk and Performance, Efficiency Initiatives, and Strategic Opportunities. The AAFES Energy Management Team, responsible for establishing the sustainability initiatives for the organization, has established six sustainability goals to help shape the future of AAFES as well as the planet.

- Reduce Energy Consumption
- Reduce Water Consumption
- Reduce Waste
- Reduce Fleet Dependency of Fossil Fuels
- Increase Sustainable Buildings
- Increase Procurement, Marketing, Sales of Environmentally-Friendly Goods and Services

Customer Solutions

Through planning, analysis, construction, and maintenance, the Real Estate Directorate designs buildings to meet or exceed our customer's expectations. This is why a wheel with concentric circles so ade-

quately represents what we do to support the overall AAFES mission.

Going Forward

The evolution of our flag-ship brand, the PX and BX Shopping Center, is the way forward for AAFES. For the past thirty years we've constructed facilities that consolidated most of the shopping into custom designed facilities that varied by installation. They included retail, food and services concepts and were a major leap forward from the facilities we had inherited from the installations that were often built for other than retail purposes.

In 2004 we launched our first prototypical shopping centers following extensive benchmarking and customer input. These new stores are significantly larger (in many cases 100% larger) than the previous generation. They focus on standardized designs and layouts with a branded look and feel to improve execution of retail programs. They also allow for a wider assortment of merchandise to meet the needs of our customers. Additionally, we expanded the food courts and services mall to create a one destination shopping environment.

In closing, the Real Estate Directorate plays a vital role in our mission to provide quality goods at competitively low prices and generate earnings to support MWR programs. We are committed to planning, developing, and constructing stores that allow us to delight the customer, grow the business and improve earnings.



The Shopping Center at Fort Benning was opened in 2007 and is a good example of a prototype exchange focused on a standardized design and layout with a branded look and feel.

COO presents an update on the state of AAFES at end of 2008

By Michael P. Howard
Chief Operating Officer

Hello to my friends at the AAFES Retiree Association! I hope you had a wonderful holiday season and are starting the New Year out on a healthy note. I want to take this opportunity to update you on the state of the enterprise.

Economic pressures are hindering consumer spending and retail sales are continuing to lag. Consumers are focusing on necessities, health and personal care and postponing purchases of discretionary items. Retail bankruptcies are dominating the news. While most retailers are seeing month to month and year to date sales lower than last year, AAFES continues to see higher comps. One of the contributing factors in our current performance is our commitment to our customers and solution selling.

Solution selling (add-on sales) drives our revenue and the size of average ticket. The driver/passenger application (A Business Intelligence Tool) has given us an insight into our customer's purchasing preferences and together with industry information has enabled us to develop right product combinations to market. Our monthly and soon to become weekly contests have also allowed us to train our associates who are, with each contest, gaining experience in suggesting add-on items to our customers.

Main Store Sales for September (Editor's note: This article is being written in November.) were actually above last year's sales figure by 1%. Year to date earnings are also ahead of last year by a nice margin. Military Families are showing signs of increasing thriftiness as they looked to their BX/PX to help stretch their limited holiday budgets.

The AAFES five-year Strategic Plan has recently been published. You can find it on the AAFES.com Web site, but there five strategic goals that I'm happy to be able to tell you about. These goals will help to guide the organization and keep us focused on what's important. The goals are:

- Develop a lifelong emotional connection with our customers
- Build a culture of loyalty, ownership, sustainability and continuous improvement.
- Provide expeditionary and mission support capabilities. To "go where you go".
- Be the premier collaborative partner with federal and commercial entities.
- Communicate the benefit, value and capabilities of AAFES.

Another successful initiative this summer was the rollout of the Military Star Co-branded Card for gas discounts at AAFES Gas pumping facilities. This has been a huge benefit for our customers with 3 cents per gallon discount. This welcome relief was deployed during the peak of the gas season when gas prices were at their highest.



You might be pleased to know that AAFES was on the front line of support for troops who were providing aid for victims of hurricane Ike in September. When this deadly hurricane hit the Texas Gulf Coast, AAFES Associates were there within 24 hours with a Mobile Field Exchange. Associates from Ellington Air Field, Waco Distribution Center and the San Antonio area braved dangerous conditions, no electrical power or water to deliver service to National Guard and Reserve soldiers sent to search for survivors and provide aid to those in need.

If you've logged onto the AAFES.com web-site recently, you may have noticed that it's been redesigned and enhanced. The online store site was launched on August 28th. The home page now features rotating flash promotions, mouse-over drop-down navigation and reorganization of merchandise departments. We're also rolling out a new test program with internet kiosks. Prototypes will be located at ten test locations around the country in CONUS.

AAFES continues to be forward leaning as we aggressively go after new business and look for ways to increase our value proposition. New businesses and creative innovations will ensure our relevance for generations to come. Some recent examples include our partnership with GameStop, Communications and electronics Services. These relationships are already proving to be big hits with our customers.

The next year or two will continue to challenge us, but challenge is nothing new to AAFES. For 113 years we've met every one head on, these difficult times will be no exception. I appreciate this opportunity to share the successes of this past year and the excitement as we look toward the future. Your support is crucial and on behalf of the entire AAFES family, I thank you.

As we head into this New Year, I wish you and yours a healthy and joyous 2009.

MICHAEL P. HOWARD
Chief Operating Officer

AAFES asks your assistance in preserving our history

What would you want people 100 years from now to know about AAFES? Wouldn't you want them to know how associates like you served America's Soldiers, Airmen, National Guard members, Reservists, their families, and retirees during peacetime and wartime?

Wouldn't you want them to know that AAFES kept true to its motto, "We go where you go," and stayed with the troops until they came home?

Now is your chance to become a part of AAFES' rich history by sending pictures, letters, postcards, e-mails, diaries, old sales flyers and anything else that will give future AAFES associates and researchers snapshots into what this company and its employees have done to serve America's fighting heroes throughout its 113-year history.

For associates in Europe, Steve Smith, the AAFES assistant editor and historian, is particularly interested in collecting historical information regarding the closing of exchanges and military installations on that continent as the United States reduces its troops.

Imagine the treasure-trove of information those people 100 years from now could unearth in AAFES' historical archives. Consider sending the following to the AAFES History Program:

- Photos of facilities, customers and associates, especially from the war zones;
- Narratives, memoirs;
- Journals;
- Local newspapers containing articles about AAFES;
- Locally produced flyers, signs and other advertisements;
- Original documents, if possible, but we'll settle for high-quality, legible copies;
- CDs, videos, DVDs, film and other multimedia formats.

First, visit the AAFES history site on the Internet, www.aafes.com/pa/history, and click on "History Preservation" and then "General History Packet," where you'll find all the directions to submit historical stuff, even videos, DVDs, CDs and audio cassettes.

Your contributions will become vital parts of AAFES' history and future, kept as permanent parts of our history archives in Public Affairs and on the history portion of the company's Web site, www.aafes.com, just waiting for somebody to use for research.

To get the general history packet by mail, send a letter to Steve Smith, Assistant Editor/Historian, AAFES, P.O. Box 660202, Dallas, TX 75266-0202. His e-mail is smithstev@aafes.com.

As for artifacts, we're a little antsy about accepting those for fear they'll get damaged on display. An "artifact" is an object produced or shaped by a person, especially a tool, weapon or ornament of archaeological or historical interest. If you have unique artifacts that you would like to donate, we'll accept them on a limited basis, but first, send an e-mail to the historian, smithstev@aafes.com, and let's talk.



**1918:Fort
Sill Tent PX**

CHAPTER HAPPENINGS

Columbia River Chapter—I'm sorry to say that our group hasn't had a lunch get-together recently. However, we will have one in the near future. While our group is small, it is mighty! And, we all know a secret that I am now sharing.

Life in the Pacific Northwest is GREAT. We are close to both the ocean and the mountains. Our weather is mild; seldom gets hot and seldom do we have extended freezes. Sure we have some rain, but it usually comes during the winter months and, in the mountains, falls as snow establishing a "Pack" that provides us with abundant water all year long. The precipitation that falls as rain washes the trees and keeps them green and growing. The out of doors is beautiful and provides almost anything one could want to do. Our cost-of-living is relatively low. In fact, it is possible to live a comfortable life style on AAFES retirement and Social Security alone. Don't believe me? Come visit and I'll prove it to you.

Ron Clement,
President, Columbia River Chapter

North Carolina Chapter—The chapter's newsletter reported that 21 members and guests attended the June meeting and heard a presentation by Beatrice Strickland, manager of the Fort Bragg North Post Main Exchange. Increased troop strength at Fort Bragg will bring many new facilities to support the new troops. At the same time, about 25 percent of AAFES associates at the installation will be eligible for retirement this year. The membership had another meeting in September.

Northern California Chapter—The October luncheon took chapter members to the Heart of Europe—a German restaurant in Folsom, CA, where Weiner schnitzel and sauerbraten were found on most of the members' plates. Members voted to make a \$200 donation to the Mustard Seed School, a free, private school for children 3-15 years old, which was established in 1989 to meet the needs of homeless children. More than 3,000 children have come through the school. The November luncheon was at Mimi's Café in Sacramento. Members also participated in a cookbook and used book sale in September in front of the McClellan Exchange an Commissary. This event replaced the fall bake sale.

North Texas Chapter—The members' appreciation day in August brought out 42 members, spouses and guests who enjoyed barbecue and all the trimmings at the Skyline Club at Hq. AAFES. Then in October, in another attempt to increase membership participation in chapter activities, the board invited members to a "Casual Sunday" celebration at the Skyline Club to enjoy an Italian buffet. That event was followed by a Thanksgiving Bash on November 22 and the annual Christmas Dinner/Dance on December 22.

Remember...Holiday party reports needed for April newsletter

We hope you took lots of photos and good notes about your chapter's holiday party this year. Send your stories and photos to the AREA Newsletter in January. We hope every chapter that had a holiday get-together will be represented in the April newsletter.

CORRECTION:

The president of the West Georgia chapter was incorrectly identified on the chapter map in the last issue of the AREA Newsletter. A special election was held at West Georgia in October 2007 when the new President of West Georgia Chapter, Wallace A. Moseley was elected for two years. His Email address is Golfr1938@hotmail.com.

USEFUL TELEPHONE NUMBERS

The following telephone numbers are provided as a convenience to members wishing to contact certain HQ AAFES offices and the AAFES Federal Credit Union.

HQ SWITCHBOARD
(214) 312-2011

FOR RETIREMENT and GROUP INSURANCE BENEFITS:
HQ. AAFES BENEFIT BRANCH REPRESENTATIVES (800) 519-3381

GENERAL COUNSEL:
COLONEL JOHN L. CLIFTON, USA (214) 312-3126

EXCHANGE POST:
BARBARA KIRSCH (214) 312 3831

SALES TABLOIDS:
DEBBIE WYLIE (800) 733-5142

ID CARD, PRIVILEGES
HR-L/H Servicing Personnel Office (214) 312-3330
ID Cards issued Monday, Wednesday, Thursday and Friday from 7:30-10 a.m.

DOD VEHICLE STICKERS:
DOD stickers are issued in AD from 7:30-11 a.m. on Monday, Wednesday, Thursday and Friday.

AAFES FEDERAL CREDIT UNION: TOLL FREE SERVICE
NORTH AMERICA (800) 452-7333
UNITED KINGDOM 0800-89-7490
GERMANY 0130-81-1187

FOR OTHERS NOT LISTED:
PAT WEAVER (972) 780-9810

For other information, check out the AAFES Web site at: <http://www.aafes.com> and the AREA web site <http://www.aafes.com/area>

MEMBERSHIP UPDATE FORM

Type of Change (Check All Boxes Below That Apply)

Address <input type="checkbox"/>	Telephone <input type="checkbox"/>	FAX <input type="checkbox"/>
E-mail <input type="checkbox"/>	Marital Status <input type="checkbox"/>	Other <input type="checkbox"/>

Enter New Address in "Current Address" block BELOW and List Other Changes Here--

(Printed Name) _____ (Signature) _____ (Date) _____

Check here if you would like to be put on the mailing list for future membership directories, which are published in even-numbered years and provide you a listing of names and addresses of AREA members.

TO: AREA (ATTN: Membership Director)
P.O. Box 380614
Duncanville, TX 75138-0614

CURRENT ADDRESS:

**AREA SCHOLARSHIP FUND
DONATION FORM**

**To: AREA
P.O. Box 380614
Duncanville, TX 75318-0614**

From:

Telephone

This donation is (check one box below)

- | | |
|---|--------|
| <input type="checkbox"/> In Honor of | (Name) |
| <input type="checkbox"/> In Memory Of | (Name) |
| <input type="checkbox"/> An Annual Pledge* | |
| <input type="checkbox"/> Other | |

Send Card to:

NAME	
ADDRESS	
ADDRESS	
CITY, STATE, ZIP CODE	
TELEPHONE	

Amount of donation (check enclosed)

\$

* I wish to pledge \$ _____ each year to the AREA Scholarship Fund. My donation for the current year is enclosed.

Your donation will be acknowledged to both the donor and to the recipient or the survivor. All donations are income tax deductible.

DONOR NAME (Printed)

SIGNATURE

COMMENTS:

AREA EXECUTIVE BOARD (EXEC OFFICERS + PROGRAM DIRECTORS)

November 25, 2008

EXEC OFFICERS	NAME	SPOUSE	ADDRESS	PHONE	E-MAIL / FAX
1. PRESIDENT	CHUCK POFFENBARGER	LINA	5535 MONA LANE DALLAS, TEXAS 75236	972.296.0388	CPOFFEN@YAHOO.COM 972.692.5176
2. PRESIDENT ELECT	Vacant	---	---	---	---
3. TREASURER	GERRY PETERSON	MARLENE	1609 GLASGOW DR. ARLINGTON, TX 76015	817.557.1520 C: 817.576.4594	GERRY@PETERSONCLAN.NET
4. SECRETARY	DON SMITH	PAT	6359 Farm Road 660 BRISTOL, TX 75119	972.846.9916 C: 214.729.4046	DonaldSmith7@aol.com
5. MEMBERSHIP DIRECTOR	PAT WEAVER	KEN	110 N VENICE DR. DUNCANVILLE, TX 75116	972.780.9810	KEN-PAT@SBCGLOBAL.NET 972.780.9810
6. INFORMATION DIRECTOR	LARRY PHILLIPS	SUZANNE	1200 LAURIE DESOTO, TX 75115	972.224.8116	AREA-NEWSLETTER@tx.rr.com
7. MEMBER-AT- LARGE / CHAIR, EMERGENCY RELIEF	TOM HARMON	LOIS	207 N VENICE DR. DUNCANVILLE, TX 75116	972.296.8224	harmonta@sbcglobal.net
8. MEMBER-AT- LARGE	MILT BERGMAN	CAROL	24030 WOODHOLLOW DR. WB BOX 109 WHITNEY, TX 76692	254.694.5038	MILTBERGMAN@MSN.COM
9. MEMBER-AT- LARGE	BOB HAVER	DEAN	807 GRANADA DR. DUNCANVILLE, TX 75116	972.780.7064	rfh807@swbell.net
PROGRAM DIRECTORS (non-voting appointees)					
1. FINANCIAL ADVISOR / VEBA TRUSTEE	MARTY HANDEL	UTA	9022 EMBERGLOW LN DALLAS, TX 75243	972.680.1912	handelmr@tx.rr.com 972.680.8016
2. AUDITOR	GENE MILLER	Mary	1011 GREENBRIAR LANE DUNCANVILLE, TX 75137	972.296.1773	gene15mary15@att.net
3. COMMUNITY SERVICE	DICK FREGOE	GISELA	2709 SPARTACUS DR. GRAND PRAIRIE, TX 75052	972.641.2981/ 5783	rfregoe@gptx.org 972.641.2069
4. LEGAL ADVISOR	TOM REAGOR	LINDA	1119 SPYGLASS HILL LANE FRISCO, TX 75034	214-469-2423	thomasreagor@att.net
5. SCHOLARSHIP Program	TOM GALLAGHER	MARY	7045 Rembrandt Dr. PLANO, TX 75093	972.862.8099	area_scholarships@tx.rr.com



AAFES RETIRED EMPLOYEES ASSOCIATION

SUPPORTING THE INTERESTS OF AAFES, ITS RETIREES AND THE PEOPLE IT SERVES

AREA Membership Application

I'm applying as a: New member
 Member requesting renewal
 Former member requesting reinstatement

1. If you joined AREA at time of retirement, AAFES pays the 1 st year's dues. Are you completing this form as part of the pre-retirement process?	<input type="checkbox"/> Yes. Make sure that HR is aware of it so that the 1 st year's dues payment is sent to AREA. <input type="checkbox"/> No. (See #2)
2. I'll mail a check for \$15 for my annual dues to AREA at this address.	AREA ATTN: Membership Director P.O. Box 380614 Duncanville, TX 75138-0614

Member Information

Please mail this completed application with a \$15.00 check to the address above.

1. My name:	Spouse:	
2. Address:		
City/State/Zip:		
3. Phone #:	Cell #:	Fax #:
4. E-mail address:		
5. Can we include your phone #s and e-mail address in AREA publications and listings? <input type="checkbox"/> Yes; <input type="checkbox"/> No		
6. Date Retired:		
7. Are you a Chapter member? <input type="checkbox"/> Yes; <input type="checkbox"/> No		
If yes, which one? _____; If no, and you want to join, click on Chapters on our web site at www.aafes.com/area to find the one closest to you.		
8. We send a copy of the Membership Directory to new members. We also publish the Directory every three years and mail it to all members. Do you wish to be added to the Membership Directory mailing list? <input type="checkbox"/> Yes; <input type="checkbox"/> No		

AREA is an association of Retired and active AAFES associates dedicated to the needs of its members, and to fostering friendships and associations made during their careers.

We're people helping people... it's the right thing to do!



JOIN AREA AND ONE OF ITS CHAPTERS FOR A COMPLETE EXPERIENCE. YOU'LL BE GLAD YOU DID!



- HOME
- Your Benefits
- Board Membership
- Contact Us
- Constitution Bylaws/Policy
- History
- Chapters
- Corporate Sponsorship

- Profile of AREA**
- From the President
 - Overview
 - Why Join AREA?
 - Apply/Renew AREA/Chapter Membership
 - Membership Update Form
 - Scholarship Donation Form
 - Annual Report - 2006

- AREA News**
- Pension Plan Aggregation
 - Submit News Item Via Mail
 - EAP for Retirees
 - Health Benefits Questions
 - Challenge Yourself by Volunteering
 - Links to Gov't Sites' Dictionary
 - AAFES History

- Friends & Neighbors**
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 - Publications for Members
 - Keester Exchange says "Thank You!"



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Visit Our Web Site at www.aafes.com/area

AAFES RETIRED EMPLOYEES ASSOCIATION



I'm sending the Newsletter electronically to 36 members now, a smaller number that I had thought would sign up for it. In addition to the convenience of receiving it online, members save us printing and postage costs, a significant expense which we can eliminate with this program.

In the July, '08 Newsletter, here's what I said about this program: "What we would like to do is to encourage you to receive your Newsletter via the internet, and save us \$0.54 in postage and handling, and \$1.75 for printing, for each copy not mailed. If you're interested in that, all we would need is your e-mail address and you'll receive an e-mail message every quarter from me with a link to the Newsletter. Click on the link and read the Newsletter as an adobe acrobat (.pdf) document. If you can't read .pdf files, you can get a free reader at www.adobe.com. Just click on Get Adobe Reader in the middle of the home page. You'll also be able to save the Newsletter to your computer by using the Save AS command in the File section at the top of the screen."

Send an e-mail to me at cpoffen@yahoo.com and state that you would like to get the Newsletter online and I'll do the rest. Give it a try. If you don't like it, we can always add you back to the mail list.

—Chuck Poffenbarger

DUES ALERT!

Please check the expiration date below. If it reads "December 2008 (or earlier) your dues are PAYABLE. Dues are \$15 per year (effective April 1, 2002)— Please make the check payable to AREA.



AAFES RETIRED EMPLOYEES ASSOCIATION
P.O. Box 380614
DUNCANVILLE, TX 75138-0614

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