



Exchange Fact Sheet 2018

Exchange Financials (FY 2017): Revenue: **\$8.6 B** ▶ Earnings: **\$376 M** ▶ Dividends: Army: **\$124 M** ▶ Air Force: **\$76 M** Marine Corps: **\$15 M** ▶ Navy: **\$4 M** ▶ Total: **\$219 M** ▶ Dividend per active duty Airman & Soldier: **\$275**

MISSION & STRUCTURE

Since 1895, the Army & Air Force Exchange Service has been serving a critical role in strengthening military readiness, recruiting and retention. Today, the Exchange continues to go where Warfighters and their families go to provide tax-free shopping and military-exclusive pricing at installations worldwide and online at ShopMyExchange.com. The Exchange is the 61st largest retailer in the U.S., achieving highly competitive earnings of 5.6 percent of sales in 2017. Exchange earnings provide dividends to military Quality-of-Life programs. The Department of Defense's largest retailer, the Exchange is governed by a Board of Directors, responsible to the Secretaries of the Army and Air Force.

OUR VISION

Be the preferred retail and services provider for the military family through extraordinary customer experiences and value pricing.

WHO WE SERVE

The Exchange serves an eligible customer base of 24.5 million active-duty military; retirees; National Guardsmen; Reservists; 100 percent disabled honorably discharged Veterans; all other honorably discharged Veterans (online only); authorized Public Health Service associates; authorized National Oceanic and Atmospheric Administration associates; US Coast Guard members; authorized State Department associates stationed outside of the continental United States; Department of Defense authorized civilian associates; and, where authorized, the known dependents of the sponsors within each of these segments.

FACILITIES WORLDWIDE

The Exchange operates nearly 2,700 facilities in 34 countries, 49 states, four U.S. territories (Guam, Puerto Rico, Northern Mariana Islands & American Samoa) and the District of Columbia. Facilities include 122 main stores; 167 Military Clothing stores; 500 convenience stores (troop stores, Express locations, Class Six outlets); more than 120 specialty stores that carry furniture, outdoor living merchandise and more; and 76 movie theaters. The Exchange also runs more than 1,700 quick-serve restaurants under licenses such as Subway, Boston Market and Starbucks. In addition, the Exchange oversees more than 3,300 retail concessions in a variety of business categories, including automotive centers, health care (dental, cryotherapy, durable medical equipment), gift shops, tactical gear, hair care, laundry, dry cleaning and more. The Exchange has 40 contingency locations in Afghanistan, Iraq, Kuwait, Jordan, Qatar, United Arab Emirates & Saudi Arabia, as well as sites in Eastern Europe, Africa and other locations worldwide.

FAMILY SERVING FAMILY

The Exchange is a major employer of military spouses, Veterans and Wounded Warriors. About 85 percent of the Exchange's approximately 35,000 associates share a connection to the military. The Exchange has hired 34,000 Veterans and military spouses since 2013. In 2018, the organization reaffirmed its commitment to hiring 50,000 Veterans and military spouses by 2020. The Exchange has hired 1,200 Wounded Warriors since 2010.

MILITARY & FAMILY SUPPORT

When military members deploy to remote locations around the world, the Exchange goes where they go to offer products and services to bring troops a taste of home. Since 9/11, more than 4,600 Exchange associates have voluntarily deployed. Other Exchange support last year included outfitting 1.1 million troops with combat uniforms, serving 2.6 million school lunches to their children and operating seven plants providing baked goods, bottled water and ice to overseas installations.

SALES & DIVIDENDS

One hundred percent of Exchange earnings support the military community. Roughly two-thirds support Quality-of-Life programs critical to maintaining force readiness and resiliency, including Child Development Centers, Youth Programs, Fitness Centers and more. In the past 10 years, the Exchange distributed more than \$2.4 billion to these programs. In addition to Army and Air

Force installations, Exchange earnings support Marine Corps and Navy bases where the Exchange operates facilities. All remaining earnings are reinvested into new and renovated stores.

SELF-SUPPORTING

The Exchange funds 97 percent of its operating budget through the sale of goods and services. The remaining 3 percent of Exchange funding comes from appropriated funds; the vast majority of this support is devoted to transporting goods overseas per the legal requirement to make American goods available to those serving abroad.

ECOMMERCE

The Exchange offers millions of products and much of the same national brand merchandise found in brick-and-mortar stores at ShopMyExchange.com. The Exchange's online assortment is updated continually, offering convenience for those who don't live near a military installation. Online shoppers enjoy free delivery when using a MILITARY STAR® card or when their online purchases total \$49 or more. As in brick-and-mortar Exchange stores, all online purchases are sales tax-free.

On Veterans Day 2017, the Exchange welcomed home all honorably discharged Veterans with a lifelong online exchange shopping benefit, marking the first time the Department of Defense has expanded exchange shopping privileges in nearly three decades. This expansion resulted in a 34 percent growth in Exchange e-commerce sales from 2016 to 2017.

EXCHANGE CREDIT PROGRAM

The Exchange also administers the Exchange Credit Program (ECP), which offers affordable credit to the military community. Established by Congress in 1979 to protect service members from predatory lending, ECP funds and operates the MILITARY STAR® card for approximately 1.6 million cardholders, including Soldiers, Sailors, Marines, Airmen, Reservists, retirees, honorably discharged Veterans shopping at online exchanges, and military family members. Offering one of the lowest interest rates in the country among store cards, the MILITARY STAR card is accepted at all military exchanges and commissaries and online at ShopMyExchange.com, MyNavyExchange.com and ShopCGX.com. Earnings from the MILITARY STAR card are returned to the community to fund Quality-of-Life programs.