



AAFES Aggregation Proposal

June 2009

Retirement Plans

✓ Basic Retirement Plan:

- 14,661 retirees
- 13,890 active employees

✓ Executive Management Program (EMP): covers all PB 5 managers and above who are mobile.

- 1,810 retirees
- 546 active

✓ Post-Retirement Medical (PRM):

- 10,199 retirees
- 9,515 active potentially eligible



Aggregation Benefits

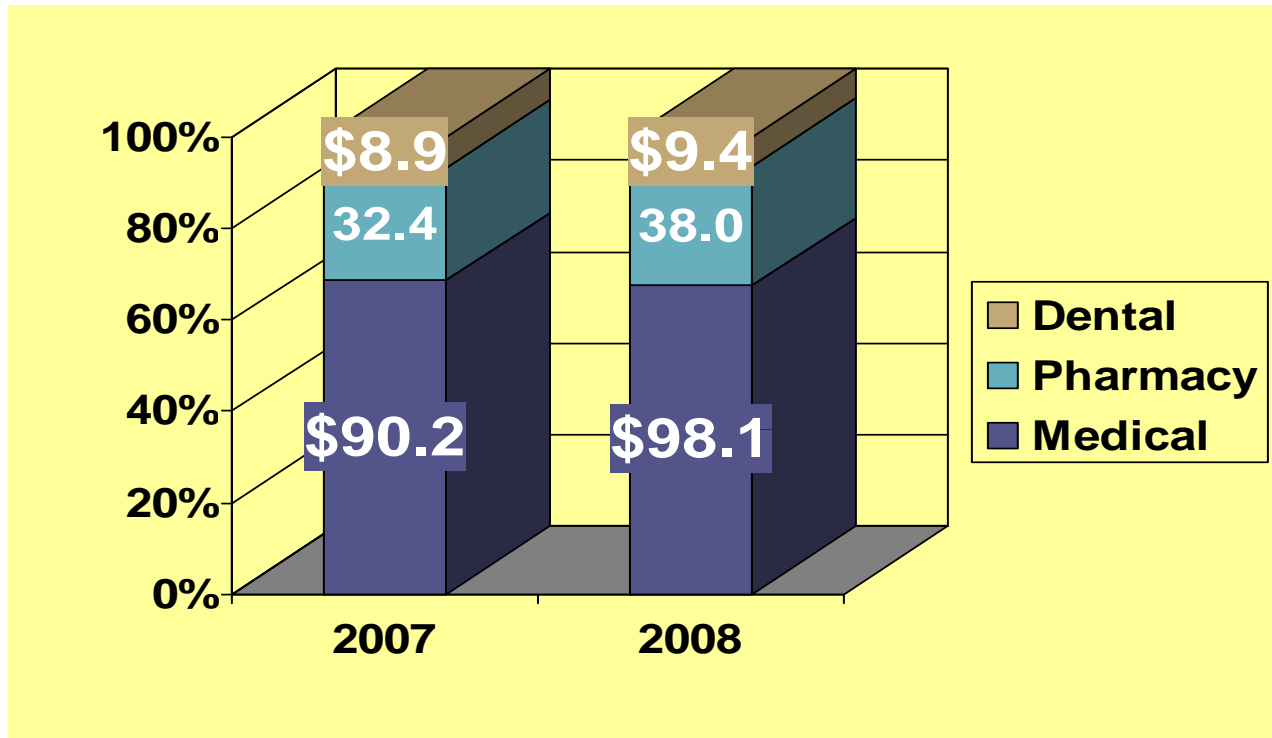
- ✓ **Protects:**
 - ➔ Vested basic pensions
 - ➔ Non-vested EMP pension
 - ➔ Non-vested DoD-mandated PRM benefits
- ✓ **Reduces risk of funding one plan, while other is over funded**
- ✓ **Reduces risk to dividend/earnings**
- ✓ **Leverages financial strength of plans**



Why aggregation?



2008 vs. 2007 DoD NAFs Medical/ Rx and Dental Claims



8.7% increase in Medical claims; 17.2% increase to Rx; 5.6% increase to Dental



Funded Status after Aggregation - as of 5/31/2009

	Basic	EMP	PRM	TOTAL
Assets	3,000M	65M	1,048M	4,113 M
Benefit Obligations	<u>2,792M</u>	<u>65M</u>	<u>1,613M</u>	<u>4,470M</u>
Funded Status	<u>208M</u>	—	<u>(565M)</u>	<u>(357M)</u>
Funded Ratio	107%	100%	65%	92%
Funded Status				
Prior to Aggregation	<u>503M</u>	<u>(102M)</u>	<u>(758M)</u>	<u>(357M)</u>
	<u>120%</u>	<u>72%</u>	<u>53%</u>	<u>92%</u>

