

News Release  
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## Checkpoint Systems Announces First Customer Trial of Electronic Article Surveillance (EAS) Built on RFID

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### *International Retailer METRO Group Partnering With Checkpoint to Trial Solution, Compliant With New GS1 EPCglobal Guides*

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THOROFARE, NJ, Oct. 14, 2009 - [Checkpoint Systems](#), a global leader in shrink management, merchandise visibility and apparel labeling solutions, today announced that it is partnering with [METRO Group](#), one of the largest and most important international retailing companies, to deliver an RFID-based EAS solution.

This solution will comply with today's announced [GS1 EPCglobal RFID-based Electronic Article Surveillance \(EAS\)'s Strategic Overview Guide and Technical Implementation Guide](#). Checkpoint worked closely with GS1 EPCglobal to develop these guidelines and views them as a major milestone in the evolution of EAS.

"We are pleased that METRO Group has taken industry-leading steps with this latest innovation," commented Rob van der Merwe, Chairman, President and Chief Executive Officer of Checkpoint Systems. "As a contributor to the GS1 EPCglobal Guides, Checkpoint was committed from the outset to deliver a comprehensive, industry-leading, RFID-based EAS solution. Radio frequency is at the core of Checkpoint's business, as demonstrated by our long history of developing RF solutions for retail applications. RFID-based EAS is a natural and very exciting evolution for our Company. We are proud to work with METRO Group on this breakthrough initiative."

#### **Significant benefits ahead for retailers**

Retailers are poised to gain significant benefits from RFID-based EAS solutions, the driving force behind GS1 EPCglobal's initiative to develop new guidelines. RFID-based EAS addresses an important challenge for retailers: inaccurate perpetual inventory caused by shrink. RFID enables retailers to not only know that a theft event has occurred but also what specific merchandise was stolen. This insight gives retailers a far more accurate picture of inventory

levels, allowing them to promptly restock shelves. Improved stock positions and on-shelf availability lead to increased sales.

“METRO Group is working with Checkpoint to deliver standards-compliant, RFID-based EAS to both mitigate loss and optimize our merchandise management,” said Dr. Gerd Wolfram, Head of CIO-Office, METRO AG. “This effort is in line with our stated RFID strategy to use tags for multiple purposes along the supply chain. We are pleased to continue our partnership with Checkpoint and we are convinced that the GS1 enhanced standards-based solutions are bringing benefits for retailers and suppliers.”

“GS1 EPCglobal’s RFID-based EAS guides that we released today present a new model for the way in which retailers will monitor and manage shrink,” said Chris Adcock, President of EPCglobal Inc. “EPC/RFID delivers high-resolution visibility, enabling retailers to reduce stock-outs, enhance the shopper’s buying experience, and increase sales in an unprecedented way.” Checkpoint is a leader in the industry, contributing significantly to the guidelines and working to develop a standards-based, RFID-based EAS solution.

### **Evolve Platform provides clear migration path to RFID EAS**

Checkpoint has been developing RF-based EAS systems for decades. This experience led to the development of the company’s [Evolve](#) EAS platform, engineered from its conception to support RFID and first piloted in METRO Group’s Future Store in 2005.

Evolve is the platform of choice for retailers who want the most advanced EAS system today, with the ability to support their RFID-based EAS plans for the future. Retailers deploying Evolve know that their investment is protected with a clear upgrade path to RFID:

1. With Evolve and Checkpoint's wide range of [RF EAS](#) tags, retailers can protect all their merchandise from theft and reduce shrink at their stores.
2. Using Evolve’s Dual Tags, incorporating both RFID and EAS technology on a single tag, retailers can systematically introduce merchandise visibility into their operations by tagging selected categories of merchandise while maintaining full EAS protection. Evolve Dual Tags can be delivered to vendors worldwide using [CheckNet®](#), Checkpoint's "RFID-ready" data management and logistics platform.
3. When RFID-based EAS becomes commercially available, retailers can further leverage their investment in Evolve by upgrading to an RFID-based EAS solution, using RFID tags, and obtain significant additional value with minimal additional cost.

RFID-based EAS is a logical evolution of Checkpoint's highly extensible platform, leveraging RFID's real-time capabilities as a loss prevention solution to deliver benefits and insights never before possible. Checkpoint expects early adopters to be high-end apparel and footwear retailers as well as cash-and-carry retailers who sell merchandise by the case.

## **Uniquely positioned to deliver RFID-based EAS**

With the success of its Evolve system, the heritage of its RFID division, [OATSystems](#), and its complete solutions portfolio including Apparel Labeling Solutions, Check-Net world-wide source tagging, RFID labels, and [Merchandise Visibility](#) solution, Checkpoint stands alone in its ability to address the complex challenges and opportunities of using RFID-based EAS.

"There is no question that RFID-based EAS represents an exciting long-term vision of convergence in retail," said Drew Nathanson, Director of Research Operations at VDC Research Group. "Although there are many technical hurdles associated with this opportunity, companies possessing experience and solutions in RF-item level technologies are well positioned to address these challenges and bring effective solutions to market."

## **Working in concert with the world's leading retailers**

Working closely with GS1 EPCglobal, Checkpoint and others, METRO Group actively contributed to developing the RFID-based EAS guidelines to help retailers address their shrink management and merchandise visibility needs. Demonstrating its commitment to RFID-based EAS, METRO Group is now trialing Checkpoint's Evolve RFID-based EAS solution. The retailer expects to realize tangible benefits in loss prevention and merchandise visibility as a result.

"Retailers are actively expanding their RF EAS source tagging as a way to reduce shrink and simultaneously lay the foundation for RFID. We have begun working with several retailers to build and develop their EAS to RFID convergence strategies," concluded Per Levin, Worldwide President, Shrink Management Solutions and Merchandise Visibility, Checkpoint Systems.

"RFID as EAS represents a significant stepping stone to bringing RFID into the supply chain and store operations. As a result, we expect retailers to benefit dramatically from improved visibility, higher customer satisfactions levels, and increased sales."

The guides are available at no cost at

[http://www.epcglobalinc.org/standards/implementation\\_guidelines/](http://www.epcglobalinc.org/standards/implementation_guidelines/)

**About METRO Group**

METRO Group is one of the largest and most important international retailing companies. In 2008 the Group reached sales of € 68 billion. The company has a headcount of some 300,000 employees and operates around 2,100 stores in 32 countries. The performance of METRO Group is based on the strength of its sales divisions which operate independently in their respective market segment: Metro/Makro Cash & Carry – the international leader in self-service wholesale, Real hypermarkets, Media Markt and Saturn – European market leader in consumer electronics retailing, and Galeria Kaufhof department stores.

### **About Checkpoint Systems, Inc.**

Checkpoint Systems is a global leader in shrink management, merchandise visibility and apparel labeling solutions. Checkpoint enables retailers and their suppliers to reduce shrink, improve shelf availability and leverage real-time data to achieve operational excellence. Checkpoint solutions are built upon 40 years of RF technology expertise, diverse shrink management offerings, a broad portfolio of apparel labeling solutions, market-leading RFID applications, innovative high-theft solutions and its Web-based Check-Net data management platform. As a result, Checkpoint customers enjoy increased sales and profits by improving supply-chain efficiencies, by facilitating on-demand label printing and by providing a secure open-merchandising environment enhancing the consumer's shopping experience. Listed on the NYSE (NYSE:CKP),

Checkpoint operates in every major geographic market and employs 3,900 people worldwide. For more information, visit [www.checkpointsystems.com](http://www.checkpointsystems.com).

### **About GS1 EPCglobal Standards**

GS1 EPCglobal standards are a set of integrated industry-driven standards which have been developed to meet user's requirements enabling the identification of objects, data capture and sharing of information among partners throughout the supply chain. These standards are developed within the framework of EPCglobal Inc.

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