

The Echo

February 2008

Quarterly Newsletter

"Providing world class services that exceed customer expectations on each and every contract with uncompromising accuracy, timeliness, and attention to budget requirements."



From the Desk of **Bill Arterburn** **Chief Executive Officer**

BSE employees took an afternoon in December last year to dedicate our new office facility in Kapolei, Hawaii. We had invited our customers and suppliers as well as other business associates in the State of Hawaii. The office looks great, a true statement of our commitment to Hawaii, and our employees and customers there, who have made it all possible. I am very thankful for the many hours of planning, effort and cooperation of those on the ground in Hawaii, and of our Construction Division in Alaska. Most amazing of all is how our Hawaiian employees managed to operate before we had the facility in place, since the intimacy of our mobile offices was surely trying, both before and during construction, for all involved. My hat is off to BSE's Hawaiian staff, management and work crews who surely learned that the greatest part of being at the top of the mountain is the fun you had while getting there.

Our next step for Hawaii is to broaden BSE's portfolio of cherished customers, and cross over from a purely commercial realm to government contracting. This broadens our service offering and lessens our dependency on any given customer to sustain operations. This is not to say that we don't cherish those customers, and have the full intention of maintaining service levels. It is simply common sense to acknowledge to ourselves that our customers' needs can change over time, and if we want to stay competitive we need to always be looking for new customers and customers with different needs. The same idea, call it diversification, is in play as we seek to develop our Fiber and Cable Division company wide, given our customer portfolio that has been largely government contracting focused. There is much that our respective work groups can teach each other from our collective experiences.



The element of risk is there, fully involved in these efforts to diversify. We sometimes have to leave the security of what we know and are comfortable with, in order to grow and expand. The parent corporation has directed us to grow, the BSE board has acknowledged the risks, and it is left for us to take up the challenge to make successful growth a part of BSE's corporate culture. We will be asking each of the BSE divisions to be thinking about growth and expansion, and incorporate such direction into planning efforts for the company. Moreover, we ask our most important resource, our employees, to feel free to forward information, ideas and opportunities for growth that you see as you attend to your regular duties. The corporate dependency of BSE is not upon this customer or that given customer, but upon the efforts, ideas, and creative labors of the employees we have in the fold. Management acknowledges fully that it is our employees who make us what we are in the eyes of the customer, and that resource is an asset that does not show up on the balance sheet.

So while we celebrate our success in establishing a new headquarters for Hawaiian operations, we should not forget that it is just a building, an assemblage of materials and effort to sustain our operations and daily labors. As it was said eloquently by Ralph Waldo Emerson, "What lies behind us, and what lies before us, are tiny matters compared to what lies within us." And I am certain that the seeds of our continued success of BSE lie within each and every one of BSE's employee representatives.

Bill Arterburn, CEO

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Survey Says...

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Surveys are one of the principal ways we reach out for feedback from our customers, and they can be good or bad. I, as most of us, have been on both sides of surveys-both an asker and an answerer. The surveys I like best are the ones that give me something at the end.

There are many tools to help you develop a survey, and these can be either paper or electronic. The components are pretty common...

- Know what you want to learn
- Know who(m) you'll interview
- Know how you will interview
- Know what you will ask
- Test your questions
- Ask your questions
- Analyze your results

But these often address the mechanical aspects of your approach. What you don't necessarily see in these instructions are the core elements of communication and your customers' orientation.

Keep it simple. Speak to your audience about the product or service, and give them a reasonable and balanced scale. Don't ask about behind-the-scenes stuff they don't know or care about, and give them rating options for both good and bad.

Frame the context of our survey. Sometimes there is a gap between what we intend to deliver and what a customer expects to receive. There are entire programs dedicated to "expectation management," but for our purposes the objective is to qualify and quantify both the question and the answer. Ask about a specific product or output in the question, and lend some quantification to the rating criteria (agree 25% of the time, etc...)

Ask relevant, closed-ended questions. Remember to speak to your audience, which means to ask questions they have the ability to answer without speculating, and give them the ability to abstain or a "not applicable" option. Allow for customer write-in comments, but try not to require them.

Consider customer motivation (or lack thereof). More and more studies indicate customer satisfaction is overridden by customer convenience, and no one needs a study to tell them the three biggest survey motivators are a bad experience, a free gift, or a painless survey. Make it as easy as possible to respond.



The Process

BSE's Security Program

Elary Gromoff, Executive VP/Facility Security Officer

Rodney Rush, Security/JPAS Manager



Today I would like to discuss "THE PROCESS". For all intents and purposes "the process" is the course of action that is taken to either transfer your current clearance, reactivate an old clearance or obtain a new security clearance and with any of these the eligibility to access classified information.

Everyone in BSE that possesses a security clearance and has been given the eligibility to access classified information should know the process on how they received that eligibility. It is a question that could be asked of you during a visit by your security office or during an interview with our DSS representative. The following steps should clarify this process:

STEP 1: THE OFFER LETTER. The process starts with your offer letter. Your security office must receive a copy of your signed offer letter or at least be told by the TSD Director or higher that you have accepted a position with BSE. The offer letter provides basis or authority to access your information through the Joint Personnel Adjudication System (JPAS).

STEP 2: PROOF OF IDENTITY. In order to process your security clearance you must prove who you are with a current passport or authentic birth certificate. It is required that the security office keep a copy of the documents you originally provided on file.

STEP 3: PROOF OF MILITARY SERVICE. If you are prior military you must provide your security office with a copy of your DD Form 214, Certificate of Release or Discharge from Active Duty.

STEP 4: DRUG SCREEN. You must take and pass a drug screen test.

STEP 5: SECURITY CLEARANCE APPLICATION. If you have never had a security clearance before or your clearance has been inactive for 2 years or more or your reinvestigation date has been exceeded, the security office has to request an investigation. After this request is approved you must complete a Standard Form 86 and then be fingerprinted.

**BEFORE YOU ARE ALLOWED ACCESS TO CLASSIFIED INFORMATION
STEP 6 & 7 MUST BE COMPLETED!**

STEP 6: NON-DISCLOSURE AGREEMENT. After your security clearance has been verified, transferred, or approved by DSS your security office must have you review and sign a Standard Form 312, Classified Information Non-Disclosure Agreement. This form is a contractual agreement between you and the government stating that you will never divulge classified information to any unauthorized person(s).

STEP 7: SECURITY AWARENESS AND EDUCATION TRAINING. You must receive initial security training in accordance with the National Industrial Security Program Operating Manual (NISPOM). This training is presented by your security office and a signed record of your training is kept on file.

Okay, those are the steps that are required for your security office to process your security clearance. Hopefully you will be able to verbalize this process to anyone that has a "need to know".

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"AANG" (Aleut for Welcome)

BSE would like to take this opportunity to welcome all of its new employees that have joined our team these last few months. We appreciate you and your services as we grow as a world class service company



Technical Services Division Update

BT Smith, Technical Services Division Director
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It has been a very busy quarter for the Technical Services Division. As you may or may not be aware on the 2nd of November a Missouri Air National Guard F-15 broke apart in mid-air and crashed. Fortunately the pilot survived but the accident resulted in the grounding of over 450 F-15s. This had a major impact on our operations at Eglin, Seymour Johnson, and Mountain Home Air Force Bases. As a result, the entire fleet of F-15s underwent mandatory inspections for possible "airworthiness" issues. It was determined, after the initial inspections, that the newer F-15Es were not affected so both Seymour Johnson and the one squadron for E models at Mountain Home were returned to operational status. At the completion of these inspections it was determined that over 100 of the older F-15s had defects in the metal rails that hold the fuselage together and will be permanently grounded. The specific airframes have been identified and flight operations returned to normal in mid-January. We are anticipating a possible realignment of the remaining F-15 aircraft within the near future and could possibly have an impact on the squadrons at Langley and/or Eglin Air Force Bases.

BSE has decided to compete for the maintenance contract at Mountain Home AFB, ID supporting the Singapore F-15SG aircraft

that are anticipated to arrive in January 2009. The F-15SG will be provided to the Singapore government through the Foreign Military Sales (FMS) program. The F-15SG will be roughly equivalent to USAF's F-15E, known as the Strike Eagle. The F-15E is a dual-role fighter designed to perform both air-to-air and air-to-ground missions. The aircraft has a Low-Altitude Navigation and Targeting InfraRed for Night (LANTIRN) system allowing the aircraft to fly at low altitude, at night and in any weather conditions to attack ground targets with a variety of precision-guided and unguided weapons. It is anticipated that there will be a 20 year contact between the United States and Singapore to train their pilots, weapon systems officers and maintenance personnel to operate, employ and maintain these new aircraft.

Unfortunately we have to say goodbye to Cannon AFB as the final remnants of the P4RC system are shipped to Alpena, MI and all of the shop equipment moved to Eglin AFB, FL awaiting reassignment. It is going to be difficult to say adios to Kenny Potters and his entire crew, it has been challenging and rewarding and it is never easy to say goodbye to good employees. The best of luck to each of you we hope our paths cross again in the near future!

P5CTS/P4RC Employee of the Quarter



Jennifer Gose
Computer Operator
Langley AFB, VA

This past Quarter Jennifer has been busy with working with the 1st Fighter Wing to increase feedback rates for the P5CTS system ACC wide. She was able to work with the pilots to bring the feedback rate up to an incredible 99%! Feedback rates dropped to 1/2% for May and June after the P5 System installation. Dedication and persistence were the key to this amazing turn-around as pilot feedback is the most crucial item in identifying system failures/shortfalls. When the online debrief feedback form became unusable due to an Air Force server issues, she quickly developed an Access program which also aided increasing feedback rates and provides a significant enhancement over previous versions, such as incorporating bit data (not previously captured), making it available to maintenance technicians.

During this past quarter she also supported over 2,000 debriefings for both the P4RC and P5CTS systems all from just a single squadron. With the F-15 fleet grounding for structural inspections Jennifer went into high gear developing a complete set of local Continuity Files for SPRAM, COMSEC, T.O. Library and AF Supply. This effort ensures continued seamless customer support.

Jennifer also provides community support in the way of volunteering at a local child development center. While there she reads stories, coordinates arts and craft projects and helps serve lunches. She also organized adoption of two local families that were in need this holiday season. Hot meals were provided as well as cleaning, decorating, furniture, and gifts for the children.

Her dedication to her job as well as her community and the determination to improve her value to the company have earned her Employee of the Quarter.

Technical Services Division Employee of the Year



Karl Ewers
Electronics Tech III
Seymour Johnson AFB, NC

Karl has made tremendous accomplishments for the Technical Services Division this past year. Here are just a select few of his most prestigious contributions. Please keep in mind that Karl moved from our BSE operations in Cannon AFB, New Mexico to Seymour Johnson AFB, in North Carolina.

- Supported flying operations for the largest fighter wing in ACC
- Superbly complied with daily flying schedules for four fighter squadrons, supporting the loading of 6,259 pods, while flying 5,042 sorties with 5,013 successful sorties flown
- Maintains the highest effectiveness rate for all ACC Air Combat Training Systems Sites with an combined P4RC/P5CTS rate of 99.4%
- Lead all other BSE sites with a P4 sortie effectiveness rate of 99.8%
- Sustained a 99.3% sortie effectiveness rate for P5 highest for the entire USAF!
- Achieved an 83.13 sorties per assigned pod, the highest rate for all sites
- Flawless performance-directed and assisted more than 7,800 pod load reconfigurations with Zero deficiencies
- Achieved a 100% on-time loads while maintaining a Zero non-excusable sortie rate for the entire 42 P4RC and 42 P5CTS pods assigned
- Redesigned the pod maintenance area increasing work space and improving the flow of maintenance and reducing possible hazards to both personnel and equipment
- Reorganized all the tool boxes and all of the shop stock drawers doing away with unneeded parts and ensuring the correct parts were on hand and in sufficient quantity ensuring 100 percent accountability of all parts and tools
- Enrolled with Embry Riddle Technical College, Completed 49 credit hours towards a Professional Aeronautics Technology degree
- Serves as a Records Keeper and Assistant Coach for the Charles B. Acock High School wrestling team-assists in preparing the gym for competitions
- Dedicated over 100 hours to the Methodist Home for Children

For a complete account of all his accomplishments please visit the Employee Awards section of the BSE web site.



Girdwood Construction Project

Mike Taylor, Contracts Manager
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The BSE Construction Division recently completed the construction of a 7,500 square foot building to serve as a replacement facility for the State of Alaska Department of Transportation and Public Facilities. The building includes offices for Department personnel and two vehicle storage bays for the storage of maintenance and avalanche equipment.

Due to the tight construction schedule and program for replacement of the facility, a pre-engineered metal building was used with pre-insulated metal roof and wall sandwich panels for the exterior building envelope. The use of embossed (striated) exterior panels effectively reduced the oil-canning appearance typically

associated with smooth cold-formed steel purlins that spanned between the rigid frames. The project was a "design/build" with BSE serving as the design-builder and coordinating activities of not only the construction team, but coordination and development of the design and specifications throughout the project from inception to completion.

Steel framing for the pre-engineered metal building consisted of clear span rigid frames, spanning the short direction of the building. Given the higher snow loads at Girdwood and the future installation of a 5 ton bridge crane, the frames were spaced approximately 20 to 25 feet on center.



Girdwood Maintenance Building, Girdwood, Alaska

Roof framing consisted of pre-insulated metal sandwich panels supported on frames. Wall construction consisted of pre-insulated metal sandwich panels supported by cold-formed steel girds that spanned between the rigid frame columns along the long sides of the building and between wind columns at the two end bays. The steel frames consisted of built-up, tapered steel columns and beams.

BSE Markets Fiber Cable Division Overseas

Advances in modern telecommunications have significantly increased the demand for Fiber Optic connections across the globe. And while we are actively seeking to introduce our new products and services to United States customers, it is apparent that in some Asian countries economic growth has created a spiraling demand for services of the type provided by BSE's Fiber and Cable Division. Telecoms in many emerging economies do not have the deadweight of previous copper-based investments, and are moving forward



with the latest and greatest in fiber optic deployments through Ethernet Passive Optical Networks, and Gigabit Ethernet Optical Networks. Opportunity knocks, and BSE, together with its partners at FiberDuct Solutions, LTD, took the time and effort last fall to call upon some Japanese and Asian telecoms during visits to Japan and Vietnam. The Microduct product was also introduced to American overseas facilities and the US Consulate. The unique fiber optic product we introduced was very well received and

significant interest was generated for future business growth in the fast growing Asian-Pacific region. More activity and follow up is anticipated during the coming year.



Hawaii Moves into New Office

BSE's Hawaii Division occupied new quarters late last year. The new facilities represented three years of planning and operations in "temporary" status while permitting and contracting efforts were underway. Dedication ceremonies were attended by many of BSE's local customers and by members of both BSE's Board of Directors and Board members of the parent corporation.

December rains and storms on Oahu threatened the entire proceeding, but at the last moment the weather cleared, and the dedication proceeded. A traditional Hawaiian priest blessed the facility from top to bottom, and guests and employees were treated to Alaskan King Crab, Hawaiian food, and island music well into the evening.

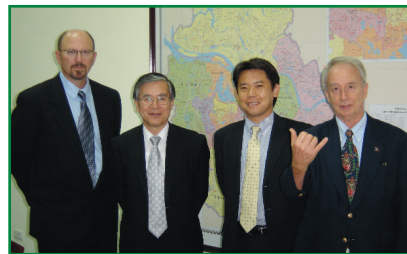
Congratulations to all whose efforts and sacrifices made the new facility possible. It was truly a team effort!



points, of which some were located on very rough terrain and often accessible only by foot.

In just eight calendar days, 10 personnel cleared 1,325 acres of approximately 4,000lbs of OE (Ordnance and Explosives) from various targets, while 48 UXO's were identified.

Congratulations on a job well done!



UXO Division completes one phase of work at NAS Fallon, NV

Dan Skrobialowski, UXO Services Division Director
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From Florida to California and many places in between, the UXO Division has been spread across the US over the past quarter. But, as part of a contract worth over \$10M, Naval Air Station Fallon's Training Range Bravo 19 was a focal point for the UXO Division during the months of December 2007 and January 2008.

Under this contract [which includes: San Clemente Island Range Complex, CA; Naval Air Facility El Centro, CA; Naval Weapons Systems Training Facility Boardman, OR; and Naval Air Station Fallon, NV], NAS Fallon has four training ranges in which the Range Residue Removal (R3) is to be

accomplished. Bravo 19, located in western Nevada, is part of the NAS Fallon Range Training

Complex (FRTC) and encompasses approximately 234,124 acres of land. The complex provides aircrews with a wide variety of air-to-ground targets that contribute significantly to Naval Fleet air training operations. This training is essential to Navy readiness; of the 1,310 Navy aircrew who participated in Desert Storm, 1,298 flew at Fallon.

The range target support operations conducted at Bravo 19 included target area evaluations, removal of munitions and ordnance residue, and marking UXO's (Unexploded Ordnance) for disposal. This operation consisted of 29 individual target