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Bering Sea Group

A Division of TDX Holdings LLC

February 2011

Quarterly Newsletter

**Diversification and Growth
Through a Unified Goal of
Exceeding Customer Expectations**

Collaboration, Cooperation, and Teaming

William Arterburn - Bering Sea Group Executive VP

News that 2011 will see a likely improvement in economic conditions is something we all look forward to at our Bering Sea Group companies. The last three years have certainly been a mixed bag for us and we have had some difficulties across the board. It is our hope to make the best of some difficult transitions in the name of efficiency during the current year.

Bering Sea Environmental has prepared a competitive proposal for ACC to take Bering Sea Eccotech's place as the prime contractor for the P5 Air Combat Training operations. The new solicitation, called ACTS, covers existing P5 operations, and plans on expanding the operations to European Bases as well. Many thanks go out to all who teamed and shared the load in putting together what we viewed as a competent and complete proposal. We should hear sometime this quarter whether we were successful and will make the transition.

Bering Sea Eccotech transferred its commercial Hawaii Division operations to Bering Sea Environmental as well during the past three months to consolidate personnel and seek operating efficiencies. The transition is going smoothly enough, but the real need is for an increase in economic activities in the Rainbow State. We see some signs that this is taking place during the last quarter of 2010. BSE is also currently supporting a good sized range clean up and renovation at the 29 Palms facility in the California desert. This

job itself has many pieces and parts that require a team effort to complete. TDXNet has just completed acquisition of a capable telecom operator in Hawaii, and we will be sharing some administrative and personnel tasks to grow this effort. Opportunities will increase if all work together.

Joint ventures and teaming will become a more frequent occurrence going forward in our "contractors" world during 2011. BSE has nearly completed its joint venture with Parsons after four successful years. BSEN and Parsons are discussing a new one as we speak. Our Aleut World Solutions, LLC Joint Venture has started to pick up a bit of steam, with several new task awards, and a subcontract to provide technical support to clean up activities at Hunter's Point. This Joint Venture is operating under the foundation of a \$50.0M/10 year Rock Island Remediation contract. The core group of this Joint Venture is also looking at other teaming efforts.

Collaboration, cooperation, and teaming are fast becoming a necessity in the federal workplace. We've all heard, probably more than we want, about the federal budget crunch. The government has a need for finding efficiencies in operations by combining requirements. Small businesses like ours used to complain that requirements were being bundled to favor large businesses. To an extent the

contracting community responded, and we have seen and grown these past ten years from having work reserved just for small businesses. Now the cycle is turning for economic reasons, and small businesses have to maintain openness to shared efforts, and combining and cooperating to accomplish tasks together. Many small quality contributions add up to a big job completed for a team. This is the wave of the future, so we are told.

How is your "collaboration radar"? Looking for ways to work together to accomplish things isn't always the easiest thing to do, as we are naturally much more confident in our own abilities than those of others.

This is especially true if we are used to thinking of those others, as "competitors". Yet the experts say that finding ways to do larger tasks, by the combined efforts of many, is something we will see more of in the future. This trending will more and more find its way into social and commercial activity, as well as into contracts and tasks

at the federal level. As in most trends and changes, the opportunities go to those most aware of the changes, and most open to the opportunities, and most prepared to make the changes necessary to succeed. BSG will explore these trends by competing on and winning more of these collaborative type efforts this year. Make sure to keep your radar tuned to look for new opportunities.



Unauthorized Collection Activities - They Want What We Have!

BSE and BSEN's Security Awareness Program

Lenora Kochutin FSO - lkochutin@bseak.com

Melvin Johnson, Deputy FSO/Safety Officer - mjohnson@bseak.com



It's a great feeling to know that The United States leads the free-world in a host of endeavors. As I see it we have the best defense, equipment, processes & procedures to ensure our security, safety and prosperity are intact for the foreseeable future.

Our technology, trade secrets, sensitive information and proprietary information are the envy many of our adversaries and competitors. So, do you ever get the feeling that someone is watching? According to the Defense Security Service's 2010 edition of "Targeting U.S. Technologies", the threat to the United States from foreign economic intelligence collection and industrial espionage has continued unabated and foreign entities continue to try to illegally acquire U.S. technology.

In the Bering Sea Group, we contribute significantly to the American way of life, its defense, and its economy, therefore we must guard against the illegal acquisition of our information by unauthorized persons.

To combat this, the first thing on our to-do list is to acknowledge the threat is real and

to be aware. Awareness does not mean to be paranoid; rather, it implies our ability to detect the obvious and subtle probes that we face on a daily basis. Secondly, we need to understand who are the major actors on the global stage that seek our technologies?

Based on the 2010 Report to Congress, commercial entities were the top collectors of U.S. tech, representing nearly a third of the contacts with U.S. industry. They explained that the emergence of a globally integrated marketplace offers commercial affiliates an efficient and frequently logical avenue of approach to initiate contact with U.S. industry and may represent a conscious effort on the part of foreign governments to mask official interest using commercial surrogates to obtain information. Among several Methods of Operation, the utilization of direct request for information continue to be, by far, the most common technique foreign entities use in attempting



to acquire U.S. technology or information. According to the FY 2009 DSS analysis, significant increases in the use of foreign visits and targeting techniques, especially in targeting public venues where cleared contractor tech. was on open display are being used more often. Industry security reporting has showed that some nations used surrogates, or front companies, to circumvent U.S. export control laws or perceived trade restrictions in efforts to collect information or technology inconspicuously. Consequently the third thing we must do is provide timely reports of suspicious contact to our security office. As reports filter up to the DSS, detailed analysis can occur; this enhances their probability to thwart future collection activities.

For more information regarding Targeting U.S. Technologies, visit the BSG Security Awareness web site under BSG Resources. www.beringseagroup.com/resources.html

BSE Enacts Policy to Protect Employees' Identity

In response to the global increase of identity theft, BSE has taken matters into its own hands for making it more difficult for thieves to steal its employee's identity. With a stroke of a pen, BSE's CEO Mr. William Arterburn provided our company with significant guidance to protect Personally Identifiable Information (PII). For those of you who are new to this, for our purpose; PII is: the use of a person's first name or initial and last name combined with other personal or identifying information which is linked or linkable to a specific individual such as social security number, drivers license number, date and place of birth, mother's maiden name, personal account numbers, home address, personal phone numbers, etc..

In many cases, BSE collects its employees PII to ensure the employees is properly enrolled for company benefits, background checks, security clearances, etc.. With the new PII protection guidance, those employees that handle PII are provided support as they protect your information. The first step toward protecting your identity, is limiting the number of employees who are authorized to handle such information. Secondly, we will provide those employees training on the proper handling, storage, and if necessary transmission of PII. And finally, in the unfortunate event PII is succumbs to unauthorized disclosure, the person to whom the PII belongs will be notified immediately. Information on PII is now with the PII Policy Letter and Electronic Communications Plan (ECP) located on the BSE Employee Resources web site.

For more information on protecting PII visit the following web link: http://iase.disa.mil/eta/pii/pii_module/pii_module/index.html

Technical Services Division Employee of the Year Aaron Barrett, Lead Technician Seymour Johnson AFB, NC



Job Performance

- Flawless performer; carefully directed and assisted with more than 12,000 pod load reconfigurations with zero deficiencies
- Intensely post loads aircraft; found four loose pylons and seven pod access door open. Immediately contacted the weapons expeditor. His quick actions prevented possible damage to aircraft

- Knowledge of avionics and weapons systems was essential while assisting maintenance personnel in troubleshooting five "no power" malfunctions on four separate aircraft

Self Improvement

- Completing instruction to achieve his A+ certifications in both software and hardware
- Completed a financial management course at Peace University

Community Involvement

- Assisted Habitat for Humanity in obtaining and delivering building materials, and assisting with building homes
- Assistant Coach for the Charles B. Aycock High School wrestling team

For a full list of all Aaron's accomplishments please visit the Employee Awards Website. www.bseak.com/employee-awards.html

T-38 Talons Heading to Joint Base Langley-Eustis, VA Thomas Truitt - Electronics Technician - LAFB, VA

After 4 months, the last F-15 Eagle is departing Joint Base Langley-Eustis base (JBLE). The Air Force has decided to replace it with the Air Force's T-38 Talon aircraft (pictured below).



The T-38 is a twin-engine, high-altitude, supersonic jet trainer used in a variety of roles because of its design, economy of operations, ease of maintenance, high-performance and exceptional safety record. This airframe with its tandem seat cockpit has been used by USAF, since its induction into service in 1959 to train aviators. Air Education and Training Command still use the trainer to prepare pilots for front-line fighter and bomber aircraft such as the F-15E Strike Eagle, F-15C Eagle, F-16 Fighting Falcon, B-1B Lancer, A-10 Thunderbolt, and now the F-22 Raptor. The T-38 has been given another role as F-22 aggressor trainers at Holloman AFB, N.M.; Tyndall AFB, Fla., and JBLE, Va.

The T-38s that are slated to come to JBLE were assigned to South Korea in 1997 as pilot trainers. After they returned to the US in 2009 they were to be de-commissioned at Davis-Monthan AFB, Arizona; however, USAF leaders felt they could be put to good use. The story below highlights their trip back to the U.S.

The M1 Support Services T-38 Consolidated Aircraft Maintenance (CAM) program representatives at Holloman AFB were asked if they could refurbish the aircraft for extended service. The CAM program stated they could have the number of aircraft requested by the USAF completed by the summer of 2011. After going through an extensive refurbishing process, the first 2 T-38 aircraft will fly from the depot to JBLE in March 2011. The base will take delivery of 2 aircraft per month until a total of 7 trainers are permanently assigned at JBLE. The F-22 program is looking to have these Talons pressed into action immediately upon their receipt to provide the realistic adversarial training needed for front-line combat fighter pilots.

According to Lt. Col. Derek Wyler, the T-38 Adversary Air Program lead here at JBLE said the newly formed aggressor squadron would start flying a 2 x 2 immediately after receiving the initial 2 aircraft. The long range

goal is to fly 4 x 4 in support of F-22 Raptor training. Along with filling these positions, Col. Wyler would like to have Bering Sea Eecotech (BSE) personnel come on-board in support of the F-22 combat training program. Since the airframe's avionics have no way of converting recorded data into a readable file that the F-22 can use for debrief purposes, BSE will be the medium which brings the two air platforms together in perfect harmony. We will set-up GPS Points prior to flight and handle downloading the recorded information after they return. By using the Individual Combat Aircrew Display System (ICADS), BSE is able to transform the T-38's recorded data into a format that ICADS can merge into their training scenarios to effectively debrief each combat training mission. BSE is looking forward to working with this new organization and providing them with top-notch service!

Technical Services Division Employee of the Quarter



Melvin Johnson
Deputy FSO/Safety Officer
Newport News, VA

Job Performance

- Completed the development and vetting of the Corporate Security Plan
- Hand-picked out of numerous personnel to provide security training for 113 security professionals by the Hampton Roads Chapter of the National Classification Management Society (NCMS)
- Instrumental in the BSE training program revising three course tests
- Developed a Corporate/Executive level security training program that is independent of field level training. Was able to focus on issues and concerns specific to upper level management and provide manageable training

Self Improvement

- Completed 9 credit hours towards Bachelors in Criminal Justice from Strayer University

Community Involvement

- Active in First Baptist Church East End Newport News
- Selected as a headline speaker for the church's Men's-Day event
- Provided over-night assistance for local homeless shelter

For a complete rundown please visit the Employee Awards web page at www.bseak.com/employee-awards.html



Arriving in Style.

T-38 Talons from a South Korean airbase arrived in unique fashion at Holloman Air Force Base, New Mexico. They made the journey successfully but not on their own power. They were transported in a unique aircraft called a Super Guppy. This specially designed aircraft is used to transport unique cargo. In the series of photos above it shows the aircraft as it arrived on Dec. 14, 2010, at Holloman Air Force Base, N.M. The T-38 Talons were transported there using NASA's Super Guppy aircraft and are the first two of 15 to be shipped here in this fashion. The aircraft were used by South Korea for training and will now be regenerated and used as fifth generation fighter support mentioned in the story above. Holloman AFB officials will regenerate the T-38s before they are sent to Joint Base Langley-Eustis, Va. and Tyndall AFB, Fla. (Photos by S.A. Veronica Stamps)

Annual Ethics Training
BT Smith, Director Technical Services Division
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2010 was an interesting year. We are all aware of the economic situation and the resulting reduction in government contracting. Additionally, there were major delays in getting contracting efforts on the street. We observed this with the ACC ACTS (P5) which was delayed twice and our current contract was actually extended to allow sufficient time to accomplish a re-compete, same thing as we await the Navy Test and Training Range (NTTR) RFP. We have also noticed several efforts, which were previously contracted out, revert back

to Government civilian control. All of this has increased the amount of competition within the Government and Commercial arena.

With this increased competition there has been a 20% increase in protests over contact awards, with 18% of those protests being sustained by the GAO. Several of these were over Conflicts of Interest, where it was recommended the awardee be eliminated from the procurement and that a new award determination be made.

I cannot imagine spending the time, effort and money to complete a proposal, submit it, win it and then have a protest sustained that terminates your win and could result in disbarment from future work.

Conflicts of Interests are just one of the topics covered in our Annual Ethics Training and it is important that everyone review the presentation and complete the Compliance Acknowledgement Form. The BSE Ethics Program can be found at the following link: www.bseak.com/bse-secure/training-ethics.html Please take a few moments to review the training to make sure you don't fall victim to any Company Ethics Violations that could damage not only your credibility but ours.

What is a Proposal?

BT Smith, Director Technical Services Division
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What is a Proposal? A few people out there will think of an offer of marriage. To most of us within TDX and BSG it is our life's blood and is defined as "a plan or suggestion, especially a formal or written one." To obtain work, both commercially and within the Department of Defense (DOD), you normally have to compete for the work (one exception is if you are an 8(a) you can be direct awarded work). To compete you have to provide a proposal. Ok, you say, just tell them what you are going to do and how you are going to do it and be the least expensive price and you should be golden.

Well not so fast! Talk to anyone who has participated in writing a proposal and they will tell you it is more like an art-form, but much more painful to produce. You will recall that in the last newsletter I talked about a two day Proposal Development Course that individuals from both BSE and BSEn participated in. Most of this was to prepare us for the upcoming re-compete on our P5 contract. The purpose was to have a trained group that could assist with developing and writing proposals. The Request for Proposal (RFP) was finally released on December 2nd with proposal due on January 14th.

The good news was we accomplished much of the needed groundwork prior to the release of the RFP, now it was time to draft a proposal. It first had to be compliant (meets all of the requirements of the RFP). Second it needed to be compelling (tells them why BSEn teamed with BSE and DRS is the absolute best choice). Finally it had to be the lowest acceptable price.

Many proposals are graded or scored in three important areas:

1. Technical (acceptable or unacceptable);
2. Past Performance (substantial confidence, satisfactory confidence, limited confidence, no confidence and unknown confidence);
3. Price.

After all the proposals are separately graded the Government typically will take the lowest Cost proposal and if they are Technically "Acceptable" and have Past Performance graded as "Substantial Confidence" then the award will be made without further discussions.



So we put together our TSD team to begin writing our proposal. It took a little longer than we wanted, but we had pre-established goals and all of them were met or exceeded. Our proposal had to be no more than 50 pages and ours was 48! The final product was pretty amazing. In my opinion the best proposal our TSD has produced to date. I'd like to thank Barry Merrill for the graphics and proposal production efforts. Art Macon, Mike Phipps and Art Jean (DRS) were volume leads with JJ Storch, Wayne Supplee, Steve Morrison as the primary writers. Dave Goldsberry, Jeff Aiken, Karl Ewers, Neil Emiro, Calvin Walker, Jesse Cummings and several DRS employees all participated as Subject Matter Experts (SMEs). Mike Taylor took the lead on Past Performance and Price. As you can see it was truly a team effort.



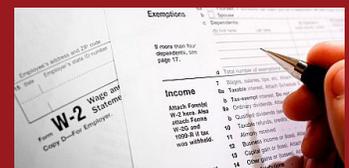
HR REMINDERS

Connie Bergo - HR Manager
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Open enrollment for the health plan is in May with an effective date of coverage June 1, if you are currently in the plan and want to switch plans; that would be the



time to do so. If you will be making any changes, you will need to complete a new enrollment form. Enrollment forms can be accessed on the web site, from your supervisor or by contacting the HR Department. Enrollment forms should be submitted to the HR department attention Connie before June 1st.



2010 W2's have been mailed the week of January 24th. If you have not received it within two weeks, please contact Zenaida in Payroll to request a copy of your W2. Also if you have a new address, please fill out the Personal Data Form and send it in to HR Department.

TDXNet Acquires CEI, Inc
William Arterburn, Executive VP Bering Sea Group
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Hawaii based Telecom Services provider CEI, Inc. has been acquired by TDXNet, LLC to broaden its capacity in provision of network and telecom services. The acquisition, announced by TDXNet President Julie Shane on December 31, 2010, is a strategic addition to TDXNet capabilities. Aside from the continuing trend of convergence in emerging technologies related to internet and communications networks, the two companies have synergies in electronic document management and digital conversions.



CEI, also known on the islands as Choy Enterprises, is a successful 8(a) participant and is also a current telecom and fiber optic subcontractor to BSEn under its Telecommunications Blanket Purchase Agreement (BPA) with the Army.



Shelton Choy, who founded CEI, will come over to TDXNet and manage the island-based operations for the joined companies as VP of Telecom Services. The consolidated companies see the potential for strong growth and an enlarged customer base resulting from the combination of capabilities and services, and both BSE and BSEn, with their respective Hawaiian interests, will lend back support in making the merger successful. With its skilled local technician labor base, and portfolio of distinguished commercial and government customers, CEI will fill a number of capability gaps that have been identified on the path to success and growth for TDXNet. Please join us in welcoming Mr. Choy as TDXNet's newest executive employee, and wishing TDXNet success in expanding its services and capabilities.



BSEn Awarded \$3.6M Contract at Ft. Detrick, Maryland

BSEn has successfully priced and negotiated a task under its Remediation Services contract with the Baltimore Corps of Engineers. Ft. Detrick is an active US Army installation operated under the US Army Medical Command. The project calls for drilling and installation of 38 new wells at 15 designated locations in the Area B worksite. This area has a VOC (volatile organic compounds) contaminated groundwater plume, possibly arising from former activities at the site from 1943 thru 1969. The task will drill and install multiple wells and casing to depths ranging from as deep 125 ft to 325 ft over the Area B site, in order to monitor contamination, log water flow, and determine migration paths and trends.

The work is being performed under the Installation Restoration program (IRP). Kevin Wars will be the Project Manager for BSEn, and will oversee drilling subcontractors Lane Christiansen (of Chilean mine rescue fame), and Arkadis US will be providing design engineering. The work is scheduled to start in March and be completed in about 6 months.

Article Deadline for the May Edition of the Quarterly Newsletter is April 27, 2011

St. Paul PHS Clinic and NOAA Laboratory Project
Brandon Wheeler - Project Manager
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Bering Sea Environmental, LLC (BSEn) was contracted to perform hazardous materials abatement for the National Oceanic and Atmospheric Administration on St. Paul Island. The scope included removal, packaging, and disposal (or recycling) of various asbestos containing materials, mercury contained within fluorescent bulbs and thermostats, lead acid batteries from alarms and emergency lighting, radioactive tritium exit signs, PCB's contained within light ballasts, and lead based paint.

BSEn and teamed subcontractor Alaska Abatement, Inc. performed the nearly 30,000 square feet of sheetrock abatement, 4,000 square feet of floor tile removal, and other smaller asbestos containing materials. BSEn employed four shareholders, three local and one Anchorage-based, of which two had asbestos training and assisted the subcontractor with abatement activities directly. The other two workers abated non-asbestos materials and provided logistical support with equipment, transportation, and disposal of over 300 cubic yards of material removed from the buildings. The project has proceeded smoothly and was completed on schedule despite weather-affected transportation and multiple additions to the scope of work. The materials removed will be disposed of off island.

NOAA has indicated that further plans are in the works for improvements to the Old Clinic. BSEn is pleased to have facilitated those plans with the removal of the hazardous materials identified in this scope.

