



Security Awareness Program
Ethics Program
Wage Index Report

P2



USAFE Participation in TLP
TSD Division Update
In His Own Words...

P3



TSD Employee of the Year
TSD Employees of the Quarter

P4



Bering Sea Group

A Division of TDX Holdings LLC

February 2012

Quarterly Newsletter

Diversification and Growth
Through a Unified Goal of
Exceeding Customer Expectations

Teamwork and Success

William Arterburn - Bering Sea Group Executive VP

Watching the NFC championship last weekend, I couldn't help but reflect upon teamwork and its importance to success. Despite a hard played game, in which they did almost everything right and really dominated the second half of play, the losing team from San Francisco experienced two mistakes that arguably cost them the game. The fact that both miscues involved an off-the-bench second stringer who was returning kickoffs and punts, and had nothing to do with the rest of the team's play, led many disappointed fans to attribute the loss to this rookie kick returner. But I found it interesting that in post game comments, despite no doubt major financial losses as a result, one of the more experienced members of the losing team, went out of his way to chastise those who were "dissing" the rookie. He said, to paraphrase, that "no one player lost that game, we lost as a team." There's much to be learned, I think, in that comment, and some relevant working wisdom for us in our company and business lives.

I like to think that at BSG we take the view that our work is focused on the outcome, and built upon mutual trust of team members. We team up to get the work done, because no one of us can accomplish all of it. In mathematical terms, we hope that by dividing the tasks, we can achieve success that will multiply our productivity, and also, hopefully, our revenues and profits. We are trusting that the other team members are doing their jobs correctly, safely, and efficiently, so that nothing impacts the

outcome. As those on our UXO teams can readily affirm, the consequences of not working correctly and safely can have dire consequences that go beyond an unhappy customer.



Teams don't always get it right, as Mr. 49er was well aware. If something happened on the field during the game that went negative for the team, he knew the TEAM still carried the burden of implementing the fix that achieves the win, or the desired result. At BSG we have certainly lost contracts in our companies because of mistakes, omissions, oversights, lapses in attention, and failure on the part of individual links in the chain. In some business organizations, fingering the offending party and separating them from the team is an often seen remedy. Such a fix "may" achieve a better result next time. But that is by no means a given. Human beings are rarely "plug and play." The new guy or gal might just as easily make things worse the next time.

A better alternative, perhaps, might be to take a less expendable and consumptive view, and perform a realistic assessment of where things went wrong, make some adjustments within the team, or within its processes, and go after a better performance on the next game or opportunity. Of course, this is exactly what good football coaches are paid very handsomely for, thank you, making the right adjustments, that fix the team, and lead to future wins. I'm guessing that the losers last Sunday will very likely reappear next year as a much stronger team.

BSG gets to re-play a few games this year on former lost contract efforts, and we naturally get to see new opportunities on other contracts all the time. We not only build our own teams to capture new business, but we sometimes will team up with another company to seek out some objective. Same thing applies to contracts that we hold that have "competed" task orders. Our teamwork will dictate whether we succeed or whether we fail.

One distinguished Forbes business guru had a unique way of viewing the transformation of groups of different people into teams, and I will close with his words: "A group becomes a team when each member is sure enough of himself and his contribution to praise the skills of the others." (Norman Shidle) The mutual trust we have in our respective team participants and our focus on the outcome will hopefully be our drivers in upcoming efforts and lead us across the goal line.



Changing Times...Threats Remain Security Awareness Program

Lenora Kochutin FSO - lkochutin@bseak.com
Melvin Johnson, DFSSO - mjohnson@bseak.com

My how times have changed! It's hard to believe we've just ushered in a new year, 2012. Are the threats the same? If you are a movie buff or a historian of spy activities you will agree that the major threat to our national secrets were spies, clad in long trench coats, operating in the shadows; or perhaps a lovely blond romancing the secrets from some unsuspecting nerdy person in-the-know.

Well now the "shadows" are replaced with technology; and the Beautiful Blonds are in chat-rooms. Yes, the internet is one of the more common places where adversaries lurk. They scout, stalk, and probe their targets until they are either successful at obtaining the desired prize or turned away because the target is "Too Hard". Often times, they will look for a back-door into your work or personal computer.

So how do you make yourself and the information you protect hard targets? To start with, never transmit classified information over unsecure means (phone, fax, internet, etc.). The professional 21st century spy

is seasoned and prepared to take advantage of any vulnerability. Additionally, you should always use strong passwords to protect intellectual properties, information on business computers, and your personally identifiable information (PII). Strong passwords increase your protection and frustrate would-be hackers. In addition to having strong passwords, you should change your password often, at least every 150 days. Microsoft has a terrific web site that can test the strength of passwords. <https://www.microsoft.com/security/pc-security/password-checker.aspx> keep in mind that the strongest passwords consist of alpha-numeric, upper/lower case, special characters, and are 8 or more characters long (the longer, the better).

Annual Security Training

To all our cleared employees; thanks for your support in promptly attending to our annual security training. With our expanding operations and further dispersal of cleared employees, we've trained BSG employees in Alaska, Europe, Hawaii, and throughout the continental U.S. without issue. We appreciate your commitment to training and look forward to you remaining "Hard-Targets" through the New Year.

REMINDER: This year's annual security training is available to you 24/7. Simply visit our company's security awareness web site.

Security Shout-Outs

First individual to complete the training...

BSG's Executive Vice President Mr. Bill Arterburn

First Team to complete the training...

Mr. Dave Goldsberry (SM) and his crew at Eglin AFB, FLA

Bering Sea Group Employee Resources Web Site - <http://www.beringseagroup.com/resources.html>

Ethics - Program

BT Smith, Corporate Ethics Officer
btsmith@beringseagroup.com

It appears that in 2011 we finally turned the corner, despite the slow economy, and recaptured some of the growth we experienced prior to the economic downturn. A majority of our increased revenue was directly attributable to capturing additional Government contracts, despite the drastic reduction in total Governmental spending. With this additional work comes the Government scrutiny that comes accompanies these efforts. This scrutiny is actually compliance with Government Ethics requirements and all of these are pretty much common sense.

However, having said that, our Corporate Ethics program only works if each and every individual pulls their weight, by which I mean knowing and following those rules and reporting known and suspected violations. If you report a violation you should expect to receive an answer and one that either acknowledges the discovery of a violation and what is being done to resolve that violation or an answer that explains why there was not a violation. Either way you should end up with an answer that makes sense to you. We have seen recent examples in the news where criminal acts were reported and the individual reporting the act felt that was the end of their responsibility, which has been proven to be incorrect. Your responsibility ends when the issue is satisfactorily resolved, and that is to ensure problems are not swept under the proverbial rug.

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.

DO THE RIGHT THING.
Ethics & Compliance Hotline
1.757.223.7602

REPORT FRAUD, THEFT, OR OTHER UNETHICAL BEHAVIOR TO OUR ETHICS & COMPLIANCE HOTLINE

ETHICAL COMMITMENTS:

- For Our Customers: We will provide the highest quality products and services.
- For Our Customers: We will provide the highest quality products and services.
- For Our Customers: We will provide the highest quality products and services.
- For Our Customers: We will provide the highest quality products and services.
- For Our Customers: We will provide the highest quality products and services.
- For Our Customers: We will provide the highest quality products and services.
- For Our Customers: We will provide the highest quality products and services.
- For Our Customers: We will provide the highest quality products and services.

The Bering Sea Group is committed to the ethical treatment of those to whom we have an obligation.

This commitment applies to all Bering Sea Group employees, operating companies, and subsidiaries.

Bering Sea Group
A Division of HGS Holdings, LLC

Wage Index Report

Mike Taylor, Director of Contracting
mtaylor@beringseagroup.com

According to the Wage Index Report for 4th Quarter 2011 there are some pretty interesting developments that have occurred since the recession hit. While wages held flat nationally for the first 2 quarters of 2011, the increases for the 3rd and 4th quarters have put wages up 1% nationally. This means that 2012 will probably rise around 2% as we continue to get back to where we were before the recession.

So what does this mean? Well with wages going up nationally, expectations of pay increases will rise as well. This is especially true with jobs that surpassed the national increase. While there were many job sectors that beat 1% on a national basis, the top 5 job sectors (and their respective increase) are as follows:

- Installation, Maintenance & Repair Jobs up over 1.5%
- Architecture and Engineering Jobs up almost 2%
- IT Jobs up 2%
- Social Services Jobs up over 2%
- Science and Biotech Jobs over 2%

While these developments by no way mean that we are fully out of the recession, they are a pretty clear indicator that we are at the very least trending that way. It is encouraging to see this critical economic indicator heading in a positive direction and providing hope for relief from the economic times which have been the center of discussions and business planning for the past several years.

USAFE Participation in Tactical Leadership Program

Karl Zander, Site Manager Spangdahlem, Germany
kzander@bseak.com

The Allied Air Forces Central Europe (AAFCE) Tactical Leadership Program (TLP) was created to improve tactical capabilities of NATO air forces. Ten NATO nations formed the organization under a Memorandum of Understanding to develop tactics, techniques and procedures for multi-national tactical air operations. Initially, the training was held in Belgium, but restrictions of air space and operational hours, plus the problematic weather conditions experienced in northern Europe (read rain) made the search for a better location necessary.

A new site for operations was chosen at Albacete, Spain, where TLP operations commenced in July, 2009. The base lies southeast of Madrid about halfway to the coast. As opposed to Belgium, night flying is permitted, air space is plentiful, and the weather is considerably drier and warmer. The sun is no stranger to Albacete. In fact, the average yearly rainfall is less than 15 inches.

The area surrounding Albacete is known for Manchego cheese, good wine, and other agricultural products. It is also part of La Mancha, the area where Don Quixote roamed in the novel by Cervantes. However, the city is primarily an industrial city and logistics center owing to its location on important highways and train routes linking Madrid to the eastern coast of Spain.

This January marks the first time that the US jets have used P5 pods for this deployment. While in Belgium the MLM pod, which still supports the other nations' players, was used. After the move to Spain, the



decision was made to use US owned assets on the US aircraft so the URITS pods were introduced. The duty now falls to the P5 pods, recently installed in USAFE to replace the URITS pods in the inventory.

The P5 pods have been working perfectly and the data translation has been flawless. The TLP deployment occurs numerous times throughout the year and participation by one of the 3 USAFE bases is almost guaranteed. So, we expect many more excursions to the Iberian Peninsula in the future.



Technical Services Division (TSD) Update

BT Smith, Director Technical Services Division
btsmith@beringseagroup.com

"Lately, it comes to me, what a long strange trip it has been". This just so happens, as every good Dead Head knows, to be from the Greatful Dead's song Truckin'. I can tell you this past year has been a strange trip. Technical Services Division, for the first time in several years, exceed not only our expectations but those of everyone associated with us. We almost tripled our gross revenue while doubling our operational sites and more than tripling our workforce. A result of this is our operations are now spanning 10 time zones!

With this has come numerous challenges, some small and some big and several we are still working on resolving. But one thing has remained constant, and that is the outstanding quality of our workforce. You will see within this newsletter several of the employees we have recognized, take a minute to look at the diversity of their accomplishments. All of them support similar contracts but they all contribute to the accomplishment of what we do and all in very different and diverse ways.

We are still having some growing pains, but our success is directly, I say again, directly reliant on our talented workforce. Of all the things I do I can tell you that the employee recognition program and annual appraisals are the tasks I always most look forward to. And I wanted to take a minute and thank each and every TSD employee for your efforts over this past year and to our Corporate staff that ensures you get paid and works to resolve the myriad of issues we have struggled with over the last few months. Hang in there, as JJ would say, "we'll git 'er done!" Thanks for a Great Year, could not have done it without you!

In His Own Words...

Glenn Wiley, ACTS Site Manager- Aviano, Italy
gwiley@bseak.com

The legendary basketball icon Michael Jordan at his Hall Of Fame induction ceremony told the audience he once was scolded for taking too many shots as a rookie however, they won the game. The coach further mentioned to him there was not an "I" in TEAM; the quick witted Jordan said you're right coach but there is an "I" in WIN.

After working for DRS, now a sub-contractor to BSE for 11 years I was hired by BSE 1 Oct 2011. Many things were different and I found myself burning the mid-night oil just to keep up. My supervisor assured me that I was not alone and you will find out that BSE is a strong TEAM. Needless to say he was right, the first month we saw some unprecedented failures and the TEAM was there analyzing the data I provided and assisting with troubleshooting efforts. The second month I was invited to attend the ACTS Working Group Conference in Shaw AFB SC. There I was able to put some faces with names of the people who assisted me in this transition. Security, Quality Control, the BSE Lead, the Deputy Program Manager along with a couple of Site Managers from different locations greeted me and welcomed me to the TEAM.

Although I enjoyed watching Michael Jordan play, his philosophy changed as he matured. He learned that being part of a strong TEAM not only means that he wins, but the whole TEAM wins as well. Thus far, I've enjoyed working with this TEAM. Thank you for welcoming me with open arms and I look forward to meeting other members of the TEAM.

Technical Services Employee of the Year-2011

Mark Scardina - ACTS Lead Tech/Field Engineer, Eglin AFB

Job Performance

- Recognized expert Air Combat Maneuvering and Instrumentation Technician, selected this year to hold the position of Bering Sea Group's Lead ACTS Technician
- Attended both the April and November 2011 ACTS Working Group
- Prepared BSE's Power Point Presentations collected inputs from all the ACTS P5 sites
- On 15 Jun 2011 post loaded pod on F-16 Aircraft and found when he shook the front of the pod the whole launcher wobbled. He then contacted Aircraft Weapons who found loose Wing Adapter bolts. His actions prevented a potential aircraft safety of flight mishap
- Assisted Eglin Technicians in the performance of unscheduled maintenance actions this year replacing 36 pod components and completing comprehensive Failure Reports
 - » Directly supported 1,748 total P5 sorties flown with a 97.3 % effectiveness rate
- Readied and loaded seven P5 (V1) pods for a deployment to Alaska in support of a Northern Edge exercise, 85 successful sorties flown during the Alaskan deployment
- Key performer in the success of the P5 Modeling and Simulation engineers ability to develop pod flight simulations
 - » Worked many days providing P5's Computer Display Unit operating parameters tweaking and rerunning flight simulations with test engineers
 - » Fabricated interconnection cables to facilitate communications between two pods
 - » With his assistance the project has successfully been able to inject flight data into a P5 Pod and "Fly" it on Live Monitor while stationary on a work bench



Self Improvement

- Enrolled in Penn Foster College studying towards his Engineering Technology Degree
 - » Completed Technical Writing, Math, Science, and Computer courses this year maintaining a 93% course average
 - » Attended a Spirent Federal Systems GPS testing class, received a Certificate of Training on the operation of the Spirent GSS8000 GPS Simulator test station

Community Involvement

- Third base umpire and Score Keeper of the Crestview City League's Department of Juvenile Justice Softball Team
- Active church member raised funds for a youth patron to attend a mission in South Africa
- Yard sale coordinator, donut drive fund raiser and Pancake cook raised funds--Crestview High Chorus able to participate in international competition in Toronto, Canada

For a complete rundown of all Mark's accomplishments please visit the Employee Awards web page at www.bseak.com/employee-awards.html

Technical Services Division - Employees of the Quarter



Edward Kelly
ACTS -Technician II
Mountain Home AFB, ID

Job Performance

- Outstanding load and flying operations supporting 366 FW and 428th Singapore Air Force (RSAF) for 92 assigned aircraft utilizing three Mission Design Series Aircraft
 - » Performance led to 614 pod load reconfigurations with zero maintenance late take offs and no impacts to pilot proficiency training for over 1,329 sorties
 - » Site maintained an 97.74% effective rate on 64 Wing and RSAF assigned pods

Self Improvement

- Enrolled in Penn Foster College pursuing an Associate Degree in Electronics maintaining a 95% Average

Community Involvement

- Participated in town beautification project benefiting the elderly and families in need. Volunteered personal vehicle to take three loads of yard waste to landfill.



Carl Murphy
ECSS- Materiel Controller
Eielson AFB, Alaska

Job Performance

- Superior Material controller—Crucial effort setting up the +\$5M ECSS contract. Manages over 6,500 pieces of Government Furnished Equipment assets totally \$116M and spread over 1.6M acres of range
- Responsible for building slideshow for biweekly Program Manager's BRAG meeting where presentations are always clear and concise—lauded by the Government Reps
- Attention to detail—actions have resulted in a 20% increase in accurate documentation

Self Improvement

- Enrolled at University of Alaska Tanana Valley Campus in financial management

Community Involvement

- Actively involved with the Boy Scouts and Girl Scouts
- Volunteer member of the Fairbanks Chamber of Commerce

For a complete rundown of all the accomplishments of our Employees of the Quarter please visit the Employee Awards web page at www.bseak.com/employee-awards.html