



View from the Top

Mark N. Klett, President & CEO

2007 was a very dynamic year for the company and 2008 has proven to be more of the same. As we approach our six year anniversary – KCG has once again achieved many ‘firsts’ again this year already. Our basic fundamentals keep getting better – none stronger than that of Good People make a GREAT Company!! KCG is very fortunate to be able to attract the very best and keep them with challenging job in a positive work environment. We are very grateful for the great work that is done by all of our dedicated personnel everyday to represent yourselves and KCG. Some Business highlights from 2008:

- Matched 100% of 2007 revenues in seven months of 2008.
- Achieved record profit sharing with ALL KCG Employees in 2007- initiated 401K plan in 2008
- Won \$30M contract with NSWG Crane to support Navy and Joint assessments.
- Company has grown to over 30 employees working on 8 different projects from Hawaii to Bahrain.

We have a solid support Team here for you – in addition to myself – Kevin Merritt has the job as Director of Operations (DOO) – He is in charge of getting everything done operationally. Wendy Cumings in the Office Manager – she is in charge here at the HQ, and Amy Athanas takes care of benefits and travel claims. We are all here to enable you in the field – please feel free to call us for help.

‘Creating the Future with Knowledge and Experience’

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KCG Passes Major Milestones

DCAA Audit

KCG has passed a major milestone in the development of our company as a federal contractor, especially as a defense contractor. We have passed an audit by the Defense Contract Audit Agency (DCAA) of our accounting system, particularly our ability to track job, administrative and overhead costs and properly bill the government for our work. In effect, the federal government has certified to all its contracting agencies that KCG has the know-how and credibility to be awarded contracts in any form (cost +, time & material, or fixed price) without reservations.

This accomplishment was enabled by the company’s implementation of the Deltek “GCS Premier” and “Time and Expense,” accounting systems reported in a previous issue.



DSS Security Assessment

On April 30, 2008, the Defense Security Service (DSS) provided a security assessment of KCG HQ and our effective use of the National Industrial Security Program (NISP) within KCG’s Security Program. Emphasis of the assessment was on record management, Joint Personnel Adjudication System (JPAS), Electronic Questionnaires for Investigations Processing (e-QIP), counterintelligence awareness, security education, and reporting requirements. KCG received a full-up check on its Security Program and is considered in the top 25% of small businesses doing work with the Federal Government on classified contracts.

Christmas Parties

Planning of both the 2008 Christmas Parties is underway. The Virginia Beach party will be December 5th at the VB Oceanfront Hilton; plans for Little Rock Celebration are in the making for the 20th of November, and Texas is TBD.



SECURITY CORNER

WI-FI SECURITY - Some Advice from the FBI

You're at the airport waiting for your flight. With time to kill, you're thinking of connecting your laptop to the airport's Wi-Fi to check your office e-mail, do some personal banking, or shop for a gift for your spouse.

But first, consider this: odds are there's a hacker nearby, with his own laptop, attempting to "eavesdrop" on your computer to obtain personal data that will provide access to your money or even to your company's sensitive information.

Here's something else to consider: there are 68,000 Wi-Fi "hot spots" in the U.S., at airports, coffee shops, hotels, bookstores, schools, and other locations where hundreds or thousands of people pass through every day. While many of these hot spots have secure networks, some do not, according to Supervisory Special Agent Donna Peterson of the FBI Cyber Division. And connecting to an unsecured network can leave you vulnerable to attacks from hackers.

How do hackers grab your personal data out of thin air? Agent Peterson said one of the most common types of attack is this: a bogus but legitimate-looking Wi-Fi network with a strong signal is strategically set up in a known hot spot. The hacker waits for nearby laptops to connect to it. At that point, your computer—and all your sensitive information, including user ID, passwords, credit card numbers, etc.—basically belongs to the hacker. The intruder can mine your computer for valuable data, direct you to phony web pages that look like ones you frequent, and record your every keystroke.

"Another thing to remember," said Agent Peterson, "is that the connection between your laptop and the attacker's laptop runs both ways: while he's taking info from you, you may be unknowingly downloading viruses, worms, and other malware from him."

Businesses that offer free or ad-hoc Wi-Fi often don't know their networks have been breached. Individual victims usually don't realize they've been targeted either until it's too late. That's why, according to Agent Peterson, there aren't reliable stats on the number of these breaches, although the FBI does periodically receive reports on them. It's also very tough to trace a hack that originates on an open, unsecured network.

Agent Peterson explained that the criminal aspect comes into play once data taken by the hacker is used to commit a crime. If the hacker, armed with your personal or corporate information or access codes, tries to break into a secured network—whether it's a case of intrusion, identity theft, bank fraud, theft of intellectual property, or any other type of crime—then law enforcement gets involved.

What can you do to protect yourself? Agent's Peterson's best advice is, don't connect to an unknown Wi-Fi network. But if you have to, there *are* some precautions you can take to decrease the threat:

- ✓ Make sure your laptop security is up to date, with current versions of your operating system, web browser, firewalls, and antivirus and anti-spyware software.
- ✓ Don't conduct financial transactions or use applications like e-mail and instant messaging.
- ✓ Change the default setting on your laptop so you have to manually select the Wi-Fi network you're connecting to.
- ✓ Turn off your laptop's Wi-Fi capabilities when you're not using them.

For more basic information on computer security, see the FBI's *How to Protect your Computer* web page at fbi.gov/cyberinvest/protect_online.htm



HR/Pay/Benefits

A point of contact that everyone should know is Lesli Henry. Lesli works for Virginia Asset Management which provides benefits support for KCG. There isn't a question she can't answer or a problem she can't fix in relation to Anthem, Delta, or Hartford. It is so much easier to "ASK LESLI" because she's the expert. To contact her call 757-455-6070 or email her at lesli.henry@vamllc.com. Please make sure you send a copy of any email correspondence to Amy Athanas so she is aware of any issues.

Employee Handbook

The newest version of the KCG Inc. Employee Handbook is finished and has been sent out to all. Please read and become familiar with its contents; it is important to you. Make sure you complete the verification form and send it back to Amy.

KCG Benefits Package

KCG offers a variety of benefits to its employees. These include: 401K (with up to 4% employer match) after six months with KCG, Flexible Spending Account (FSA), Free Employee Dental, Medical (60% premium paid by KCG), Free group life insurance, and paid time off and personal time. Please be familiar with these and take advantage of all that KCG offers.

Security Pop Quiz

Does UNCLASSIFIED information require any form of protection from disclosure?

(Answer on Back Page)

New Business

KCG, Inc. has had a very successful stretch of new business developed in 2008. Some of the projects we will be working include:

EXPANSION @ 2ND FLT - There is a team of four KCG folks who support the United States Navy each day. They work at the Headquarters of the Commander, United States Navy Second Fleet...or as they say "C2F." Specifically, the KCG Team supports a project called Maritime Headquarters with Maritime Operations Center, called MHQ with MOC, for short. You may hear them say "Mick-Mock," which is the slang version everyone at C2F recognizes. The team is comprised of two "old heads," Tim Sorber and Paul Danks, and two "newbies," Stephane Blais and Stan Romes. Tim, Paul, and Stephane are retired naval officers with vastly different backgrounds and experiences with the "dark blue" naval service. Stan is a retired Air Force officer who brings a "light blue" balance to the team. Their work on the "Mick-Mock" project Team supports the U.S. Navy's efforts to improve the command and control of operational naval forces, worldwide. You might ask "why is this so important?" Well, the U. S. Navy is a global force with responsibilities that include: deterrence against possible adversaries; forward presence in key areas of influence for the United States; maintaining a capability to control the seas and those areas close by and, if necessary, securing the seas with maritime forces; projecting naval power worldwide in times of major combat; and finally, assisting other services and international partners during instances of humanitarian assistance and disaster relief efforts. Each member of the KCG team works in different areas at C2F.

Tim Sorber leads the effort to determine what naval personnel have to do, and the specific procedures they employ to accomplish their work, in every aspect of a major maritime headquarters. He's what we call a "Systems Architect," which should give you a clue into his responsibilities. Much like any architect, he analyzes, designs, and tailors maritime organization to operate both efficiently and effectively. He works behind the scenes to build the foundation for the entire "Mick-Mock" team.

Paul Danks assists the Navy as they work to write the doctrine and policies that govern how naval forces are employed. Doctrine is a fancy word for how military forces capture the best ways to do their job, no matter what it is. Doctrine is changed by a process called "lessons learned" through which successes and mistakes in current operations are funneled back into the doctrine to keep it current and relevant. Of course, policies are the rules with which naval forces and personnel must comply. Paul has to keep track of initiatives within the Navy and other services to modify how they accomplish their assigned missions. Paul is also the author of the "Mick-Mock" Concept of Operations, which has been approved at the three-star level and is the guidepost for the project.

Stephane Blais joined the team in late April and jumped right into a project called the Capabilities Based Competency Assessment, or CBCA. This initiative will determine the personnel competencies and manpower requirements needed to deliver warfighters capable of performing at the operational level of war within the MHQ with MOC global system. Recently, Stephane traveled to San Diego to work with the U. S. Navy Third Fleet staff on their CBCA-related assessments

Stan Romes joined the KCG team in March and is leading the effort to design an organizational template for use at the Fleet level commands. This template covers all aspects of how large naval commands might align warfighting functions and the organizational elements that support those functions. Over the past few months, using information from Navy and Joint doctrine and best practices, Stan developed a template which is currently being considered for inclusion in new and emerging Navy doctrine.

So, looking back over the work being accomplished to support the U.S. Navy and Second Fleet, we see that Klett Consulting Group has a top-notch team in place that works daily to assist in projects that will affect the ability of the Navy to provide the United States with key warfighting capabilities now and in the future.

Department of Defense Architecture Framework (DoDAF) -

KCG has become a recognized industry leader in this transformational system engineering initiative. We have over 40 years of experience in this new field that has enabled the company to develop very technical operational, system and technical views in a matter of weeks instead of months. KCG has designed integrated information systems for the next generation Track Manager, Aircraft Carrier, Common Display System, and Command Centers. Our Team of experts like to say – "Strap on the DoDAF helmets and **GIT-R-DONE!!!**"

New Business (continued)

ROBOT VENTURE -The 2008 efforts of the Robot Venture team resulted in closer relationships with significant unmanned systems entities within the region and beyond due to the efforts of Bill Piersol and Kenny Greenwell (KCG Chief Technical Officer).

Robot Venture is about further developing Hampton Roads as a center for unmanned systems integration. Unmanned systems are the unmanned aircraft, ground vehicles, water surface vehicles and underwater vehicles that have become invaluable in military and civilian applications. Reliability and repetitive task capability ideally suits unmanned systems to accomplish time sensitive, dull, dirty, and dangerous jobs many times better and less expensively than by people.

We work to strengthen relationships with key unmanned systems stakeholders including the military, civil authorities, industry, and universities. As such, we often get the opportunity to see latest technologies in the field. Recently we got to observe a small 8 pound unmanned air vehicle (UAV) operate off of Virginia Beach in a collaborative autonomous manner with a small unmanned surface vehicle (USV) in the ocean. The two vehicles “decided” amongst themselves which one was in the best position to get video shots of target boat vehicles and then went out and did that. It was a demonstration of the technology that enables unmanned systems to work together without specific directions from a vehicle controller.

We are also active in promoting FIRST Robotics in local high schools. Students in these programs get to build robots that compete in regional competitions. The competition is brisk and exciting with robots racing around accomplishing tasks (perhaps throwing beach balls through a big hoop) – all the time while school bands play and cheerleaders cheer on their school teams – the message being it’s just as cool to be a techno-nerd as a football player – or both!

The interest generated by Robot Venture is evidenced by the attendance of significant officials outside the Hampton Roads region who have come here to specifically meet with us or speak at one of our meetings. Visitors included Mr. William Moore, Deputy to the Commanding General of Combined Arms Support Command at Fort Lee, VA; Captain Michael Anderson, Commanding Officer of SCSC Wallops Island; John Emond of NASA Headquarters in Washington; and John Andrews of SPAWAR Pacific in San Diego.

Naval Open Architecture Defense Acquisition University Courses have Been Filled to Capacity in 2007 and 2008 –

Mark Klett has been a Defense Acquisition University Instructor on specialized topics for a number of years. For the past two years, at seven different sites across the country - all of the Naval Open Architecture Courses Mark has taught have been filled to capacity. The level of interest in the system engineering aspects of Open Systems and Service Oriented Architectures implementation has made his instruction course one of the most popular in the Defense Acquisition University Continuous learning curriculum. KCG is considered one of the industry leaders in the development of open systems architectures and integration of new capabilities with associated CONOPS to meet short term and long term objectives of warfighters.

CRANE - KCG has been awarded an Indefinite Delivery, Indefinite Quantity (ID/IQ) contract by the Naval Surface Warfare Center in Crane, Indiana. This is an enormous step forward for the company because it gives us our first contract “vehicle” as a prime contractor under the Navy’s Seaport Enhanced Program, making it much easier and convenient for all of our federal government clients to bring us in and fund our work. We’ve been “called up to the majors!” We are currently helping Crane formulate the Technical Instructions that will serve as the broad statement of work.



HAIL & FAREWELL

Hail: Greg Allen in Washington DC,
Bryan Beale in Dallas Texas
Stephane Blais, Wendy Cummings, and Stan Romes in Virginia Beach
Aaron Ward in Little Rock
Will Williams in Russelville
Mike Densen, Decatur, AL
Don Jensen, Bloomington, IN

Farewell: Mike Episcopo
John Allen

Tommy Mercer is still on leave serving in the Army Reserves – we look forward to his return in early December.

KCG Hampton Roads Summer Pool Party



Demonstration of the KCG golfing capabilities



Bob, Wendy and Rachel are all smiles



Hot Day, Cool Pool



Margaret, Will, Paul and Laura locate a shady spot



Stan and Kathy Romes give KCG Parties two thumbs up!



Steve explains to Judy how he won the golf prize



~ ~ ~ ~ ~ **The Back Page** ~ ~ ~ ~ ~

ABOVE ALL, WE MUST REALIZE THAT NO ARSENAL, OR NO WEAPON IN THE ARSENALS OF THE WORLD, IS SO FORMIDABLE AS THE WILL AND MORAL COURAGE OF FREE MEN AND WOMEN. IT IS A WEAPON OUR ADVERSARIES IN TODAY'S WORLD DO NOT HAVE.
- RONALD REAGAN

Days in History – Columbus Day

The first recorded celebration honoring the discovery of America by Europeans took place on October 12, 1792 in New York City. The event, which celebrated the 300th anniversary of Columbus' landing in the New World, was organized by The Society of St. Tammany (also known as the Columbian Order).

In 1892, President Benjamin Harrison urged citizens to participate in the 400th anniversary celebration of Columbus' first voyage. It was during this event that the Pledge of Allegiance, written by Francis Bellamy, was recited publically for the first time.

In 1937, President Roosevelt proclaimed October 12 as "Columbus Day" and in 1971, President Nixon declared the second Monday of October a national holiday. The first recorded celebration honoring the discovery of America by Europeans took place on October 12, 1792 in New York City.

Answer to the Security Pop Quiz: Yes, even UNCLASSIFIED government or contractor information requires protection. Always refer to the distribution statement on the document. Documents labeled "For Official Use Only" may have special handling restrictions. Always check security instructions before e-mailing, faxing or referring to any government material to avoid unintentional disclosure.

Birthdays Earlier this Year

Special Days for Special People

- Tim Sorber (9 Jan)
- Sheila Mitchell (11 Jan)
- Sue Allen (25 Jan)
- Kendall Rasberry (29 Jan)
- Jimmy Kendrick (31 Jan)
- Debbie Klett (4 Feb)
- Jerry Kendrick (4 Feb)
- Don Carrell (11 Feb)
- Stan Romes (20 Feb)
- Will Williams (3 March)
- Ronnie Frazier (6 Mar)
- Kathleen Romes (11 Mar)
- Billie Williams (17 Mar)
- Laura Danks (29 Mar)
- John Waters (3 April)
- Mark Klett (7 April)
- Bill Spuck (9 Apr)
- Janie Carrell (14 Apr)
- Judy Liberman (16 Apr)
- Wendy Blais (19 Mar)
- Deanne Spuck (23 Apr)
- Bob Cumings (3 May)
- Tim Sneed (20 May)
- Margaret Merritt (22 May)
- Destinee Ward (31 May)
- Kevin Merritt (1 Jun)
- Beverly Mercer (10 Jun)
- Mike Denson (12 Jun)

Birthdays this Quarter

Special Days for Special People

- Ruth Greenwell (14 Jul)
- Amanda Sneed (25 Jul)
- Amy Athanas (2 Aug)
- Wendy Cumings (2 Aug)
- Clarice Waters (26 Aug)
- Paul Danks (27 Aug)
- Liz Sorber (31 Aug)
- Carolyn Beale (2 Sep)
- Steve Liberman (9 Sep)
- Fallyn Hendershot (12 Sep)
- Greg Allen (16 Sep)
- Bryan Beale (22 Sep)
- Don Jensen (25 Sep)
- Stephane Blais (26 Sep)

CREATING THE FUTURE



KCG Newsletter is published by the Administration Sector of KCG, Inc.

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Submissions are always welcome!