

Inside this Issue

This issue of the TMB Newsletter begins with a look at our support to the Undersea Defensive Warfare Systems Program Office (PMS 415). The second page features a reprint of a shareholder's letter to TMB current and former employees holding vested shares of our ESOP Trust. The Newsletter then provides an update on our Morale and Welfare events as well as employee milestones. Page three also explores social engineering by exploiting human behavior from a security point of view. The next page continues our new section learning about Employees Outside the Office and this issue shares an employees' experience volunteering within his WV community. Photos from TMB's afternoon at the Nationals game completes page 4. The Newsletter goes on to showcase photos of our recent Morale and Welfare events including celebrating March Madness, Tail Gate Party, and Taco Tuesday. The next page shares the experience of two employees who represented TMB at the USMMA Job Fair. It also features the photos of our recent Spot Award winners. The TMB Cinema Review showcases a review of the film "Hostiles." The Naval Traditions section provides some background on the Commissioning Pennant. The final page of the Newsletter continues to provide important TMB and community dates so mark your calendars!

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TMB Marks Ten Years Supporting PMS 415

TMB has provided uninterrupted support to the Undersea Defensive Warfare Systems Program Office (PMS 415) since 2008, first as a prime contractor and now as a member of the Booz-Allen Hamilton Team. For the past 10 years we have provided: acquisition management support, Integrated Logistic Support (ILS), Business Financial Management (BFM) support, Foreign Military Sales (FMS) and Data Exchange Agreement (DEA) support, engineering support, system production support, and extensive Fleet Liaison support. One of our proudest accomplishments has been our involvement for many years with PMS 415 in providing the best warfighting capability for our Sailors and Marines forward-deployed. As way of background, in December 2011, the CNO deemed the Torpedo Warning System (TWS) and the Countermeasure Anti-Torpedo (CAT) Programs as "high priority," and ordered its acceleration to deploy onboard U.S. Navy Aircraft Carriers (CVNs) beginning in FY13. PMS 415 developed a plan – coined "Push-to-Bush" – to install, test, and deploy a Rapid Prototype System onboard USS GEORGE H.W. BUSH (CVN 77) for its scheduled FY13 deployment. TMB personnel were and remain instrumental in all phases of the program - program analysis, logistics, fleet and ship-board liaison, engineering, budgetary support, Pentagon and Fleet briefings, and Tactics Development. Two years of intensive support culminated in PMS 415's highly successful first ever TWS/CAT end-to-end Surface Ship Torpedo Defense (SSTD) CT-1 Sea Test onboard USS GEORGE H.W. BUSH in May 2013. On this particular test, seven of seven scheduled (electric) CATs were launched on alerted inbound threat (test) torpedoes fired from an external launch platform (NAWC 38).

Work and Fleet Support by PMS 415 and TMB continues as the Fleet demand remains high for the Anti-Torpedo Torpedo Defense System (ATTDS) onboard our CVNs. Currently, the PMS 415 J-Group team (headed by former TMB employee Tom Murphy), has completed installation, equipping, training, and logistics footprints of the ATTDS on five of our Fleet CVNs. The PMS 415 J-Group continues to meet the call. At the time of this writing (as depicted in the pictures above) war shot CATs were successfully delivered and loaded into their respective launchers (Ready

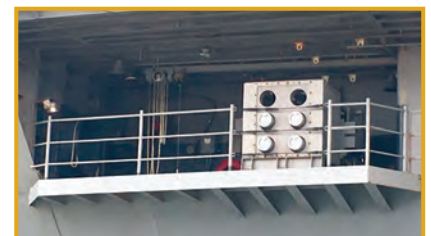
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CAT being removed from shipping container by ship's ordnance personnel on board USS HARRY S. TRUMAN (CVN 75) for transport to launcher platform



CAT being loaded into Ready Stow Group (RSG) launcher onboard USS HARRY S. TRUMAN (CVN 75)



View of the starboard Ready Stow Group (RSG) loaded with four CATs onboard USS HARRY S. TRUMAN (CVN 75)



Brad Robinson, TMB, PMS 415 Fleet Liaison and Darby McDonald, NUWC Keyport, Lightweight Torpedo Fleet Support with fully loaded war shot CATs in starboard RSG on USS HARRY S. TRUMAN (CVN 75)

ESOP Letter to Employees

(This article is reprinted from a letter sent in April, to all current and former TMB employees holding vested shares of our ESOP Trust. It announced an increase in share price for CY 2017 while articulating the complexity of ESOP valuations and the impact of greater economic forces on future valuations. This is an important conversation for us to have as employee-owners of a successful small business.)

Whether you are a retiree, former employee or current employee of Tech-Marine Business (TMB), you have an important stake in the health of our ESOP. Since the Trust was established in October 2008, it has become our primary retirement plan and we all should understand what drives the annual valuation and determines share price. 2017 was the most successful year in our history and the recently completed annual valuation reflects that with a \$124.00 per share price. We earned \$42.1M in revenues, achieved \$1.1M in net income and increased total Shareholders' Equity to \$6.6M. Proactive management allowed us to operate within our DCAA rates and at the same time pay out \$1.2M in share repurchases. We submitted strong proposals with over \$80M in bids still under evaluation while building a robust pipeline with strong positions for our recompetes and new business targets. Does that mean that the increase in share price is a direct result of TMB actions?

A look at the table below indicates that the determination of share value is complex and complicated.

Plan Year	Company Revenues	Share Price	Total % Shares Distributed
2008	\$15.5M	\$40.00	15.8%
2009	\$17.9M	\$49.90	34.9%
2010	\$15.1M	\$55.80	47.8%
2011	\$14.2M	\$43.00	59.8%
2012	\$14.6M	\$46.00	68.7%
2013	\$13.1M	\$47.00	71.7%
2014	\$14.6M	\$103.00	78.4%
2015	\$28.8M	\$98.00	90.5%
2016	\$37.2M	\$116.00	100.0%
2017	\$42.1M	\$124.00	100.0%

Between 2008 and 2013, annual revenue went up and down and in fact was down 15% in 2013 from 2008 levels but the share price went from \$40/share to \$47/share. Between 2014 and 2015, revenue almost doubled but share price declined. Between 2015 and 2016, stock price increased significantly with good but by no means exceptional revenue growth. What's going on here? Clearly ESOP valuations are based on a complex set of factors. Here is what the Valuation Report tells us are the "Factors Considered" in determining the share price:

- Nature of the business and history of the Company from its inception;
- Economic outlook and the condition and outlook of the industry in which the Company operates;
- Book value of the stock and financial condition of the Company;
- Earning capacity of the Company;
- Dividend-paying capacity of the Company;

■ Whether or not good will or other intangible value exists within the Company;

■ Previous sales of the Company's stock and the size of the block of stock to be valued;

■ The market prices of stocks of corporations engaged in the same or similar line of business having their stock actively traded in a free and open market.

This is a much more complex calculation of value than what is often understood – that as an employee-owner we can drive success and share value by working hard and getting involved in our ESOP.

Specifically, to the increase in this year's share price, the Valuator has added 2017 Tax Reform Legislation as a positive factor. Last year's legislation increases the value of all companies due to future corporate tax rates having been significantly lowered. While this is certainly true in a macro-economic sense, it demonstrates how far removed from our control are many of the critical factors that drive share price.

While it is very important that we all know and understand how share price is calculated, because it is complex, should not lead those of us who are active employees to dedicate ourselves any less to the success of TMB. As CEO, I am determined to chart a long-term course that emphasizes excellence in customer support; a commitment to providing good paying jobs with full benefits; active management of our financials with an emphasis on cost efficiency;

conducting ourselves with honesty and integrity; and aggressively positioning for the future. These are the factors I can control.

I will also continue to be open to ideas and strategies for the management of our ESOP Trust and will seek counsel from experts across the spectrum of capital managers that upholds my fiduciary responsibility to all our shareholders. If done well and we make decisions that serve the continued long-term success and growth of TMB, I am certain that our ESOP Trust will thrive.

~ Tom Dority



HR Corner

Felecia Chinn
Director of HR



Morale and Welfare Events Update

TMB's HR Department is responsible for providing Morale and Welfare events for the company. In January, we came up with a plan to host a monthly event with themes that would generally occur each month. So far we've hosted the following events:

- Since the Olympics occurred in February, we held an Olympic Trivia event where teams answered 10 trivia questions focused on TMB corporate policies. The winning team received a gift card to go to lunch together. During the event everyone had pizza and an Olympic sized cake.
- In March we hosted a March Madness Bracket Event and the winner received a \$100 gift card. We played "trashcan" basketball and everyone enjoyed the competition. After the game, cookies and brownies were had by all.
- In honor of the Nationals opening day, in April we hosted a Tail Gate Party event with hot dogs, sliders, peanuts, popcorn and nachos, with a TMB version of baseball for all to participate in!
- In May we celebrated Cinco de Mayo with a Taco Tuesday event. Everyone got to make their own tacos, taco salads and nachos – what's not to like about tacos???
- We celebrated the start of summer with our annual rooftop event in June. Everyone enjoyed Subway sandwiches and checked out the changing views of the neighborhood.

We have more exciting events planned for the upcoming months so mark your calendars:

July 12 – Cook "In"	November 8 – Pie Bakeoff Contest
August 9 – Ice Cream Social	December 12 – Holiday Open House & Bake Off
September 6 – Are you Ready for Some FOOTBALL???	December 19 – Gift Exchange & Ugly Sweater Contest
October 11 – Chili Cook Off	December 21 & 28 – Jeans Days

For those of you who aren't located in the DC-MD-VA area, we try to share these events by taking lots of pictures and featuring them in our quarterly newsletters. The whole concept behind these events is to encourage everyone to come and enjoy themselves, get to know one another and learn more about the company and how we can help to make it successful. If anyone has any suggestions for future events, please let us know!

Security Awareness

Taylor Church
FSO



SOCIAL ENGINEERING – Exploiting human behavior

Social engineering is essentially the art of gaining access to buildings, systems or data by exploiting human psychology, rather than by breaking in or using technical hacking techniques. For example, instead of trying to find a software vulnerability, a social engineer might call an employee and pose as an IT support person, trying to trick the employee into divulging his/her password.

Here are some examples of social engineering:

On the phone:

- A social engineer might call and pretend to be a fellow employee or a trusted outside authority (such as law enforcement or an auditor).
- The criminal tries to make the person feel comfortable with familiarity. They might learn the corporate lingo so the person on the other end thinks they are an insider.

In the office:

- Chris Nickerson, founder of Lares, a Colorado-based security consultancy, conducts 'red team testing' for clients using social engineering techniques to see where a company is vulnerable.

- In one penetration test, Nickerson used current events, public information available on social network sites, and a \$4 Cisco shirt he purchased at a thrift store to prepare for his illegal entry. Once inside, he was able to give his other team members illegal entry as well. He also managed to drop several malware-laden USBs and hack into the company's network, all within sight of other employees.¹

Online / Emails:

- System user gets an email from Facebook, LinkedIn, or even their financial institution saying: 'The site is doing maintenance, click here to update your information.' Of course, when you click on the link, you go to a malicious site that logs your keystrokes and/or monitors activity on the server.
- Posing as a peer or third-party associate to bait trusted responses and eventually a spam/phishing email.

¹ <https://www.csoonline.com/article/2123704/fraud-prevention/social-engineering--anatomy-of-a-hack.html>

People of TMB

New Hires (March – May)

We would like to welcome all of our new hires from March – May:

Chris Wall	Bakal Asrat
Erik Prince	Richel Seth
Nicole Bench	Jamiya Brooks
Roberto Paz	Tonya Harrison
Stephanie Thompson	Ann Fontana
Mary Cole	Jenna Nomikos
Jasmine Simmons	Sheila Godlock
Danica Johnson	Tom Trotto
Kyle DeBos	

TMB Anniversaries (April – May)

We would like to thank all of the people celebrating their anniversaries here at TMB for all of their hard work.

10 Years –

None for this quarter

5 Years –

Richard Friends II	Aaron Michael
Trang Phamdamg	Claudette Hubbard

1 Year –

Maurice Cooper	Michael Dwyer
Carlos Gonzalez	Jonathan Krotz
Stephen Lechert	Victoria Foster

Employee Referrals (March – May)

During the past quarter, Nelson Castillo received a referral bonus by referring Roberto Paz to us and Chris Wall received one for referring Tom Trotto. Thank you Nelson and Chris for helping us to fill these critical vacancies!

Employee News

Please share your story and exciting accomplishments with hr@tmbhq.com.

Newsletter Articles

We're always looking for volunteers to help with the Newsletter. Please send any articles or ideas to Cathleen.murphy@tmbhq.com

TMB Question Box

The box provides an opportunity to ask questions about the company that can be answered during our monthly All Hands meetings. Questions can be anonymous or not. The box is located on the countertop in Felecia Chinn's office.

tmbhq.com

TMB Employees Outside of the Office

Walt Griffin assisting with Kidz Power Pacs (KPP)



Once a month on a Friday evening and Saturday morning Walt Griffin and his family can be found unloading trucks of donated ravioli, macaroni & cheese, soups, applesauce and other easy-open foods at the Community Combined Ministries (CCM) Kidz Power Pacs (KPP) meal packing at the Eagles Intermediate School in Martinsburg, WV.

Kidz Power Pacs connects with Berkeley and Jefferson County school counselors and teachers to find and feed children who would otherwise go without food on weekends, during school breaks and throughout the summer. CCM was founded by Diana Wall after a mission trip to El Salvador showed her that back home in the Eastern Panhandle children had very similar needs.¹ All of the food collected by CCM is from donations collected around the county from individuals and businesses, none of the food is taken from food banks.

CCM is a community effort, serving approximately 39 schools in Berkeley and Jefferson Counties. KPP volunteers get together once a month to pack food bags. Packing weekends are fun and full of blessing, giving everyone in the community a chance to serve together side by side. CCM also host "Community Day in the Park" during summer vacation and a KPP family Christmas Party in December, both are free to all KPP kids and their families. Volunteers are always welcome, Churches, businesses and individuals can help by sponsoring a child for as little as \$20/month. To learn how you can help, talk to Walt Griffin or visit <https://communitycombined.org/>.

~ Walt Griffin

¹ <http://www.journal-news.net/news/local-news/2018/01/kidz-power-pacs-helps-feed-hungry-children/>



Walt Griffin's Wardrobe Malfunction

As many of us know, Walt Griffin is an avid runner. He has participated in many races including the Ragnar Relay which is a long distance, team, overnight relay race. Most mornings he comes to the office early to head to the gym and go for a run. One morning in late March he got to the gym ready to run but realized that he left his dress shirt and tie at home. Luckily his work out shirt was black and it matched his suit perfectly. He was happy he didn't have his neon green shirt in his gym bag that day because he would have had to turn around and go all the way back home and sit in traffic. Unfortunately he didn't get to work out because he didn't have anything else to wear. Without knowing the story, everyone in the office thought he was trying to be a new trend setter!



TMB at the Nationals Game



Cathleen Murphy, Dayle Brown, Gary Munn, Ken Brown, and Brian Bosak



Scott, Vivian, Melissa and Elliot Szurovy



TMB employees enjoyed a beautiful day at the ballpark

Company Events

March Madness



Employees taking turns perfecting their trash can basketball throws.



Winning basketball team: Brenton Harris, Chris Wall, Maurice Cooper, Jessica Buckley, and Tim Adkins

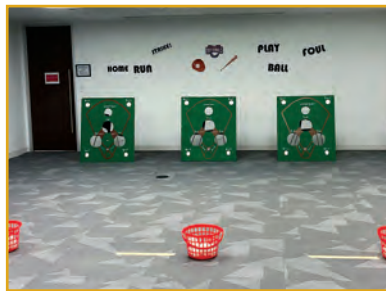


Morale and Welfare Team with TMB March Madness Bracket Winner Jake Trybulski

Tail Gate Party – Barbecue



Fun baseball decorations



TMB baseball set up



Nacho bar



"Concession" line



Tom Dority talking to employees before the game.



Employees taking turns playing TMB baseball



Winning baseball team: Maurice Cooper, Mark Manley, Samir Khan, Erik Prince, and Taylor Church

Taco Tuesday



Employees participating in the bean relay.



Winning bean relay team: Rick Parker, Erik Prince, Stephanie Rudden, Bezawit Ashegre, Gustavo Sanchez, and Sean Mizzer



Taco bar!

U.S. Merchant Marine Academy Job Fair



The United States Merchant Marine Academy (USMMA) held its annual Shipping-Out Fair for the Class of 2018 on April 4th. The Shipping-Out Fair is an opportunity for employers to meet with graduating midshipmen who are seeking seagoing and shore-side employment. Victor Policarpio and Mimi Phamdang attended as representatives of TMB, along with representatives of 20 US-Flag shipping companies, three major maritime unions, a non-profit organization seeking ship-board volunteers aboard a medical relief ship, and all branches of the armed services representatives who met with and interviewed the graduating class. During the fair, Victor and Mimi discussed opportunities with midshipmen and collected resumes from potential candidates. Many companies who attended were regular attendees, who return annually acknowledging the extremely positive experiences that they have had with their USMMA Alumni employees. Upon graduation, students may choose to seek an opportunity as a ship's officer at sea, ashore in the maritime and government field, or as an active duty officer in one of the Armed Forces. Since the Federal Government provides the education at Kings Point, the midshipmen have a service obligation after graduation in the maritime and/or transportation industry, and to Armed Forces Reserve duty. Each graduate must complete their service obligation which includes five years of MARAD-approved service/employment or Active Duty service, maintaining their U.S. Coast Guard (USCG) Merchant Mariner Credential (MMC) for six years, maintaining their reserve commission for eight years and submitting annual reports demonstrating their service obligation compliance. Victor Policarpio is also an Alumni of the U.S. Merchant Marine Academy.

~ Victor Policarpio

Spot Awards



Thomas Luong-Murphy, Tim Adkins, and Tom Dority

Spot Award for exceptional support to PMS 415



Jake Trybulski and Shelly Burrell

Spot Award for exceptional support to WSPO at NSWC Dahlgren



Sean O'Connor and Tom Dority

Spot Award for exceptional support to IWS 5.0



Dan Clague, Tom Dority, and Ja'Quetta Holland

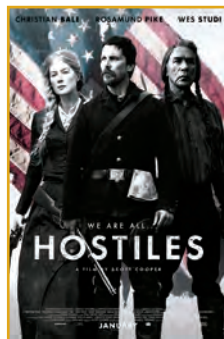
Spot Award for exceptional TMB Facilities support

"Hostiles" – Action – Drama – Western – Rated R for Violence
Actors: Christian Bale – Rosamund Pike – Wes Studi

Set in 1892 in New Mexico and Montana, "Hostiles" tells the principle story of Army Captain Joseph J. Blocker (Christian Bale), a Calvary soldier firmly committed to doing his duty. He is charged with ridding the region of renegade "Hostiles" who have been marauding settler's homes and ranches.

Upon Captain Blocker's return to Fort Berringer, he is immediately ordered by Colonel Abraham Biggs to escort Blocker's sworn enemy Chief Yellow Hawk (Wes Studi) who has been locked up for 7 years back to his homeland of Montana. He's dying and wishes to "pass on" in the land of his birth.

Captain Blocker, who hates the Chief with every fiber of his being for killing his fellow



soldiers and friends, reluctantly agrees to escort the dying Cheyenne Chief and his captive family back to their tribal lands. Little does Blocker know that his last mission will take both him and the Chief down a mutual path of reflection.

"Hostiles" is a vibrantly dramatic and authentic film, with raw intensity and dramatic weight. A smart, bold and beautiful Western film which examines the moral impact and consequences of a lifetime of killing as well as the lasting sorrow of losing those personally close from the ravages of war. While both experiences could break one's soul with enduring hatred they also can be a transformational path for personal redemption and healing.

~Lester Jones

Continued from page 1

Stow Groups – RSGs) onboard USS HARRY S. TRUMAN (CVN 75). These torpedoes (CATs) compliment the TWS, which consists of a TWS Winch, Roller Fairlead and Array on the fantail, along with two TWS processing cabinets in the Nixie Space and Operator Displays in Combat, Bridge and Nixie Space (CONEX Van). The USS HARRY S. TRUMAN (CVN 75) deployed in April 2018 on an overseas deployment. This is the 8th ATTDS deployment onboard our CVN's for the ATTDS system. TMB J-Group employees (past and present) who have and continue to equip our Fleet are: Tom Murphy (former TMB now Government), Katelyn Nathaniel, JJ Brown (former TMB now Government), Tim Adkins, and Brad Robinson. While much of the work is done "inside of DC," the result is the actual equipment that is installed and deploys on our U.S. Navy ships – "outside of DC." But true credit always goes to our Fleet Sailors, who continually go in harm's way with our Combat Systems to protect our freedoms.

~ Brad Robinson

Naval Traditions

Commissioning Pennant

The act of placing a ship in commission marks her entry into active Navy service. At the moment when the commissioning pennant is broken at the masthead, a ship becomes a Navy command in her own right, and takes her place alongside the other active ships of the Fleet.

This ceremony continues a tradition some three centuries old, observed by navies around the world, and by our own Navy since December 1775, when Alfred, the first ship of the Continental Navy, was commissioned at Philadelphia. Once in commission, the commanding officer and crew are entrusted with the privilege, and the responsibility, of maintaining their ship's readiness in peace, and of conducting successful operations at sea in time of war.

No written procedure for commissioning was laid down in our Navy's early days, but the act of commissioning was familiar, derived from established British naval custom. Commissionings were simple military ceremonies. The prospective commanding officer came on board, called the crew to quarters, and formally read the orders appointing him to command. He then ordered the ensign and the commissioning pennant hoisted; at that moment the ship went into commission, and the first entry in the ship's deck log recorded this.

The commissioning pennant is the distinguishing mark of a commissioned Navy ship. A commissioning pennant is a long streamer in some version of the national colors of the Navy that flies it. The American pennant is blue at the hoist, bearing



Photo: U.S. Navy

seven white stars; the rest of the pennant consists of single longitudinal stripes of red and white. The pennant is flown at all times as long as a ship is in commissioned status, except when a flag officer or civilian official is embarked and flies his personal flag in its place.

Narrow pennants of this kind go back several thousand years. They appear in

ancient Egyptian art, and were flown from ships' mastheads and yardarms from, at least, the Middle Ages; they appear in medieval manuscript illustrations and Renaissance paintings. Professional national navies began to take form late in the 17th Century. All ships at that time were sailing ships, and it was often difficult to tell a naval ship from a merchantman at any distance. Navies began to adopt long, narrow pennants, to be flown by their ships at the mainmast head to distinguish themselves from merchant ships. This became standard naval practice.

As warships took on distinctive forms and could no longer be easily mistaken for merchantmen, flags and pennants continued to be flown, but began to shrink to a fraction of their earlier size. This process was accelerated by the proliferation of electronic antennas through the 20th Century. The biggest commissioning pennant now has a 2.5-inch hoist and a 6-foot fly, while the largest shipboard ensign for daily service use is 5 feet by 9 feet 6 inches (larger "holiday ensigns" are flown on special occasions).

Source: <https://www.history.navy.mil/content/history/nhnc/browse-by-topic/heritage/customs-and-traditions/commissioning-pennant.html>



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Commitment.
Excellence.
Integrity.



Coming Events

JULY

Independence Day 4 Jul
TMB's Founding Day – 21st Anniversary 7 Jul
All Hands: Cook “In” Barbeque..... 12 Jul
TMB Professional Brown Bag -
Budget Exhibits - Overview..... 13 Jul
MLB 2018 All Star Game, Nationals Park 17 Jul
TMB Professional Brown Bag -
Financial Management Data Analysis..... 27 Jul

AUGUST

All Hands: Ice Cream Social 9 Aug

SEPTEMBER

Labor Day 3 Sep
All Hands: Fall Football Kickoff..... 6 Sep
Required HR Training Complete by 30 Sep
All Employees – How to Manage Time Wisely
Supervisors – Violence in the Workplace
Required Security Training Complete by 30 Sep
TMB's Annual Security Briefing

OCTOBER

Columbus Day 8 Oct