



A Family of Salish & Kootenai Tribally Owned Businesses



ANNUAL REPORT 2010

CONTENTS

PAGE TWO

Purposes and Goals
Mission

PAGE THREE

Message from the CEO

PAGE FOUR

Board of Directors
Principles
Organization

PAGE FIVE

Company Information

PAGE SIX

Overall Strategy

PAGE NINE

Community
Commitment
Marketing Strategy

PAGE TEN

Timeline

PAGE ELEVEN

Awards and
Recognition

PURPOSES AND GOALS

S&K Technologies, Inc., is a family of companies owned by the Confederated Salish & Kootenai Tribes (CSKT), consisting of S&K Aerospace, LLC; S&K Technologies, LLC; S&K Global Solutions, LLC; S&K Environmental, LLC; TerraEchos, Inc.; and as of December 2010, S&K Security Group, LLC. These companies offer information technology, engineering, aerospace, and security services to a variety of federal government customers and commercial markets.

Our subsidiary companies maintain offices throughout the country and work on a variety of projects from advanced robotics engineering for NASA to uranium mill tailings remediation for the Department of Energy. S&K Technologies, Inc., commonly referred to as the parent company, is located in St. Ignatius, Montana, and offers streamlined administrative services to the subsidiary companies, enabling them to reduce costs and be more competitive. Our staff is talented, multi-faceted, and dedicated to quality customer service.

MISSION

S&K Technologies is committed to creating long-term employment and profitability while maintaining Tribal cultural values and ethical principles.

The Effect of Our Success:

S&K Technologies, Inc., directly benefits our shareholders, the over 7,000 CSKT Tribal members. We give back to our community through employment opportunities, generous annual dividends, educational scholarships, and collaboration with various Tribal cultural, educational, and business leaders throughout the reservation.



Cover photo: Staging area for planting at the Milltown Dam site. Specialized containers for propagation and transportation minimize handling.

Below: Overlooking the Milltown Dam project area.

Inset photos (top): Quaking aspen plants are provided by Confederated Salish and Kootenai Tribal Forestry.



(Bottom): SKEr's innovative Expandable Stinger allows plants to go into the ground deeper, with more developed root systems, for high survival rates.

Photos by Amy Yalon

MESSAGE FROM THE CEO

To the Shareholders and the Board of Directors:

This past year has been an exciting growth year for our companies and has also been one of our most profitable years. As you may recall, last year we acquired S&K Environmental, LLC. This company has filed for 8(a) certification and will focus its business on environmental restoration work and engineering. We have been working on acquiring a company with engineering expertise to fold into S&K Environmental. As I mentioned in last year's annual report, we were then in the process of establishing a security company. I am pleased to state that the company has been established under the name of S&K Security Group, LLC. We expect to set up offices in Tennessee later this year.

The board of directors recently approved the establishment of S&K Logistic Services, LLC. This company, upon formal approval by the shareholder, will focus initially on the United States Air Force. SKT, from its inception, has had a strong and positive customer relationship with the USAF.

Recent congressional legislative initiatives to alter SBA's 8(a) procedures continue to be of concern. I made personal calls on Montana's congressional delegation to emphasize the importance of the 8(a) program to the viability of our companies. Our lobbyist in Washington, D.C., closely monitors these activities.

In fall 2010 I traveled to the Republic of Turkey as a member of a trade and cultural delegation. We recently followed up on that trip with a meeting in Washington, D.C., with a consultant who represents a Turkish trade association. We hope to develop cooperative ventures with Turkish businesses specializing in defense-related work.

I want to personally thank the staff of the SKT family of companies for their exemplary job performance. It is through our combined efforts that we continue to grow and prosper.

Thomas R. Acevedo, CEO
S&K Technologies, Inc.

March 2011



BOARD OF DIRECTORS

CHAD COTTET
Chairman

FORREST LESTER
Vice Chairman

ROBERTA STEELE
Secretary

ROBERT GAUTHIER

LLOYD IRVINE

WYMAN McDONALD

RON TRAHAN



PRINCIPLES

Achieving success while preserving Tribal culture

Encouraging management teams' keen awareness of the unique potential and value of each employee

Providing an innovative environment that attracts and retains superior talent

ORGANIZATION



SITES

CORPORATE HEADQUARTERS

63066 Old Highway 93
P.O. Box 339
St. Ignatius, Montana 59865
Phone: (406) 745-7500
Fax: (406) 745-7506
Toll-free: 1-866-SKTCORP

GEORGIA SITE

309 Osigian Blvd.
Warner Robins, Georgia 31088
(478) 953-2271

TEXAS SITE

16441 Space Center Blvd., #C-200
Houston, Texas 77058
(281) 480-1453

PACIFIC NORTHWEST SITE

4060 Wheaton Way, Suite G
Bremerton, Washington 98310
(360) 479-5790

ALASKA SITE

1835 South Bragaw St., Suite 190
Anchorage, Alaska 99508
(907) 258-1431

OHIO SITE

3139 Research Blvd., Suite 101
Dayton, Ohio 45420
(937) 781-2300

COLORADO SITE

200 Grand Ave., Suite 500
Grand Junction, Colorado 81501
(970) 257-2100

MONTANA SITES

92611 Highway 93
P.O. Box 310
Arlee, Montana 59821
(406) 726-3015

115 South Fourth Street West
Missoula, Montana 59801
(406) 541-3219

Above: The SKT team has supported the USAF Corrosion Prevention and Control Office since 2001. Mark Foley operates audio-visual equipment for the USAF Corrosion Manager Conference, which doubled in size under SKT management. Photo by Charles (Mac) McKenna

Left: Steve Hartley (SKT/Byron) isolates a structure of interest using a plasma cutter. Photo by Jonathan Crowell

CLIENTS

S&K Technologies, LLC

All Native Services
Department of Energy
Department of State
Israeli Air Force
Royal Saudi Air Force
United States Air Force:
• A-10 System Program Office
• Air Force Reserve Command
• Corrosion Prevention and Control Office
• F-15 System Program Office
• KC-135 System Program Office
• Warner Robins Air Logistics Center
Valdez International

S&K Aerospace, LLC

Department of Energy
Federal Aviation Administration:
• Air Traffic Terminal
Internal Revenue Service
National Aeronautics and Space Administration:
• Automation, Robotics, and Simulation Division
• Shared Services Center
United States Air Force:
• 703rd Aeronautical Systems Center
• Air Force Reserve Command
• Warner Robins Air Logistics Center

United States Army:
• Corps of Engineers
• 59th Signal Battalion

United States Navy:
• FISC Puget Sound
• FISC Puget Sound N6
• FISC Puget Sound PMO
• Navy Region Northwest

S&K Global Solutions, LLC

Department of Energy
General Services Administration
State of Montana

United States Air Force:
• Air Force Academy Center for Structural Life Extension
• Air Force Reserve Command
• Warner Robins Air Logistics Center

Department of State

United States Navy:
• Marine Corps

S&K Environmental, LLC

ARCO
Confederated Salish and Kootenai Tribes
State of Montana

TerraEchos, Inc.

Department of Energy:
• Idaho National Laboratory, National Security Directorate: Ongoing Navy-funded RDTE (Research, Development, Testing, and Evaluation) Program

United States Navy Potential Contractor:
• Cooperative Research and Development Agreement (CRADA), Naval Undersea Warfare Center Newport (NUWC-NAVSEA)

SERVICES

S&K Technologies, LLC

Supply chain management
Program management
Avionics
Professional engineering
Technical data management
Material analysis and testing
Non-destructive inspection
Airframe structural teardown and assessment, corrosion prevention

S&K Aerospace, LLC

Environmental support services
Acquisition and financial support
Research and development
Logistics support
Supply chain management
Foreign military sales services
Security guard solutions

S&K Global Solutions, LLC

Administrative support services
Information technology
Technical professional services
Supply chain management

S&K Environmental, LLC

Tree planting
Stream restoration
Mine restoration
Wetland restoration
Revegetation
Erosion control

S&K provides professional services to the federal government through a family of companies operating in the following areas:

S&K Technologies, LLC

Engineering and technical support

S&K Aerospace, LLC

Integrated logistics support
Foreign military sales support
Base operations and support

S&K Global Solutions, LLC

On-site services including IT/telecom, training, acquisition support, and manpower augmentation

S&K Environmental, LLC

Environmental services

TerraEchos, Inc.

Adelos® sensor array:
• Covert fiber optic sensor system for detection, classification, localization, and tracking of threat targets

OVERALL STRATEGY ACCOMPLISHMENTS, CHALLENGES, AND PLANS FOR THE FUTURE

Fiscal Year 2011 sees the SKT family of companies implementing innovative business development strategies.

While SKT's structure has changed and its accomplishments have increased, our true mission remains the same: to grow each company, to provide a sustained dividend to the Confederated Salish and Kootenai Tribes, and to secure employment opportunities, both on and off the reservation. All SKT's enterprises were started with modest capitalization from the Tribes, and since 1999 SKT has paid the Tribes dividends to be used for Tribal purposes. The companies maintain a Native American preference hiring policy designed to foster the employment and subsequent economic support of Tribal members.

S&K Environmental, LLC (SKEr, LLC) was acquired by SKT, Inc., in December 2009. The company utilizes innovative technology and pioneering science to restore rivers, wetlands, and uplands throughout the West. As a Tribally owned business, we recognize the cultural and historic importance of the lands we work upon, just as we recognize the complexities of altering sensitive environments. Whether we are recontouring a stream with specialized equipment or hand-planting native vegetation, our goal is to encourage natural landscapes that exhibit a composition, structure, and function that is diverse and self-sustaining.

SKEr also has the experience, personnel, and equipment to perform civil construction projects. The company, which has been in existence for several years, intends to expand its ability to compete statewide and regionally. As a member of the SKT, Inc., family of companies, SKEr will strive to become one of the premier environmental restoration companies in the West.

SKEr has developed its reputation by exceeding the standards and specifications for any project or task undertaken. The company's values encompass a strong commitment to quality, dedication to employee growth, and responsibility for the health of our planet. SKEr provides an active training program, offering all employees the opportunity to upgrade their existing skills, as well as training in safety, health, and new technologies.

SKEr's patented Expandable Stinger is shown here operating from a barge in the Sacramento River Delta. Photo by Jed Whiteley





SKER's revolutionary Expandable Stinger and Rotary Stinger fundamentally affect the economics of revegetation. These machines are safer, faster, and more efficient than hand or auger planting, minimizing time on-site and reducing costs. An Expandable Stinger is shown above at Cedar Creek near Superior, Montana.
Photo by Jed Whiteley

TerraEchos, Inc., a subsidiary of S&K Technologies, Inc., is a Montana-based, Tribally owned company providing Adelos® S4, a leading covert intelligence and surveillance sensor knowledge system for protecting high-value critical infrastructure, monitoring sensitive perimeters, and securing vulnerable borders.

Adelos® S4 combines patented U.S. Navy technology, advanced "data in motion" processing analytics, and superior geospatial messaging and exploitation systems to deliver the most sophisticated sensor knowledge system in the world. The system's single fiber optic cable, acting as a dense, covert first line of surveillance and intelligence, is buried at varying depths in the ground or underwater. Adelos® S4 can instantly identify, distinguish, and classify a variety of objects detected by the fiber optic sensor. Detected acoustic signals are monitored continuously in real time and are characterized to determine the nature of the intrusion. Adelos® S4, a "system of systems," revolutionizes how we monitor, secure, and protect our most sensitive resources.

TerraEchos was honored to receive Frost & Sullivan's 2010 North American New Product Innovation of the Year Award in the category of Fiber Optic Sensors for Border Security. The Adelos® S4 fiber optic sensor solution was singled out for its innovative nature, use of leading-edge technology, and value to the customer. In addition, TerraEchos received IBM's 2010 CTO Innovation Award, which recognizes IBM business partners for innovative, one-of-a-kind solutions in information management.

TerraEchos is presently working cooperatively on research and development projects with the Naval Undersea Warfare Center and recently received sponsorship from the National Security Agency, enhancing the company's future business opportunities. The company also entered into its first commercial license agreement with IBM as an original equipment manufacturer of InfoSphere Streams, a differentiating capability incorporated in the new Adelos® S4 v1.5 system.

TerraEchos remains focused on three associated market sectors: high-value critical infrastructure perimeter security, border security, and force protection for the United States' forward deployed military. By delivering solutions that satisfy growing government and private sector security demands, TerraEchos is now well positioned to remain ahead of its competition in the intelligence, surveillance, intrusion-detection, and monitoring marketplace.



Dr. Alex Philip, president and CEO of TerraEchos, Inc., receives the IBM CTO Innovation Award. (Left to right): Shaun Jones, VP of Worldwide Business Partner and Midmarket Marketing, IBM Software Group; Dr. Alex Philip; Arvind Krishna, General Manager of IBM.



Above: Jim Suzel (SKT/Dayton) and Steve Reeves (SKT/Byron) cut out portions of F-15 structure for inspection. Photo by Channing Duhart

Right: Chief Joseph Dam on the Columbia River. Photo courtesy of USACE Digital Visual Library

S&K Aerospace, LLC (SKA, LLC) has enjoyed great success during its transition from an 8(a) enterprise to long-term viability as a world-class support services provider. Although SKA was awarded several sole-source direct contracts in 2010, the company remains focused on winning contracts based on technical expertise and exceptional performance history in a competitive environment.

SKA, LLC, continues to develop beneficial long-term relationships with premier defense platform and systems providers around the world. Building on successful contract awards and performance, SKA, LLC, continues its close alliance with multiple divisions of General Dynamics. The companies have put in place agreements to jointly pursue competitive awards for defense platform life cycle logistics management, information technology support, and technical training and education programs. Along with additional strategic partners, SKA, LLC, will operate as both the prime contractor and majority subcontractor on technically challenging programs for both U.S. and foreign ally defense and civil governmental agencies.

We are pleased to report that SKA, LLC, is solidifying its standing as an important provider of technical services to U.S. allies in the Middle East by establishing a physical branch office in Riyadh, Kingdom of Saudi Arabia, and attaining Commercial Registration to operate as a stand-alone entity in the region. Commercial Registration will allow SKA, LLC, to provide services directly to both Saudi Arabian commercial entities as well as ministries of the Saudi Arabian government.

S&K Technologies, LLC (SKT, LLC) welcomed Dr. Peter Sjöblom as president during FY 2010. Dr. Sjöblom has a strong background in developing collaborative relationships with both government and industry partners. A sharpened focus on synergistic partnerships during these sluggish economic times has led to increased subcontracts from both large and small businesses. For example, SKT's corrosion group received over \$1.4 million in subcontract funding from Wyle International during FY 2010. SKT will continue to focus on expanding fruitful partnerships during FY 2011 as a way to expand our customer base in the areas of structural materials, corrosion prevention and control, aircraft sustainment, and technical order development.



S&K Global Solutions, LLC (SKGS, LLC) is a professional services company that specializes in providing cradle-to-grave logistics, engineering, telecommunications, and information technology support for government and commercial customers. The newest 8(a) company in the S&K portfolio, SKGS has established a proven capability to provide rapid, technically innovative responses to complex, mission-critical program requirements. As one of the subsidiaries of S&K Technologies, Inc., SKGS continues a long tradition of superior program performance and long-term corporate stability. SKGS has established itself as a preferred technical services provider for multiple government customers including the U.S. Navy, Federal Aviation Administration, U.S. Army, and Army Corps of Engineers. SKGS plans to continue to build on this record of superior performance, pursuing complex technical support projects for DoD and civilian organizations across a wide spectrum of capabilities.



S&K Securities Group, LLC (SKSG, LLC) is a Tribal wholly owned subsidiary company of S&K Technologies, Inc., a federally chartered corporation owned by the Confederated Salish and Kootenai Tribes, established in December 2010.

The company was formed to take maximum advantage of the Small Business Administration 8(a) Program in providing physical security and force protection to government installations of all types. Despite a slowdown in our economy, the most recent Department of Labor forecast predicts that the number of security guard positions will grow by 14 percent (or 175,000 new jobs) in the next five years.

As a spin-off security company offering an extensive line of personnel protection and installation security services, the new company will take advantage of a long history of 8(a) opportunities in an increasingly hostile and changing political environment. The security vertical market has seen growth from approximately \$50 billion at the time of 9/11 to \$100 billion in 2006, with a forecast of \$200 billion in 2011.

S&K Technologies, Inc., continues its progress as a parent company. The accomplishments of each of our subsidiaries have provided unique and sometimes challenging opportunities for growth. The start-up of the new security company (S&K Security Group, LLC) is proof that SKT is evolving and changing to better fit the needs of our customers.

COMMUNITY COMMITMENT

2010 was a milestone in SKT's history: Our family of companies contributed over \$10 million in dividends to the shareholder, the Confederated Salish and Kootenai Tribes.

SKT and its subsidiaries also committed over \$49,000 to the community in 2010 in the form of donations, sponsorships, and educational opportunities. SKT expresses our dedication to the community through continued contributions to organizations and individuals who enhance the community's culture, education, and recreation.

MARKETING STRATEGY

In 2010, as in previous years, S&K Technologies, Inc., has taken significant strides in branding identity to increase the presence of SKT and its subsidiary companies. SKT has pursued a governmental and public relations agenda that has successfully raised the awareness of both politicians and the press, resulting in significant strides in overall company success. SKT has taken definitive action by aggressively carrying out public relations, government relations, and communications strategies. SKT will continue to undertake the following strategic actions:

- ❖ Continue a strong branding identity
- ❖ Continue developing a professional image for SKT and Tribal "S&K" branding
- ❖ Continue educating legislators on budgetary impacts of SKT programs
- ❖ Become a proactive advocate for our customers' budgets
- ❖ Bring policy makers closer to our contracts and help them understand their role in making them successful
- ❖ Enhance communication with shareholder and the Tribal public

TIMELINE

S&K FAMILY OF COMPANIES

1997

- ❖ S&K Technologies begins as a division of S&K Electronics

1999

- ❖ S&K Technologies is officially incorporated (January)
- ❖ Recipient of NASA **Elite Team Award** and **Flight Directors Award**

2000

- ❖ SKT becomes **8(a) Certified** by the Small Business Administration (February)
- ❖ U.S. Air Force awards SKT a major Corrosion Control Contract (0018) / \$25 million IDIQ (August)
- ❖ Recipient of NASA **Elite Team Award**

2001

- ❖ A Tribally owned 8(a) contract is awarded for Air Force Logistical Support Services (0027) / \$325 million (June)
- ❖ SKT reaches **\$20 million sales target** for FY 2001 (October)

2002

- ❖ SKT growth spurs restructuring into two divisions, **Aerospace Operations** and **Information Technology Operations**
- ❖ Recipient of the **Outstanding Tribal Business Award** by the American Indian Business Leaders Association (April)
- ❖ Recognized by the National Indian Business Association as the **Small Minority-owned Business of the Year** (May)
- ❖ Awarded the **Top Minority-owned Business Firm of the Year** *Government Computer News* Industry Information Award
- ❖ Awarded NASA JSC Automation and Robotics contracts (July)

2003

- ❖ Ranked No. 2 in the **Top 25 8(a) Companies** listed in *Washington Technology Magazine*

2004

- ❖ Ranked No. 94 of the **Top 100 Federal IT Contractors** by *Washington Technology Magazine*

2005


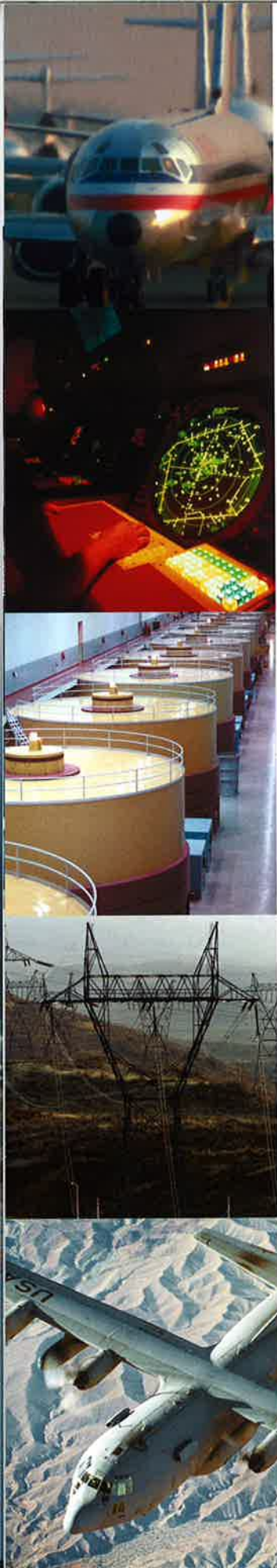
- ❖ SKT awarded **Small Disadvantaged Contractor of the Year** by the USDA Farm Service Agency
- ❖ S&K Aerospace, Inc., and S&K Global Solutions, Inc., are officially incorporated (August)
- ❖ S&K Aerospace, Inc., becomes **8(a) Certified** by the Small Business Administration

2006

- ❖ SKT graduates 3 years early from the SBA 8(a) program, the earliest graduation in the history of the program
- ❖ S&K Technologies, Inc., is officially incorporated as a federally chartered corporation

2007

- ❖ SKA awarded the Department of Energy UMTRA Contract (April)
- ❖ Tom Acevedo hired as new CEO of S&K Technologies, Inc. (June)
- ❖ SKT awarded the **Tribally Owned Enterprise of the Year** by the National Center for American Indian Enterprise Development
- ❖ S&K Technologies, Inc., officially becomes the **parent company** to subsidiaries SKT, SKA, and SKGS



Flathead encampment near St. Ignatius, Montana, 1906. Photo courtesy: K. Ross Toole Archives, The University of Montana, Missoula, Montana

2008

- ❖ S&K Aerospace is awarded the **8(a)/Small Disadvantaged Business of the Year Award** by the Department of Energy
- ❖ S&K Global Solutions becomes an LLC (April)
- ❖ S&K Technologies awarded **SBA Entrepreneurial Success Award** by the SBA

2009

- ❖ TerraEchos, Inc., is acquired as a new subsidiary through the purchase of controlling shares (June)
- ❖ S&K Aerospace becomes an LLC (July)
- ❖ S&K Environmental Restoration, Inc., joins the family as a subsidiary (December)

2010

- ❖ Peter Sjöblom hired as president of S&K Technologies, LLC (March)
- ❖ Margaret "Binky" Bowman hired as president of S&K Global Solutions, LLC (April)
- ❖ S&K Environmental Restoration is officially renamed S&K Environmental, LLC (May)
- ❖ S&K Global Solutions becomes **8(a) Certified** by the Small Business Administration (February)
- ❖ SKT hits \$10 million mark in dividends given back to the Confederated Salish & Kootenai Tribes (April)
- ❖ TerraEchos receives the **IBM CTO Innovation Award** (October)
- ❖ TerraEchos receives the **Frost and Sullivan New Product Innovation of the Year Award** (October)
- ❖ S&K Security Group, LLC, is created as a new subsidiary (December)



COMPANY HIGHLIGHTS AWARDS AND RECOGNITION

CTO Innovation Award

2010 | IBM

New Product Innovation of the Year

2010 | Frost & Sullivan

8(a) Small Disadvantaged Business of the Year

2008 | U.S. Department of Energy

SBA Entrepreneurial Success Award

2008 | Small Business Administration

Tribally Owned Enterprise of the Year

2007 | National Center for American Indian Enterprise Development

Small Disadvantaged Contractor of the Year

2005 | USDA Farm Service Agency

Member of the Top 25 8(a) Companies

2003, 2004, 2005 | *Washington Technologies Magazine*

Member of Top 100 Federal IT Contractors

2004, 2006 | *Washington Post/Computer News*

Tribal Business of the Year

2002 | American Indian Business Leaders

Montana Minority Business of the Year

2002 | Small Business Administration

Top Minority-owned Business Firm of the Year

2002 | *Government Computer News* Industry Information Award

Tribally Owned Business of the Year

2002 | National Center for American Indian Enterprise Development

Elite Team Award

1999, 2000 | NASA Johnson Space Center

Flight Directors Award

1999 | NASA Johnson Space Center



A Family of Salish & Kootenai Tribally Owned Businesses

OUR SUBSIDIARIES' CORE CAPABILITIES

S&K Aerospace, LLC

Worldwide Aircraft MRO Services
Integrated Logistics Support
Supply Chain Management
Program and Financial Management

S&K Environmental, LLC

Restoration and Remediation
Stream Channel Reconstruction
Revegetation
Civil Construction

S&K Global Solutions, LLC

Logistics Support
Telecommunications
Engineering
Information Technology Solutions

S&K Technologies, LLC

Advisory and Assistance Services
Configuration and Data Management
Engineering Services
Technical Services

TerraEchos, Inc.

Covert Intelligence
Surveillance Systems
Acoustic Fiber Optic Technology
Adelos[®] Sensor System

S&K Security Group, LLC

Armed/Unarmed Security Guard Services
Risk Assessment
Access Control and Identification Systems
Integrated Security Solutions



S&K TECHNOLOGIES, INC.

www.sktcorp.com

CORPORATE HEADQUARTERS

63066 Old Highway 93
P.O. Box 339
St. Ignatius, Montana 59865

Phone: (406) 745-7500

Fax: (406) 745-7506

Toll-free: 1-866-SKTCORP

OUR COMPANIES

S&K TECHNOLOGIES, LLC

www.skt-llc.com

TERRAECHOS, INC.

www.terraechos.com

S&K AEROSPACE, LLC

www.ska-llc.com

S&K ENVIRONMENTAL, LLC

www.skercorp.com

S&K GLOBAL SOLUTIONS, LLC

www.skgs-llc.com

S&K SECURITY GROUP, LLC

www.sksecuritygroup.com

An upward view of the Tribal Council
Chambers at the Confederated
Salish and Kootenai Tribal Complex,
Pablo, Montana.
Photo by Amy Yalon