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US Army Announces CROWS Acquisition Strategy

Canberra, 21 February 2011

On 19 May 2010 Electro Optic Systems Holdings Limited (ASX "EOS") announced that it had "executed an exclusive agreement with Northrop Grumman Corporation to jointly pursue the market for remote weapon systems in the United States through programs such as the US Army's Common Remotely Operated Weapon Station 3 [CROWS 3] program."

Since 19 May 2010 both EOS and Northrop Grumman Corporation have been aligning resources, capabilities, technology and production processes towards the CROWS program requirements, in anticipation of an US Army announcement of its strategy for acquisition.

The US Army has released its acquisition plan for its XM153 Common Remotely Operated Weapon Station (CROWS). In a FedBizOpps notice dated 16 February 2011 Army has specified its requirements for:

- Manufacturing of up to 18,000 CROWS;
- Recapitalization (upgrade) of previously delivered XM153 CROWS; and
- Engineering and logistics services, and spares parts for CROWS.

The Army notice states:

"The (US) Government has determined that a Full and Open Competition Indefinite Delivery/Indefinite Quantity (IDIQ) multiple award contract will be utilized for the CROWS requirement. The expected contract duration is five (5) years. Orders will be issued against the IDIQ contract(s) under three (3) separate and distinct areas of its Statement of Work (SOW). Each area will have a different contract type associated with it. The three (3) areas of the SOW and the three (3) planned contract types associated with each one for this requirement are as follows:

- I. Fixed-Price, IDIQ: To support production of a maximum of 18,000 CROWS, field maintenance support, and spares. The production rate can vary, depending on requirements and funding availability from 0 to 300 CROWS per month with the ability to surge to 500 CROWS per month for limited durations, as required.
- II. Fixed-Price Incentive, IDIQ: To support product improvements, integrations, and testing. Share line will be 50/50 with 120 percent ceiling as a point of departure.

- III. Firm-Fixed-Price Level-of-Effort, IDIQ: To support training, overhaul, depot-level maintenance and recapitalization of CROWS; and for general engineering support, as required.

The CROWS will be built to a detail specification. The detail specification will consist of performance requirements and will specify technical drawings. The detail specification will specify the design requirements, how the requirements are to be achieved and/or how the items are to be fabricated or constructed. Some sub-assemblies will not include technical drawings and assembly procedures. Instead, data for those sub-assemblies will include directed source(s) or build-to-spec requirements or both. This approach will ensure a very high level of commonality between multiple CROWS producers and commonality/interchangeability with the existing CROWS fleet.”

The announcement also indicated a draft solicitation (tender) during the April-June quarter of 2011, consistent with procurement activity completion within 2011.

Commenting on the recent Army notice, EOS’ Chief Executive Officer, Ben Greene, said:

“By the time the new CROWS contracts are in production in 2012 there will be around 10,000 XM153 CROWS already in service. This notice signals an Army strategy to meet future production requirements for up to 18,000 units, provide long term maintenance and support, and accelerate the uptake of new technology: all in a process that will include the current XM153 CROWS. Army is clearly aiming for a “coherent fleet” of up to 28,000 CROWS, all with access to new technology and cost-effective support.”

“EOS considers that it has appropriate technology, production skills and support capabilities to contribute, through its teaming with Northrop Grumman Corporation, to any Army strategy aimed at this objective. Our recently upgraded and expanded production and depot support facilities in Arizona, and technology upgrades we have developed for the current XM153 CROWS are two examples of ongoing preparation for this competition.”

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