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U.S. Army Seeks Sources for CROWS

Canberra, 9 July 2010

Electro Optic Systems Holdings Limited (ASX "EOS") announced in May 2010 that it had teamed with Northrop Grumman Corporation to compete for the U.S. Army CROWS program opportunity.

The U.S. Army acting through its Army Contracting Command yesterday released significant details of its intended procurement of up to 25,200 remote weapon systems under the CROWS program in the near future.

The announcement initiates a procurement process that EOS expects will lead to a request for tenders in early 2011 and a contract award in late 2011.

Commenting from the U.S. the leader of the Northrop Grumman effort, Phil Coker, said:

"Although we already have a weapon system in production that is compliant with the CROWS specification, this announcement will allow us to tailor a product variant to even better suit the Army's needs."

"Northrop and EOS engineers who are already working on our CROWS program offering will be able to refine their designs to go beyond basic requirements."

Immediately after the Army release, the Chief Executive of EOS, Ben Greene said:

"The newly-published requirements emphasise attributes which we believe Northrop Grumman is best-placed to provide Army. In particular the expanding scale of the program, now up to 25,500 weapon systems, will require a very large and capable US defence contractor to ensure the long-term viability and sustainability of the program. At the current CROWS pricing levels of US\$200,000 per unit, the potential program lifetime cost to Army could be over US\$8 billion including spare parts and services."

"At the same time, the depth of technology demanded cannot be rapidly acquired by new or recent entries to the weapon system business."

"Our ongoing efforts to integrate EOS and Northrop technologies and capabilities for this program will be significantly enhanced by the data released by Army."

The U.S. Army release can be found on the U.S. Government website (www.fbo.gov) and the Solicitation Number is W15QKN-10-X-0463.

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