

50^{*}

LEONARDO DRS

Since 1969

Fifty Years of Innovation Excellence



 **LEONARDO DRS**



ONE HALF CENTURY OF GREAT PEOPLE AND TECHNOLOGY

Over the last half century, patriots at Leonardo DRS have created a distinct technology edge for American troops in the U.S. and around the world. Since the company's founding in 1969, tens of thousands of employees have perfected their craft each day with one unifying purpose in mind: to help defend those who defend all Americans and our allies.

The 50-year history of Leonardo DRS is defined by the company's amazing people and technology. By helping the Navy sail fast and quiet, making the Army and Marine Corps more lethal, connected and protected, and preparing the Air Force to confront a range of threats, the people of Leonardo DRS from one generation to the next have given American warfighters a critical technology edge.

It all began when two young engineers, David Gross and Leonard Newman, decided to create a small defense company above a General Electric appliance store in Mount Vernon, New York. At the height of the Cold War, the two engineers had developed a device that enabled U.S. Navy ships to detect Russian submarines off the American coast with less risk of being targeted. In use at the time, "active sonar" would bounce pulses of sound off the hulls of

submarines to find them, but that could also reveal the ship's own location. A new "passive sonar" developed by Gross and Newman enabled the U.S. ships to use signal processing to distinguish the sound of submarine engines amid the clutter of ocean noises without having to "ping" the target, which contributed to stealth.

But the company that Gross and Newman worked for had lost interest in the technology, despite the fact that the two young engineers were confident they had developed something of immense value. With the support of their former employer, the two engineers set out on their own and founded a new company.

Then the Russians played a hand. The first U.S. ship to test the new sonar was the aircraft carrier *USS Wasp*. As it sailed the North Atlantic, two Russian subs were following. What the Russians did not know was that the technology developed by Gross and Newman was quietly tracking their moves. The hunter had become the hunted.

As the Navy's demand for the new technology grew, a birth of sorts took place on April 1, 1969. Emerging from it all was a new five-person defense company incorporated by the name Diagnostic/Retrieval Systems, later and more widely known by its acronym, DRS.



DRS built the first acoustic signal processor for the U.S. Navy's LAMPS MK-1 ASW program. LAMPS-equipped helicopters deployed on Knox- and Perry-Class frigates.

A small company with **great technology** that could make a big difference.

- 1969**: DRS begins operations when engineers Leonard Newman and David Gross open Diagnostic/Retrieval Systems. While they began only with a handful of Pentagon study contracts, the new firm quickly became a leader in passive submarine detection. Within a few years, the company was providing the U.S. Navy with the most advanced signal processing and display equipment of the time.
- 70**: Future DRS business, the Defense and Electronics Group of Texas Instruments, gets research funding for the development of cooled detectors that would lead to production of fully operational mercury cadmium telluride focal plan arrays, a key material for infrared detectors.
- 72**: DRS develops the first LAMPS signal processor (AN/SQS-45) with a built-in recording device (RD-420). The processor could accept signals from sonobuoys through a helicopter's data link.
- 73**: DRS is awarded milestone contract to provide U.S. Navy with AN/SQR-17 passive sonar systems to hunt for enemy submarines. At one point, AN/SQR-17 was deployed on more ships than any other passive sonar in the fleet.
- 76**: Future DRS companies, including Cutler-Hammer which is acquired by Eaton in 1978 and DRS in 2002, have systems installed on Los Angeles-class fast-attack submarines. The first sub in the class *USS Los Angeles* (SSN 688) is commissioned in 1976.
- 77**: DRS' signal processor, part of the AN/SQR-18 is deployed for the U.S. Navy's Tactical Towed Array Sonar System program developed to detect, classify and track enemy submarines at far greater ranges than ever before.

Our Co-Founders

Company co-founders, David Gross (L) and Leonard Newman (R) began Diagnostic/Retrieval Systems above an appliance store in Mount Vernon, NY.



Groundbreakers

David Gross and Leonard Newman, center, joined by other DRS executives for the groundbreaking of the company's first new headquarters in Oakland, NJ. Future CEO Mark Newman is third from the right.



First Major Production Product

DRS co-founders Leonard Newman (L) and David Gross (R) stand with the AN/SQR-17 passive sonar detection system.



The Hunted

Russian submarines like this one shadowed U.S. Navy ships, often undetected, until DRS passive sonar systems were installed and U.S. sailors began easily tracking the submarines.



DRS built AN/AQH-7 recorders for the U.S. Navy's S-3 Viking sub-hunting aircraft in the 1980s; in 1998 the company began providing AN/USH-42 mission recorders for the same aircraft.



▶ THE EARLY YEARS

From the outset, there was something unique and special about Leonardo DRS and its growing technology culture. "Patriotic young engineers were happy to join a small company with great technology that could make a difference," Gross recalls. "We started out with a handful of people but a lot of potential and dedication." Newman had a more personalized reflection: "I'm a poor boy from the Bronx who used the GI Bill to go to school and built a (then) \$20 million company up from nothing. I believe in the American flag and the American way," he said.

Diagnostic/Retrieval Systems would soon compete successfully against some of the largest American defense contractors. In 1973, the company was awarded the AN/SQR-17 program, one of the first major passive sonar contracts in history, later deployed on more U.S. Navy ships than any other passive sonar in the fleet.

By 1980, Crain's New York Business reported that the Pentagon was spending as much as \$5 billion each year on anti-submarine technology. For Diagnostic/Retrieval Systems, sub hunting had become Big Business. Revenues increased to \$36 million and the company, which now had 400

employees, had outgrown its space and moved to a new Corporate Headquarters in Oakland, New Jersey.

All along, DRS leadership had the strategic vision to take the company public by offering shareholder equity on the stock exchange, using the additional money to accelerate growth, according to Gross. "From day one it was in our minds that someday, as soon as we could, we would take the company public and grow

through acquisitions to diversify our product line," Gross says.

That day came in 1981, when DRS was publicly listed on the American Stock Exchange, raising \$33 million to invest in the future.

Just over a decade after its inception, DRS had become a world leader in passive sonar. Its technology heritage and culture had taken root and was beginning to blossom. And it had the cash to grow.



Looking Back With Leonardo DRS Co-Founder David Gross

If the company David Gross was with in 1969 had not lost interest in the technology he was working on, he and his partner, Leonard Newman, might never have started Leonardo DRS in the first place. But the passive sonar they were developing "was a better way to find submarines," he says. And it was just what the U.S. Navy needed at the height of the Cold War. "The Navy had trouble finding Russian subs. Then all of a sudden we were lighting up screens. We started getting calls from admirals asking...what are you guys doing??"

Gross reflected on the company he and co-founder Newman began 50 years ago, from the technical wizardry, to the audacity behind the idea itself, and to the many sleepless nights that followed.

What gave you the confidence to leave a job with an established company to try something on your own?

Gross: "The Navy wanted our technology and we knew it. We had developed some pretty revolutionary stuff. We really had no choice if we wanted to continue our work."

After your initial success, why did you decide to sell shares of DRS on the stock exchange, then use the

proceeds to buy other companies and grow through acquisition as well?

Gross: "We got the company started with a seed round of investment that raised a small amount of money. It was always our plan to use the proceeds from a stock sale to give the original investors some money back. Then we could use the rest to diversify our product line, which we knew we needed to do."

Was it a straight ride to the top or did you hit some bumps along the way?

Gross: "Larger competitors were trying to kill us, to put us out of business. In the end, we put them out of business. But for a while, I would wake up every night at three o'clock in the morning worrying about whether we would even survive."

"If you have a passion for a great career, consider defense. There are many technology problems that need to be solved by our best and brightest. And after all, strong national security should be everyone's primary interest."

David Gross
Co-Founder, Diagnostic/Retrieval Systems

But doesn't the best technology always win out in the long run?

Gross: "No. You can have great technology. But you have to have the right team to put it all together and dedicate the long hours to make the finished product something of value."

How did DRS get its name?

Gross: "Leonard Newman and I were sitting in a Bronx pizzeria wondering what we were going to call this thing. We are in the data retrieval business because we collected sounds. We were in the diagnostic business because we analyzed those sounds to find submarines. Our lawyer submitted the paperwork for incorporation with the name Diagnostic/Retrieval Systems on it. One door closed and another opened. We had a business and a name!"

Focused **innovation** in naval defense electronics drives **growth**.



▲ DRS moves headquarters to Oakland, New Jersey, with annual revenue of \$36 million and 400 employees.



▲ DRS is listed on the American Stock Exchange, raising \$33 million to invest for growth.

▶ Future DRS companies, including Marlo Coil, which is acquired by DRS in 2005, have systems installed on Ohio-class ballistic missile submarines. The first sub in the class USS Ohio (SSBN 726) is commissioned in 1981.



▲ DRS forerunner company Consolidated Controls wins contract to redesign Nimitz-class aircraft carrier reactor control panel.



▲ DRS acquires Precision Echo, developers of magnetic recording devices including ruggedized tape recorders used by the military. Their RD-420 series of recorders was used with the AN/SQR-17 Sonar Signal Processing System.



▲ DRS acquires Photonics, a leader in electro-optics technology used in U.S. Army, Navy and Air Force weapon fire-control and guidance systems, optical test and boresighting equipment.

1979

80

81

82

84

86

The DRS Mast Mounted Sight system gave helicopters the ability to survey targets in every direction, while remaining hidden behind terrain.



By 1996 DRS had produced more than 2,000 optical instruments for the Gunner's Auxiliary Sight on U.S. Army Abrams tanks.

▶ CHANGING OF THE GUARD

Across 50 years, only three people have been CEO of Leonardo DRS. First it was co-founder Leonard Newman. Then it was Mark Newman, who earlier had been the company's chief financial officer. Today, it is former U.S. Deputy Secretary of Defense William J. Lynn.

In 1994, after 15 years at the helm of DRS, co-founder Leonard Newman stepped aside as CEO. His son, Mark Newman, a strategic thinker in his own right, was named president and CEO, while Leonard remained chairman of the board. Co-founder David Gross, formerly president

and chief technology officer, announced his retirement from the company.

Mark Newman ushered in an era of growth accelerated through a rapid series of acquisitions. The company set a strategic vision: to become "a leading mid-tier defense company" defined by having at least \$500 million in annual sales. It was an astronomical stretch goal of more than ten times annual sales.

What quickly became apparent was the unsurpassed ability of DRS leadership to identify, acquire and quickly assimilate compatible

companies from both military and commercial markets. At a dizzying pace, DRS went on the hunt for acquisitions and partnerships that would transform the relatively new company into a major force in the mid-tier of the U.S. defense industry.

By 1994, DRS acquired Technology Application and Services, a leader in information processing and display workstations; Ahead Technology, a manufacturer of magnetic digital recording heads; and assets of CMC Technology, a unit of Eastman Kodak and a leader in magnetic video

recording. The company entered into a strategic partnership with Laurel Technologies, a leader in electro-mechanical systems and "build-to-print" manufacturing.

Over the next decade, DRS acquired an astounding 24 companies or units of existing companies. These included elements of some of the largest defense contractors in U.S. history, including Boeing's electro-optical uncooled thermal business, Lockheed Martin's electro-mechanical systems unit, and Raytheon's ground electro-optical and focal plane radar



AN/UYQ-65 Display Console

Acquisitions broaden **core technologies**; leadership and branding **evolves** to reflect changes.



▲ Future DRS companies have systems installed on Seawolf-class fast-attack submarines. The first sub in the class USS *Seawolf* (SSN 21) is commissioned in 1989.

▶ Future DRS joint venture, Advanced Acoustic Concepts is launched, providing undersea warfare solutions.



▲ DRS sales declines and losses persist for three consecutive years. Authorization delays to start production on major sonar display contract causes revenues to slip from \$70 million to \$58 million and a loss of \$11 million.



▲ DRS wins major contracts for Navy mission recorder systems and sonar assemblies as well as Army contract for Apache helicopter boresight equipment.



▲ DRS forerunner Metric Systems is awarded TOW (tube-launched optically-tracked wire-guided) missile launcher contract.



▲ DRS begins acquisition of elements of CMC Technology, a unit of Eastman Kodak Company and a leader in magnetic video recording technology.

▶ DRS wins contracts for Navy sonar on-board trainer systems and display technology.



▲ The company appoints Mark S. Newman president and CEO.

▶ DRS acquires Technology Applications and Services, a leader in information processing and displays, and Ahead Technology, a manufacturer of magnetic digital recording heads.

▶ The company enters into a strategic partnership with Laurel Technologies, a leader in electro-mechanical systems and "build-to-print" manufacturing.



▲ DRS acquires Opto-Mecanik, Inc. producers of eye-safe laser range finders, night vision binoculars and sighting systems.

▶ DRS is awarded multi-year contract to provide airborne recording systems for Navy aircraft.

▶ DRS head office is relocated to Parsippany, New Jersey.



▲ DRS is selected prime contractor on tri-service program for high-speed video system to test how weapons separate after firing from aircraft.

▶ DRS delivers range of electronic products to the U.S. Navy including AN/UYQ-65 Data Processing and Display Set consoles.

▶ The company acquires Vikron, magnetic data and recording heads manufacturer, and assets of Nortronics Company Inc., a similar business.

▶ The company acquires Pacific Technologies, naval systems and software engineering support provider, later merged into DRS Technical Services.



▲ The company changes its name to DRS Technologies, befitting its technology-rich portfolio and culture.

▶ DRS acquires division of Spar Aerospace, a leader in defense electronics and commercial aerospace, and Hadland Photonics, a world leader in electronic imaging systems.

▶ The company secures record number of contract awards including the AN/UYQ-70 display systems, the largest program in DRS history.

▶ DRS launches new product line of high-speed digital imaging systems.

From 1994 to 2004 DRS completed an astounding 24 acquisitions, swiftly growing into a flexible technology company focused on responding quickly to customer needs and market opportunities.

1989

90

91

92

93

94

95

96

97



Navy Motor Controller

array businesses. It included Paravant, NAI Technologies, and European Data Systems, collectively world leaders in rugged battlefield computers for the U.S. and British armies. It included Pacific Technologies which was merged with the company's existing, but still relatively small services business to form DRS Technical Services. It included Night Vision Equipment and General Atronics, a leader in C4I. Importantly, it also included the Navy Controls Division of Eaton, a provider of Navy electrical power distribution and control systems; Power Technology Inc., a leader in naval power and propulsion; and the electromagnetic development center of Kaman Corporation.



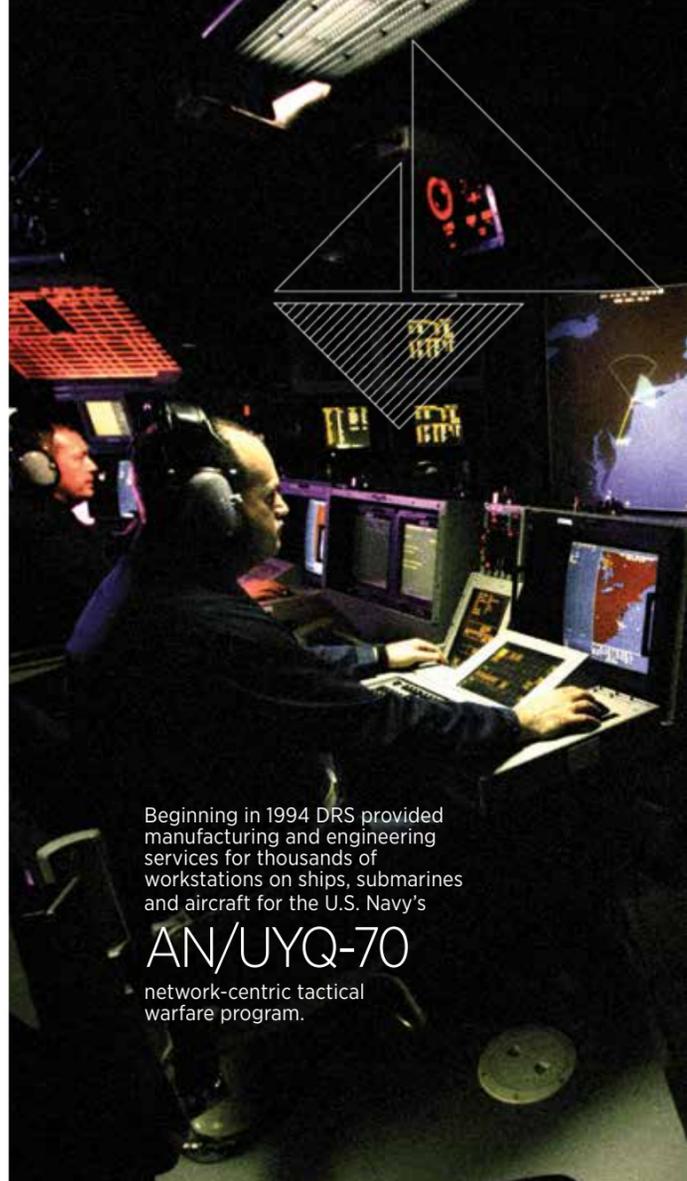
AN/UYQ-70V Console

In a relative wink of the eye, DRS had grown into a muscle-bound, still youthful and technologically brilliant company. Seemingly overnight, it became a top U.S. Navy supplier of electric and mechanical drive propulsion plants, power distribution systems and display technology. New products and services for ground combat troops remolded the company into an industry leader in battlefield computers, command and control, fire control, and electro-optical infrared systems including night vision technology. Aply renamed in 1997, the company was now called DRS Technologies.

The year 2,000 Annual Report perfectly described the young mid-tier defense company as "a unique success story" with "the agility, technology and focus to respond quickly to customer needs and market opportunities." Remarkably, by 2002 DRS had reached its stretch goal of \$500 million in annual sales, just eight years after laying down what seemed like an unachievable mark. It was a bold statement of success. That same year, with a strong wind in its sails, the company moved from the American Stock Exchange to the New York Stock Exchange.

Laurel Technologies

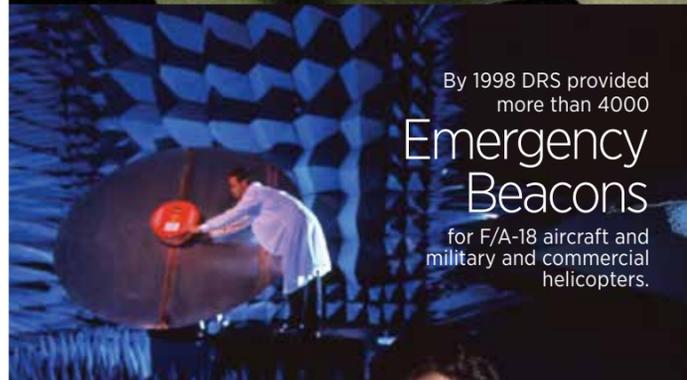
In 1994 DRS entered a strategic partnership with Laurel Technologies, a leader in build-to-print manufacturing and electro-mechanical systems, a precursor to the company's naval electronics business today.



Beginning in 1994 DRS provided manufacturing and engineering services for thousands of workstations on ships, submarines and aircraft for the U.S. Navy's

AN/UYQ-70

network-centric tactical warfare program.



By 1998 DRS provided more than 4000

Emergency Beacons

for F/A-18 aircraft and military and commercial helicopters.



Second DRS CEO Mark Newman Looks Back At Years of Growth Through Acquisition

When Mark Newman took the reins in 1994 to become the second person to serve as CEO of DRS, revenues had recently fallen in half and the company was in dire need of a turnaround. Newman and the management team responded not just by surviving but setting a bodacious stretch goal: to transform the company from a small start-up to a mid-tier titan in the U.S. defense industry, growing revenues ten times greater to \$500 million annually. Newman looked back at the pivotal strategy that led to the amazing acquisition of more than 24 businesses over a ten-year period, along with the great technology and people who shaped the future of Leonardo DRS into a culture of innovation.

Tell us how you instilled the vision to become a mid-tier defense company?

Newman: "At the time we questioned whether we even had a future and knew we had to turn the business around. It was at the end of the first Gulf War when the military drawdown was in full swing. We asked ourselves what it would take to survive. We had a considerable amount of cash on hand and knew we had to do something with it...fast. We got the idea that if we remained a little specialty company we would just get shoved aside. We need to be bigger and stronger to survive."

Why would a mid-tier company be less vulnerable?

Newman: "Mid-tier companies are in a sweet spot with sufficient technical and management resources to survive the cyclical nature of business. At that size, we would have enough money to invest in research and development and a sufficient volume of programs to balance the ups and downs of individual revenue streams. We could have tried to grow organically, but to do it more quickly and aggressively we concluded that the best way was through acquisition."

How did you select the companies to acquire?

Newman: "Some of it happened by luck. When Raytheon itself was growing through acquisition, the U.S. government required it to divest its infrared business to alleviate anti-trust concerns. Next, I was on a bus with a Boeing executive who by chance told me to consider acquiring one of their infrared businesses. Once we had

"To unlock the value of DRS, we had to have the support of our customers by performing on programs. We had to nurture our employees. And we had to be innovative."

Mark Newman
CEO 1994-2012, DRS Technologies, Inc.

a core technology to leverage, the investment bankers started coming around with additional opportunities that fell into our laps. Management's focus was to sift through the opportunities to find the candidates that would best fit together."

How did you create a corporate culture and sense of purpose from so many different businesses cobbled together?

Newman: "Remember that we had assembled a single business from other businesses that people did not want. We began by making our people know they were very special to us and they could create their own culture. People were honored to make products for the U.S. military. We emphasized that if we would work together as a team, we could solve critical problems and be the very best and most affordable in what we did."

Protecting Ground Vehicles

Products like Driver's Vision Enhancer (DVE) improved survivability and mission capability for ground combat vehicle operators during the wars in Iraq and Afghanistan.



Airborne Video Recorders

In 1996 DRS delivered over 850 WRR-818 Airborne Video Recorders to provide imagery and audio recordings on F/A-18 aircraft.



Leonardo DRS has developed numerous solutions for the U.S. Army Stryker vehicle, from On-Board Vehicle Power, to short-range air defense systems to mobile networked command posts.



For almost 20 years, Leonardo DRS has been reshaping how quickly giant U.S. Air Force cargo aircraft are unloaded with its Tunner air cargo loading system while providing non-stop, global support to this vital system.

▶ WORLD-CLASS TECHNOLOGY, MID-TIER STRENGTH



Driver's Vision Enhancer (DVE)

While leadership continued to hunt for new acquisitions and partnerships, the talented workforce of DRS plowed ahead with a spectacular demonstration of technological wizardry and prowess, churning out an amazing volume of new products for America's warfighters and adjacent commercial customers. Added to the product line were air combat training systems, unmanned aerial vehicles, driver vision enhancers, naval communications systems, and deployable

flight incident recorders for surveillance and tactical aircraft.

The contract awards continued unabated. DRS was selected by the U.S. Army and Marine Corps to provide infrared sighting, targeting and fire-control systems for tanks and armored fighting vehicles. It was selected as the prime contractor for a tri-service program for the Army, Navy and Air Force for a system to collect high-speed video footage of weapons being fired and separating from

aircraft. It was selected for transformational programs, including the Joint Tactical Terminal communications system and to provide American ground forces with a family of thermal weapons sights.

The awards and accolades came pouring in. DRS received three prestigious Herschel Awards for its advanced infrared technology. The Institute of Defense and Government Electronics declared the company's Blue Force Tracker system the "Most Innovative Program" of the year.

In 2005, annual sales smashed through the \$1 billion mark. Two years later, the numbers of manufactured products alone told a remarkable story of growth. By the time the company moved its headquarters once again, this time to Parsippany, N.J., it had delivered to U.S. and allied warfighters 70,000 thermal weapons sights, 55,000 drivers vision enhancers, and 40,000 battlefield computers and display systems.



FB/CB2 Blue Force Tracker and rugged computer

Revenues rise dramatically as demand for DRS products continues to surge; **growth** through acquisitions continues.



- ▲ DRS completes acquisitions of Boeing's electro-optical uncooled technology and Lockheed Martin's electro-mechanical units, catapulting the company to more than \$500 million in annual sales eight years after establishing that target as a measurement to be a leading defense mid-tier company.
- ▶ The company receives new orders for infrared sighting, targeting and fire control systems for Army and Marine tanks swell revenues.



- ▲ The company begins trading on the New York Stock Exchange under the symbol DRS.
- ▶ The company added battlefield computing to core technologies after acquisition of Paravant Computer Systems, Inc.
- ▶ DRS acquires Nytech Integrated Imaging Systems, leader in uncooled thermal imaging systems; the unmanned aerial vehicle business of Meggitt Defense Systems; and Navy Controls Division of Eaton Corporation, provider of shipboard integrated electrical power distribution and control systems for the Navy.



- ▲ DRS acquires Integrated Defense Technologies, leading provider of advanced electronics.
- ▶ The company receives first of three Herschel Awards for infrared technology.
- ▶ DRS acquires Power Technology Inc., gas and steam turbine experts; and Kaman Electromagnetics Development Center electric machine developer, all key technologies for integrated electric power propulsion systems on Navy ships.



- ▲ DRS wins contracts to provide family of next-gen thermal weapon sights.
- ▶ DRS grows to \$1 billion in annual sales with 5,800 people at 37 locations in 14 states, Canada and the U.K.
- ▶ DRS Blue Force Tracking system named "Most Innovative U.S. Government Program."
- ▶ DRS delivers first Neptune™ Maritime UAV (unmanned aerial vehicle) to the Navy.



- ▲ DRS systems are installed on Virginia-class attack submarines. The first sub in the class USS Virginia (SSN 774) is commissioned.
- ▶ The company wins contracts to design and integrate advanced steam turbines for the next aircraft carrier; and to produce next-gen driver vision enhancers for ground vehicles.
- ▶ The company is now a global leader in Doppler weather radar.



- ▲ DRS completes acquisition of Engineered Support Systems, a provider of technical and logistics support services.
- ▶ The company acquires Codem Systems, a leading provider of signals intelligence and antenna systems, and WalkAbout Computers, Inc.
- ▶ DRS provides next-gen air combat training equipment for all of the U.S. military services at more than 25 sites.
- ▶ DRS introduces command and control and aircraft communications technology for homeland defense and air combat operations.



- ▲ DRS is selected to provide joint tactical terminals to the Army and infrared search and tracking systems for Canadian and Australian tanks and armored fighting vehicles.
- ▶ DRS is now a major supplier of hand-held thermal imaging devices.
- ▶ The company provides 25 percent of all commercial satellite bandwidth supplied to the Department of Defense.
- ▶ The company delivers 65,000th thermal weapons sight and 40,000th battlefield computer to the U.S. Army.



- ▲ DRS Technologies is acquired by Italian aerospace and defense company Finmeccanica.
- ▶ DRS power, HVAC and mission package systems are on-board both variants of the U.S. Navy's littoral combat ships. The first ship in the class, USS Freedom (LCS 1), is commissioned.
- ▶ DRS completes acquisition of Soneticom, a provider of signals intelligence geolocation systems, wireless communications protocols and digital signal processing.



- ▲ The company receives contracts for modernized integrated voice communications systems for Navy cruisers and destroyers; rugged computing and display systems for Army ground combat vehicles; portable radar systems for the DoD; and satellite communications equipment and training for the Space and Naval Warfare Systems Center.



01

02

03

04

05

07

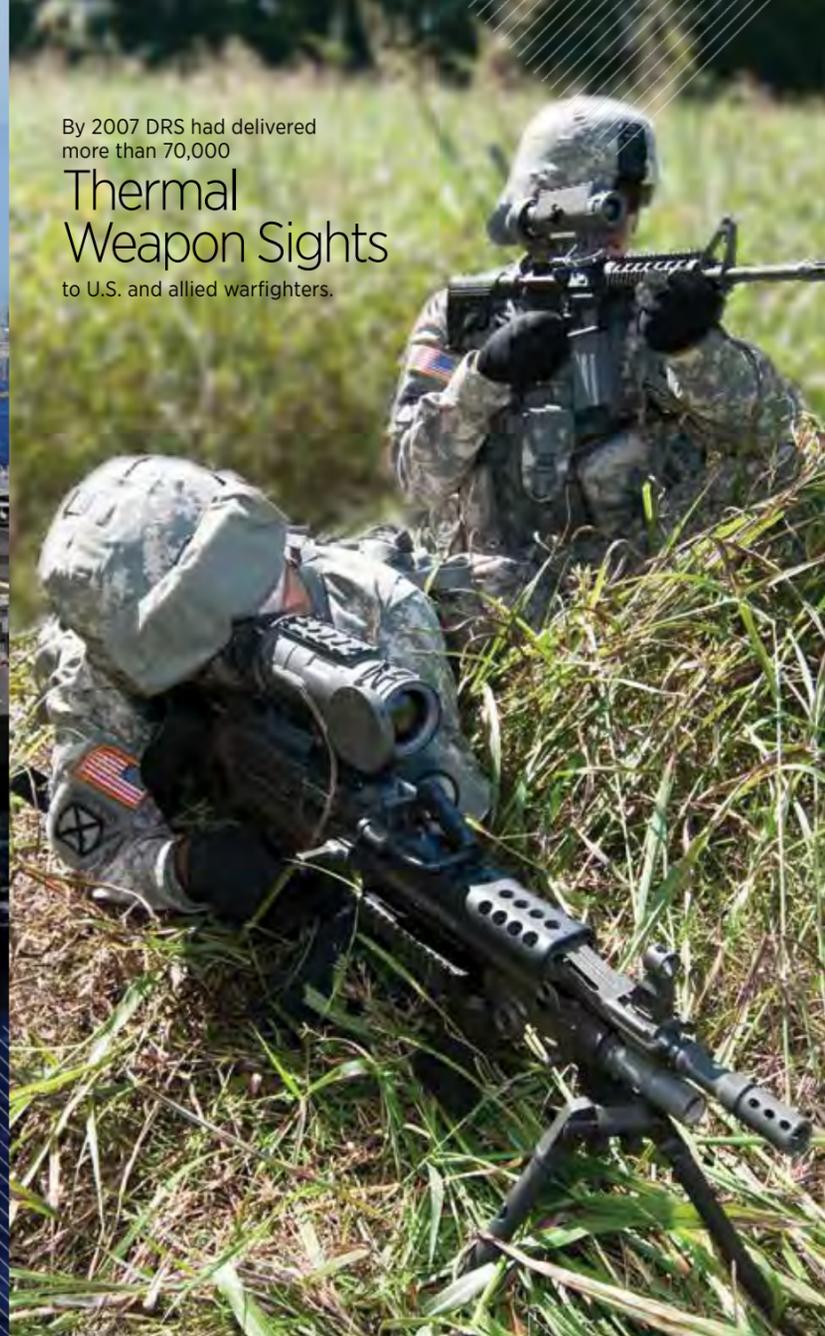
08



By 2007 DRS had delivered more than 70,000

Thermal Weapon Sights

to U.S. and allied warfighters.



In 2004 DRS celebrated 100 years of providing

Naval Power & Control Systems

for U.S. Navy ships and submarines. The first product was a turret-turning control on the battleship USS Indiana (BB 1) in 1904.



By 2008, DRS had provided to-date over 55,000

Driver's Vision Enhancer Systems

for military combat vehicles.

..and more than 40,000

Battlefield Computers

had been delivered for the U.S. Army's Force XXI Battle Command Brigade and Below (FBCB2).

ACQUISITION BY FINMECCANICA

On May 13, 2008, Italian aerospace and defense company Finmeccanica acquired DRS Technologies. The small start-up begun by two young engineers with just \$140,000 had been sold for billions at the remarkably young age of 39 years old.

Finmeccanica had an engineering culture and world-class scientists of its own, with a rich technology heritage dating back nearly one full century. It included some of the biggest brand names not just in Italy and Europe but around the world. AgustaWestland, merged from the British company, Westland Helicopters, and the company founded in 1923 by fabled Italian rotary-winged pioneer, Count Giovanni Agusta, brought a range of helicopters. Alenia Aermacchi, with roots dating back to 1912, when the company manufactured monoplanes for the Italian military, brought fixed-wing training, fighter, cargo and regional aircraft. Selex, a global defense and electronics giant, and OTO Melara, with its state-of-the-art naval and ground artillery, were part of this global aerospace and defense giant of more than 70,000 employees.

During the wars in Iraq and Afghanistan that followed the September 11th terrorist attacks, the Pentagon accelerated its modernization of U.S. forces and their equipment. DRS revenues rose dramatically as demand for its products, especially night vision, targeting, sustainment systems, and network computing for the ground troops, surged. But as the wars wound down, the ensuing U.S. military drawdown and defense spending decline, due to the prior modernization accelerations, began to pinch

the entire defense industry. DRS revenues went into a steep, multi-year decline, returning close to their pre-war levels.

In January, 2012, Leonardo appointed former U.S. Deputy Secretary of Defense and Pentagon controller William J. Lynn as CEO, succeeding Mark Newman, who had led the growth of DRS into a mid-tier powerhouse.

The new management team went to work to ensure profitability and return the business to sustained growth. DRS was united under a single organizational structure, having been split in two by what was thought to be a solution to security requirements arising from the ownership structure. The management team was reorganized to focus on eight key market segments critical to customers. The base of customers was strengthened and diversified by a transformational volume of new business awards. The headquarters was moved to Arlington, Virginia, just a few miles from senior customers in the Pentagon. The cumulative result was a dramatic business turnaround that outpaced the broader defense market, going from annual revenue declines to sustained, above-market growth in a relatively short period of time.

Behind the remarkable turnaround, as always, were the great people and technology of DRS. An incredible volume of new business solidified the company's reputation as a tough mid-tier competitor with savvy engineers and amazing technology. Franchise-defining contracts were awarded to support U.S. ground troops with night vision, targeting, air defense and networking technology, and more recently



Mini See Spot - first hand-held cooled FLIR



Dual Picoceptor - smallest communications intelligence receiver



M1000 Trailer - M-1 tank transporter

Increased Flight Safety

Now in its fifth generation the Altitude Hold & Hover Stabilization (AHHS) system for military helicopters provides a low-cost solution for increased flight safety during low visibility conditions.



Ground Surveillance Radar

DRS has provided high-performance Man-portable Surveillance and Target Acquisition Radar (MSTAR) systems that identify targets as personnel, tracked or wheeled vehicles to U.S. forces and allies around the world.



Since 1957, Leonardo DRS and its predecessor companies have developed and fielded high-performing training systems for future military pilots



Advanced Electro-Optical Infrared products like the Joint Effects Targeting System are hallmarks of the Leonardo DRS legacy of innovation keeping operators safe, but lethal.



Joint Assault Bridge (JAB)

systems to defend helicopters and tanks from rocket attack. Naval contracts were brought in for power and propulsion for the next-generation aircraft carrier and submarines. Future fighter pilots would simulate combat with DRS training pods. Sustainment contracts were awarded for mobile assault bridges and 60,000-pound aircraft cargo loaders. A contract to operate America's top-secret satellite communications network was awarded to the company's services business. International

business was expanded with hybrid electric drive sales to the South Korean Navy; state-of-the-art sensors for Japanese weather satellites; communications systems for Australian and New Zealand naval ships; surveillance systems for Canadian armored vehicles; and flight incident data recorders for Europe's largest aircraft manufacturer.

Raw technology continued to emerge from DRS labs. The company's engineers demonstrated

the first 10-micron high-performance infrared sensors, core technology of next-generation ultra-high-resolution thermal cameras. They demonstrated a system that can store enough electrical power aboard a Navy ship to fire a 150-kilowatt lethal laser weapon in high bursts that someday could destroy attacking missiles or aircraft. They demonstrated the common sense of using onboard vehicle power from ground combat vehicles to power mobile command posts and other utilities.

Along the way, the people of DRS never forgot who they were working for. Employee campaigns and company donations raised millions of dollars for charities supporting American warfighters and their families. The company earned the National Guard association's highest honor for the DRS Guardian Scholarship Fund to provide college tuition for the children of National Guard men and women killed in combat.



Navy Energy Magazine for lasers

A series of **strategic actions** return the company to sustained and profitable **growth**.



▲ DRS receives contract for vehicle surveillance suite from Australian Department of Defence.

▶ The company experiences steep multi-year revenue declines due to the defense draw-down from the end of the wars in Iraq and Afghanistan.

▲ DRS Sonar Solutions, a joint venture between DRS and Thales, purchases Advanced Acoustic Concepts; keeps AAC name.

▶ DRS employees raise \$1 million for wounded warriors.



▲ DRS appoints William J. Lynn, former U.S. deputy secretary of defense, CEO of DRS Technologies and Finmeccanica North America. The company is united under a single security structure and the head office is moved to Arlington, Virginia. The organization is streamlined and the customer base is diversified, setting the stage for renewed growth.

▶ The company is awarded a contract for engineering and manufacturing design for Joint Assault Bridge.

▶ DRS fields 200,000th rugged computer and display system for the Army.



▲ DRS launches smallest mid-wave infrared camera core in the world, weighing less than one pound.

▶ The company receives Defense Security Service Award for Excellence in Counterintelligence and first of many James Cogswell Awards for outstanding industrial security.

▶ DRS wins Army contracts for next-gen light weapon thermal sight and next-gen Mounted Family of Computer Systems.

▶ The company wins contract for hybrid-electric propulsion system for South Korean frigate program.



▲ DRS is awarded contract for overhaul of Air Force Turner aircraft cargo loader.

▶ The company launches Polaris, its newest, smallest and most powerful tactical radio frequency tuner.

▶ Future DRS line of business Daylight Solutions introduces world's first laser-based microscope for tissue diagnostics and cancer research.



▲ DRS supports Army satellite and terrestrial communications capabilities.

▶ The company wins Army contracts for next-generation precision targeting system and enhanced night vision goggles; for electric power support for the U.S. Navy's DDG 51 destroyer; and for the Air Force Turner aircraft cargo loader.



▲ DRS successfully demonstrates first 10-micron high performance infrared sensors, key to next-generation night vision technology.

▶ DRS returns to profitable growth.

▶ DRS provides multiple sensors for two of the latest Japan Meteorological Agency's next-generation weather satellites.

▶ The company wins second Defense Security Service Award for Excellence in Counterintelligence.



▲ The company is awarded contracts for network communications, combat display systems for U.S. and Royal Australian Navy ships; U.S. Navy contract for electronic equipment for various classes of submarines; and for tactical integrated communications systems for New Zealand frigates.

▶ DRS receives contract for Canadian Army light armored vehicle surveillance program.



▲ DRS Technologies is formally renamed "Leonardo DRS" more closely reflecting its parent company heritage.

▶ The company achieves its third consecutive year of profitable growth.

▶ Leonardo DRS wins contract for counter-drone capability; Navy awards contract to provide an integrated shipboard voice communication system.

▶ The company is awarded a contract to provide advanced hybrid electric drive technology for U.S. Coast Guard offshore patrol cutter.

▶ The company is awarded third Defense Security Service Award for Excellence in Counterintelligence.



▲ Leonardo DRS completes acquisition of Daylight Solutions, a leading developer and supplier of quantum cascade laser-based products and technology.

▶ Leonardo DRS demonstrates a system that would allow storage of enough electrical energy aboard a naval ship to fire a 150-kilowatt laser weapon in high bursts for four minutes at missiles, drones or aircraft.

▶ Leonardo DRS receives highest honor from the National Guard Association of the U.S. for scholarship program for children of troops killed in action.



▲ Leonardo DRS achieves its fourth consecutive year of profitable growth.

▶ The company receives contracts to provide the Army with TROPHY active protection systems for its tanks; Mounted Family of Computer Systems II contract to produce next-generation Army mission command computing systems.

▶ The company adds small form factor receiver to the popular Vesper line of high-performance RF monitoring and detection tuners that was introduced in 2016.

▶ Leonardo DRS launches innovative "Tenum™ 640" thermal imager for original equipment manufacturers.



▲ Leonardo DRS awarded contracts to deliver 500 PS combat training subsystems for the F-35 fighter air combat training system; and to provide a next-generation lightweight precision laser targeting system.

▶ The company receives contracts to provide the mission equipment package for the U.S. Army's Initial Maneuver Short-Range Air Defense system; to demonstrate on-board vehicle power on the Terminal High Altitude Area Defense (THAAD) missile battery command and control unit and launcher vehicles; and for services to be provided in support of the U.S. Army's Integrated Network Operations Center.



10

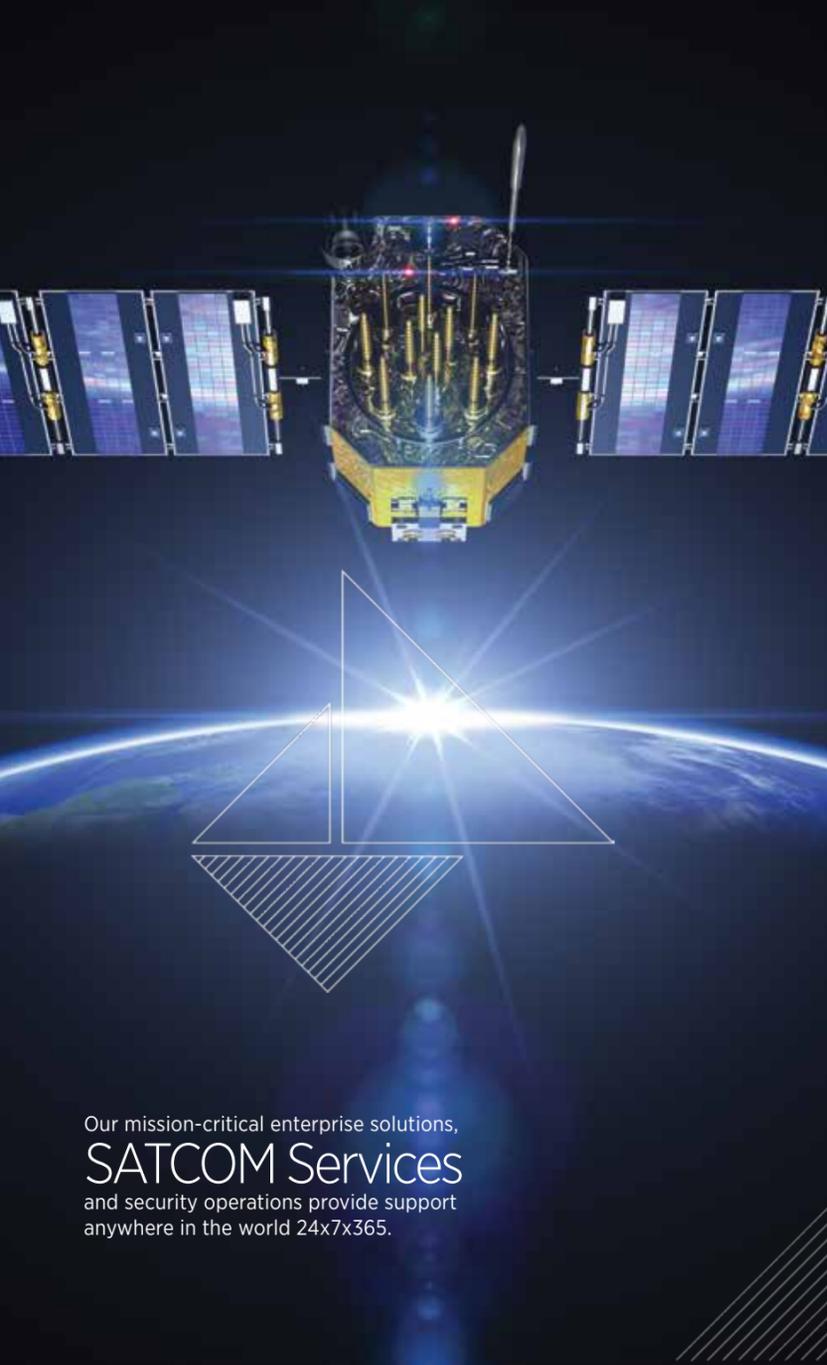
12

14

15

17

18



Our mission-critical enterprise solutions, **SATCOM Services** and security operations provide support anywhere in the world 24x7x365.

In 2018 Leonardo DRS was selected to demonstrate **On Board Vehicle Power (OBVP)** for the U.S. Army's Terminal High Altitude Area Defense (THAAD) missile battery command and control and launcher vehicle.



In 2010 DRS delivered the 2000th **Arrowhead[®] FLIR Receiver** for the U.S. Army's Apache helicopter.



Looking Ahead with Leonardo DRS CEO William J. Lynn

When Bill Lynn was named CEO in January, 2012, Leonardo DRS was challenged like most American aerospace and defense companies to reignite business growth in the wake of one of the largest U.S. defense drawdowns in decades. A series of strategic actions were executed to change the company's trajectory that triggered a remarkable business turnaround which continues today. Now, in what is expected to be the company's fifth consecutive year of growth, the CEO says Leonardo DRS is poised for an even brighter future than ever before. Lynn described the nimble and innovative culture of Leonardo DRS today, the talented workforce that underpins growth, and what is fueling his intense optimism for an even better tomorrow.

What are the key strengths of Leonardo DRS?

Lynn: "Leonardo DRS has three distinct strengths that have fueled our turnaround which form a strong foundation for our continued growth. We have the most talented people in the defense industry in our core areas of expertise. Our people create some of the finest technology in the world for our customers in the armed forces. And we have the secret sauce that makes it all special which is our unique agility to react quickly to market opportunities."

"Our people are extraordinarily talented and believe in the higher purpose of their work. We have some of the best technology in the world and it is in high demand with our warfighter customers. The company has a fantastic reputation and a great legacy of innovation. When you add all of that up it gives me great confidence, as I have said many times before, that for Leonardo DRS the best is yet to come."

William J. Lynn, III
CEO, Leonardo DRS

How does Leonardo DRS remain so agile now that it has grown from a small company into a significant leader in the mid-tier of the industry?

Lynn: "Our mid-tier size provides the right balance of resources to compete with larger competitors, while remaining sufficiently lean from a structural standpoint to act more quickly. We do not have multiple layers of management between the corner office and the factory floor, which better connects senior management to the people who actually design and develop our products and services."

You have often said that Leonardo DRS is blessed with great people and technology. What are some of the areas where the company is a recognized technology leader?

Lynn: "Historically, we have been leaders in naval power and

propulsion, network computing, and sensing systems. On top of that, now we are leaders as well in systems that can protect troops riding in tanks, armored vehicles and helicopters from attack by rockets and missiles. From a technology standpoint, we have a unique ability to address a core Pentagon need to collect information from multiple sensors and connect it through an integrated network of protected communications to battlefield commanders."

How would you describe the culture of Leonardo DRS?

Lynn: "We have an engineering and technology culture, with more than 1,700 engineers and related support personnel, blended together with a strong streak of patriotism. We never forget that our customers in the military use our technology to protect lives and defend our way of life."

Naval Power

In 2018 Leonardo DRS was chosen to install its powerful Hybrid Electric Drive system on the U.S. Coast Guard's new Offshore Patrol Cutter fleet.

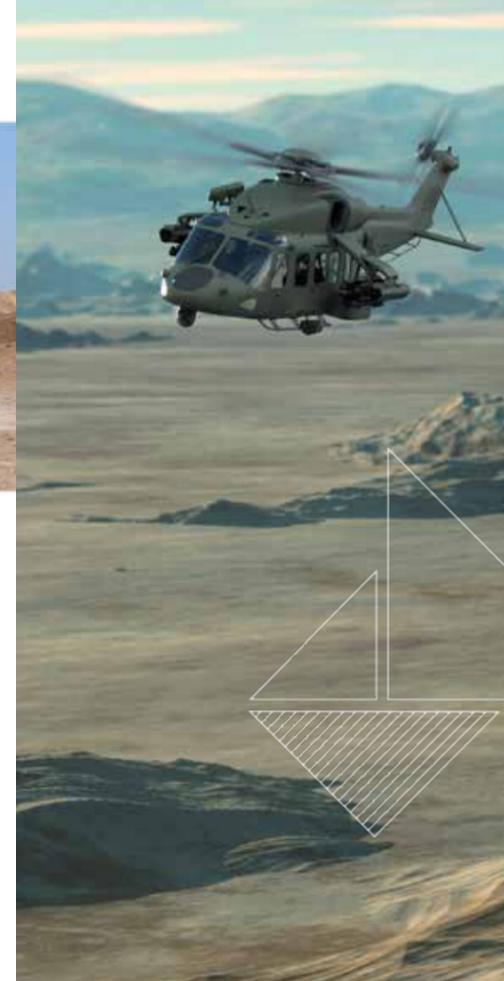


Battlefield Computing

The Mounted Family of Computer Systems II program brings more powerful computing, flexibility and situational awareness to U.S. military operators.



Leonardo DRS Electronic Warfare systems are used around the world, including Jordan, where systems are securing its borders.



LEONARDO DRS TODAY

In 2017, DRS acquired Daylight Solutions, a world leader in quantum cascade laser technology used both in cancer diagnostics and to protect helicopter crews from attack by heat-seeking missiles. It marked a return to the acquisition trail for DRS, after several years without one, and underscored the renewed strength of the company.

That same year, after Finmeccanica changed its name to "Leonardo" for the famed Italian artist and engineer Leonardo Da Vinci, DRS Technologies changed its name as well, to Leonardo DRS, better reflecting the breadth of its still evolving heritage.

Today, in its 50th year of business, Leonardo DRS is stronger than ever. A global leader across a diverse array of technology critical to the defense of America and its allies, the company is in what is expected to be its fifth consecutive year of profitable growth. Even its vision has been upgraded. Earlier in its legacy, that vision was simply to join the ranks of the defense industry's mid-tier of companies. The new vision confidently broadcasts the next stretch goal: to become the very best mid-tier defense electronics company in history. Stay tuned. As CEO Bill Lynn says of Leonardo DRS, "the best is yet to come."



MFOCS rugged tablet



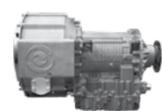
Link II tactical data link



Tenum™ 640 small thermal camera



Drivers Vision Enhancer (DVE) Wide



Transmission Integral Generator for On Board Vehicle Power (OBVP)

A Leader in Laser Technology

DRS Daylight Solutions has been awarded dozens of patents related to its advanced Quantum Cascade Laser (QCL) technology. DRS QCL-based products include Solaris lasers for military infrared counter-measure devices.



Protection Systems

In 2018, Leonardo DRS won a major contract to protect U.S. tanks from anti-armor threats with its Trophy Active Protection System.





50^{*}
LEONARDO DRS
Since 1969



Corporate Headquarters
2345 Crystal Drive
Suite 1000
Arlington, Virginia 22202
+1 703 416 8000

LeonardoDRS.com