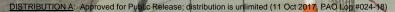
Ordnance Systems Inc. NC Program Status Update

October 2017



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Nitrocellulose Facility

- Facility Consists of Cutter Warehouse, Acid Tank Farm, Main Facility Building (Nitration, Stabilization, Dewater/Packout, Admin/Lab)
- Modernized Facility Design (20M lbs/yr nominal capacity)
 - State of the Art Facility, Integrated Modern Control System
 - Reduced Footprint, Reduced waste streams and emissions
 - Increased Operational efficiencies faster cycle times
- Facility Construction Progress
 - ATF & NB Structural Steel Complete
 - Installation of Major Tankage and heat exchangers in progress
 - Acid Tank Farm (ATF) piping, valving and electrical underway
 - Stabilization Building Structural Steel Installation on-going
- Commissioning and Turnover
 - Facility commissioning plan being further refined
 - Joint IPT established to ensure all elements align to support successful transition to operations
- Currently in process of a schedule deep dive to determine areas of challenge and opportunities



Nitrocellulose Facility – Commissioning/First Article

- Contractual Commissioning Requirements
 - Production of MIL-DTL-244C compliant Nitrocellulose
 - Endurance production to demonstrate capacity
- Joint development of commissioning plan underway
 - BAE Systems Commissioning Manager In Place
 - Detailing production run sequencing and quantities
- Propellant First Article Test (FAT)
 - Recommending propellant formulations and testing
 - Consolidating propellant requirements to determine quantities and grades of NC required
 - Coordinating with all commands/customers for timing and requirements
- Focus must be expeditious test and transition to production







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Nitrocellulose Facility – Summary

- Major Process Equipment procurement on plan with most long lead items on site
- Construction progressing on major building components
- Commissioning and product FAT planning on track
- Schedule updates in-process; reviews happening concurrently with USG for situational awareness
- BAE Systems remains focused to mitigate risk for all customers and ensure the War Fighter sees no impact







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