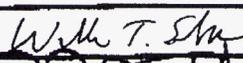


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| NRC FORM 891M PART 1<br>(06-2010)<br>10 CFR 2.201  |  | U.S. NUCLEAR REGULATORY COMMISSION  |           |
| <b>SAFETY INSPECTION REPORT AND COMPLIANCE INSPECTION</b>  |  |   |           |
| 1. LICENSEE/LOCATION INSPECTED:<br><br><b>DRS Sustainment Systems, Inc.</b><br>201 Evans Lane<br>St. Louis, MO 63121-1126  |  | 2. NRC/REGIONAL OFFICE<br><br><b>U.S. Nuclear Regulatory Commission</b><br>Region III<br>2443 Warrenville Road, Suite 210<br>Lisle, Illinois 60532-4351 |           |
| REPORT NUMBER(S) <b>2011-01</b>  |  |   |           |
| 3. DOCKET NUMBER(S)<br><b>030-36638</b>  | 4. LICENSEE NUMBER(S)<br><b>24-23912-02E</b> | 5. DATE(S) OF INSPECTION<br><b>January 26, 2011</b>   |           |
| LICENSEE:<br><br>The inspection was an examination of the activities conducted under your license as they relate to radiation safety and to compliance with the Nuclear Regulatory Commission (NRC) rules and regulations and the conditions of your license. The inspection consisted of selective examinations of procedures and representative records, interviews with personnel, and observations by the inspector. The inspection findings are as follows:                                   |  |   |           |
| <input type="checkbox"/> 1. Based on the inspection findings, no violations were identified.   |  |   |           |
| <input type="checkbox"/> 2. Previous violation(s) closed.  |  |   |           |
| <input type="checkbox"/> 3. The violation(s), specifically described to you by the inspector as non-cited violations, are not being cited because they were self-identified, non-repetitive, and corrective action was or is being taken, and the remaining criteria in the NRC Enforcement Policy, NUREG-1600, to exercise discretion, were satisfied.  |  |   |           |
| _____ Non-cited violation(s) were discussed involving the following requirement(s):  |  |   |           |
| <input checked="" type="checkbox"/> 4. During this inspection certain of your activities, as described below and/or attached, were in violation of NRC requirements and are being cited. This form is a NOTICE OF VIOLATION, which may be subject to posting in accordance with 10 CFR 19.11   |  |   |           |
| <p style="text-align: center;"><b>License Condition No. 13 of License No. 24-23912-02E requires, the licensee to file periodic reports as specified in Section 32.25(c), 10 CFR Part 32.</b></p> <p style="text-align: center;"><b>10 CFR Part 32.25(c) requires each person licensed under 32.22, to maintain records of all transfers and file a report with the Director of the Office of Federal and State</b></p> <p style="text-align: center;"><b>Continued on NRC FORM 591M Part 2</b></p> |  |   |           |
| Statement of Corrective Actions  |  |   |           |
| I hereby state that, within 30 days, the actions described by me to the inspector will be taken to correct the violations identified. This statement of corrective actions is made in accordance with the requirements of 10 CFR 2.201 (corrective steps already taken, corrective steps which will be taken, date when full compliance will be achieved). I understand that no further written response to NRC will be required, unless specifically requested.                                   |  |   |           |
| Title  | Printed Name                                 | Signature   | Date      |
| LICENSEE'S REPRESENTATIVE  | William T. Schardan                          |   | 2/9/2011  |
| NRC INSPECTOR  | Robert P. Hays                               |   | 2/09/2011 |
| Branch Chief   | Tamara E. Bloomer                            |   | 2/11/11   |

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| NRC FORM 591M PART 2<br>(06-2010)<br>10 CFR 2.201   |  | U.S. NUCLEAR REGULATORY COMMISSION   |  |
| <b>SAFETY INSPECTION REPORT AND COMPLIANCE INSPECTION</b>   |  |  |  |
| 1. LICENSEE/LOCATION INSPECTED:<br><b>DRS Sustainment Systems, Inc.<br/>201 Evans Lane<br/>St. Louis, MO 63121-1126<br/>REPORT NUMBER(S) 2011-01</b>  |  | 2. NRC/REGIONAL OFFICE<br><b>U.S. Nuclear Regulatory Commission<br/>Region III<br/>2443 Warrenville Road, Suite 210<br/>Lisle, Illinois 60532-4351</b> |  |
| 3. DOCKET NUMBER(S)<br><b>030-36638</b>   | 4. LICENSEE NUMBER(S)<br><b>24-23912-02E</b> | 5. DATE(S) OF INSPECTION<br><b>January 26, 2011</b>  |  |
| (Continued)   |  |  |  |
| <p><b>Materials and Environmental Management Programs by an appropriate method listed in 30.6 (a) of this chapter, including in the address: ATTN: Document Control Desk/Exempt Distribution.</b></p> <p><b>(1) The report must clearly identify the specific licensee submitting the report and include the license number of the specific licensee.</b></p> <p><b>(2) The report must indicate that the products are transferred for use under 30.19 of this chapter or equivalent regulations of an Agreement State.</b></p> <p><b>(3) The report must include the following information on products transferred to other persons for use under 30.19 or equivalent of an Agreement State:</b></p> <p><b>(i) A description or identification of the type of each product and the model number(s);</b></p> <p><b>(ii) For each radionuclide in each type of product and each model number, the total quantity of the radionuclide;</b></p> <p><b>(iii) The number of units of each type of product transferred during the reporting period by model number.</b></p> <p><b>Contrary to the above, the licensee has not submitted the required annual reports as required by 32.25(c) as of January 26, 2011.</b></p> <p><b>This is a Severity Level IV violation (Section 6.3).</b></p> <p><b>The licensee's corrective actions for the violation include compiling and submitting the required reports within 30 days of the inspection. The reports were submitted on January 27, 2011. The licensee also proposed to include verification of the annual reports in the licensee's annual audit checklist to ensure that future reports are submitted as required.</b></p> |  |  |  |

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| NRC FORM 591 M PART 3<br>(06-2010)<br>10 CFR 2.201  |  | U.S. NUCLEAR REGULATORY COMMISSION<br><br><i>Docket File Information</i><br>SAFETY INSPECTION REPORT AND COMPLIANCE INSPECTION                      |  |   |  |   |  |   |  |
| 1. LICENSEE<br><b>DRS Sustainment Systems, Inc.</b><br>201 Evans Lane<br>St. Louis, MO 63121-1126<br>REPORT NUMBER(S) <b>2011-01</b>  |  | 2. NRC/REGIONAL OFFICE<br><b>U.S. Nuclear Regulatory Commission</b><br>Region III<br>2443 Warrenville Road, Suite 210<br>Lisle, Illinois 60532-4351 |  |   |  |   |  |   |  |
| 3. DOCKET NUMBER(S)<br><b>03036717</b>  | 4. LICENSE NUMBER(S)<br><b>24-23912-02E</b>      | 5. DATE(S) OF INSPECTION<br><b>January 26, 2011</b>   |  |   |  |   |  |   |  |
| 6. INSPECTION PROCEDURES<br><b>87126 (09/26/05)</b>   | 7. INSPECTION FOCUS AREAS<br><b>03.01-03.07</b>  |   |  |   |  |   |  |   |  |
| <b>SUPPLEMENTAL INSPECTION INFORMATION</b>  |  |   |  |   |  |   |  |   |  |
| 1. PROGRAM<br><b>3254</b>   | 2. PRIORITY<br><b>5</b>                          | 3. LICENSEE CONTACT<br><b>William Schardan, RSO</b>   | 4. TELEPHONE NUMBER<br><b>314-553-4668</b> |   |  |   |  |   |  |
| <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <input checked="" type="checkbox"/> <b>Main Office Inspection</b> </td> <td style="width: 50%; vertical-align: top;"> <b>Next Inspection Date: <u>January 2016</u></b> </td> </tr> <tr> <td colspan="2" style="vertical-align: top;"> <input type="checkbox"/> <b>Field Office Inspection</b> _____                 </td> </tr> <tr> <td colspan="2" style="vertical-align: top;"> <input type="checkbox"/> <b>Temporary Job Site Inspection</b> _____                 </td> </tr> </table>   |  |   |  | <input checked="" type="checkbox"/> <b>Main Office Inspection</b> | <b>Next Inspection Date: <u>January 2016</u></b> | <input type="checkbox"/> <b>Field Office Inspection</b> _____ |  | <input type="checkbox"/> <b>Temporary Job Site Inspection</b> _____ |  |
| <input checked="" type="checkbox"/> <b>Main Office Inspection</b>   | <b>Next Inspection Date: <u>January 2016</u></b> |   |  |   |  |   |  |   |  |
| <input type="checkbox"/> <b>Field Office Inspection</b> _____   |  |   |  |   |  |   |  |   |  |
| <input type="checkbox"/> <b>Temporary Job Site Inspection</b> _____   |  |   |  |   |  |   |  |   |  |
| <b>PROGRAM SCOPE</b>  |  |   |  |   |  |   |  |   |  |
| <p>The licensee is a manufacturer of self-luminous level products authorized by the license to distribute self-luminous products containing hydrogen-3 to persons exempt from the requirements of a license pursuant to Section 30.19, 10 CFR Part 30, or equivalent provisions of the regulations of any agreement state. The license does not authorize possession or use of licensed material, only to distribute self-luminous products authorized by USNRC License No. 24-23912-01.</p> <p>A violation of License Condition No .13 was identified for the licensee's failure to submit their annual distribution report of material distributed under the license as required by License Condition No. 13.</p> |  |   |  |   |  |   |  |   |  |