DRS TECHNOLOGIES INC
Form S-4
September 11, 2003

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As filed with the Securities and Exchange Commission on September 11, 2003

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

DRS TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**3812**	**13-2632319**
(State of Incorporation)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

5 Sylvan Way
Parsippany, New Jersey 07054
(973) 898-1500

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Nina Laserson Dunn, Esq.
Executive Vice-President, General Counsel and Secretary
DRS Technologies, Inc.
5 Sylvan Way
Parsippany, New Jersey 07054
(973) 898-1500

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Jeffrey W. Tindell, Esq.	**With copies to:** **Benjamin M. Polk, Esq.**	**Thomas J. Keenan**
Skadden, Arps, Slate, Meagher & Flom LLP Four Times Square New York, New York 10036 (212) 735-3000	Winston & Strawn LLP 200 Park Avenue New York, New York 10166 (212) 294-6700	Chief Executive Officer Integrated Defense Technologies, Inc. 110 Wynn Drive Huntsville, Alabama 35805 (256) 895-2000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement is declared effective and the satisfaction or waiver of all other conditions to the merger as described in the enclosed proxy statement/prospectus.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Stock, par value $0.01 per share	4,323,172	$103,760,384.32	$8,394.22

(1) Based upon the maximum number of shares of common stock, par value $0.01 per share, of DRS Technologies, Inc. that may be issued in connection with the merger described herein. The actual number of shares to be issued will vary depending on the average closing sale price for common stock of DRS Technologies, Inc. on the NYSE Composite Transactions Tape (trading symbol NYSE:DRS) for the ten consecutive trading days ending with the second complete trading day prior to the closing date of the merger.

(2) Estimated pursuant to Rule 457(f)(1) and (f)(3) solely for the purpose of calculating the registration fee and based upon the average of the high and low prices of Integrated Defense Technologies, Inc. common stock reported by the NYSE on September 9, 2003.

(3) Computed in accordance with Rule 457(f) and Section 6(b) under the Securities Act by multiplying (A) the proposed maximum aggregate offering price for all securities to be registered by (B) 0.0000809.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

INTEGRATED DEFENSE TECHNOLOGIES, INC.

, 2003

Dear Stockholder of Integrated Defense Technologies, Inc.:

On August 15, 2003, the board of directors of Integrated Defense Technologies, Inc. ("IDT") approved an agreement authorizing the merger of IDT with a wholly-owned subsidiary of DRS Technologies, Inc. ("DRS"). As a result of the merger, DRS will acquire IDT. We are sending

you this proxy statement/prospectus to ask you to vote on the adoption of the merger agreement and the approval of the merger.

Upon successful completion of the merger, you will be entitled to receive a combination of cash and shares of DRS common stock in exchange for your IDT shares. The merger consideration for each share of IDT common stock is $12.25 in cash and a fraction of one share of DRS common stock equal to $5.25 divided by the lesser of (a) $28.00 and (b) the greater of (i) the average New York Stock Exchange closing price of DRS common stock for the ten trading day period ending with the second complete trading day prior to the closing of the merger and (ii) $25.90.

DRS and IDT common shares are listed on The New York Stock Exchange. DRS is listed under the trading symbol "DRS" and IDT is listed under the trading symbol "IDE". On , 2003, the closing prices of a share of DRS common stock and IDT common stock were $ and $, respectively.

We will hold a special meeting of our stockholders on , 2003 to consider and vote on the adoption of the merger agreement and approval of the merger. Only IDT stockholders who hold their IDT shares at the close of business on , 2003, the record date for the special meeting, will be entitled to vote at the special meeting.

Before deciding how to vote, you should consider the "Risk Factors" beginning on page [ ] of the proxy statement/prospectus.

Although your vote is very important, you should be aware that the stockholders who own approximately 55.1% of our outstanding shares have already agreed with DRS to vote or cause to be voted, subject to certain termination rights, all of the IDT shares they own and have a right to vote in favor of the adoption of the merger agreement and approval of the merger, which will be sufficient to adopt the merger agreement and approve the merger regardless of the vote of any other IDT stockholders.

Your board of directors has determined that the merger agreement and the merger are advisable, fair to and in the best interests of IDT and its stockholders and recommends that you vote "FOR" the adoption of the merger agreement and approval of the merger. The merger cannot be completed unless the holders of a majority of the outstanding shares of IDT common stock vote to adopt the merger agreement and approve the merger. Whether or not you plan to attend the special meeting, please take the time to vote by submitting a valid proxy promptly. If your shares of IDT common stock are registered in your own name, you may submit your proxy by completing and mailing the enclosed proxy card to IDT. If your shares are held in "street name," you should follow the directions your broker or bank provides in order to ensure your shares are voted at the special meeting. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote in

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favor of adoption of the merger agreement and approval of the merger. If you fail to submit your proxy, the effect will be a vote against adoption of the merger agreement and approval of the merger. Returning your proxy does not deprive you of your right to attend the meeting and to vote your shares in person should you decide to do so.

Granting your proxy will impact your appraisal rights. Under Delaware law, only IDT stockholders who do not vote in favor of the adoption of the merger agreement and approval of the merger and who otherwise comply with the provisions of Section 262 of the General Corporation Law of the State of Delaware will be entitled, if the merger is completed, to statutory appraisal of the fair value of their shares of IDT common stock as discussed in the proxy statement/prospectus under "The Merger Appraisal Rights."

No vote of DRS stockholders is required to complete the merger.

The proxy statement/prospectus provides you with detailed information about the proposed merger. You may obtain additional information about us and DRS from documents we and DRS have filed with the Securities and Exchange Commission. See "Where You Can Find More Information." We also strongly encourage you to read the proxy statement/prospectus carefully.

Robert B. McKeon
Chairman of the Board of Directors

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the shares of common stock to be issued by DRS under the proxy statement/prospectus or passed upon the adequacy or accuracy of the proxy statement/prospectus. Any representation to the contrary is a criminal offense.

The proxy statement/prospectus is dated , 2003, and is being first mailed to stockholders on or about , 2003.

Integrated Defense Technologies, Inc.
110 Wynn Drive
Huntsville, Alabama 35805

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To the Stockholders of Integrated Defense Technologies, Inc.

A special meeting of stockholders of Integrated Defense Technologies, Inc. will be held at , on , 2003 at 10:00 a.m., local time to consider and act upon the following matters:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of August 15, 2003, by and among DRS Technologies, Inc., a Delaware corporation, MMC3 Corporation, a Delaware corporation and a wholly-owned subsidiary of DRS Technologies, Inc., and Integrated Defense Technologies, Inc., and to approve the merger contemplated thereby, pursuant to which Integrated Defense Technologies, Inc. will merge with MMC3 Corporation, with Integrated Defense Technologies, Inc. surviving the transaction as a wholly-owned subsidiary of DRS Technologies, Inc.

2. To transact such other business as may properly come before the special meeting or any adjournments thereof, including, without limitation, any proposal to adjourn or postpone the special meeting.

IDT's board of directors has fixed the close of business on , 2003, as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting or any adjournments or postponements of the special meeting. Therefore, only stockholders of record as of the close of business on , 2003 are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

The accompanying proxy statement/prospectus describes the terms and conditions of the merger agreement and includes, as Annex A, the complete text of the merger agreement. We urge you to read the enclosed materials carefully for a complete description of the merger. The accompanying proxy statement/prospectus is a part of this notice. You are cordially invited to attend the special meeting. Your proxy is being solicited by IDT's board of directors. **Even if you plan to attend the special meeting, we urge you to submit a valid proxy promptly. If your shares of IDT common stock are registered in your own name, you may submit your proxy by signing, dating and returning the proxy, in the enclosed envelope, which requires no postage if mailed in the United States. If your shares are held in "street name", you should follow the directions your broker or bank provides.**

The merger agreement must be adopted by the holders of a majority of the shares of IDT common stock outstanding as of the record date. You should be aware that stockholders who own approximately 55.1% of our outstanding shares as of the record date have already agreed with DRS to vote or cause to be voted, subject to certain termination rights, all of the shares they own and have a right to vote in favor of the adoption of the merger agreement, which will be sufficient to adopt the merger agreement regardless of the vote of any other stockholders.

Your vote is very important. We urge you to review the enclosed materials and return your proxy card. **Your board of directors recommends that stockholders vote "FOR" the adoption of the merger agreement and the approval of the merger.**

By Order of the Board of Directors,

Thomas J. Campbell
Secretary

, 2003

SUBJECT TO COMPLETION *September 11, 2003*

THE INFORMATION IN THIS PROXY STATEMENT/PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. DRS MAY NOT DISTRIBUTE AND ISSUE THE SHARES OF DRS COMMON STOCK BEING REGISTERED PURSUANT TO THIS REGISTRATION STATEMENT UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROXY STATEMENT/ PROSPECTUS IS NOT AN OFFER TO DISTRIBUTE THESE SECURITIES AND DRS IS NOT SOLICITING OFFERS TO RECEIVE THESE SECURITIES IN ANY STATE WHERE SUCH OFFER OR DISTRIBUTION IS NOT PERMITTED.

PROXY STATEMENT/PROSPECTUS

Integrated Defense Technologies, Inc. ("IDT"), DRS Technologies, Inc. ("DRS") and MMC3 Corporation, a wholly-owned subsidiary of DRS ("Merger Sub"), have entered into an Agreement and Plan of Merger (referred to in this proxy statement/prospectus as the "merger agreement") dated as of August 15, 2003, pursuant to which DRS will acquire IDT through a merger of Merger Sub with and into IDT.

The merger consideration for each share of IDT common stock is $12.25 in cash and a fraction of one share of DRS common stock equal to $5.25 divided by the lesser of (a) $28.00 and (b) the greater of (i) the average NYSE closing price of DRS common stock for the ten trading day period ending with the second complete trading day prior to the closing of the merger and (ii) $25.90.

IDT's board of directors has approved the merger and the merger agreement and has recommended that IDT stockholders vote "FOR" the approval of the merger and adoption of the merger agreement.

This proxy statement/prospectus was first mailed to IDT stockholders on or about , 2003.

IDT stockholders should carefully read the section entitled "Risk Factors" beginning on page for a discussion of specific risks that should be considered in determining how to vote on the matters described herein.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the securities to be issued under this proxy statement/prospectus or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

Information included in the proxy statement/prospectus regarding DRS and IDT was provided by DRS and IDT, respectively. Neither company assumes any responsibility for information provided by the other company.

REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about DRS Technologies, Inc. and Integrated Defense Technologies, Inc. from documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing, by telephone or by e-mail from the appropriate company with the following contact information:

Integrated Defense Technologies, Inc.
Investor Relations
110 Wynn Drive
Huntsville, AL 35805

(256) 895-2339
Info@IntegratedDefense.com

DRS Technologies, Inc.
Investor Relations
5 Sylvan Way
Parsippany, NJ 07054

(973) 898-1500
patw@drs.com

If you would like to request any documents, please do so by , 2003 in order to receive them before the special meeting.

See "Where You Can Find More Information" for more information about the documents referred to in this proxy statement/prospectus.

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: **What is the proposed transaction on which I am being asked to vote?**

A: You are being asked to vote to adopt an agreement and plan of merger among DRS, Merger Sub and IDT and approve the merger contemplated by the agreement and plan of merger. In this proxy statement/prospectus, we refer to the agreement and plan of merger as the "merger agreement." In the merger, a newly formed corporation and wholly-owned subsidiary of DRS will merge into IDT. After the merger, IDT will be the surviving corporation and a wholly-owned subsidiary of DRS.

Q: **Are there risks associated with the merger?**

A: Yes. We may not achieve the expected benefits of the merger because of the risks and uncertainties discussed in the section entitled "Risk Factors" beginning on page and the section entitled "Special Note Concerning Forward-Looking Statements" beginning on page .

Q: **What will I be entitled to receive pursuant to the merger agreement?**

A: If we complete the merger, for each of your shares of IDT common stock you will be entitled to receive:

(i) $12.25 in cash, and

(ii) a fraction of one share of DRS common stock equal to $5.25 divided by the lesser of (a) $28.00 and (b) the greater of (A) the average NYSE closing price of DRS's common stock for the ten trading day period ending with the second complete trading day prior to the closing of the merger and (B) $25.90.

As a result, you will be entitled to receive between 0.1875 and 0.2027 shares of DRS common stock for each share of IDT common stock that you own.

You will not be entitled to receive any fractional shares of DRS common stock. Instead, you will be entitled to receive cash, without interest, for any fractional share of DRS common stock you might otherwise have been entitled to receive based on the average closing price of the DRS common stock for the five trading days before the date the merger occurs.

For a more complete description of the consideration you will receive, see "What You Will Be Entitled to Receive Pursuant to the Merger Agreement" in the Summary beginning on page .

Q: **When will I know the actual number of shares of DRS common stock that I will be entitled to receive as a result of the merger?**

A: IDT will issue a press release on or as soon as practicable after the closing date that will disclose the exchange ratio that will determine the number of shares of DRS common stock you are entitled to receive in exchange for your shares of IDT common stock.

Q: **What does the IDT board of directors recommend?**

A: The IDT board of directors has approved the merger agreement and has determined that the merger agreement and the merger are advisable, fair to and in the best interests of IDT and its stockholders. Accordingly, the IDT board recommends that IDT stockholders vote "FOR" the adoption of the merger agreement and the approval of the merger at the special meeting.

Q: **When and where is the IDT special meeting?**

A: The special meeting of IDT stockholders to vote on the merger agreement will be at on , 2003, at 10:00 a.m., local time, unless postponed or adjourned to a later date.

Q: **Who is entitled to vote at the special meeting?**

A: Holders of record of IDT common stock at the close of business on , 2003, which IDT's board of directors has fixed as the record date for the special meeting, are entitled to vote at the special meeting.

Q: **What vote is required to adopt the merger agreement and approve the merger? Is my vote important?**

A: The merger agreement must be adopted by the holders of a majority of the total number of outstanding shares of IDT common stock on the record date. Abstentions and broker non-votes will have the same effect as a vote against the proposal to adopt the merger agreement.

You should be aware that Veritas Capital Management, L.L.C. and its affiliates have agreed to vote in favor of, and have given DRS an irrevocable proxy (subject to certain termination rights) to vote their shares in favor of, the adoption of the merger agreement and approval of the merger at the special meeting of stockholders to be held by IDT to consider the merger agreement and the merger. Veritas Capital Management, L.L.C. and its affiliates collectively owned 55.1% of the outstanding shares of IDT common stock on the record date. As a result of the proxies granted by them, we anticipate that the merger agreement will be adopted, regardless of the vote of IDT's other stockholders. No vote of the stockholders of DRS is required.

Q: **What other matters will be voted on at the IDT special meeting?**

A: At this time, we do not anticipate a vote on any other matter at the special meeting, except possibly procedural business relating to an adjournment or postponement of the special meeting.

Q:

Will I be able to freely resell the shares of DRS common stock that I receive pursuant to the merger?

A:

Shares of DRS common stock issued pursuant to the merger will not be subject to any restrictions on transfer arising under the Securities Act, except for shares of DRS common stock issued to any IDT stockholder that is, or is expected to be, an "affiliate" of DRS or IDT for purposes of Rule 145 under the Securities Act.

Q:

How will my proxy be voted?

A:

If you complete your proxy, it will be voted in accordance with your instructions. If you sign and send in your proxy but do not indicate how you want to vote, your proxy will be counted as a vote in favor of the adoption of the merger agreement. If you do not vote either in person or by proxy, it will count as a vote against adoption of the merger agreement.

Q:

Do I have appraisal rights?

A:

Yes. If you do not vote in favor of the adoption of the merger agreement and the approval of the merger and otherwise comply with the requirements of Delaware law, you will be entitled to assert appraisal rights under Delaware law by following the requirements specified in Section 262 of the General Corporation Law of the State of Delaware. If you hold your shares in the name of another person, such as a broker or nominee, you must act promptly to cause the record holder to follow the steps identified properly and in a timely manner to perfect appraisal rights. A copy of Section 262 is attached as Annex E to this proxy statement/prospectus. See "The Merger Appraisal Rights" beginning on page .

Q:

What are the material United States federal income tax consequences of the merger to me?

A:

In general, the merger should be a fully taxable transaction to IDT stockholders for U.S. federal income tax purposes and you should recognize gain or loss equal to the difference, if any, between:

the amount realized in exchange for your shares of IDT common stock, and

the adjusted tax basis of your exchanged shares of IDT common stock.

See "The Merger Material United States Federal Income Tax Consequences of the Merger" on pages through for a more complete description of the U.S. federal income tax consequences of the merger.

Q:

What will happen to IDT as a result of the merger? Will IDT continue as a public company?

A:

If the merger occurs, IDT will no longer be publicly owned and will become a wholly-owned subsidiary of DRS.

Q:

Is DRS's financial condition relevant to my decision to vote in favor of the transaction?

A:

Yes. You should consider DRS's financial condition before you vote. In considering DRS's financial condition, we recommend that you review the financial information in this proxy statement/prospectus on pages and , "Risk Factors" on page and the documents incorporated by reference in this proxy statement/prospectus because they contain detailed business, financial and other information about DRS.

Q:

Does DRS have the financing required for the consummation of the merger?

A:

DRS requires financing in connection with the merger. DRS intends to finance the merger using cash on hand, bank borrowings utilizing a proposed amended and restated credit facility of up to $587 million with Wachovia Bank, National Association ("Wachovia Bank") and Bear, Stearns & Co. Inc. ("Bear Stearns") and through the issuance of debt securities with a principal amount of $200 million. If DRS is unable to consummate the offering of debt securities prior to the closing of the merger, DRS has obtained a commitment letter which provides for a senior subordinated bridge facility of at least $125 million for which Bear Stearns and Wachovia Bank will act as advisors. The bridge facility includes the right to exchange into senior subordinated exchange notes. See "The Merger DRS Financing" on page .

Q:

How will the merger be treated for accounting purposes?

A:

The merger will be accounted for under the purchase method of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, the cost to acquire IDT will be allocated to the tangible and amortizable intangible assets acquired and liabilities assumed based on their fair values, with any excess being treated as goodwill.

Q:

When do you expect the merger to be completed?

A:

We expect to complete the merger promptly after IDT stockholders adopt the merger agreement and approve the merger at the special meeting and after we receive all necessary regulatory approvals. We currently expect this to occur during the fourth quarter of 2003. Fulfilling some of the conditions to closing the merger, such as receiving certain governmental clearances or approvals, is not entirely within our control. DRS or IDT may terminate the merger agreement if the merger is not consummated by December 15, 2003.

Q:

If my shares are held in "street name" by my broker or bank, will my broker or bank vote my shares for me?

A:

You should instruct your broker or bank to vote your shares by following the instructions your broker or bank provides. If you do not instruct your broker or bank, it will generally not have the discretion to vote your shares without your instructions. Because the proposal in this proxy statement/prospectus to adopt the merger agreement and approve the merger requires an affirmative vote of a majority of the outstanding shares of IDT common stock, these "broker non-votes" have the same effect as votes cast against the adoption of the merger agreement and approval of the merger.

Q:

Should I send in my stock certificates now?

A:

No. After the merger is consummated, DRS will send you written instructions for exchanging your IDT common stock certificates for merger consideration.

Q:

What do I need to do now?

A:

After carefully reading and considering the information included and incorporated by reference in this proxy statement/prospectus, please submit your proxy as soon as possible so that your shares may be voted at the special meeting. If your shares of IDT common stock are registered in your own name you may submit your proxy by filling out and signing the proxy card, and then mailing your signed proxy card in the enclosed envelope.

If your shares are held in "street name," you should follow the directions your broker or bank provides in order to ensure your shares are voted at the special meeting.

Your proxy card will instruct the persons named on the proxy card to vote your shares at the special meeting as you direct. If you sign and send in your proxy card and do not indicate how you want to vote, your proxy will be voted "FOR" the adoption of the merger agreement and approval of the merger. If you do not vote or if you abstain, the effect will be a vote against the adoption of the merger agreement and approval of the merger.

Q: **May I change my vote after I have mailed my signed proxy card?**

A: You may change your vote at any time before your proxy is voted at the special meeting. If your shares of IDT common stock are registered in your own name, you can do this in one of three ways. First, you can send a written notice stating that you want to revoke your proxy. Second, you can complete and submit a new proxy card. If you choose either of these two methods, you must submit your notice of revocation or your new proxy card to Integrated Defense Technologies, Inc., PO Box 11164, New York, NY 10203-0164. Third, you can attend the IDT special meeting and vote in person. Simply attending the meeting, however, will not revoke your proxy; you must vote at the special meeting.

If you have instructed a broker or bank to vote your shares, you must follow the directions you received from your broker or bank to change your vote.

Q: **If I plan to attend the IDT special meeting in person, should I still grant my proxy?**

A: Yes. Whether or not you plan to attend the special meeting, you should grant your proxy as described above. The failure of an IDT stockholder to vote in person or by proxy will have the same effect as a vote against the adoption of the merger agreement and approval of the merger.

Q: **Who can help answer my questions?**

A: If you have any questions about the merger or if you need additional copies of this proxy statement/prospectus or the enclosed proxy card you should contact IDT's proxy solicitor D.F. King & Co., Inc. by phone at (212) 269-5550 collect, or toll-free at (800) , or in writing at 48 Wall Street, 22nd Floor, New York, NY 10005.

Q: **Where can I find more information about IDT and DRS?**

A: You can find more information about IDT and DRS from various sources described under "Where You Can Find More Information" on page .

SUMMARY

This summary is not intended to be complete and is qualified in all respects by the more detailed information appearing elsewhere in this proxy statement/prospectus and the attached annexes. The term "IDT" refers to Integrated Defense Technologies, Inc. and its subsidiaries, and the terms "DRS" and "Merger Sub" refer to DRS Technologies, Inc. and MMC3 Corporation, respectively, unless otherwise stated or indicated by the context. Stockholders are urged to review carefully the entire proxy statement/prospectus, including the attached annexes.

The Companies

DRS Technologies, Inc.

DRS Technologies, Inc.
5 Sylvan Way

Parsippany, New Jersey 07054
(973) 898-1500

DRS Technologies, Inc., a Delaware corporation, is a leading supplier of defense electronic products and systems. DRS provides high-technology products and services to all branches of the U.S. military, major aerospace and defense prime contractors, government intelligence agencies, international military forces and industrial markets. Incorporated in 1968, DRS has served the defense industry for 34 years. DRS is a leading provider of thermal imaging devices, combat display workstations, electronic sensor systems, power systems, battlefield digitization systems, mission recorders and deployable flight incident recorders. Its products are deployed on a wide range of high-profile military platforms, such as DDG-51 Aegis destroyers, M1A2 Abrams Main Battle Tanks, M2A3 Bradley Fighting Vehicles, OH-58D Kiowa Warrior helicopters, AH-64 Apache helicopters, F/A-18E/F Super Hornet jet fighters and on several other platforms for military and non-military applications. DRS also has contracts that support future military platforms, such as the DD(X) destroyer, CVN(X) aircraft carrier and Virginia class submarine.

MMC3 Corporation

MMC3 Corporation
c/o DRS Technologies, Inc.
5 Sylvan Way
Parsippany, New Jersey 07054
(973) 898-1500

MMC3 Corporation, a Delaware corporation and a wholly-owned subsidiary of DRS, was incorporated on August 12, 2003 solely for the purposes of effecting the merger with IDT. It has not carried on any activities other than in connection with the merger agreement.

Integrated Defense Technologies, Inc.

Integrated Defense Technologies, Inc.
110 Wynn Drive
Huntsville, Alabama 35805
(256) 895-2000

Integrated Defense Technologies, Inc., a Delaware corporation, is a developer and provider of advanced electronics and technology products to the defense and intelligence industries. IDT's products are installed on or used in support of a broad array of military platforms in order to enhance their operational performance or extend their useful life. IDT supplies its products to a market that includes, in the United States alone, approximately 5,000 aircraft, 800 naval vessels, 20,000 combat vehicles, 100,000 transport vehicles, 400 missile systems and 60 combat training ranges. IDT's installed product base is found on major military platforms such as the F-16 and C-17 aircraft, the DDG-51 Destroyer and the Trident submarine, the M1 Abrams Main Battle Tank and the Light Armored Vehicle, the High Mobility Multi-purpose Wheeled Vehicle, the Bradley Fighting Vehicle, and the Patriot and Tomahawk missile systems.

IDT offers over 500 products that are incorporated into approximately 250 programs and which in turn are installed on or support over 275 platforms. No one product, program or platform accounted for more than 6% of IDT's revenue for the year ended December 31, 2002. At December 31, 2002, IDT employed approximately 547 engineers, which represented approximately 26% of its workforce. IDT's customers include all branches of the military, major domestic prime defense contractors (such as The Boeing Company, General Dynamics Corporation, Lockheed Martin Corporation, Northrop Grumman Corporation, Raytheon Company and United Defense Industries, Inc.), foreign defense contractors, foreign governments and U.S. Government agencies.

What You Will Be Entitled to Receive Pursuant to the Merger Agreement (page)

You will be entitled to receive pursuant to the merger agreement for each of your shares of IDT common stock:

$12.25 in cash, and

a fraction of one share of DRS common stock equal to $5.25 divided by the lesser of (a) $28.00 and (b) the greater of (i) the average price of DRS's common stock price for the ten trading day period ending with the second complete trading day prior

to the closing of the merger and (ii) $25.90.

As a result, you will be entitled to receive between 0.1875 and 0.2027 of a share of DRS common stock for each share of IDT common stock that you own. However, you will not be entitled to receive any fractional shares of DRS common stock. Instead, you will be entitled to receive cash, without interest, for any fractional share of DRS common stock you might otherwise have been entitled to receive based on the average closing price of the DRS common stock for the five trading days before the date the merger occurs.

On , 2003, the closing price of a share of DRS common stock was $.

The Special Meeting (page)

The IDT special meeting will take place at on , 2003 at 10:00 a.m., local time. At the special meeting, the holders of IDT common stock will be asked to adopt the merger agreement and approve the merger. The close of business on , 2003 is the record date for determining if you are entitled to vote at the special meeting. On that date, there were shares of IDT common stock outstanding. Each share of IDT common stock is entitled to one vote at the special meeting. The affirmative vote of a majority of the outstanding shares of IDT common stock

is required to adopt the merger agreement and approve the merger. On the record date, directors and executive officers of IDT beneficially owned and had the right to vote shares of IDT common stock entitling them to exercise approximately % of the voting power of the IDT common stock.

Veritas Capital Management, L.L.C. and its affiliated entities and individuals, collectively referred to in this proxy statement/prospectus as the Veritas stockholders, beneficially own approximately 55.1% of the IDT common stock. The Veritas stockholders have agreed with DRS to vote, or cause to be voted, all of their shares of IDT common stock to adopt the merger agreement and approve the merger, subject to certain termination rights. See "Other Agreements Voting Agreement." The Veritas stockholders' vote will be sufficient to adopt the merger agreement and approve the merger regardless of the vote of any other stockholder.

Recommendation of the IDT Board; IDT's Reasons for the Merger (page)

IDT's board of directors has approved the merger agreement. IDT's board believes that the merger agreement and the merger are advisable, fair to and in the best interest of IDT and its stockholders and recommends that you vote "FOR" the adoption of the merger agreement and approval of the merger. In reaching its decision, the IDT board considered a number of factors that are described in more detail in "The Merger Recommendation of the IDT Board; IDT's Reasons for the Merger" beginning on page . The IDT board of directors did not assign relative weights to the factors described in that section or the other factors considered by it. In addition, the IDT board did not reach any specific conclusion on each factor considered, but conducted an overall analysis of these factors.

Opinion of Houlihan Lokey Howard & Zukin Financial Advisors, Inc. (page)

Houlihan Lokey Howard & Zukin Financial Advisors, Inc. delivered its written opinion, dated August 15, 2003, to IDT's board of directors that, as of such date and based upon and subject to the factors and assumptions set forth in such opinion, the consideration to be received by the public holders of IDT common stock pursuant to the merger is fair from a financial point of view to such holders.

The full text of the written opinion of Houlihan Lokey, dated August 15, 2003, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex D to this proxy statement/prospectus. You should read the opinion in its entirety. Houlihan Lokey provided its opinion for the information and assistance of IDT's board of directors in connection with the board's consideration of the transaction contemplated by the merger agreement. The Houlihan Lokey opinion is not a recommendation as to how you should vote with respect to the proposal to adopt the merger agreement.

DRS's Reasons for the Merger (page)

The board of directors of DRS met on several occasions to consider the merger and approved the merger agreement on August 15, 2003 after DRS's senior management discussed with its board of directors the business, assets, liabilities, results of operations and financial performance of IDT, the complementary nature of certain of IDT's products and capabilities and the products and capabilities of DRS, the expectation that IDT could be readily integrated with DRS and the potential benefits that could be realized as a result of such integration.

Interests of Certain Persons in the Merger (page)

In considering the recommendation of IDT's board of directors with respect to the merger, you should be aware that some of the directors and executive officers of IDT may have interests in the

merger that may be different from, or may be in addition to, the interests of IDT stockholders generally. These interests relate to, among other things:

- the expected election of Robert B. McKeon, chairman of IDT, to the DRS board of directors following the merger;
- the payment of retention bonuses to certain officers of IDT upon remaining with IDT for six months following the merger;
- the inclusion, following the merger, in the surviving corporation's certificate of incorporation and bylaws of provisions requiring the surviving corporation to indemnify IDT's directors and officers; and
- the right to continued coverage for at least six years of liability insurance for IDT's directors and officers, subject to certain limitations.

Conditions to the Merger (page)

The obligations of each party to complete the merger are conditioned upon the other party's representations and warranties being true and correct, except as would not have a material adverse effect on such other party, and the other party having complied in all material respects with such party's covenants. In addition, among other things, DRS's and IDT's obligations are further conditioned on:

- the termination or expiration of the waiting periods or completion of review pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;
- the adoption of the merger agreement and the approval of the merger by IDT's stockholders;
- the continuing effectiveness of the registration statement of which this proxy statement/prospectus forms a part;
- the approval of the shares of DRS common stock to be issued in connection with the merger for listing on the NYSE;
- the absence of any injunction, judgment or other order, or any law, which prohibits or has the effect of prohibiting the merger or makes the merger illegal; and
- the obtaining of all other necessary approval, consents and waivers.

Restrictions on Solicitation (page)

Subject to certain exceptions, the merger agreement precludes IDT, its subsidiaries, officers, directors, employees, investment bankers, attorneys, accountants and other representatives from initiating, soliciting, or knowingly encouraging, directly or indirectly, any inquiries or the making or implementing of any proposal relating to the acquisition of more than 20% of stock or assets of IDT or its subsidiaries or IDT's merger, consolidation or other similar transaction or participating in any negotiations concerning, or providing any confidential information or data to, affording access to the properties, books or records of IDT or its subsidiaries to, or having any discussions with, any person relating to

such a proposal, or otherwise facilitating any effort or attempting to make or implement such a proposal.

Termination (page)

The merger agreement may be terminated by the mutual consent of DRS and IDT. Additionally, either DRS or IDT may terminate the merger agreement if:

- the merger is not consummated by December 15, 2003 through no fault of the party seeking to terminate the merger agreement;
- there are final, non-appealable legal restraints preventing the merger;
- the party seeking termination is not in material breach of the merger agreement and the other party has materially breached a representation, warranty, covenant or agreement of that party contained in the merger agreement and such breach has not been cured within 15 days of notice of the breach; or
- IDT stockholders fail to adopt the merger agreement and approve the merger at the special meeting.

IDT may terminate the merger agreement to accept an acquisition proposal that is more favorable to IDT and IDT's stockholders from a financial point of view than the proposed merger with DRS. IDT must pay DRS a termination fee of $12.5 million if the merger agreement is terminated due to IDT's board of directors authorizing IDT to enter into an acquisition agreement with a third party or if DRS terminates the merger agreement due to IDT's board of directors withdrawing its recommendation of the transaction with DRS, modifying or changing its recommendation of the merger agreement or recommending an alternative acquisition transaction with a third party. IDT must also pay this fee if IDT or DRS terminates the merger agreement because the merger has not been completed by December 15, 2003, an alternative proposal with respect to IDT shall have been announced prior to such termination and IDT completes any merger or extraordinary transaction within six months of the termination. The voting agreement between the Veritas stockholders and DRS will terminate upon the termination of the merger agreement. (See "Other Agreements Voting Agreement"on page).

DRS may terminate the merger agreement if funding to consummate the merger pursuant to financing arrangements reasonably acceptable to DRS shall not have become available. However, DRS will not have such termination right if the failure to fulfill its obligations under the merger agreement to obtain such financing is the cause of such financing not becoming available. DRS must pay IDT liquidated damages of $17.5 million upon such termination by DRS.

Material United States Federal Income Tax Consequences (page)

In general, the merger should be a fully taxable transaction to IDT stockholders for U.S. federal income tax purposes. Tax matters, however, are very complicated and the tax consequences of the merger to each IDT stockholder will depend on the stockholder's particular facts and circumstances. See "The Merger Material United States Federal Income Tax Consequences of the Merger."

DRS Financing (page)

DRS requires financing in connection with the merger. DRS intends to finance the merger using cash on hand, additional bank borrowings and through the issuance of debt securities, as further described under "The Merger DRS Financing".

Comparison of Rights of DRS Stockholders and IDT Stockholders (page)

After the merger, IDT stockholders (other than stockholders who exercise their appraisal rights) will be entitled to become DRS stockholders and their rights as stockholders will be governed by the

certificate of incorporation and bylaws of DRS. There are a number of differences between the certificate of incorporation and bylaws of DRS and the certificate of incorporation and bylaws of IDT. These differences are summarized under "Comparative Rights of DRS and IDT Stockholders."

Comparative Market Price Information (page)

Shares of DRS common stock and IDT common stock are listed on The New York Stock Exchange. DRS is listed under the trading symbol "DRS" and IDT is listed under the trading symbol "IDE." On August 15, 2003, the last full trading day prior to the public announcement of the merger agreement, the closing price of IDT common stock was $15.00 per share and the closing price of DRS common stock was $29.15 per share, each as reported on the NYSE Composite Transactions Tape.

On , 2003, the most recent practicable date prior to the printing of this proxy statement/prospectus, the closing price of IDT common stock was $ per share and the closing price of DRS common stock was $ per share. We urge you to obtain current market quotations.

Listing and Trading of DRS Common Stock (page)

Shares of DRS common stock received by IDT stockholders pursuant to the merger will be listed on the NYSE. After completion of the merger, shares of DRS common stock will continue to be traded on the NYSE, but shares of IDT common stock will no longer be listed or traded.

Regulatory Matters (page)

DRS and IDT must use reasonable efforts to cooperate to timely make required regulatory filings. On August 26, 2003, DRS and IDT made filings with the Federal Trade Commission pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended. The closing of the merger may not occur until the completion of review under the Hart-Scott-Rodino Act.

Appraisal Rights (page)

IDT stockholders who properly demand appraisal of their shares of IDT common stock prior to the stockholder vote at the special meeting, do not vote in favor of the adoption of the merger agreement and approval of the merger, and otherwise comply with the provisions of Section 262 of the General Corporation Law of the State of Delaware will be entitled, if the merger is completed, to receive statutory appraisal of the fair value of their shares of IDT common stock instead of the merger consideration to be provided to other IDT stockholders. A copy of Section 262 of the General Corporation Law of the State of Delaware is included as Annex E to this proxy statement/prospectus.

SELECTED HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL DATA OF DRS

The historical selected earnings data and earnings from continuing operations per share data presented below for the years ended March 31, 2001, 2002 and 2003 and the historical selected financial position data as of March 31, 2002 and 2003 presented below are derived from DRS's audited consolidated financial statements, incorporated by reference in this proxy statement/prospectus. The historical selected earnings data and earnings from continuing operations per share data presented below for the years ended March 31, 1999 and 2000 and the historical selected financial position data as of March 31, 1999, 2000 and 2001 are derived from DRS's audited consolidated financial statements, which are not included or incorporated by reference in this proxy statement/prospectus. The historical selected earnings data, and earnings from continuing operations per share data presented below for the three months ended June 30, 2002 and 2003 and the historical selected financial position data as of June 30, 2003 are derived from DRS's unaudited condensed consolidated financial statements, incorporated by reference in this proxy statement/prospectus. The historical selected financial position data as of June 30, 2002 is derived from DRS's unaudited condensed consolidated financial statements, which are not included or incorporated by reference in this proxy statement/prospectus. The selected consolidated financial data also includes unaudited pro forma information derived from the "Unaudited Pro Forma Financial Information," which gives effect to: (i) the proposed merger of a wholly-owned subsidiary of DRS and IDT in a purchase business combination (the "Merger"), as a result of which DRS will acquire IDT for cash and DRS common stock (subject to a collar) for an estimated purchase price of $373.2 million, plus estimated acquisition-related expenses of $5.0 million, (ii) the anticipated offering of $200.0 million of senior subordinated

notes and the anticipated concurrent amendment and restatement of DRS's existing senior secured credit facility, (iii) IDT's November 1, 2002 acquisition of BAE Systems Aerospace Electronics Gaithersburg Operation (the name of the company was changed to Signia-IDT, Inc. subsequent to the acquisition) in a purchase business combination and related financing and (iv) DRS's fiscal 2003 acquisitions of: (1) the Navy Controls Division of Eaton Corporation, (2) Paravant Inc. and its related financing, (3) the Electromagnetics Development Center of Kaman Corporation, and (4) Power Technology Incorporated.

DRS Technologies, Inc.

	Years Ended March 31,						Three Months Ended		
	1999(4)	2000	2001	2002(4)	2003(4)	Pro Forma 2003	June 30, 2002	June 30, 2003	Pro Forma June 30, 2003
	(in thousands, except per-share data)								
Selected earnings data									
Revenues	$ 265,849	$ 391,467	$ 427,606	$ 517,200	$ 675,762	$ 1,109,751	$ 131,238	$ 167,198	$ 260,616
Operating income(1)	$ 15,301	$ 26,178	$ 37,531	$ 49,769	$ 67,684	$ 102,179	$ 12,673	$ 16,360	$ 25,643
Earnings from continuing operations before income taxes(5)	$ 2,174	$ 12,832	$ 24,954	$ 38,361	$ 55,872	$ 32,863	$ 10,347	$ 13,267	$ 16,222
Earnings from continuing operations(5)	$ 1,559	$ 7,661	$ 11,978	$ 20,331	$ 30,171	$ 17,603	$ 5,434	$ 7,296	$ 9,535
Net earnings	$ 680	$ 4,310	$ 11,978	$ 20,331	$ 30,171	$ 17,603	$ 5,434	$ 7,296	$ 9,535
Selected earnings from continuing operations per share data(2)(3)									
Basic	$ 0.24	$ 0.83	$ 1.14	$ 1.52	$ 1.64	$ 0.77	$ 0.32	$ 0.33	$ 0.36
Diluted	$ 0.23	$ 0.76	$ 1.01	$ 1.41	$ 1.58	$ 0.75	$ 0.31	$ 0.32	$ 0.35

	As of March 31,					As of June 30,		
	1999(4)	2000	2001	2002(4)	2003(4)	2002	2003	Pro Forma 2003
	(in thousands)							
Selected financial position data								
Total assets	$ 329,639	$ 320,098	$ 334,940	$ 601,091	$ 972,121	$ 586,309	$ 964,371	$ 1,539,707
Long-term debt, excluding current installments	$ 102,091	$ 97,695	$ 75,076	$ 138,060	$ 216,837	$ 137,550	$ 216,164	$ 599,924
Stockholders' equity	$ 73,442	$ 78,184	$ 111,947	$ 257,235	$ 438,180	$ 265,771	$ 449,400	$ 561,370

(1) Effective April 1, 2001, DRS adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" and ceased amortizing goodwill. Included in operating income for the fiscal years ended March 31, 1999, 2000 and 2001 is goodwill amortization of $2.7 million, $5.2 million and $5.3 million, respectively.

(2) No cash dividends have been distributed in any of the years presented.

l resources have been devoted to defending these lawsuits. We settled with Intel in May 1999, with Winbond in October 2000, and the Atmel litigation is ongoing.

In addition to the Atmel, Intel and Winbond actions, we receive from time to time, letters or

communications from other companies stating that such companies have patent rights that involve our products. Since the design of all of our products is based on SuperFlash technology, any legal finding that the use of our SuperFlash technology infringes the patent of another company would have a significantly negative effect on our entire product line and operating results. Furthermore, if such a finding were made, there can be no assurance that we could license the other company's technology on commercially reasonable terms or that we could successfully operate without such technology. Moreover, if we are found to infringe, we could be required to pay damages to the owner of the protected technology and could be prohibited from making, using, selling, or importing into the United States any products that infringe the protected technology. In addition, the management attention consumed by and legal cost associated with any litigation could harm our operating results.

Public announcements may hurt our stock price.

During the course of lawsuits there may be public announcements of the results of hearings, motions, and other interim proceedings or developments in the litigation. If securities analysts or investors perceive these results to be negative, it could harm the market price of our stock.

Our litigation may be expensive, may be protracted and confidential information may be compromised.

Whether or not we are successful in our lawsuit with Atmel, we expect this litigation to continue to consume substantial amounts of our financial and managerial resources. A jury recently found that we willfully infringed Atmel's '811 and '829 patents, and awarded Atmel $20.0 million in actual damages. On May 7, 2002, the Court entered judgment in the total amount of $36.5 million, which includes the original $20.0 million. The '811 and '829 patents expired in February 2002. Therefore, there will not be any impact on our ability to sell any of our products. We believe that there were significant errors in both the infringement and the damages verdicts, and filed a Notice of Appeal on July 16, 2002. Atmel has agreed to stay its enforcement of this judgment pending our appeal. In July 2002, we posted a bond in the amount of $36.5 million pending the appeal. We have incurred certain amounts associated with defending this matter, and at any time Atmel may file additional claims against us, which could increase the risk, expense and duration of the litigation. Further, because of the substantial amount of discovery required in connection with this type of litigation, there is a risk that some of our confidential information could be compromised by disclosure. For more information with respect to our litigation, please also see "Part II, Item 1- Legal Proceedings."

If an earthquake or other natural disaster strikes our manufacturing facility or those of our suppliers, we would be unable to manufacture our products for a substantial amount of time and we would experience lost revenues.

Our corporate headquarters are located in California near major earthquake faults. In addition, some of our suppliers are located near fault lines. In the event of a major earthquake or other natural disaster near our headquarters, our operations could be harmed. Similarly, a major earthquake or other natural disaster such as typhoon near one or more of our major suppliers, like the earthquake in September 1999 or the typhoon in September 2001 that occurred in Taiwan could potentially disrupt the operations of those suppliers, which could then limit the supply of our products and harm our business.

Prolonged electrical power outages, energy shortages, or increased costs of energy could harm our business.

Our design and process research and development facilities and our corporate offices are located in California, which in the past has been susceptible to power outages and shortages as well as increased energy costs. To limit this exposure, all corporate computer systems at our main California facilities are on battery back-up. In addition, all of our engineering and back-up servers and selected corporate servers are on generator back-up. While the majority of our production facilities are not located in California, more extensive power shortages in the state could delay our design and process research and development as well as increase our operating costs.

Our growth continues to place a significant strain on our management systems and resources and if we fail to manage our growth, our ability to market, sell our products or develop new products may he harmed.

Our business is experiencing rapid growth which has strained our internal systems and will require us to continuously develop sophisticated information management systems in order to manage the business effectively. We are currently implementing a supply-chain management system and a vendor electronic data interface system. There is no guarantee that we will be able to implement these new systems in a timely fashion, that in themselves they will be adequate to address our expected growth, or that we will be able to foresee in a timely manner other infrastructure needs before they arise. Our success depends on the ability of our executive officers to effectively manage our growth. If we are unable to manage our growth effectively, our results of operations will be harmed. If we fail to successfully implement new management information systems, our business may suffer severe inefficiencies that may harm the results of our operations.

Risks Related to Our Industry

Our success is dependent on the growth and strength of the flash memory market.

All of our products, as well as all new products currently under design, are stand-alone flash memory devices or devices embedded with flash memory. A memory technology other than SuperFlash may be adopted as an industry standard. Our competitors are generally in a better financial and marketing position than we are from which to influence industry acceptance of a particular memory technology. In particular, a primary source of competition may come from alternative technologies such as FRAM devices if such technology is commercialized for higher density applications. To the extent our competitors are able to promote a technology other than SuperFlash as an industry standard, our business will be seriously harmed.

The selling prices for our products are extremely volatile and have historically declined during periods of over capacity or industry downturns.

The semiconductor industry has historically been cyclical, characterized by wide fluctuations in product supply and demand. From time to time, the industry has also experienced significant downturns, often in connection with, or in anticipation of, maturing product cycles and declines in general economic conditions. Downturns of this type occurred in 1997 and 1998, and more recently in late 2000 through the first half of 2002. These downturns are characterized by diminished product

demand, production over-capacity and accelerated decline of average selling prices, and in some cases have lasted for more than a year. Our business could be harmed by industry-wide fluctuations in the future. The flash memory products portion of the semiconductor industry, from which we derive substantially all of our revenues suffered from excess capacity in 1996, 1997 and 1998, which resulted in greater than normal declines in our markets, which unfavorably impacted our revenues, gross margins and profitability. While these conditions improved in 1999 and 2000, deteriorating market conditions at the end of 2000 and continuing through the first half of 2002 have resulted in the decline of our selling prices and harmed our operating results.

There is seasonality in our business and if we fail to continue to introduce new products this seasonality may become more pronounced.

Sales of our products in the consumer electronics applications market are subject to seasonality. As a result, sales of these products are impacted by seasonal purchasing patterns with higher sales generally occurring in the second half of each year. If we fail to continue to introduce new products, our business may suffer and the seasonality of a portion of our sales may become more pronounced.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to risks associated with foreign exchange rate fluctuations due to our international manufacturing and sales activities. These exposures may change over time as business practices evolve and could negatively impact our operating results and financial condition. All of our sales are denominated in U.S. dollars. An increase in the value of the U.S. dollar relative to foreign currencies could make our products more expensive and therefore reduce the demand for our products. Such a decline in the demand could reduce revenues and/or result in operating losses. In addition, a downturn in the economies of China, Japan or Taiwan could impair the value of our equity investments in companies with operations in these countries. If we consider the value of these companies to be impaired, we will write off, or expense, some or all of our investments. In the fourth quarter of 2001, we wrote down our investment in KYE by $3.3 million due to an other than temporary decline in its market value. At June 30, 2002, the recorded value of our KYE investment was approximately $1.5 million, which represented the fair market value as of the balance sheet date. We also have equity investments in companies with operations in China, Japan and Taiwan with recorded values at June 30, 2002 of approximately $50.0 million, $0.9 million and $16.3 million, respectively.

At any time, fluctuations in interest rates could effect interest earnings on our cash, cash equivalents and available-for-sale investments, any interest expense owed on the line of credit facility, or the fair value of our investment portfolio. We believe that the effect, if any, of reasonably possible near term changes in interest rates on our financial position, results of operations, and cash flows would not be material. Currently, we do not hedge these interest rate exposures. As of June 30, 2002, the carrying value of our marketable securities approximated fair value. The table below presents the carrying value and related weighted average interest rates for our cash, cash equivalents and available-for-sale investments as of June 30, 2002 (in thousands).

	Carrying Value	Interest Rate
Short-term investments - fixed rate	$ 66,346	2.1%
Long-term investments (1 to 2 years) - fixed rate	7,488	2.6%
Cash and cash equivalents - variable rate	110,124	1.1%
	$ 183,958	1.5%

PART II

Item 1. Legal Proceedings

On January 3, 1996, Atmel Corporation sued us in the U.S. District Court for the Northern District of California. Atmel's complaint alleged that we willfully infringe five U.S. patents owned by or exclusively licensed to Atmel. Atmel later amended its complaint to allege infringement of a sixth patent. Regarding each of these six patents, Atmel sought a judgment that we infringe the patent, an injunction prohibiting future infringement, and treble damages, as well as attorney's fees and expenses.

On two of the six patents, the District Court ruled by summary judgment that we did not infringe. Two of the other patents were invalidated by another U.S. District Court in a proceeding to which we were not a party, but this decision was later reversed by the Federal Circuit Court of Appeals. As discussed below, as the result of a ruling in another case, Atmel has withdrawn its allegations as to another patent ("the '747 patent"). At this point, three patents remain at issue in Atmel's District Court case against us ("the '811, '829 and '903 patents"). All of these patents have expired, so Atmel can no longer obtain an injunction against the sale of our products.

On February 17, 1997, Atmel filed an action with the International Trade Commission, or ITC, against two suppliers of our parts, involving four of the six patents that Atmel alleged that we infringed in the District Court case above. We intervened as a party to that investigation. Pursuant to indemnification agreements with these suppliers, we were obligated to indemnify both suppliers to the extent provided in those agreements. As more fully described below, the settlement with Winbond terminated our indemnity obligations to that company.

As to one of these four patents, Atmel's claims were withdrawn because of the summary judgment granted by the District Court, as described above. On October 16, 2000, the ITC found the '903 patent valid and infringed, and ruled that we could not import into the United States certain products that use the claimed circuit made by one of our suppliers. The ITC also ruled that we do not infringe the '811 and '829 patents. We appealed from the Limited Exclusion Order, and in August 2001 the Court of Appeals for the Federal Circuit issued an opinion giving its reasons for denying that appeal. The '903 patent and the ITC's Limited Exclusion Order expired on September 14, 2001.

In a related action in 1997, Atmel filed a claim against Macronix alleging, among other things, that Macronix infringed the '747 patent. Because Atmel had filed a similar claim against us with regard to this same patent, we were permitted to intervene in the action and represent our interests in seeking to prevent Atmel from correcting inventorship. On January 14, 2002, the court in *Atmel Corp. v.*

Macronix America, Inc. denied Atmel's motion to correct the '747 patent. We intervened as a party in the Macronix case for purposes of opposing that motion. As a result of the Court's decision, Atmel withdrew its claims against us based on the '747 patent.

A jury trial on the '811 and '829 patents began on April 8, 2002. The jury found that we willfully infringed those patents, and awarded Atmel $20.0 million in actual damages. On May 7, 2002, the Court entered judgment in the total amount of $36.5 million, which includes the original $20.0 million. The '811 and '829 patents expired in February 2002. Therefore, there will not be any impact on our ability to sell any of our products. We believe that there were significant errors in both the infringement and the damages verdicts, and filed a Notice of Appeal on July 16, 2002. Atmel has agreed to stay its enforcement of this judgment pending our appeal. In July 2002, we posted a bond in the amount of $36.5 million pending the appeal. In connection with the bond, we have pledged cash and available-for-sale investments in the amount of $36.5 million. Accordingly, this amount will be accounted for as restricted cash and investments in our balance sheet beginning in July 2002.

Trial on the '903 patent was severed and those issues will be heard before a jury beginning on July 29, 2002. That trial will determine whether the '903 patent is valid. The Court has ruled that we infringed that patent, so if the jury finds the patent valid, it will assess what, if any, damages are due Atmel.

On October 1, 2000, we announced a settlement in our lawsuit with Winbond Electronics of Taiwan. We filed a lawsuit against Winbond in July 1998 in the U.S. District Court in San Jose, California pursuant to the termination of our SuperFlash technology licensing agreement with Winbond. As part of the settlement, Winbond agreed to a consent judgment and will not contest the validity and appropriateness of our termination of the licensing agreement in June 1998. This settlement concludes all litigation between us and Winbond. We received a total of $30.4 million in back royalties during 2000 and 2001 as part of this settlement in addition to royalties relating to products sold during 2001. No further back royalty payments are required after 2001 under this legal settlement.

From time to time, we are also involved in other legal actions arising in the ordinary course of business. We have incurred certain amounts associated with defending these matters. There can be no assurance the Atmel complaint or other third party assertions will be resolved without costly litigation, in a manner that is not adverse to our financial position, results of operations or cash flows or without requiring royalty payments in the future which may adversely impact gross margins. No estimate can be made of the possible loss or possible range of loss associated with the resolution of these contingencies. As a result, no losses have been accrued in our financial statements as of June 30, 2002.

Item 4. Submission of Matters to a Vote of Security Holders

Our Annual Meeting of Shareholders was held on June 21, 2002. At the Annual Meeting, the shareholders:

1. elected the persons listed below to serve as a director of the company for the ensuing year and until their successors are elected,
2. approved the 1995 Equity Incentive Plan, as amended, to increase the aggregate number of shares of Common Stock authorized for issuance under such plan by 2,000,000 to 30,250,000 shares,
3. approved the 1995 Non-Employee Directors' Plan, as amended, to increase the aggregate number of shares of Common Stock authorized for issuance under such plan by 200,000 to 800,000 shares,
4. ratified the selection of PricewaterhouseCoopers LLP as our independent accountants for the fiscal year ending December 31, 2002.

On April 25, 2002, the record date of the Annual Meeting, we had 92,315,727 shares of Common Stock outstanding. At the Annual Meeting, holders of 80,734,041 shares of Common Stock were present in person or represented by proxy. The following sets forth information regarding the results of the voting at the Annual Meeting.

Proposal 1 - Election of Directors

Director	Votes in Favor	Withheld
Bing Yeh	69,293,639	11,440,402
Yaw Wen Hu	71,103,439	9,630,602
Tsuyoshi Taira	80,032,732	701,309
Yasushi Chikagami	80,032,732	701,309
Ronald Chwang	80,032,732	701,309

Proposal 2 - Approval of the 1995 Employee Incentive Plan, as Amended

Votes in Favor	61,858,585
Votes Against	18,613,748
Abstentions	261,708

Proposal 3 - Approval of the Non-Employee Directors' Plan, as Amended

Votes in Favor	74,384,992
Votes Against	6,058,107
Abstentions	290,942

Proposal 4 - Ratification of Selection of Independent Accountant

Votes in Favor	79,359,662
Votes Against	1,321,630
Abstentions	52,749

Item 6. Exhibits and Reports on Form 8-K

(a) *Exhibits.*

We incorporate by reference all exhibits filed in connection with our annual report on Form 10-K for the year ended December 31, 2001.

Exhibit 99.1 Certification of President and Chief Executive Officer and Vice President Finance & Administration, Chief Financial Officer and Secretary.

(b)&#9Reports on Form 8-K filed during the quarter ended June 30, 2002: None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Sunnyvale, County of Santa Clara, State of California, on the 12th day of August, 2002.

SILICON STORAGE TECHNOLOGY, INC.

(Registrant)

By: /s/ BING YEH
Bing Yeh
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ JEFFREY L. GARON
Jeffrey L. Garon
Vice President Finance & Administration,
Chief Financial Officer and Secretary
(Principal Financial and Accounting Officer)