DRS TECHNOLOGIES INC Form 11-K October 12, 2006

# **UNITED STATES**

# SECURITIES AND EXCHANGE COMMISSION

to

WASHINGTON, DC 20549

# FORM 11-K

Annual Report Pursuant to Section 15 (d)

of the Securities Exchange Act of 1934

x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the year ended December 31, 2005

o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from

Commission file number 001-08533

A.

Full title of the plan and the address of the plan, if different from that of the issuer named below:

# SYSTEMS & ELECTRONICS INC. EMPLOYEE SAVINGS INVESTMENT PLAN

B.

Name of the issuer of the securities held pursuant to the plan and the address of its principal executive offices:

Engineered Support Systems, Inc.

201 Evans Lane

St. Louis, Missouri 63121

## **Financial Statements and Exhibits**

## SYSTEMS & ELECTRONICS INC.

## EMPLOYEE SAVINGS INVESTMENT PLAN

December 31, 2005

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<sup>\*</sup> Other schedules required by 29 CFR 2520.103-10 of the Department of Labor s Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

#### **Report of Independent Registered Public Accounting Firm**

To the Pension Committee of

Systems & Electronics Inc.

Employee Savings Investment Plan

We have audited the accompanying statement of net assets available for benefits of the Systems & Electronics Inc. Employee Savings Investment Plan (the Plan ) as of December 31, 2005 and 2004, and the related statement of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the net assets available for benefits at December 31, 2005 and 2004, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Notes H and I, the Company has amended the Plan to provide for its termination effective January 30, 2006. During the plan year, the Trustees made the decision to terminate the plan. Therefore, in accordance with accounting principles generally accepted in the United States of America, the Plan has changed its basis of accounting from the ongoing plan basis to the liquidation basis.

/s/ Rubin Brown LLP

St. Louis, Missouri

September 12, 2006

## SYSTEMS & ELECTRONICS INC.

## EMPLOYEE SAVINGS INVESTMENT PLAN

## STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31 (In Liquidation) 2005	2004
Assets:		
Investments,		
At Fair Value (Note C)		
Common Collective Trusts	\$	\$ 1,809,824
Registered Investment Companies	14,715,140	12,750,976
Company Stock	107,272	
Participant Loans	193,680	189,778
Stable Value (Note D)	2,552,207	
	17,568,299	14,750,578
Employee contributions receivable	105,985	96,863
Net Assets Available For Benefits	\$ 17,674,284	\$ 14,847,441

See the accompanying notes to the financial statements.

## STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	For the Years Ended December 31, (In Liquidation) 2005		2004	
Additions To Net Assets Attributed To:				
Investment income:				
Interest and dividend income	\$	10,290	\$	9,322
Net realized and unrealized gain on Engineered Support Systems, Inc. common	14 700			
stock	14,728			
Net appreciation from common collective trusts	24,541	,	1 267 20	C
Net appreciation from registered investment companies	894,483 72,291	)	1,267,39	0
Net appreciation of the stable value fund Net Investment Income	1,016,33	22	1,276,71	2
Net investment income	1,010,5.	55	1,270,710	5
Contributions:				
Salary Deferral	2,498,37	72	2,800,69	6
Rollovers	442,135	5		
Total Contributions	2,940,50	07	2,800,69	6
Total Additions	3,956,84	40	4,077,414	4
Deductions:				
Benefits paid directly to participants	(1,110,0	)36 )	(782,801	)
Plan expenses	(19,961	)	(5,135	)
Total Deductions	(1,129,9	997 )	(787,936	)
хт., т	2 0 2 4 0	10	2 200 15	
Net Increase	2,826,84	43	3,289,47	8
Net Assets Available For Benefits:				
Beginning of Year	14,847,4	441	11,557,9	63
	1.,017,		11,001,9	
Net Assets Available For Benefits:				
End of Year	\$	17,674,284	\$	14,847,441

See the accompanying notes to the financial statements.

## NOTES TO FINANCIAL STATEMENTS

## SYSTEMS & ELECTRONICS INC.

### EMPLOYEE SAVINGS INVESTMENT PLAN

#### December 31, 2005 and 2004

#### NOTE A - DESCRIPTION OF THE PLAN

The Systems & Electronics Inc. Employee Savings Investment Plan (the Plan) was established October 1, 1999 as a defined contribution plan covering the employees of Systems & Electronics Inc. (the Company). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

All employees of the Company are eligible to participate in the Plan on the date he or she commences employment with the Company. Plan participants are eligible to receive benefits commencing at age 59 ½ or upon the date the participant terminates employment with the Company and every member of the controlled group. Distributions under the Plan will be made as soon as administratively possible after retirement or termination.

Participants may elect to contribute up to 50 percent of their annual compensation (not to exceed limits established by the Internal Revenue Service) each Plan year as pre-tax contributions. There are no employer contributions to the Plan. Participant contributions are fully and immediately vested at all times.

The Plan was closed to new Participants as of December 31, 2004. No employee will become a participant after that date. Employees participating in the Plan on December 31, 2004 will be eligible to continue to make contributions.

Plan participants are permitted to borrow from their accounts. Participants may borrow a minimum of \$1,000 up to a maximum of 50 percent of their vested balance, not to exceed \$50,000 (less the highest outstanding loan balance for the one-year period ending on the day before a new loan is made minus the outstanding balance of existing loans to the participant on the date of the new loan). Both the principal and interest are repaid via payroll deductions. Interest rates range from 4.25 percent to 9 percent on all outstanding loans. The final installments are due at various dates through November 2011.

Upon death, termination of service, or attainment of age 70 ½, a participant may elect to receive either a lump-sum amount equal to the value of the participant s vested interest in his or her account, a single annuity, the purchase of a joint and survivorship annuity with various survivor options, or a series of installment payments.

Each participant s account is credited with the participant s contributions and an allocation of Plan earnings. The allocation of earnings is determined by the earnings of the participant s investment selection based on each participant s account balance, as defined in the Plan agreement. The benefit to which a participant is entitled is the benefit that can be provided from the participant s account.

The Pension Committee, appointed by the Company, serves as the Plan administrator, and the Company pays all administrative expenses of the Plan, except for a nominal holding fee charged to each participant s account. In 2005, the Plan incurred \$19,961 in trustee fees or other administrative expenses. In 2004, the Plan incurred \$5,135 in trustee fees or other administrative expenses.

Information about the Plan, including provisions for vesting, allocation of earnings, withdrawal provisions and the impact of Plan termination is contained in the Plan document and Summary Plan Description. Copies of the Summary Plan Description are available from the Company.

## NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Certain 2004 figures have been reclassified, where appropriate, to conform to the financial statement presentation used in 2005.

The financial statements of the Systems & Electronics Inc. Employee Savings Investment Plan (the Plan) are presented on the liquidation basis of accounting, except that benefits due to participants are recorded as a reduction in net assets available for Plan benefits when paid.

Investments in the Engineered Support Systems, Inc. (the Company ) common stock are stated at fair value based on the last reported sales price on December 31, 2005 and 2004, respectively. Investments in registered investment companies, including the EuroPacific Growth Fund, the Alliance Bernstein Growth & Income Fund-Class A, the Janus Twenty Fund, the Jennison Growth Fund-Class Z, the Jennison US Emerging Growth Fund-Class Z, Vanguard Morgan Growth (Admiral Class), Vanguard Total Stock Market (Admiral Class), Vanguard Windsor (Admiral Class), Vanguard Institutional Index (Institutional Class), American Funds Balanced Fund-Class A, Vanguard 500 Index-Class A, Lord Abbett Small Cap Blend-Class A, PIMCO Total Return-Class A, Vanguard International Growth Fund, Vanguard LifeStrategy Growth Fund, Vanguard LifeStrategy Income Fund, Vanguard LifeStrategy Moderate Growth Fund, Vanguard Prime Money Market Fund, Vanguard Small-Cap Index Fund, Vanguard Total Bond Market Index Fund, and Vanguard US Growth Fund are stated at the fair value of the underlying portfolio of securities as of December 31, 2005 and 2004 respectively, as determined by the respective manager. Investments in common collective trusts including the Vanguard Retirement Savings Trust (managed by Vanguard Fiduciary Trust Company, VFTC ) are stated at the fair value as of December 31, 2005 and 2004 respectively, of the underlying portfolio of securities, as determined by the respective manager. Investments in the Guaranteed Income Fund are stated at fair value, which approximates contract value (principal plus accrued interest) as of December 31, 2005 as determined by the respective manager.

Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Net realized appreciation or depreciation on security transactions represent the difference between proceeds received and cost. The Plan presents in the Statement of Changes in Net Assets Available for Plan Benefits the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near-term could materially affect the amounts reported in the Statement of Net Assets Available for Plan Benefits.

Participant loans are valued at their outstanding principal amount. These notes bear interest at a rate equal to the prime interest rate as of the effective date of the loan plus one percentage point.

Administrative expenses of the Plan are paid by the Participants.

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and changes in net assets during the reporting period. Actual results could differ from these estimates.

## NOTE C INVESTMENTS

Participants may direct the investment of their contributions among a number of investment options. The following schedule presents information regarding assets held for investments:

Eagineered Support Systems, Inc. common stock, 2576 shares in 2005 Alliance Bern Growth & Income Fund-Class A, 837 shares in 2005 Alliance Bern Growth Suft Income Fund-Class A, 837 shares in 2005 Annes View Pund, 2409 shares in 2005 Annes View Pund, 2409 shares in 2005 Alliance Growth Fund Class Z, 2408 shares in 2005 Alliance Mernd-Class A, 837 shares in 2005 Alliance Mernd-Class Z, 2408 shares in 2005 Alliance Mernd-Class A, 847 shares in 2005 Alliance Mernd-Class A, 847 shares in 2005 Alliance Mernd-Class A, 847 shares in 2005 Alliance Mernd-Class A, 848 shares in 2005 Alliance Mernd-Class A, 849 shares in 2005 Alliance Mernd-Class A, 844 shares in 2005 Alliance Mernd-Class A, 840 shares in 2004 Alliance Mernd-Class A, 840 shares in 2005 Alliance Mernd-Class A, 840 shares in 2005 Alliance Mernd-Class A, 840 shares in 2004 Alliance Mernd-Class A, 840 shares in 2005 Alliance Mernd-Class A, 840 shares in 2005 Alliance Mernd-Class A, 840 shares in 2005 Alliance Mernd-Class A, 840 shares in 2004 Allia		Decemb Fair Val	er 31, 2005 lue	December 31, 200 Fair Value	)4
Alliance Bern Growth & Income Fund-Class A, 837 shares in 2005 3,214 Janus Twenty Fund, 2402 shares in 2005 131,694 EuroPacific Growth Fund, 23,85 shares in 2005 1,207,743 * Jennison US Emerging Growth Fund Class Z, 323 shares in 2005 169,096 Jennison Growth Fund-Class Z, 323 shares in 2005 10,208,202 * Lord Abbett Small Cap Blend Fund-Class A, 79,893 shares in 2005 9,18,184 * PIMCO Total Return Fund-Class A, 87,446 shares in 2005 9,18,184 * 1,341,407 * PIMCO Total Return Fund-Class A, 87,446 shares in 2005 9,18,184 * 109,275 shares in 2005 4,296,888 * American Blanced Fund-Class A, 109,275 shares in 2005 1,947,283 * 24,242 shares in 2005 1,947,283 * 24,242 shares in 2005 4,229,688 * 109,275 shares in 2005 1,947,283 * 23,242 shares in 2005 4,229,488 * 109,275 shares in 2005 4,229,488 * 22,424 shares in 2005 4,229,488 * 23,124 shares in 2005 4,229,488 * 23,124 shares in 2005 4,427,471 * 23,124 shares in 2005 4,437 shares in 2004 1,697,933 * 1,374,501 * 23,124 shares in 2005 and 16,422 shares in 2004 5,83,736 + 23,124 shares in 2005 and 16,422 shares in 2004 4,41 * 24,324 shares in 2005 and 16,422 shares in 2004 4,41 * 24,324 shares in 2005 and 16,422 shares in 2004 4,41 * 24,324 shares in 2004 4,41 *	Engineered Support Systems, Inc.				
837 shares in 20053.2142.692 shares in 2005131,694EuroPacific Growth Fund,2.692 shares in 20051.207,743*Jennis Toen US Emerging Growth Fund Class Z,Jennis Orth Fund-Class Z,169,096Jennison Growth Fund-Class Z,2.602 shares in 20051.208,202*Lord Abbett Small Cap Blend Fund-Class A,72,008 shares in 20051.341,407*PIMCO Total Return Fund-Class A,77,446 shares in 20051.947,828*77,446 shares in 20051.947,828*77,446 shares in 20051.947,828*77,446 shares in 20051.947,828*77,446 shares in 20051.947,828*77,857 shares in 20051.947,828*78,858 shares in 20051.947,828*79,379 shares in 20051.947,828*79,379 shares in 2005 and 44,837 shares in 20041.297,900*79,348 shares in 2005 and 16,422 shares in 20041.609,793*79,348 shares in 2005 and 16,422 shares in 2004434,451*79,458 shares in 2005 and 16,422 shares in 2004433,451*79,458 shares in 2005 and 16,422 shares in 2004433,451*79,458 shares in 2004433,451**79,458 shares in 2004433,451**79,458 shares in 2004433,451**79,458 shares in 2004433,451**79,948 shares in 2004433,461**<	common stock, 2,576 shares in 2005	\$	107,272	\$	
837 shares in 20053.2142.692 shares in 2005131,694EuroPacific Growth Fund,2.692 shares in 20051.207,743*Jennis Toen US Emerging Growth Fund Class Z,Jennis Orth Fund-Class Z,169,096Jennison Growth Fund-Class Z,2.602 shares in 20051.208,202*Lord Abbett Small Cap Blend Fund-Class A,72,008 shares in 20051.341,407*PIMCO Total Return Fund-Class A,77,446 shares in 20051.947,828*77,446 shares in 20051.947,828*77,446 shares in 20051.947,828*77,446 shares in 20051.947,828*77,446 shares in 20051.947,828*77,857 shares in 20051.947,828*78,858 shares in 20051.947,828*79,379 shares in 20051.947,828*79,379 shares in 2005 and 44,837 shares in 20041.297,900*79,348 shares in 2005 and 16,422 shares in 20041.609,793*79,348 shares in 2005 and 16,422 shares in 2004434,451*79,458 shares in 2005 and 16,422 shares in 2004433,451*79,458 shares in 2005 and 16,422 shares in 2004433,451*79,458 shares in 2004433,451**79,458 shares in 2004433,451**79,458 shares in 2004433,451**79,458 shares in 2004433,451**79,948 shares in 2004433,461**<	Alliance Born Crowth & Income Fund Class A				
Janus Tventy Fund,		3 214			
2.692 shares in 2005       131,694         29.385 shares in 2005       1,207,743       *         29.385 shares in 2005       169,096          2.233 hares in 2005       169,096          2.76,08 shares in 2005       1,208,202       *         Lord Abbett Small Cap Blend Fund-Class A,           79,893 shares in 2005       1,341,407       *         PMCO Total Return Fund-Class A,           87,446 shares in 2005       1,341,407       *         70,89 shares in 2005       1,347,501       *         70,89 shares in 2005       1,947,283       *         109,275 shares in 2005       1,297,900       8 10,207         Vanguard Morgan Growth-Admiral Class,        *         2,912 shares in 2005 and 4,357 shares in 2004       1,609,793       1,374,501       *         Vanguard Total Stock Market-Admiral Class,        *       *         2,912 shares in 2004       604,711       *       *       *         Vanguard Total Stock Market-Admiral Class,		3,214			
EuroPacific Growth Fund,         1.207,743         *           29.385 shares in 2005         1.207,743         *           28.233 shares in 2005         169.096         *           2.823 shares in 2005         1.208,202         *         *           2.608 shares in 2005         1.208,202         *         *           72.608 shares in 2005         1.241,407         *         *           79.893 shares in 2005         1.341,407         *         *           87.446 shares in 2005         1.341,407         *         *           87.689 shares in 2005         1.341,407         *         *           97.698 shares in 2005         4.296,888         *         *         *           97.698 shares in 2005         1.947,283         *         *         *           97.698 shares in 2005         1.947,283         *         *         *           97.918 shares in 2005 and 4.347 shares in 2004         1.297,900         *         \$10,207         *           97.312 shares in 2005 and 16,422 shares in 2004         1.609,793         *         1.344,501         *           97.312 shares in 2004         1.609,793         *         1.344,501         *           97.312 shares in 2004         6422 share		131.60/	1		
29,385 shares in 2005       1,207,743       *         Jennison US Emerging Growth Fund Class Z,       169,096	,	151,094	7		
Description         169,096           secaral         169,096           secaral         169,096           secaral         1208,002           3cmison Growth Fund-Class Z,         1208,202           72,608 shares in 2005         1,341,407           PIMCO Total Return Fund-Class A,         7           7406 shares in 2005         1,341,407           Vanguard Institutional Index-Institutional Class,         7           37,608 shares in 2005         1,947,283           Vanguard Mustor-Admiral Class,         7           27,446 shares in 2005         1,947,283           109,275 shares in 2005         1,947,283           27,444 shares in 2005 and 44,837 shares in 2004         1,297,900           28,424 shares in 2005 and 44,837 shares in 2004         1,269,793           29,312 shares in 2005 and 44,837 shares in 2004         1,609,793           Vanguard Mustor-Admiral Class,         7           29,312 shares in 2004         583,736         472,471           Vanguard Morgan Growth Fund         604,741         7           30,205 shares in 2004         604,741         7           Vanguard LifeStrategy Income Fund         7         7           17994 shares in 2004         431,746         7           Va		1 207 7	/3 >	¢	
8,233 shares in 2005       169,096         Jennison Growth Fund-Class Z,       7,208 shares in 2005       1,208,202       *         1,208 shares in 2005       1,341,407       *         PIMCO Total Return Fund-Class A,       918,184       *         87,446 shares in 2005       918,184       *         7,689 shares in 2005       4,296,888       *         109,275 shares in 2005       1,947,283       *         109,275 shares in 2005       1,947,283       *         2,424 shares in 2005       1,947,283       *         2,424 shares in 2005 and 44,837 shares in 2004       1,297,900       *       810,207         Vanguard Mindsor-Admiral Class,       -       -       -         2,912 shares in 2005 and 44,837 shares in 2004       1,609,793       *       1,374,501       *         Vanguard Total Stock Market-Admiral Class,       -       -       -       -         2,912 shares in 2005 and 16,422 shares in 2004       604,741       -       -         Vanguard LifeStrategy Income Fund       -       -       -       -         19,458 shares in 2004       481,851       -       -       -       -         20,60 shares in 2004       481,851       -       -       - <td< td=""><td></td><td>1,207,7</td><td><del>т</del>.)</td><td></td><td></td></td<>		1,207,7	<del>т</del> .)		
Jenison Growth Fund-Class Z, 72,608 shares in 2005 1,208,202 * 1 73,893 shares in 2005 1,208,203 1,341,407 * 73,893 shares in 2005 7,689 shares in 2005 7,780 shares in 2005 7,780 shares in 2005 7,780 shares in 2004 7,780 shares in 2005 7,780 shares in 2004 7,880 shares in 2004 7,890 shares in 2004 7,800 shares in 2004 7,800 shares in 2004 7,800 shares in 2004 7,800 shares in 2004 7,80		169 096	ń		
72,008 shares in 2005       1,208,202       *         Lord Abbett Small Cap Blend Fund-Class A,       7,893 shares in 2005       1,341,407       *         PIMCO Total Return Fund-Class A,       918,184       *       *         S7,465 shares in 2005       918,184       *       *         Vanguard Institutional Index-Institutional Class,       37,689 shares in 2005       4,296,888       *         109,275 shares in 2005       1,947,283       *       *         22,424 shares in 2005 and 44,837 shares in 2004       1,947,283       *         23,125 shares in 2005 and 44,837 shares in 2004       1,297,900       * 810,207         Vanguard Mindsor-Admiral Class,       *       *         29,312 shares in 2005 and 16,422 shares in 2004       1,609,793       * 1,374,501       *         Vanguard Infernational Growth Fund       *       *       *         32,065 shares in 2004       604,741       Vanguard LifeStrategy Income Fund       *         17,994 shares in 2004       481,851       *       *         Vanguard LifeStrategy Moderate Growth Fund       *       *         0,560 shares in 2004       481,851       *       *         Vanguard LifeStrategy Growth Fund       *       *       *         0,560 shares in 2004		109,090	)		
Participant Control of Part (Part (		1 208 2	02 *	¢	
79,893 shares in 2005       1,341,407       *         PIMCO Total Return Fund-Class A,       918,184       *         87,446 shares in 2005       918,184       *         70,893 shares in 2005       4,296,888       *         American Balanced Fund-Class A,       1,947,283       *         109,275 shares in 2005 and 44,837 shares in 2004       1,947,283       *         22,424 shares in 2005 and 44,837 shares in 2004       1,297,900       * 810,207         Vanguard Windsor-Admiral Class,       2       2       *         23,12 shares in 2005 and 44,222 shares in 2004       1,609,793       * 1,374,501       *         Vanguard Total Stock Market-Admiral Class,       2       *       *       *         Vanguard Total Stock Market-Admiral Class,       583,736       472,471       *         Vanguard International Growth Fund       243,461       *       *         32,065 shares in 2004       243,461       *       *         Vanguard LifeStrategy Income Fund       *       *       *         17,994 shares in 2004       481,851       *       *         Vanguard Strategy Moderate Growth Fund       313,746       *       *         Vanguard LifeStrategy Growth Fund       439,196       *       *		1,200,2	02		
PINCO Total Return Fund-Class A,       11.911,007         87,446 shares in 2005       918,184       *         37,689 shares in 2005       4,296,888       *         37,689 shares in 2005       1,947,283       *         20,9.275 shares in 2005       1,947,283       *         22,424 shares in 2005 and 44,837 shares in 2004       1,297,900       * 810,207         29,312 shares in 2005 and 44,837 shares in 2004       1,297,900       * 810,207         29,312 shares in 2005 and 84,222 shares in 2004       1,609,793       * 1,374,501       *         19,458 shares in 2005 and 16,422 shares in 2004       583,736       472,471       *         Vanguard Market-Admiral Class,       *       *       *       *         19,458 shares in 2005 and 16,422 shares in 2004       583,736       472,471       *       <		1 3/1 /	07 >	¢	
87,446 shares in 2005       918,184       *         Vanguard Institutional Index-Institutional Class,		1,5+1,+	07		
Vanguard Institutional Index-Institutional Class,       4,296,888       *         37,689 shares in 2005       4,296,888       *         109,275 shares in 2005       1,947,283       *         Vanguard Windsor-Admiral Class,       2,2424 shares in 2005 and 44,837 shares in 2004       1,297,900       *       810,207         Vanguard Morgan Growth-Admiral Class,       2,2424 shares in 2005 and 44,837 shares in 2004       1,609,793       *       1,374,501       *         29,312 shares in 2005 and 16,422 shares in 2004       1,609,793       *       1,374,501       *         19,458 shares in 2005 and 16,422 shares in 2004       583,736       472,471       Yanguard International Growth Fund       604,741          20,065 shares in 2004       604,741       Yanguard LifeStrategy Income Fund            71,994 shares in 2004       243,461       Yanguard LifeStrategy Moderate Growth Fund       313,746          20,506 shares in 2004       313,746       Yanguard LifeStrategy Growth Fund           20,506 shares in 2004       788,680       *           20,506 shares in 2004       788,680       *           20,506 shares in 2004       788,680       *		018 18/	*	¢	
37,689 shares in 2005       4.296,888       *         American Balanced Fund-Class A,       1,947,283       *         109,275 shares in 2005       1,947,283       *         20,424 shares in 2005 and 44,837 shares in 2004       1,297,900       *       810,207         22,424 shares in 2005 and 84,222 shares in 2004       1,609,793       *       1,374,501       *         29,312 shares in 2005 and 44,837 shares in 2004       1,609,793       *       1,374,501       *         19,458 shares in 2005 and 16,422 shares in 2004       583,736       472,471       *         Vanguard Total Stock Market-Admiral Class,       *       *       *         19,458 shares in 2005 and 16,422 shares in 2004       583,736       472,471       *         Vanguard International Growth Fund       *       *       *         32,065 shares in 2004       604,741       *       *         Vanguard LifeStrategy Income Fund       *       *       *         17,999 shares in 2004       481,851       *       *         Vanguard LifeStrategy Gonservative Growth Fund       *       *       *         39,255 shares in 2004       439,196       *       *       *         Vanguard Smalt-Cap Index Fund       *       *       *		910,104	•		
37,000 Juncs in 2003       1,207,000         American Balanced Fund-Class A,       1,947,283         109,275 shares in 2005 and 44,837 shares in 2004       1,297,900       * 810,207         Vanguard Morgan Growth-Admiral Class,       29,312 shares in 2005 and 44,837 shares in 2004       1,609,793       * 1,374,501       *         29,312 shares in 2005 and 44,837 shares in 2004       1,609,793       * 1,374,501       *         29,312 shares in 2005 and 16,422 shares in 2004       583,736       472,471       *         Vanguard Total Stock Market-Admiral Class,		1 206 8	88 >	¢	
109,275 shares in 2005       1,947,283       *         Vanguard Windsor-Admiral Class,       1,297,900       *       \$10,207         Vanguard Morgan Growth-Admiral Class,       1,609,793       *       1,374,501       *         29,312 shares in 2005 and 44,837 shares in 2004       1,609,793       *       1,374,501       *         29,312 shares in 2005 and 16,422 shares in 2004       583,736       472,471       *         19,458 shares in 2005 and 16,422 shares in 2004       583,736       472,471       *         Vanguard International Growth Fund       604,741       *       *         2,005 shares in 2004       604,741       *       *       *         2,004 shares in 2004       481,851       *		4,290,0	00		
100.1000       100.1000         Vanguard Windsor-Admiral Class,       22,424 shares in 2005 and 44,837 shares in 2004       1,297,900       * 810,207         Vanguard Morgan Growth-Admiral Class,       29,312 shares in 2005 and 84,222 shares in 2004       1,609,793       * 1,374,501       *         Vanguard Total Stock Market-Admiral Class,       24345       472,471       *         19,458 shares in 2005 and 16,422 shares in 2004       583,736       472,471       *         Vanguard International Growth Fund       604,741       *       *         32,065 shares in 2004       604,741       *       *         Vanguard LifeStrategy Income Fund       243,461       *       *         Vanguard LifeStrategy Moderate Growth Fund       243,461       *       *         26,904 shares in 2004       481,851       *       *       *         20,500 shares in 2004       313,746       *       *       *       *         39,255 shares in 2004       788,680       * <td></td> <td>1 0/7 2</td> <td>83 \$</td> <td>¢</td> <td></td>		1 0/7 2	83 \$	¢	
22,424 shares in 2005 and 44,837 shares in 2004       1,297,900       * 810,207         Vanguard Morgan Growth-Admiral Class,		1,947,2	0.5		
Vanguard Morgan Growth-Admiral Class,       1,609,793       * 1,374,501       *         29,312 shares in 2005 and 84,222 shares in 2004       583,736       472,471       *         19,458 shares in 2005 and 16,422 shares in 2004       583,736       472,471       *         Vanguard International Growth Fund       604,741       *       *         32,065 shares in 2004       604,741       *       *         7,994 shares in 2004       243,461       *       *         7,994 shares in 2004       243,461       *       *         26,004 shares in 2004       481,851       *       *         26,004 shares in 2004       313,746       *       *         20,505 shares in 2004       788,680       *       *         20,505 shares in 2004       788,680       *       *         20,505 shares in 2004       788,680       *       *         20,505 shares in 2004       439,196       *       *         Vanguard LifeStrategy Growth Fund       *       *       *         39,156 shares in 2004       439,196       *       *         Vanguard Difex Fund       *       *       *       *         439,196 shares in 2004       1,250,986       *       *		1 207 0	00 *	× 810 207	
29,312 shares in 2005 and 84,222 shares in 2004       1,609,793       * 1,374,501       *         Vanguard Total Stock Market-Admiral Class,       583,736       472,471       *         19,458 shares in 2005 and 16,422 shares in 2004       583,736       472,471       *         29,458 shares in 2004 and 16,422 shares in 2004       583,736       472,471       *         20,655 shares in 2004       604,741       *       *       *         7,994 shares in 2004       243,461       *       *       *       *         26,904 shares in 2004       243,461       *		1,297,9	00	810,207	
Vanguard Total Stock Market-Admiral Class,         19,458 shares in 2005 and 16,422 shares in 2004       583,736       472,471         Vanguard International Growth Fund       32,065 shares in 2004       604,741         Vanguard LifeStrategy Income Fund       243,461         Vanguard LifeStrategy Moderate Growth Fund       243,461         Vanguard LifeStrategy Moderate Growth Fund       81,851         26,904 shares in 2004       481,851         Vanguard LifeStrategy Conservative Growth Fund       313,746         20,560 shares in 2004       313,746         Vanguard LifeStrategy Growth Fund       313,746         Vanguard LifeStrategy Growth Fund       848,851         Vanguard Prime Money Market Fund       313,746         Vanguard Small-Cap Index Fund       1004         Vanguard Small-Cap Index Fund       1004         Vanguard Total Bond Market Index Fund       10,250,986         Vanguard Total Bond Market Index Fund       10,250,986         19,458 shares in 2004       934,753         Vanguard Total Bond Market Index Fund       10,030,052         19,458 shares in 2004       934,753         Vanguard US. Growth Fund       10,030,052         13,666 shares in 2004       934,753         Vanguard US. Growth Fund       10,030,052 <tr< td=""><td></td><td>1 609 7</td><td>03 *</td><td>* 1 374 501</td><td>*</td></tr<>		1 609 7	03 *	* 1 374 501	*
19,458 shares in 2005 and 16,422 shares in 2004       583,736       472,471         Vanguard International Growth Fund		1,009,7	,,	1,374,301	
Vanguard International Growth Fund       604,741         32,055 shares in 2004       604,741         Vanguard LifeStrategy Income Fund       243,461         7,994 shares in 2004       243,461         Vanguard LifeStrategy Moderate Growth Fund       881,851         20,500 shares in 2004       481,851         Vanguard LifeStrategy Conservative Growth Fund       313,746         Vanguard LifeStrategy Growth Fund       313,746         Vanguard LifeStrategy Growth Fund       313,746         Vanguard Prime Money Market Fund       481,851         Vanguard Shares in 2004       788,680       *         Vanguard Shares in 2004       788,680       *         Vanguard Shares in 2004       439,196       *         Vanguard Shares in 2004       1,250,986       *         Vanguard Total Bond Market Index Fund       *       *         19,458 shares in 2004       934,753       *         Vanguard U.S. Growth Fund       *       *         36,662 shares in 2004       1,030,052       *         Vanguard U.S. Growth Fund       *       *         19,458 shares in 2004       1,030,052       *         Vanguard S00 Index Fund       *       *         25,886 shares in 2004       4,006,331 </td <td></td> <td>583 736</td> <td>í.</td> <td>472 471</td> <td></td>		583 736	í.	472 471	
32,065 shares in 2004       604,741         Vanguard LifeStrategy Income Fund       7.994 shares in 2004       243,461         Vanguard LifeStrategy Moderate Growth Fund       881,851         Vanguard LifeStrategy Conservative Growth Fund       813,746         20,904 shares in 2004       813,746         Vanguard LifeStrategy Growth Fund       133,746         20,560 shares in 2004       788,680       *         39,255 shares in 2004       788,680       *         Vanguard LifeStrategy Growth Fund       1,250,986       *         39,255 shares in 2004       439,196       *         Vanguard Prime Money Market Fund       439,196       *         Vanguard Small-Cap Index Fund       1,250,986       *         Vanguard Total Bond Market Index Fund       *       *         19,458 shares in 2004       934,753       *         Vanguard U.S. Growth Fund       *       *         35,886 shares in 2004       1,030,052       *         Vanguard Joo Index Fund       *       *         35,886 shares in 2004       4,006,331       *         Vanguard 500 Index Fund       *       *         35,886 shares in 2004       4,006,331       *         Vanguard 500 Index Fund       *		565,750	)	4/2,4/1	
Vanguard LifeStrategy Income Fund       243,461         17,994 shares in 2004       243,461         Vanguard LifeStrategy Moderate Growth Fund       26,904 shares in 2004       481,851         Vanguard LifeStrategy Conservative Growth Fund       313,746       20,560 shares in 2004       313,746         Vanguard LifeStrategy Growth Fund       313,746       313,746       313,746         Vanguard LifeStrategy Growth Fund       313,746       313,746       313,746         Vanguard LifeStrategy Growth Fund       313,746       313,746       313,746         Vanguard Prime Money Market Fund       313,746       313,746       313,746         Vanguard Small-Cap Index Fund       439,196       439,196       313,746         Vanguard Total Bond Market Index Fund       1,250,986       *       313,745         Vanguard Total Bond Market Index Fund       93,4,753       *       34,753       *         19,458 shares in 2004       934,753       *       33,662 shares in 2004       1,030,052       *         Vanguard 500 Index Fund       35,886 shares in 2004       4,006,331       *       35,886 shares in 2004       4,006,331       *         Total Registered Investment Companies       14,715,140       12,750,976       35,826       *       4,006,331       * <td></td> <td></td> <td></td> <td>604 741</td> <td></td>				604 741	
17,994 shares in 2004       243,461         Vanguard LifeStrategy Moderate Growth Fund       481,851         26,904 shares in 2004       481,851         Vanguard LifeStrategy Conservative Growth Fund       313,746         20,560 shares in 2004       313,746         Vanguard LifeStrategy Growth Fund       313,746         39,255 shares in 2004       788,680       *         Vanguard Prime Money Market Fund       439,196       *         439,196 shares in 2004       439,196       *         Vanguard Small-Cap Index Fund       *       *         46,644 shares in 2004       1,250,986       *         Vanguard Total Bond Market Index Fund       *       *         19,458 shares in 2004       934,753       *         Vanguard Son d 91,018 shares in 2004       934,753       *         Vanguard Son d 91,018 shares in 2004       934,753       *         Vanguard Son Index Fund       *       *         35,866 shares in 2004       4,006,331       *         Vanguard Son Index Fund       *       *         35,886 shares in 2004       4,006,331       *         Vanguard Son Index Fund       *       *       *         35,886 shares in 2004       4,006,331       *				001,711	
Vanguard LifeStrategy Moderate Growth Fund       481,851         26,904 shares in 2004       481,851         Vanguard LifeStrategy Conservative Growth Fund       313,746         20,560 shares in 2004       313,746         Vanguard LifeStrategy Growth Fund       313,746         39,255 shares in 2004       788,680       *         Vanguard Prime Money Market Fund       439,196       *         439,196 shares in 2004       439,196       *         Vanguard Small-Cap Index Fund       1,250,986       *         46,644 shares in 2004       1,250,986       *         Vanguard Total Bond Market Index Fund       *       *         19,458 shares in 2005 and 91,018 shares in 2004       934,753       *         Vanguard U.S. Growth Fund       *       *         63,662 shares in 2004       1,030,052       *         Vanguard 500 Index Fund       *       *         63,662 shares in 2004       4,006,331       *         7 total Registered Investment Companies       14,715,140       12,750,976         Guaranteed Income Fund (Note D)       2,552,207       *         Vanguard Retirement Savings Trust       1,809,824       *				243 461	
26,904 shares in 2004       481,851         Vanguard LifeStrategy Conservative Growth Fund       313,746         20,560 shares in 2004       313,746         Vanguard LifeStrategy Growth Fund       313,746         39,255 shares in 2004       788,680       *         Vanguard Prime Money Market Fund       788,680       *         439,196 shares in 2004       439,196       439,196         Vanguard Small-Cap Index Fund       4439,196       *         46,644 shares in 2004       1,250,986       *         Vanguard Total Bond Market Index Fund       *       *         19,458 shares in 2005 and 91,018 shares in 2004       934,753       *         Vanguard 500 Index Fund       *       *       *         35,886 shares in 2004       4,006,331       *         Total Registered Investment Companies       14,715,140       12,750,976         Guaranteed Income Fund (Note D)       2,552,207       *         Vanguard Retirement Savings Trust       1,809,824       *	·			213,101	
Vanguard LifeStrategy Conservative Growth Fund       313,746         20,560 shares in 2004       313,746         Vanguard LifeStrategy Growth Fund       39,255 shares in 2004       788,680       *         39,255 shares in 2004       788,680       *       439,196         Vanguard Prime Money Market Fund       439,196       439,196         Vanguard Small-Cap Index Fund       1,250,986       *         46,644 shares in 2004       1,250,986       *         Vanguard Total Bond Market Index Fund       1       1         19,458 shares in 2005 and 91,018 shares in 2004       934,753       *         Vanguard U.S. Growth Fund       1,030,052       *         63,662 shares in 2004       4,006,331       *         7 Vanguard 500 Index Fund       1       12,750,976         35,886 shares in 2004       4,006,331       *         Yanguard 500 Index Fund       12,750,976       1,809,824         8       7       1,809,824       *				481 851	
20,560 shares in 2004       313,746         Vanguard LifeStrategy Growth Fund       788,680         39,255 shares in 2004       788,680         Vanguard Prime Money Market Fund       439,196         439,196 shares in 2004       439,196         Vanguard Small-Cap Index Fund       1,250,986         46,644 shares in 2004       1,250,986         Vanguard Total Bond Market Index Fund       1         19,458 shares in 2005 and 91,018 shares in 2004       934,753         Vanguard U.S. Growth Fund       1,030,052         63,662 shares in 2004       1,030,052         Vanguard 500 Index Fund       1         35,886 shares in 2004       4,006,331         Vanguard S00 Index Fund       1         35,886 shares in 2004       4,006,331         Vanguard S00 Index Fund       1         35,886 shares in 2004       4,006,331         Vanguard S00 Index Fund       1         35,886 shares in 2004       4,006,331         Vanguard S00 Index Fund       1         35,886 shares in 2004       4,006,331         Vanguard S00 Index Fund       1         35,886 shares in 2004       4,006,331         Vanguard Retirement Companies       1,4,715,140       12,750,976         Guaranteed In				101,001	
Vanguard LifeStrategy Growth Fund       39,255 shares in 2004       788,680       *         Vanguard Prime Money Market Fund       439,196       439,196         439,196 shares in 2004       439,196       439,196         Vanguard Small-Cap Index Fund       1,250,986       *         46,644 shares in 2004       1,250,986       *         Vanguard Total Bond Market Index Fund       1       1         19,458 shares in 2005 and 91,018 shares in 2004       934,753       *         Vanguard U.S. Growth Fund       1,030,052       *         63,662 shares in 2004       1,030,052       *         Vanguard 500 Index Fund       1       1       1         35,886 shares in 2004       4,006,331       *         Total Registered Investment Companies       14,715,140       12,750,976         Guaranteed Income Fund (Note D)       2,552,207       *         Vanguard Retirement Savings Trust       1,809,824       *				313,746	
39,255 shares in 2004       788,680 *         Vanguard Prime Money Market Fund       439,196         439,196 shares in 2004       439,196         Vanguard Small-Cap Index Fund       1,250,986 *         46,644 shares in 2004       1,250,986 *         Vanguard Total Bond Market Index Fund       934,753 *         19,458 shares in 2005 and 91,018 shares in 2004       934,753 *         Vanguard U.S. Growth Fund       1,030,052 *         63,662 shares in 2004       1,030,052 *         Vanguard 500 Index Fund       1         35,886 shares in 2004       4,006,331 *         Total Registered Investment Companies       14,715,140       12,750,976         Guaranteed Income Fund (Note D)       2,552,207 *       *         Vanguard Retirement Savings Trust       1,809,824 *       *				010,710	
Vanguard Prime Money Market Fund       439,196         439,196 shares in 2004       439,196         Vanguard Small-Cap Index Fund       1,250,986         46,644 shares in 2004       1,250,986         Vanguard Total Bond Market Index Fund       934,753         19,458 shares in 2005 and 91,018 shares in 2004       934,753         Vanguard U.S. Growth Fund       1,030,052         63,662 shares in 2004       1,030,052         Vanguard 500 Index Fund       1         35,886 shares in 2004       4,006,331         Total Registered Investment Companies       14,715,140       12,750,976         Guaranteed Income Fund (Note D)       2,552,207       *         Vanguard Retirement Savings Trust       1,809,824       *	0 00			788.680	*
439,196 shares in 2004       439,196         Vanguard Small-Cap Index Fund       1,250,986         46,644 shares in 2004       1,250,986         Vanguard Total Bond Market Index Fund       934,753         19,458 shares in 2005 and 91,018 shares in 2004       934,753         Vanguard U.S. Growth Fund       1,030,052         63,662 shares in 2004       1,030,052         Vanguard 500 Index Fund       1         35,886 shares in 2004       4,006,331         Vanguard Super Investment Companies       14,715,140       12,750,976         Guaranteed Income Fund (Note D)       2,552,207       *         Vanguard Retirement Savings Trust       1,809,824       *				,00,000	
Vanguard Small-Cap Index Fund       1,250,986       *         46,644 shares in 2004       1,250,986       *         Vanguard Total Bond Market Index Fund       934,753       *         19,458 shares in 2005 and 91,018 shares in 2004       934,753       *         Vanguard U.S. Growth Fund       1,030,052       *         63,662 shares in 2004       1,030,052       *         Vanguard 500 Index Fund       4,006,331       *         35,886 shares in 2004       4,006,331       *         Total Registered Investment Companies       14,715,140       12,750,976         Guaranteed Income Fund (Note D)       2,552,207       *         Vanguard Retirement Savings Trust       1,809,824       *				439,196	
46,644 shares in 2004       1,250,986       *         Vanguard Total Bond Market Index Fund         19,458 shares in 2005 and 91,018 shares in 2004       934,753       *         Vanguard U.S. Growth Fund         63,662 shares in 2004       1,030,052       *         Vanguard 500 Index Fund         35,886 shares in 2004       4,006,331       *         Total Registered Investment Companies       14,715,140       12,750,976         Guaranteed Income Fund (Note D)       2,552,207       *         Vanguard Retirement Savings Trust       1,809,824       *					
Vanguard Total Bond Market Index Fund       934,753         19,458 shares in 2005 and 91,018 shares in 2004       934,753         Vanguard U.S. Growth Fund       934,753         63,662 shares in 2004       1,030,052         Vanguard 500 Index Fund       4,006,331         35,886 shares in 2004       4,006,331         Total Registered Investment Companies       14,715,140       12,750,976         Guaranteed Income Fund (Note D)       2,552,207       *         Vanguard Retirement Savings Trust       1,809,824       *				1.250.986	*
19,458 shares in 2005 and 91,018 shares in 2004       934,753       *         Vanguard U.S. Growth Fund         63,662 shares in 2004       1,030,052       *         Vanguard 500 Index Fund         35,886 shares in 2004       4,006,331       *         Total Registered Investment Companies       14,715,140       12,750,976         Guaranteed Income Fund (Note D)       2,552,207       *         Vanguard Retirement Savings Trust       1,809,824       *				, - ,	
Vanguard U.S. Growth Fund       1,030,052       *         63,662 shares in 2004       1,030,052       *         Vanguard 500 Index Fund       4,006,331       *         35,886 shares in 2004       4,006,331       *         Total Registered Investment Companies       14,715,140       12,750,976         Guaranteed Income Fund (Note D)       2,552,207       *         Vanguard Retirement Savings Trust       1,809,824       *				934.753	*
63,662 shares in 2004       1,030,052       *         Vanguard 500 Index Fund       4,006,331       *         35,886 shares in 2004       4,006,331       *         Total Registered Investment Companies       14,715,140       12,750,976         Guaranteed Income Fund (Note D)       2,552,207       *         Vanguard Retirement Savings Trust       1,809,824       *					
Vanguard 500 Index Fund         4,006,331         *           35,886 shares in 2004         4,006,331         *           Total Registered Investment Companies         14,715,140         12,750,976           Guaranteed Income Fund (Note D)         2,552,207         *           Vanguard Retirement Savings Trust         1,809,824         *				1,030,052	*
35,886 shares in 2004       4,006,331       *         Total Registered Investment Companies       14,715,140       12,750,976         Guaranteed Income Fund (Note D)       2,552,207       *         Vanguard Retirement Savings Trust       1,809,824       *					
Guaranteed Income Fund (Note D)2,552,207*Vanguard Retirement Savings Trust1,809,824*				4,006,331	*
Guaranteed Income Fund (Note D)2,552,207*Vanguard Retirement Savings Trust1,809,824*					
Vanguard Retirement Savings Trust 1,809,824 *		14,715,	140	12,750,976	
		2,552,2	07 *	k	
<b>Participant loans</b> 193,680 189,778				1,809,824	*
	Participant loans	193,680	)	189,778	

Total		\$	17,568,299	\$ 14,750,578
*	Represents investments that are greater than 5% of plan assets at the beginning of the p	olan ve	ar	

The Company has established a Pension Committee to oversee the activities of the Plan and has appointed the Vice President of Finance as the Plan Administrator. Prudential Insurance Company of America (Prudential) is the Trustee for the Plan and the Plan recordkeeper. Prior to May 2, 2005, VFTC was the Trustee for the Plan and Plan recordkeeper. During 2005 and 2004, the Plan s investments (including investments bought, sold, and held during the year) appreciated in value as follows:

	2005	2004
Engineered Support Systems, Inc. Common Stock	\$ 14,728	\$
Stable Value Fund	72,291	
Common Collective Trust	24,541	
Registered Investment Companies	894,483	1,267,396
	\$ 1,006,043	\$ 1,267,396

## NOTE D INVESTMENT IN THE GUARANTEED INCOME FUND

In 2005, the Plan began investing in the Guaranteed Income Fund (GIF), a group annuity product issued by Prudential Retirement Insurance and Annuity Company (PRIAC). PRIAC guarantees an interest rate, which is declared in advance and in effect for six months. The guaranteed interest rate is based on an agreed-upon formula with PRIAC, but is guaranteed to not fall below 1.5%. The guaranteed interest rate in effect at December 31, 2005, was 3.85%. The GIF is fully benefit responsive. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. At the financial statement date, the GIF was recorded at fair value which equals contract value.

### NOTE E INCOME TAX STATUS

The Plan received a favorable letter of determination from the Internal Revenue Service dated February 24, 2006 indicating compliance with section 401(a) of the Internal Revenue Code and tax exemption under the provisions of section 501(a). Therefore, it is the opinion of the Plan Administrator that, as of December 31, 2005, the Plan is in compliance with section 401(a) of the Internal Revenue Code and is exempt under the provisions of section 501(a). Thus, provision for a federal income tax is not required in the accompanying financial statements.

### NOTE F - RELATED PARTY AND PARTY-IN-INTEREST

The Company, as Plan administrator and sponsor, is a related party to the Plan. At December 31, 2005 and 2004, the Plan held shares of Company common stock with a market value of \$107,272 and \$0, respectively. For the year ended December 31, 2005, the Plan purchased \$101,231 and sold \$8,687 of Company common stock. For the year ended December 31, 2004, the Plan did not hold any Company common stock.

Certain Plan investments are shares of mutual funds managed by an affiliate of VFTC and by Prudential. Prudential is and VFTC was, a Trustee as defined by the Plan and, therefore, the transactions resulting in these balances are exempt party-in-interest transactions under Section 408(b)(8) of ERISA and the regulations promulgated thereunder.

## NOTE G NEW ACCOUNTING PRONOUNCEMENT

In December 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) AAG INV-1 and SOP 94-4-1 *Reporting of Fully Benefit-Responsive-Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans*, which affects defined contribution pension plans that hold fully benefit-responsive investment contracts. The FSP is effective for all investment contracts as of the last day of the annual period ending after December 15, 2006. The Plan will implement the new accounting standard for the year ending December 31, 2006 and will apply the standard retrospectively to the year ended December 31, 2005, if applicable.

## NOTE H SUBSEQUENT EVENTS

The Board of Directors has advised the Trustees that they have entered into an Agreement and Plan of Merger with DRS Technologies, Inc. (DRS) and Maxco, Inc. dated September 21, 2005 (the Merger Agreement) under which all of the Sponsor's shares of stock (including those held by the Plan) were exchanged for shares of DRS and cash on January 31, 2006.

As required by the Merger Agreement, the Company amended the Plan to provide for its termination effective January 30, 2006. On May 1, 2006, the Plan submitted an application to the IRS for a favorable determination on the termination of the Plan. Upon receipt of the favorable determination, participants will direct the distribution of their accounts.

## NOTE I PLAN TERMINATION

The Company has exercised its right under the Plan to discontinue employee contributions as of February 1, 2006, pursuant to the Plan termination and subject to the provisions of ERISA

## Report of Independent Registered Public Accounting Firm on Supplementary Information

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held at end of year is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ RubinBrown LLP

September 12, 2006

## SYSTEMS & ELECTRONICS INC.

## EMPLOYEE SAVINGS INVESTMENT PLAN

Schedule I

EIN: 43-1275001

Plan Number: 321

#### Schedule of Assets Held at End of Year

December 31, 2005

(a)	Identity of Issue (b)	Description of Investment (c)	Cost** (d)		Current Va (e)	lue
	Company Stock, common					
*	Engineered Support Systems, Inc.	Common Stock \$.01 par value	\$	93,454	\$	107,272
	Registered Investment Companies		101,231		107,272	
	Alliance Bern Growth & Income Fund		,		,	
	Class A -	Large-cap value equity mutual fund	3,159		3,214	
	Janus Twenty Fund	Large-cap growth equity mutual	129,292		131,694	
	EuroPacific Growth Fund	Non-U.S. equity mutual fund	1,072,887		1,207,743	
	Jennison US Emerging Growth Fund-Class Z	Mid-cap growth equity mutual fund	164,290		169,096	
	Jennison Growth Fund-Class Z	Large-cap growth equity mutual	1,018,173		1,208,202	
	Lord Abbett Small Cap Blend- Class A	Small-cap growth equity fund	1,235,485		1,341,407	
	PIMCO Total Return Fund Class A	Intermediate-term bond mutual	935,051		918,184	
	Vanguard Institutional Index Fund Institutional	Large-cap blend equity mutual	1 2 4 6 5 5 2		4 207 000	
	Class		4,346,553		4,296,888	
	Vanguard Windsor-Admiral Class	Large cap value equity fund	1,302,609		1,297,900	
	American Balanced Fund-Class A	Moderate allocation mutual fund	1,927,687		1,947,283	
	Vanguard Morgan Growth Admiral Class	Mid- and Large-Cap equity fund	1,619,173		1,609,793	
	Vanguard Total Stock Market Admiral Class	Large-cap blend equity fund	586,850		583,736	
			14,341,209		14,715,14	)
*	Prudential Guaranteed Income Fund	Stable value fund	2,552,207		2,552,207	
	Participant Loans	Loans to Plan participants bearing interest rates from 4.25% to 9.07% due at various dates through November				
		2011	193,680		193,680	
		Total	\$ 17,	180,550	\$ 1 <sup>′</sup>	7,568,299

\* Represents a party-in-interest.

\*\* Value represents historical cost.

The above information is required disclosure for IRS Form 5500, Schedule H, Part IV, line 4.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date:

October 12, 2006

SYSTEMS & ELECTRONICS INC. EMPLOYEE SAVINGS INVESTMENT PLAN

/s/ Richard A. Schneider Richard A. Schneider Executive Vice President & Chief Financial Officer of DRS Technologies, Inc. and Member of the Pension Committee of the Plan