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ENGINEERED SUPPORT SYSTEMS INC
Form DEF 14A
August 19, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A
(RULE 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934

Filed by the Registrant |
Filed by a Party other than the Registrant | |

Check the appropriate box:

- | | Preliminary Proxy Statement
- | | Confidential, for Use of the Commission Only (as permitted by
Rule 14a-6(e) (2))
- | X | Definitive Proxy Statement
- | | Definitive Additional Materials
- | | Soliciting Material Pursuant to Rule 14a-12

ENGINEERED SUPPORT SYSTEMS, INC.
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

- | X | No fee required.
- | | Fee computed on table below per Exchange Act Rules 14a-6(i) (1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total Fee paid:
- | | Fee paid previously with preliminary materials.
- | | Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a) (2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

NOTICE OF SPECIAL MEETING
OF SHAREHOLDERS OF
ENGINEERED SUPPORT SYSTEMS, INC.

St. Louis, Missouri

August 23, 2004

To the Shareholders of Engineered Support Systems, Inc.:

A Special Meeting of the Shareholders of Engineered Support Systems, Inc. ("ESSI" or "Company") will be held at the headquarters of the Company, 201 Evans Lane, St. Louis, Missouri 63121 on Wednesday, September 15, 2004 at 10:00 a.m., local time, for the purpose of considering and voting upon the following matters:

1. The approval of a proposed amendment to Article Three of the Company's Articles of Incorporation to increase the number of authorized shares of common stock from 30,000,000 to 85,000,000;
2. The approval of the Engineered Support Systems, Inc. Executive Incentive Performance Plan;
3. To grant to the proxyholders the authority to vote in their discretion with respect to the approval of any proposal to postpone or adjourn the Special Meeting to a later date to solicit additional proxies in favor of the approval of the amendment of the Company's Articles of Incorporation and/or the approval of the Engineered Support Systems, Inc. Executive Incentive Performance Plan if there are not sufficient votes for approval of both proposals at the Special Meeting; and
4. To transact such other business, if any, as lawfully may be brought before the meeting or any adjournment thereof.

A proxy statement and proxy accompany this Notice of the Special Meeting of the Shareholders.

We encourage all shareholders to attend the Special Meeting at the headquarters of the Company, 201 Evans Lane, St. Louis, Missouri 63121. For security purposes, if you plan to attend, you must notify the Secretary of the Company of your intent to do so by September 13, 2004 by checking the appropriate box of the proxy or by mail to the address indicated above.

ENGINEERED SUPPORT SYSTEMS, INC.

/s/ Gerald A. Potthoff

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Gerald A. Potthoff
Vice Chairman, Chief Executive Officer
and President

EVEN IF YOU PLAN TO ATTEND THE MEETING, PLEASE EXECUTE THE ENCLOSED PROXY AND MAIL IT PROMPTLY. A RETURN ENVELOPE, WHICH DOES NOT REQUIRE POSTAGE IF MAILED IN THE UNITED STATES, IS ENCLOSED FOR YOUR CONVENIENCE. THE PROXY SHOULD BE RETURNED BY SEPTEMBER 13, 2004 IN THE ENCLOSED ENVELOPE TO ENSURE THAT YOUR VOTE IS COUNTED AT THE SPECIAL MEETING.

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ENGINEERED SUPPORT SYSTEMS, INC.
201 EVANS LANE
ST. LOUIS, MISSOURI 63121

PROXY STATEMENT
FOR THE
SPECIAL MEETING OF THE SHAREHOLDERS
TO BE HELD ON SEPTEMBER 15, 2004

THIS PROXY STATEMENT, WHICH IS BEING MAILED TO SHAREHOLDERS ON, OR ABOUT, AUGUST 23, 2004, IS PROVIDED IN CONJUNCTION WITH THE SOLICITATION OF PROXIES BY THE BOARD OF DIRECTORS OF ENGINEERED SUPPORT SYSTEMS, INC. ("ESSI" OR "COMPANY") FOR USE AT THE SPECIAL MEETING OF THE SHAREHOLDERS OF THE COMPANY TO BE HELD ON SEPTEMBER 15, 2004 AT 10:00 A.M. LOCAL TIME AT THE HEADQUARTERS OF THE COMPANY, 201 EVANS LANE, ST. LOUIS, MISSOURI 63121. THE NOTICE OF MEETING AND THE PROXY ARE ENCLOSED IN THIS PACKAGE. THE PROXY SHOULD BE RETURNED BY SEPTEMBER 13, 2004 IN THE ENCLOSED SELF-ADDRESSED, POSTAGE PREPAID, ENVELOPE. FOR SECURITY PURPOSES, IF YOU PLAN TO ATTEND THE SPECIAL MEETING, YOU MUST NOTIFY THE SECRETARY OF THE COMPANY OF YOUR INTENT TO DO SO BY SEPTEMBER 13, 2004.

PROXY

The accompanying proxy is being solicited on behalf of the Board of Directors of the Company to be used at the Special Meeting of the Shareholders.

The shares represented by each executed proxy will be voted at the meeting in accordance with the instructions contained in the proxy. If the Company receives an executed proxy that contains no instructions, the shares covered by the proxy will be voted in accordance with the Board of Directors' recommendations as follows:

1. "FOR" the approval of the proposed amendment to Article Three of the Company's Articles of Incorporation to increase the

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number of authorized shares of common stock from 30,000,000 to 85,000,000;

2. "FOR" the approval of the Engineered Support Systems, Inc. Executive Incentive Performance Plan;
3. "FOR" the approval of any proposal to postpone or adjourn the Special Meeting to a later date to solicit additional proxies in favor of the approval of the proposed amendment to the Company's Articles of Incorporation and/or the Engineered Support Systems, Inc. Executive Incentive Performance Plan if there are not sufficient votes for approval of both proposals at the Special Meeting; and
4. At the discretion of those individuals named in the enclosed proxy, on any other matter that may lawfully be brought before the meeting or any adjournment thereof.

The Company will pay the reasonable expenses associated with its solicitation of the proxies for the meeting. These expenses include the cost of preparing, assembling and mailing the Notice of Special Meeting of Shareholders, the proxy, the proxy statement and the return envelopes, as well as the cost of handling and tabulating the number of proxies received, and the reasonable fees which brokerage houses, other institutions, nominees or fiduciaries customarily charge to forward the aforementioned material to the beneficial owners.

RIGHT OF REVOCATION

Any shareholder executing a proxy for the meeting may revoke the proxy by written notice of revocation delivered or mailed to, and received by, the Secretary of the Company at 201 Evans Lane, St. Louis, Missouri 63121 prior to the time the proxy is voted.

VOTING RIGHTS

The shareholders of record at the close of business on August 2, 2004 are entitled to vote at the Special Meeting of the Shareholders or any adjournments or postponements thereof. Shares covered by proxies properly executed by the Company's shareholders of record on August 2, 2004 will be voted as specified on the proxy and will be voted on all business to be voted upon at the Special Meeting of the Shareholders and any adjournment thereof. Each share is entitled to one vote. As of July 23, 2004, there were 26,561,829 shares of common stock outstanding and entitled to vote.

VOTE REQUIRED

A quorum is required for the transaction of business at the Special Meeting. Attendance at the meeting in person or by proxy of holders of a majority of the issued and outstanding shares entitled to vote at the Special Meeting will constitute a quorum. Shares represented by properly executed proxies, including proxies which direct that the shares be voted to abstain or withhold a vote on a matter, will be counted for purposes of determining whether a quorum exists. Broker non-votes will be counted for

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purposes of determining whether a quorum exists only if those shares are voted on a matter presented at the meeting. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

Under applicable law, the vote required for the approval of the amendment to the Company's Articles of Incorporation is a majority of the issued and outstanding common stock. The vote required for the approval of the Engineered Support Systems, Inc. Executive Incentive Performance Plan is a majority of shares represented at the Special Meeting.

BENEFICIAL OWNERSHIP OF COMMON STOCK OF THE COMPANY

The table below sets forth the number of shares of common stock (the only class of outstanding securities of the Company) known by the Company to be beneficially owned by each 5% or greater shareholder as of July 23, 2004.

NAME AND ADDRESS OF BENEFICIAL OWNER -----	SHARES OF COMMON STOCK BENEFICIALLY OWNED -----	PERCENT OF S OUTSTANDI -----
Neuberger Berman, Inc. 605 Third Avenue New York, NY 10158	3,110,289 (2)	11.7%
Barclays Global Investors, N.A. 45 Fremont Street San Francisco, CA 94105	2,315,324 (3)	8.7%