

NEW AMERICA ENERGY CORP.
Form 10-K
December 02, 2010

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

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended August 31, 2010

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT

For the transition period from _____ to _____

Commission file number: 333-138189

New America Energy Corp.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation or
organization)

N/A
(I.R.S. Employer Identification No.)

5614C Burbank Road SE,
Calgary, Alberta
(Address of principal executive offices)

T2H 1Z4
(Zip Code)

Registrant's telephone number: 1-800-508-6149

Securities registered under Section 12(b) of the Exchange Act:

Title of each class	Name of each exchange on which registered
none	not applicable

Securities registered under Section 12(g) of the Exchange Act:

Title of each class
none

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the proceeding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter. Not available

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date. 2,150,000 as of November 5, 2010.

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PART I

Item 1. Business

Company Overview

We were incorporated as “Atheron, Inc.” in the State of Nevada on May 8, 2006. We are engaged in the business of developing a technology for ethanol-methanol gasoline which is prepared from light, oil, naphtha, straight-run gasoline and key additives.

We are in the business of developing a technology for ethanol-methanol gasoline which is prepared from light oil, naphtha, straight-run gasoline and key additives (our “Product”). Our mixed gasoline formula is not yet completed and will require further research and development before it is ready for commercial use. Once developed, we intend to license our formula initially in the Philippines, and if demand warrants, into China and other countries in Asia.

Since our inception, we have been attempting to raise money to complete our Product, but have not been able to secure the funds necessary to do so. The lack of funds and the present economy have prevented that from happening. As we have been unable to raise the capital necessary to develop and market our Product, we have recently been engaged in a search for other business opportunities which may benefit our shareholders and allow us to raise capital and operate. Recent negotiations with what we believe is a more viable business opportunity leads us to believe that we will be revising our business plan and focus over the next quarter. Moving forward in this direction, we have changed our management, company name and recently conducted a forward stock split of our outstanding shares. If this opportunity does not develop, however, we will continue to both seek new opportunities and look for capital to develop our Product.

We are a development stage company and have not generated any sales to date. We are in the initial stages of developing our formula, have very limited cash resources and are in need of substantial additional capital to execute our business plan.

We believe our mixed gasoline formula will offer a number of advantages over existing gasoline products. Our formula should provide better miscibility than traditional gasoline. Miscibility refers to the property of various substances, liquids in particular, to be mixed together and form a homogenous material. The greater the miscibility in gasoline, the cleaner it will burn, resulting in better overall engine performance and cleaner pistons, rings, plugs and exhaust ports. In addition, we believe our formula will have a lower evaporation rate. A main ingredient in gasoline is ethanol, which evaporates easily. An excessive amount of unburned evaporated fuel tends to result in higher quantities of smog in the atmosphere. Our formula is designed to prevent an excessive amount of evaporation.

We also believe our product will prevent premature detonation, or “knocking,” in the engine. Lead was previously used as an effective anti-knocking agent by increasing the fuel’s octane rating. Our formula uses anti-knocking additives that similarly increase the octane rating for greater efficiency and power. Our formula is expected to have higher stability. When gasoline is stagnant for a certain period of time, gums and varnishes tend to build up and precipitate in the gasoline, causing what is known as “stale fuel.” This results in buildup in the cylinders and fuel lines, complicating engine start-up. A stabilizer, which will be used in our formula, is expected to help prevent buildup and extend the life of the engine.

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Finally, we believe our mixed gasoline formula will cost less to consumers than traditional gasoline. We believe that our mixed gasoline formula will help alleviate the burden on the consuming public. We plan to license our formula initially in the Philippines, and then branch off to other nations if demand grows. The regular gas price at the pump in the Philippines is about \$3 per gallon similar to that in United States, only the GDP per capita in the Philippines is only 3% of that in the United States, so an increase in gas prices has a more drastic impact in the Philippines than in the United States. President Macapagal-Arroyo warned that rising oil prices threaten the country's foreign exchange reserves as well as its energy supply. With these repercussions in place, we are hopeful that our low-cost mixed gasoline formula will have a positive impact in the Filipino market.

We are a development stage company and have not generated any sales to date. We are in the initial stages of developing our formula, have very limited cash resources and are in need of substantial additional capital to execute our business plan. For these and other reasons, our independent auditors have raised substantial doubt about our ability to continue as a going concern.

How Gasoline is Made

Gasoline is a mixture of hydrocarbons blended with a few additives to meet the performance needs of automobile engines. The major raw material for gasoline is crude oil, which contains numerous compounds ranging from methane to those having 85 carbon atoms. Gasoline can be produced by distilling crude oil. This is accomplished by maintaining the crude oil at high temperatures until the different oil components, or "fractions" as they are called, reach boiling point and vaporize. Some of the major crude oil fractions obtained upon initial distillation are "light ends," such as propane and butane; straight run gasoline, the higher boiling part of which is sometimes called naphtha; kerosene; diesel fuel; heating oil; and lubricating oils.

Several refinery processes have developed to produce the blending factions used to make gasoline. Simple distillation converts approximately 10 percent of a barrel of crude oil to gasoline. A process known as "cracking," a breaking down of heavy oil fractions under high temperatures and pressures, converts about 25 percent of a barrel of crude oil to gasoline. In catalytic cracking, a process where oil is fed into a reaction vessel containing a catalyst, even higher percentages of gasoline are produced from crude oil. In "reforming," the gasoline fraction is mixed with hydrogen and heated with a catalyst, causing a rearrangement of its molecular structure.

Gasoline is usually blended from straight run gasoline, reformate, alkylate, and some butane. A number of additives are blended into gasoline. Some are used to reduce oxidation and tarnish formation. Alcohols are used to inhibit icing and corrosion processes. Finally, detergents are used to remove deposits resulting from combustion from the engine and fuel injectors.

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Important Measures for Gasoline

Two important measures for gasoline are the Reid vapor pressure (RVP) and the octane number. Gasoline has to be volatile enough to vaporize and mix with air to burn, but one problem is that the vapor pressure can go up or down with a change in temperature or with altitude. Summer months require a lower RVP so that gasoline does not evaporate before it combusts in a gasoline engine. Winter months require a higher RVP so that gasoline does not vapor lock before combusts. One way to control vapor pressure is by adding more or less butane.

The octane number of gasoline tells you how much the fuel can be compressed before it spontaneously ignites. Lower octane fuels can handle less compression before igniting. Octane is, therefore, an important measure of gasoline because they help provide smoother combustion in the car's cylinders and prevent knocking. Knocking, the pinging noise sometimes heard from an engine, is caused by irregular pressure waves inside a cylinder that arise from non-uniform combustion. Unchecked, knocking can crack the cylinder heads or pistons and destroy an engine.

Our Mixed Gasoline Formula

Our core technology is a formula of ethanol-methanol gasoline which is prepared from light oil, naphtha, straight-run gasoline, and key additives. As opposed to traditional gasoline, its advantages are improved miscibility, anti-knock characteristics, anti-corrosion properties, and stability, along with proper evaporation properties, and lower cost to consumers.

Our mixed gasoline formula consists mainly of the following ingredients:

- § Light oil, naphtha, straight-run gasoline: 70-80%
- § Ethanol: 8-20%
- § Methyl alcohol: 2-10%
- § Isobutyl alcohol: 1-6%
- § Carbon nine solvent naphtha: 3-8%
- § Methylnaphthalene: 0.2-1%
- § Dimethyl ether: 1-5%
- § Nitrobenzene: 0.5-3.4%
- § Mixed benzene: 1-2%
- § Dispersing agent: 0.3-0.8%
- § Antiseptic: 0.2-0.8%
- § Lauryl benzene sulfonic acid: 0.02-0.03%
- § Anti-knocking compound: 0.03-0.06%
- § C5 Petroleum Resins: 2-8%

Straight-Run Gasoline

Gasoline produced by the direct distillation of crude oil is known as straight-run gasoline. It is usually distilled continuously, which separates the gasoline from the other fractions of the oil having higher boiling points, such as kerosene and heating oil. The range of temperatures in which gasoline boils and is distilled off is roughly between 38° and 205° C (100° and 400° F). The yield of gasoline from this process varies from about 1 percent to about 50 percent, depending on the crude oil and the process used.

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Naphtha

Naphtha is a group of various volatile flammable liquid hydrocarbon mixtures used primarily as either feedstock for petrochemical cracking or gasoline reforming and blending. Naphtha is a highly volatile product, manufactured from crude oil by distillation and by catalytic cracking of heavy residues. Naphtha is obtained from petroleum refineries as a small percentage (around 4%) of the distillation of crude oil. It is an intermediate between the lighter gasoline and the heavier fractions.

Methyl Alcohol

Methyl alcohol is commonly called Methanol or wood alcohol. Methanol is used in the production of a variety of chemical derivatives and in the production of methyl tertiary butyl ether (MTBE), an oxygenate and an octane enhancer for gasoline. In the United States, MTBE has been substantially removed from gasoline for environmental reasons. MTBE is currently more economical than many other components of gasoline and this has caused strong demand for MTBE outside of the United States. To date, the net loss of methanol demand as a result of the changes occurring to gasoline formulations in the United States has had a relatively minor impact on the global methanol market.

Ethanol

Ethanol is a chemical produced by the fermentation of sugars found in grains and other biomass. Ethanol can be produced from a number of different types of grains, such as wheat and sorghum, as well as from agricultural waste products such as sugar, rice hulls, cheese whey, potato waste, brewery and beverage wastes, and forestry and paper wastes.

Ethanol has many industrial uses. Pertinent to our business, ethanol can be used as a fuel component that serves as an octane enhancer in fuels, an oxygenated fuel additive that can reduce carbon monoxide vehicle emissions, and a non-petroleum-based gasoline extender.

C9 Solvent Naphtha

This ingredient consists mainly of aromatic hydrocarbons, including benzene and the alkyl derivatives of benzene. Hydrocarbons are molecules consisting of atoms of carbon and hydrogen. Benzene has the elemental composition C₆H₆ and is a flat, six-membered ring with three carbon-carbon double bonds. Aromatic hydrocarbons are important components of petroleum and its refined products. The name “aromatic” for these hydrocarbons comes from the fact that many have a strong, pungent aroma. Among the most important aromatic petroleum hydrocarbons in our formula are benzene and its derivatives (alkylbenzenes) toluene (methylbenzene) and xylenes (dimethylbenzenes).

C5 Petroleum Resins

Petroleum resin is a kind of thermal plasticizing resin produced in the refining process. Petroleum resins are mainly used for adhesives, marking paints, and synthetic rubbers, but are also used in gasoline blending process.

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Isobutyl Alcohol

Isobutyl Alcohol, as known as Isobutanol, is a colorless, flammable, organic compound. It is classified as an alcohol, and, as such, it is widely used as a solvent in chemical reactions, as well as being a useful starting material for organic synthesis.

Isobutanol is produced naturally during the fermentation of carbohydrates. It may also be a by-product of the decay process of organic matter. The main use of Isobutanol is as starting material in the manufacture of isobutyl acetate, which is mostly used in the production of lacquer and similar coatings. For our purposes, it is used as a gasoline additive for spark-ignition engines where it helps to prevent carburetor icing.

Dimethyl Ether

Dimethyl ether is colorless gaseous ether with an ethereal odor. It is often used as an aerosol spray propellant. Dimethyl ether is also a clean-burning alternative to liquified petroleum gas, liquified natural gas, diesel gas and gasoline. It can be made from natural gas, coal, or biomass.

Nitrobenzene

Nitrobenzene is an industrial chemical. It is an oily yellow liquid with an almond-like odor. It dissolves only slightly in water and will evaporate to air. Nitrobenzene is used to produce lubricating oils such as those used in motors and machinery. A small amount of nitrobenzene is used in the manufacture of dyes, drugs, pesticides, and synthetic rubber.

Methylnaphthalene

Methylnaphthalene (C₁₁H₁₀ or C₁₀H₇) is a colorless liquid oil. It does not dissolve in water, but it will dissolve in ethanol, ethyl ether, and most organic solvents. It is used for organic synthesis.

Research and Development

Our Chief Technology Officer and one of our directors, Mr. Rey Supera, has conducted numerous experiments with regards to this mixed gasoline formula. Mr. Rey Supera has been a long-time researcher in the petrochemical industry, focusing particularly on the use of additives in gasoline products. At this time, he has concluded that our formula will work with acceptable experimental results. However, we are continually refining our formula to reduce emissions and prevent engine damage. We plan to continue conducting experiments on our formula to achieve a product that will rival traditional gasoline products. Our current experimental results, explained in the table below, include emission and damage testing of our formula compared with traditional gasoline.

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Serial	Examination project	Unit	Regular Gas Specification	Target Examination result	
1	Octane value	/	>=90	90	
2	Temperature 10% of Evaporation	C	<=70	66	
	Evaporation 20%	C	<=120	93	
	Evaporation 50%	C	<=190	185	
	Evaporation Stop point	C	<=205	200	
	Left content	%	<=2	2.1	
3	Steam Barometric Pressure	March 16 – September 15	KPa	<=74	70
		September 16 – March 15	KPa	<=88	82
4	Sol	Mg/100ml	<=5	5	
5	Sheet copper corrosion (50C, 3h)	/	<=1	1	
6	Water-soluble acid and alkali	/	No	No	
7	Mechanical impurity	/	No	No	
8	Water content	m/m	<=0.15	0.16	

Our target examination results in the next 12 months consist of the following:

Serial	Examination project	Unit	Regular Gas Specification	Target Examination result	
1	Octane value	/	>=90	91	
2	Temperature 10% of Evaporation	C	<=70	56	
	Evaporation 20%	C	<=120	90	
	Evaporation 50%	C	<=190	165	
	Evaporation Stop point	C	<=205	190	
	Left content	%	<=2	1	
3	Steam Barometric Pressure	March 16 – September 15	KPa	<=74	65
		September 16 – March 15	KPa	<=88	78
4	Sol	Mg/100ml	<=5	4	
5	Sheet copper corrosion (50C, 3h)	/	<=1	1	
6	Water-soluble acid and alkali	/	No	No	

7	Mechanical impurity	/	No	No
8	Water content	m/m	<=0.15	0.13

As August 31, 2010, we have not spent any money on research and development. Much of the work in this area has been provided by Mr. Rey Supera free of charge. Our projected research and development expenses will be around \$30,000 in the next 12 months. Currently, we have two employees dedicated to research and development. We believe that new and timely development of products and technologies is important to our competitive position in the market and intend to continue to invest in research and development activities.

Present stage of development

Our Chief Technology Officer and one of our directors, Mr. Rey Supera, has conducted numerous experiments of our gasoline formula. However, we have not yet completed the development of our formula. We do not feel that our examination results are sufficient to begin producing, marketing, and selling our Product. Our target results are listed in the table above. We expect to complete experimentation and become commercially available at the end of 2010.

To remain competitive in the mixed gasoline industry, we must continue to develop highly effective and efficient key components. Our current technologies are based on the initial research activities conducted by Rey Supera. The costs associated with our research and development activities are not borne by customers since do not have any customers, nor will we have any customers until the completion of the development of our mixed gasoline technology. We will either raise more funds from investors or borrow from existing directors to cover our projected research and development expenses.

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Key Success Factors

Strategy

Our goal is for our mixed gasoline formula to become a leading formula in the market. In order to achieve our goal, we intend to increase awareness of our products with potential customers, such as major gasoline suppliers. We intend to do this by engaging in the following:

- à Attending Oil Gas Technology Trade Meetings, Promotional Events and Conferences: We plan to attend a number of events attended by biotech institutions in order to further expose our products. These events will include biotech trade meetings and promotional events which are attended by oil gas companies and related seminars and conferences.
- à Promoting through Internet-Based and Traditional Media Advertising: We intend to use Internet-based and traditional media to promote our technology and products directly to petro chemical companies. We believe that by increasing our consumer base we will attract petro chemical companies to use our mixed gasoline formula.

Our anticipated costs to implement the strategy for the next 12 months are estimated as follows:

- à travel - \$5,000
- à marketing - \$10,000
- à research and development - \$30,000

We intend to obtain funds to cover these costs by private equity fundraising or shareholder's loans, although we are not able to guarantee that funds will be available or on terms that are favorable to our company or at all. We hope that we will start to receive revenues by sale or license of mixed gasoline formula to petro chemical companies before the end of 2010.

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Skilled Management Team

We intend to expand our current management to retain skilled directors, officers and employees with experience relevant to our business focus. Our current management team is highly skilled in technical areas such as researching and developing our technologies, but not as skilled in areas such as marketing and business management. Obtaining the assistance of individuals with in-depth knowledge of operations, technology and markets will allow us to build market share more effectively.

Competition

We are not aware of any competitors in Philippines that are developing a competing mixed gasoline formula. However, we face a significant amount of competition in the gasoline industry in general.

Patents and Intellectual Property

Our formula comes from ingredients commonly used and available to the public. However, we believe our formula has advantages above that of traditional gasoline products. We are in the process of researching patent rights, and we are not aware of anyone in Philippines having any patents, trademarks and/or copyright protection for the technologies and any proprietary rights to these technologies. We believe that the formula developed by us should be protected. In order to protect our products we plan to apply for patent protection and/or copyright protection in the United States, Philippines and other jurisdictions, and will require purchasers of our products to enter (4) Mr. Powell is a Managing Director of The Carlyle Group and a Managing Director of Iron Horse and a member of TCG Holdings, L.L.C. (5) Mr. Harris is a Managing Director and the Chief Financial Officer of The Carlyle Group and a member of TCG Holdings, L.L.C. (6) Mrs. Hall is the sister of Mr. Conway and Mr. Hall is Mr. Conway's brother-in-law.

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**Certain U.S. Federal Income Tax Consequences
For Non-U.S. Holders**

The following summary describes the material U.S. federal income tax consequences relating to the purchase, ownership and disposition of the common stock applicable to non-U.S. holders, as defined below. This summary is based on the Internal Revenue Code of 1986, as amended, or the Code, and Treasury regulations promulgated thereunder, administrative pronouncements and judicial decisions, changes to any of which subsequent to the date of this prospectus supplement may affect the tax consequences described herein. We undertake no obligation to update this tax summary in the future. This summary applies only to non-U.S. holders that will hold the common stock as capital assets within the meaning of Section 1221 of the Code. It does not purport to be a complete analysis of all the potential tax consequences that may be material to a non-U.S. holder based on his or her particular tax situation. This summary does not address tax consequences applicable to non-U.S. holders that may be subject to special tax rules, such as banks, financial institutions, tax-exempt organizations, pension funds, insurance companies or dealers in securities or foreign currencies, persons that have a functional currency other than the U.S. Dollar, controlled foreign corporations, passive foreign investment companies, foreign personal holding companies, certain former citizens of the United States, corporations that accumulate earnings to avoid U.S. federal income tax, or persons holding our common stock as part of a hedge, straddle, conversion or other risk reduction transaction. Such persons should consult their own tax advisors to determine the U.S. federal tax consequences that may be relevant to them. This discussion does not address the tax treatment of partnerships or persons who hold their interests through partnerships or other pass-through entities. If you are a partner in a partnership holding our common stock, you should consult your tax advisor regarding the tax consequences of the ownership and disposition of our common stock. This discussion does not consider the effect of any applicable state, local, foreign or other tax laws, including gift and estate tax laws.

When we refer to a non-U.S. holder, we mean a beneficial owner of common stock that for U.S. federal income tax purposes, is other than:

a citizen or resident of the United States, as determined for U.S. federal income tax purposes;

a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any State thereof or the District of Columbia;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust that is subject to the primary supervision of a U.S. court and to the control of one or more U.S. persons, or that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

Taxation of Distributions and Dispositions

Distributions on Common Stock

In general, if distributions were made with respect to our common stock, such distributions would be treated as dividends to the extent of our current and accumulated earnings and profits as determined under the Code. Any portion of a distribution that exceeds our current and accumulated earnings and profits will first be applied to reduce the non-U.S. holder's basis in common stock, and, to the extent such portion exceeds the non-U.S. holder's basis, the excess will be treated as gain from the disposition of the common stock, the tax treatment of which is discussed below under Dispositions of Common Stock.

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Generally, dividends paid to a non-U.S. holder will be subject to U.S. withholding tax at a 30% rate, subject to the two following exceptions:

Dividends effectively connected with a trade or business of a non-U.S. holder within the United States generally will not be subject to withholding if the non-U.S. holder complies with applicable IRS certification requirements and generally will be subject to U.S. federal income tax on a net income basis at regular rates. In the case of a non-U.S. holder that is a corporation, such effectively connected income also may be subject to the branch profits tax at a 30% rate (or such lower rate as may be prescribed by an applicable tax treaty).

The withholding tax might not apply, or might apply at a reduced rate, under the terms of an applicable tax treaty. Under Treasury regulations, to obtain a reduced rate of withholding under a tax treaty, a non-U.S. holder generally will be required to satisfy applicable certification and other requirements.

A non-U.S. holder of common stock eligible for a reduced rate of U.S. withholding tax may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the Internal Revenue Service.

Dispositions of Common Stock

Generally, a non-U.S. holder will not be subject to U.S. federal income tax with respect to gain recognized upon the disposition of such holder's shares of common stock unless:

the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met;

such gain is effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States or, if certain tax treaties apply, the gain is effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States and is attributable to a U.S. permanent establishment (or a fixed base in the case of an individual) maintained by the non-U.S. holder; or

we are or have been a U.S. real property holding corporation for U.S. federal income tax purposes and, assuming that our common stock is deemed to be regularly traded on an established securities market, the non-U.S. holder held, directly or indirectly at any time during the five-year period ending on the date of disposition or such shorter period that such shares were held, more than five percent of our common stock.

An individual non-U.S. holder described in the first bullet point above will be subject to a flat 30% tax on the gain derived from the sale, which may be offset against U.S. source capital losses (even though the individual is not considered a resident of the United States). A non-U.S. holder described in the second bullet point above will be subject to tax on the gain derived from the sale under regular graduated U.S. federal income tax rates and, if it is a corporation, may be subject to the branch profits tax at a rate equal to 30% (or such lower rate as may be prescribed by an applicable treaty).

We do not believe we have been or currently are, and we do not currently anticipate becoming, a U.S. real property holding corporation for U.S. federal income tax purposes.

Information Reporting and Backup Withholding

Information Reporting

We must report annually to the Internal Revenue Service, or IRS, and to each non-U.S. holder the entire amount of any distribution irrespective of any estimate of the portion of the distribution that represents a taxable dividend paid to such holder and the tax withheld with respect to such distribution regardless of whether withholding was required. Copies of the information returns

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reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty.

The payment of proceeds from the sale of common stock by a broker to a non-U.S. holder is generally not subject to information reporting if:

the beneficial owner of the common stock certifies its non-U.S. status under penalties of perjury, or otherwise establishes an exemption; or

the sale of the common stock is effected outside the United States by a foreign office, unless the broker is:

a U.S. person as defined in the Code;

a foreign person that derives 50% or more of its gross income for certain periods from activities that are effectively connected with the conduct of a trade or business in the United States;

a controlled foreign corporation for U.S. federal income tax purposes; or

a foreign partnership, if, at any time during its tax year, one or more of its partners are U.S. persons as defined in Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership or if, at any time during its tax year, the foreign partnership is engaged in a U.S. trade or business.

Backup Withholding

Dividends paid to a non-U.S. holder of common stock generally will be exempt from backup withholding if the non-U.S. holder provides a properly executed IRS Form W-8BEN or otherwise establishes an exemption. The payment of proceeds from a disposition of common stock effected by a non-U.S. holder outside the United States by or through a foreign office or a broker generally will not be subject to backup withholding. Payment of the proceeds from a disposition by a non-U.S. holder of common stock made by or through the U.S. office of a broker is generally not subject to backup withholding if the non-U.S. holder provides a properly executed IRS Form W-8BEN or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amount withheld from a payment to a non-U.S. holder under these rules will be allowed as a credit against such holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that the required information is furnished timely to the IRS.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a holder's particular situation. Potential investors should consult their own tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of the common stock, including the tax consequences under U.S. federal, state, local, foreign and other tax laws, including gift and estate tax laws, and the possible effects of changes in federal or other tax laws.

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Underwriting

J.P. Morgan Securities Inc. is the sole underwriter of this offering. Subject to the terms and conditions contained in the underwriting agreement dated April 26, 2004, the selling stockholders identified in this prospectus supplement have agreed to sell to JPMorgan, and JPMorgan has agreed to purchase, 4,535,571 of our common shares currently held by such selling stockholders.

The underwriting agreement provides that JPMorgan is obligated to purchase all the common shares in the offering if any are purchased.

JPMorgan is offering the common shares, subject to prior sale, when, as and if sold to and accepted by it, subject to approval of legal matters by its counsel, including the validity of the shares, and other conditions contained in the underwriting agreement, such as the receipt by JPMorgan of officers' certificates and legal opinions. JPMorgan reserves the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

JPMorgan will initially offer to sell the shares to the public at the offering price shown on the cover page of this prospectus supplement. If all of the shares are not sold at the offering price shown on the cover of this prospectus supplement, JPMorgan may vary the public offering price and other selling terms.

The expenses of the offering payable by us, not including the underwriting discount, are estimated at \$100,000.

In connection with this offering, JPMorgan may engage in transactions that stabilize, maintain or otherwise affect the price of the common shares. JPMorgan may bid for, and purchase, common shares in the open market to stabilize the price of the common shares above independent market levels. JPMorgan is not required to engage in these activities, and may end any of these activities at any time.

The common shares are listed on the New York Stock Exchange under the symbol UDI.

Other relationships

In the ordinary course of their respective businesses, JPMorgan and its affiliates have engaged, and may in the future engage, in commercial and/or investment banking transactions with us and our affiliates. They have received customary fees and commissions for these transactions. JPMorgan acted as a Joint Book-Running Manager in connection with the July 2003 offering by certain selling stockholders of our common stock and as the sole underwriter in connection with the October 2003 and February 2004 offerings by certain selling stockholders of our common stock.

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Legal matters

The validity of the shares of common stock offered hereby will be passed upon for us and the selling stockholders by Latham & Watkins LLP, 555 Eleventh Street, N.W. Suite 1000, Washington, D.C. 20004. Weil, Gotshal & Manges LLP, advised the underwriter in connection with this offering.

Experts

The consolidated financial statements and schedules of United Defense Industries, Inc. as of December 31, 2003 and 2002, and for each of the three years in the period ended December 31, 2003, incorporated by reference in this prospectus from United Defense Industries, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2003, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon incorporated by reference herein which, as to the year ended December 31, 2001, is based in part on the reports of Arthur Andersen & Co. and A.A. Aktif Analiz Serbest Muhasebecilik Mali Musavirlik Anonim Sirketi, Member of Andersen Worldwide, independent auditors who have both ceased operations. The financial statements and schedules referred to above are incorporated by reference herein in reliance upon such reports given on the authority of such firms as experts in accounting and auditing.

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PROSPECTUS

12,000,000 Shares

United Defense Industries, Inc.

Common Stock

The stockholder named in this prospectus and some of our other stockholders may sell up to 12,000,000 shares of our common stock under this prospectus and any prospectus supplement. In the prospectus supplement relating to such sales, we will identify each selling stockholder and the number of shares of our common stock that each selling stockholder will be selling.

Our common stock is listed on the New York Stock Exchange under the symbol UDI. On December 4, 2003, the last sale price of our common stock as reported on the New York Stock Exchange was \$33.10.

Investing in our securities involves risks. See Risk Factors on page 1 for factors that you should consider before investing in shares of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of the prospectus. A representation to the contrary is a criminal offense.

The date of this prospectus is January 8, 2004.

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We have not authorized any dealer, salesman or other person to give any information or to make any representation other than those contained or incorporated by reference in this prospectus and the accompanying supplement to this prospectus. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus or the accompanying prospectus supplement. This prospectus and the accompanying supplement to this prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate, nor does this prospectus and the accompanying supplement to this prospectus constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information contained in this prospectus and the supplement to this prospectus is accurate as of the dates on their covers. When we deliver this prospectus or a supplement or make a sale pursuant to this prospectus or a supplement, we are not implying that the information is current as of the date of the delivery or sale.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the U.S. Securities and Exchange Commission, utilizing a shelf registration process. Under this shelf registration process, certain of our stockholders may sell up to 12,000,000 shares of our common stock in one or more offerings. This prospectus provides you with a general description of the securities the selling stockholders may offer. Each time any selling stockholder sells securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading **Where To Find Additional Information**.

Unless the context requires otherwise, **United Defense**, **we**, **us**, **our**, or similar terms refers to United Defense Industries, Inc., and its direct and indirect subsidiaries on a consolidated basis.

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THE COMPANY

Overview

United Defense is a leader in the design, development and production of combat vehicles, artillery, naval guns, missile launchers and precision munitions used by the U.S. Department of Defense and more than 40 foreign militaries, and is the largest U.S. provider of non-nuclear ship repair, modernization and conversion services to the U.S. Navy and related government agencies. For many of our key DoD programs, we are the sole-source prime contractor and systems integrator. We conduct global operations through our manufacturing facilities in the United States and Sweden, through our ship repair facilities in Virginia, California, Hawaii, Florida and Texas, through a manufacturing joint venture in Turkey, and through co-production programs with various other governments and foreign contractors.

We are a sole-source contractor and systems integrator on several programs comprising critical elements of the U.S. military force structure. We have an installed base of over 100,000 combat vehicles and 100,000 weapon systems currently in use by the U.S. Department of Defense and allied militaries. Our over 60 years of experience has led to strong customer relationships, proprietary technologies, a diversified product portfolio, disciplined program management and a competitive cost structure. We had revenues of approximately \$1.7 billion for the year ended December 31, 2002 and approximately \$1.5 billion for the nine-month period ended September 30, 2003. As of September 30, 2003, we had a funded backlog of approximately \$2.2 billion.

We are incorporated in Delaware, our principal executive offices are located at 1525 Wilson Boulevard, Suite 700, Arlington, Virginia 22209, and our telephone number is (703) 312-6100.

RISK FACTORS

An investment in our securities involves risks. In addition to the other information included in, or incorporated by reference into, this prospectus, you should carefully consider the risk factors in any applicable prospectus supplement when determining whether or not to purchase the securities offered under this prospectus and the prospectus supplement.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the documents that we incorporate by reference herein, contains, in addition to historical information, statements by us with respect to our expectations regarding financial results and other aspects of our business that involve risks and uncertainties and may constitute forward-looking statements with the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements reflect our current views and are based on certain assumptions. Actual results could differ materially from those currently anticipated as a result of a number of factors, including, in particular, the likelihood of our success in developing and expanding our business and the realization of sales from our backlog.

These important factors are discussed in more detail under the heading "Risk Factors" in United Defense Industries, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2002, in this prospectus and in any accompanying prospectus supplements and in other documents the Registrants may file with the Commission and which will be incorporated by reference herein. You may obtain copies of these documents as described under "Where To Find More Information" in this prospectus.

We assume no obligation to update any forward-looking statements as a result of new information or future events or developments, except as required under federal securities laws. Investors are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this prospectus or, in the case of any document we incorporate by reference, the date of such document.

Investors also should understand that it is not possible to predict or identify all factors and should not consider the risks set forth above to be a complete statement of all potential risks and uncertainties. If the expectations or assumptions underlying our forward-looking statements prove inaccurate or if risks or uncertainties arise, actual results could differ materially from those predicted in any forward-looking statement.

Table of Contents**USE OF PROCEEDS**

We are registering the shares of our common stock offered by this prospectus or an applicable supplement for the account of the selling stockholders identified in the section of this prospectus or an applicable supplement entitled Selling Stockholders. All of the net proceeds from the sale of our common stock by this prospectus or an applicable supplement will go to the selling stockholders who offer and sell their shares of our common stock. We will not receive any part of the proceeds from the sale of these shares.

SELLING STOCKHOLDERS

Approximately 21.5% of our common stock is owned by The Carlyle Group. Carlyle may sell pursuant to this prospectus or any prospectus supplement some or all of its shares of our common stock that it beneficially owns.

The table below presents certain information regarding the beneficial ownership of our common stock outstanding as of November 28, 2003 by Carlyle.

Name of Beneficial Owner	Shares Owned Prior to the Offering		Shares Being Sold in the Offering	Shares Owned After the Offering	
	Number	Percentage		Number	Percentage
TCG Holdings, L.L.C.(1)	11,222,672	21.5%			%

(1) Carlyle Partners II, L.P., a Delaware limited partnership, Carlyle Partners III, L.P., a Delaware limited partnership, Carlyle International Partners II, L.P., a Cayman Islands limited partnership, Carlyle International Partners III, L.P., a Cayman Islands limited partnership, and certain additional partnerships formed by Carlyle (collectively, the Investment Partnerships) and certain investors with respect to which TC Group, L.L.C. or an affiliate exercises investment discretion and management constitute all of the members of Iron Horse Investors, L.L.C., the record owner of these shares. TC Group, L.L.C. exercises investment discretion and control over the shares held by the Investment Partnerships directly through its capacity as the sole general partner of certain of the Investment Partnerships or indirectly through its wholly-owned subsidiary TC Group II, L.L.C., the sole general partner of certain of the Investment Partnerships. TCG Holdings, L.L.C., a Delaware limited liability company, is the sole managing member of TC Group, L.L.C. William E. Conway, Jr., Daniel A. D Aniello, and David M. Rubenstein, as the managing members of TCG Holdings, L.L.C., may be deemed to share beneficial ownership of the shares shown as beneficially owned by TCG Holdings, L.L.C. Such persons disclaim such beneficial ownership. The address of The Carlyle Group is: 1001 Pennsylvania Avenue, NW, Washington, D.C. 20004.

In addition, our directors, executive officers, former directors, employees, former employees, certain employee benefit plans and/or other holders of our common stock may, together with the selling stockholder identified above, sell up to 12,000,000 shares of our common stock pursuant to this prospectus. The prospectus supplement for any offering of the common stock by selling stockholders will include the following information:

the names of the selling stockholders;

the nature of any position, office or other material relationship which each selling stockholder has had within the last three years with us or any of our predecessors or affiliates;

the number of shares held by each of the selling stockholders before the offering;

the percentage of the common stock held by each of the selling stockholders after the offering; and

the number of shares of our common stock offered by each of the selling stockholders.

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PLAN OF DISTRIBUTION

We are registering 12,000,000 shares of our common stock on behalf of the selling stockholders. The selling stockholders and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of common stock offered hereby or in the applicable prospectus supplement on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The selling stockholders may use any one or more of the following methods when selling shares:

ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

block trades in which the broker-dealer will attempt to sell the shares as an agent but may position and resell a portion of the block as principal to facilitate the transaction;

purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

an exchange distribution in accordance with the rules of the applicable exchange;

privately negotiated transactions;

short sales;

broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;

a combination of any such methods of sale; and

any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares under Rule 144 under the Securities Act of 1933, if available, rather than under this prospectus.

Any selling stockholder may also, from time to time, authorize dealers, acting as our agents, to offer and sell shares upon the terms and conditions set forth in the applicable prospectus supplement. In connection with the sale of shares of common stock, we or any selling stockholder, or the purchasers of shares for whom the underwriters may act as agents, may compensate underwriters in the form of underwriting discounts or commissions. Underwriters may sell the shares to or through dealers, and those dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agent. Unless otherwise indicated in a prospectus supplement, an agent will be acting on a best efforts basis and a dealer will purchase shares as a principal, and may then resell the shares at varying prices to be determined by the dealer.

We will describe in the applicable prospectus supplement any compensation we or any selling stockholder pays to underwriters or agents in connection with the offering of shares of common stock, and any discounts, concessions or commissions allowed by underwriters to participating dealers. Dealers and agents participating in the distribution of shares may be deemed to be underwriters, and any discounts and commissions received by them and any profit realized by them on resale of the shares may be deemed to be underwriting discounts and commissions. We or any selling stockholder may enter into agreements to indemnify underwriters, dealers and agents against certain civil liabilities, including liabilities under the Securities Act, and to reimburse these persons for certain expenses.

To facilitate the offering of shares of common stock, certain persons participating in the offering may engage in transactions that stabilize, maintain, or otherwise affect the price of the shares. This may include over-allotments or short sales of the shares, which involve the sale by persons participating in the offering of more shares than the selling stockholders sold to them. In these circumstances, these persons would cover such over-allotments or short positions by making purchases in the open market or by exercising their over-allotment option, if any. In addition, these persons may stabilize or maintain the price of the shares of common stock by bidding for or purchasing shares in the open market or by imposing penalty bids, whereby selling concessions allowed to dealers participating in the offering may be reclaimed if shares sold by them are repurchased in connection with stabilization transactions. The effect of these transactions may be to stabilize or maintain the

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market price of the shares of common stock at a level above that which might otherwise prevail in the open market. These transactions may be discontinued at any time.

Certain of the underwriters, dealers or agents and their associates may engage in transactions with and perform services for us in the ordinary course of their business for which they receive compensation.

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LEGAL MATTERS

The legality of our common stock offered by this prospectus will be passed upon by Latham & Watkins LLP, Washington, D.C. Any underwriters will be advised about the other issues relating to any offering by their own legal counsel.

EXPERTS

The consolidated financial statements and schedule of United Defense Industries, Inc. as of December 31, 2002 and 2001, and for each of the three years in the period ended December 31, 2002, incorporated by reference in this prospectus from United Defense Industries, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2002, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon incorporated by reference herein which, as to the year ended December 31, 2001, is based in part on the reports of Arthur Andersen & Co. and A.A. Aktif Analiz Serbest Muhasebecilik Mali Musavirlik Anonim Sirketi, Member of Andersen Worldwide, independent auditors. The financial statements and schedule referred to above are incorporated by reference herein in reliance upon such reports given on the authority of such firms as experts in accounting and auditing.

WHERE TO FIND ADDITIONAL INFORMATION

We have filed a registration statement and related exhibits with the Commission under the Securities Act of 1933, as amended. The registration statement contains additional information about us and our common stock. We also file annual, quarterly and current reports, proxy statements and other information with the Commission pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, which we refer to collectively as the Exchange Act. You may read and copy any document we file with the Commission at the Commission's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the Commission at 1-800-SEC-0330 for further information on the public reference room. Our Commission filings are also available to the public at the Commission's web site at <http://www.sec.gov>.

The Commission allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to documents containing that information. The information incorporated by reference is an important part of this prospectus and is considered to be part of this prospectus, and information that we file with the Commission subsequent to the date of this prospectus will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the Commission under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until our offering is completed or terminated, other than those portions of such documents described in paragraphs (i), (k) and (l) of Item 402 of Regulation S-K promulgated by the Commission.

United Defense's Annual Report on Form 10-K for the fiscal year ended December 31, 2002, filed March 14, 2003;

United Defense's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2003, filed August 5, 2003;

United Defense's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2003, filed May 2, 2003;

United Defense's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003, filed November 7, 2003;

United Defense's Proxy Statement relating to the annual meeting held on May 28, 2003, filed April 25, 2003;

United Defense's Current Report on Form 8-K, filed August 6, 2003;

United Defense's Current Report on Form 8-K, filed November 7, 2003; and

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The description of our common stock contained in our Registration Statement on Form 8-A, filed on December 31, 2001.
You may request a copy of these filings at no cost, by writing or telephoning us at the following address:

Investor Relations

United Defense Industries, Inc.
1525 Wilson Boulevard, Suite 700
Arlington, Virginia 22209
(703) 312-6100

You may also obtain copies of these filings, at no cost, by accessing our website at *uniteddefense.com*; however, the information found on our website is not considered part of this prospectus.

You should rely only on the information incorporated by reference or provided in this prospectus and any supplement. We have not authorized anyone else to provide you with different information.

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4,535,571 Shares

Common shares

Prospectus Supplement

JPMorgan

April 26, 2004

You should rely only on the information contained in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus supplement and the accompanying prospectus. We are offering to sell, and seeking offers to buy, common shares only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date of this prospectus supplement and the accompanying prospectus, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or of any sale of our common shares.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the common shares or possession or distribution of this prospectus supplement and the accompanying prospectus in that jurisdiction. Persons who come into possession of this prospectus supplement and the accompanying prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus supplement and the accompanying prospectus applicable to that jurisdiction.
