

SECURITIES AND EXCHANGE COMMISSION

AMENDMENT NO. 3

TO  
FORM S-1  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

MANTECH INTERNATIONAL CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware

7373

22-1852179

(State or other jurisdiction  
of incorporation or organization)

(Primary Standard Industrial Classification  
Code Number)

(I.R.S. Employer  
Identification No.)

ManTech International Corporation  
12015 Lee Jackson Highway  
Fairfax, VA 22033-3300  
(703) 218-6000

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

George J. Pedersen  
Chairman, Chief Executive Officer  
and President  
ManTech International Corporation  
12015 Lee Jackson Highway  
Fairfax, VA 22033-3300  
(703) 218-6000  
Fax: (703) 218-6301

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

Copies to:

John F. Olson                      Robert G. Robison  
Ronald O. Mueller                Sharon L. Ferko  
Gibson, Dunn & Crutcher LLP    Morgan Lewis & Bockius LLP  
1050 Connecticut Avenue, N.W.    101 Park Avenue  
Washington, D.C. 20036            New York, NY 10178  
(202) 955-8500                      (212) 309-6000  
Fax: (202) 467-0539                Fax: (212) 309-6273

Approximate date of commencement of proposed sale to the public: As soon as  
practicable after this registration statement becomes effective.

If any of the securities being registered on this form are to be offered on a  
delayed or continuous basis pursuant to Rule 415 under the Securities Act of  
1933, check the following box.

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

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434,  
check the following box.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
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Class A common stock, \$0.01 par value per share      \$110,400,000      \$24,693

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(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(o).

(2) Includes shares issuable upon exercise of the underwriters' over-allotment option.

(3) Reflects an increase in the proposed maximum aggregate offering price.

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

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 30, 2002.

[GRAPHIC]

Mantech Logo 12.5 PICA

6,000,000 Shares

ManTech International Corporation

Class A Common Stock

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We are offering 5,666,667 shares of our Class A common stock and the selling stockholder identified in this prospectus is offering 333,333 shares of our Class A common stock through a syndicate of underwriters. The underwriters also have an option to purchase up to an additional 900,000 shares of Class A common stock from us and the selling stockholder solely to cover over-allotments. We will not receive any of the proceeds from the sale of shares by the selling stockholder.

This is our initial public offering. The initial public offering price of our Class A common stock is expected to be between \$14.00 and \$16.00 per share. We are applying to list our Class A common stock on The Nasdaq Stock Market's National Market under the symbol "MANT."

Investing in our common stock involves risks. See "Risk Factors" beginning on page 7.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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	Per Share Total	
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Public offering price.....	\$	\$
Underwriting discount.....	\$	\$
Proceeds to us (before expenses).....	\$	\$
Proceeds to selling stockholder (before expenses)	\$	\$

The underwriters expect to deliver the shares to purchasers on or about , 2002.

Jefferies & Company, Inc.

Legg Mason Wood Walker  
Incorporated

BB&T Capital Markets

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The date of this prospectus is , 2002.

1. Inside Left Page:

The ManTech logo is positioned in the upper left corner of the page, written in solid black lettering blending into white-on-red lettering, divided with horizontal white lines. Beneath the logo is a caption reading, "Supporting U.S. Intelligence Community and Department of Defense Customers in Responding to the Challenges of Emerging Global Threats."

The lower right one-third of the page is solid red in the shape of a half circle with three photos positioned in outlined circles in the center of the red section against a white background. Above the circles a caption reads, "Managing Technology for a Changing World" in which the word "World" curves around the first quarter of the right-hand circle.

The left circle contains a picture of a satellite ground station. Beneath this circle a caption reads "Secure Systems and Infrastructure Solutions." The center circle contains a picture of a CD ROM with an image of binary code superimposed in light blue. Beneath this circle a caption reads, "Information Technology Solutions." The right circle contains a picture of the Hubble Space Telescope taken from space. Beneath this circle a caption reads, "Systems Engineering Solutions."

Centered at the bottom of the page is the text "ManTech International Corporation."

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Through and including \_\_\_\_\_, 2002, which is the 25th day after the date of this prospectus, all dealers effecting transactions in the Class A common stock, whether or not participating in this distribution, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments.

You should rely only on the information contained in this document. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

## PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary may not contain all of the information that you should consider before deciding to invest in our Class A common stock. We urge you to read this entire prospectus carefully, including the "Risk Factors" section and our consolidated financial statements and the notes to those statements. Unless otherwise indicated, information presented in this prospectus assumes no exercise of the underwriters' over-allotment option and assumes the occurrence of the transactions described in "Transactions Prior to the Offering" on page 6.

### ManTech International Corporation

ManTech International Corporation delivers a broad array of information technology and technical services solutions to U.S. federal government customers, focusing primarily on critical national defense programs for the intelligence community and Department of Defense. We design, develop, procure, implement, operate, test and maintain mission-critical, enterprise information technology and communication systems and infrastructures for federal government customers in the United States and 28 countries worldwide. More than 1,700 of our nearly 3,500 employees hold government security clearances, including over 600 with access to Top Secret Sensitive Compartmented Information, allowing us to work with our customers in highly classified environments and at front-line deployments. We have established and maintain long-standing, successful relationships with our customers, having supported many of them for 15 to 30 years. Given the critical nature of many of our services and our close relationships with our customers, we are often called upon to support our customers as they respond to crisis situations around the world.

We provide comprehensive information technology and technical services solutions, separately or in combination, to our customers by drawing upon three principal areas of expertise: secure systems and infrastructure; information technology; and systems engineering. In some cases, our work under a single contract draws upon two or all three of our areas of expertise. We provide these solutions for sophisticated airborne, shipboard, satellite and tactical and strategic land-based communication and information systems and intelligence-processing activities.

- . As part of our secure systems and infrastructure solutions, we conduct vulnerability assessments of critical infrastructures that enable our customers to identify evolving foreign and domestic threats, which may include espionage, terrorist activities and other intelligence operations, to quantify exposure to these threats and to implement prudent countermeasures. We also design, implement and maintain secure communication systems, computer networks and other information assurance programs, and develop and integrate signal processing systems that assist our government customers in their intelligence gathering activities.
- . As part of our information technology solutions, we integrate diverse technologies into customized systems that meet a variety of customer needs. We design and implement electronic data interchange systems and network infrastructures that help sustain or extend our customers' existing proprietary or legacy systems and provide enhanced capabilities based on new technology platforms. We also provide systems support for customers' critical information management systems.
- . As part of our systems engineering solutions, we analyze and assist in designing, developing, integrating and installing hardware and software for communication, intelligence, electronic

warfare and information systems. We also test and certify complex military systems hardware and software and orbital payloads and perform a variety of environmental research and testing functions for federal government customers.

Since our founding in 1968, we have grown from supplying engineering services to the U.S. Navy to providing sophisticated information technology and technical services solutions to a wide range of federal government customers. For both the year ended December 31, 2000 and the nine months ended September 30, 2001, approximately 84.0% of our revenues were derived from our customers in the intelligence community and Department of Defense. Among our intelligence community customers are a number of the 13 federal agencies and departments that the government identifies as being part of the U.S. intelligence community, including the Department of State, the Department of Energy and a number of the branches of the military within the Department of Defense. Our other Department of Defense customers include the Office of the Secretary of Defense, the Army, Navy, Air Force and Marine Corps, and a number of joint military commands.

We also provide comprehensive information technology and technical services solutions to federal government civilian agencies, including the National Aeronautics and Space Administration (NASA), the Environmental Protection Agency (EPA) and the Departments of Justice, Commerce and Energy. Additionally, we provide business enterprise solutions to state and local governments and database conversion solutions to commercial customers.

#### Our Market Opportunity

The federal government has consistently increased spending on information technology each year since 1980 and is the largest purchaser of these services and products. According to Input, an independent market research firm, this trend of increased spending is expected to continue over the next five years as federal government spending on information technology increases from \$36.4 billion in 2001 to \$60.3 billion in 2006, a compound annual growth rate of 10.6%. Moreover, this data may not fully reflect government spending on complementary technical services, which include sophisticated systems engineering and testing services. We believe that strong growth opportunities exist for information technology and technical services providers who serve the government market because the federal government is:

- . Increasing defense spending focused on C4I (command, control, communication, computers and intelligence), homeland defense and intelligence activities;
- . Adopting commercialized procurement methods that promote the use of efficient contracting vehicles, such as government- or agency-wide pricing schedule contracts that are negotiated and awarded by the General Service Administration (GSA) and other central contracting authorities;
- . Increasing reliance on technology service providers to deliver cost-effective solutions and to address staffing challenges facing the government; and
- . Focusing on modernizing proprietary legacy information technology and communication infrastructures.

#### Our Approach

We seek to address the requirements of our customers in the intelligence community and Department of Defense through our:

- . Comprehensive technology-based solutions;

- . Expertise in the migration, integration, optimization and maintenance of proprietary legacy systems used by the federal government and ability to enhance the interoperability and accessibility of critical enterprise data;
- . More than 1,700 employees with government security clearances, which are required for work on classified programs for the intelligence community and Department of Defense;
- . Proven track record of fulfilling our customers' requirements, demonstrated by our many long-standing customer relationships; and
- . Extensive experience of our management team and advisory board members in supporting our customers in the intelligence community and Department of Defense.

As part of your evaluation of us, you should take into account the risks we face in our business and not solely our business approach and strategy. Because our business is substantially dependent upon contracts with the U.S. federal government, we are subject to a number of risks that arise from the way in which the U.S. federal government conducts business. For example, as a government contractor, our operations are subject to complex government procurement laws and regulations and may be affected by government-favorable provisions that are included in our contracts with the government, and our operations are subject to government audits and to shifts in government spending priorities. Because of the labor-intensive nature of our work, we must recruit and retain skilled employees, many of whom must obtain and maintain security clearances, and our business may be harmed if our employees do not properly perform their jobs. In addition, we depend on relationships and the reputation of members of our management team and advisory board to maintain good customer relationships and identify new business opportunities. You should also be aware that there are various risks involved in investing in our common stock. For more information about these and other risks, see "Risk Factors" beginning on page 7. You should carefully consider all of the risk factors together with all of the other information included in this prospectus.

#### Our Strategy

Our objective is to profitably grow our business as a premier provider of comprehensive information technology and technical services solutions to the federal government, focusing primarily on customers in the intelligence community and Department of Defense. To achieve our objective, we intend to:

- . Expand our customer base by capitalizing on our existing customer relationships and reputation and pursuing strategic acquisitions to attract new customers and to cross-sell solutions and products to existing and new customers, and by selectively hiring key individuals with additional customer relationships;
- . Increase profitability by focusing our contract bidding and new business development efforts on specialized services that can generate higher value-added solutions, such as threat exposure analysis and systems architecture design, and on more efficient and flexible contract vehicles, such as GSA schedule contracts;
- . Target our service offerings in high growth program areas, including safeguarding critical infrastructures and information assurance for the intelligence community and Department of Defense;
- . Continue to attract and retain skilled professionals, including engineers, scientists, analysts, technicians and support specialists, who possess a wide range of technical skills and prior experience with the intelligence community or Department of Defense; and



- . Pursue a disciplined acquisition strategy focused on businesses that support the intelligence community and Department of Defense, expand our service offerings and establish relationships with new customers.

#### Corporate Structure

Our principal executive offices are located at 12015 Lee Jackson Highway, Fairfax, Virginia 22033-3300. Our telephone number at that address is (703) 218-6000. Our website can be visited at [www.mantech.com](http://www.mantech.com). Information contained on our website is not part of this prospectus.

#### The Offering

The share information contained below excludes the 3,000,000 shares of Class A common stock reserved for issuance under our Management Incentive Plan.

Class A common stock offered by us..... 5,666,667 shares.

Class A common stock offered by our selling  
stockholder.....  
333,333 shares.

Class A common stock to be outstanding  
immediately after this offering..... 6,818,813 shares.

Class B common stock to be outstanding  
immediately after this offering..... 17,514,517 shares.

Use of proceeds..... We expect to use the net proceeds of this offering to repay a portion of our existing indebtedness, to fund strategic acquisitions of businesses and for working capital and general corporate purposes. See "Use of Proceeds" on page 18.

Over-allotment option..... We and one of our existing stockholders have granted the underwriters an option to purchase up to an additional 900,000 shares solely to cover over-allotments. If this over-allotment is exercised in full, we will sell to the underwriters an additional 516,487 shares, and the selling stockholder will sell to the underwriters an additional 383,513 shares.

Proposed Nasdaq symbol..... MANT

#### Risk Factors

See "Risk Factors" beginning on page 7 for a discussion of material risks that prospective purchasers of our Class A common stock should consider.

Summary Financial Data

The following summarizes our historical consolidated financial information. We derived the information as of and for each of the five years ended December 31, 2000 and for the nine months ended September 30, 2001 from our audited consolidated financial statements. The data for the nine months ended September 30, 2000 is derived from our unaudited consolidated financial statements and includes all adjustments, consisting of normal and recurring adjustments, that we consider necessary for a fair presentation of the financial position and results of operations as of and for such periods. Interim consolidated financial results for the nine months ended September 30, 2000 and September 30, 2001 are not necessarily indicative of the results that may be expected for the full year. You should read the summary financial data presented below in conjunction with our consolidated financial statements, the notes to our consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Year Ended December 31,					Nine Months Ended September 30,	
	1996	1997	1998	1999	2000	2000	2001
	(In thousands, except per share amounts)						
<b>Statement of Income Data:</b>							
Revenues.....	\$223,049	\$286,051	\$314,309	\$353,924	\$378,827	\$280,970	\$316,266
Cost of services.....	191,589	245,857	265,189	296,306	315,414	234,834	258,412
Gross profit.....	31,460	40,194	49,120	57,618	63,413	46,136	57,854
Income from operations.....	7,019	10,381	13,447	15,168	18,589	12,695	22,237
Income from continuing operations.....	3,077	5,438	2,921	6,796	7,125	5,113	12,160
(Loss) income from discontinued operations(1)	(1,039)	255	(1,268)	(2,727)	(4,667)	(3,124)	(6,533)
Loss on disposal of discontinued operations..	(93)	--	--	--	(719)	(719)	(5,890)
Net income (loss).....	\$ 1,945	\$ 5,693	\$ 1,653	\$ 4,069	\$ 1,739	\$ 1,270	\$ (263)
<b>As Reported:</b>							
Income from continuing operations per share - diluted(2).....	\$ 1.64	\$ 3.54	\$ 2.43	\$ 5.93	\$ 6.24	\$ 4.49	\$ 10.59
Net income (loss) per share - diluted(2).....	\$ 0.69	\$ 3.75	\$ 1.34	\$ 3.55	\$ 1.52	\$ 1.12	\$ (0.23)
<b>Post-Split:</b>							
Income from continuing operations per share - diluted(3).....	\$ 0.10	\$ 0.22	\$ 0.15	\$ 0.36	\$ 0.38	\$ 0.28	\$ 0.65
Net income (loss) per share - diluted(3).....	\$ 0.04	\$ 0.23	\$ 0.08	\$ 0.22	\$ 0.09	\$ 0.07	\$ (0.01)
<b>Balance Sheet Data:</b>							
Cash and cash equivalents.....	\$ 13,276	\$ 17,318	\$ 14,572	\$ 19,571	\$ 29,578	\$ 11,366	\$ 18,231
Total assets.....	108,705	154,886	165,718	186,070	186,843	176,736	177,061
Long-term debt.....	37,642	49,135	66,377	72,005	73,000	69,075	66,668
Total stockholders' equity.....	12,506	16,831	15,515	19,548	21,794	21,433	21,402

- (1) We have decided to exit certain lines of business so that we can continue to enhance our core competencies. For more information on our discontinued operations, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Discontinued Operations" and note 15 to our consolidated financial statements.
- (2) Represents the calculation of earnings per share of our corporate predecessor, ManTech International Corporation (New Jersey), as reported in the historical consolidated financial statements, prior to our reincorporation, recapitalization and subsequent stock split, as discussed below in "Transactions Prior to the Offering."
- (3) Prior to this offering, we reincorporated from New Jersey to Delaware, recapitalized and effected a 16.3062-for-one stock split, and the Post-Split per share data gives effect to these transactions. The holders of each share of Class A common stock are entitled to one vote per share, and the holders of each share of Class B common stock are entitled to ten votes per share.

## Transactions Prior to the Offering

Termination of Personal Service Corporation Status. For periods prior to the closing of this offering, we had elected to be taxed as a personal service corporation. As a result, we accounted for our earnings on a cash basis for federal income tax purposes. Effective as of the closing of this offering, our status as a personal service corporation terminates and we will apply accrual-based accounting for federal income tax purposes. The termination of our personal service corporation status will result in approximately \$36.0 million in deferred income being recognized for tax purposes. Taxes on this amount totaling \$14.0 million will be due with respect to the four taxable years beginning with the taxable year of this offering. Because we previously recognized the deferred income for accounting purposes and accrued for the taxes, this change in our tax status and the tax payments will not affect our earnings.

Reincorporation, Recapitalization and Stock Split. We are incorporated in Delaware and are the successor by merger to ManTech International Corporation, a New Jersey corporation. See "Description of Capital Stock, Certificate of Incorporation and Bylaws." As a result of the merger, we reincorporated from New Jersey to Delaware and recapitalized our common stock. Our predecessor corporation had three classes of common stock outstanding prior to the effective date of the merger: Class A common stock, Class B common stock and Class C common stock, of which the Class B common stock was redeemable and, therefore, not counted as equity for accounting purposes. On the effective date of the merger, each outstanding share of the New Jersey corporation's common stock was exchanged for one share of our Class A common stock or for one share of our Class B common stock. Immediately after the merger, we effected a 16.3062-for-one stock split of our Class A common stock and Class B common stock. The holders of each share of Class A common stock are entitled to one vote per share, and the holders of each share of Class B common stock are entitled to ten votes per share. For purposes of this prospectus, unless stated otherwise, all references to our common stock refer to shares of the Delaware corporation after giving effect to the reincorporation, recapitalization and stock split, other than with respect to the historical consolidated financial statements.

## RISK FACTORS

Before making an investment in our Class A common stock you should carefully consider the risks described below, as well as the other information set forth in this prospectus, including our consolidated financial statements and related notes. Some of the following risks relate principally to the industry in which we operate and to our business. Other risks relate principally to the securities markets and ownership of our stock. Additional risks and uncertainties not presently known to us, or risks that we currently consider immaterial, may also impair our operations. Any of the risk factors described below could significantly and negatively affect our business, prospects, financial condition or operating results, which could cause the trading price of our Class A common stock to decline and could cause you to lose all or part of your investment.

### RISKS RELATED TO OUR BUSINESS

We are dependent on contracts with the U.S. federal government for substantially all of our revenues.

For the year ended December 31, 2000 and for the nine months ended September 30, 2001, we derived 96.1% and 95.8%, respectively, of our revenues from federal government contracts, either as a prime contractor or a subcontractor. For 2000 and for the nine months ended September 30, 2001, we derived 83.6% and 84.1%, respectively, of our revenues from contracts with agencies in the intelligence community and Department of Defense. We expect that federal government contracts will continue to be the primary source of our revenues for the foreseeable future. If we were suspended or debarred from contracting with the federal government generally, or any significant agency in the intelligence community or Department of Defense, if our reputation or relationship with government agencies were impaired, or if the government otherwise ceased doing business with us or significantly decreased the amount of business it does with us, our business, prospects, financial condition or operating results could be materially harmed.

Federal government spending priorities may change in a manner adverse to our business.

Our business depends upon continued federal government expenditures on intelligence, defense and other programs that we support. The overall U.S. defense budget declined from time to time in the late 1980s and the early 1990s. While spending authorizations for intelligence and defense-related programs by the government have increased in recent years, and in particular after the September 11, 2001 terrorist attacks, future levels of expenditures and authorizations for those programs may decrease, remain constant or shift to programs in areas where we do not currently provide services. A significant decline in government expenditures, or a shift of expenditures away from programs that we support, could adversely affect our business, prospects, financial condition or operating results.

Federal government contracts contain provisions that are unfavorable to us.

Federal government contracts contain provisions and are subject to laws and regulations that give the government rights and remedies not typically found in commercial contracts, including allowing the government to:

- . Terminate existing contracts for convenience, as well as for default;
- . Reduce or modify contracts or subcontracts;
- . Cancel multi-year contracts and related orders if funds for contract performance for any subsequent year become unavailable;
- . Decline to exercise an option to renew a multi-year contract;

- . Claim rights in products and systems produced by us;
- . Suspend or debar us from doing business with the federal government or with a governmental agency; and
- . Control or prohibit the export of our products.

If the government terminates a contract for convenience, we may recover only our incurred or committed costs, settlement expenses and profit on work completed prior to the termination. If the government terminates a contract for default, we may not recover even those amounts, and instead may be liable for excess costs incurred by the government in procuring undelivered items and services from another source. As is common with government contractors, some of our contracts have had or are currently experiencing performance issues. We have received and may in the future receive show cause or cure notices under contracts that, if not addressed to the government's satisfaction, could give the government the right to terminate those contracts for default or to cease procuring our services under those contracts in the future.

We must comply with complex procurement laws and regulations.

We must comply with and are affected by laws and regulations relating to the formation, administration and performance of federal government contracts, which affect how we do business with our customers and may impose added costs on our business. For example, we are subject to the Federal Acquisition Regulations and all supplements, which comprehensively regulate the formation, administration and performance of federal government contracts, and to the Truth in Negotiations Act, which requires certification and disclosure of cost and pricing data in connection with contract negotiations. If a government review or investigation uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or debarment from doing business with federal government agencies, which could materially adversely affect our business, prospects, financial condition or operating results. From time to time in the past, we have been subject to government investigations. Currently, we are subject to three on-going investigations. For additional information regarding the government investigations to which we are currently subject, see "Business--Legal Proceedings." In addition, we are subject to industrial security regulations of Department of Defense and other federal agencies that are designed to safeguard against foreigners' access to classified information. If we were to come under foreign ownership, control or influence, our federal government customers could terminate or decide not to renew our contracts, and it could impair our ability to obtain new contracts. The government may reform its procurement practices or adopt new contracting rules and regulations, including cost accounting standards, that could be costly to satisfy or that could impair our ability to obtain new contracts.

We face competition from other firms, many of which have substantially greater resources.

We operate in highly competitive markets and generally encounter intense competition to win contracts. We compete with many other firms, ranging from small specialized firms to large diversified firms, many of which have substantially greater financial, management and marketing resources than we do. Our competitors may be able to provide customers with different or greater capabilities or benefits than we can provide in areas such as technical qualifications, past contract performance, geographic presence, price and the availability of key professional personnel. Our failure to compete effectively with respect to any of these or other factors could have a material adverse effect on our business, prospects, financial condition or operating results. In addition, our competitors also have established or may establish relationships among themselves or with third parties to increase their

ability to address customer needs. Accordingly, it is possible that new competitors or alliances among competitors may emerge.

We derive significant revenues from contracts awarded through a competitive bidding process.

We derive significant revenues from federal government contracts that were awarded through a competitive bidding process. For example, in each of the past three fiscal years, each of our ten largest contracts, in terms of revenues, was awarded through a competitive bidding process. Much of the business that we expect to seek in the foreseeable future likely will be awarded through competitive bidding. Competitive bidding presents a number of risks, including the:

- . Need to bid on programs in advance of the completion of their design, which may result in unforeseen technological difficulties and cost overruns;
- . Substantial cost and managerial time and effort that we spend to prepare bids and proposals for contracts that may not be awarded to us;
- . Need to accurately estimate the resources and cost structure that will be required to service any contract we are awarded; and
- . Expense and delay that may arise if our competitors protest or challenge contract awards made to us pursuant to competitive bidding, and the risk that any such protest or challenge could result in the resubmission of bids on modified specifications, or in termination, reduction or modification of the awarded contract.

We may not be provided the opportunity in the near term to bid on contracts that are held by other companies and are scheduled to expire if the government determines to extend the existing contract. If we are unable to win particular contracts that are awarded through the competitive bidding process, we may not be able to operate in the market for services that are provided under those contracts for a number of years. If we are unable to consistently win new contract awards over any extended period, our business and prospects will be adversely affected.

Failure to maintain strong relationships with other contractors could result in a decline in our revenues.

For 2000 and for the nine months ended September 30, 2001, we derived 7.8% and 8.4%, respectively, of our revenues from contracts in which we acted as a subcontractor to other contractors or to joint ventures which we and other contractors have formed to bid on and execute particular contracts or programs. We expect to continue to depend on relationships with other contractors for a portion of our revenues in the foreseeable future. Our business, prospects, financial condition or operating results could be adversely affected if other contractors eliminate or reduce their subcontracts or joint venture relationships with us, either because they choose to establish relationships with our competitors or because they choose to directly offer services that compete with our business, or if the government terminates or reduces these other contractors' programs or does not award them new contracts.

We may not receive the full amount authorized under contracts that we have entered into and may not accurately estimate our backlog and GSA schedule contract value.

The maximum contract value specified under a government contract that we enter into is not necessarily indicative of revenues that we will realize under that contract. For example, we derive some of our revenues from government contracts in which we are not the sole provider, meaning that the government could turn to other companies to fulfill the contract, and from indefinite delivery, indefinite quantity contracts, which specify a maximum but only a token minimum amount of goods or

services that may be provided under the contract. In addition, Congress often appropriates funds for a particular program on a yearly basis, even though the contract may call for performance that is expected to take a number of years. As a result, contracts typically are only partially funded at any point during their term, and all or some of the work to be performed under the contracts may remain unfunded unless and until Congress makes subsequent appropriations and the procuring agency allocates funding to the contract. Nevertheless, we look at these contract values, including values based on the assumed exercise of options relating to these contracts, in estimating the amount of our backlog. Because we may not receive the full amount we expect under a contract, we may not accurately estimate our backlog. Similarly, in recent years we have been deriving an increasing percentage of our revenues under GSA schedule contracts. GSA schedule contracts are procurement vehicles under which government agencies may, but are not required to, purchase professional services or products. As a result, we believe that potential GSA schedule contract values are not fully reflected in traditional backlog calculations. We have developed a method of calculating GSA schedule contract value that we use to evaluate estimates for the revenues we may receive under our GSA schedule contracts. Although we believe our method of determining GSA schedule contract value is based on reasonable estimates and assumptions, our experience with GSA schedule contracts has been limited to date. We are not currently aware of other companies within our market that employ comparable methods of determining GSA schedule contract value. Estimates of future revenues included in backlog and GSA schedule contract value are not necessarily precise and the receipt and timing of any of these revenues are subject to various contingencies, many of which are beyond our control. For a discussion of these contingencies see "Business--Backlog and GSA Schedule Contract Value." The actual accrual of revenues on programs included in backlog and GSA schedule contract value may never occur or may change.

We may not accurately estimate the expenses, time and resources necessary to satisfy our contractual obligations.

We enter into three types of federal government contracts for our services: cost-plus, time-and-materials and fixed-price. For the nine months ended September 30, 2001, we derived 36.3%, 35.6% and 28.1% of our revenues from cost-plus, time-and-materials and fixed-price contracts, respectively. For 2000, the revenues were 39.7%, 34.6% and 25.7%, respectively. Under cost-plus contracts, we are reimbursed for allowable costs and paid a fee, which may be fixed or performance-based. To the extent that the actual costs incurred in performing a cost-plus contract are within the contract ceiling and allowable under the terms of the contract and applicable regulations, we are entitled to reimbursement of our costs, plus a profit. However, if our costs exceed the ceiling or are not allowable under the terms of the contract or applicable regulations, we may not be able to recover those costs. Under time-and-materials contracts, we are reimbursed for labor at negotiated hourly billing rates and for certain expenses. We assume financial risk on time-and-material contracts because we assume the risk of performing those contracts at negotiated hourly rates. Under fixed-price contracts, we perform specific tasks for a fixed price. Compared to cost-plus contracts, fixed-price contracts generally offer higher margin opportunities, but involve greater financial risk because we bear the impact of cost overruns and receive the benefit of cost savings. Our profits could be adversely affected if our costs under any of these contracts exceed the assumptions we used in bidding for the contract. Although we believe that we have recorded adequate provisions in our consolidated financial statements for losses on our contracts, as required under U.S. generally accepted accounting principles, our contract loss provisions may not be adequate to cover all actual losses that we may incur in the future.

Our contracts are subject to audits and cost adjustments by the federal government.

The federal government audits and reviews our performance on contracts, pricing practices, cost structure and compliance with applicable laws, regulations and standards. Like most large government

contractors, our contract costs are audited and reviewed on a continual basis. Although audits have been completed on our incurred contract costs through 1999, audits for costs incurred or work performed after 1999 remain ongoing and, for much of our work in recent years, have not yet commenced. In addition, non-audit reviews by the government may still be conducted on all our government contracts. An audit of our work, including an audit of work performed by companies we have acquired or may acquire, could result in a substantial adjustment to our revenues because any costs found to be improperly allocated to a specific contract will not be reimbursed, and revenues we have already recognized may need to be refunded. If a government audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or debarment from doing business with federal government agencies. In addition, we could suffer serious harm to our reputation if allegations of impropriety were made against us.

We may be liable for systems and service failures.

We create, implement and maintain information technology and technical services solutions that are often critical to our customers' operations, including those of federal, state and local governments. We have experienced and may in the future experience some systems and service failures, schedule or delivery delays and other problems in connection with our work. If our solutions, services, products or other applications have significant defects or errors, are subject to delivery delays or fail to meet our customers' expectations, we may:

- . Lose revenues due to adverse customer reaction;
- . Be required to provide additional services to a customer at no charge;
- . Receive negative publicity, which could damage our reputation and adversely affect our ability to attract or retain customers; or
- . Suffer claims for substantial damages against us.

In addition to any costs resulting from product warranties, contract performance or required corrective action, these failures may result in increased costs or loss of revenues if they result in customers postponing subsequently scheduled work or canceling or failing to renew contracts.

While many of our contracts with the federal government limit our liability for damages that may arise from negligence in rendering services to our customers, we cannot be sure that these contractual provisions will protect us from liability for damages if we are sued. Furthermore, our errors and omissions and product liability insurance coverage may not continue to be available on reasonable terms or in sufficient amounts to cover one or more large claims, or the insurer may disclaim coverage as to some types of future claims. The successful assertion of any large claim against us could seriously harm our business. Even if not successful, these claims could result in significant legal and other costs and may be a distraction to our management.

Security breaches in classified government systems could adversely affect our business.

Many of the programs we support and systems we develop, install and maintain involve managing and protecting information involved in intelligence, national security and other classified government functions. A security breach in one of these systems could cause serious harm to our business, damage our reputation and prevent us from being eligible for further work on critical classified systems for federal government customers. Losses that we could incur from such a security breach could exceed the policy limits that we have for errors and omissions or product liability insurance.



Our quarterly operating results may vary widely.

Our quarterly revenues and operating results may fluctuate significantly in the future. A number of factors cause our revenues, cash flow and operating results to vary from quarter to quarter, including:

- . Fluctuations in revenues earned on fixed-price contracts and contracts with a performance-based fee structure;
- . Commencement, completion or termination of contracts during any particular quarter;
- . Variable purchasing patterns under government GSA schedule contracts, blanket purchase agreements and indefinite delivery, indefinite quantity contracts;
- . Changes in Presidential administrations and senior federal government officials that affect the timing of technology procurement;
- . Changes in policy or budgetary measures that adversely affect government contracts in general;
- . Acquisitions of other technology service providers; and
- . Increased purchase requests from customers for equipment and materials in connection with the federal government's fiscal year end, which may affect our fourth quarter operating results.

Changes in the volume of services provided under existing contracts and the number of contracts commenced, completed or terminated during any quarter may cause significant variations in our cash flow from operations because a relatively large amount of our expenses are fixed. We incur significant operating expenses during the start-up and early stages of large contracts and typically do not receive corresponding payments in that same quarter. We may also incur significant or unanticipated expenses when contracts expire or are terminated or are not renewed. In addition, payments due to us from government agencies may be delayed due to billing cycles or as a result of failures of governmental budgets to gain Congressional and Administration approval in a timely manner.

Our senior management and advisory board are important to our customer relationships.

We believe that our success depends in part on the continued contributions of our co-founder, Chairman of the Board of Directors, Chief Executive Officer and President, George J. Pedersen, our Executive Vice President, Chief Financial Officer, Treasurer and Director, John A. Moore, Jr., other members of our senior management and advisory board. We rely on our executive officers and senior management to generate business and execute programs successfully. In addition, the relationships and reputation that members of our management team and advisory board have established and maintain with government and military personnel contribute to our ability to maintain good customer relations and to identify new business opportunities. While we have employment agreements with some of our executive officers, these agreements do not prevent them from terminating their employment. The loss of Mr. Pedersen, Mr. Moore or any other senior management or advisory board members could impair our ability to identify and secure new contracts and otherwise to manage our business.

We must recruit and retain skilled employees to succeed in our labor-intensive business.

We believe that an integral part of our success is our ability to provide employees who have advanced information technology and technical services skills and who work well with our customers in a government or defense-related environment. These employees are in great demand and are likely to remain a limited resource in the foreseeable future. If we are unable to recruit and retain a sufficient number of these employees, our ability to maintain and grow our business could be negatively

impacted. In addition, some of our contracts contain provisions requiring us to commit to staff a program with certain personnel the customer considers key to our successful performance under the contract. In the event we are unable to provide these key personnel or acceptable substitutions, the customer may terminate the contract, and we may not be able to recover our costs in the event the contract is terminated.

Our business is dependent upon obtaining and maintaining required security clearances.

Many of our federal government contracts require our employees to maintain various levels of security clearances, and we are required to maintain certain facility security clearances complying with Department of Defense requirements. Obtaining and maintaining security clearances for employees involves a lengthy process, and it is difficult to identify, recruit and retain employees who already hold security clearances. If our employees are unable to obtain or retain security clearances or if our employees who hold security clearances terminate employment with us, the customer whose work requires cleared employees could terminate the contract or decide not to renew it upon its expiration. In addition, we expect that many of the contracts on which we will bid will require us to demonstrate our ability to obtain facility security clearances and perform work with employees who hold specified types of security clearances. To the extent we are not able to obtain facility security clearances or engage employees with the required security clearances for a particular contract, we may not be able to bid on or win new contracts, or effectively rebid on expiring contracts.

If we are unable to manage our growth, our business could be adversely affected.

Sustaining our growth has placed significant demands on our management, as well as on our administrative, operational and financial resources. For us to continue to manage our growth, we must continue to improve our operational, financial and management information systems and expand, motivate and manage our workforce. If we are unable to successfully manage our growth without compromising our quality of service and our profit margins, or if new systems that we implement to assist in managing our growth do not produce the expected benefits, our business, prospects, financial condition or operating results could be adversely affected.

We may undertake acquisitions that could increase our costs or liabilities or be disruptive.

One of our key operating strategies is to selectively pursue acquisitions. While we do not currently have any commitments, agreements or understandings to acquire any specific businesses or other material operations, we have made a number of acquisitions in the past and will consider other acquisitions in the future. We may not be able to locate suitable acquisition candidates at prices that we consider appropriate or to finance acquisitions on terms that are satisfactory to us. If we do identify an appropriate acquisition candidate, we may not be able to successfully negotiate the terms of an acquisition, finance the acquisition or, if the acquisition occurs, integrate the acquired business into our existing business. Negotiations of potential acquisitions and the integration of acquired business operations could disrupt our business by diverting management away from day-to-day operations. The proceeds we receive from this offering may not be sufficient to fund the full cost of acquisitions that we may determine to pursue. Acquisitions of businesses or other material operations may require additional debt or equity financing, resulting in additional leverage or dilution of ownership. The difficulties of integration may be increased by the necessity of coordinating geographically dispersed organizations, integrating personnel with disparate business backgrounds and combining different corporate cultures. We also may not realize cost efficiencies or synergies that we anticipated when selecting our acquisition candidates. In addition, we may need to record write downs from future

impairments of intangible assets, which could reduce our future reported earnings. At times, acquisition candidates may have liabilities or adverse operating issues that we fail to discover through due diligence prior to the acquisition.

We may be exposed to liabilities or losses from operations that we have discontinued.

We have determined to dispose of certain of our businesses, either by selling them or by winding down their operations. For more information on these discontinued operations, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Discontinued Operations" and note 15 to our consolidated financial statements. Our consolidated financial statements reflect, under the heading "Discontinued Operations," our estimate of the net losses expected from these operations through the date we estimate we will dispose of them, and all losses expected to be realized upon disposal of these operations. If we incur greater losses than we expect on dispositions, or if the operation of these businesses generates greater losses than we expect prior to disposition, there will be a negative impact on future operating results. Even if we are successful in disposing of these businesses, we may continue to be exposed to some liabilities for their operations.

For example, we are a defendant in a lawsuit where the plaintiff alleges that one of the businesses we intend to dispose of or its subcontractors caused soil and groundwater contamination by improperly disposing of dry cleaning solvents and we are involved in a second lawsuit where defendants are seeking to add us as a third-party defendant with respect to allegations that they caused or contributed to soil and ground water contamination. For more information on these lawsuits, see "Business--Legal Proceedings." The operations from this business, particularly the performance of environmental consulting and remediation services, may not have been or in the future may not be conducted in compliance with environmental laws, exposing us to further liability and damages for the costs of investigating and cleaning up sites of spills, disposals or other releases of hazardous materials. We cannot assure you that our liability in these matters, or any other environmental liabilities that arise in the future, will not exceed our resources or will be covered by insurance. Even after we dispose of this and the other discontinued operations, we likely will remain liable for any costs, damages or other liabilities imposed upon them that result from or relate to their operations prior to the disposition.

We may be affected by intellectual property infringement claims.

Our business operations rely extensively on procuring and deploying intellectual property. Our employees develop some of the software solutions and other forms of intellectual property that we use to provide information technology solutions to our customers, but we also license technology from primary vendors. Typically, under federal government contracts, our government customers may claim rights in the intellectual property we develop, making it impossible for us to prevent their future use of our intellectual property. We are and may in the future be subject to claims from our employees or third parties who assert that software solutions and other forms of intellectual property that we used in delivering services and solutions to our customers infringe upon intellectual property rights of such employees or third parties. If our vendors, our employees or third parties assert claims that we or our customers are infringing on their intellectual property, we could incur substantial costs to defend these claims. In addition, if any of our vendors' infringement claims are ultimately successful, our vendors could require us to:

- . Cease selling or using products or services that incorporate the challenged software or technology;
- . Obtain a license or additional licenses from our vendors; or

- . Redesign our products and services that rely on the challenged software or technology.

Covenants in our credit facility may restrict our financial and operating flexibility.

Our credit facility contains covenants that limit or restrict, among other things, our ability to borrow money outside of the amounts committed under the credit facility, make investments in our subsidiaries that are borrowers under the credit facility and designated as discontinued operations or in other entities not listed as borrowers under the credit facility, make other restricted payments, pay dividends on our common stock, sell or otherwise dispose of assets other than in the ordinary course of business, merge or consolidate, or make acquisitions, in each case without the prior written consent of our lenders. Our credit facility also requires us to maintain specified financial covenants relating to fixed charge coverage, interest coverage, debt coverage, and minimum consolidated net worth. Our ability to satisfy these financial ratios can be affected by events beyond our control, and we cannot assure you that we will meet those ratios. For example, on two occasions in the past five years, in March 2001 and in November 2000, we obtained waivers for failure to maintain the required fixed charge coverage ratio as of the end of the preceding quarters under the credit facility that was in effect at that time. Default under our credit facility could allow the lenders to declare all amounts outstanding to be immediately due and payable. We have pledged substantially all of our assets, including the stock of our subsidiaries to secure the debt under our credit facility. If the lenders declare amounts outstanding under the credit facility to be due, the lenders could proceed against those assets. Any event of default, therefore, could have a material adverse effect on our business if the creditors determine to exercise their rights. We also may incur future debt obligations that might subject us to restrictive covenants that could affect our financial and operational flexibility, restrict our ability to pay dividends on our common stock or subject us to other events of default. Any such restrictive covenants in any future debt obligations we incur could limit our ability to fund our businesses with equity investments or intercompany advances, which would impede our ability to operate or expand our business.

From time to time we may require consents or waivers from our lenders to permit actions that are prohibited by our credit facility. For example, we will require the consent of our lenders to complete the merger through which we reincorporate in Delaware. If in the future our lenders refuse to provide waivers of our credit facility's restrictive covenants and/or financial ratios, then we may be in default under our credit facility, and we may be prohibited from undertaking actions that are necessary to maintain and expand our business.

Our employees may engage in misconduct or other improper activities.

We are exposed to the risk that employee fraud or other misconduct could occur. Misconduct by employees could include intentional failures to comply with federal government procurement regulations and failing to disclose unauthorized or unsuccessful activities to us. Employee misconduct could also involve the improper use of our customers' sensitive or classified information, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to deter employee misconduct, and the precautions we take to prevent and detect this activity may not be effective in controlling unknown or unmanaged risks or losses.

#### RISKS RELATED TO OUR COMMON STOCK AND THIS OFFERING

An active public market for our Class A common stock may not develop.

The initial price of our Class A common stock to be sold in this offering will be determined through negotiations between us and the representatives of the underwriters and may not be indicative

of prices that will prevail in the trading market. Before this offering, no public market existed for our common stock. An active public market for our Class A common stock may not develop or be sustained after this offering, which could affect your ability to sell your shares or depress the market price of your shares. The market price of your shares may fall below the initial public offering price.

You will experience immediate and substantial dilution.

The initial public offering price per share will significantly exceed the current net tangible book value per share of our stock that was outstanding prior to this offering. As a result, investors purchasing Class A common stock in this offering at \$15.00 per share, the mid-point of the estimated price range set forth on the cover of this prospectus, will experience immediate and substantial dilution in the amount of \$11.32 per share. In addition, we have issued options to acquire Class A common stock at prices below the initial public offering price. The exercise of these employee and director stock options will result in further dilution to new investors.

Mr. Pedersen, our Chairman, Chief Executive Officer and President, will continue to control our company.

Upon completion of this offering, Mr. Pedersen will own or control approximately 96.41% of the combined voting power of the Class A and Class B common stock, or 95.85% if the underwriters' over-allotment option is exercised in full, and he will own approximately 73.16% of the outstanding shares of Class A and Class B common stock, or 70.10% if the underwriters' over-allotment option is exercised in full. Accordingly, Mr. Pedersen will control the vote on all matters submitted to a vote of the holders of our common stock. For more information, see "Description of Capital Stock, Certificate of Incorporation and Bylaws--Common Stock." As long as Mr. Pedersen beneficially owns a majority of the combined voting power of our common stock, he will have the ability, without the consent of our public stockholders, to elect all members of our board of directors and to control our management and affairs. Mr. Pedersen's voting control may have the effect of preventing or discouraging transactions involving an actual or a potential change of control of ManTech, regardless of whether a premium is offered over then-current market prices. Mr. Pedersen will be able to cause a change of control of our company. Mr. Pedersen also will be able to cause a registration statement to be filed and to become effective under the Securities Act of 1933, thereby permitting him to freely sell or transfer the shares of common stock that he owns. In addition, the interests of Mr. Pedersen may conflict with the interests of other holders of our common stock.

Provisions in our charter documents could make a merger, tender offer or proxy contest difficult.

Our certificate of incorporation and bylaws may discourage, delay or prevent a change in control of ManTech that stockholders may consider favorable. Our certificate of incorporation and bylaws:

- . Authorize the issuance of blank check preferred stock that could be issued by our board of directors to thwart a takeover attempt;
- . Prohibit cumulative voting in the election of directors, which would otherwise allow holders of less than a majority of the stock to elect some directors;
- . Limit who may call special meetings of stockholders;
- . Prohibit stockholder action by written consent, requiring all actions to be taken at a meeting of the stockholders;

- . Establish advance notice requirements for nominating candidates for election to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings; and
- . Require that vacancies on our board of directors, including newly-created directorships, be filled only by a majority vote of directors then in office.

In addition, Section 203 of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting the company from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder. For more information, see "Description of Capital Stock, Certificate of Incorporation and Bylaws."

The market price of our Class A common stock may fluctuate widely and trade at prices below the initial public offering price.

The price of our Class A common stock after this offering may fluctuate widely, depending upon many factors, including our perceived prospects, and the prospects of the information technology and government contracting industries in general, differences between our actual financial and operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, changes in general valuations for information technology and technical services companies, changes in general economic or market conditions and broad market fluctuations. In addition, the terrorist attacks of September 11, 2001 and subsequent bioterrorism concerns have contributed to an economic slowdown and to significant instability in the U.S. and other global financial equity markets. The armed hostilities that were initiated as a result of these attacks and future responses by the federal government may lead to further acts of terrorism in the United States or elsewhere, and such developments would likely cause further instability in financial markets. All of these factors subject our operations to increased risks and could have a material adverse effect on your investment in our common stock. As a result, our Class A common stock may trade at prices significantly below the initial public offering price.

We will have broad discretion over the use of proceeds from this offering.

We intend to use the net proceeds from this offering to retire portions of our outstanding debt obligations, to pursue possible acquisitions and for working capital and other general corporate purposes. We may not use the proceeds from this offering for each of these purposes. Future events, including changes in competitive conditions, our ability to identify appropriate acquisition candidates, the availability of other financing and funds generated from operations and the status of our business from time to time, may lead us to change the allocation of the net proceeds of this offering among these possible uses. We will have broad discretion with respect to the use of these funds and the determination of the timing of expenditures. We cannot assure you that we will use these funds in a manner that you would approve of or that the allocations will be in the best interests of all of our stockholders.

We make forward-looking statements in this prospectus that involve risks, uncertainties and assumptions.

We have made forward-looking statements in this prospectus, including in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," that are based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believes," "expects,"

"anticipates," "intends," "plans," "estimates" or similar expressions. Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, anticipated expenses, anticipated backlog and GSA schedule contract value, financing plans, competitive position, potential growth opportunities, the future of our industry, the effects of future regulation and the effects of competition. Forward-looking statements involve risks, uncertainties and assumptions. You should not put undue reliance on any forward-looking statements. You should understand that many important factors discussed in this "Risk Factors" section and elsewhere in this prospectus could cause our results to differ materially from those expressed in forward-looking statements. We do not have any intention or obligation to update forward-looking statements after the underwriters cease to distribute this prospectus, except as provided by law.

#### USE OF PROCEEDS

We estimate the net proceeds to us of this offering to be approximately \$77.9 million, based on an assumed offering price of \$15.00 per share, the mid-point of the estimated price range set forth on the cover of this prospectus, after deducting the estimated expenses related to this offering and the portion of the underwriting discount payable by us. We intend to use the net proceeds we receive to pay off all of the principal and accrued interest then outstanding under our term loan and under our subordinated debt and to pay off all but \$25.0 million of principal owing under our revolving credit facility. The amounts outstanding under these borrowings fluctuate from time to time, but as of December 31, 2001, the principal and accrued interest under our term loan was approximately \$5.9 million, principal and accrued interest under our subordinated debt was approximately \$8.0 million, and principal and accrued interest under our revolving credit facility was approximately \$57.3 million. The term loan, revolving credit facility and subordinated debt agreements mature on December 31, 2004 and accrue interest at per annum rates of prime plus 1.25% (6.0% at December 31, 2001), prime plus 0.75% (5.5% at December 31, 2001) and 12.0%, respectively. We incurred the indebtedness under the term loan and the revolving credit facility in December 2001 and used the net proceeds of this indebtedness to pay off our prior term loan and revolving credit facility.

We intend to use the remainder of the net proceeds of this offering (together with cash on hand, additional borrowings and capital stock) to fund all or a portion of the costs of any acquisitions of complementary businesses we determine to pursue in the future, although there are no assurances that we will be able to successfully identify or consummate any such acquisitions. To the extent that we do not pursue or consummate any acquisitions, any remaining net proceeds to us will be used for working capital and general corporate purposes. We have no present commitments, agreements or understandings to acquire any business. We may invest the net proceeds of this offering in short-term, investment grade, interest-bearing securities or guaranteed obligations of the United States or its agencies. We will not receive any proceeds from the sale of the shares to be sold by the selling stockholder in this offering or under the over-allotment option.

#### DIVIDEND POLICY

Our credit facility prohibits us from paying cash dividends to holders of our common stock. In addition, we currently intend to retain any earnings for the future operation and growth of our business. Therefore, we do not anticipate paying any cash dividends on our common stock in the foreseeable future. No dividends have been declared on any class of our common stock during the past two fiscal years. Any future dividends declared would be at the discretion of our board of directors and would depend, among other factors, upon our results of operations, financial condition and cash requirements and the terms of our credit facility and other financing agreements at the time such payment is considered.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization at September 30, 2001 on an actual and as adjusted basis. As adjusted figures assume the application of the net proceeds of this offering to us, and that the over-allotment option is not exercised. You should read this table in conjunction with the consolidated financial statements and notes to the consolidated financial statements included elsewhere in this prospectus.

	At September 30, 2001	
	Actual	As Adjusted(1)
	(In thousands)	
Cash and cash equivalents.....	\$ 18,231	\$ 51,713
	=====	=====
Debt:		
Current portion of long-term debt.....	\$ 2,769	\$ 0
Total long-term debt, net of current portion.	66,668	25,000
	-----	-----
Total debt.....	69,437	25,000
	-----	-----
Redeemable Class B common stock.....	1,462	0
Stockholders' equity:		
Common stock.....	1,200	2,722
Additional paid-in capital.....	2,468	80,327
Retained earnings.....	33,246	18,634
Accumulated other comprehensive loss.....	(1,540)	(1,540)
Deferred compensation.....	640	640
Treasury stock.....	(14,612)	0
	-----	-----
Total stockholders' equity.....	21,402	100,783
	-----	-----
Total capitalization.....	\$ 92,301	\$125,783
	=====	=====

(1) The as adjusted balance sheet data as of September 30, 2001 gives effect to the following transactions:

- . Our reincorporation as a Delaware corporation through our merger with ManTech International Corporation, a New Jersey corporation. On the effective date of the merger, each outstanding share of the New Jersey corporation's common stock was exchanged for one share of our Class A common stock or Class B common stock; and
- . Immediately after the merger, we effected a 16.3062-for-one stock split of the outstanding shares of Class A and Class B common stock.



DILUTION

At September 30, 2001, we had net tangible book value of \$11.6 million, or \$0.62 per share. After giving effect to the sale of 5,666,667 shares of Class A common stock that we are offering at an assumed initial public offering price of \$15.00 per share, the mid-point of the estimated price range set forth on the cover of this prospectus, and after deducting the estimated offering expenses and the portion of the underwriting discount payable by us, our pro forma net tangible book value per share is \$3.68. This represents an immediate appreciation in net tangible book value of \$3.06 per share to existing stockholders and an immediate dilution of net tangible book value of \$11.32 per share to new investors. The following table illustrates the pro forma per share dilution and appreciation at September 30, 2001:

. Initial public offering price per share.....	\$15.00
. Net tangible book value per share as of September 30, 2001.....	\$ 0.62
. Appreciation per share attributable to new investors.....	\$ 3.06
. Pro forma net tangible book value per share after giving effect to this offering	\$ 3.68
. Dilution per share to new investors.....	\$11.32

Net tangible book value per share of common stock is determined by dividing our tangible net worth, which consists of tangible assets less liabilities, by the number of shares of our common stock outstanding. Dilution is determined by subtracting the net tangible book value per share of Class A common stock after this offering from the public offering price per share. Appreciation per share attributable to new investors would be \$3.27 if the underwriters exercise in full their over-allotment option.

The following table compares the public offering price of the shares of Class A common stock to the cost to our existing stockholders of shares of Class A and Class B common stock that they acquired within the past five years, or which they have the right to acquire under outstanding stock options.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent(1)	Amount	Percent(2)	
Existing stockholders	159,621(3)	2.74%	\$ 268,806	0.32%	\$ 1.68(4)
New investors.....	5,666,667	97.26	85,000,000	99.68	15.00(5)
Total.....	5,826,288	100.00%	\$85,268,806	100.00%	
	=====	=====	=====	=====	

- (1) The number of shares purchased as a percent of the total number of shares of our common stock outstanding on September 30, 2001.
- (2) The amount paid for the shares purchased as a percent of total price paid for the shares of our common stock in the past five years.
- (3) Includes all shares of our common stock purchased in the last five years and assumes the exercise of all stock options outstanding as of September 30, 2001.
- (4) Based on the weighted average exercise price of all stock options exercised during the last five years, as well as all stock options outstanding as of September 30, 2001.
- (5) The mid-point of the estimated price range set forth on the cover of this prospectus.

SELECTED FINANCIAL DATA

The selected financial data presented below for the nine months ended September 30, 2001 and for each of the years in the five-year period ended December 31, 2000 is derived from our audited consolidated financial statements. The data for the nine months ended September 30, 2000 and the recent operating results for each of the most recent eight quarters is derived from our unaudited consolidated financial statements and includes all adjustments, consisting of normal and recurring adjustments, that we consider necessary for a fair presentation of the financial position and results of operations as of and for such periods. Interim financial results for any quarter and for the nine months ended September 30, 2000 and September 30, 2001 are not necessarily indicative of the results that may be expected for the full year. You should read the selected financial data presented below in conjunction with our consolidated financial statements, the notes to our consolidated financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Year Ended December 31,					Nine Months Ended September 30,	
	1996	1997	1998	1999	2000	2000	2001
	(In thousands, except per share amounts)						
<b>Statement of Income Data:</b>							
Revenues.....	\$223,049	\$286,051	\$314,309	\$353,924	\$378,827	\$280,970	\$316,266
Cost of services.....	191,589	245,857	265,189	296,306	315,414	234,834	258,412
Gross profit.....	31,460	40,194	49,120	57,618	63,413	46,136	57,854
<b>Costs and expenses:</b>							
General and administrative.....	23,141	27,509	33,389	39,175	41,545	30,993	33,166
Depreciation and amortization.....	1,300	2,304	2,284	3,275	3,279	2,448	2,451
Total costs and expenses.....	24,441	29,813	35,673	42,450	44,824	33,441	35,617
Income from operations.....	7,019	10,381	13,447	15,168	18,589	12,695	22,237
Interest expense.....	1,647	2,434	4,020	4,122	4,438	3,316	2,383
Loss from investment default.....	--	--	5,230	--	--	--	--
Other (income) expense, net.....	(326)	(1,925)	(940)	(1,253)	1,039	(73)	(1,386)
Income before provision for income taxes and minority interest.....	5,698	9,872	5,137	12,299	13,112	9,452	21,240
Provision for income taxes.....	(2,614)	(4,410)	(2,183)	(5,466)	(5,974)	(4,327)	(9,062)
Minority interest.....	(7)	(24)	(33)	(37)	(13)	(12)	(18)
Income from continuing operations.....	3,077	5,438	2,921	6,796	7,125	5,113	12,160
(Loss) income from discontinued operations.....	(1,039)	255	(1,268)	(2,727)	(4,667)	(3,124)	(6,533)
Loss on disposal of discontinued operations.....	(93)	--	--	--	(719)	(719)	(5,890)
Net income (loss).....	\$ 1,945	\$ 5,693	\$ 1,653	\$ 4,069	\$ 1,739	\$ 1,270	\$ (263)
Income from continuing operations available to common stockholders.....	\$ 1,947	\$ 4,189	\$ 2,838	\$ 6,796	\$ 7,125	\$ 5,113	\$ 12,160
<b>As Reported:</b>							
Basic earnings per share from continuing operations(1)..	\$ 1.67	\$ 3.60	\$ 2.46	\$ 5.98	\$ 6.29	\$ 4.53	\$ 10.68
Diluted earnings per share from continuing operations(1)	\$ 1.64	\$ 3.54	\$ 2.43	\$ 5.93	\$ 6.24	\$ 4.49	\$ 10.59
<b>Post-Split:</b>							
Basic earnings per share from continuing operations(2)..	\$ 0.10	\$ 0.22	\$ 0.15	\$ 0.37	\$ 0.39	\$ 0.28	\$ 0.66
Diluted earnings per share from continuing operations(2)	\$ 0.10	\$ 0.22	\$ 0.15	\$ 0.36	\$ 0.38	\$ 0.28	\$ 0.65
<b>Balance Sheet Data:</b>							
Cash and cash equivalents.....	\$ 13,276	\$ 17,318	\$ 14,572	\$ 19,571	\$ 29,578	\$ 11,366	\$ 18,231
Working capital.....	36,916	46,593	59,354	66,784	71,882	67,503	62,016
Total assets.....	108,705	154,886	165,718	186,070	186,843	176,736	177,061
Long-term debt.....	37,642	49,135	66,377	72,005	73,000	69,075	66,668
Total stockholders' equity.....	12,506	16,831	15,515	19,548	21,794	21,433	21,402

(1) Represents the calculation of earnings per share of our corporate predecessor, ManTech International Corporation (New Jersey), as reported in the historical consolidated financial statements, prior to our reincorporation, recapitalization and subsequent stock split, as discussed in "Transactions Prior to the Offering" on page 6.

(2) Prior to this offering, we reincorporated from New Jersey to Delaware, recapitalized and effected a 16.3062-for-one stock split, and the Post-Split per share data gives effect to these transactions. The holders of each share of Class A common stock are entitled to one vote per share, and the holders of each share of Class B common stock are entitled to ten votes per share.

## QUARTERLY RESULTS OF OPERATIONS

Our results of operations, particularly our revenues, gross profit and cash flow, may vary significantly from quarter to quarter depending on a number of factors, including the progress of contract performance, revenues earned on contracts, the number of billable days in a quarter, the timing of customer orders and billing of other direct costs, the commencement and completion of contracts during any particular quarter, the timing of government contract awards, the term of each contract that we have been awarded and general economic conditions. For example, revenues in the first quarter of 2000 were lower than the fourth quarter of 1999 due to two fewer billable days in the first quarter, and the inclusion in the fourth quarter's revenues of a larger than usual amount of other direct costs incurred on our programs. Because a significant portion of our expenses, such as personnel and facilities costs, are fixed in the short term, successful contract performance and variation in the volume of activity, as well as in the number of contracts commenced or completed during any quarter may cause significant variations in operating results from quarter to quarter.

The federal government's fiscal year ends September 30. If a budget for the next fiscal year has not been approved by that date in each year, our customers may have to suspend engagements that we are working on until a budget has been approved. Such suspensions may cause us to realize lower revenues in the fourth quarter of the year. Further, a change in Presidential administrations or in senior government officials may negatively affect the rate at which the federal government purchases technology. The federal government's fiscal year end can also trigger increased purchase requests from customers for equipment and materials. Any increased purchase requests we receive as a result of the federal government's fiscal year end would serve to increase our fourth quarter revenues but will generally decrease profit margins for that quarter, as these activities typically are not as profitable as our normal service offerings.

As a result of the factors above, period-to-period comparisons of our revenues and operating results may not be meaningful. You should not rely on these comparisons as indicators of future performance as no assurances can be given that quarterly results will not fluctuate, causing a material adverse effect on our operating results and financial condition.

	Quarters Ended							
	Dec. 31, 1999	Mar. 31, 2000	June 30, 2000	Sept. 30, 2000	Dec. 31, 2000	Mar. 31, 2001	June 30, 2001	Sept. 30, 2001
	(In thousands)							
Statement of Income Data:								
Revenues.....	\$94,953	\$91,320	\$93,485	\$96,165	\$97,857	\$105,081	\$105,627	\$105,558
Cost of services.....	80,642	75,717	78,558	80,559	80,580	86,433	86,623	85,356
Gross profit.....	14,311	15,603	14,927	15,606	17,277	18,648	19,004	20,202
Costs and expenses:								
General and administrative.....	10,937	10,431	10,076	10,486	10,552	10,436	11,258	11,472
Depreciation and amortization.....	786	824	828	796	831	826	827	798
Total costs and expenses.....	11,723	11,255	10,904	11,282	11,383	11,262	12,085	12,270
Income from operations.....	2,588	4,348	4,023	4,324	5,894	7,386	6,919	7,932
Interest expense.....	1,057	1,027	1,082	1,207	1,122	807	771	805
Loss from investment default.....	--	--	--	--	--	--	--	--
Other (income) expense, net.....	(585)	(246)	141	32	1,112	(443)	(749)	(194)
Income before provision for income taxes and minority interest.....	2,116	3,567	2,800	3,085	3,660	7,022	6,897	7,321
Provision for income taxes.....	(930)	(1,617)	(1,314)	(1,396)	(1,647)	(3,006)	(2,953)	(3,103)
Minority interest.....	(12)	(7)	--	(5)	(1)	(7)	(7)	(4)
Income from continuing operations.....	1,174	1,943	1,486	1,684	2,012	4,009	3,937	4,214
Loss from discontinued operations.....	(603)	(886)	(1,394)	(844)	(1,543)	(2,361)	(1,907)	(2,265)
Loss on disposal of discontinued operations.....	--	--	--	(719)	--	--	--	(5,890)
Net income (loss).....	\$ 571	\$ 1,057	\$ 92	\$ 121	\$ 469	\$ 1,648	\$ 2,030	\$ (3,941)
As a Percentage of Revenues:								
Revenues.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of services.....	84.9	82.9	84.0	83.8	82.3	82.3	82.0	80.9
Gross profit.....	15.1	17.1	16.0	16.2	17.7	17.7	18.0	19.1
Costs and expenses:								
General and administrative.....	11.5	11.4	10.8	10.9	10.8	9.9	10.7	10.9
Depreciation and amortization.....	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.8
Total costs and expenses.....	12.3	12.3	11.7	11.7	11.6	10.7	11.5	11.7
Income from operations.....	2.8	4.8	4.3	4.5	6.1	7.0	6.5	7.4
Interest expense.....	1.1	1.1	1.2	1.3	1.1	0.8	0.7	0.8
Loss from investment default.....	--	--	--	--	--	--	--	--
Other (income) expense, net.....	(0.6)	(0.3)	0.2	0.0	1.1	(0.4)	(0.7)	(0.2)
Income before provision for income taxes and minority interest.....	2.3	4.0	2.9	3.2	3.9	6.6	6.5	6.8
Provision for income taxes.....	(1.0)	(1.8)	(1.4)	(1.5)	(1.7)	(2.9)	(2.8)	(2.9)
Minority interest.....	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Income from continuing operations.....	1.3	2.2	1.5	1.7	2.2	3.7	3.7	3.9
Loss from discontinued operations.....	(0.6)	(1.0)	(1.5)	(0.9)	(1.6)	(2.2)	(1.8)	(2.1)
Loss on disposal of discontinued operations.....	--	--	--	(0.7)	--	--	--	(5.6)
Net income (loss).....	0.7%	1.2%	0.0%	0.1%	0.6%	1.5%	1.9%	(3.8%)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read together with the consolidated financial statements and the notes to those statements included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. For additional information regarding some of the risks and uncertainties that affect our business and the industry in which we operate and that apply to an investment in our Class A common stock, please see "Risk Factors" at page 7. This discussion addresses only our continuing operations, except in the discussion under the heading, "Discontinued Operations." For more information on our discontinued operations, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Discontinued Operations" and note 15 to our consolidated financial statements.

#### Overview

We deliver a broad array of information technology and technical services solutions to U.S. federal government customers, focusing primarily on critical national defense programs for the intelligence community and Department of Defense. We design, develop, procure, implement, operate, test and maintain mission-critical, enterprise information technology and communication systems and intelligence processing infrastructures for our federal government customers. We also provide solutions to federal government civilian agencies, as well as to state and local governments and commercial customers.

A substantial portion of our revenues are derived from contracts with the federal government. For the nine months ended September 30, 2001 and the year ended December 31, 2000, 95.8% and 96.1%, respectively, of our revenues were derived, either as a prime or a subcontractor, from contracts with the federal government. For the nine months ended September 30, 2001 and 2000, we derived 84.1% and 83.3%, respectively, of our revenues from contracts with our customers in the intelligence community and Department of Defense.

Our revenues consist primarily of payments for the work of our employees and, to a lesser extent, the pass-through of costs for material and subcontract efforts under contracts with our customers. We enter into three types of federal government contracts: cost-plus, time-and-materials and fixed-price. Under cost-plus contracts, we are reimbursed for allowable costs and paid a fee, which may be fixed or performance-based. Under time-and-materials contracts, we are reimbursed for labor at negotiated hourly billing rates and for certain expenses. We assume financial risk on time-and-material contracts because we assume the risk of performing those contracts at negotiated hourly rates. Under fixed-price contracts, we perform specific tasks for a fixed price. Compared to cost-plus contracts, fixed-price contracts generally offer higher margin opportunities but involve greater financial risk because we bear the impact of cost overruns and receive the benefit of cost savings. For the nine months ended September 30, 2001, we derived approximately 36.3%, 35.6% and 28.1% of our revenues from cost-plus, time-and-materials and fixed-price contracts, respectively. For the year ended December 31, 2000, we derived approximately 39.7%, 34.6% and 25.7% of our revenues from cost-plus, time-and-materials and fixed-price contracts, respectively.

We recognize revenues under cost-plus contracts as our costs are incurred and we include an estimate of applicable fees earned. We recognize revenues under time-and-materials contracts by multiplying the number of direct labor-hours expended in the performance of the contract by the contract billing rates and adding other billable direct costs. For contracts that include performance-based incentives, we recognize the incentives when they have been earned and we can reasonably demonstrate satisfaction of the performance goal or when the incentive has been awarded. We

recognize revenues under fixed-price contracts using the percentage of completion method, which involves a periodic assessment of costs incurred to date in relation to the estimated total costs at completion, or upon the delivery of specific products or services. We record the cumulative effects of any revisions to our estimated total costs and revenues in the period in which the facts requiring revisions become known. If we anticipate a loss on a contract, we provide for the full amount of the anticipated loss at the time of that determination.

Our most significant expense is our cost of services, which consists primarily of direct labor costs for program personnel and direct expenses incurred to complete contracts, including cost of materials and subcontract efforts. Our ability to accurately predict personnel requirements, salaries and other costs, as well as to manage personnel levels and successfully redeploy personnel, can have a significant impact on our cost of services. General and administrative expenses consist primarily of costs associated with our management, finance and administrative groups; personnel training; sales and marketing expenses which include bid and proposal efforts; and certain occupancy, travel and other corporate costs.

#### Results of Operations

The following table sets forth, for each period indicated, the percentage of items in the consolidated statement of operations in relation to revenues.

	Year Ended December 31,			Nine Months Ended September 30,	
	1998	1999	2000	2000	2001
Revenues.....	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of services.....	84.4	83.7	83.3	83.6	81.7
Gross profit.....	15.6	16.3	16.7	16.4	18.3
Costs and expenses:					
General and administrative.....	10.6	11.1	11.0	11.0	10.5
Depreciation and amortization.....	0.7	0.9	0.9	0.9	0.8
Total costs and expenses.....	11.3	12.0	11.9	11.9	11.3
Income from operations.....	4.3	4.3	4.8	4.5	7.0
Interest expense.....	1.3	1.2	1.2	1.2	0.8
Loss from investment default.....	1.7	--	--	--	--
Other (income) expense, net.....	(0.3)	(0.4)	0.3	(0.0)	(0.4)
Income before provision for income taxes and minority interest	1.6	3.5	3.3	3.3	6.6
Provision for income taxes.....	(0.7)	(1.5)	(1.6)	(1.5)	(2.9)
Minority interest.....	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Income from continuing operations.....	0.9	2.0	1.7	1.8	3.7
Loss from discontinued operations.....	(0.4)	(0.8)	(1.2)	(1.1)	(2.1)
Loss on disposal of discontinued operations.....	--	--	(0.2)	(0.3)	(1.9)
Net income (loss).....	0.5%	1.2%	0.3%	0.4%	(0.3)%

The following table sets forth, for each period indicated, the percentage of our revenues derived from each of our major types of customers.

	Year Ended December 31,			Nine Months Ended September 30,	
	1998	1999	2000	2000	2001
Intelligence / Department of Defense	82.9%	81.7%	83.6%	83.3%	84.1%
Federal Civilian Agencies.....	14.2	14.3	12.5	12.8	11.7
Commercial / State / Local.....	2.9	4.0	3.9	3.9	4.2
Total.....	100.0%	100.0%	100.0%	100.0%	100.0%

Nine Months Ended September 30, 2001 Compared to the Nine Months Ended September 30, 2000

Revenues. Revenues increased 12.6% to \$316.3 million for the nine months ended September 30, 2001, compared to \$281.0 million for the period in 2000. This increase is attributable primarily to additional work under contracts that were in existence during the corresponding period of the prior year. Additional work from the Department of State and the Army for secure systems and infrastructure solutions, the Defense Security Service for information technology solutions and from the Marine Corps for systems engineering solutions contributed significantly to the increased revenues. We derived approximately 31.1% of our revenues for the nine months ended September 30, 2001 from work under GSA schedule contracts, compared with approximately 29.8% for 2000. We derived approximately 8.4% of our revenues for the nine months ended September 30, 2001 from contracts in which we acted as a subcontractor, compared with approximately 7.8% for 2000.

Cost of services. Cost of services increased 10.0% to \$258.4 million for the nine months ended September 30, 2001, compared to \$234.8 million for 2000. As a percentage of revenues, cost of services decreased from 83.6% to 81.7%. Direct labor costs increased by 6.0%, while other direct costs increased by 18.2% over 2000. Material and subcontract costs increased 18.2% to \$108.6 million for the nine months ended September 30, 2001, compared to \$91.9 million for 2000. The increase arose primarily from our secure systems and infrastructure solutions work and, to a lesser degree, our Defense Security Service information technology work.

Gross profit. Gross profit increased 25.4% to \$57.9 million for the nine months ended September 30, 2001, compared to \$46.1 million for 2000. Gross profit margin increased to 18.3% for the nine months ended September 30, 2001, compared to 16.4% for 2000. The increase resulted from higher margins on new secure systems and infrastructure and information technology tasks, in conjunction with our improved realization of cost efficiencies, as a greater percentage of our work is performed under GSA schedule contracts.

General and administrative. General and administrative expenses increased 7.0% to \$33.2 million for the nine months ended September 30, 2001, compared to \$31.0 million for 2000 for additional management personnel and infrastructure to support the growth of our business. As a percentage of revenues, general and administrative expenses declined 0.5% over the comparable period during the prior year as a result of operating efficiencies, such as our improved monitoring of costs.

Depreciation and amortization. Depreciation and amortization expense has remained relatively constant for the nine months ended September 30, 2001 and 2000, because we have not acquired any companies or made any significant purchases of fixed assets during the periods.

Income from operations. Income from operations increased 75.2% to \$22.2 million for the nine months ended September 30, 2001, compared with \$12.7 million for 2000. The increase was primarily a result of the increase in revenues relative to the cost of services discussed above. Another contributing factor was the improvement in other income that was driven by our receipt of \$500,000 from our agreement to discontinue a subcontract.

Income from continuing operations. Income increased 137.8% to \$12.2 million for the nine months ended September 30, 2001, compared to \$5.1 million for 2000. The increase resulted from higher operating income, an increase in other income, reduced interest expense and a lower effective tax rate. Other income increases are primarily attributable to our equity investment in an affiliate which incurred losses in 2000, but has been profitable in 2001. Interest expense for the period decreased by 28.1% from the nine months ended September 30, 2000 as a result of a \$4.0 million reduction in our average balance under our line of credit and from lower interest rates. Our effective tax rate for the nine months ended September 30, 2001 was 42.7%, compared to 45.8% for 2000, due to a relative decrease in non-deductible expenses.

Year Ended December 31, 2000 Compared to the Year Ended December 31, 1999

Revenues. Revenues increased 7.0% to \$378.8 million for the year ended December 31, 2000, compared to \$353.9 million for 1999. This increase was attributable primarily to additional work under contracts that were in existence during the prior year. Additional work from the Department of State and the Army for secure systems and infrastructure solutions and from the Marine Corps for systems engineering solutions contributed significantly to the increased revenues, offset in part by declines in work under an Army information technology solutions contract. We derived approximately 29.8% of our revenues for 2000 from work under GSA schedule contracts, compared with approximately 20.3% for 1999. We derived approximately 7.8% of our revenues for 2000 from contracts in which we acted as a subcontractor, compared with approximately 6.8% for 1999.

Cost of services. Cost of services increased 6.4% to \$315.4 million for 2000, compared to \$296.3 million for 1999. As a percentage of revenues, cost of services decreased from 83.7% to 83.3%. Direct labor costs increased by 5.9%, while other direct costs increased by 8.2% over 1999. Material and subcontract costs increased 8.2% to \$127.2 million in 2000, compared to \$117.6 million in 1999, as a result of costs primarily associated with increased secure systems and infrastructure solutions.

Gross profit. Gross profit increased 10.1% to \$63.4 million for 2000, compared to \$57.6 million for 1999. Gross profit margin increased to 16.7% for 2000, compared to 16.3% for 1999. This increase resulted from our improved realization of cost efficiencies as a greater percentage of our work was performed under GSA schedule contracts.

General and administrative. General and administrative expenses increased 6.0% to \$41.5 million for 2000, compared to \$39.2 million for 1999, as our expenses grew in line with the growth of our business. As a percentage of revenues, general and administrative expenses declined 0.1%.

Depreciation and amortization. Depreciation and amortization expense remained relatively constant for 2000 and 1999, because we did not acquire any companies in 2000 or make any significant purchases of fixed assets during the year. There were no significant purchases of fixed assets during the year, primarily due to the fact that we began leasing the majority of our computer equipment under three-year leases in the first quarter of 1999.



Income from operations. Income from operations increased 22.6% to \$18.6 million for 2000, compared to \$15.2 million for 1999. The increase was primarily a result of the increase in revenues relative to the cost of services discussed above, offset by increased general and administrative expenses.

Income from continuing operations. Income increased 4.8% to \$7.1 million for 2000, compared to \$6.8 million for 1999. The increase resulted from higher operating income, offset by higher interest expense, a reduction in other income and a higher effective tax rate. While the average debt balance remained fairly constant year over year, interest expense for the year increased by \$0.3 million from the prior year as a result of increasing interest rates. Other income declined by \$2.3 million in 2000 compared to 1999 as a result of reduced earnings from an equity investment and a non-recurring \$0.4 million gain recorded in 1999 upon our sale of a building. Our effective tax rate for 2000 was 45.6%, compared to 44.4% for 1999, due to a relative increase in non-deductible expenses.

#### Year Ended December 31, 1999 Compared to the Year Ended December 31, 1998

Revenues. Revenues increased 12.6% to \$353.9 million for the year ended December 31, 1999, compared to \$314.3 million for 1998. This increase is attributable primarily to contracts with the Department of State and other intelligence agency contracts for secure systems and infrastructure solutions, which were awarded in 1999. We also had approximately \$7.4 million in additional revenues, which resulted from our January 1999 acquisition of Advanced Development Group, Inc., most of which consists of information technology work for the Army. The balance of the increase is attributable to additional work under contracts that were in existence during the prior year, including work from several intelligence agency customers and from the Marine Corps for systems engineering solutions. We derived approximately 20.3% of our revenues for 1999 from work under GSA schedule contracts, compared with approximately 10.4% for 1998. We derived approximately 6.8% of our revenues for 1999 from contracts in which we acted as a subcontractor, compared with approximately 6.2% for 1998.

Cost of services. Cost of services increased 11.7% to \$296.3 million for 1999, compared to \$265.2 million for 1998. As a percentage of revenues, cost of services decreased from 84.4% to 83.7%. Direct labor costs increased by 14.6% as a result of additional staff hired to support new and expanded contract work as well as the addition of staff from Advanced Development Group. Other direct costs increased by 7.6% over the comparable period in 1998. Material and subcontract costs increased 7.6% to \$117.6 million for 1999, compared to \$109.2 million for 1998.

Gross profit. Gross profit increased 17.3% to \$57.6 million for 1999, compared to \$49.1 million for 1998. Gross profit margin increased to 16.3% for 1999, compared to 15.6% for 1998. This increase resulted from improved margins as a result of reduced reliance on subcontractors and additional services provided under new GSA schedule contracts.

General and administrative. General and administrative expenses increased 17.3% to \$39.2 million for 1999, compared to \$33.4 million for 1998. As a percentage of revenues, general and administrative expenses increased 0.5% over the prior year, primarily as a result of increased infrastructure requirements, including expenses associated with our management and marketing of our new GSA schedule contracts.

Depreciation and amortization. Depreciation and amortization expense increased 43.4% to \$3.3 million for 1999 compared to \$2.3 million for 1998. The increase resulted from amortization of purchased contract costs and noncompete agreements associated with our acquisition of Advanced

Development Group and, to a lesser extent, amortization of capitalized software development costs. There were no significant purchases of fixed assets during 1999, primarily due to the fact that we began leasing the majority of our computer equipment under three-year leases in the first quarter of 1999.

Income from operations. Income from operations increased 12.8% to \$15.2 million for 1999, compared to \$13.4 million in 1998. The increase was primarily a result of the increase in revenues relative to the cost of services discussed above, offset by increased general and administrative expenses.

Income from continuing operations. Income increased 132.7% to \$6.8 million for 1999, compared to \$2.9 million for 1998. The increase resulted from higher operating income and higher other income, offset by a higher effective tax rate. Other income rose during the period by \$0.4 million as a result of a gain posted on the sale of a building. Interest expense for 1999 increased by \$0.1 million from an increase of \$0.9 million in the average debt balance. Our effective tax rate for 1999 was 44.4%, compared to 42.5% for 1998, due to a relative increase in non-deductible expenses. In addition, income from continuing operations in 1998 was affected by a \$5.2 million non-recurring charge that resulted from Global Intellicom defaulting on notes it had issued to us in 1996 in connection with Global Intellicom's 1996 purchase of our custom computer hardware business.

#### Liquidity and Capital Resources

Our primary source of liquidity is cash provided by operations and our revolving credit and term-loan facility. We fund our operations primarily through cash provided by operating activities. Cash provided by continuing operations was \$12.5 million for the nine months ended September 30, 2001, an increase of \$11.3 million from the prior year period. The primary reason for this increase was a \$7.0 million increase in income from continuing operations and increases in salary-related accruals and decreases in prepaid and other assets offset by increased contract receivables and decreased advanced billings and accounts payable and other accruals.

Cash provided by operating activities of continuing operations for 2000, 1999 and 1998 was \$19.9 million, \$9.4 million and \$7.9 million, respectively. In 2000, cash provided by operating activities was generated primarily from income from continuing operations of \$7.1 million, a decrease in contract receivables as a result of greater efforts to monitor and collect these amounts, an increase in advanced billings and an increase in salary-related accruals, offset by increases in prepaid expenses and other assets and decreases in accounts payable and accrued expenses. In 1999, cash flow was principally due to income from continuing operations of \$6.8 million, increases in accounts payable and accrued expenses and decreases in prepaid expenses and other assets, offset by a significant increase in contract receivables resulting from growth in our contract base. In 1998, cash was generated by income from continuing operations of \$2.9 million plus the non-cash investment default of \$5.2 million offset by increased contract receivables and decreased advanced billings.

Cash used in investing activities of continuing operations was \$5.6 million for the nine months ended September 30, 2001, compared to \$2.1 million for the prior nine month period. Investment activities included extending loans to an affiliate, purchase of property and equipment and investments in intellectual property. Cash used in investing activities for 2000, 1999 and 1998 was \$4.2 million, \$2.6 million and \$5.0 million, respectively. Financing activities have primarily consisted of investments in intellectual property, acquisitions of businesses, investments and loans to affiliates and purchase of property and equipment.

Cash used in financing activities of continuing operations was \$7.7 million for the nine months ended September 30, 2001, compared to \$3.8 million for the nine months ended September 30, 2000. The net cash used during 2001 and 2000 is primarily the result of reduction in debt.

Cash used in financing activities of continuing operations was \$0.0 million for 2000. Cash provided by financing activities of continuing operations was \$2.0 million for 1999 and \$1.3 million for 1998. Debt repayments and borrowings produced no significant cash impact in 2000. Borrowings under our line of credit exceeded repayments of other debt items by \$2.0 million in 1999. In 1998, we undertook \$8.0 million in subordinated debt in order to finance the redemption of \$8.0 million in preferred stock. We also redeemed \$2.9 million in common stock from a former employee. This was financed through borrowings under our line of credit.

On December 17, 2001, we executed a new Business Loan and Security Agreement with Citizens Bank of Pennsylvania, PNC Bank N.A., Branch Banking and Trust Company of Virginia, and Chevy Chase Bank, F.S.B. to refinance and replace our prior agreement. The new agreement provides for a \$65.0 million revolving credit facility and a \$6.4 million term loan. Under the term-loan portion of the new agreement, the principal balance is payable in consecutive quarterly installments of \$0.5 million on the last business day of each quarter commencing with the last business day of December 2001. The maturity date of the new agreement is December 31, 2004. Borrowings under the new agreement are collateralized by our eligible contract receivables, inventory, all of our stock in our subsidiaries and certain property and equipment and bear interest at the London Interbank Offering Rate (LIBOR), or the lender's prime rate, plus market-rate spreads that are determined based on a company leverage ratio calculation. The LIBOR spreads may range from 1.75% to 2.75% and the prime rate spreads may range from 0.50% to 1.50%.

Our new loan agreement replaced a November 1998 Business Loan and Security Agreement with Mellon Bank N.A., First Union Commercial Corporation and PNC Bank N.A. that, as modified in October 2000, consisted of a \$60.0 million revolving credit facility and a \$16.0 million term loan. Under the revolving portion of the former agreement, we could borrow the lesser of defined percentages of receivables or \$60.0 million. Under the term-loan portion of the former agreement, the principal balance was payable in consecutive quarterly installments of \$0.8 million on the last business day of each quarter with a final payment of \$6.4 million due upon the expiration of the agreement on December 31, 2001. Borrowings under the former agreement were collateralized by our eligible contract receivables, inventory and certain property and equipment and as of September 30, 2001 bore interest at the agreed-upon LIBOR plus 2.25% for the first \$25.0 million outstanding, at LIBOR plus 2.75% for the term loan, at LIBOR plus 2.03125% for European currency loans of \$1.0 million and at the bank's prime rate plus 1.00% for outstanding amounts greater than \$33.2 million. The aggregate weighted average interest rate for the nine months ended September 30, 2001 was 8.49%. At September 30, 2001, we had \$60.3 million in borrowings outstanding under the former agreement.

In January 1998, we executed a seven-year Subordinated Credit Agreement with First Source Financial LLP for \$8.0 million to finance the redemption of preferred stock. The principal balance is payable in eight consecutive quarterly installments of \$0.9 million on the first business day of each quarter commencing with the first business day of January 2003. A ninth and final payment is due on the last day of December 2004.

We believe the capital resources available to us under our credit agreements and cash from our operations are adequate to fund our ongoing operations and to support the internal growth we expect to achieve for at least the next 12 months. We anticipate financing our external growth from acquisitions

as well as our longer-term internal growth through one or a combination of the following: cash from operations; additional borrowing; issuance of equity; use of the existing revolver facility; or a refinancing of our credit facilities.

#### Discontinued Operations

Prompted by the prospect in the early 1990s of stable or declining federal government spending on defense programs as a result of the end of the Cold War, we made a number of investments in businesses operating primarily in non-governmental markets in the United States and internationally. Our investment in commercial and international business ventures contributed to our expertise with leading-edge information technology and technical services solutions. As a result of the favorable outlook for government technology service providers and the slowdown in the commercial information technology market, we determined in January 2001 to refocus our business strategy on our core competencies and business operations in the U.S. federal government market. In September 2001, we decided to exit certain lines of business involving foreign operations or operations that primarily serve commercial customers. We have decided to dispose of or discontinue our Australian-based software solutions consulting business, our United Kingdom-based bank remittance processing business, our China-based consulting business, our U.S.-based environmental consulting and remediation business and our U.S.-based application-hosting business. We are not discontinuing or disposing of our operations that currently provide comprehensive information technology and systems engineering solutions to federal government agencies, including the EPA, or that currently provide database conversion solutions to commercial customers. The lines of business to be disposed of or discontinued have been classified as discontinued operations in our consolidated financial statements. Based on independent valuations, market comparable information and interest expressed in these businesses, we have estimated the likely net gains and losses to income expected from these businesses through the estimated date of disposal. In accordance with Accounting Principles Board Opinion No. 30, Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business and Extraordinary Unusual and Infrequently Occurring Events and Transactions, we have recorded all current and expected future losses and deferred all gains expected to be realized upon disposal of the respective entities.

#### Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk relates to changes in interest rates for borrowings under our senior term loan and our revolving credit facility. These borrowings bear interest at variable rates. We also have an unsecured note that bears interest at a fixed rate. We estimate the fair value of this note to approximate the \$8.0 million principal balance. Based on our senior term loan and our revolving credit facility borrowings during 2000, a hypothetical 10% increase in interest rates would have increased our annual interest expense by approximately \$0.5 million and would have decreased our annual cash flow from operations by approximately \$0.5 million.

In November 2000, we entered into an interest swap agreement in order to reduce our exposure associated with the market volatility of interest rates. This agreement has a notional amount of \$25.0 million and, as of September 30, 2001, had a rate of 6.53%. This agreement is a hedge against revolving debt of \$25.0 million, which bears interest at monthly floating LIBOR plus 2.25%. At stated monthly intervals the difference between the interest on the floating LIBOR-based debt and the interest calculated in the swap agreement are settled in cash. The value of the swap at September 30, 2001 was a negative \$2,084,000. In December 2001, the swap agreement was reset within our new banking group at a rate of 6.83% with a four-year term.

## Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, Business Combinations (SFAS No. 141). SFAS No. 141 requires that all business combinations be accounted for by a single method--the purchase method. The provisions of SFAS No. 141 apply to all business combinations initiated after June 30, 2001. SFAS No. 141 also applies to all business combinations accounted for using the purchase method for which the date of acquisition is July 1, 2001, or later. We do not expect the adoption of the provisions of SFAS No. 141 to have an impact on our consolidated financial position or results of operations.

In June 2001, the FASB issued Statement No. 142, Goodwill and Other Intangible Assets (SFAS No. 142). SFAS No. 142 requires that, upon its adoption, amortization of goodwill will cease and instead, the carrying value of goodwill will be evaluated for impairment on an annual basis. Identifiable intangible assets will continue to be amortized over their useful lives and reviewed for impairment in accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of (SFAS No. 121). SFAS No. 142 will be effective for fiscal years beginning after December 15, 2001. We have not yet completed our analysis of this new pronouncement and the impact it will have on the consolidated financial statements.

In July 2001, the FASB issued Statement No. 143, Accounting for Asset Retirement Obligations (SFAS No. 143). SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made. The associated asset retirement cost would be capitalized as part of the carrying amount of the long-lived asset. SFAS No. 143 will be effective for fiscal years beginning after June 15, 2002. We have not determined the effect that this statement will have on our consolidated financial position or results of operations.

In October 2001, the FASB issued Statement No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS No. 144), that replaces SFAS No. 121. SFAS No. 144 requires that long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. SFAS No. 144 also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction. The provisions of SFAS No. 144 are effective for financial statements issued for fiscal years beginning after December 15, 2001. We have not yet completed our analysis of this new pronouncement and the impact it will have on the consolidated financial statements.

In November 2001, the Emerging Issues Task Force (EITF) issued Topic No. D-103, Income Statement Characterization of Reimbursements Received for "Out-of-Pocket" Expenses Incurred. EITF No. D-103 requires that companies report reimbursements received for out-of-pocket expenses incurred as revenue, rather than as a reduction of expenses. The provisions of EITF No. D-103 are effective for financial statements issued for fiscal years beginning after December 15, 2001. As we have historically accounted for reimbursements of out-of-pocket expenses in the manner provided for under EITF No. D-103, we do not expect the adoption of the provisions of EITF No. D-103 to have an impact on our consolidated financial position or results of operations.

## Overview

ManTech International Corporation delivers a broad array of information technology and technical services solutions to U.S. federal government customers, focusing primarily on critical national defense programs for the intelligence community and Department of Defense. We design, develop, procure, implement, operate, test and maintain mission-critical, enterprise information technology and communication systems and intelligence processing infrastructures for our federal government customers. More than 1,700 of our nearly 3,500 employees hold government security clearances, including over 600 with access to Top Secret Sensitive Compartmented Information allowing us to work with our customers in highly classified environments and at front-line deployments in the United States and 28 countries globally.

We were founded in 1968 and have exhibited strong growth and profitability since 1980 largely as a result of successful long-standing relationships with our customers, having supported many of them for 15 to 30 years. For both the year ended December 31, 2000 and the nine months ended September 30, 2001, approximately 84.0% of our revenues were derived from our customers in the intelligence community and Department of Defense. These customers include the Office of the Secretary of Defense; the Department of State; various intelligence agencies; the U.S. Army, Navy, Air Force and Marine Corps; and joint military commands. We also provide solutions to federal government civilian agencies, including NASA, EPA and the Departments of Justice, Commerce and Energy, as well as to state and local governments and commercial customers.

## Industry Background

The federal government is the largest purchaser of information technology solutions. Federal government spending on information technology has consistently increased in each year since 1980. Input, an independent market research firm, expects this trend to continue, with federal government spending on information technology expected to increase from \$36.4 billion in 2001 to an estimated \$60.3 billion in 2006, a compound annual growth rate of 10.6%. Moreover, this data may not fully reflect government spending on complementary technical services, which include sophisticated systems engineering and testing services. We believe that government spending will continue to increase due to several trends:

Increasing U.S. Department of Defense budgets. The Department of Defense is the largest purchaser of information technology in the federal government. JSA Research Inc., an independent market research firm, has stated that the federal government is projected to increase spending on defense-related programs from \$291.0 billion in 2001 (excluding \$20.0 billion authorized for fiscal year 2001 under the emergency supplemental spending bill signed by President Bush following the September 11th attacks) to \$400.0 billion in 2003, a compound annual growth rate of 17.2%. For fiscal year 2002, the President has signed a bill that authorizes \$343.0 billion in defense spending, of which \$317.0 billion has been formally appropriated. This same appropriations bill also includes supplemental funding of \$3.5 billion to the Department of Defense. Within this expanding market, there are several notable trends affecting information technology and technical services providers:

- . Command, Control, Communication, Computers and Intelligence (C4I). According to Frost & Sullivan, a market research firm, the federal government spends approximately \$11.3 billion annually on advanced systems and communications for C4I-related activities. We believe that spending on advanced command and control architectures will increase as the Department of Defense seeks to use information technology to increase combat power, improve battle management and enhance communications and systems interoperability.

. Homeland Defense Programs. The Pentagon has stated that the military's most urgent priority is to defend the United States from external attack, including cyber-assaults and bioterrorism. To accomplish this mission, we believe the federal government will rely heavily on cooperative and coordinated information systems, technologies and technical services. According to the Government Electronics and Information Technology Association, federal spending on information assurance initiatives is expected to increase from \$2.7 billion in 2000 to \$6.7 billion in 2005, a compound annual growth rate of approximately 19.9%. In addition, on September 18, 2001, the President signed into law an emergency spending bill that provides \$40.0 billion for Homeland Defense initiatives, \$20.0 billion of which will be obligated for spending in fiscal year 2001 and \$20.0 billion for fiscal year 2002. According to the Office of Management and Budget, of the \$19.7 billion already obligated for spending under fiscal year 2001 programs, approximately \$5.6 billion has been obligated to the Department of Defense for the war on terrorism and related initiatives. The 2002 defense appropriations bill, for which Congress has already authorized funding, provides an additional \$20 billion for homeland defense initiatives, including \$3.5 billion for the Department of Defense and \$8.3 billion for non-Department of Defense homeland defense.

. Intelligence Spending. The U.S. intelligence community is comprised of 13 federal agencies and organizations responsible for the collection, analysis and dissemination of strategic and tactical intelligence information. The 13 agencies comprising the U.S. intelligence community are:

<input type="checkbox"/> Central Intelligence Agency	<input type="checkbox"/> Department of State
<input type="checkbox"/> Defense Intelligence Agency	<input type="checkbox"/> Department of Energy
<input type="checkbox"/> National Security Agency	<input type="checkbox"/> Department of the Treasury
<input type="checkbox"/> Army Intelligence	<input type="checkbox"/> Federal Bureau of Investigation
<input type="checkbox"/> Navy Intelligence	<input type="checkbox"/> National Reconnaissance Office
<input type="checkbox"/> Air Force Intelligence	<input type="checkbox"/> National Imagery and Mapping Agency
<input type="checkbox"/> Marine Corps Intelligence	

The budget for the intelligence community is coordinated under the Director of Central Intelligence and the Secretary of Defense. The intelligence community budget has traditionally been classified for national security reasons, but figures released to the public for the fiscal years 1997 and 1998 indicated annual budgets in excess of \$26.0 billion. While budget numbers for subsequent years have not been released, according to the U.S. House of Representatives Appropriations Committee, the fiscal year 2002 spending bill "adds significant funds in support of classified programs and also provides funding to accelerate and enhance U.S. military intelligence, surveillance, and reconnaissance (ISR) capabilities." In addition, the emergency supplemental spending bill signed into law by the President on September 18, 2001 allows for spending on intelligence-related activities, although specific spending amounts have not been released to the public.

Increasing adoption of commercialized procurement methods in the federal government. Recent changes in procurement legislation have incorporated commercial buying techniques into the government's source selection process. These changes have resulted in reduced supplier selection time and have facilitated "best value" contracting, which considers qualitative selection criteria, such as past performance and technical approach. Other changes allow government technology service providers to attain pre-approved status and gain the opportunity to market their services to federal government customers through contracts with established pricing metrics, such as GSA schedule contracts. These contracts enable government agencies to transition from cost-plus contracts to time-and-materials and

fixed-price contracts, which promotes increased efficiencies for federal government customers by incentivizing technology service providers to reduce costs.

Increasing reliance on technology service providers. The independent market research firm Input estimates that the federal government information technology outsourcing budget will grow from approximately \$6.3 billion in 2001 to approximately \$13.2 billion in 2006, a compound annual growth rate of approximately 15.9%, due to the government's need for cost-effective technologies and efficient services. The trend towards use of technology service providers is expected to accelerate in light of staffing challenges facing the government. The National Academy of Public Administrators estimates that approximately 50.0% of the federal government information technology workforce will be eligible to retire by 2006 and that there will be a shortage of technically skilled replacements. Given the difficulty the federal government has experienced in hiring and retaining skilled technology personnel in recent years, we believe the federal government will need to rely heavily on technology service providers that have experience with government legacy systems, can sustain mission-critical operations and have the required government security clearances to deploy qualified personnel in classified environments.

Increasing focus on modernizing information technology and communication infrastructures. Traditionally, the federal government has relied on proprietary legacy systems that were developed with programming and computer standards unique to the government. These legacy systems often are expensive to maintain, lack scalability and are incompatible with current technologies. Nevertheless, the government has a significant amount of money and resources invested in these legacy systems, many of which serve mission-critical functions where even a minor failure can lead to substantial losses, including potential loss of life. The government therefore requires technology service providers with domain expertise who can successfully integrate and transition proprietary legacy systems to modern technologies.

#### Requirements for Government Technology Service Providers

We believe that government technology service providers face significant challenges when providing services to the intelligence community and Department of Defense. We believe they must:

- . Provide and support comprehensive technology-based solutions;
- . Demonstrate expertise in sustaining proprietary government legacy systems to maintain mission-critical functionality, while integrating or replacing them with modern systems and applications;
- . Comply with strict personnel and facility security clearance requirements for classified programs;
- . Demonstrate domain expertise, a record of past performance and the ability to successfully manage large and complex programs; and
- . Have a strong management team with practical experience in managing programs for the intelligence community and Department of Defense.

#### ManTech's Competitive Advantages

We believe we are well positioned to address the requirements of our customers in the intelligence community and Department of Defense because we possess the following key competitive advantages:

Comprehensive technology solutions provider. We offer comprehensive systems life-cycle support, through which we design, develop, procure, implement, operate, test and maintain



sophisticated communication and information technology systems and infrastructures. Our ability to provide this broad array of capabilities affords us opportunities to expand our business with existing customers and to develop relationships with new customers. By offering domain expertise in customers' systems and infrastructures, we are able to identify, develop, implement and deploy solutions to support our customers' mission-critical and enterprise systems.

Extensive experience with government legacy systems. Our expertise with legacy systems migration, integration, optimization and maintenance enables us to sustain, modernize, maximize and protect our government customers' investments in systems and infrastructures. For over 30 years, we have worked with a variety of legacy information technology systems and programming languages that are proprietary to our customers in the intelligence community and Department of Defense, and we have gained extensive domain expertise through our on-site presence at government facilities. With this background, we can transition a customer's legacy systems to, or integrate them with, new commercial technologies and web-enabled customized applications, enhancing the interoperability and accessibility of critical enterprise data.

Employees with security clearances. We are able to satisfy the strict security clearance requirements for personnel who work on classified programs for the intelligence community and Department of Defense. More than 1,700 of our approximately 3,500 employees have government security clearances. Approximately 1,100 of these employees hold Top Secret security clearances, including more than 600 employees who have access to Sensitive Compartmented Information. These employees have already completed the lengthy process necessary to obtain a security clearance, which requires a candidate to be sponsored by the government for a particular purpose, entails extensive background investigations that typically take between six months to a year and, for restricted access clearance, may require successful completion of polygraph testing. We also maintain facility clearances as required to support classified programs.

Proven track record of providing services to the federal government. We have a successful track record of fulfilling our customer needs as demonstrated by our long-term relationships with many of our largest customers. We have supported technical services programs for the Navy for over 30 years, intelligence activities for the Army for over 20 years and security programs for the Department of State for over 15 years. For example, since 1981 we have provided services under five successive competitively awarded contracts in support of the Naval Aviation Logistics Command Management Information System.

Experienced management team. Our executives and advisory board members provide us extensive experience supporting the intelligence community and Department of Defense. Many of our executives and advisory board members have long tenures in the government marketplace, and several are former senior military officers or intelligence agency executives. With their knowledge, valued relationships and reputations, our management plays a key role in building and sustaining our customer base.

#### ManTech's Growth Strategy

Our objective is to profitably grow our business as a premier provider of comprehensive information technology and technical services solutions to the federal government market. Our strategies for achieving this objective include:

Expand Our Customer Base. We intend to capitalize on our long-term relationships with our customers and our reputation within the intelligence community and Department of Defense to attract new customers and to cross-sell our broad array of solutions to our existing customers. Under the "best value" contracting process that has resulted from reforms in the government process, past performance and technical approach are key factors which the government may consider when evaluating competitive bids. Based on our long-term support to numerous customers, we believe we have a successful past performance track record and demonstrated technical expertise that gives us credibility recognition with these customers and enhances our ability to be successful in bidding on follow-on contracts and in competition for new programs of both existing and new customers. We also intend to pursue these opportunities by hiring key personnel with targeted domain expertise and by pursuing strategic acquisitions. Because our personnel are on-site with, or working in close proximity to, our customers, we develop close relationships with them and are often able to enhance our customers' operations by rapidly identifying and developing solutions for customer-specific requirements.

Increase Contract Profitability. We intend to continue increasing our profitability by pursuing contracts that require higher value-added solutions and by transitioning our services to more efficient and flexible contract vehicles, such as competitively awarded GSA schedule contracts. We leverage our customer relationships and our existing core competencies to identify and compete for service offerings where we can obtain improved margins by delivering higher value-added solutions. In addition, we have actively pursued flexible contract vehicles, such as competitively awarded GSA schedule contracts, as a quick, efficient way to engage our services. GSA schedule contracts are competitively awarded acquisition contracts which government agencies may use to purchase our solutions at predetermined ceiling prices, terms and conditions. In marketing to our customers, we are able to highlight the advantages that these contract vehicle alternatives offer our customers. In addition to providing our customers with pre-negotiated competitively priced arrangements, these advantages include the broad range of services that can be obtained under them, the quick response flexibility they offer to meet short time constraints and the capability to accommodate overall program technical, schedule and cost requirements at fair market prices. Customers which select these contract vehicles find that they can obtain the benefit of competitively priced services without the cost and delay of the government's traditional formal proposal and bid process. These contract vehicles also incentivize us to provide our services on a more cost-efficient basis. If we achieve cost efficiencies through effective management of these contracts, we can increase our profitability. Under GSA schedule contracts, we can also proactively market our advanced technology solutions to our federal government customers.

Target High Growth Segments of the Market. We believe the projected growth in government information technology and technical services spending will offer opportunities for development and delivery of advanced technology solutions for enterprise applications and information systems. We intend to expand our service offerings in high growth program areas. In particular, we intend to focus on providing new or improved solutions in critical infrastructure protection and information assurance, including cybersecurity and homeland defense programs, and other secure systems and infrastructure solutions to the intelligence community, Department of Defense and other civilian agencies. For example, our staffing levels in support of the Department of State's critical infrastructure and information assurance functions increased from approximately 100 to 450 personnel since 1998.

Attract and Retain Highly Skilled Personnel. We intend to continue to attract and retain skilled professionals, including engineers, scientists, analysts, technicians and support specialists, to ensure we have the capabilities to fulfill our customers' requirements. We target candidates who have served in

the military or as civilian experts in the intelligence community and Department of Defense. We believe we can continue to retain our employees by offering competitive compensation and incentive plans, opportunities for career growth through company-supported education programs and diverse, challenging assignments at over 160 locations worldwide.

**Pursue Strategic Acquisitions.** We plan to enhance our internal growth by selectively pursuing strategic acquisitions of businesses that can cost-effectively broaden our domain expertise and service offerings and allow us to establish relationships with new customers. We are primarily focused on acquiring businesses that provide value-added solutions for the intelligence community and Department of Defense but will also consider opportunities to acquire other businesses where we can leverage our reputation and experienced management team.

#### ManTech's Services

We deliver comprehensive information technology and technical services solutions for mission-critical, enterprise information technology and communication systems through three principal areas of expertise, which are offered separately or in combination across our customer base:

##### Secure Systems and Infrastructure Solutions

We provide a broad range of solutions to enhance systems and network availability and mission-critical performance of our customers' hardware, software, computer, network and telecommunication assets, including:

**Intelligence Operations.** We provide services for strategic and tactical intelligence systems, networks and facilities in support of the intelligence community and Department of Defense. To support classified systems and facilities designed to collect, analyze, process and report on signals intelligence, we develop and integrate advanced, signal processing systems and new signal processing techniques. Our intelligence-related services also include the design, rapid development and prototyping, integration and management of real-time signal processing systems. For example, when an adversary implements a new communication technique or protocol, we provide rapid prototyping and re-engineering services, which enable our customers in the intelligence community to decipher and exploit the communications.

**Communication systems and infrastructure support.** We design, develop, modify and maintain secure communication systems and network infrastructures. This process involves evaluating industry standards, systems architectures and applications in order to recommend and develop technology solutions and integrate them into a customer's secure communication systems. We also procure, install and test new voice, data and video communication systems. For example, we provided a comprehensive communication network infrastructure and systems solution in relocating, re-establishing and upgrading a major military command headquarters from Panama to Miami, Florida. We integrated the customer's classified and unclassified information processing and telecommunication network without disruption to the command mission.

**Safeguarding critical infrastructures.** We identify potential foreign and domestic threats, including terrorism, to quantify exposure to the threats and recommend prudent countermeasures. Our capabilities include threat definition and modeling, vulnerability identification, adversary characterization, lethal force defense analysis, security life-cycle planning and management, physical and cyber countermeasure optimization techniques and operations security assessments. For example,

to assist the Department of State in addressing the requirements of Presidential Decision Directive 63, which requires all government agencies to identify and safeguard critical infrastructures from all forms of threats, we provide on-going support in the department-wide vulnerability assessments of their critical infrastructure and resources and perform worldwide network management and other integrated security services.

Information assurance. We provide comprehensive information assurance programs that assess and implement integrated physical, technical, operations, personnel, computer and communication security requirements, including disaster recovery assessment. Our services include systems security architecture development, test and evaluation, certification and accreditation support and compliance audits and inspections. We offer information assurance support for both classified and unclassified systems. For example, for the Department of State, we design and implement networks and host-based intrusion detection programs that are compatible with their evolving virtual private network architecture.

#### Information Technology Solutions

We provide a broad range of information technology solutions to our customers, including:

Systems integration services. We perform comprehensive systems integration of hardware and software components using commercial products and our customers' proprietary software and legacy applications for our government and commercial customers. We analyze customer information systems, applications and platforms and develop solutions to sustain or extend systems performance and availability. For example, as a subcontractor on the Navy-Marine Corps Intranet program, we are transitioning legacy software applications to a standardized, end-to-end systems infrastructure for voice, video and data. This includes support of over 10,000 critical legacy business applications serving 350,000 Navy personnel, which must be migrated to the new program architecture. We also develop and provide specialized training programs for information systems, including interactive electronic training and technical manuals and enterprise-wide distance learning programs. We are working with the Internal Revenue Service's General Business Institute to design, develop and implement a web-based training management and delivery solution that provides access to more than 100 training courses via their intranet or the Internet.

In addition, we perform database conversion and application migration services for our customers. For example, we developed a software tool that enhances our database conversion and application migration services. This solution automates the database conversion process to enable better, faster and less expensive conversions and migrations.

Enterprise application solutions. We design, develop, implement, test, maintain and web-enable software applications for our customers' information systems and network infrastructures. We provide comprehensive e-commerce services, including web development efforts that focus on designing and maintaining scalable, interoperable, reliable and portable end-to-end information management solutions. Our e-commerce services also include global web-based collaboration, electronic cataloging, automated document imaging and business process re-engineering. For example, as part of our business process re-engineering services, we are working with the Office of the Secretary of Defense to develop industry-wide electronic data interchange standards.

We design, develop and implement electronic data interchange solutions, which enable different entities to communicate and execute orders and transactions electronically. For example, we developed

an electronic data interchange solution for the Defense Commissary Agency, which operates over 370 commissaries worldwide. We also currently provide a web-based integrated solution for managing millions of vital records that document birth, death, marriage and divorce for several state and local governments.

Our information technology solutions allow end-users insight into and control over supply chain management. We have developed and implemented logistics management information systems for the Navy for more than 20 years, including the sophisticated Naval Aviation Logistics Command Management Information System application, which is used on every ship in the Navy and at over 450 shore facilities. We have also expanded our services for the Navy in this area so that we now develop, maintain and provide continuous systems process improvements for 19 other information systems as part of the Navy Tactical Command Support System, which automates numerous logistics functions. Applications we designed for the Navy have been adopted for use by other agencies, including the Marine Corps, the White House Communications Agency and three NASA centers.

Systems/network maintenance services. We have extensive experience in maintaining a wide range of information management resources for our customers. We perform comprehensive systems administration, including 24x7 support for continuous mission operations. For example, for the Army, we provide systems administration and help desk functions at a domestic location for a command and management system, as well as help desk functions in an overseas remote location that supports 1,500 users. For this customer, we also provide on-site support for the command and management system workstations and networks located throughout countries in Central and South America.

#### Systems Engineering Solutions

We offer our customers a broad range of systems engineering solutions, including:

Systems engineering services. We perform comprehensive systems engineering services to analyze and develop solutions for customer hardware and software requirements. We also evaluate existing systems designs to determine if performance enhancements or cost savings can be derived through the integration of current technologies. For more than 15 years, we have provided a broad range of systems engineering services to analyze acoustic data requirements and develop instrumentation to assist the Navy in maintaining or increasing the acoustical advantages of U.S. submarines. As part of these services, we have developed a wide range of hull-mounted and towed array sonar systems and acoustic measurement systems. We also provide systems engineering and technical services that support the design and installation of communication, intelligence, electronic warfare and information systems aboard Navy and Coast Guard ships and at shore-based facilities.

Testing and evaluation. For the past three decades, we have tested complex and mission-critical hardware and software systems used by the Army, Navy and NASA. We have played key roles in improving the performance, reliability, maintainability, supportability and weapons effectiveness of in-service rotary and fixed wing platforms, including the F/A-18E/F Super Hornet, and their associated ordnance. We are participating in development of plans for testing and evaluating the Joint Strike Fighter. We also perform submarine and surface ship acoustical trials to evaluate stealth abilities and to maintain the acoustical credibility of U.S. submarines. We have performed acoustic testing for every operational class of Navy combat vessel, both surface and submarine, in use today.

Through our work at NASA's Goddard Space Flight Center, our space payload test and integration services have supported every in-house earth orbit program since 1971. We conduct a broad

range of tests, including structural, acoustics, vibration, space simulation and electromagnetic tests, to certify that all flight hardware can withstand the extreme conditions of space flight. We have won recognition within both Goddard and the NASA community for our test, integration, transportation and launch site support of the Hubble Space Telescope repair and servicing missions. For example, we received the Goddard Contractor Excellence Award for 2000.

We also design, manufacture and produce automated test technology for military and commercial customers. For example, we are the prime contractor for the U.S. Marine Corps Third Echelon Test System, a mobile testing platform that is designed to provide electronic repair support on the front lines of the battlefield.

Our services also include our environmental science, toxicology and ecology research and development services for the EPA, including assessing the human health impacts of a wide variety of air and waterborne contaminants, monitoring and predicting exposures, understanding exposure routes in the event of a release of chemicals or biological agents and modeling migration strategies to predict the movement of airborne and waterborne contaminants. In response to the September 11, 2001 terrorist attacks, we were asked by the EPA's National Exposure Research Laboratory to assemble and calibrate equipment for monitoring pollutants released around the collapsed World Trade Center complex. In less than 48 hours, we defined monitoring needs and configured equipment in a mobile laboratory that was delivered to the World Trade Center site to collect and evaluate samples of contaminants.

Independent validation and verification. We perform tests to certify that new systems or upgraded systems operate in accordance with their design requirements. For example, we have performed certification services for aircraft weapon systems in support of U.S. Naval Air Systems Command programs.

#### ManTech's Customers

Our customers include U.S. federal government intelligence, military and civilian agencies and other state and local governments and commercial customers. We have successful long-standing relationships with our customers, having supported many of them for 15 to 30 years. Representative customers include:

- . Intelligence and Department of Defense Customers
  - Office of the Secretary of Defense
  - U.S. Army, Navy, Air Force and Marine Corps
  - Multiple Intelligence and Classified Agencies
  - Department of State
  - Defense Information Systems Agency
  - Defense Logistics Agency
  - Defense Commissary Agency
  - Joint Interoperability Test Command
  
- . Civilian Agencies or Departments
  - Department of Energy
  - Department of Justice
  - National Aeronautics and Space Administration
  - Environmental Protection Agency
  - Internal Revenue Service
  - National Institutes of Health, including the National Cancer Institute

Our revenues derived from our federal government customers, consisting primarily of customers in the intelligence community and Department of Defense, accounted for approximately 95.8% of our revenues for the nine months ended September 30, 2001, and approximately 96.1%, 96.0% and 97.1% of our revenues for 2000, 1999 and 1998, respectively. Our federal government customers typically exercise independent contracting authority, and even offices or divisions within an agency or department may directly, or through a prime contractor, use our services as a separate customer so long as that customer has independent decision-making and contracting authority within its organization. For example, under a blanket purchasing agreement with one of the Army's contracting agencies, program managers throughout the Army and from other services and defense agencies are able to purchase a wide range of our solutions. Even though task orders under this agreement together accounted for 12.5% of our revenues for the nine months ended September 30, 2001, no one task order represented more than 4.7% of our revenues during that period.

For 2000 and the nine months ended September 30, 2001, we derived 7.8% and 8.4%, respectively, of our revenues through relationships with prime contractors, who contract directly with the customer and subcontract to us. For 2000, we derived 98.7% and 1.3% of our revenues from services provided in the United States and abroad, respectively. For the nine months ended September 30, 2001, we derived 98.4% and 1.6% of our revenues from services provided in the United States and abroad, respectively.

#### Representative Customer Solutions

We have selected the following case studies to illustrate the breadth of comprehensive information technology and technical services solutions that we provide and the range of customers that benefit from our solutions. While we believe they are helpful in that regard, our selection of these case studies should not be viewed as depicting our largest or most profitable contracts, the full range of work that we have undertaken in the past or the type of contracts we will pursue in the future.

#### Intelligence-Related Support

**Task Objective:** Establish and operate strategic and tactical intelligence systems, networks and facilities in classified environments to support our customers' worldwide intelligence-related operations.

**Solution:** For over 20 years, we have supported a broad range of strategic programs for classified agency customers to enhance signals intelligence systems and infrastructure availability and mission-critical functionality. We design, develop, monitor, maintain and upgrade designated site hardware, software, network and telecommunication assets to support continuous operations. We have consistently achieved required systems availability levels while accommodating a broad range of new technology integration initiatives for our customers' legacy systems.

For U.S. Army intelligence customers, we currently operate four centers in the United States, one in Germany and one in South Korea to support intelligence, electronic warfare and other systems. These centers must be able to adapt and expand to support a wide range of electronic maintenance or logistics support missions. We perform broad maintenance, logistical and

administrative services, including systems and network troubleshooting, maintenance and repair, and installation, integration and testing of electronic, electrical and mechanical equipment designed for vehicular, airborne and portable platforms. We also provide dedicated or on-call support on a 24x7 basis for designated systems during exercise and active deployments.

#### U.S. Department of State Critical Infrastructure Protection Services

**Task Objective:** Establish program to support the Department of State's electronic and physical security systems, network intrusion detection systems, and classified communications programs at worldwide embassies and posts.

**Solution:** We are the primary technology service provider responsible for upgrading all electronic physical security infrastructure at more than 250 U.S. embassies and posts worldwide. This infrastructure includes perimeter surveillance, closed-circuit television, intrusion detection, access control and fire suppression systems. We continuously evaluate emerging security technologies for suitability and possible integration into Department of State facilities.

We also assess and test commercial off-the-shelf cyber intrusion detection products to meet the requirements of each location. We test each product in our secure laboratory prior to deployment. We recently designed and implemented a network and PC-based intrusion detection program compatible with the evolving virtual private network architecture serving the Department of State and the foreign affairs community. We also provide incident handling support and develop procedures for coordinating espionage investigations.

For one of the Secretary of State's highest information technology priorities, we support the development of a secure global network and infrastructure for 190 foreign service post installations worldwide. We build, test and integrate equipment into approved solution configurations, which are shipped overseas and installed in the posts. Based on the customer's connectivity requirements, the solutions we provide range from simple secure dial-up to a more complex secure NT local area network providing classified message and e-mail delivery. To date, we have successfully installed classified Windows NT-based local area network solutions at 52 posts.

We have recently been tasked to provide Internet access worldwide at each department desktop within a secure infrastructure. We are developing a segmented architecture that identifies how security functionality can be implemented on local and wide area networks and host resources.



## U.S. Southern Command Headquarters Services

**Task Objective:** Establish and maintain C4I information management processing capabilities for the headquarters of the U.S. Southern Command in Miami, Florida.

**Solution:** We were the C4I systems integration contractor for the relocation of the headquarters of the U.S. Southern Command from Panama to Miami, Florida. We designed and delivered a comprehensive integrated communications solution for the new facility that enhanced the overall information management capabilities of the command. We designed secure and non-secure local area networks for the new facility and migrated all military information processing and communication networks and commercial telecommunication services into a state-of-the-art, commercial off-the-shelf enterprise solution. We completed this \$35 million program within 18 months, on-time, within budget and without any interruption of mission operations.

Since the relocation, we have provided comprehensive services in support of the U.S. Southern Command facility to maintain and administer all automated information systems and networks. Our personnel perform:

- . Hardware and software maintenance services for all headquarters systems, including web and software development;
- . Multimedia services and video teleconferencing operations;
- . Systems administration, help desk services and network systems management on classified and unclassified networks; and
- . Technology upgrade integration to meet continuously changing user requirements.

## Defense Commissary Agency Corporate Information Utility Systems

**Task Objective:** Establish capability to support the Defense Commissary Agency business enterprise systems infrastructure, which consists of over 370 commissaries worldwide that service millions of customers each year.

**Solution:** Since 1995, we have worked with the agency to conduct detailed analyses of current and future agency business requirements and to recommend integration of new commercially available software and hardware products for large-scale upgrades to the agency's legacy systems. Recently, we developed the agency's first executive decision support system that automates many of the accounting functions performed at the individual commissaries and provides a tool for region and zone managers to effectively monitor their assigned stores. We also developed and implemented a web-based electronic data interchange interface that facilitates wholesale point-of-sale capability and allows small grocery vendors to submit product prices directly to the agency. It also provides real-time tracking of all consumer product prices

and an on-line payment system. We deployed the solution to all of the agency's regional headquarters and stores in the United States. We believe our solutions played a key role in the agency winning the award for the Best Electronic Commerce Team in the Department of Defense in 1999.

#### Navy Tactical Command Support System

**Task Objective:** Develop an integrated suite of applications to support mission-critical functions for a widely dispersed user population in the Naval aviation community.

**Solution:** Since 1981, we have been the prime contractor for development, implementation and systems life-cycle support of major applications that comprise the Navy Tactical Command Support System. This sophisticated logistics management information system now consists of 19 applications ranging from stand-alone desktops to web-enabled applications that facilitate management of the information, personnel, material and funds required to maintain and operate surface ships, submarines, aircraft and shore commands. At least one of the 19 systems applications is used aboard every ship in the Navy, in every Navy and Marine Corps aviation organizational maintenance activity and intermediate maintenance activity, by Marine Corps ground combat forces, and by more than 450 shore-based organizations worldwide. Our recent improvements to legacy applications include the integration of new technologies such as automated identification technology for component tracking, two-way data replication to facilitate information exchange among commands and development of interfaces with new tools such as smart cards and portable handheld electronic devices. After re-engineering and modernizing legacy systems, we are managing orderly, phased user migrations from legacy systems to the new optimized systems.

#### Joint Interoperability Test Command Support Services

**Task Objective:** Support the Joint Interoperability Test Command in conducting interoperability and certification testing of new or upgraded C4I systems and information exchange standards in the command's verification and interoperability facility.

**Solution:** For the past 18 years, we have supported a wide range of interoperability, certification and standards conformance testing on tactical and strategic assets in support of all military systems and operations. Our services include comprehensive systems integration support during test and certification processes. We develop test plans and procedures, conduct tests and document test results on the interoperability of all C4I systems. We have developed and implemented networks; performed software development; and provided facility support, including help desk support for the command's 600-user local area network. We designed, installed, and operate a \$65 million Joint Interoperability Testbed and the Network Interoperability Testing Laboratory, consisting of

tactical equipment from the various military services interconnected through a distributed test network. This virtual test network is quickly reconfigurable to replicate operational networks and permits the interconnection and testing of equipment and networks anywhere in the world. We also support the Joint Logistics Warfighter Initiative designed to improve military readiness by improving the responsiveness of multiple logistics systems of different military branches by integrating current technologies and business process improvements. We deploy with the command during military exercises and contingency operations and have supported 53 operations globally since 1991.

#### Backlog and GSA Schedule Contract Value

At September 30, 2001, our backlog was \$765.0 million, of which \$228.6 million was funded backlog. At September 30, 2000, our backlog was \$871.9 million, of which \$282.5 was funded backlog. In addition, we estimate our GSA schedule contract value at September 30, 2001 was \$1,051.8 million. At September 30, 2000, we estimate our GSA schedule contract value was \$311.8 million. Backlog, funded backlog and GSA schedule contract value represent estimates that we calculate on the bases described below. We expect that more than 93.5% of our funded backlog at September 30, 2001 will be recognized as revenues prior to September 30, 2002.

We define backlog as our estimate of the remaining future revenues from existing signed contracts, assuming the exercise of all options relating to such contracts and including executed task orders issued under GSA schedule contracts. This includes an estimate of revenues for solutions that we believe we will be asked to provide in the future under the terms of executed multiple-award contracts in which we are not the sole provider, meaning that the customer could turn to companies other than us to fulfill the contract. It also includes an estimate of revenues from indefinite delivery, indefinite quantity contracts, which specify a maximum, but only a token minimum, amount of goods or services that may be provided under the contract. Backlog does not include the value for contracts where we have been given permission by the customer to begin or continue working, but where a formal contract or contract extension has not yet been signed.

We define funded backlog to be the portion of backlog for which funding currently is appropriated and allocated to the contract by the purchasing agency or otherwise authorized for payment by the customer upon completion of a specified portion of work. Our funded backlog does not include the full value of our contracts, because Congress often appropriates funds for a particular program or contract on a yearly or quarterly basis, even though the contract may call for performance that is expected to take a number of years.

At September 30, 2001, our backlog included \$293.2 million of revenues for solutions pursuant to task orders that have been executed under GSA schedule contracts, of which \$119.0 million was included in funded backlog. The amount of our revenues generated under GSA schedule contracts has increased in recent years. Specifically, for the years ended December 31, 1998, 1999, and 2000, funded awards under GSA schedule contracts were \$35.1 million, \$102.5 million and \$135.2 million, respectively, and for the nine months ended September 30, 2001, funded awards under GSA schedule contracts were \$136.1 million. We believe that potential GSA schedule contract revenues are not fully reflected in traditional backlog calculations because, as described below, while GSA schedule contracts provide our customers with the flexibility to obtain our solutions through a streamlined

procurement process, they do not provide for fixed, minimum or maximum purchase commitments. Therefore, we have developed a method of calculating GSA schedule contract value that we use to evaluate estimates for the amount of revenues that we may receive under our GSA schedule contracts. For these purposes, we determine GSA schedule contract value by multiplying the average monthly amount of funded work that we have been awarded under each of our GSA schedule contracts over the past nine months, by the number of months remaining in the term of those contracts, including under existing options, except that we do not take into account remaining contract terms of more than 72 months. Under this method, our GSA schedule contract value as of September 30, 2001 was approximately \$1,051.8 million. Beginning in January 2002, we intend to calculate GSA schedule contract value by multiplying the average monthly amount of funded work that we have been awarded under each of our GSA schedule contracts over the preceding twelve months by the number of months remaining in the term of those contracts, including under existing options, except that we do not take into account remaining contract terms of more than 72 months.

GSA schedule contracts are competitively awarded government-wide acquisition contracts negotiated and awarded by the General Services Administration and effectively act as fixed-price or time-and-materials contracts which government agencies may, but are not required to, use to purchase professional services and information technology products at predetermined ceiling prices, terms and conditions. Many of our customers are authorized to use GSA schedule contracts through blanket purchase agreements, which operate similarly to GSA schedule contracts by permitting one or more federal agencies to purchase professional services or products from technology service providers at predetermined prices, terms and conditions. GSA schedule contracts are master agreements that do not, by themselves, authorize the delivery of services or products. Therefore, even though we have been awarded a GSA schedule contract or blanket purchase agreement, we often must actively solicit post-award sales, and it remains difficult for us to estimate the amount of work, if any, we will obtain under the contract.

GSA schedule contracts benefit our federal government customers in a number of ways. First, they provide customers a streamlined means to competitively obtain professional services and technology products, allowing for a more efficient and timely procurement process. Second, because we must actively promote our services and technology to obtain work under these types of agreements, the customer benefits from continued competition. Third, as with fixed-price or time-and-materials contracts, GSA schedule contracts shift the risks of cost overruns to the technology service provider and promote effective contract management and cost-efficiencies by allowing the technology service provider to receive the benefit of cost savings that it generates. Although we must compete for or solicit individual task orders under GSA schedule contracts, we have found that they can benefit companies such as ours which can respond quickly to emerging customer requirements and can manage contract performance efficiently. Finally, as with traditional fixed-price contracts, GSA schedule contracts involve greater financial risk but we believe offer opportunities for higher profitability because we bear the impact of cost overruns and receive the benefit of cost savings.

Changes in the amount of our backlog, funded backlog and GSA schedule contracts value result from potential future revenues from the execution of new contracts or the extension of existing contracts, reductions from contracts that end or are not renewed, reductions from the early termination of contracts, and adjustments to estimates of previously included contracts. Changes in the amount of our funded backlog and GSA schedule contract value also are affected by the funding cycles of the government. These estimates of future revenues are necessarily inexact and the receipt and timing of any of these revenues is subject to various contingencies, many of which are beyond our control. The

actual accrual of revenues on programs included in backlog, funded backlog and GSA schedule contract value may never occur or may change because a program schedule could change or the program could be canceled, a contract could be modified or canceled, an option that we have assumed would be exercised is not exercised or initial estimates regarding the level of solutions that we may provide could prove to be wrong. For the same reason, we believe that period-to-period comparisons of backlog, funded backlog and GSA schedule contract value are not necessarily indicative of future revenues that we may receive.

#### Sales and Marketing

We market our solutions through the valuable relationships of our senior management, advisory board and business development staff. We also seek to leverage existing customer relationships and respond to competitive solicitations.

We employ a team-selling approach, where our senior management, business development staff and our program managers collaborate in identifying and developing business opportunities. With this approach, we are able to assess opportunities quickly, drawing on the experience and perspective of senior personnel across the company, including those working in close proximity with our customers. We have also established a formal process for making bid/no-bid decisions and use automated resources to track the status of each bid opportunity. We have effectively used GSA schedule contracts to respond quickly to emerging customer requirements.

To supplement or complement our core competencies, we have teaming relationships to work together on contracts with various industry partners, such as Computer Sciences Corporation, Electronic Data Systems Corporation and TRW Inc. While we are the prime contractor on substantially all of our contracts, we serve as subcontractor when teaming in that manner furthers our goals of expanding our customer base or pursuing high growth markets. Similarly, in some cases, we establish joint ventures with other companies in order to present the best value solution or proposal, particularly when we seek to enter new markets.

#### Employees

As of October 31, 2001, we had 3,539 employees, including 1,758 employees with government security clearances. Of these employees, 1,100 employees hold Top Secret security clearances, including 613 employees who have access to Sensitive Compartmented Information. Our employees with security clearances have already completed the lengthy process necessary to obtain the clearance. This process typically requires a candidate to be sponsored by the government with respect to a particular requirement, entails extensive background investigations that typically take from six months to a year and, for the most restricted access, may require successful completion of polygraph testing.

Over 3,150 of our employees are technical and service professionals and managers, and over 350 are in administrative or executive functions. Approximately 185 of our employees, all of whom are located at NASA's Goddard Space Flight Center, are represented by the International Brotherhood of Electrical Workers union under a collective bargaining agreement which is due to expire in June 1, 2005. We have not experienced any work stoppage or strike by these employees.

We believe we are successful in retaining our employees by offering competitive salary structures, attractive incentive compensation and benefits programs, career growth opportunities,

flexible work assignments and the opportunity to perform mission-critical services, often in classified environments. Our current employees are offered an opportunity to respond to new job opportunities before we pursue external recruiting. We consider our relations with employees to be good.

#### Competition

We believe that the major competitive factors in our market are distinctive technical competencies, security clearances, price of services, successful past contract performance, reputation for quality and key management with domain expertise. Our key competitors currently include divisions of large defense contractors, such as BAE SYSTEMS, plc, Lockheed Martin Corporation, Northrop Grumman Corporation, Raytheon Company and TRW Inc., as well as information technology service companies, such as Affiliated Computer Systems, Inc., Booz Allen & Hamilton, CACI International, Inc., Computer Sciences Corporation, DynCorp, Electronic Data Systems Corporation, Science Applications International Corporation, Titan Corporation and Veridian Corporation.

#### Intellectual Property

Our solutions are not generally dependent upon patent protection. We routinely enter into confidentiality and non-disclosure agreements with our employees to protect our trade secrets. Our rights in intellectual property that we develop depend in part on the degree to which the intellectual property is developed with our private funds, rather than with funds of the federal government. Our federal government contracts routinely provide that we may retain ownership rights in works of authorship and inventions developed during the performance of those contracts. However, the rights granted to the federal government are, from time to time, a source of negotiation, and typically include the right of the federal government to use and share our intellectual property with other government contractors, making it impossible for us to prevent their non-exclusive use of our intellectual property. Our ability to protect our rights in intellectual property developed or delivered under government contracts also is dependent upon our compliance with applicable federal procurement statutes and regulations. There can be no assurance that the steps we take to protect our intellectual property will be adequate to deter misappropriation or to prevent use by others of our intellectual property.

#### Legal Proceedings

On July 29, 1999, Thomas Harris Corporation filed suit in state court in Rockwall County, Texas, against our environmental remediation subsidiary (which is among our businesses included in discontinued operations) and subcontractors to that subsidiary, alleging that our subsidiary or its subcontractors caused soil and groundwater contamination by improperly disposing of dry cleaning solvents, and seeking an unspecified amount of actual, consequential and punitive damages. We vigorously dispute and deny these allegations. Trial in this case has been set for April 22, 2002. While the ultimate outcome of litigation cannot be assured, if and to the extent that the damages alleged by the plaintiffs are ultimately determined to be our responsibility, we believe that we will be able to recover a portion of the amount from our professional liability insurance, including fees for our attorneys, and that any amounts that we bear will not have a material adverse effect on our business, prospects, financial condition or operating results.

On June 1, 2001, CHBP, Ltd., a customer of our environmental remediation subsidiary, filed suit against a number of parties alleging that they caused soil and groundwater contamination while occupying a commercial business center owned by CHBP, Ltd. On November 15, 2001, some of the defendants in this suit filed a third-party complaint against our environmental remediation subsidiary, alleging that services provided by our subsidiary to CHBP, Ltd. caused or contributed to the alleged

contamination of the property. We have denied the third-party plaintiffs' allegations in our answer to the third-party complaint, and believe that we have other defenses and claims, including indemnification claims and professional liability insurance coverage, and do not believe this litigation will have a material adverse effect on our business, prospects, financial condition or operating results.

Like most large government defense contractors, our contract costs are audited and reviewed on a continual basis by an in-house staff of auditors from the Defense Contract Auditing Agency. In addition to these routine audits, we are subject from time to time to audits and investigations by other agencies of the federal government. These audits and investigations are conducted to determine if our performance and administration of our government contracts is compliant with contractual requirements and applicable federal statutes and regulations. An audit or investigation may result in a finding that our performance and administration is compliant or, alternatively, may result in the government initiating proceedings against us or our employees, including administrative proceedings seeking repayment of monies, suspension and/or debarment from doing business with the federal government or a particular agency, or civil or criminal proceedings seeking penalties and/or fines. Audits and investigations conducted by the federal government frequently span several years. Other than routine audits of our contract costs, we are not aware of any other government audits or investigations except as set forth below.

On August 17, 2001, we were served with a grand jury subpoena issued by the United States District Court for the Eastern District of Virginia. The U.S. Attorney's Office for the Eastern District of Virginia has advised us that the investigation relates to whether we improperly charged a portion of our corporate merger and acquisition-related expenses and certain expenses of our Australian-based software consulting subsidiary (which is one of our businesses included in discontinued operations) in a manner that would have resulted in those expenses being reimbursed by the U.S. government. Based on conversations with the U.S. Attorney's Office, we believe that we may receive a second subpoena or other request for information from the U.S. Attorney's Office relating to this investigation. This investigation is in its preliminary stages and accordingly it is too early to tell whether the consequences of the investigation will have a material adverse effect on our business, prospects, financial condition or operating results. We are fully cooperating with the federal government's investigation of this matter.

We also are currently subject to an investigation by the Inspector General of the Department of State regarding our allocation of costs to a contract with the Department of State and an investigation by the Inspector General of the EPA regarding the number of hours we charged in the performance of a contract with the EPA. We do not believe that the outcome of either of these investigations will have a material adverse effect on business, prospects, financial condition or operating results. We are fully cooperating with the federal government's investigation of both matters.

In addition to the foregoing, we are subject to certain other legal proceedings, claims and disputes which arise in the ordinary course of our business. Although we cannot predict the outcomes of these other legal proceedings, based on the information now available to us, we do not believe that the ultimate resolution of these matters, either individually or in the aggregate, will have a material adverse effect on our business, prospects, financial condition or operating results.

#### Facilities

Since 1992, we have leased our corporate headquarters office building in Fairfax, Virginia. We are in the fourth year of a ten-year lease on this facility. As of September 30, 2001, we leased 21 additional operating facilities throughout the metropolitan Washington, D.C. area and 63 facilities in other parts of the United States. We also have employees working at customer sites throughout the United States and in other countries. We believe that our facilities are adequate to support the normal course of business.

MANAGEMENT AND KEY ADVISORS

Directors and Executive Officers

The following table sets forth information concerning our directors and executive officers as of January 18, 2002.

Name	Age	Position
- - - - -	---	-----
George J. Pedersen.....	66	Chairman of the Board of Directors, Chief Executive Officer and President
John A. Moore, Jr.....	49	Executive Vice President, Chief Financial Officer, Treasurer and Director
R. Evans Hineman.....	67	Executive Vice President and Chief Science and Technology Officer
Eugene C. Renzi.....	68	Executive Vice President
Jerry L. Unruh.....	62	Senior Vice President
Bradley H. Feldmann.....	40	Senior Vice President
Michael D. Golden.....	61	Director
Stephen W. Porter.....	62	Director
Walter W. Vaughan.....	69	Director
Walter R. Fatzinger, Jr.	59	Director Nominee
Richard J. Kerr.....	66	Director Nominee

George J. Pedersen -- Co-founder, Chairman of the Board of Directors, Chief Executive Officer and President. Mr. Pedersen, who co-founded ManTech in 1968, has served as Chairman of the Board of Directors since 1979, adding the positions of Chief Executive Officer and President in 1995. Mr. Pedersen has been a Director of GSE Systems, Inc., an affiliated software design and development company, since 1994 and an executive employee since 1999. Mr. Pedersen has served on the board of directors of GP Strategies Corporation, a workforce development company that provides training, management systems and engineering services, since 2001. Mr. Pedersen is Chairman of the Board of Directors for the Institute for Software Research, Inc., a not-for-profit corporation that performs research and advanced development of software and related technologies, including research for NASA. Mr. Pedersen also serves as a Director Emeritus of the Professional Services Council, a national association of technology services companies, and as a Director and Executive Committee member of the National Defense Industrial Association, a trade association for the defense industry.

John A. Moore, Jr. -- Executive Vice President, Chief Financial Officer, Treasurer and Director. Mr. Moore joined us in 1982 and has served as Chief Financial Officer since 1993 and Executive Vice President since 1997 and has been a Director of our company since 1994. Mr. Moore oversees our financial operations and our business development activities. Mr. Moore has been a Director of GSE Systems, Inc., since 1997 and an executive employee since 1999. Prior to joining us, Mr. Moore was a supervisory auditor for the Defense Contract Audit Agency, which is responsible for performing contract audits for the Department of Defense.

R. Evans Hineman -- Executive Vice President and Chief Science and Technology Officer, ManTech International Corporation; President, National Security Solutions Group. Mr. Hineman joined us in 2001. From 1999 to 2001, he served as Vice President for Intelligence of Litton Industries Inc.'s Information Systems Group. From 1989 to 1999, Mr. Hineman was an officer of TASC, Inc., a provider of information management and systems engineering solutions, serving as President from 1998 to 1999. From 1964 to 1989, Mr. Hineman worked for the Central Intelligence Agency, serving as Deputy Director for Science and Technology from 1982 to 1989. Prior to 1982, he held various other senior positions with the Central Intelligence Agency, including Director of Weapons Intelligence and Chairman of the Director of Central Intelligence's Weapon and Space Systems



Intelligence Committee. Mr. Hineman was one of 50 recipients of the Trailblazer award on the 50th anniversary of the Central Intelligence Agency, and he was awarded the Central Intelligence Agency's Distinguished Intelligence Medal and the National Reconnaissance Office's Distinguished Service Medal.

Eugene C. Renzi -- Executive Vice President, ManTech International Corporation; President, ManTech Telecommunications and Information Systems Corporation (MTISC). Major General, U.S. Army (Ret.). Major General Renzi joined us in 1993 and since 1995 has served as President of MTISC. Prior to 1993, Major General Renzi served in the U.S. Army for more than 32 years, including as Director for Command, Control and Communications Systems for the U.S. Pacific Command from 1988 to 1990. Major General Renzi received numerous awards and decorations for his service in the U.S. Army, including the Defense Superior Service Medal, the Legion of Merit and the Joint Service Commendation Medal.

Jerry L. Unruh -- Senior Vice President, ManTech International Corporation; President, Systems Engineering Group. Vice Admiral, U.S. Navy (Ret.). Vice Admiral Unruh joined us in 1998 and since 1999 has served as President of ManTech Systems Engineering Corporation. From 1996 to 1998, Vice Admiral Unruh served as the President of the Association of Naval Aviation, a not-for-profit corporation that educates the public and national leaders about the role of naval aviation in national defense. Prior to that, Vice Admiral Unruh served in the U.S. Navy for over 37 years, including as Commander of the U.S. Third Fleet in the Pacific, Current Operations and Readiness Officer for the NATO Staff of Supreme Allied Commander Europe and held battlegroup, aircraft carrier and fighter squadron commands. Vice Admiral Unruh received numerous awards for his service in the U.S. Navy, including the Distinguished Service Medal, the Defense Superior Service Medal, the Legion of Merit and the Air Medal.

Bradley H. Feldmann -- Senior Vice President, ManTech International Corporation; President, Information Technology Group. Mr. Feldmann joined us in 2000. Mr. Feldmann served as the Senior Vice President and Chief Operating Officer of Comptek Research, Inc., a company supplying operational signal processing software for military systems that was acquired by Northrop Grumman Corporation in 2000. From 1989 to 1999, Mr. Feldmann worked for Cubic Defense Systems, Inc., a provider of combat training systems, where he served in various positions, including Senior Vice President and Chief Operating Officer. Prior to that, Mr. Feldmann served with the U.S. Air Force for five years and received two Meritorious Service Medals.

Michael D. Golden -- Director. Mr. Golden has been a Director of our company since 1995. He is a founding partner of the law firm of Golden & Nelson, PLLC, where he has practiced law since 1998, focusing on corporate and securities law. Prior to founding Golden & Nelson, PLLC, he was a partner at the law firm of Ginsburg, Feldman & Bress, Chtd. from 1996 to 1997, and prior to that, he was a partner at Verner, Liipfert, Bernhard, McPherson and Hand from 1991 to 1996.

Stephen W. Porter -- Director. Mr. Porter has been a Director of our company since 1991. Mr. Porter is a partner at the law firm of Arnold & Porter where he has practiced law since June 1993, focusing on real estate, tax and corporate law. Mr. Porter became a certified public accountant in 1961. Mr. Porter currently serves on the board of directors of the Greater Washington Board of Trade and the District of Columbia Chamber of Commerce. From 1992 to 1994, he served as a member of the Advisory Board of the Center for Strategic and International Studies, a non-partisan public policy institute.

Walter W. Vaughan -- Director. Mr. Vaughan has been a Director of our company since 1991. Mr. Vaughan has been self-employed as a consultant to us since 1990. From 1956 to 1989, Mr. Vaughan worked in the banking industry, serving most recently as an Executive Vice President of American Security Bank N.A. in Washington, D.C., and as Vice Chairman of the bank's advisory board from 1983 to 1985. From 1986 to 1989, Mr. Vaughan served as Chief Agent for the Receiver for the Maryland Deposit Insurance Fund, for which he received a State of Maryland Governor's citation.

Walter R. Fatzinger, Jr. -- Director Nominee. Mr. Fatzinger has been named to become a Director at the closing of this offering. Mr. Fatzinger joined ASB Capital Management, Inc., an asset management firm, in 1999 and is currently President and Chief Executive Officer of this firm. From 1994 to 1999, Mr. Fatzinger served as President of First National Bank of Maryland's Greater Washington Region and Executive Vice President of First National Bank of Maryland's Institutional Bank. Prior to 1994, Mr. Fatzinger worked for American Security Bank, N.A. for 15 years, serving in various executive positions, including as President from 1991 to 1994. Mr. Fatzinger currently serves on the board of directors of the Cafritz Company, a real estate development and property management firm, and of the YMCA of Metropolitan Washington. He also serves as trustee to the Community Foundation for the National Capital Region and as Vice-Chairman of the Board of Directors and as a member of the Board of Governors of the University of Maryland.

Richard J. Kerr -- Director Nominee. Mr. Kerr has been named to become a Director at the closing of this offering. Mr. Kerr has been Chairman of our Advisory Board since 1994. Mr. Kerr currently is a member of the President's Commission on Intelligence Reform. From 1996 to 2001, Mr. Kerr served as President of the Security Affairs Support Association, an organization composed of government and industry members that is focused on national security policy. Prior to that, Mr. Kerr worked at the Central Intelligence Agency for 32 years, including serving as Deputy Director for Central Intelligence. Mr. Kerr formerly served as a member of the Scientific Advisory Board of the National Security Agency and the Board of Visitors of the Joint Military Intelligence College and is currently on the advisory boards of the Los Alamos National Laboratory, the Sandia National Laboratory and the Lawrence Livermore Laboratory. Mr. Kerr was awarded the Citizens Medal, the second highest civilian award given by the President of the United States, and two National Intelligence Distinguished Service Medals and two Distinguished Intelligence Medals from the Central Intelligence Agency.

#### Advisory Board

Our advisory board, which is comprised of recognized leaders in the intelligence community and defense industry, assists us in identifying opportunities to provide our solutions to the federal government. As of January 18, 2002, our advisory board consists of the following individuals and includes Richard J. Kerr, who will serve as Chairman of the Advisory Board until he becomes a Director upon the closing of this offering.

Dr. Roger L. Hagengruber (Age 59) -- Dr. Hagengruber has been a member of our Advisory Board since 1994. Dr. Hagengruber is the Senior Vice President for National Security at Sandia National Laboratories, a U.S. government research and development laboratory, where he has held a number of key positions since 1972. Dr. Hagengruber has extensive experience on issues involving arms control, satellite and sensor systems and national security. Dr. Hagengruber has served in a variety of government assignments, including four assignments as a member of various U.S. arms control negotiating teams. In 1979, Dr. Hagengruber was appointed the U.S. expert to an international forum on New Weapons of Mass Destruction.

Harley A. Hughes Lt. Gen., U.S. Air Force (Ret.) (Age 66) -- Lt. General Hughes has been a member of our Advisory Board since 1996. Lt. General Hughes is the Chairman of F & H One, Inc., where he has worked since 1997, and he is the President of USTAR, LLC, where he has worked since 1997, both privately held consulting firms. Prior to that, Lt. General Hughes served for 31 years in the U.S. Air Force, including as the U.S. Air Force Deputy Chief of Staff for plans and operations and the U.S. Air Force Operations Deputy, Joint Chiefs of Staff from 1985 to 1988. Lt. General Hughes

received a Silver Star, the Distinguished Flying Cross, the Distinguished Service Medal, the Defense Superior Service Medal and the National Defense Service Medal.

David E. Jeremiah Admiral, U.S. Navy (Ret.) (Age 67) -- Admiral Jeremiah has been a member of our Advisory Board since 1994. From 1994 to the present, Admiral Jeremiah has served as President of Technology Strategies & Alliances Corporation, a strategic advisory and investment banking firm engaged primarily in the aerospace, defense, telecommunications and electronics industries. Prior to that, Admiral Jeremiah served in the U.S. Navy for more than 39 years, including as Vice Chairman, Joint Chiefs of Staff for Generals Colin L. Powell and John M. Shalikashvili from 1990 to 1994. Admiral Jeremiah serves on the board of directors for Alliant Techsystems Inc., a manufacturer and developer of solid propulsion systems, on the board of the National Committee on U.S.-China Relations and on an advisory board for Northrop Grumman Corporation. Admiral Jeremiah also is a member of various government commissions, including a joint Defense Policy Board and Defense Science Board Task Force on Theater Missile Defense, the Commission to Assess U.S. National Security Space Management and Organization, the National Defense Panel on Department of Defense's Quadrennial Defense Review and a Defense Science Board Task Force on Human Resources.

Sir Colin McColl (Age 69) -- Sir Colin McColl has been a member of our Advisory Board since 1998. From 1994 to the present, Sir Colin McColl has been a consultant for Oxford Analytica, an international consulting firm, focusing on political and economic affairs, since 1994. Prior to that, Sir Colin McColl served in the British Secret Intelligence Service for 38 years, including as Chief of the British Secret Intelligence Service from 1988 until 1994. Sir Colin McColl is a Director of the Scottish-American Investment Trust and an advisory director of Campbell Lutyens, an international private equity firm. Sir Colin McColl is an honorable fellow for the Queen's College, Oxford University.

Thomas C. Richards General, U.S. Air Force (Ret.) (Age 71) -- General Richards has been a member of our Advisory Board since 1994. From 1997 to the present, General Richards has been a member of the Center for Advanced Aviation System Development of the MITRE Corporation, a not-for-profit national technology resource corporation. From 1993 to 1997, General Richards was President and Chief Executive Officer of the National Security Industrial Association, a trade association for the defense industry. In 1992 and 1993, General Richards served as the Administrator of the Federal Aviation Administration, and prior to that served as an appointee of President George H. Bush to the Presidential Commission on Aviation Security and Terrorism. Prior to that, General Richards served in the U.S. Air Force for 33 years, including as Deputy Commander Chief of the U.S. European Command. General Richards is a member of the Federal Aviation Administration Future Planning Committee and the Air Force Senior Statesmen Program. General Richards received the Distinguished Service Medal, the Silver Star with Oak Leaf, the Legion of Merit with Oak Leaf, the Distinguished Flying Cross, 18 Air Medals, the Bronze Star and the Purple Heart with Oak Leaf.

#### Board of Directors

Upon the closing of this offering, our board of directors will consist of seven individuals. In addition to our directors who served prior to the closing of this offering, in January 2002, Mr. Fatzinger and Mr. Kerr were named to serve as members of our board of directors, effective upon the closing of this offering. Our board of directors is elected annually, and each director holds office for a one-year term. Mr. Pedersen is, and will continue to be after the closing of this offering, the beneficial owner of a majority of the voting power of our common stock and will be able to unilaterally elect or remove directors.

As a matter of good corporate governance, our board of directors intends to adopt a policy providing that any transaction or series of similar transactions entered into after this offering between us (or any of our subsidiaries) and one or more of our executive officers, directors or greater than five percent stockholders, an immediate family member of any of the foregoing persons, or an entity in which any of the foregoing persons has or have a direct or indirect material interest, must be approved by a majority of the directors who do not have an interest in such transaction(s), if the amount involved in the transaction(s) exceeds \$60,000.

#### Committees of our Board of Directors

Our board of directors has a compensation committee and, in connection with this offering, formed an audit committee. Our board of directors may from time to time establish other committees.

**Audit Committee.** Prior to the closing of this offering, our audit committee is comprised of two non-employee directors, Mr. Golden and Mr. Vaughan. Following the closing of this offering, our audit committee will be comprised of at least three independent directors within the meaning of Nasdaq listing rules. The primary responsibilities of the audit committee are to:

- . Oversee management's conduct of our financial reporting process and systems of internal accounting and financial control;
- . Monitor the independence and performance of our outside auditor;
- . Provide an avenue of communication among the outside auditor, management and our board of directors;
- . Make reports and recommendations to our board and our stockholders as necessary under the rules of the Securities and Exchange Commission or as otherwise within the scope of its functions; and
- . Oversee and, where appropriate, report to our board on our review of and response to any government audit, inquiry or investigation, as they determine to be appropriate.

**Compensation Committee.** Our board of directors has a compensation committee, which consists of three directors prior to the closing of this offering. Immediately after this offering, at least two directors on the compensation committee will be independent or outside directors, as determined with reference to the rules of the U.S. Securities and Exchange Commission and the Internal Revenue Code. The compensation committee will have the authority to recommend to the board or establish compensation for our directors and officers, to approve employee health and benefit plans and to administer our stock plans.

**Compensation Committee Interlocks and Insider Participation.** Prior to this offering, our compensation committee has been comprised of Mr. Vaughan as Chairman, Mr. Pedersen and Mr. Moore. Mr. Pedersen also serves as our Chairman, Chief Executive Officer and President. Mr. Moore also serves as our Executive Vice President, Chief Financial Officer, Treasurer and Director.

We have from time to time extended loans to our Chairman of the Board of Directors, Chief Executive Officer and President, George J. Pedersen, who has used the loan proceeds for miscellaneous personal expenditures. This indebtedness is represented by promissory notes executed by Mr. Pedersen, which are payable upon demand and bear interest at a rate of 8.0%. The largest aggregate amount outstanding since January 1, 1998, was \$183,122. As of the date of this prospectus, the outstanding amount of indebtedness is \$183,122.

In January 2000, our predecessor corporation, ManTech International Corporation (New Jersey), purchased 6,582 shares of its Class B common stock from Mr. John A. Moore, Jr., our Executive Vice President, Chief Financial Officer, Treasurer and Director, for an aggregate purchase price of \$566,082.

#### Director Compensation

Prior to this offering, Messrs. Golden and Porter were paid annual retainers of \$25,000 for their service as directors and Mr. Vaughan was paid an annual retainer of \$40,000 for service as a director and as chairman of our compensation committee. The remaining directors are employed by us and are not separately compensated for their service as directors. Following this offering, the compensation committee will from time to time establish compensation for the non-employee directors.

#### Executive Compensation

The following table shows the cash compensation and certain other compensation paid to or accrued by our Chief Executive Officer and our four most highly compensated executive officers, whom we refer to collectively as our named executive officers, for 2001.

#### Summary Compensation Table

Name and Principal Position(1)	Year	Annual Compensation			All Other Compensation(5)(6)
		Salary	Bonus(2)	Other Annual Compensation(3)(4)	
George J. Pedersen..... Chairman of the Board of Directors, Chief Executive Officer and President	2001	\$1,460,781	\$500,000	\$70,590	\$709,250
	2000	1,320,010	500,000	53,646	159,040
John A. Moore, Jr..... Executive Vice President, Chief Financial Officer, Treasurer and Director	2001	557,228	350,000	--	71,000
	2000	495,019	350,000	--	67,903
Eugene C. Renzi..... Executive Vice President	2001	489,434	--	--	4,844
	2000	437,507	150,000	--	4,815
Bradley H. Feldmann..... Senior Vice President	2001	250,978	--	72,082	4,138
	2000	19,232	6,250	--	--
Jerry L. Unruh..... Senior Vice President	2001	212,087	--	--	5,100
	2000	206,358	45,000	--	5,100

(1) Our executive officers for 2001 are Mr. Pedersen, Mr. Moore, Mr. Hineman, Major General Renzi, Mr. Feldmann and Vice Admiral Unruh. Mr. Hineman is an Executive Vice President and was hired on August 20, 2001. Mr. Feldmann is a Senior Vice President and was hired on December 4, 2000.

(2) Amounts shown in this column reflect bonuses earned in 2000 and paid in 2001 and, with respect to Mr. Pedersen and Mr. Moore, bonuses earned in 2001 and paid in 2002. Executive officer bonuses for 2001 have not yet been determined, other than for Mr. Pedersen and Mr. Moore. Annual bonus awards typically are determined at the end of the first quarter in the succeeding fiscal year. The primary criteria for determining bonus amounts are company profitability and subjective performance evaluations.

(3) Other Annual Compensation for Mr. Pedersen in 2001 includes the portion of an employee's time spent on non-corporate matters on behalf of Mr. Pedersen, which amounted to \$51,742. Other Annual Compensation for Mr. Feldmann in 2001 included \$64,461 for relocation expenses, including temporary housing costs.

- (4) Other Annual Compensation in 2000 for Mr. Pedersen includes the portion of an employee's time spent on non-corporate matters on behalf of Mr. Pedersen, which amounted to \$33,370.
- (5) All Other Compensation for 2001 consists of the following amounts: (a) matching contributions made to our 401(k) plan in the amount of \$3,400 for Mr. Moore, \$3,144 for Major General Renzi, \$2,438 for Mr. Feldmann and \$3,400 for Vice Admiral Unruh; (b) contributions under our Employee Stock Ownership Plan in the amount of \$1,700 each for Mr. Moore, Major General Renzi, Mr. Feldmann and Vice Admiral Unruh; and (c) contributions to supplemental executive retirement plans in the amount of \$50,000 for Mr. Pedersen and \$25,000 for Mr. Moore. In addition, the amounts reported include a benefit of \$659,250 to Mr. Pedersen and a benefit of \$40,900 to Mr. Moore pursuant to split dollar life insurance policies. These benefits represent the price of the term portion of the policy premiums plus the discounted present value of the imputed interest on the investment portion of the premiums over each executive's expected life. We will be reimbursed for the amount of the cumulative premiums attributable to the non-term portions of the policies upon the maturity or surrender of the policies.
- (6) All Other Compensation for 2000 consists of the following amounts: (a) matching contributions made to our 401(k) plan in the amount of \$3,046 for Mr. Pedersen, \$3,115 for Major General Renzi and \$3,400 for Vice Admiral Unruh; (b) contributions under our Employee Stock Ownership Plan in the amount of \$1,700 each for Mr. Moore, Major General Renzi and Vice Admiral Unruh; and (c) contributions to supplemental executive retirement plans in the amount of \$50,000 for Mr. Pedersen and \$25,000 for Mr. Moore. In addition, the amounts reported include a benefit of \$105,994 to Mr. Pedersen and a benefit of \$41,203 to Mr. Moore pursuant to split dollar life insurance policies. These benefits represent the price of the term portion of the policy premiums plus the discounted present value of the imputed interest on the investment portion of the premiums over each executive's expected life. We will be reimbursed for the amount of the cumulative premiums attributable to the non-term portions of the policies upon the maturity or surrender of the policies.

#### Aggregated Option Exercises in 2001 and Year-End Option Values

The following table shows information about the value of unexercised options at the end of 2001. No shares were acquired on the exercise of stock options by these individuals in 2001.

Name	Number of Securities Underlying Value of Unexercised In-the-Money Options at		Unexercised Options at Year-End	
	Exercisable	Unexercisable	Exercisable	Unexercisable
George J. Pedersen.	--	--	\$ --	\$ --
John A. Moore, Jr..	9,789(1)	--	2,126,152(2)	--
Eugene C. Renzi....	--	--	--	--
Bradley H. Feldmann	--	--	--	--
Jerry L. Unruh.....	--	--	--	--

- (1) Exercisable for 9,789 shares of Class B common stock of our corporate predecessor, ManTech International Corporation (New Jersey). Following our reincorporation, recapitalization and stock split, the options will be exercisable for 159,621 shares of our Class A common stock.
- (2) There was no public market for the Class B common stock of our corporate predecessor, ManTech International Corporation (New Jersey), at December 31, 2001. Amounts shown under the column "Value of Unexercised In-the-Money Options at Year-End" are calculated on the basis of the mid-point of the estimated price range set forth on the cover of this prospectus, which is \$15.00 per share, less the per share exercise price payable for these shares, multiplied by the

number of shares underlying the option, as adjusted for our reincorporation, recapitalization and stock split. This mid-point of the estimated price range does not necessarily represent the actual value of our common stock at December 31, 2001.

#### Retention Agreements

Prior to the closing of this offering, we expect to enter into employment retention agreements with George J. Pedersen and John A. Moore, Jr. which will contain the following terms. Mr. Pedersen's retention agreement provides for his employment at-will, with an annual salary for 2002 of \$1,000,000. Mr. Pedersen will continue to receive contributions to qualified and non-qualified retirement plans, insurance programs and perquisites on the same terms as provided in 2001, but is not eligible for stock option grants in 2002 or for a bonus for services performed during 2002. He is entitled to receive a bonus, payable in 2002, for services performed in 2001. For subsequent years, Mr. Pedersen's salary, bonus and incentive compensation shall be determined by the Compensation Committee of our board of directors. If we terminate Mr. Pedersen's employment without cause, we are required to pay Mr. Pedersen a lump sum amount equal to one year's base salary at the rate in effect immediately prior to such termination of employment. The one year period for which payment of severance is calculated is the "severance period." Mr. Pedersen agrees not to compete with us and not to solicit our customers or employees during the term of his employment and through the severance period.

Mr. Moore's retention agreement provides for an initial two-year term, with an automatic one year extension on each anniversary of the agreement, unless either party provides advance written notice of its intent to terminate the agreement. Under the agreement, Mr. Moore will receive an annual salary of \$425,000 and will continue to receive contributions to qualified and non-qualified retirement plans, insurance programs and perquisites on the same terms as provided in 2001. He is also entitled to participate in bonus and other incentive compensation as determined by the Compensation Committee of our board of directors, and he is entitled to receive a bonus, payable in 2002, for services he performed in 2001. If we terminate Mr. Moore's employment without cause, we are required to pay Mr. Moore a lump sum amount equal to the salary that otherwise would have been payable through the "severance period," which is the remaining term of the agreement or six months, whichever is greater. Mr. Moore agrees not to compete with us and not to solicit our customers or employees during the term of his employment and through the severance period.

We also expect to enter into confidentiality and noncompete agreements with R. Evans Hineman, Eugene C. Renzi, Jerry L. Unruh and Bradley H. Feldmann prior to the closing of this offering. Under the terms of these confidentiality and noncompete agreements, each officer agrees not to compete with us and not to solicit our customers or employees during the term of their respective employments and for a period of one year thereafter. As consideration for entering into these confidentiality and noncompete agreements, we will grant options to each officer to purchase shares of our Class A common stock. In addition, we have entered into a severance arrangement with Mr. Feldmann, which provides that in the event we elect to terminate his employment with us for any reason, we will be required to pay Mr. Feldmann a lump sum amount equal to his annual salary, plus a pro-rata share of his bonus for that portion of the year we employed him prior to such termination.

#### Management Incentive Plan

In January 2002, the board of directors adopted and our stockholders approved our Management Incentive Plan. The plan is designed to enable us to attract, retain and motivate our directors, officers

and other senior management and technical personnel, and to further align their interests with those of our stockholders, by providing for or increasing their proprietary interest in our company. The plan allows us to grant the following types of awards:

- . Incentive stock options, which are intended to qualify under Section 422 of the Code;
- . Non-qualified stock options, which are not intended to qualify as incentive stock options;
- . Incentive bonuses, which represent the opportunity to receive an amount paid in cash or Class A common stock based on satisfaction of performance criteria established for the performance period by the compensation committee; and
- . Incentive stock, which is an award or issuance of shares of Class A common stock, the grant, issuance, retention, vesting and/or transferability of which is conditioned upon satisfaction of criteria determined by the compensation committee.

Awards may be settled in cash, shares of Class A common stock or a combination thereof, or by stock units which provide for settlement in cash or deferred issuance of shares of Class A common stock. Any person who is a director, an employee or a prospective employee of ours or any of our subsidiaries is eligible to be selected as a recipient of an award under the plan. We intend to grant options to approximately 125 of our directors, officers and key employees exercisable for approximately 1,000,000 shares of our Class A common stock at the initial public offering price. Class B common stock may not be issued under the plan.

The plan will be administered by the compensation committee of our board of directors, although the board of directors may exercise any authority of the committee under the plan and the compensation committee may delegate its authority under the plan. Subject to the express provisions of the plan, the committee has broad authority to administer and interpret the plan, including the discretion, in each case not inconsistent with the plan, to:

- . Determine the exercise price and vesting schedule of options, the events causing an option to expire, the number of shares of our Class A common stock subject to any option, the restrictions on transferability of an option and other terms and conditions;
- . Determine the terms of any incentive bonus, including the target and maximum amount payable to a participant as an incentive bonus, the performance criteria and level of achievement versus these criteria that determines the amount payable under an incentive bonus, the period as to which performance will be measured for determining the amount of any payment, the timing of any payment earned by virtue of performance, the dollar amount or number of shares subject to any incentive bonus, restrictions on the alienation or transfer of an incentive bonus prior to payment, forfeiture provisions and other terms and conditions; and
- . Determine the terms of any incentive stock award, including the number of shares of Class A common stock subject to an incentive stock award or a formula for determining that number, the purchase price, if any, for the shares, the conditions that determine the number of shares granted, issued, retainable and/or vested, forfeiture provisions, the effect of termination of employment for various reasons and other terms and conditions.

The aggregate number of shares of our Class A common stock that is available for issuance under the plan is 3,000,000 plus, in 2003 and each year thereafter, a number of additional shares equal to one and one-half percent of the number of shares of Class A common stock outstanding on December 31st



of that year. The aggregate number of shares issuable under Awards granted under the plan during any calendar year to any eligible person may not exceed 500,000. The number of shares authorized under the plan may be adjusted to account for stock splits, stock dividends, recapitalizations and similar events.

The board of directors may amend or alter the plan except that approval from our stockholders is required for certain amendments to the plan, including amendments that materially increase the number of shares available under the plan, extend the term of the plan or alter eligibility standards.

PRINCIPAL AND SELLING STOCKHOLDER

The following table sets forth information regarding the beneficial ownership of our common stock as of January 18, 2002, and after giving effect to this offering, with respect to:

- . Each person or group known to us who beneficially owns five percent or more of the outstanding shares of our common stock;
- . Each director and named executive officer;
- . Our executive officers and members of our board of directors as a group; and
- . The selling stockholder.

Except as indicated in the footnotes to the table, the persons named in the table have sole voting and investment power with respect to all shares beneficially owned. The business address of each person named in the table below is 12015 Lee Jackson Highway, Fairfax, VA 22033-3300.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Shares of our common stock subject to options that are currently exercisable or exercisable within 60 days of the date of this prospectus are deemed outstanding for the purpose of computing the percentage ownership of any person. These shares, however, are not considered outstanding when computing the percentage ownership of any other person. In addition, because Class B common stock may be voluntarily converted into Class A common stock on a share-for-share basis, each share of Class B common stock also represents beneficial ownership of a share of Class A common stock. However, for purposes of this presentation, share amounts are presented based upon outstanding shares without regard to convertibility, except as specifically noted otherwise.

Name	Class A Common Stock(1)			Class B Common Stock(1)			
	Shares Beneficially Owned Prior to this Offering		Shares Being Offered	Shares to be Beneficially Owned After this Offering			
	Number	Percent		Number	Percent	Number	Percent
George J. Pedersen (selling stockholder, Chairman of the Board of Directors, Chief Executive Officer and President).....	621,691(2)	53.96%	333,333(3)	288,358(4)	4.23%	17,514,517(3)(5)	100%
John A. Moore, Jr.(6).....	531,157	40.49	--	531,157	7.61	--	--
Walter W. Vaughan(7).....	95,766	8.31	--	95,766	1.40	--	--
Michael D. Golden.....	63,153	5.48	--	63,153	0.93	--	--
Bradley H. Feldmann.....	--	--	--	--	--	--	--
R. Evans Hineman.....	--	--	--	--	--	--	--
Stephen W. Porter.....	--	--	--	--	--	--	--
Eugene C. Renzi.....	--	--	--	--	--	--	--
Jerry L. Unruh.....	--	--	--	--	--	--	--
All executive officers and directors as a group (9 persons).....	1,311,767	100%	333,333	978,434	14.02%	17,514,517	100%

Percent Of Vote Of All  
Classes Of Common Stock

Name	Before Offering	After Offering
George J. Pedersen (selling stockholder, Chairman of the Board of Directors, Chief Executive Officer and President).....	99.70%	96.41%(3)
John A. Moore, Jr.(6).....	0.30	0.29
Walter W. Vaughan(7).....	0.05	0.05
Michael D. Golden.....	0.04	0.03
Bradley H. Feldmann.....	--	--
R. Evans Hineman.....	--	--

Stephen W. Porter.....	--	--
Eugene C. Renzi.....	--	--
Jerry L. Unruh.....	--	--
All executive officers and directors as a group (9 persons).....	100%	96.71%

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- (1) The holders of each share of Class A common stock are entitled to one vote per share, and the holders of each share of Class B common stock are entitled to ten votes per share.
  - (2) Consists of 333,333 shares of Class B common stock held by Mr. Pedersen that will convert to Class A common stock on a one-for-one basis upon sale to the underwriters in connection with

this offering, and 288,358 shares of Class B common stock held by the ManTech Employee Stock Ownership Plan Trust, over which Mr. Pedersen shares voting and investment control as trustee, which shares the ESOP Trust will convert voluntarily into an equivalent number of shares of Class A common stock in connection with this offering.

- (3) The 333,333 shares of Class A common stock to be offered by Mr. Pedersen assumes no exercise of the underwriters' over-allotment option. If the over-allotment option is exercised in full, Mr. Pedersen will sell a total of 716,846 shares of Class A common stock in the offering and will own 17,131,004 shares of our Class B common stock after the closing of this offering.
- (4) Consists of 288,358 shares of Class B common stock held by the ManTech Employee Stock Ownership Plan Trust, over which Mr. Pedersen shares voting and investment control as trustee, which shares the ESOP Trust will convert voluntarily into an equivalent number of shares of Class A common stock in connection with this offering.
- (5) Includes 1,168,565 shares of Class B common stock owned by the Pedersen Family Limited Partnership I, of which Mr. Pedersen is the general partner; 77,517 shares of Class B common stock held by the ManTech Special Assistance Fund, Inc., a fund over which Mr. Pedersen has voting and investment control; and 609,296 shares of Class B common stock owned by the ManTech Supplemental Executive Retirement Plan for the benefit of Mr. Pedersen.
- (6) Includes options to purchase 159,621 shares of our Class A common stock which is immediately exercisable.
- (7) Includes 95,766 shares of Class A common stock owned by the Waldan Defined Benefit Pension Plan and Trust for the benefit of Mr. Vaughan.

#### RELATED PARTY TRANSACTIONS

GSE Systems, Inc.

ManTech and its designees hold stock in GSE Systems, Inc. (GSE), a company created by the merger of one of our majority-owned subsidiaries and two other entities in 1994. As of September 30, 2001, we owned approximately 17.5% of GSE's common stock. We also hold warrants that are currently exercisable for 150,000 shares of GSE's common stock.

In October 2000, we extended a loan to GSE, which is evidenced by a demand promissory note for \$1.8 million, which was amended and subsequently replaced in March 2001. We amended this note in April 2001 to increase the amount due under the note to \$3.9 million. The largest aggregate amount outstanding under this note and its predecessor note since October 2000 was \$3.9 million. Interest accrued on this note at the prime lending rate plus 1.0%. The \$3.9 million demand note was convertible into shares of Series A preferred stock of GSE, at the option of the holder any time after issuance and prior to the third anniversary of issuance. On December 5, 2001, we exercised our option and converted this \$3.9 million promissory note receivable into 39,000 shares of Series A preferred stock of GSE. The GSE Series A preferred stock has no voting rights, and we have agreed to a holding period of one year from the date of issuance, after which it is convertible into GSE common stock at any time during the subsequent three-year period at a conversion price of \$2.645 per share.

In June 2001, we extended a loan to GSE, which is evidenced by an additional promissory note from GSE. The largest aggregate amount outstanding under this note since June 2001 has been \$1.0 million, and as of December 31, 2001 this amount remains outstanding. Interest accrues on this note at the prime lending rate plus 1.0%.

Under a purchasing arrangement with GSE entered into in January 2001, we combined our purchases of products with purchases for GSE in order to obtain volume discounts, for which GSE paid us the full purchase price plus a handling fee. Purchases under this agreement totaled \$843,290 for the nine months ended September 30, 2001. This purchasing arrangement terminated in June 2001, and GSE has no outstanding obligations to us, nor do we have any outstanding obligations to GSE, in connection with this purchasing arrangement.

Our Chairman of the Board of Directors, Chief Executive Officer and President, George J. Pedersen, as well as John A. Moore, Jr., our Executive Vice President, Chief Financial Officer, Treasurer and Director, own 56,250 shares, or 1.1%, and 83,925 shares, or 1.6% of GSE common stock, respectively, and serve on GSE's board of directors. Mr. Pedersen and Mr. Moore entered into agreements with GSE in 1999 to serve as executive employees providing strategic planning in acquisitions and divestitures, management of financing arrangements and customer and other business development activities. Under these agreements, GSE pays Mr. Pedersen and Mr. Moore annual fees of \$120,000 and \$60,000, respectively, and granted Mr. Pedersen and Mr. Moore options to purchase 100,000 and 50,000 shares, respectively, of GSE common stock at an exercise price of \$3.3125. Mr. Pedersen and Mr. Moore intend to terminate these agreements but may continue to serve on GSE's board of directors.

#### MARE, Incorporated

We have loaned money to MARE, Inc., a marine products business. Mr. Pedersen's son-in-law is the president of MARE, Inc., and Mr. Pedersen is the owner of 50.0% of the outstanding capital stock of the company. Mr. Pedersen and Mr. Moore also serve on the board of directors of MARE, Inc. The loan is evidenced by a demand note that accrues interest at a rate of 10.0%. The largest amount outstanding since January 1, 1998 was \$1.5 million. As of the date of this prospectus, this note had an outstanding balance of \$1.3 million. The principal outstanding under this note is adjusted on a daily basis, based on amounts advanced to or paid down by MARE. As collateral for this note, MARE has pledged to ManTech all of its inventory, consisting primarily of boats and parts, and any other assets that are not otherwise encumbered. MARE intends to pay the balance of principal and interest due on this note at the closing of this offering.

#### Repurchases of Stock

In January 2000, our predecessor corporation purchased 6,582 shares of its Class B common stock from Mr. John A. Moore, Jr., our Executive Vice President, Chief Financial Officer, Treasurer and Director, for an aggregate purchase price of \$566,082, or \$86.00 per share. In February 2000, our predecessor corporation purchased 1,000 shares of its Class B common stock from Mr. Michael Golden, one of our directors, for an aggregate purchase price of \$86,060, or \$86.06 per share, and in December 2000 it purchased an additional 1,000 shares of its Class B common stock from Mr. Golden for an aggregate purchase price of \$123,240, or \$123.24 per share. The price per share for the January and February 2000 repurchases was calculated by dividing a valuation of the company as of December 31, 1998 by the total number of shares of all classes of common stock outstanding on that date. The price per share for the December 2000 repurchase was calculated by dividing a valuation of the company as of December 30, 1999 by the total number of shares of all classes of common stock outstanding on that date. The same independent third party valuation firm performed each of the respective valuations.

## Legal Services

Mr. Stephen Porter, one of our directors, is a partner in the law firm of Arnold & Porter, Washington, D.C., which has performed legal services for us from time to time and is expected to do so in the future. The amount of fees we paid to Mr. Porter's law firm did not exceed five percent of that firm's gross revenues in each of its last three full fiscal years.

Mr. Michael Golden, one of our directors, is a partner in the law firm of Golden & Nelson PLLC, Washington, D.C., which has performed legal services for us from time to time and is expected to do so in the future. The amount of fees we paid to Mr. Golden's law firm during 2001 totaled \$51,269. The amount of fees we paid to Mr. Golden's law firm for services rendered totaled \$57,675 in 2000 and \$72,780 in 1999.

## Ownership of Subsidiary Stock

From time to time we have allowed certain of our officers or officers of our subsidiaries to purchase minority interests of common stock in our subsidiaries. These purchases have been pursuant to stock purchase and restriction agreements that generally restrict the transferability of the shares, including granting the subsidiary a right of first refusal with respect to any proposed sale of the common stock by the stockholder and granting the subsidiary a right to call the stock in the event of death, permanent disability or termination of the stockholder's employment by us or the subsidiary.

## Employee Relationships

Ms. Christine Lancaster, an employee of ours, is one of Mr. Pedersen's daughters. Ms. Lancaster's compensation for her work on our corporate matters totaled \$110,512 in 2001, \$123,082 in 2000 and \$118,032 in 1999. From time to time, we have employed Mr. Pedersen's other two daughters on a part-time or temporary basis. The amount paid to each of them as compensation has not exceeded \$60,000 in any of the last three full fiscal years.

## REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent for the Class A common stock is American Stock Transfer & Trust.

## SHARES ELIGIBLE FOR FUTURE SALE

### Shares Outstanding and Freely Tradeable After Offering

Upon completion of this offering, we will have 6,818,813 shares of Class A common stock and 17,514,517 shares of Class B common stock outstanding (assuming that the underwriters do not exercise their over-allotment option). Shares of Class B common stock are convertible at the option of the holder into an equal number of shares of Class A common stock. The 5,666,667 shares of Class A common stock to be sold by us in this offering and all shares sold by the selling stockholder will be freely tradeable without restriction or limitation under the Securities Act of 1933, as amended, except for any such shares held by our "affiliates," as such term is defined under Rule 144 of the Securities

Act. Shares of Class A and Class B common stock held by our affiliates may be sold only if registered under the Securities Act or sold in accordance with an applicable exemption from registration, such as Rule 144. The remaining 18,333,330 shares of our common stock outstanding upon completion of this offering are restricted securities, as defined under Rule 144 and may not be sold publicly unless they are registered under the Securities Act or are sold pursuant to Rule 144 or another exemption from registration.

#### Rule 144

In general, under Rule 144 under the Securities Act of 1933, as currently in effect, beginning 90 days after the date of this prospectus, a person, including an affiliate, who has beneficially owned restricted securities that were last purchased from us or an affiliate of ours at least one year before the date the shares are proposed to be sold would be entitled to sell publicly within any three-month period, a number of shares that does not exceed the greater of:

- . 1% of the then outstanding shares of that class of common stock; or
- . The reported average weekly trading volume of that class of the common stock on the automated quotation system of a registered securities association or the consolidated transaction reporting system during the four calendar weeks preceding such sale.

Sales under Rule 144 also are subject to certain requirements regarding the manner of sale, notice and availability of current public information about us. In addition, a person who is not deemed to have been an affiliate of ours at any time during the 90 days preceding a sale, and who holds shares that were last purchased from us or an affiliate of ours more than two years before the date the shares are proposed to be sold, would be entitled to sell such shares under Rule 144(k) without regard to the requirements described above.

We and our existing stockholders, executive officers, directors and director nominees have agreed not to offer, sell, contract to sell, grant any option to purchase, announce any intention to sell, transfer the economic risk of ownership in, make any short sale, pledge or otherwise dispose of, directly or indirectly, or file a registration statement under the Securities Act relating to, any shares of our common stock or securities either owned as of the date of this prospectus or thereafter acquired without the prior written consent of the underwriters for a period of 180 days after the date of this prospectus, other than:

- . the conversion of shares of Mr. Pedersen's Class B common stock to Class A common stock, and the sale by Mr. Pedersen of those shares of Class A common stock in this offering, including, if exercised, pursuant to the over-allotment option;
- . the conversion of the Class B common stock to Class A common stock either voluntarily or upon Mr. Pedersen's death; and
- . certain permitted transfers such as transfers to family members, trusts established for the benefit of a transferring stockholder and its family members or transfers by stockholders that are partnerships or corporations to the partners or stockholders of such stockholder, but in each case subject to the prior execution by the transferee(s) of a lock-up agreement satisfactory to Jefferies & Company, Inc.

Upon the expiration of this 180-day lock-up period, substantially all of these shares will become eligible for sale, subject to the restrictions of Rule 144. These restrictions will not affect our ability to:

- . Issue, sell or award shares of our common stock or securities convertible into, exercisable or exchangeable for, shares of our common stock pursuant to our Management Incentive Plan as long as such shares and securities do not vest and are not exercisable prior to the expiration of this 180-day period (other than upon the death or disability of a holder thereof);
- . Issue shares of our common stock or other securities pursuant to the exercise of stock options currently outstanding; or
- . Issue shares of our common stock or securities convertible into, or exercisable or exchangeable for, shares of our common stock in connection with an acquisition of or merger with another corporation as long as such securities are not registered under the Securities Act during this 180-day period. See "Underwriting."

#### Rule 701

Subject to limitations on the aggregate offering price of a transaction and other conditions, Rule 701 may be relied upon with respect to the resale of securities originally purchased from us by our employees, directors, officers, consultants or advisers prior to the closing of this offering, pursuant to written compensatory benefit plans or written contracts relating to the compensation of such persons. In addition, the Securities and Exchange Commission has indicated that Rule 701 will apply to stock options granted by us before this offering, along with the shares acquired upon exercise of such options. Securities issued in reliance on Rule 701 are deemed to be restricted shares and, beginning 90 days after the date of this prospectus unless subject to the contractual restrictions previously discussed, may be sold by persons other than affiliates subject only to the manner of sale provisions of Rule 144 and by affiliates under Rule 144 without compliance with the two-year minimum holding period requirements.

#### Stock Plan Registration Statements

We intend to file one or more registration statements under the Securities Act covering approximately 3,000,000 shares of common stock reserved for issuance under our Management Incentive Plan and with respect to the employee stock options held by John A. Moore, Jr. These registration statements are expected to be filed soon after the date of this prospectus and will automatically become effective upon filing. Accordingly, shares registered under the registration statements will be available for sale in the open market, unless such shares are subject to vesting restrictions with us or the contractual restrictions described above.



## DESCRIPTION OF CAPITAL STOCK, CERTIFICATE OF INCORPORATION AND BYLAWS

### General

Our authorized capital stock consists of 150,000,000 shares of Class A common stock, \$0.01 par value, 50,000,000 shares of Class B common stock, \$0.01 par value, and 20,000,000 shares of preferred stock, \$0.01 par value, after giving effect to our reincorporation, recapitalization and stock split. For more information, see "Transactions Prior to the Offering" on page 6. Together, the Class A common stock and the Class B common stock comprise all of the authorized common stock. Prior to this offering, there were 530,455 shares of Class A common stock and 18,136,208 shares of Class B common stock outstanding and held of record by three and five stockholders, respectively.

### Common Stock

Upon completion of this offering, and assuming the over-allotment option is not exercised, there will be 6,818,813 shares of Class A common stock and 17,514,517 shares of Class B common stock outstanding. All of the outstanding Class B common stock is beneficially owned by George J. Pedersen, our Chairman of the Board of Directors, Chief Executive Officer and President. The number of shares outstanding represents 12.17% of all of the authorized common stock. In addition an aggregate of 3,000,000 shares of our common stock will be reserved for issuance under our Management Incentive Plan under which 1,159,621 options to purchase an equivalent number of shares of our Class A common stock will be outstanding as of the date of this prospectus.

The rights, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of holders of shares of any series of preferred stock that we may designate and issue in the future. The outstanding shares of our common stock are fully paid and non assessable.

Voting. Holders of Class A common stock are entitled to one vote for each share held of record, and holders of Class B common stock are entitled to ten votes for each share held of record, except with respect to any "going private transaction" (generally, a transaction in which Mr. Pedersen, his affiliates, his direct or indirect permitted transferees or a group, which includes Mr. Pedersen, such affiliates and permitted transferees, seek to buy all outstanding shares), as to which each share of Class A common stock and Class B common stock are entitled to one vote per share. The Class A common stock and the Class B common stock vote together as a single class on all matters submitted to a vote of stockholders, including the election of directors, except as required by law. Our common stock does not have cumulative voting rights in the election of directors.

As a result of this offering, the percentage of the voting power of the outstanding common stock owned or controlled by Mr. Pedersen will decline to approximately 96.41%, if the over-allotment option is not exercised, and 95.85% if the underwriters' over-allotment option is exercised in full; but he will continue to control all actions to be taken by the stockholders, including the election of all directors to the board of directors. See "Principal and Selling Stockholder" and "Risk Factors--Mr. Pedersen, Our Chairman, Chief Executive Officer and President, Will Continue To Control Our Company."

Dividends; Stock Splits. Holders of the common stock are entitled to receive, when and if declared by the board of directors from time to time, such dividends and other distributions in cash, stock or property from our assets or funds legally available for such purposes subject to any dividend preferences that may be attributable to preferred stock that may be authorized. Each share of Class A common stock and Class B common stock is equal in respect of dividends and other distributions in cash, stock or property, except that in the case of stock dividends, only shares of Class A common stock will be distributed with respect to the Class A common stock and only shares of Class B common

stock will be distributed with respect to Class B common stock. In no event will either Class A common stock or Class B common stock be split, divided or combined unless the other class is proportionately split, divided or combined. For example, if we effect a two-for-one stock split with respect to the Class A common stock, we will at the same time effect a two-for-one stock split with respect to the Class B common stock.

Conversion. The shares of Class A common stock are not convertible into any other series or class of securities. Each share of Class B common stock, however, is freely convertible into one share of Class A common stock at the option of the Class B stockholder. Except for transfers to certain family members or trusts established for the benefit of such family members, transfers to partnerships, corporations, or similar entities whose general partners, stockholders or members are, directly or indirectly, such family members, and transfers to certain charitable organizations or to one of our employee benefit plans (each, a "Permitted Transferee"), any transfer of Class B common stock will result in the automatic conversion of the transferred shares into Class A common stock. In addition, if Mr. Pedersen (either individually or through the Pedersen Family Limited Partnership I or the ManTech Special Assistance Fund, Inc.) transfers shares of Class B common stock to one or more Permitted Transferees, and at any time after such transfer or transfers he does not exercise voting control over the transferred shares and does not exercise voting control over shares of Class B common stock representing in excess of fifty percent of the voting power of all outstanding shares of common stock entitled to vote on the election of directors, then all of the shares of Class B common stock which Mr. Pedersen (either individually or through the Pedersen Family Limited Partnership I or the ManTech Special Assistance Fund, Inc.) has transferred to all Permitted Transferees and over which Mr. Pedersen does not exercise voting control will automatically convert to an equivalent number of shares of Class A common stock. Shares of Class B common stock may be pledged as collateral for indebtedness but, unless the pledgee is a Permitted Transferee, the shares will automatically convert to Class A common stock upon any transfer in foreclosure of the pledged shares. Upon Mr. Pedersen's death, all outstanding shares of Class B common stock automatically convert to Class A common stock.

Mergers, Consolidation and Other Transactions. In the event that we enter into any consolidation, merger, combination or other transaction in which shares of common stock are exchanged for other capital stock, cash or property, then the shares of each class of common stock will be exchanged for the same amount of capital stock, cash or property, as the case may be, for which each share of any other class of common stock is exchanged. Holders of each class of common stock may receive different distributions of stock, securities, cash or property if:

- . Shares of common stock are exchanged for shares of capital stock, then the shares exchanged may differ only to the extent that the Class A common stock and the Class B common stock differ;
- . The holders of Class A common stock receive an amount of stock, securities, cash or property per share having a value greater than or equal to the value per share into which or for which each share of Class B common stock is exchanged; or
- . Holders of Class A common stock and holders of Class B common stock receive an amount of stock, securities, cash or property per share in accordance with a transaction approved by the holders of a majority of Class A common stock and by the holders of a majority of Class B common stock, each voting separately as a class.

Nasdaq. We expect the Class A common stock will be quoted on The Nasdaq National Market under the symbol "MANT."

## Preferred Stock

Subject to Delaware law, the board of directors, without further action by the stockholders, is authorized to issue an aggregate of 20,000,000 shares of preferred stock. No shares of preferred stock are outstanding and the board of directors currently has no plans to issue a series of preferred stock. The board of directors may, without stockholder approval, issue preferred stock with dividend rates, redemption prices, preferences on liquidation or dissolution, conversion rights, voting rights and any other preferences, which rights and preferences could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions or other corporate purposes, could have the effects of making it more difficult for a third party to acquire, or could discourage or delay a third party from acquiring, a majority of our outstanding stock and of decreasing the amount of earnings or assets available for distribution to the holders of our common stock.

## Corporate Governance Provisions of Our Certificate of Incorporation and Bylaws

**Advance Notice.** Our bylaws require that advance written notice of all director nominations or other business matters proposed to be brought before an annual meeting of stockholders be delivered to our secretary at our principal executive office not later than 60 days nor more than 120 days prior to the first anniversary of the date on which we first mailed our proxy materials for the prior year's annual meeting of stockholders. This provision may make it more difficult for stockholders to nominate or elect directors or take action opposed by our board.

**Special Meetings.** Our certificate of incorporation and bylaws provide that special meetings of the stockholders may be called by our Secretary at the direction of:

- . the affirmative vote of a majority of the board of directors;
- . the chairman of the board of directors;
- . the chief executive officer; or
- . the holders of shares representing a majority of the voting power of the outstanding common stock entitled to vote at such meeting of stockholders.

**No Stockholder Action by Written Consent.** Our certificate of incorporation provides that stockholders entitled to take action on any matter may act solely at a meeting of stockholders duly called and held in accordance with law and our certificate of incorporation and bylaws and may not act by a consent or consents in writing. Accordingly, our stockholders will not be able to take action by written consent in lieu of a meeting. This provision may have the effect of deterring hostile takeovers or delaying changes in control or management.

**Indemnification of Directors and Officers.** Our certificate of incorporation and bylaws provide a right to indemnification to the fullest extent permitted by law for expenses, attorney's fees, damages, punitive damages, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by any person whether or not the indemnified liability arises or arose from any threatened, pending or completed proceeding by or in our right by reason of the fact that he or she is or was our director or officer or while our director or officer, is or was serving at our request as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, to the fullest extent permitted under the Delaware General Corporation Law. Our

certificate of incorporation and bylaws also provide for the advancement of expenses to an indemnified party. Additionally, we may indemnify any employee or agent of ours to the fullest extent permitted by law. Our bylaws authorize us to take steps to ensure that all persons entitled to the indemnification are properly indemnified, including, if the board of directors so determines, purchasing and maintaining insurance.

#### Certain Provisions of Delaware Law

We are a Delaware corporation and are therefore subject to the provisions of Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, the statute prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction by which that person became an interested stockholder, unless the business combination is approved in a prescribed manner. For purposes of Section 203, a "business combination" includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior did own, 15.0% or more of our voting stock.

#### Limitations on Liability and Indemnification of Officers and Directors

Our certificate of incorporation provides that none of the directors shall be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except liability for:

- . Any breach of the director's duty of loyalty to us or our stockholders;
- . Acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- . The payment of unlawful dividends and certain other actions prohibited by Delaware General Corporation Law; and
- . Any transaction from which the director derived any improper personal benefits.

The effect of this provision of our certificate of incorporation is to eliminate our rights and the rights of our stockholders to recover monetary damages against a director for breach of the fiduciary duty of care as a director, including breaches resulting from negligent or grossly negligent behavior, except in the situations described above. This provision does not limit or eliminate our rights or the rights of any stockholder to seek non-monetary relief, such as an injunction or rescission in the event of a breach of a director's duty of care.

## TAX CONSIDERATIONS

This is a general summary of material U.S. federal income and estate tax considerations with respect to your acquisition, ownership and disposition of our common stock if you are a beneficial owner of shares other than:

- . A citizen or resident of the United States;
- . A corporation, partnership or other entity created or organized in, or under the laws of, the United States or any political subdivision of the United States;
- . An estate, the income of which is subject to U.S. federal income taxation regardless of its source;
- . A trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust; or
- . A trust that existed on August 20, 1996, was treated as a U.S. person on August 19, 1996, and elected to be treated as a U.S. person.

This summary does not address all of the U.S. federal income and estate tax considerations that may be relevant to you in light of your particular circumstances or if you are a beneficial owner subject to special treatment under United States income tax laws such as a:

- . Controlled foreign corporation;
- . Passive foreign investment company;
- . Foreign personal holding company;
- . Company that accumulates earnings to avoid U.S. federal income tax;
- . Foreign tax-exempt organization;
- . Financial institution;
- . Broker or dealer in securities; or
- . Former U.S. citizen or resident.

This summary does not discuss any aspect of state, local or non-United States taxation. This summary is based on current provisions of the Internal Revenue Code, Treasury regulations, judicial opinions, published positions of the U.S. Internal Revenue Service and all other applicable authorities, all of which are subject to change, possibly with retroactive effect. This summary is not intended as tax advice.

We urge prospective non-United States stockholders to consult their tax advisors regarding the United States federal, state, local and non-United States income and other tax considerations of acquiring, holding and disposing of shares of our common stock.

## Dividends

In general, any distributions we make to you with respect to your shares of our common stock that constitute dividends for U.S. federal income tax purposes will be subject to U.S. withholding tax at a rate of 30.0% of the gross amount, unless you are eligible for a reduced rate of withholding tax under an applicable income tax treaty and you provide proper certification of your eligibility for such reduced rate (usually on an IRS Form W-8BEN). A distribution will constitute a dividend for U.S. federal income tax purposes to the extent of our current or accumulated earnings and profits as determined under the Internal Revenue Code. Any distribution not constituting a dividend will be treated first as reducing your basis in your shares of our common stock and, to the extent it exceeds your basis, as gain from the disposition of your shares of our common stock.

Dividends we pay to you that are effectively connected with your conduct of a trade or business within the United States and, if certain income tax treaties apply, are attributable to a U.S. permanent establishment maintained by you, generally will not be subject to U.S. withholding tax if you comply with applicable certification and disclosure requirements. Instead, such dividends generally will be subject to U.S. federal income tax, net of certain deductions, at the same rates applicable to U.S. persons. If you are a corporation, effectively connected income may also be subject to a "branch profits tax" at a rate of 30.0%, or a lower rate specified by an applicable income tax treaty. Dividends that are effectively connected with your conduct of a trade or business but that under an applicable income tax treaty are not attributable to a U.S. permanent establishment maintained by you may be eligible for a reduced rate of U.S. withholding tax under such treaty, provided you comply with certification and disclosure requirements necessary to obtain treaty benefits.

## Sale or Other Disposition of Our Common Stock

You generally will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of your shares of our common stock unless:

- . The gain is effectively connected with your conduct of a trade or business within the United States and, under certain income tax treaties, is attributable to a U.S. permanent establishment you maintain;
- . You are an individual, you hold your shares of our common stock as capital assets, you are present in the United States for 183 days or more in the taxable year of disposition and you meet other conditions, and you are not eligible for relief under an applicable income tax treaty; or
- . We are or have been a "United States real property holding corporation" for U.S. federal income tax purposes (which we believe we are not and have never been, and do not anticipate we will become) and you hold or have held, directly or indirectly, at any time within the shorter of the five-year period preceding disposition or your holding period for your shares of our common stock, more than 5.0% of our Class A common stock.

Gain that is effectively connected with your conduct of a trade or business within the United States generally will be subject to U.S. federal income tax, net of certain deductions, at the same rates applicable to U.S. persons. If you are a corporation, the branch profits tax, as discussed above, also may apply to such effectively connected gain. If the gain from the sale or disposition of your shares is effectively connected with your conduct of a trade or business in the United States but under an applicable income tax treaty is not attributable to a permanent establishment you maintain in the

United States, your gain may be exempt from U.S. tax under the treaty. If you are described in the second bullet point above, you generally will be subject to U.S. tax at a rate of 30.0% on the gain realized, although the gain may be offset by some U.S. source capital losses realized during the same taxable year.

#### Information Reporting and Backup Withholding

We must report annually to the IRS the amount of dividends or other distributions we pay to you on your shares of our common stock and the amount of tax we withhold on these distributions regardless of whether withholding is required. The IRS may make copies of the information returns reporting those dividends and amounts withheld available to the tax authorities in the country in which you reside pursuant to the provisions of an applicable income tax treaty or exchange of information treaty.

The United States imposes a backup withholding tax on dividends and certain other types of payments to U.S. persons at a rate of 30.5% (with scheduled reductions through 2006 and a scheduled increase to 31.0% in 2011) of the gross amount. You will not be subject to backup withholding tax on dividends you receive on your shares of our common stock if you provide proper certification (usually on an IRS Form W-8BEN) of your status as a non-U.S. person or you are a corporation or one of several types of entities and organizations that qualify for exemption.

Information reporting and backup withholding generally are not required with respect to the amount of any proceeds from the sale of your shares of our common stock outside the United States through a foreign office of a foreign broker that does not have certain specified connections to the United States. However, if you sell your shares of our common stock through a U.S. broker or the United States office of a foreign broker, the broker will be required to report to the IRS the amount of proceeds paid to you and also backup withhold at a rate of 30.5% (with scheduled reductions through 2006 and a scheduled increase to 31.0% in 2011) of that amount unless you provide appropriate certification (usually on an IRS Form W-8BEN) to the broker of your status as a non-U.S. person or you are a corporation or one of several types of entities and organizations that qualify for exemption. Information reporting and backup withholding, if the appropriate certification is not provided, also apply if you sell your shares of our common stock through a foreign broker deriving more than a specified percentage of its income from U.S. sources or having certain other connections to the United States.

Any amounts withheld with respect to your shares of our common stock under the backup withholding rules will be refunded to you or credited against your U.S. federal income tax liability, if any, by the IRS if the required information is furnished in a timely manner.

#### Estate Tax

Shares of our common stock owned or treated as owned by an individual who is not a citizen or resident, as defined for U.S. federal tax purposes, of the United States at the time of his or her death will be subject to U.S. federal estate tax unless an applicable estate tax treaty provides otherwise.

UNDERWRITING

Subject to the terms and conditions stated in the underwriting agreement between us, the selling stockholder and the underwriters, each of the underwriters named below has severally agreed to purchase, and we and the selling stockholder have agreed to sell to each named underwriter, the number of shares set forth opposite the name of each underwriter.

Underwriters	Number of Shares
Jefferies & Company, Inc.....	
Legg Mason Wood Walker, Incorporated.....	
BB&T Capital Markets/Scott & Stringfellow, Inc.	
Total.....	6,000,000

The underwriting agreement provides that the obligations of the several underwriters to purchase the shares offered by us and the selling stockholder are subject to some conditions. The underwriters are obligated to purchase all of the shares offered by us and the selling stockholder, other than those covered by the over-allotment option described below, if any of the shares are purchased. The underwriting agreement also provides that, in the event of a default by an underwriter, in some circumstances the purchase commitments of non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

Prior to this offering, there has been no public market for the Class A common stock. The initial offering price will be negotiated among us and the representatives for the underwriters. Among the factors to be considered in determining the initial public offering price of the Class A common stock shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and consideration of the above factors in relation to market valuations of companies in related businesses. There can be no assurance, however, that the prices at which the Class A common stock shares will sell in the public market after this offering will not be lower than the price at which they are sold by the underwriters or that an active trading market in the shares will develop and continue after this offering.

The underwriters propose to offer the shares to the public initially at the public offering price set forth on the cover of this prospectus, and to some dealers at that price less a concession not in excess of \$            per share. The underwriters may allow, and those dealers may reallow, a discount not in excess of \$            per share to other dealers. After this offering, the public offering price, the concession to selected dealers and the reallowance to other dealers may be changed by the underwriters.

We and the selling stockholder have granted to the underwriters an option, exercisable not later than 30 days after the date of this prospectus, to purchase, in whole or in part, up to 900,000 additional shares at the public offering price less the underwriting discount set forth on the cover of this prospectus.



The underwriters may exercise that option only to cover over-allotments, if any, made in connection with the sale of the shares of Class A common stock offered by us and the selling stockholder. To the extent that option is exercised, each underwriter will be obligated, subject to some conditions, to purchase a number of additional shares approximately proportionate to that underwriter's initial purchase commitment as indicated in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us and the selling stockholder. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 900,000 additional shares.

	Paid By Us		Paid By The Selling Stockholder	
	Without Exercise of Over-allotment	With Full Exercise of Over-allotment	Without Exercise of Over-allotment	With Full Exercise of Over-allotment
Per share	\$	\$	\$	\$
Total...	\$	\$	\$	\$

We estimate that the total expenses of this offering, excluding the underwriting discounts and commissions, will be approximately \$1.1 million, which will be paid by us.

This offering of the shares is made for delivery when, as and if accepted by the underwriters and subject to prior sale and to withdrawal, cancellation or modification of this offering without notice. The underwriters reserve the right to reject an order for the purchase of shares in whole or in part.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriters may be required to make in respect of these liabilities.

We are applying to have the Class A common stock approved for qualification on The Nasdaq National Market under the symbol "MANT."

We and our existing stockholders, executive officers, directors and director nominees have agreed not to offer, sell, contract to sell, grant any option to purchase, announce any intention to sell, transfer the economic risk of ownership in, make any short sale, pledge or otherwise dispose of, directly or indirectly, or file a registration statement under the Securities Act relating to, any shares of our common stock or securities or other rights convertible into or exchangeable or exercisable for any shares of our common stock or securities either owned as of the date of this prospectus or thereafter acquired without the prior written consent of the underwriters for a period of 180 days after the date of this prospectus, other than:

- . the conversion of shares of Mr. Pedersen's Class B common stock to Class A common stock, and the sale by Mr. Pedersen of those shares of Class A common stock in this offering, including, if exercised, pursuant to the over-allotment option;
- . the conversion of the Class B common stock to Class A common stock either voluntarily or upon Mr. Pedersen's death; and
- . certain permitted transfers, such as transfers to family members, trusts established for the benefit of a transferring stockholder and its family members or transfers by stockholders that are partnerships or corporations to the partners or stockholders of such stockholders, but in each case subject to the prior execution by the transferee(s) of a lock-up agreement which is satisfactory to Jefferies & Company, Inc.

Upon the expiration of this 180-day lock-up period, substantially all of these shares will become eligible for sale, subject to the restrictions of Rule 144. These restrictions will not affect our ability to:

- . Issue, sell or award shares of our common stock or securities convertible into, exercisable or exchangeable for, shares of our common stock pursuant to our Management Incentive Plan as long as such shares and securities do not vest and are not exercisable prior to the expiration of this 180-day period (other than upon the death or disability of a holder thereof);
- . Issue shares of our common stock or other securities pursuant to the exercise of stock options currently outstanding; or
- . Issue shares of our common stock or securities convertible into, or exercisable or exchangeable for, shares of our common stock in connection with an acquisition of or merger with another corporation as long as such securities are not registered under the Securities Act during this 180-day period.

We have been advised by the representatives that, in accordance with Regulation M under the Securities Act, some persons participating in this offering may engage in transactions, including syndicate covering transactions, stabilizing bids or the imposition of penalty bids, that may have the effect of stabilizing or maintaining the market price of the shares at a level above that which might otherwise prevail in the open market.

A "syndicate covering transaction" is a bid for or the purchase of shares on behalf of the underwriters to reduce a syndicate short position incurred by the underwriters in connection with this offering. The underwriters may create a syndicate short position by making short sales of our shares and may purchase our shares in the open market to cover syndicate short positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in this offering. Short sales can be either "covered" or "naked." "Covered" short sales are sales made in an amount not greater than the underwriters' over-allotment option to purchase additional shares from us and the selling stockholder in this offering. "Naked" short sales are sales in excess of the over-allotment option. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in this offering. If the underwriters create a syndicate short position, they may choose to reduce or "cover" this position by either exercising all or part of the over-allotment option to purchase additional shares from us and the selling stockholder or by engaging in "syndicate covering transactions." The underwriters may close out any covered short position by either exercising their over-allotment option or purchasing shares in the open market. The underwriters must close out any naked short position by purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option.

A "stabilizing bid" is a bid for or the purchase of shares on behalf of the underwriters for the purpose of fixing or maintaining the price of our Class A common stock. A "penalty bid" is an arrangement that permits the representatives to reclaim the selling concession from an underwriter or a syndicate member when shares sold by such underwriter or syndicate members are purchased by the representatives in a syndicate covering transaction and, therefore, have not been effectively placed by the underwriter or syndicate member.

We have been advised by the representatives that these transactions may be effected on The Nasdaq National Market or otherwise and, if commenced, may be discontinued at any time. Similar to

other purchase activities, these activities may have the effect of raising or maintaining the market price of our Class A common stock or preventing or retarding a decline in the market price of our Class A common stock. As a result, the price of our Class A common stock may be higher than the price that might otherwise exist in the open market.

Both Jefferies & Company, Inc. and Quarterdeck Investment Partners, LLC, which is affiliated with Jefferies & Company, Inc. (which we refer to collectively as our financial advisors), have provided and in the future may provide investment banking and other financial advisory services to us, including strategic planning with respect to acquisitions, for which we have paid and expect to pay customary fees and expenses. In connection with our engagement of these financial advisors, we have granted to them a right of first refusal to act as managers or co-managers of a subsequent offering of securities by us.

Quarterdeck Investment Partners, LLC has provided financial advisory services to us with respect to this offering. In consideration for such services, Quarterdeck Investment Partners, LLC will be paid a fee. This fee is included in the table set forth above detailing the underwriters' compensation on a total and per share basis. Quarterdeck Investment Partners, LLC does not have any material relationship with us or any of our officers, directors or other controlling persons, except its contractual relationship with us relating to the investment banking and financial advisory services provided to us which are described above.

Branch Banking and Trust Company of Virginia, an affiliate of BB&T Capital Markets, a division of Scott & Stringfellow, Inc., is a member of a syndicate of banking institutions that has advanced two loans, with an outstanding balance of \$7.4 million as of December 31, 2001, to us. In connection with our application of the net proceeds of this offering, as described under "Use of Proceeds" above, less than 10% of such proceeds to us will be used to repay indebtedness to affiliates of the underwriters.

#### VALIDITY OF COMMON STOCK

The validity of the shares of Class A common stock offered by us in this offering and the shares of Class A common stock offered by the selling stockholder will be passed upon for us and the selling stockholder by Gibson, Dunn & Crutcher LLP, Washington, D.C. Certain legal matters relating to this offering will be passed upon for the underwriters by Morgan Lewis & Bockius LLP, New York, New York.

#### EXPERTS

The consolidated financial statements as of December 31, 1999 and 2000 and September 30, 2001 and for the years ended December 31, 1999 and 2000, and the nine months ended September 30, 2001, included in this prospectus and the related financial statement schedule included elsewhere in this registration statement have been audited by Deloitte & Touche LLP, independent auditors, as stated in their reports appearing herein and elsewhere in the registration statement, and have been so included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements for the year ended December 31, 1998 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP,

independent accountants, given on the authority of said firm as experts in auditing and accounting. We have also included our financial statement schedule for the same period in the registration statement along with PricewaterhouseCoopers LLP report on the schedule.

#### Change in Independent Auditors

In July 1999, we determined to change our independent auditors from PricewaterhouseCoopers LLP, to Deloitte & Touche LLP. In connection with PricewaterhouseCoopers LLP's audits of our financial statements for the years ended December 31, 1997 and 1998 and through July 1999, there were no disagreements with PricewaterhouseCoopers LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, nor any reportable events. The reports of PricewaterhouseCoopers LLP on the financial statements for the years ended December 31, 1997 and 1998 contained no adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principle. The decision to change auditors was approved by our board of directors. We have provided PricewaterhouseCoopers LLP with a copy of the disclosure contained in this section of this prospectus.

We have requested that PricewaterhouseCoopers LLP furnish us with a letter addressed to the Commission stating whether or not it agrees with the above statements. A copy of such letter, dated December 31, 2001, is filed as Exhibit 16.1 to our registration statement on Form S-1.

#### WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1, including exhibits and schedules, under the Securities Act with respect to the Class A common stock to be sold in this offering. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules that are part of the registration statement. Any statements made in this prospectus as to the contents of any contract, agreement or other document are not necessarily complete. With respect to each such contract, agreement or other document filed as an exhibit to the registration statement, we refer you to the exhibit for a more complete description of the matter involved, and each statement in this prospectus shall be deemed qualified in its entirety by this reference. You may read and copy all or any portion of the registration statement or any reports, statements or other information in the files at the following public reference facilities of the Securities and Exchange Commission:

Washington, D.C.  
Room 1024  
450 Fifth Street, N.W.  
Washington, D.C. 20549

You can request copies of these documents upon payment of a duplicating fee by writing to the Securities and Exchange Commission. You may call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the operation of its public reference rooms. Our filings, including the registration statement, will also be available to you on the Internet web site maintained by the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov).

We intend to furnish our stockholders with annual reports containing financial statements audited by our independent auditors, and make available to our stockholders quarterly reports for the first three quarters of each year containing unaudited interim financial statements.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of  
ManTech International Corporation  
Fairfax, Virginia:

We have audited the accompanying consolidated balance sheets of ManTech International Corporation and subsidiaries (the Company) as of December 31, 1999 and 2000 and September 30, 2001, and the related consolidated statements of income, stockholders' equity, and cash flows for the years ended December 31, 1999 and 2000 and the nine months ended September 30, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of ManTech International Corporation and subsidiaries at December 31, 1999 and 2000 and September 30, 2001, and the results of their operations and their cash flows for the years ended December 31, 1999 and 2000 and the nine months ended September 30, 2001 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 8, effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended.

DELOITTE & TOUCHE LLP

McLean, Virginia  
November 16, 2001, except for Note 8  
as to which the date is December 17, 2001

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of  
MANTECH INTERNATIONAL CORPORATION:

In our opinion, the accompanying consolidated statement of income, of changes in stockholders' equity and of cash flows present fairly, in all material respects, the results of operations and cash flows of ManTech International Corporation (the Company) for the year ended December 31, 1998, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which 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 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 audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

McLean, Virginia  
April 26, 1999, except for Note 16,  
as to which the date is June 7, 1999 and

Note 15, as to which the date  
is November 15, 2001

MANTECH INTERNATIONAL CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(Dollars in Thousands)

	December 31,		September 30,
	1999	2000	2001

ASSETS

CURRENT ASSETS:			
Cash and cash equivalents.....	\$ 19,571	\$ 29,578	\$ 18,231
Receivables--net.....	88,482	83,481	90,849
Inventory.....	756	--	--
Prepaid expenses and other.....	5,757	11,893	6,808
Assets held for sale.....	34,770	26,521	22,387
	149,336	151,473	138,275
Property and equipment--net.....	8,803	7,033	6,746
Goodwill and other intangibles.....	14,598	12,347	11,226
Investments.....	4,614	3,810	4,366
Employee supplemental savings plan assets	6,045	6,898	7,003
Other assets.....	2,674	5,282	9,445
	\$186,070	\$186,843	\$177,061
	\$186,070	\$186,843	\$177,061



MANTECH INTERNATIONAL CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(Dollars in Thousands)

	December 31,	September 30,	
	1999	2000	2001
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Current portion of debt.....	\$ 4,501	\$ 4,200	\$ 2,769
Accounts payable and accrued expenses.....	21,781	19,923	21,870
Accrued salaries and related expenses.....	13,502	15,349	18,211
Deferred income taxes.....	15,882	16,722	15,697
Billings in excess of revenue earned.....	3,243	7,939	4,393
Liabilities held for sale.....	23,643	15,458	13,319
	-----	-----	-----
Total current liabilities.....	82,552	79,591	76,259
Debt--net of current portion.....	72,005	73,000	66,668
Deferred rent.....	513	441	597
Accrued retirement.....	7,548	8,382	8,480
Deferred income taxes.....	2,347	2,139	2,140
Minority interest.....	95	34	53
	-----	-----	-----
<b>TOTAL LIABILITIES.....</b>	<b>165,060</b>	<b>163,587</b>	<b>154,197</b>
	-----	-----	-----
<b>COMMITMENTS AND CONTINGENCIES</b>			
REDEEMABLE CLASS B COMMON STOCK.....	1,462	1,462	1,462
<b>STOCKHOLDERS' EQUITY:</b>			
Common stock, Class A--no par value; 25,000,000 shares authorized; 4,111,502 shares issued; 1,022,882, 1,033,938 and 1,040,566 shares outstanding at December 31, 1999 and 2000, and September 30, 2001, respectively.....	1,179	1,179	1,179
Common stock, Class C--no par value; 100,000 shares authorized; 71,664 shares issued and outstanding.....	21	21	21
Additional paid in capital.....	--	1,326	2,468
Retained earnings.....	31,770	33,509	33,246
Accumulated other comprehensive loss.....	(159)	(240)	(1,540)
Deferred compensation.....	640	640	640
Treasury stock--at cost; 3,088,620, 3,077,564 and 3,070,936 shares of Class A; and 39,156, 47,738 and 47,738 shares of Class B at December 31, 1999 and 2000, and September 30, 2001, respectively...	(13,903)	(14,641)	(14,612)
	-----	-----	-----
Total stockholders' equity.....	19,548	21,794	21,402
	-----	-----	-----
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY.....</b>	<b>\$186,070</b>	<b>\$186,843</b>	<b>\$177,061</b>
	=====	=====	=====

See notes to consolidated financial statements.

MANTECH INTERNATIONAL CORPORATION  
CONSOLIDATED STATEMENTS OF INCOME  
(Dollars in Thousands Except Per Share Amounts)

	Year Ended December 31,			Nine Months Ended September 30,	
	1998	1999	2000	2000	2001
				(Unaudited)	
REVENUES.....	\$ 314,309	\$ 353,924	\$ 378,827	\$ 280,970	\$ 316,266
COST OF SERVICES.....	265,189	296,306	315,414	234,834	258,412
GROSS PROFIT.....	49,120	57,618	63,413	46,136	57,854
COSTS AND EXPENSES:					
General and administrative.....	33,389	39,175	41,545	30,993	33,166
Depreciation and amortization.....	2,284	3,275	3,279	2,448	2,451
Total costs and expenses.....	35,673	42,450	44,824	33,441	35,617
INCOME FROM OPERATIONS.....	13,447	15,168	18,589	12,695	22,237
Interest expense.....	4,020	4,122	4,438	3,316	2,383
Loss from investment default.....	5,230	--	--	--	--
Equity in (earnings) losses of affiliates.....	(911)	(810)	1,162	(53)	(869)
Other income.....	(29)	(443)	(123)	(20)	(517)
INCOME BEFORE PROVISION FOR INCOME TAXES AND MINORITY INTEREST.....	5,137	12,299	13,112	9,452	21,240
Provision for income taxes.....	(2,183)	(5,466)	(5,974)	(4,327)	(9,062)
Minority interest.....	(33)	(37)	(13)	(12)	(18)
INCOME FROM CONTINUING OPERATIONS.....	2,921	6,796	7,125	5,113	12,160
Loss from discontinued operations--net.....	(1,268)	(2,727)	(4,667)	(3,124)	(6,533)
Loss on disposal of discontinued operations--net	--	--	(719)	(719)	(5,890)
NET INCOME (LOSS).....	\$ 1,653	\$ 4,069	\$ 1,739	\$ 1,270	\$ (263)
INCOME FROM CONTINUING OPERATIONS AVAILABLE TO COMMON STOCKHOLDERS.....	\$ 2,838	\$ 6,796	\$ 7,125	\$ 5,113	\$ 12,160
BASIC EARNINGS (LOSS) PER SHARE:					
Income from continuing operations.....	\$ 2.46	\$ 5.98	\$ 6.29	\$ 4.53	\$ 10.68
Loss from discontinued operations.....	(1.10)	(2.40)	(4.76)	(3.40)	(10.91)
	\$ 1.36	\$ 3.58	\$ 1.53	\$ 1.13	\$ (0.23)
Weighted average common shares outstanding.....	1,152,790	1,135,659	1,132,140	1,129,831	1,138,449
DILUTED EARNINGS (LOSS) PER SHARE:					
Income from continuing operations.....	\$ 2.43	\$ 5.93	\$ 6.24	\$ 4.49	\$ 10.59
Loss from discontinued operations.....	(1.09)	(2.38)	(4.72)	(3.37)	(10.82)
	\$ 1.34	\$ 3.55	\$ 1.52	\$ 1.12	\$ (0.23)
Weighted average common shares outstanding.....	1,168,289	1,145,448	1,141,929	1,139,620	1,148,238

See notes to consolidated financial statements.

MANTECH INTERNATIONAL CORPORATION  
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
(Dollars in Thousands)

	Common Stock	Additional Paid In Capital	Comprehensive Income (Loss)	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Deferred Compensation
BALANCE, JANUARY 1, 1998.....	\$1,200	\$ --		\$26,131	\$ (163)	\$ --
Net income.....			\$ 1,653	1,653		
Other comprehensive income (loss):.....						
Net unrealized holding gain--net of income tax provision of \$70.....			110			
Translation adjustments.....			(70)			
Other comprehensive income.....			40		40	
Comprehensive income.....			\$ 1,693			
Dividends on redeemable common stock.....				(83)		
Redemption of Class B common stock.....						
Common stock held in rabbi trust.....						640
BALANCE, DECEMBER 31, 1998.....	1,200	--		27,701	(123)	640
Net income.....			\$ 4,069	4,069		
Other comprehensive loss:.....						
Translation adjustments.....			(36)			
Other comprehensive loss.....			(36)		(36)	
Comprehensive income.....			\$ 4,033			
BALANCE, DECEMBER 31, 1999.....	1,200	--		31,770	(159)	640
Net income.....			\$ 1,739	1,739		
Other comprehensive loss:.....						
Translation adjustments.....			(81)			
Other comprehensive loss.....			(81)		(81)	
Comprehensive income.....			\$ 1,658			
Contribution of Class A common stock to Employee Stock Ownership Plan.....		1,326				
Redemption of Class B common stock.....						
BALANCE, DECEMBER 31, 2000.....	1,200	1,326		33,509	(240)	640
Net loss.....			\$ (263)	(263)		
Other comprehensive loss:.....						
Cash flow hedge.....			(1,251)			
Translation adjustments.....			(49)			
Other comprehensive loss.....			(1,300)		(1,300)	
Comprehensive loss.....			\$(1,563)			
Contribution of Class A common stock to Employee Stock Ownership Plan.....		1,142				
BALANCE, SEPTEMBER 30, 2001.....	\$1,200	\$2,468		\$33,246	\$(1,540)	\$640

	Treasury Stock	Total Stockholders' Equity
BALANCE, JANUARY 1, 1998.....	\$(10,337)	\$16,831
Net income.....		1,653
Other comprehensive income (loss):.....		
Net unrealized holding gain--net of income tax provision of \$70.....		
Translation adjustments.....		
Other comprehensive income.....		40
Comprehensive income.....		
Dividends on redeemable common stock.....		(83)
Redemption of Class B common stock.....	(2,926)	(2,926)
Common stock held in rabbi trust.....	(640)	--
BALANCE, DECEMBER 31, 1998.....	(13,903)	15,515

Net income.....		4,069
Other comprehensive loss:		
Translation adjustments.....		
Other comprehensive loss.....		(36)
Comprehensive income.....		
BALANCE, DECEMBER 31, 1999.....	(13,903)	19,548
Net income.....		1,739
Other comprehensive loss:		
Translation adjustments.....		
Other comprehensive loss.....		(81)
Comprehensive income.....		
Contribution of Class A common stock to Employee Stock Ownership Plan.....	37	1,363
Redemption of Class B common stock.....	(775)	(775)
BALANCE, DECEMBER 31, 2000.....	(14,641)	21,794
Net loss.....		(263)
Other comprehensive loss:		
Cash flow hedge.....		
Translation adjustments.....		
Other comprehensive loss.....		(1,300)
Comprehensive loss.....		
Contribution of Class A common stock to Employee Stock Ownership Plan.....	29	1,171
BALANCE, SEPTEMBER 30, 2001.....	\$(14,612)	\$21,402
	=====	=====

See notes to consolidated financial statements.

MANTECH INTERNATIONAL CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Dollars in Thousands)

	Year Ended December 31,			Nine Months Ended September 30,	
	1998	1999	2000	2000	2001
				(Unaudited)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Net income (loss).....	\$ 1,653	\$ 4,069	\$ 1,739	\$ 1,270	\$ (263)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:					
Equity in (earnings) losses of affiliates.....	(911)	(810)	1,162	(53)	(869)
Loss from discontinued operations.....	1,268	2,727	4,667	3,124	6,533
Loss on disposal of discontinued operations.....	--	--	719	719	5,890
Deferred income taxes.....	(196)	(338)	981	451	(134)
Minority interest in income of consolidated subsidiaries.....	33	37	15	11	19
Loss from investment default.....	5,230	--	--	--	--
Loss (gain) on disposal of property and equipment.....	6	(183)	142	289	88
Depreciation and amortization.....	4,379	5,635	5,548	4,173	3,868
Change in assets and liabilities--net of effects from acquired and disposed businesses:					
(Increase) decrease in receivables.....	(3,133)	(9,965)	5,010	(5,885)	(7,389)
(Increase) decrease in prepaid expenses and other.....	(160)	2,637	(8,180)	(6,246)	4,157
(Increase) decrease in inventory.....	(263)	171	755	755	--
(Decrease) increase in accounts payable and accrued expenses.....	(740)	5,144	(1,377)	(4,734)	(54)
(Decrease) increase in accrued salaries and related expenses.....	(503)	10	3,211	5,601	3,953
(Decrease) increase in billings in excess of revenue earned.....	(1,418)	(1,380)	4,699	516	(3,537)
(Decrease) increase in deferred rent.....	(44)	51	(73)	(17)	157
Increase in accrued retirement.....	2,708	1,582	834	1,228	97
Net cash provided by operating activities of continuing operations.....	7,909	9,387	19,852	1,202	12,516
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchase of property and equipment.....	(3,538)	(2,181)	(1,344)	(964)	(1,616)
Proceeds from sales of property and equipment.....	113	1,168	225	222	--
Proceeds from notes receivable.....	207	--	--	--	--
Loans receivable from GSE.....	--	--	(1,550)	--	(3,350)
Investment in GSE Common Stock.....	--	--	(500)	(500)	--
Investment in capitalized software products.....	(1,787)	(900)	(316)	(233)	(933)
Investment in ADG, net of cash acquired of \$4,429.....	--	(19)	(496)	(372)	--
Investment in REVIVE.....	--	(677)	--	--	--
(Investment in) dividends from MASI U.K.....	--	--	(216)	(216)	285
Net cash used in investing activities of continuing operations.....	(5,005)	(2,609)	(4,197)	(2,063)	(5,614)

MANTECH INTERNATIONAL CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Dollars in Thousands)

	Year Ended December 31,			Nine Months Ended September 30,	
	1998	1999	2000	2000	2001
	----- (Unaudited)				
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Net increase (decrease) in borrowings under lines of credit.....	5,717	7,900	4,413	(269)	(4,344)
Repayment of term loan.....	(800)	(3,200)	(2,400)	(1,600)	(2,400)
Repayment of notes payable.....	(375)	(1,204)	(276)	(276)	(1,000)
Repayment of mortgage.....	(75)	(1,163)	--	--	--
Payment of not-to-compete financings.....	(443)	(337)	(1,000)	(1,000)	--
Repurchase of Class B common stock.....	(2,926)	--	(775)	(652)	--
Redemption of preferred stock.....	(8,029)	--	--	--	--
Proceeds from subordinated debt.....	8,000	--	--	--	--
Proceeds from exercise of stock options.....	269	--	--	--	--
Dividends paid.....	(83)	--	--	--	--
	-----				
Net cash provided by (used in) financing activities of continuing operations.....	1,255	1,996	(38)	(3,797)	(7,744)
	-----				
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS.....</b>	5	(39)	167	(98)	3
	-----				
<b>NET CASH USED IN DISCONTINUED OPERATIONS.....</b>	(6,910)	(3,736)	(5,777)	(3,449)	(10,508)
	-----				
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS.....</b>	(2,746)	4,999	10,007	(8,205)	(11,347)
	-----				
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD.....</b>	17,318	14,572	19,571	19,571	29,578
	-----				
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD.....</b>	\$14,572	\$19,571	\$29,578	\$11,366	\$ 18,231
	=====	=====	=====	=====	=====

See notes to consolidated financial statements

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

### 1. Description of the Business

ManTech International Corporation delivers a broad array of information technology and technical services solutions to U.S. federal government customers, focusing primarily on critical national defense programs for the intelligence community and Department of Defense. We design, develop, procure, implement, operate, test and maintain mission-critical, enterprise information technology and communication systems and infrastructures for our federal government customers in the United States and 28 countries worldwide.

### 2. Summary of Significant Accounting Policies

**Principles of Consolidation--**The accompanying consolidated financial statements include the accounts of ManTech International Corporation and its majority-owned subsidiaries (the Company). Minority interest represents minority stockholders' proportionate share of the equity in one of the Company's consolidated subsidiaries. The Company's share of affiliates' earnings (losses) is included in the consolidated statements of income using the equity method (see note 12). All intercompany accounts and transactions have been eliminated.

**Use of Accounting Estimates--**The preparation of 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 assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates involve judgments with respect to, among other things, various future economic factors that are difficult to predict and are beyond the control of the Company. Therefore, actual amounts could differ from these estimates.

**Revenue Recognition--**The majority of the Company's revenues are derived from cost-plus-fixed-fee, cost-plus-award-fee, firm-fixed-price, or time-and-materials contracts. Under cost-plus-fixed or award-fee contracts, revenues are recognized as costs are incurred and include an estimate of applicable fees earned. Under firm-fixed-price contracts, revenues are estimated on the percentage of completion method, on the basis of costs incurred in relation to estimated total costs, or upon delivery of specific products or services, as appropriate. For time-and-material contracts, revenues are computed by multiplying the number of direct labor-hours expended in the performance of the contract by the contract billing rates and adding other billable direct costs. Performance incentives are incorporated in certain contracts, which provide increased and decreased revenues based on actual performance compared to established targets. Incentives based upon cost performance are recorded when earned and other incentives and awards are recorded when the amounts are earned and can be reasonably determined, or are awarded. In certain circumstances, revenues are recognized when contract amendments have not been finalized. Anticipated losses are recognized in the accounting period in which they are first determined.

**Cost of Services--**Cost of services consists primarily of compensation expenses for program personnel and direct expenses incurred to complete programs, including cost of materials and subcontract efforts.

**Cash and Cash Equivalents--**For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks, and short-term investments with maturity dates of three months or less at the date of purchase.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

2. Summary of Significant Accounting Policies (Continued)

Property and Equipment--Property and equipment are recorded at original cost. Upon sale or retirement, the costs and related accumulated depreciation or amortization are eliminated from the respective accounts and any resulting gain or loss is included in income. Maintenance and repairs are charged to expense as incurred.

Depreciation and Amortization--Furniture and office equipment are depreciated using the straight-line method with estimated useful lives ranging from five to fifteen years. Leasehold improvements are amortized using the straight-line method over a life of five years, or the term of the lease, whichever is shorter.

Inventory--Inventory is carried at the lower of cost or market. Cost is computed on a specific identification basis.

Goodwill and Other Intangibles--Goodwill, the excess of cost over the fair value of net tangible and identifiable intangible assets of acquired companies, is amortized on a straight-line basis over periods ranging from two to twenty years. Contract rights and other intangibles are amortized on a straight-line basis over periods ranging from three to five years.

Software Development Costs--The Company accounts for software development costs in accordance with Statement of Financial Accounting Standards (SFAS) No. 86, Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed. For projects fully funded by the Company, significant development costs are capitalized from the point of demonstrated technological feasibility until the point in time that the product is available for general release to customers. Once the product is available for general release, capitalized costs are amortized on a straight-line basis over a five-year period or other such shorter period as may be required. The Company recorded \$29,000, \$431,000, and \$665,000 of amortization expense for the years ended December 31, 1998, 1999 and 2000, respectively, and \$499,000 for the nine months ended September 30, 2001. Capitalized software costs included in other intangibles at December 31, 1999 and 2000, and September 30, 2001 were \$2,380,000, \$2,031,000 and \$2,465,000, respectively.

Employee Supplemental Savings Plan (ESSP) Assets--The Company maintains several nonqualified defined contribution supplemental retirement plans for certain key employees that are accounted for in accordance with Emerging Issues Task Force (EITF) Issue 97-14, Accounting for Deferred Compensation Arrangements Where Amounts Earned Are Held in a Rabbi Trust and Invested, as the underlying assets are held in rabbi trusts with investments directed by the respective employee. A rabbi trust is a grantor trust generally set up to fund compensation for a select group of management and the assets of this trust are available to satisfy the claims of general creditors in the event of bankruptcy of the Company. As required by EITF 97-14, the assets held by the rabbi trusts are recorded at fair value in the consolidated financial statements as Employee Supplemental Savings Plan Assets with a corresponding amount recorded as a deferred compensation liability in Accrued Retirement.

Impairment of Long-Lived Assets--Whenever events or changes in circumstances indicate that the carrying amount of long-lived assets, including goodwill, software development costs and other intangibles, may not be fully recoverable, the Company evaluates the probability that future



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

2. Summary of Significant Accounting Policies (Continued)

undiscounted net cash flows, without interest charges, will be less than the carrying amount of the assets. If any impairment were indicated as a result of this review, the Company would recognize a loss based on the amount by which the carrying amount exceeds the estimated discounted future cash flows. The Company believes that no impairments exist as of September 30, 2001.

**Income Taxes--Deferred income taxes** are recognized based on the estimated future tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances are established when necessary to reduce deferred tax assets to amounts expected to be realized. Income tax expense represents the current tax provision for the period and the change during the period in deferred tax assets and liabilities. No provision is made for U.S. taxes on foreign subsidiaries where earnings are expected to be reinvested indefinitely.

**Foreign Currency Translation--All assets and liabilities of foreign subsidiaries** are translated into U.S. dollars at fiscal year-end exchange rates. Income and expense items are translated at average monthly exchange rates prevailing during the fiscal year. The resulting translation adjustments are recorded as a component of Accumulated other comprehensive income (loss).

**Comprehensive Income (Loss)--Comprehensive income (loss)** consists of net income (loss), unrealized gains or losses on certain investments, cash flow hedge and foreign currency translation adjustments and is presented in the Consolidated Statements of Changes in Stockholders' Equity.

**Stock-Based Compensation--As permitted under SFAS No. 123, Accounting for Stock-Based Compensation**, the Company accounts for stock-based awards using the intrinsic value method prescribed in Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees. Accordingly, no compensation expense has been recognized in the financial statements related to employee stock option awards.

**Fair Value of Financial Instruments--The carrying value of the Company's cash and cash equivalents, accounts receivable, accounts payable and accrued expenses approximate their fair values.**

**New Accounting Pronouncements--In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, Business Combinations**, which requires that all business combinations be accounted for by a single method - the purchase method. The provisions of SFAS No. 141 apply to all business combinations initiated after June 30, 2001. SFAS No. 141 also applies to all business combinations accounted for using the purchase method for which the date of acquisition is July 1, 2001, or later. The Company does not expect the adoption of the provisions of SFAS No. 141 to have a material impact on its consolidated financial position or results of operations.

**In June 2001, the FASB issued SFAS No. 142, Goodwill and Other Intangible Assets**. SFAS No. 142 requires that, upon its adoption, amortization of goodwill will cease and instead, the carrying value of goodwill will be evaluated for impairment on an annual basis. Identifiable intangible assets will continue to be amortized over their useful lives and reviewed for impairment in accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

2. Summary of Significant Accounting Policies (Continued)

Disposed Of. SFAS No. 142 will be effective for fiscal years beginning after December 15, 2001. The Company has not yet completed its analysis of this new pronouncement and the impact it will have on the consolidated financial statements.

In July 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made. The associated asset retirement cost would be capitalized as part of the carrying amount of the long-lived asset. SFAS No. 143 will be effective for fiscal years beginning after June 15, 2002. The Company has not yet completed its analysis of this new pronouncement and the impact it will have on the consolidated financial statements.

In October 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, which replaces SFAS No. 121. SFAS No. 144 requires that long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. SFAS No. 144 also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction. The provisions of SFAS No. 144 are effective for financial statements issued for fiscal years beginning after December 15, 2001. The Company has not yet completed its analysis of this new pronouncement and the impact it will have on the consolidated financial statements.

In November 2001, the EITF issued Topic No. D-103, Income Statement Characterization of Reimbursements Received for "Out-of-Pocket" Expenses Incurred. EITF No. D-103 requires that companies report reimbursements received for out-of-pocket expenses incurred as revenue, rather than as a reduction of expenses. The provisions of EITF No. D-103 are effective for financial statements issued for fiscal years beginning after December 15, 2001. As we have historically accounted for reimbursements for out-of-pocket expenses in the manner provided for under EITF No. D-103, we do not expect the adoption of the provisions of EITF No. D-103 to have an impact on our consolidated financial position or results of operations.

Reclassifications--Certain reclassifications have been made to previously reported balances to conform with the current-period presentation.

3. Earnings per Share

Basic earnings per share has been computed by dividing net income available to common stockholders by the weighted average number of shares of Class A, Class B and Class C Common Stock outstanding during each period. Shares issued during the period and shares reacquired during the period are weighted for the portion of the period that they were outstanding. Diluted earnings per share have been computed in a manner consistent with that of basic earnings per share while giving effect to all potentially dilutive common shares that were outstanding during each period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

3. Earnings per Share (Continued)

Basic and diluted earnings available to common stockholders are the same and are computed as follows (in thousands):

	Year Ended December 31,			Nine Months Ended September 30,	
	1998	1999	2000	2000	2001
	-----	-----	-----	-----	-----
	(Unaudited)				
Income from continuing operations.....	2,921	6,796	7,125	5,113	12,160
Less: Dividends paid to Redeemable Class B common stockholders.....	(83)	--	--	--	--
	-----	-----	-----	-----	-----
Income from continuing operations available to common stockholders.....	<u>2,838</u>	<u>6,796</u>	<u>7,125</u>	<u>5,113</u>	<u>12,160</u>

The weighted average number of common shares outstanding is computed as follows (in thousands):

	Year Ended December 31,			Nine Months Ended September 30,	
	1998	1999	2000	2000	2001
	-----	-----	-----	-----	-----
	(Unaudited)				
Basic weighted average common shares outstanding.....	1,153	1,135	1,132	1,130	1,138
Effect of potential exercise of stock options	15	10	10	10	10
	-----	-----	-----	-----	-----
Diluted weighted average common shares outstanding.....	<u>1,168</u>	<u>1,145</u>	<u>1,142</u>	<u>1,140</u>	<u>1,148</u>

4. Business Segment and Geographic Area Information

The Company operates as one segment, delivering a broad array of information technology and technical services solutions under contracts with the U.S. Government. No single customer accounted for 10% or more of the Company's accounts receivable or revenues as of or for the years ended December 31, 1998, 1999 and 2000, and nine months ended September 30, 2001. In addition, there were no sales to any customers within a single country except for the United States where the sales accounted for 10% or more of total revenue. Substantially all assets of continuing operations were held in the United States for the years ended December 31, 1998, 1999 and 2000, and nine months ended September 30, 2001. Revenues by geographic customer and the related percentages of total revenues

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

4. Business Segment and Geographic Area Information (Continued)

for the years ended December 31, 1998, 1999 and 2000, and the nine months ended September 30, 2001, were as follows (in thousands):

	Year Ended December 31,			Nine Months Ended
	1998	1999	2000	September 30, 2001
United States	\$312,507	\$352,423	\$373,989	\$311,214
International	1,802	1,501	4,838	5,052
	-----	-----	-----	-----
	\$314,309	\$353,924	\$378,827	\$316,266
	=====	=====	=====	=====
United States	99.4 %	99.6 %	98.7 %	98.4 %
International	0.6	0.4	1.3	1.6
	-----	-----	-----	-----
	100.0 %	100.0 %	100.0 %	100.0 %
	=====	=====	=====	=====

5. Revenues and Receivables

The Company delivers a broad array of information technology and technical services solutions under contracts with the U.S. Government. Revenues from the U.S. Government under prime contracts and subcontracts, as compared to total contract revenues, were approximately 97%, 96% and 96% for the years ended December 31, 1998, 1999 and 2000, respectively, and approximately 96% for the nine months ended September 30, 2001. Approximately 44%, 45%, 40% and 36% of the Company's revenues were generated under cost-reimbursable contracts for the years ended December 31, 1998, 1999 and 2000, and for the nine months ended September 30, 2001, respectively.

The components of contract receivables are as follows (in thousands):

	December 31,		September 30,
	1999	2000	2001
Billed receivables.....	\$61,025	\$59,561	\$71,335
Unbilled receivables:			
Amounts currently billable.....	20,612	16,529	14,192
Revenues recorded in excess of estimated contract value or funding.....	4,914	4,307	1,385
Retainage.....	2,198	1,761	1,665
Indirect costs incurred in excess of provisional billing rates.....	1,571	2,755	4,212
Allowance for doubtful accounts.....	(1,838)	(1,432)	(1,940)
	-----	-----	-----
	\$88,482	\$83,481	\$90,849
	=====	=====	=====

Indirect cost rates in excess of provisional billing rates on U.S. Government contracts are generally billable at actual rates less a reduction of .5% of the actual general and administrative rate base before a Defense Contract Audit Agency (DCAA) audit is completed. The balance remaining, as well as any retainage, is billable upon completion of a DCAA audit (see note 13). Revenues recorded

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

5. Revenues and Receivables (Continued)

in excess of contract value or funding are billable upon receipt of contractual amendments. Amounts currently billable consist principally of amounts to be billed within the next month.

6. Property and Equipment

Major classes of property and equipment are summarized as follows (in thousands):

	December 31,		September 30
	1999	2000	2001
Furniture and equipment.....	\$ 24,202	\$ 22,504	\$ 23,170
Leasehold improvements.....	4,672	4,511	4,407
	28,874	27,015	27,577
Less: Accumulated depreciation and amortization.....	(20,071)	(19,982)	(20,831)
	\$ 8,803	\$ 7,033	\$ 6,746

Depreciation and amortization expense for the years ended December 31, 1998, 1999 and 2000, and for the nine months ended September 30, 2001 was \$2,606,000, \$2,912,000, \$2,837,000 and \$1,816,000, respectively.

7. Goodwill and Other Intangibles

The components of goodwill and other intangibles are as follows (in thousands):

	December 31,		September 30
	1999	2000	2001
Goodwill.....	\$ 17,948	\$ 18,092	\$ 18,092
Other intangibles.....	8,691	9,007	9,939
	26,639	27,099	28,031
Less: Accumulated amortization.....	(12,041)	(14,752)	(16,805)
	\$ 14,598	\$ 12,347	\$ 11,226

Goodwill amortization expense for the years ended December 31, 1998, 1999 and 2000, and for the nine months ended September 30, 2001 was \$836,000, \$1,033,000, \$1,124,000 and \$863,000, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

8. Debt

	December 31,		September 30,
	-----		-----
	1999	2000	2001
	-----		-----
Borrowings under the Amended and Restated Business Loan and Security Agreement:			
Revolving credit facility.....	\$53,100	\$57,496	\$53,133
Term loan.....	12,000	9,600	7,200
	-----		-----
	65,100	67,096	60,333
Subordinated credit agreement.....	8,000	8,000	8,000
Other notes.....	3,406	2,104	1,104
	-----		-----
Total debt.....	76,506	77,200	69,437
Less: Current portion of debt.....	4,501	4,200	2,769
	-----		-----
Debt--net of current portion.....	\$72,005	\$73,000	\$66,668
	=====	=====	=====

On December 17, 2001, the Company executed a new Business Loan and Security Agreement (the Agreement) with Citizens Bank of Pennsylvania, PNC Bank N.A. Branch Banking and Trust Company of Virginia, and Chevy Chase Bank, F.S.B. to refinance and replace the company's agreement. The Agreement provides for maximum borrowings of \$71.4 million and consists of a \$65.0 million revolving credit facility and a \$6.4 million term loan. Under the term loan portion of the Agreement, the principal balance is payable in consecutive quarterly installments of \$492,308 on the last business day of each quarter commencing with the last business day of December 2001. The maturity date of the Agreement is December 31, 2004. Borrowings under the Agreement are collateralized by the Company's eligible contract receivables, inventory, and certain property and equipment and bear interest at the agreed-upon London Interbank Offering Rate (LIBOR) plus market-rate spreads that vary according to the calculation of a certain Company leverage ratio. Under the Agreement, the Company is required to maintain specified financial covenants relating to fixed charge coverage, interest coverage, debt coverage, and minimum consolidated net worth. The Agreement also places limitations on additional borrowings, mergers, and related party transactions, issuance of capital stock and payment of dividends, and limitations with respect to capital expenditures.

On October 27, 2000, the Company executed the Second Amendment to the Amended and Restated Business Loan and Security Agreement (the Prior Agreement) with Mellon Bank N.A. (Mellon), First Union Commercial Corporation (First Union) and PNC Bank N.A., which provides for maximum borrowings of \$76.0 million. The Prior Agreement consisted of a \$60.0 million revolving credit facility and a \$16.0 million term loan. Under the revolving portion of the Prior Agreement, the Company could borrow the lesser of defined percentages of receivables or \$60.0 million. The maximum available borrowing under the revolving credit facility at September 30, 2001 was \$60.0 million. Under the term loan portion of the Prior Agreement, the principal balance was payable in consecutive quarterly installments of \$800,000 on the last business day of each quarter commencing with the last business day of December 1998. A final payment of \$6.4 million was due upon expiration of the Prior Agreement on December 31, 2001. In conjunction with the execution of the Prior Agreement, the Company recorded \$175,000 in loan origination costs, included in other assets, which are being amortized ratably over the term of the Prior Agreement.

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

#### 8. Debt (Continued)

Borrowings under the Prior Agreement were collateralized by the Company's eligible contract receivables, inventory, and certain property and equipment and bear interest at the agreed-upon LIBOR plus 2.25% for the first \$25.0 million outstanding, at LIBOR plus 2.75% for the \$7.2 million associated with the term loan, at LIBOR plus 2.03125% for European currency loans of \$1.0 million, and at the bank's prime rate plus 1.00% for outstanding amounts greater than \$33.2 million. At September 30, 2001, the agreed-upon LIBOR rate was 2.79% for \$15.0 million, 3.52% for \$10.0 million, 3.49% for \$6.4 million, 4.95% for \$1.0 million and the bank's prime rate was 6.00% for the remaining \$27.9 million. The aggregate annual weighted average interest rates were 8.15%, 7.52% and 8.75% for 1998, 1999 and 2000, respectively. The aggregate weighted average interest rate for the nine months ended September 30, 2001 was 8.49%. The weighted average borrowings under the revolving portion of the Prior Agreement during the years ended December 31, 1998, 1999 and 2000, and the nine months ended September 30, 2001, were \$43,663,000, \$32,357,000, \$43,876,000 and \$36,848,000, respectively.

As of September 30, 2001, the Company was contingently liable under letters of credit totaling \$6,703,000, which reduce the availability to borrow under the revolving portion of the Prior Agreement.

The Company had \$16.0 million and \$20.5 million in borrowings under the Prior Agreement at December 31, 1999 and 2000, respectively, and \$13.8 million in borrowings at September 30, 2001, which were repaid immediately after the end of the respective periods.

On January 15, 1998, the Company redeemed all 75,000 shares of its then outstanding Preferred Stock for a total of \$8,029,000, or \$107.05 per share (see note 10). In order to provide the funding necessary to redeem the Preferred Stock, the Company executed a seven-year Subordinated Credit Agreement with First Source Financial LLP for \$8,000,000 on January 9, 1998. The remaining \$29,000 of funding was provided by the Company's revolving credit facility. The principal balance is payable in eight consecutive quarterly installments of \$888,889 on the first business day of each quarter commencing with the first business day of January 2003. A ninth and final payment of \$888,888 is due on the last business day of December 2004. Interest under the Subordinated Credit Agreement accrues at a fixed rate of 12% per annum and is payable quarterly in arrears.

Debt outstanding at September 30, 2001, is scheduled to mature by the following calendar year ends: \$1,292,000 in 2001, \$1,969,000 in 2002, \$6,525,000 in 2003, and \$59,546,000 in 2004, and \$104,000 in 2005.

The total interest paid was \$4,510,000, \$6,094,000, \$6,073,000 and \$3,614,000, for the years ended December 31, 1998, 1999 and 2000, and for the nine months ended September 30, 2001, respectively.

The Company uses interest rate swap agreements to manage exposure to fluctuations in interest rates. At September 30, 2001, the Company had an unleveraged swap agreement with First Union with a notional principal amount of \$25,000,000. This agreement was placed on November 22, 2000 with a fixed LIBOR rate of 6.53% and is settled in cash on a monthly basis. The term of the agreement is four years, but is cancelable at the option of First Union after the third year. In December 2001, the swap agreement was reset within our new banking group at a rate of 6.83% with a four-year term.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

8. Debt (Continued)

Effective January 1, 2001, the Company adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, which, as amended by SFAS No. 138, establishes accounting and reporting standards for derivative instruments, including some derivative instruments embedded in other contracts, and for hedging activities. Upon adoption of SFAS No. 133, the Company recorded a \$704,000 (\$422,000 net of tax) transition adjustment in other comprehensive loss as a cumulative effect of a change in accounting principle. The Company will reclassify this amount into interest expense over the remaining life of the interest rate swap. The amount of the transition adjustment that will be reclassified to earnings over the 12 months following the initial adoption of SFAS No. 133 will be \$180,000.

The Company hedges the cash flows of some of its long-term debt using an interest rate swap. The Company enters into these derivative contracts to manage its exposure to interest rate movements by achieving a desired proportion of fixed rate versus variable rate debt. In an interest rate swap, the Company agrees to exchange the difference between a variable interest rate and either a fixed or another variable interest rate, multiplied by a notional principal amount.

As of September 30, 2001, the Company has recognized the cash flow hedge at its fair value of \$2,084,000 in accounts payable and accrued expenses on the consolidated balance sheet. The interest rate swap qualifies for cash flow hedge accounting, therefore, an unrealized loss of \$1,380,000 (\$829,000 net of tax), representing the effective portion of the change in its fair value, is reported in other comprehensive loss and will be reclassified into interest expense. The ineffective portion of the change in fair value of the swap qualifying for cash flow hedge accounting is recognized in the consolidated statements of income in the period of the change. For the nine months ended September 30, 2001, the swap did not have any ineffectiveness for the cash flow hedge.

Management believes that the fair value of debt is not significantly different from what is recorded by the Company, based on comparable market rates on similar issues.

9. Income Taxes

The domestic and foreign components of income before provision for income taxes and minority interest were as follows (in thousands):

	Year Ended December 31,			Nine Months Ended
	1998	1999	2000	September 30,
				2001
Domestic	\$4,454	\$11,556	\$13,401	\$20,376
Foreign	683	743	(289)	864
	\$5,137	\$12,299	\$13,112	\$21,240



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

9. Income Taxes (Continued)

The provision for income taxes was comprised of the following components (in thousands):

	Year Ended December 31,			Nine Months Ended September 30,
	1998	1999	2000	2001
Current provision (benefit):...				
Federal.....	\$1,540	\$ 5,352	\$4,291	\$ 9,215
State.....	828	1,064	1,893	1,959
Foreign.....	--	(10)	(203)	143
	2,368	6,406	5,981	11,317
Deferred provision (benefit):...				
Federal.....	(371)	(1,227)	606	(1,947)
State.....	(25)	48	(732)	(427)
Foreign.....	211	239	119	119
	(185)	(940)	(7)	(2,255)
Total provision for income taxes	\$2,183	\$ 5,466	\$5,974	\$ 9,062

The provision for income taxes varies from the amount of income tax determined by applying the applicable U.S. statutory tax rate to pre-tax income as a result of the following:

	Year Ended December 31,			Nine Months Ended September 30,
	1998	1999	2000	2001
Statutory U.S. Federal tax rate.....	35.0%	35.0%	35.0%	35.0%
Increase (decrease) in rate resulting from:				
State taxes--net of Federal benefit.....	4.9	4.6	3.9	5.2
Foreign taxes.....	(1.7)	0.2	(0.4)	(0.2)
Other--additional provision.....	--	--	2.8	--
Nondeductible items:				
Goodwill amortization.....	6.1	2.6	2.5	1.2
Other.....	(1.8)	2.0	1.8	1.5
Effective tax rate.....	42.5%	44.4%	45.6%	42.7%

The Company paid income taxes, net of refunds, of \$1,996,000, \$1,648,000, \$4,100,000 and \$2,711,000 for the years ended December 31, 1998, 1999 and 2000, and for the nine months ended September 30, 2001, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

9. Income Taxes (Continued)

Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. A summary of the tax effect of the significant components of deferred income taxes follows (in thousands):

	December 31,		September 30,
	1999	2000	2001
Gross deferred tax liabilities:			
Receivables and payables.....	\$19,720	\$20,628	\$19,536
Investments.....	1,846	1,323	1,546
Other assets.....	1,294	1,016	1,308
Property and equipment.....	109	--	--
Total deferred tax liabilities.....	22,969	22,967	22,390
Gross deferred tax assets:			
Tax credits and net operating loss carryforwards.....	(2,708)	(2,751)	(2,468)
Accrued liabilities.....	(1,703)	(1,431)	(1,404)
Cash flow hedge.....	--	--	(833)
Allowance for potential contract losses and other contract reserves	(1,231)	(631)	(675)
Property and equipment.....	--	(195)	(75)
Total deferred tax assets.....	(5,642)	(5,008)	(5,455)
Less: Valuation allowance.....	902	902	902
Total deferred tax assets--net.....	(4,740)	(4,106)	(4,553)
Net deferred tax liabilities.....	\$18,229	\$18,861	\$17,837

At September 30, 2001, the Company has state net operating losses of approximately \$13,300,000 that expire beginning 2001 through 2020. At September 30, 2001, the Company had a capital loss carryforward of \$2,127,000 that expires in 2003.

10. Capital Stock, Employee Stock Plan

Common Stock--Class A Common Stock is voting, no par value. The Company has 25,000,000 shares authorized with 4,111,502 shares issued and 1,022,882, 1,033,938 and 1,040,566 shares outstanding at December 31, 1999 and 2000, and September 30, 2001, respectively. There were 3,088,620, 3,077,564 and 3,070,936 shares of Class A Common Stock held as Treasury Stock at December 31, 1999 and 2000, and September 30, 2001, respectively. At December 31, 1999 and 2000, and September 30, 2001, there were an additional 37,366 shares of Class A Common Stock, with a cost value of \$640,000, reflected as Treasury Stock in accordance with Emerging Issues Task Force Abstract 97-14, Accounting for Deferred Compensation Arrangements where Amounts Earned are Held in a Rabbi Trust and Invested. These shares are held in a Rabbi Trust to satisfy a defined contribution pension obligation, to be paid in stock for the benefit of a senior Company employee.

Class C Common Stock is no par value, nonvoting common stock. At December 31, 1999 and 2000, and September 30, 2001, the Company had 100,000 Class C Common Stock shares authorized and 71,664 shares issued and outstanding.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

10. Capital Stock, Employee Stock Plan (Continued)

Redeemable Class B Common Stock--Class B Common Stock is no par value, nonvoting stock and is mandatorily redeemable by the stockholder at any time and by the Company in the event of the involuntary or voluntary termination of the stockholder's position within the Company at a per share price to be determined by an independent valuation company. On July 31, 1998, the Company redeemed 39,156 shares of Class B Common Stock from a former employee for \$2,926,500. On January 6, 2000, the Company redeemed 6,582 shares of Class B Common Stock from an employee for \$566,082. On February 29, 2000, the Company redeemed 1,000 shares of Class B Common Stock from an outside Director for \$86,060. On December 18, 2000, the Company redeemed an additional 1,000 shares of Class B Common Stock from an outside Director for \$123,240. All of these shares were placed in Treasury at their redemption value. The Company had 250,000 shares of Class B Common Stock authorized, 80,269 shares issued, and 41,113, 32,531 and 32,531 shares outstanding at December 31, 1999 and 2000, and September 30, 2001, respectively.

On December 18, 1998, the Board of Directors approved a change to the Company By-Laws, effective January 1, 1999, to conform Class B Common Stock dividend rights on a parri-passu basis with Class A and Class C Common Stock. Prior to this amendment, the Board of Directors paid an annual, per share dividend on the Class B Common Stock using the prime rate announced periodically by the Company's primary lender. These dividends were paid quarterly. The 1998 Class B Common Stock cash dividends totaled \$83,200, or \$1.43 per share. Class B Common Stock dividends paid in 1998 totaled \$69,200, whereas dividends payable at December 31, 1998, paid on January 15, 1999, totaled \$14,000.

With respect to liquidation rights, the Class C Common Stock is on a pro rata parity with the Class A and Class B Common Stock.

Preferred Stock--Each December 31, beginning in 1994, the Company had the right to require the holders of Preferred Stock to sell all or any part of the 75,000 authorized and issued shares of Preferred Stock for the Redemption Price, which equated to the greater of (i) the par value plus accrued but unpaid dividends or (ii) the fair market value of the Preferred Stock. In December 1997, the Company's Board of Directors chose to exercise this right and announced its intention to repurchase all of the Preferred Stock shares based on a valuation performed as December 31, 1997.

On January 15, 1998, the Company redeemed and retired all 75,000 shares of the Preferred Stock for a total of \$8,029,000, or \$107.05 per share. In accordance with the terms of the Preferred Stock, the per share redemption price was based on a valuation performed by an independent third party as of December 31, 1997. In order to provide the funding necessary to redeem the Preferred Stock, the Company executed a seven-year Subordinated Credit Agreement with First Source Financial LLP for \$8,000,000 on January 9, 1998 (see note 8).

Stock Options--The Company has a nonqualified fixed option plan that reserves shares of Class B Common Stock for issuance to key employees. The Company has adopted the disclosure-only provisions of SFAS No. 123, Accounting for Stock-Based Compensation. No compensation cost is recognized for the stock option plan.

The plan provides that shares granted come from the Company's authorized but unissued Class B Common Stock. The price of the options granted pursuant to this plan was not less than 100%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

10. Capital Stock, Employee Stock Plan (Continued)

of the fair market value of the shares on the date of grant. On April 15, 1995, the Company granted options to purchase 19,578 shares at an exercise price of \$27.46 per share. These options vested quarterly over a three-year period from the date of grant. In July 1998, options to purchase 9,789 shares were exercised. At December 31, 1998, 1999 and 2000, and at September 30, 2001, options to purchase 9,789 shares were outstanding and exercisable, and expire on April 15, 2005. No grants have been made since 1995.

In November 2001, the Board of Directors adopted, and the Stockholders approved, the 2001 Stock Incentive Plan. No grants under this plan have been made.

11. Retirement Plans

The Company maintains nonqualified supplemental defined benefit pension plans for certain retired employees of an acquired company. The weighted average assumptions used in accounting for the Company's pension plans in 1999, 2000 and 2001 were as follows:

	1999	2000	2001
	----	----	----
Discount rate.....	8.0%	8.0%	7.5%
Expected return on plan assets	6.0	6.0	6.0
Rate of compensation increase.	N/A	N/A	N/A

The discount rate is the estimated rate at which the obligation for pension benefits could effectively be settled. The expected return on plan assets reflects the average rate of earnings that the Company estimates will be generated on the assets of the plans. The Plans were partially funded beginning in 1999. The rate of compensation increase reflects the Company's best estimate of the future compensation levels of the individual employees covered by the plans and is not applicable, as all covered employees had retired prior to 1998.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

11. Retirement Plans (Continued)

The following table sets forth the status of the plans (in thousands):

	Year Ended December 31,		Nine Months Ended September 30,
	1999	2000	2001
Change in benefit obligation:			
Benefit obligation at beginning of period.....	\$ 1,748	\$ 1,693	\$ 1,707
Interest cost.....	132	131	98
Actuarial (gain) loss.....	(16)	58	105
Benefits paid.....	(171)	(175)	(131)
Benefit obligation at end of period.....	1,693	1,707	1,779
Change in plan assets:			
Fair value of plan assets at beginning of period	--	180	203
Employer contribution.....	351	198	150
Benefits paid.....	(171)	(175)	(132)
Fair value of plan assets at end of period....	180	203	221
Funded status at end of period.....	(1,513)	(1,504)	(1,558)
Unrecognized actuarial loss.....	28	83	186
Unrecognized prior-service cost.....	110	79	55
Unrecognized net transition obligation.....	41	20	5
Net amount recognized at end of period.....	\$(1,334)	\$(1,322)	\$(1,312)

The components of net periodic pension cost for the Company's defined benefit plans are provided in the following table (in thousands):

	Year Ended December 31,			Nine Months Ended September 30,
	1998	1999	2000	2001
Interest cost on projected benefit obligation.....	\$134	\$132	\$131	\$ 98
Net amortization of prior-service cost and transition obligation.....	53	52	54	42
Net periodic pension cost.....	\$187	\$184	\$185	\$140

The Company maintains two qualified defined contribution plans, which cover substantially all employees, that comply with Section 401 of the Internal Revenue Code. Under these plans, the Company's stipulated Basic Matching Contribution matches a portion of the participants' contribution based upon a defined schedule. Contributions are invested by an independent investment company in one or more of several investment alternatives. The choice of investment alternatives is at the election of each participating employee. The Company's contributions to the plans were approximately \$2,091,000, \$2,317,000, \$2,420,000 and \$1,917,000 for the years ended December 31, 1998, 1999 and 2000, and for the nine months ended September 30, 2001, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

11. Retirement Plans (Continued)

The Company maintains nonqualified defined contribution supplemental retirement plans for certain key employees. Under these plans the Company accrues a stated annual amount and may also include interest at the greater of 10% or the Company's annual rate of return on investments. The Company incurred expenses associated with these plans of \$75,000 for each of the years ended December 31, 1998, 1999 and 2000, and for the nine months ended September 30, 2001.

The Company also maintains a nonqualified deferred compensation plan for certain key employees. Under this plan, eligible employees may defer up to 18% of qualified annual compensation. Employee contributions to this plan were approximately \$1,729,000, \$1,911,000, \$1,875,000 and \$1,598,000 for the years ended December 31, 1998, 1999 and 2000, and nine months ended September 30, 2001, respectively.

On December 18, 1998, the Board of Directors approved the establishment of a qualified Employee Stock Ownership Plan (ESOP), effective January 1, 1999, for the benefit of substantially all of the Company's U.S. domestic-based employees. The ESOP is non-leveraged and will be funded entirely through Company contributions based on a percentage of eligible employee compensation, as defined in the plan. Participants must be employees of the Company or eligible Company subsidiaries and must meet minimum service requirements to be eligible for annual contributions. The ESOP specifies a five-year vesting schedule over which participants become vested in the Class A Common Stock allocated to their participant account. The amount of the Company's annual contribution to the ESOP is at the discretion of the Company's Board of Directors.

For the years ended December 31, 1999 and 2000, the Company contributed and allocated to participants' accounts \$1,363,000 and \$1,419,000, respectively, worth of Class A common stock and cash. The Board of Directors has authorized an additional ESOP contribution for the year ended December 31, 2001. It is anticipated that shares attributable to the year ended December 31, 2001 commitment will be issued to the ESOP during the second quarter 2002, after an independent appraisal of the stock value as of December 31, 2001, has occurred. At September 30, 2001, an obligation to fund \$910,000 was accrued.

As required under Statement of Position No. 93-6, Employers' Accounting for Employee Stock Ownership Plans, compensation expense is recorded for shares committed to be released to employees based on the fair market value of those shares in the period in which they are committed to be released. The difference between cost and fair market value of the released shares, which was \$1,326,000 and \$1,142,000, for the year ended December 31, 2000 and the nine months ended September 30, 2001, respectively, is recorded in additional paid in capital.

12. Investments

GSE Systems, Inc.--The Company and its designees hold stock in GSE Systems, Inc. (GSE), which was created by the merger of one of the Company's majority-owned subsidiaries and two other entities in April 1994. In January 2000, the Company purchased 116,959 additional shares of common stock in GSE, increasing the Company's ownership to 17.61%. The Company's ownership percentage of GSE was 17.53% at September 30, 2001. The Company's and its designee's ownership percentage of GSE was 20.22% at September 30, 2001.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

12. Investments (Continued)

The Company also holds notes receivable from GSE totaling \$4.9 million as of September 30, 2001. Of this amount, \$3.9 million is convertible into GSE preferred stock. The Company intends to convert the \$3.9 million note into preferred stock and the balance of the notes is due to be repaid in December 2001.

During the nine months ended September 30, 2001, the Company determined that it had obtained significant influence with respect to GSE. As a result, for the nine months ended September 30, 2001, the Company began accounting for its investment in GSE using the equity method and recorded \$469,000 in equity earnings for the nine months ended September 30, 2001. Additionally the Company has restated prior year amounts and has recorded \$219,000, \$16,000, (\$1,555,000) in equity earnings (losses) for the years ended December 31, 1998, 1999 and 2000, respectively. The after-tax impact to net income as a result of this restatement was \$130,000, \$10,000, and (\$934,000) for the years ended December 31, 1998, 1999 and 2000, respectively. The related impact to basic and diluted earnings per share was \$0.11, \$0.01, and (\$0.82) for the years ended December 31, 1998, 1999 and 2000, respectively.

Vosper-ManTech Limited--On September 7, 1995, MASI U.K. Limited, a majority-owned subsidiary of the Company, and Vosper Thornycroft Limited entered into a Joint Venture agreement to form Vosper-ManTech Limited (the Joint Venture). The Joint Venture is owned 40% by MASI U.K. Limited and 60% by Vosper Thornycroft Limited. In 2000, the Joint Venture began work on a ten-year follow-on contract providing outsourcing of the Government Communications Headquarters (GCHQ) for the United Kingdom's logistics and engineering services.

The Company's interest in the Joint Venture is accounted for using the equity method. The Company recorded \$692,000, \$794,000, \$393,000 and \$400,000 in equity earnings for the years ended December 31, 1998, 1999 and 2000, and for the nine months ended September 30, 2001, respectively.

The components of investments are as follows (in thousands):

	December 31,		September 30,
	1999	2000	2001
GSE Systems, Inc.....	\$2,753	\$1,698	\$2,167
Vosper-ManTech Limited.	1,861	2,112	2,199
	-----	-----	-----
Total investments..	\$4,614	\$3,810	\$4,366
	=====	=====	=====

13. Commitments and Contingencies

Payments to the Company on cost-reimbursable contracts with the U.S. Government are provisional payments subject to adjustment upon audit by the DCAA. Audits through 1999 have been completed and resulted in no material adjustments. The audits for 2000 through 2001 are not expected to have a material effect on the results of future operations.

The Company is involved in certain legal proceedings, claims and disputes arising from the normal course of business and has litigation pending under several suits; however, management

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

13. Commitments and Contingencies (Continued)

believes that the ultimate resolution of these matters will not have a material effect on the Company's financial position or results of operations.

In February 2000, a judgment was entered against the Company in favor of Boston Properties, a real estate management firm, in the amount of \$1,175,000 for unpaid rent under a lease held by Boston Properties with Global-InSync, Inc. (Global). Global is the successor to a business sold by the Company in 1996 (see note 16). The Company provided a financial guarantee to Boston Properties on the lease to facilitate the timely closing of this business sale. Boston Properties and Global extended the original lease without notice to the Company. The legal action sought to recover unpaid rent beyond the term of the original lease. After losing the appeal, the Company paid this judgment and other related expenses in August 2000.

The Company leases office space and equipment under long-term operating leases. A number of the leases contain renewal options and escalation clauses. At September 30, 2001, aggregate future minimum rental commitments under these leases are as follows (in thousands):

	Office Space	Equipment	Total
	-----	-----	-----
Three months ending December 31, 2001	\$ 1,929	\$ 1,191	\$ 3,120
Year ending:			
December 31, 2002.....	6,288	3,069	9,357
December 31, 2003.....	5,333	2,508	7,841
December 31, 2004.....	4,752	1,934	6,686
December 31, 2005.....	4,214	1,523	5,737
Thereafter.....	8,193	1,269	9,462
	-----	-----	-----
Total.....	\$30,709	\$11,494	\$42,203
	=====	=====	=====

Office space and equipment rent expense totaled approximately \$6,303,000, \$7,441,000, \$9,578,000 and \$7,715,000 for the years ended December 31, 1998, 1999 and 2000, and for the nine months ended September 30, 2001, respectively.

14. Acquisitions

Each of the following acquisitions has been accounted for as a purchase, and accordingly, the operating results of each of the acquired entities have been included in the Company's consolidated financial statements since the respective dates of acquisition. The aggregate amount of goodwill and other intangibles resulting from the excess of the respective purchase prices over the fair market value of net assets acquired in 1999 was approximately \$3,558,000.

REVIVE Technologies, Inc.--On April 16, 1999, the Company acquired certain assets and liabilities of REVIVE Technologies, Inc. (REVIVE) for a cash purchase price of \$500,000 and a note payable of \$1,105,000 (interest accrues at a rate of 6.50%), due and payable in four equal quarterly installments beginning in July 1999. REVIVE specializes in the automated conversion of legacy mainframe databases.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

14. Acquisitions (Continued)

Advanced Development Group, Inc.--On January 5, 1999, the Company acquired all of the outstanding stock of Advanced Development Group, Inc. (ADG) for a purchase price of \$2,000,000 in the form of a note payable over two years (interest accrues at the prime rate). This acquisition also provided for additional cash payments, not to exceed \$5,000,000, to be made over the three years following the closing, based on the attainment of certain earnings levels. In May 2000, the Company paid \$495,000 against this obligation.

ADG specializes in the development of interactive multimedia and distance learning training products. It is the leading Interactive Multimedia Instruction (IMI) developer for the U.S. Army. In addition, ADG has developed a proprietary IMI Course Builder Program(C) to enable the development of high-quality, low-cost training products that incorporate sophisticated animation, graphics and video.

15. Discontinued Operations

On September 26, 2001, the Company executed a formal plan to exit certain commercial and foreign lines of business that no longer contribute to the core competencies. The businesses include the Australian-based software solutions consulting business, the United Kingdom-based bank remittance processing business, the China-based consulting business, the U.S.-based environmental consulting and remediation business and the U.S.-based application-hosting business. Although some of these ventures show promise and growth, these businesses are oriented towards commercial customers and do not contribute to the core competencies on which the Company is currently focused. All of these businesses are expected to be sold, and all of the dispositions are expected to be completed on or before June 30, 2002. Based on independent valuations, market comparable information and interest expressed in these businesses, an estimate has been provided for the likely net gains and losses to income expected from these businesses through the estimated date of disposal. As a result, in accordance with APB Opinion No. 30, Reporting the Results of Operations--Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions, results of operations have been classified as discontinued and prior periods have been restated. The Company has segregated the net assets and liabilities held for sale, recorded all current and expected future losses and deferred all gains expected to be realized upon disposal of the respective entities. The amounts the Company will ultimately realize could differ in the near term from the amounts estimated in arriving at the loss on disposal of the discontinued operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1998, 1999 and 2000 and Nine Months Ended September 30, 2001

15. Discontinued Operations (Continued)

Revenues and losses from discontinued operations are as follows (in thousands):

	Year Ended December 31,			Nine Months Ended
	1998	1999	2000	September 30, 2001
Income statement data:				
Revenues.....	\$ 85,976	\$ 97,503	\$ 63,389	\$ 37,587
Costs and expenses.....	(87,034)	(101,428)	(72,554)	(48,390)
Operating loss.....	(1,058)	(3,925)	(9,165)	(10,803)
Minority interest.....	(716)	(652)	1,333	851
Income tax benefit.....	506	1,850	3,165	3,419
Loss from discontinued operations net of tax and minority interest.....	\$ (1,268)	\$ (2,727)	\$ (4,667)	\$ (6,533)

The estimated net loss on disposal of discontinued operations recorded for the nine months ended September 30, 2001 was \$5,890,000, net of an income tax benefit of \$3,818,000. This loss included a provision for anticipated closing costs and net operating losses through the estimated date of disposal of \$3,852,000, net of an income tax benefit of \$2,404,000.

The Company's Australian-based software solutions consulting business disposed of its Local Government business on June 30, 2000 and recorded a loss on the disposal of \$719,000, net of tax. The revenues and operating losses of this business unit were not significant for the periods presented.

16. Loss From Investment Default

On September 16, 1996, the Company sold certain assets of the Systems Integration business to Global in exchange for notes receivable of \$1,956,000, due and payable in full over the next five years, and stock in their parent company, Global Intellicom, Inc. as follows: 49,778 shares of common stock and convertible exchangeable preferred stock with a carrying value of \$3,080,000, based upon an independent third-party valuation as of the date of sale.

At December 31, 1997, Global was in default on its note obligations but had proposed a payment plan satisfactory to the Company to cure this default. In 1998, Global was unable to discharge the payment plan and defaulted on the full note obligations in early 1999. As a result of the general financial condition of Global Intellicom, Inc. and a sharp decline in the trading value of their stock, it is the belief of the Company management that the value of all investments in Global Intellicom, Inc. are permanently impaired. A pre-tax charge of \$5,230,000 (\$3,138,000 after tax) was recorded against 1998 earnings, representing the total recorded value of all notes and stock in Global and Global Intellicom, Inc., respectively.

\* \* \* \* \*

[INSIDE BACK COVER ART]

The background of the page is solid red with a black outlined circle in the center of the page. Inside the circle is a collage of photo images including (in clockwise order from the top): an American flag, a computer screen, a submarine, a computer control room, a chemist in a protective mask, a soldier working with automated test equipment on the back of a military vehicle, a man working at a computer workstation, a fighter jet, and a man working with automated test equipment. In the center of the collage is a closed circuit TV security camera. Above the circle a caption reads, "ManTech International Corporation." A caption below the circle reads "A continuing tradition of service and solutions on critical national defense programs for the U.S. Intelligence Community and Department of Defense."

[GRAPHIC]

MANTECH LOGO

MANTECH INTERNATIONAL CORPORATION

The back page is white with the ManTech logo in the center of the page written in solid black lettering blending into white-on-red lettering, divided with white lines.

PART II  
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The estimated expenses in connection with this offering (all of which will be borne by the registrant), are as follows:

Expenses	Amount
Securities and Exchange Commission registration fee \$	26,000
NASD filing fee.....	11,000
Nasdaq listing fees.....	5,000
Printing expenses.....	200,000
Accounting fees and expenses.....	450,000
Legal fees and expenses.....	424,000
Blue Sky fees and expenses.....	5,000
Transfer agent's fees and expenses.....	3,000
Miscellaneous.....	7,000
Total.....	\$1,131,000

Item 14. Indemnification of Directors and Officers.

Section 145 of the Delaware General Corporation Law (DGCL) generally provides that all directors and officers (as well as other employees and individuals) may be indemnified against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with certain specified actions, suits or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation -- a "derivative action"), if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard of care is applicable in the case of derivative actions, except that indemnification extends only to expenses (including attorneys' fees) actually and reasonably incurred in connection with defense or settlement of an action and the DGCL requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. Section 145 of the DGCL also provides that the rights conferred thereby are not exclusive of any other right which any person may be entitled to under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, and permits a corporation to advance expenses to or on behalf of a person to be indemnified upon receipt of an undertaking to repay the amounts advanced if it is determined that the person is not entitled to be indemnified.

The registrant's certificate of incorporation and bylaws provide that each person who was or is made a party to or is threatened to be made a party to or is involved in any action, suit or proceeding by reason of the fact that he is or was a director or officer of the registrant (or is or was serving at the request of the registrant as director, officer, employee or agent of another entity), shall be indemnified and held harmless by the registrant to the fullest extent authorized by the DGCL, as in effect (or to the extent that indemnification is broadened, as it may be amended), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith. Except

with respect to actions initiated by an officer or director against the registrant to recover the amount of an unpaid claim, the registrant is required to indemnify an officer or director in connection with an action, suit or proceeding initiated by such person only if such action, suit or proceeding was authorized by the board of directors of the registrant. The certificate of incorporation and bylaws further provide that an officer or director may (60 days after a written claim has been received by the registrant) bring suit against the registrant to recover an unpaid claim and, if such suit is successful, the expense of bringing such suit. While it is a defense to such suit that the claimant has not met the applicable standards of conduct which make indemnification permissible under the DGCL, neither the failure of the board of directors to have made a determination that indemnification is proper, nor an actual determination that the claimant has not met the applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

The certificate of incorporation and bylaws also provide that the rights conferred thereby are contract rights, that they are not exclusive of any other rights which an officer or director may have or hereafter acquire under any statute, any other provision of the certificate of incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise, and that they include the right to be paid by the registrant the expenses incurred in defending any specified action, suit or proceeding in advance of its final disposition provided that, if the DGCL so requires, such payment shall only be made upon delivery to the registrant by the officer or director of an undertaking to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under the bylaws or otherwise.

Item 15. Recent Sales of Unregistered Securities.

On September 17, 2001, we made a net contribution of 6,628 shares of the Class A common stock of our predecessor company, a New Jersey corporation, to the Employee Stock Ownership Plan Trust.

The transaction described above was undertaken in reliance upon the exemptions from the registration requirements of the Securities Act of 1933 afforded by Rule 701 promulgated thereunder, as a transaction pursuant to the compensatory benefit plans and contracts relating to compensation. The registrant believes that exemptions other than the foregoing exemption may exist for this transaction.

Item 16. Exhibits and Financial Statement Schedule.

(a) Exhibits

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
*1.1	Form of Underwriting Agreement
**2.1	Form of Plan of Merger by and between ManTech International Corporation, a New Jersey corporation, and ManTech International Corporation, a Delaware corporation
3.1	Second Amended and Restated Certificate of Incorporation of the Registrant
**3.2	Amended and Restated Bylaws of the Registrant
4.1	Form of Common Stock Certificate.
**4.2	Business Loan and Security Agreement with Citizens Bank of Pennsylvania, PNC Bank N.A., Branch Banking and Trust Company of Virginia, and Chevy Chase Bank, F.S.B.
5.1	Opinion of Gibson, Dunn & Crutcher LLP
*10.1	Retention Agreement, effective as of January 1, 2002, between John A. Moore, Jr. and ManTech International Corporation.
10.2	Form of Confidentiality, Non-competition and Non-solicitation Agreement, effective as of the closing of this offering, between specified executive officers and ManTech International Corporation.
10.3	Management Incentive Plan of ManTech International Corporation
**10.4	Lease of Facility at 12015 Lee Jackson Highway, Fairfax, Virginia.
**10.5	Promissory Notes dated April 13, 2001, June 12, 1996 and June 23, 1994 by and between George J. Pedersen and ManTech International Corporation.
*10.6	Retention Agreement, effective as of January 1, 2002, between George J. Pedersen and ManTech International Corporation
**10.7	Promissory Note dated February 27, 1997, by and between George J. Pedersen and ManTech International Corporation
**10.8	USA CECOM Acquisition CTR-Washington, Contract No. DAAB07-98-A-6001, effective July 24, 1998
**10.9	ManTech International Corporation, Supplemental Executive Retirement Plan for the benefit of George J. Pedersen, effective as of April 12, 1996
**10.10	ManTech International Corporation, Supplemental Executive Retirement Plan for the benefit of John A. Moore, Jr., effective as of April 12, 1996
**10.11	Severance Arrangement, by and between ManTech International Corporation and Bradley H. Feldmann
**16.1	Letter from PricewaterhouseCoopers LLP to the Securities and Exchange Commission
**21.1	Subsidiaries of the Registrant
23.1	Consent of Gibson, Dunn & Crutcher LLP (included in Exhibit 5.1)
23.2	Consent of Deloitte & Touche LLP
23.3	Consent of PricewaterhouseCoopers LLP
**23.4	Prospective Director's Consent of Walter R. Fatzinger, Jr.
**23.5	Prospective Director's Consent of Richard J. Kerr
**24.1	Power of Attorney (included on the signature page to the Registration Statement filed on November 23, 2001)

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 \* To be filed by amendment.  
 \*\* Previously filed.

(b) Financial Statement Schedule  
 Valuation and Qualifying Accounts

INDEPENDENT AUDITORS' REPORT ON SCHEDULE

To the Board of Directors and Stockholders of  
ManTech International Corporation  
Fairfax, Virginia:

We have audited the consolidated financial statements of ManTech International Corporation as of December 31, 1999 and 2000 and September 30, 2001 and for the years ended December 31, 1999 and 2000 and the nine months ended September 30, 2001, and have issued our report thereon dated November 16, 2001, except for Note 8 as to which the date is December 17, 2001. Such consolidated financial statements and report are included elsewhere in this Registration Statement. Our audits also included the financial statement schedule of ManTech International Corporation listed in Item 16(b). This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits.

In our opinion, such consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

DELOITTE & TOUCHE LLP

McLean, Virginia  
November 16, 2001



Report of Independent Accountants on  
Financial Statement Schedule

To the Board of Directors and Stockholders of  
MANTECH INTERNATIONAL CORPORATION:

Our audit of the consolidated financial statements referred to in our report dated April 26, 1999, except for Note 16, as to which the date is June 7, 1999 and Note 15, as to which the date is November 15, 2001, appearing in the Registration Statement under the Securities Act of 1933 of ManTech International Corporation also included an audit of the financial statement schedule listed in Item 16(b) of this Registration Statement. In our opinion, the financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP

McLean, Virginia  
April 26, 1999

SCHEDULE II

Valuation and Qualifying Accounts

Activity in the Company's allowance accounts for the years ended December 31, 1998, 1999 and 2000 and the nine months ended September 30, 2001 was as follows (in thousands):

Doubtful Accounts

Period	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions	Other*	Balance at End of Period
1998.....	\$2,314	217	(1,152)	439	\$1,818
1999.....	1,818	901	(1,033)	152	1,838
2000.....	1,838	313	(1,183)	464	1,432
Sept. 2001	1,432	523	(357)	342	1,940

Deferred Tax Asset Valuation

Period	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions	Other*	Balance at End of Period
1998.....	\$902	--	--	--	\$902
1999.....	902	--	--	--	902
2000.....	902	--	--	--	902
Sept. 2001	902	--	--	--	902

\* Other represents doubtful account reserves recorded as part of Net Revenues.

Item 17. Undertakings

(a) The undersigned registrant hereby undertakes to provide to the underwriters, at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES AND POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Washington, D.C., on January 30, 2002.

MANTECH INTERNATIONAL CORPORATION

By: /s/ GEORGE J. PEDERSEN

-----  
George J. Pedersen  
Chairman of the Board of  
Directors, Chief Executive Officer  
and President

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on January 30, 2002.

Signature

Title

Signature	Title
/s/ GEORGE J. PEDERSEN -----	Chairman of the Board of Directors, Chief Executive Officer and President
/s/ JOHN A. MOORE, JR.* -----	Executive Vice President, Chief Financial Officer, Treasurer and Director
/s/ MICHAEL D. GOLDEN* -----	Director
/s/ STEPHEN W. PORTER* -----	Director
/s/ WALTER W. VAUGHAN* -----	Director

\* Executed by George J. Pedersen on behalf of such individual pursuant to a power of attorney granted November 23, 2001.

SECOND AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
MANTECH INTERNATIONAL CORPORATION

ManTech International Corporation, a corporation organized and existing under and by virtue of the laws of the State of Delaware (the "Corporation"), does hereby certify as follows:

1. The name of the Corporation is ManTech International Corporation. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on November 14, 2001 and was Amended and Restated and filed with the Secretary of State of the State of Delaware on January 17, 2002.
2. Pursuant to sections 242 and 245 of the Delaware General Corporation Law, this Second Amended and Restated Certificate of Incorporation restates and integrates and further amends the provisions of the Corporation's Amended and Restated Certificate of Incorporation.
3. The terms and provisions of this Second Amended and Restated Certificate of Incorporation have been duly approved by written consent of the required number of shares of outstanding stock of the Corporation pursuant to subsection 228(a) of the Delaware General Corporation Law and written notice pursuant to subsection 228(d) of the Delaware General Corporation Law has been given to those stockholders whose written consent has not been obtained.
4. The text of the Second Amended and Restated Certificate of Incorporation reads in its entirety as follows:

FIRST. Name. The name of the Corporation is ManTech International Corporation.

SECOND. Address. The registered office of the Corporation in the State of Delaware is located at 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of the registered agent of the Corporation at such address is The Corporation Trust Company.

THIRD. Purposes. The purpose for which the Corporation is organized is to engage in any and all lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

FOURTH. Capital Stock.

4.1. Authorized Capital Stock. The total number of shares of stock that the Corporation has authority to issue is Two hundred twenty million (220,000,000), consisting of:

(a) One hundred fifty million (150,000,000) shares of Class A Common Stock, par value \$0.01 per share (the "Class A Common Stock");

(b) Fifty million (50,000,000) shares of Class B Common Stock, par value of \$0.01 per share (the "Class B Common Stock"); and

(c) Twenty million (20,000,000) shares of Preferred Stock, par value of \$0.01 per share (the "Preferred Stock").

The Class A Common Stock together with the Class B Common Stock is referred to collectively as the "Common Stock."

4.2. Terms of Common Stock. All shares of Common Stock will be identical in all respects and will entitle the holders thereof to the same rights and privileges, except as otherwise provided herein.

(a) Voting Rights. Except as otherwise provided in these Second Amended and Restated Articles of Incorporation or by applicable law, the holders of Class A Common Stock and Class B Common Stock shall vote together as a single class with respect to all matters submitted to a vote of holders of shares of Common Stock, subject to any voting rights which may be granted to holders of any Preferred Stock. The holders of shares of Common Stock shall have the following voting rights:

(1) Each share of Class A Common Stock shall entitle the holder thereof to one (1) vote in person or by proxy on all matters submitted to a vote of the stockholders of the Corporation.

(2) Each share of Class B Common Stock shall entitle the holder thereof to ten (10) votes in person or by proxy on all matters submitted to a vote of the stockholders of the Corporation, except with respect to any Going Private Transaction (as such term is defined below), which shall be governed by paragraph (k) of this Section 4.2.

(b) Dividends. The holders of the Common Stock shall be entitled to participate ratably, on a share-for-share basis as if all shares of Common Stock were of a single class, in such dividends, whether in cash, stock or otherwise, as may be declared by the Board of Directors from time to time out of funds of the Corporation legally available therefor; provided, however, that any dividends payable in shares of Common Stock (or payable in rights to subscribe for or purchase shares of Common Stock or securities or indebtedness convertible into or exchangeable for shares of Common Stock) shall be declared and paid at the same rate on each class of Common Stock and only in shares of Class A Common Stock (or rights to subscribe for or to purchase shares of Class A Common Stock or securities or indebtedness convertible into or exchangeable for shares of Class A Common Stock) to holders of Class A Common Stock and in shares of Class B Common Stock (or rights to subscribe for or to purchase shares of Class B Common Stock or securities or indebtedness convertible into or exchangeable for shares of Class B Common Stock) to holders of Class B Common Stock.

(c) Issuance of Class B Common Stock. After the IPO Date, the Corporation shall not issue or sell any shares of Class B Common Stock or any securities (including, without limitation, any rights, options, warrants or other securities) convertible into or exchangeable or exercisable for shares of Class B Common Stock to any person other than (1) issuance of a certificate or certificates in the name of a person who is an owner of record of Class B Common Stock on the IPO Date (an "Initial Holder") or a Permitted Transferee (as defined in paragraph (j) of this Section 4.2) representing shares of Class B Common Stock that are outstanding on the IPO Date (regardless of whether such shares are held by the Initial Holder or Permitted Transferee on the IPO Date), or (2) issuances or sales upon a stock split, stock dividend, rights offering or other transaction or event in connection with which Class B Common Stock is expressly required or permitted to be issued or sold under this Certificate of Incorporation. For the purposes of this Article Four, the term "IPO Date" shall mean the third business day before the closing date of any initial public offering of the Class A Common Stock in a firm commitment underwritten offering that is registered with the U.S. Securities and Exchange Commission. Any issuance or sale of

shares of Class B Common Stock (or securities convertible into, or exchangeable or exercisable for, shares of Class B Common Stock) in violation of this Section 4.2(c) shall be null and void ab initio.

(d) Voluntary Conversion of Class B Common Stock.

(1) The holder of each share of Class B Common Stock shall have the right at any time, or from time to time, at such holder's option, to convert such share into one fully paid and nonassessable share of Class A Common Stock on and subject to the terms and conditions hereinafter set forth.

(2) In order to exercise the conversion privilege, the holder of any shares of Class B Common Stock to be converted shall present and surrender the certificate or certificates representing such shares during usual business hours at any office or agency of the Corporation maintained for the transfer of Class B Common Stock and shall deliver a written notice of the election of the holder to convert the shares represented by such certificate or any portion thereof specified in such notice. Such notice shall also state the name or names (with address) in which the certificate or certificates for shares of Class A Common Stock issuable on such conversion shall be registered. If required by the Corporation, any certificate for shares surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder of such shares or his duly authorized representative. Each conversion of shares of Class B Common Stock shall be deemed to have been effected on the date (the "Conversion Date") on which the certificate or certificates representing such shares shall have been surrendered and such notice and any required instruments of transfer shall have been received as aforesaid, and the person or persons in whose name or names any certificate or certificates for shares of Class A Common Stock shall be issuable on such conversion shall be, for the purpose of receiving dividends and for all other corporate purposes whatsoever, deemed to have become the holder or holders of record of the shares of Class A Common Stock represented thereby on the Conversion Date.

(3) As promptly as practicable after the presentation and surrender for conversion, as herein provided, of any certificate for shares of Class B Common Stock, the Corporation shall issue and deliver at such office or agency, to or upon the written order of the holder thereof, certificates for the number of shares of Class A Common Stock issuable upon such conversion. Subject to the provisions of paragraph (e) of this Section 4.2, in case any certificate for shares of Class B Common Stock shall be surrendered for conversion of only a part of the shares represented thereby, the Corporation shall deliver at such office or agency, to or upon the written order of the holder thereof, a certificate or certificates for the number of shares of Class B Common Stock represented by such surrendered certificate that are not being converted.

(e) Automatic Conversion of Class B Common Stock upon Certain Events.

(1) No record or beneficial owner of shares of Class B Common Stock may transfer, and the Corporation shall not register the transfer of, such shares of Class B Common Stock, whether by sale, assignment, gift, bequest, appointment, or otherwise, except to a "Permitted Transferee" as provided herein.

(2) Notwithstanding anything to the contrary set forth herein, any Class B Holder may pledge such holder's shares of Class B Common Stock to a financial institution pursuant to a

bona fide pledge of such shares as collateral security for indebtedness due to such financial institution, provided that such shares shall not be transferred to or registered in the name of the financial institution and shall remain subject to the provisions of this paragraph (e). In the event of foreclosure or other similar action by the financial institution, such pledged shares of Class B Common Stock may only be transferred to a Permitted Transferee of the pledgor or converted into shares of Class A Common Stock, as the pledgor may elect; provided, however, that if within ten business days after such foreclosure or similar action any such converted shares are returned to the pledgor or a permitted transferee, such shares shall convert automatically into shares of Class B Common Stock.

(3) Any purported transfer of shares of Class B Common Stock not permitted hereunder shall result in the conversion of the transferee's shares of Class B Common Stock into shares of Class A Common Stock, effective on the date on which certificates representing such shares are presented for transfer on the stock transfer record books of the Corporation; provided, however, that if the Corporation should determine that such shares were not so presented for transfer within 20 days after the date of such sale, transfer, assignment, or other disposition, the transfer date shall be the actual date of such sale, transfer, assignment, or other disposition as determined in good faith by the Board of Directors or its appointed agent. The Corporation may, as a condition to the transfer or the registration of transfer of shares of Class B Common Stock to a purported Permitted Transferee, require the furnishing of such affidavits or other proof as it deems necessary to establish that such transferee is a Permitted Transferee. If no indication to the contrary is supplied at the time shares of Class B Common Stock are presented for transfer, the transfer shall be presumed by the Corporation to be a transfer to a person other than the Permitted Transferee.

(4) Shares of Class B Common Stock shall not be registered in "street" or "nominee" names; provided, however, certificates representing shares of Class B Common Stock may be registered in the name of a nominee which is a "Permitted Transferee." The Corporation shall note on the certificates representing the shares of Class B Common Stock that there are restrictions on transfer and registration of transfer imposed by paragraphs (d) and (e) of this Section 4.2.

(5) Notwithstanding anything to the contrary set forth herein, (i) upon the death of Mr. George J. Pedersen, all shares of Class B Common Stock shall be converted automatically into shares of Class A Common Stock on a share-for-share basis, and stock certificates formerly representing such shares of Class B Common Stock shall thereupon and thereafter be deemed to represent a like number of shares of Class A Common Stock; (ii) if George J. Pedersen transfers shares of Class B common stock that he beneficially owns to a Permitted Transferee, and at any time after such transfer he does not exercise voting control over the transferred shares and does not exercise voting control over shares of Class B common stock representing at least fifty percent of the voting power of all outstanding shares of common stock entitled to vote on the election of directors, then all of the shares of Class B common stock which have been so transferred to Permitted Transferees and over which George J. Pedersen does not exercise voting control will automatically convert to an equivalent number of shares of Class A common stock; and (iii) upon a Permitted Transferee ceasing to qualify as a Permitted Transferee (and subject to the operation of subparagraph (j)(9) of this Section 4.2) all shares of Class B Common Stock held by it shall be converted automatically into shares of Class A Common Stock on a share-for-share basis, and stock certificates formerly representing such shares of Class B Common Stock shall thereupon and thereafter be deemed to represent a like number of shares of Class A Common Stock.



(f) Further Provisions Regarding Conversions.

(1) Any dividends declared and not paid on shares of Common Stock prior to their conversion as provided above shall be paid, on the payment date, to the holder or holders entitled thereto on the record date for such dividend payment, notwithstanding such conversion; provided, however, that such holder or holders shall not be entitled to receive the corresponding dividends declared but not paid on the shares of Common Stock issuable upon such conversion.

(2) In the event of a reclassification or other similar transaction as a result of which the shares of Class A Common Stock are converted into another security, then a holder of Class B Common Stock shall be entitled to receive upon conversion the amount of such security that such holder would have received if such conversion had occurred immediately prior to the record date of such reclassification or other similar transaction.

(3) Shares of the Class B Common Stock converted into Class A Common Stock shall be retired and shall resume the status of authorized but unissued shares of Class B Common Stock.

(4) The issuance of certificates for shares of Class A Common Stock issuable upon the conversion of shares of Class B Common Stock by the registered holder thereof shall be made without charge to the converting holder for any tax imposed on the Corporation in respect of the issue thereof. The Corporation shall not, however, be required to pay any tax that may be payable with respect to any transfer involved in the issue and delivery of any certificate in a name other than that of the registered holder of the shares being converted, and the Corporation shall not be required to issue or deliver any such certificate unless and until the person requesting the issue thereof shall have paid to the Corporation the amount of such tax or has established to the satisfaction of the Corporation that such tax has been paid.

(g) Reservation of Shares. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of effecting the conversions provided for herein, such number of shares of Class A Common Stock as shall from time to time be sufficient to effect the conversions provided for herein and shall take all such corporate action as may be necessary to assure that such shares of Class A Common Stock shall be validly issued, fully paid and non-assessable upon conversion of all of the outstanding shares of Class B Common Stock; moreover, if at any time the number of authorized but unissued shares of Class A Common Stock shall not be sufficient to effect the conversions provided for herein, the Corporation shall take such corporate action as may be necessary to increase its authorized but unissued shares of Class A Common Stock to such number of shares as shall be sufficient for such purpose.

(h) Adjustments for Stock Splits and Stock Dividends. The Corporation shall treat the shares of Common Stock identically in respect of any subdivisions or combinations (for example, if the Corporation effects a two-for-one stock split with respect to the Class A Common Stock, it shall at the same time effect a two-for-one stock split with respect to the Class B Common Stock).

(i) Mergers, Consolidation, Etc. In the event that the Corporation shall enter into any consolidation, merger, combination or other transaction in which shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then, and in such

event, the shares of each class of Common Stock shall be exchanged for or changed into (1) the same amount of stock, securities, cash and/or any other property, as the case may be, into which or for which each share of any other class of Common Stock is exchanged or changed; provided, however, that if shares of Common Stock are exchanged for or changed into shares of capital stock, such shares so exchanged for or changed into may differ to the extent and only to the extent that the Class A Common Stock and the Class B Common Stock differ as provided herein; or (2) if holders of each class of Common Stock are to receive different distributions of stock, securities, cash and/or any other property, either (i) holders of Class A Common Stock shall receive an amount of stock, securities, cash and/or property per share having a value, as determined by an independent investment banking firm of national reputation selected by the Board of Directors, greater than or equal to the value per share into which or for which each share of Class B Common Stock is exchanged or changed, or (ii) holders of Class A Common Stock and holders of Class B Common Stock shall receive such stock, securities, cash and/or property per share as shall be provided for pursuant to a transaction approved by the holders of a majority of Class A Common Stock and by the holders of a majority Class B Common Stock, each voting separately as a class.

(j) Permitted Transferee. For purposes of this Certificate of Incorporation, the term "Permitted Transferee" shall mean:

(1) In the case of a holder of record of the Class B Common Stock (the "Class B Holder") who is a natural person and the beneficial owner of the shares of Class B Common Stock to be transferred, Permitted Transferees shall include only the following:

(A) the spouse of such Class B Holder, any lineal descendant of a grandparent of such Class B Holder, or any spouse of such lineal descendant (herein collectively referred to as "such Class B Holder's Family Members");

(B) the trustee or trustees of a trust (including a voting trust) for the sole benefit of such Class B Holder and/or one or more of such Class B Holder's Permitted Transferees, except that such trust may also grant a general or special power of appointment to one or more of such Class B Holder's Family Members and may permit trust assets to be used to pay taxes, legacies, and other obligations of the Trust or the estates of one or more of such Class B Holder's Family Members payable by reason of the death of any of such Family Members; provided, however, if at any time such trust ceases to meet the requirements of this subparagraph (B), all shares of Class B Common Stock then held by such trustee or trustees shall immediately and automatically, without further act or deed on the part of the Corporation or any person, be converted into Class A Common Stock on a share-for-share basis, and stock certificates formerly representing such shares of Class B Common Stock shall thereupon and thereafter be deemed to represent a like number of shares of Class A Common Stock;

(C) a corporation or similar entity wholly owned by such Class B Holder and/or such Class B Holder's Permitted Transferees or a partnership or similar entity in which all of the general partners are, and all of the general partnership interests are owned by, such Class B Holder and/or such Class B Holder's Permitted Transferees provided that if by reason of any change in the ownership of such stock or general partners or general partnership interests, such corporation or partnership would no longer qualify as a Permitted Transferee of such Class B Holder, all shares of Class B Common Stock then held by such corporation or partnership shall

immediately and automatically, without further act or deed on the part of the corporation or any other person, be converted into shares of Class A Common Stock on a share-for-share basis, and stock certificates formerly representing such shares of Class B Common Stock shall thereupon and thereafter be deemed to represent a like number of shares of Class A Common Stock;

(D) an organization established by the Class B Holder and/or such Class B Holder's Permitted Transferees, contributions to which are deductible for federal income, estate, or gift tax purposes (a "Charitable Organization") and a majority of whose governing board at all times consists of the Class B Holder and/or one or more of the Permitted Transferees of such Class B Holder, or any successor to such Charitable Organization meeting such definition; provided that if by reason of any change in the composition of the governing board of such Charitable Organization, such Charitable Organization shall no longer qualify as a Permitted Transferee of such Class B Holder, all shares of Class B Common Stock then held by such Charitable Organization shall immediately and automatically, without further act or deed on the part of the Corporation or any other person, be converted into shares of Class A Common Stock on a share-for-share basis, and stock certificates formerly representing such shares of Class B Common Stock shall thereupon and thereafter be deemed to represent the like number of shares of Class A Common Stock; and

(E) the executor, administrator, or personal representative of the estate of a deceased Class B Holder or guardian or conservator of a Class B Holder adjudged disabled or incompetent by a court of competent jurisdiction, acting in his capacity as such.

(2) In the case of a Class B Holder who is the executor or administrator of the estate of a deceased Class B Holder or guardian or conservator of the estate of a disabled or incompetent Class B Holder, Permitted Transferees shall include only a Permitted Transferee of such deceased, disabled, or incompetent Class B Holder.

(3) In the case of a Class B Holder holding the shares of Class B Common Stock as trustee pursuant to a trust, Permitted Transferees shall include only the following:

(A) the person who contributed such shares to such trust and any Permitted Transferee of such person, determined in accordance with paragraph (j)(1) of this Section 4.2 above; and

(B) any successor trustee of such trust who is described in the immediately preceding subparagraph (j)(3)(A).

(4) In the case of a Class B Holder that is a partnership or similar entity, Permitted Transferees shall include only:

(A) any partner of such partnership who was also a partner of such partnership on the IPO Date;

(B) any person transferring shares of Class B Common Stock to such partnership after the IPO Date (to the extent of the number of shares of Class B Common Stock transferred by the transferor to such partnership); and

(C) any Permitted Transferee of such person referred to in subparagraph (j)(4)(A) or (j)(4)(B) above (not in excess of the number of shares that such person is entitled to receive pursuant to this subparagraph (j)(4)).

(5) In the case of a Class B Holder that is a corporation or similar entity, Permitted Transferees shall include only:

(A) any stockholder of such corporation on the IPO Date who receives shares of Class B Common Stock pro rata to his stock ownership in such corporation through a dividend or a distribution on or upon redemption of the shares of such corporation;

(B) any person transferring shares of Class B Common Stock to such corporation after the IPO Date (to the extent of the number of shares of Class B Common Stock transferred by the transferor to such corporation); and

(C) any Permitted Transferee of such stockholder or person referred to in subparagraph (j)(5)(A) or (j)(5)(B) above (not in excess of the number of shares that such stockholder or person is entitled to receive pursuant to this subparagraph (j)(5)).

(6) An employee benefit plan sponsored by the Corporation or any of its affiliates.

(7) Any Initial Holder.

(8) For purposes of this Section 4.2(j):

(A) The relationship of any person that is derived by or through legal adoption shall be considered a natural one;

(B) Each joint owner of shares of Class B Common Stock shall be considered a Class B Holder of such shares;

(C) A minor for whom shares of Class B stock are held pursuant to a Uniform Gifts to Minors Act or similar law shall be considered a Class B Holder of such shares; and

(D) Unless otherwise specified, the term "person" means both natural person and legal entities.

(9) Notwithstanding the foregoing, in the event that any transferee of Class B Common Stock is not at the time of transfer or thereafter ceases to qualify as a Permitted Transferee, and within ten business days after the Corporation notifies such person that it has concluded that such person is not or has ceased to qualify as a Permitted Transferee and the bases for such conclusion, such person transfers the shares of Class B Common Stock to a Permitted Transferee, demonstrates that it is a Permitted Transferee or takes appropriate action so that it qualifies as a Permitted Transferee, then notwithstanding anything else in this Section 4.2, the shares of Class B Common Stock held by such person that converted automatically into shares of Class A Common Stock as a result of such person not being or ceasing to qualify as a Permitted Transferee shall convert back to Class B Common Stock.

(k) Going Private Transaction. With respect to any Going Private Transaction, the holders of shares of Class A Common Stock and Class B Common Stock shall vote together as a single class, with each share of Class A Common Stock and each share of Class B Common Stock entitling the holder thereof to one (1) vote. For purposes of this Section 4.2, the term "Going Private Transaction" shall mean any transaction between the Corporation and (i) an Initial Holder, (ii) any Affiliate of an Initial Holder, or (iii) any group including an Initial Holder or Affiliates of an Initial Holder where the participation of such person or persons in such group would cause the transaction to be deemed a "Rule 13e-3 Transaction," as such term is defined in Rule 13e-3(a)(3), 17 C.F.R. (S) 240.13e-3(a)(3), as amended from time to time, promulgated under the Securities Exchange Act of 1934, as amended, provided however, that the term "affiliate" as used in Rule 13e-3(a)(3)(i) shall be deemed to include an Affiliate, as defined herein. For purposes hereof, an "Affiliate" of a person shall mean (i) any individual or entity who or that, directly or indirectly, controls, is controlled by, or is under common control with such person, and (ii) the spouse, a child or grandchild (by blood, adoption or marriage) of such person, or any trust for the benefit of one or more of the foregoing.

#### 4.3. Provisions Relating to Preferred Stock.

(a) Any Preferred Stock not previously designated as to series may be issued from time to time in one or more series pursuant to a resolution or resolutions providing for such issue duly adopted by the Board of Directors (authority to do so being hereby expressly vested in the Board), and such resolution or resolutions shall also set forth the voting powers, full or limited or none, of each such series of Preferred Stock and shall fix the designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions of each such series of Preferred Stock. The Board of Directors is authorized to alter the designation, rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock and, within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series of Preferred Stock, to increase or decrease (but not below the number of shares of any such series then outstanding) the number of shares of any such series subsequent to the issue of shares of that series.

(b) Each share of Preferred Stock issued by the Corporation, if reacquired by the Corporation (whether by redemption, repurchase, conversion to Common Stock or other means), shall upon such reacquisition resume the status of authorized and unissued shares of Preferred Stock, undesignated as to series and available for designation and issuance by the Corporation in accordance with the immediately preceding paragraph.

4.4. General. Subject to the foregoing provisions of this Certificate of Incorporation, the Corporation may issue shares of its capital stock from time to time for such consideration (not less than the par value thereof) as may be fixed by the Board of Directors, which is expressly authorized to fix the same in its absolute and uncontrolled discretion subject to the foregoing conditions, or as otherwise provided by law. Shares so issued for which the consideration shall have been paid or delivered to the Corporation shall be deemed fully paid capital stock and shall not be liable to any further call or assessment thereon, and the holders of such shares shall not be liable for any further payments in respect of such shares.

FIFTH. Board of Directors.

5.1. Number of Directors. The number, and terms of the Board of Directors of the Corporation and the procedures to elect directors, to remove directors, and to fill vacancies in the Board of Directors shall be as stated in the Bylaws of the Corporation (the "Bylaws").

5.2. Powers of the Board of Directors. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In furtherance, and not in limitation, of the powers conferred by the laws of the State of Delaware, the Board of Directors is expressly authorized to:

(a) adopt, amend, alter, change or repeal Bylaws of the Corporation; provided, however, that no Bylaw hereafter adopted shall invalidate any prior act of the Corporation that would have been valid if such new Bylaws had not been adopted;

(b) subject to the Bylaws as from time to time in effect, determine the rules and procedures for the conduct of the business of the Board of Directors and the management and direction by the Board of Directors of the business and affairs of the Corporation, including the power to designate and empower committees of the Board of Directors, to elect, or authorize the appointment of, and empower officers and other agents of the Corporation, and to determine the time and place of, the notice requirements for, and the manner of conducting, Board meetings, as well as other notice requirements for, and the manner of taking, Board action; and

(c) exercise all such powers and do all such acts as may be exercised or done by the Corporation, subject to the provisions of the Delaware General Corporation Law and this Certificate of Incorporation and Bylaws of the Corporation.

5.3. Preferred Stock. Notwithstanding the foregoing, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Certificate of Incorporation applicable thereto.

#### SIXTH. Liability of Directors.

6.1. Limitation of Liability. No director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that this provision shall not eliminate or limit the liability of a director (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under section 174 of the Delaware General Corporation Law or (d) for any transaction from which the director derived any improper personal benefits. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

6.2. Amendments. Any repeal or modification of Section 6.1 hereof by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

#### SEVENTH. Indemnification.

7.1. Indemnity Undertaking. The Corporation shall indemnify any person who is or was made, or is threatened to be made, a party to any Proceeding, including, without limitation, an action by or in the right of the Corporation to procure a judgment in its favor, by reason of the fact that such person is or was a director or officer of the Corporation, or, at the request of the Corporation, is or was serving as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise (an "Other Entity"), to the fullest extent permitted under the Delaware General Corporation Law, as the same exists or may hereafter be amended, against judgments, fines, penalties, excise taxes, amounts paid in settlement and costs, charges and expenses (including attorneys' fees, disbursements and other charges), except as provided in Section 7.3. Without limiting the generality of the foregoing, to the extent permitted by then applicable law, the grant of mandatory indemnification pursuant to this Article VII shall extend to Proceedings involving the negligence of such Person.

7.2. Advancement of Expenses. Except as provided in Section 7.3, the Corporation shall reimburse or advance to any director or officer entitled to indemnification hereunder the funds necessary for payment of expenses, including attorneys' fees and disbursements, incurred in connection with any Proceeding, in advance of the final disposition of such Proceeding; provided, however, that, if required by the Delaware General Corporation Law, such expenses incurred by or on behalf of any director or officer may be paid in advance of the final disposition of a Proceeding only upon receipt by the Corporation of an undertaking, by or on behalf of such director or officer, to repay any such amount so advanced if it shall ultimately be determined by final judicial decision from which there is no further right of appeal that such director or officer is not entitled to be indemnified for such expenses.

7.3. Actions against the Corporation. Notwithstanding anything to the contrary in this Article VII, the Corporation shall not be obligated to indemnify a director or officer or to advance expenses with respect to any claim asserted by such person initially or by cross-claim, counter-claim, or third-party claim, in any Proceeding against the Corporation, except for Proceedings to enforce rights to indemnification (including rights to advancement of expenses), unless, prior to such claim being asserted, the assertion of such claim is approved by the directors of the Corporation by a majority vote of a quorum of the Board of Directors or a committee thereof established for such purpose.

7.4. Rights Not Exclusive. The rights to indemnification and reimbursement or advancement of expenses provided by, or granted pursuant to, this Article VII shall not be deemed exclusive of any other rights to which a person seeking indemnification or reimbursement or advancement of expenses may have or hereafter be entitled under any statute, this Certificate of Incorporation, the Bylaws, any agreement, any vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office.

7.5. Continuation of Benefits. The rights to indemnification and reimbursement or advancement of expenses provided by, or granted pursuant to, this Article VII shall continue as to a person who has ceased to be a director or officer (or other person indemnified hereunder) and shall inure to the benefit of the heirs, executors, administrators, and personal representatives of such person.

7.6. Insurance. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of an Other Entity, against any liability asserted against such person and incurred by such person in any such capacity, or

arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article VII, this Certificate of Incorporation or under section 145 of the Delaware General Corporation Law or any other provision of law.

7.7. Binding Effect. The provisions of this Article VII shall be a contract between the Corporation, on the one hand, and each director and officer who serves in such capacity at any time while this Article VII is in effect, on the other hand, pursuant to which the Corporation and each such director or officer intend to be, and shall be, legally bound. No repeal or modification of this Article VII shall affect any rights or obligations with respect to any state of facts then or theretofore existing or thereafter arising or any Proceeding theretofore or thereafter brought or threatened based in whole or in part upon any such state of facts.

7.8. Procedural Rights. The rights to indemnification and reimbursement or advancement of expenses provided by, or granted pursuant to, this Article VII shall be enforceable by any person entitled to such indemnification or reimbursement or advancement of expenses in any court of competent jurisdiction. If a claim for indemnification or advancement of expenses hereunder is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim, and if successful in whole or in part, the claimant shall also be entitled to be paid the expenses of prosecuting such claim. The burden of proving that such indemnification or reimbursement or advancement of expenses is not appropriate shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, its independent legal counsel and its stockholders) to have made a determination prior to the commencement of such action that such indemnification or reimbursement or, except as otherwise provided in Section 7.3, advancement of expenses is proper in the circumstances nor an actual determination by the Corporation (including its Board of Directors, its independent legal counsel and its stockholders) that such person is not entitled to such indemnification or reimbursement or advancement of expenses shall constitute a defense to the action or create a presumption that such person is not so entitled, except as otherwise provided in Section 7.3. Such a person shall also be indemnified for any expenses incurred in connection with successfully establishing his or her right to such indemnification or reimbursement or advancement of expenses, in whole or in part, in any such Proceeding.

7.9. Indemnification of Others. The Corporation may additionally indemnify any employee or agent of the Corporation to the fullest extent permitted by law.

7.10. Definition of "Proceeding." As used herein, the term "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding.

#### EIGHTH. Meetings of Stockholders.

8.1. No Action by Written Consent. The stockholders of the Corporation entitled to take action on any matter may act solely at a meeting of stockholders duly called and held in accordance with law and this Certificate of Incorporation and the Bylaws and may not act by a consent or consents in writing.



8.2. Meetings of Stockholders. The annual meeting of stockholders for the election of directors and the transaction of such other business as may be brought before such meeting in accordance with this Certificate of Incorporation and the Bylaws shall be held at such hour and on such business day in each year as may be determined by resolution adopted by the affirmative vote of a majority of the Board. Except as otherwise required by law, special meetings of stockholders may be called by the Secretary at the direction of: (a) the affirmative vote of a majority of the Board, (b) the Chairman of the Board of Directors, (c) the Chief Executive Officer, or (d) the holders of shares representing a majority of the voting power of the outstanding Common Stock entitled to vote at such meeting of stockholders. Annual and special meetings of stockholders shall not be called or held otherwise than as herein provided.

8.3. Written Ballot. Elections of directors need not be written ballot unless the bylaws of the Corporation shall so provide.

IN WITNESS WHEREOF, the corporation has caused this Second Amended and Restated Certificate of Incorporation to be signed by its Chairman, Chief Executive Officer and President and attested to by its Executive Vice President, Chief Financial Officer and Treasurer on this 30th day of January, 2002.

By: /s/ George J. Pedersen  
-----  
Name: George J. Pedersen  
Title: Chairman, Chief Executive Officer and President

Attested:

By: /s/ John A. Moore, Jr.  
-----  
Name: John A. Moore, Jr.  
Title: Executive Vice President, Chief Financial Officer  
and Treasurer

----- Number -----	----- Shares -----
CLASS A COMMON STOCK	MANAGEMENT TECHNOLOGY MANTECH INTERNATIONAL CORPORATION

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

CUSIP 564563 10 4  
SEE REVERSE FOR CERTAIN DEFINITIONS

This Certifies that

is the owner of

FULLY PAID AND NONASSESSABLE SHARES OF CLASS A COMMON STOCK, PAR VALUE \$0.01 PER SHARE, OF

MANTECH INTERNATIONAL CORPORATION (the "Corporation"), a Delaware corporation. The shares represented by this certificate are transferable only on the stock transfer books of the Corporation by the holder of record hereof, or by that holder's duly authorized attorney or legal representative, upon the surrender of this certificate properly endorsed. This certificate is not valid until countersigned and registered by the Corporation's transfer agent and registrar.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

DATED	[SEAL]	/s/ George J. Pedersen
		CHAIRMAN OF THE BOARD, CHIEF EXECUTIVE OFFICER AND PRESIDENT
/s/ Jo-An J. Free		/s/ John A. Moore, Jr.
SECRETARY		EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER AND TREASURER

COUNTERSIGNED AND REGISTERED:  
AMERICAN STOCK TRANSFER & TRUST COMPANY  
(NEW YORK, NEW YORK)  
TRANSFER AGENT AND REGISTRAR,

BY

AUTHORIZED SIGNATURE

MANTECH INTERNATIONAL CORPORATION

The Corporation will furnish to any stockholder upon request and without charge a full statement of the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT-_____Custodian_____
TEN ENT - as tenants by the entireties	(Cust) _____ (Minor)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list.

For Value Received, \_\_\_\_\_ hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

\_\_\_\_\_

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

\_\_\_\_\_ Shares of the Class A Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

\_\_\_\_\_ Attorney to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.

Dated \_\_\_\_\_

X \_\_\_\_\_

NOTICE: THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERNATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

X \_\_\_\_\_

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THE SIGNATURE(S) MUST BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.  
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[Gibson, Dunn & Crutcher LLP Letterhead Appears Here]

A Registered Limited Liability Partnership  
Including Professional Corporations  
1050 Connecticut Avenue, N.W. Washington, D.C. 20036-5306  
(202) 955-8500 (202) 467-0539 Fax  
www.gibsondunn.com

January 30, 2002

Direct Dial  
(202) 955-8671

Client No.  
C 57389-00006

ManTech International Corporation  
12015 Lee Jackson Highway  
Fairfax, VA 22033-6000

Re: ManTech International Corporation -  
Registration Statement on Form S-1 (File No. 333-73946)

Ladies and Gentlemen:

We have examined the Registration Statement on Form S-1, File No. 333-73946, as amended (the "Registration Statement"), of ManTech International Corporation, a Delaware corporation (the "Company"), filed with the Securities and Exchange Commission (the "Commission") pursuant to the Securities Act of 1933, as amended (the "Securities Act"), in connection with the public offering of up to 6,900,000 shares (including shares to be issued upon exercise of the underwriters' over-allotment options) (the "Shares") of the Company's Class A Common Stock, par value \$0.01 per share, proposed to be offered by the Company and Mr. George J. Pedersen (the "Selling Stockholder") under the Registration Statement.

We have examined the originals, or photostatic or certified copies, of such records of the Company and certificates of officers of the Company and of public officials and such other documents as we have deemed relevant and necessary as the basis for the opinions set forth below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such copies.

Based upon the foregoing examination and in reliance thereon, and subject to the assumptions stated and in reliance on statements of fact contained in the documents that we have examined, we are of the opinion that (i) the Shares to be sold by the Selling Stockholder are validly issued, fully paid and non-assessable, and (ii) the Shares of the Company, when issued against payment therefor in connection with the offering, will be validly issued, fully paid and non-assessable.

We render no opinion herein as to matters involving the laws of any jurisdiction other than the General Corporation Law of the State of Delaware, taking into account the Delaware constitution and reported Delaware judicial decisions. In rendering this opinion, we assume no obligation to revise or supplement this opinion should current laws, or the interpretations thereof, be changed.

We consent to the filing of this opinion as an exhibit to the Registration Statement, and we further consent to the use of our name under the caption "Validity of Common Stock" in the Registration Statement and the prospectus which forms a part thereof. In giving these consents, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the Rules and Regulations of the Commission.

Very truly yours,

/s/ Gibson, Dunn & Crutcher LLP  
-----  
GIBSON, DUNN & CRUTCHER LLP

CONFIDENTIALITY, NON-COMPETITION AND NON-SOLICITATION AGREEMENT

THIS AGREEMENT is made this \_\_\_\_ day of \_\_\_\_\_, 2002 (the "Agreement"), by and between ManTech International Corporation, a Delaware corporation that is the successor to a New Jersey corporation of the same name ("ManTech"), and \_\_\_\_\_ (the "Executive").

WITNESSETH

WHEREAS, the Executive is presently an employee of ManTech and/or one or more of its subsidiaries;

WHEREAS, in the course of employment with ManTech and/or any of its subsidiaries (collectively, the "Employer"), the Executive has and will continue to come into possession of the trade secrets, competitive strengths, business plans and/or other proprietary or confidential information regarding the business and operations of Employer;

WHEREAS, Employer wishes to gain additional protections that the Executive will not (i) disclose proprietary or confidential information or (ii) use such information in a manner that advances the interests of persons or entities other than Employer;

WHEREAS, Employer has proposed and Executive hereby agrees that this confidentiality, non-competition and non-solicitation agreement constitutes a reasonable means for Employer to achieve it's goal of protecting its proprietary or confidential information; and

WHEREAS, as consideration for entering into this Agreement, Employer agrees to grant to the Executive options to purchase shares of Class A common stock of ManTech, which options are subject to vesting and expiration terms that are contingent upon Executive's continued employment with Employer;

NOW THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Employer and Executive hereby agree as follows:

1. Grant of Options. In consideration for entering into this Agreement,

ManTech hereby agrees to grant to the Executive options to purchase up to \_\_\_\_\_ shares of Class A common stock of ManTech. Such options shall be granted pursuant to the terms of Management Incentive Plan, shall have an exercise price equal to the price at which ManTech's Class A common stock is offered to the public in its initial public offering, and shall be subject to vesting and expiration terms that are contingent upon the Executive's continued employment with the Employer and such other terms and conditions set forth in the grant agreement. Such options shall not be treated as incentive stock options under Section 422 of the Internal Revenue Code.

2. Confidentiality, Non-Competition and Non-Solicitation. In consideration

for the grant of options pursuant to Section 1 above, the Executive hereby agrees as follows:

(a) That both during the term of Executive's employment with Employer and thereafter, Executive will not publish or otherwise disclose to persons outside the Employer, without specific permission from Employer, any Employer proprietary or confidential information which Executive learns or acquires during the course of employment with or as a result of performing services with Employer, and will not use such information in any way which might be detrimental to the interests of the Employer. For purposes of this Agreement, proprietary or confidential information includes, but is not limited to:

(i) All information not generally known to the public or within the federal, state or local government market(s) or the commercial market(s) in which the Employer offers or provides its services, solutions or products, pertaining to the Employer's marketing, bidding or cost plans, strategies, forecasts or projections; practices, procedures, policies, goals or objectives pertaining to the foregoing; contract proposals, contract bids which have been prepared or submitted or which are proposed to be prepared or submitted, or bidding and pricing techniques; information on Employer's cost structure; quoting and pricing practices, procedures and policies; customer data including customer list, contracts, contacts, representatives, requirements and needs, specifications, data provided by or about prospective customers; supplier information, including joint venture and subcontractor proposals; employee and consultants' identities, skills, resumes, records and lists; and the physical embodiments of any of the foregoing information.

(ii) All information concerning or relating to the way the Employer conducts its business which is not generally known to the public or within the federal, state or local government market(s) or the commercial market(s) in which the Employer offers or provides its services, solutions or products (such as Employer contracts, internal business procedures, controls, plans, licensing techniques and practices, supplier, subcontractor and prime contractor names and contacts and other vendor information, Employer processes, techniques, data, computer system passwords and other computer security controls, financial information, and distributor information) and the physical embodiments of such information (such as check lists, samples, service and operational manuals, contracts, proposals, printouts, correspondence, forms, listings, ledgers, financial statements, financial reports, financial and operational analyses, financial and operational studies, management reports of every kind, databases, and any other written or machine-readable expression of such information as are filed in any tangible media).

(iii) All information not generally known to the public or within the federal, state or local government market(s) or the commercial market(s) in which the Employer offers or provides its services, solutions or products concerning development of new products, services or solutions, negotiations for new business ventures or acquisitions, future business or acquisition plans, and similar information and the physical embodiments of such information.

(iv) Information which is not a public record and is not generally known to the public or within the federal, state or local government market(s) or the commercial market(s) in which the Employer offers or provides its services, solutions or products regarding litigation and potential litigation matters and the physical embodiments of such information.

(v) Any information which (i) is not generally known to the public or within the federal, state or local government market(s) or the commercial market(s) in which the



Employer offers or provides its services, solutions or products, (ii) gives the Employer a significant advantage over its or their competitors, or (iii) has significant economic value or potentially significant economic value to the Employer, including the physical embodiments of such information.

(b) That both during the term of Executive's employment with Employer and for a period of one (1) year following the Executive's termination of employment with Employer, the Executive will not:

(i) directly or indirectly, own, manage, operate, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, consultant, partner, director or otherwise with, or have any financial interest in, or aid or assist anyone else in the conduct of any business which competes with any services, solutions or products conducted, offered or provided by the Employer (including by any group, division or subsidiary of the Employer) (any such service, solution or product, an "Employer Operation"), to any federal, state or local government market(s) or the commercial market(s) if such Employer Operation is being conducted or developed at any time during the term of Executive's employment with Employer and at the later time in question;

(ii) directly or indirectly, solicit any customer or any former or prospective customer of the Employer with a view to inducing such customer to enter into an agreement, or otherwise do business, involving an Employer Operation with any competitor or attempt to induce any customer to terminate its relationship with the Employer or to not enter into a relationship with the Employer, as the case may be; or

(iii) solicit or attempt to solicit the employment of any employee of the Employer, or any person employed by the Employer during the prior six (6) month period, or attempt to solicit or induce any such employee or person to leave the employment of the Employer.

(c) That in the event any provision of this Section 2 shall be challenged by Executive or deemed to be unenforceable by a court of competent jurisdiction, Employer's obligation under Section 1 hereof shall be extinguished and Employer shall have the right to cancel any options granted under Section 1, to the extent such options have not been exercised in full.

3. Survival. Executive agrees that the restrictions in Section 2

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shall survive the termination of Executive's employment with Employer, regardless of the expiration, exercise, failure to exercise, vesting or failure to vest, or termination of the options provided for under Section 1.

4. Specific Enforcement; Extension of Period.

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(a) Executive acknowledges that the restrictions contained in Section 2 hereof are reasonable and necessary to protect the legitimate interests of the Employer and that Employer would not have granted the options provided for in Section 1 in the absence of such restrictions. Executive also acknowledges that any breach by him of Section 2 hereof will cause continuing and irreparable injury to Employer for which monetary damages would not be an adequate remedy. Executive shall not, in any action or proceeding by Employer to enforce Section 2 of this Agreement, assert the claim or defense that an adequate remedy at law exists.

In the event of such breach by Executive, Employer shall have the right to enforce the provisions of Section 2 of this Agreement by seeking injunctive or other relief in any court, and this Agreement shall not in any way limit remedies at law or in equity otherwise available to the Employer.

(b) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA, WITHOUT REFERENCE TO THE PRINCIPLES OF CONFLICTS OF LAW EXCEPT TO THE EXTENT SUCH PRINCIPLES PERMIT THE APPLICATION OF VIRGINIA LAW OR JURISDICTION AND VENUE IN COURTS WITHIN VIRGINIA. ANY DISPUTE HEREUNDER SHALL BE LITIGATED IN FEDERAL DISTRICT COURT IN THE EASTERN DISTRICT OF VIRGINIA OR, IF JURISDICTION CANNOT BE OBTAINED IN SUCH COURT, IN THE STATE COURT WHOSE JURISDICTION INCLUDES THE PRINCIPAL EXECUTIVE OFFICE OF MANTECH.

(c) All provisions of this Agreement are intended to be severable. In the event any provision or restriction contained herein is held to be invalid or unenforceable in any respect, in whole or in part, including without limitation in the event that the provisions of Section 2 should ever be adjudicated to exceed the time, geographic, or other limitations permitted by applicable law in any applicable jurisdiction, such finding will in no way affect the validity or enforceability of any other provision of this Agreement. The parties hereto further agree that any such invalid or unenforceable provision will be deemed modified so that it will be enforced to the greatest extent permissible under law, and to the extent that any court of competent jurisdiction determines any restriction herein to be unreasonable in any respect, such court shall limit this Agreement to render it reasonable in light of the circumstances in which it was entered into and specifically enforce this Agreement as limited.

4. Miscellaneous.  
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(a) This Agreement may be executed by facsimile signature and in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

(b) The headings in this Agreement are inserted for convenience of reference only and shall not be a part of or control or affect the meaning of any provision hereof.

(c) This Agreement shall inure to the benefit of and be binding upon Employer and its and their successors or assigns and Executive and his executors, administrators or heirs. Executive may not assign any obligations or responsibilities under this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of Employer.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Executive

MANTECH INTERNATIONAL CORPORATION

\_\_\_\_\_  
signature

\_\_\_\_\_  
Print Name:  
Title:

\_\_\_\_\_  
print name

MANAGEMENT INCENTIVE PLAN  
OF  
MANTECH INTERNATIONAL CORPORATION

## SECTION 1. PURPOSE OF PLAN

The purpose of this Management Incentive Plan (this "Plan") of ManTech International Corporation, a Delaware corporation ("ManTech"), is to enable ManTech and its subsidiaries and affiliates (the "Company") to attract, retain and motivate its directors, officers and other senior management and technical personnel and to further align the interests of such persons with those of the stockholders of ManTech by providing for or increasing the proprietary interest of such persons in ManTech.

## SECTION 2. ADMINISTRATION OF PLAN

## 2.1 Composition of Committee. This Plan shall be administered by the

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Compensation Committee of ManTech's Board of Directors (the "Committee"), as appointed from time to time by the Board of Directors. The Board of Directors shall fill vacancies on, and from time to time may remove or add members to, the Committee. The Committee shall act pursuant to a majority vote or unanimous written consent. The Board of Directors, in its sole discretion, may exercise any authority of the Committee under this Plan in lieu of the Committee's exercise thereof and in such instances references herein to the Committee shall refer to the Board. Unless otherwise provided by the Board:

(a) with respect to any Award that the Committee intends to be exempted by Rule 16b-3(d)(1) or (e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Committee shall consist of the Board of Directors or of two or more directors each of whom is a "non-employee director" (as such term is defined in Rule 16b-3 promulgated under the Exchange Act, as such Rule may be amended from time to time),

(b) with respect to any Award that the Committee intends to qualify as "performance-based compensation" under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), the Committee shall consist of two or more directors, each of whom is an "outside director" (as such term is defined under Section 162(m) of the Code), and

(c) with respect to any other Award, the Committee may appoint one or more separate committees (any such committee, a "Subcommittee") composed of one or more directors of ManTech (who may but need not be members of the Committee) or to the extent permitted under Delaware law, officers of ManTech, and may delegate to any such Subcommittee(s) the authority to grant Awards under this Plan to Eligible Persons, to determine all terms of such Awards, and/or to administer this Plan or any aspect of it. Any action by any such Subcommittee within the scope of such delegation shall be deemed for all purposes to have been taken by the Committee.

The Committee may designate the Secretary of ManTech or other Company employees to assist the Committee in the administration of this Plan, and may grant authority to such persons to execute agreements or other documents evidencing Awards made under this Plan or other documents entered into under this Plan on behalf of the Committee or ManTech, to make determinations under this Plan or Awards and to interpret the terms of the Plan and Awards. Any such action by any such person(s) within the scope of such delegation shall be deemed for all purposes to have been taken or made by the Committee.

2.2 Powers of the Committee. Subject to the express provisions and

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limitations set forth in this Plan, the Committee shall be authorized and empowered to do all things necessary or desirable, in its sole discretion, in connection with the administration of this Plan, including, without limitation, the following:

(a) to prescribe, amend and rescind rules and regulations relating to this Plan and to define terms not otherwise defined herein; provided that, unless the Committee shall specify otherwise, for purposes of this Plan (i) the term "fair market value" shall mean, as of any date, the closing price for a Share (as defined in Section 3.1) reported on Nasdaq Stock Market (or such other stock exchange or quotation system on which Shares are then listed or quoted) for the business day immediately preceding such date; and (ii) the term "Company" shall mean ManTech and its subsidiaries and affiliates, unless the context otherwise requires;

(b) to determine which persons are Eligible Persons (as defined in Section 4), to which of such Eligible Persons, if any, Awards shall be granted hereunder and the timing of any such Awards, and to grant Awards;

(c) to grant Awards to Eligible Persons and determine the terms and conditions thereof, including the number of Shares subject to Awards and the exercise or purchase price of such Shares and the circumstances under which Awards become exercisable or vested or are forfeited or expire, which terms may but need not be conditioned upon the passage of time, continued service as a director or an employee, the satisfaction of performance criteria, the occurrence of certain events (including events which the Board or the Committee determine constitute a change of control), or other factors;

(d) to establish, verify the extent of satisfaction of, adjust, reduce or waive any performance goals or other conditions applicable to the grant, issuance, exercisability, vesting and/or ability to retain any Award;

(e) to prescribe and amend the terms of the agreements or other documents evidencing Awards made under this Plan (which need not be identical);

(f) to determine whether, and the extent to which, adjustments are required pursuant to Section 10 and Section 11;

(g) to interpret and construe this Plan, any rules and regulations under this Plan and the terms and conditions of any Award granted hereunder, and to make exceptions to any such provisions in good faith and for the benefit of the Company; and

(h) to make all other determinations deemed necessary or advisable for the administration of this Plan.

2.3 Determinations of the Committee. All decisions, determinations and

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interpretations by the Committee regarding this Plan shall be final and binding on all Eligible Persons and Participants. The Committee shall consider such factors as it deems relevant to making such decisions, determinations and interpretations including, without limitation, the recommendations or advice of any director, officer or employee of the Company and such attorneys, consultants and accountants as it may select.

SECTION 3. STOCK SUBJECT TO PLAN

3.1 Aggregate Limits. The number of shares of ManTech's Class A Common

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Stock, \$.01 par value ("Shares") initially reserved for issuance over the term of the Plan shall not exceed three million (3,000,000) shares. The number of Shares available for issuance under the Plan shall automatically increase on the first trading day of January each calendar year during the term of the Plan, beginning with calendar year 2003, by an amount equal to one and one-half percent (1.5%) of the total number of shares outstanding (including all outstanding classes of common stock) on the last trading day in December of the immediately preceding calendar year, but in no event shall any such annual increase exceed one million five hundred thousand (1,500,000) shares. The aggregate number of Shares available for issuance under this Plan and the number of Shares subject to outstanding Options or other Awards shall be subject to adjustment as provided in Section 10 and Section 11. The Shares issued pursuant to this Plan may be Shares that previously were issued by ManTech, including Shares purchased in the open market, or authorized but unissued Shares.

3.2 Tax Code Limits. The aggregate number of Shares issuable under all

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Awards granted under this Plan during any calendar year to any one Eligible Person shall not exceed 500,000. Notwithstanding anything to the contrary in this Plan, the foregoing limitations shall be subject to adjustment under Section 10 and Section 11, but only to the extent that such adjustment will not affect the status of any Award intended to qualify as "performance-based compensation" under Code Section 162(m). The foregoing limitations shall not apply to the extent that they are no longer required in order for compensation in connection with grants under this Plan to be treated as "performance-based compensation" under Code Section 162(m). All Shares available for issuance under this Plan may be subject to Options which intend to qualify as Incentive Stock Options ("ISOs") pursuant to Code Section 422. However, subject to adjustment pursuant to Section 10 and Section 11, the aggregate number of ISOs available for issuance shall not exceed 3,000,000.

3.3 Issuance of Shares. For purposes of Section 3.1, the aggregate number

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of Shares issued under this Plan at any time shall equal only the number of Shares actually issued upon exercise or settlement of an Award and shall not include Shares subject to Awards that have been canceled, expired or forfeited or Shares subject to Awards that have been delivered (either actually or constructively by attestation) to or retained by the Company in payment or satisfaction of the purchase price, exercise price or tax withholding obligation of an Award.

SECTION 4. PERSONS ELIGIBLE UNDER PLAN

4.1 Eligible Employees and Participants. Any person who is a director,

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an employee or a prospective employee of the Company or of any of its subsidiaries or affiliates shall be eligible to be considered for the grant of Awards hereunder (an "Eligible Person"). Unless provided otherwise by the Committee, the term "employee" shall mean an "employee" as such term is defined in General Instruction A to Form S-8 under the Securities Act of 1933, as amended. A "Participant" is any current or former Eligible Person to whom an Award has been made and any person (including any estate) to whom an Award has been assigned or transferred pursuant to Section 9.1.

4.2 Less Than Full Time Employment. The Committee shall determine the

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effect, if any, on the vesting, exercisability, retention and/or forfeiture of an Award as a result of any decreased level of employment during any period in which a Participant is on an approved leave of absence or is employed on a less than full time basis, and the Committee may take into consideration any accounting consequences to the Company in making any such adjustment.

4.3 Termination of Employment. For purposes of this Plan, "termination

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of employment" shall mean ceasing to serve as a full time employee or as a director or director emeritus of the Company, except that an approved leave of absence or approved employment on a less than full time basis may constitute employment unless the Committee provides otherwise. The Committee shall determine whether any corporate transaction, such as a sale or spin-off of a division, business unit, joint venture or subsidiary that employs a Participant, shall be deemed to result in a termination of employment with the Company for purposes of any affected Participant's Awards.

SECTION 5. PLAN AWARDS

5.1 Award Types. The Committee, on behalf of the Company, is authorized

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under this Plan to enter into certain types of arrangements with Eligible Persons and to confer certain benefits on them. The following arrangements or benefits are authorized under this Plan if their terms and conditions are not inconsistent with the provisions of this Plan: Options, Incentive Bonuses and Incentive Stock. Such arrangements and benefits are sometimes referred to herein as "Awards." The authorized types of arrangements and benefits for which Awards may be granted are defined as follows:

(a) Options: An Option is a right granted under Section 6 to purchase a number of Shares at such exercise price, at such times, and on such other terms and conditions as are specified in the agreement or terms and conditions or other document evidencing the Award (the "Option Document"). Options intended to qualify as ISOs pursuant to Code Section 422 and Options not intended to qualify as ISOs ("Nonqualified Options") may be granted under Section 6.

(b) Incentive Bonus: An Incentive Bonus is a bonus opportunity awarded under Section 7 pursuant to which a Participant may become entitled to receive an amount, payable in cash or Shares, based on satisfaction of such performance criteria as

are specified in the agreement or other document evidencing the Award (the "Incentive Bonus Document").

(c) Incentive Stock: Incentive Stock is an award or issuance of Shares made under Section 8, the grant, issuance, retention, vesting and/or transferability of which is subject during specified periods of time to such conditions (which may include continued service as a director or an employee or performance conditions) and terms as are expressed in the agreement or other document evidencing the Award (the "Incentive Stock Document").

5.2 Grants of Awards. An Award may consist of one such arrangement or

benefit described in Section 5.1 or two or more such arrangements or benefits in tandem or in the alternative. Awards may include a tandem stock or cash right feature pursuant to Section 9.5 and stock units pursuant to Section 9.6.

## SECTION 6. OPTIONS

The Committee may grant an Option or provide for the grant of an Option, either from time to time in the discretion of the Committee or automatically upon the occurrence of specified events, including, without limitation, the achievement of performance goals, the satisfaction of an event or condition within the control of the recipient of the Award or within the control of others.

6.1 Option Document. Each Option Document shall contain provisions

regarding (a) the number of Shares that may be issued upon exercise of the Option, (b) the purchase price of the Shares and the means of payment for the Shares, (c) the term of the Option, (d) such terms and conditions on the vesting and/or exercisability of an Option as may be determined from time to time by the Committee, (e) restrictions on the transfer of the Option and forfeiture provisions and (f) such further terms and conditions, in each case not inconsistent with this Plan as may be determined from time to time by the Committee. Option Documents evidencing ISOs shall contain such terms and conditions as may be necessary to qualify, to the extent determined desirable by the Committee, with the applicable provisions of Section 422 of the Code.

6.2 Option Price. The purchase price per share of the Shares subject to

each Option granted under this Plan shall be determined by the Committee, except that in the event of an Option intended to qualify as an ISO or as qualifying performance based compensation under Code Section 162(m), the exercise price shall (a) equal or exceed 100% of the fair market value on the date the Option is granted, and (b) equal or exceed 110% of the fair market value on the date the Option is granted in the case of an ISO granted to an Eligible Person who at the time of grant owns more than 10 percent of the total combined voting power of all classes of stock of the ManTech within the meaning of Code Section 422.

6.3 Option Term. The "Term" of each Option granted under this Plan shall

not exceed 10 years from the date of its grant, unless the Committee provides for a lesser term, and shall not exceed 5 years from the date of its grant in the case of an ISO granted to an employee who at the time of grant owns more than 10 percent of the total combined voting power of all classes of stock of ManTech within the meaning of Code Section 422.



6.4 Option Vesting. Options granted under this Plan shall become vested

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and/or exercisable at such time and in such installments during the period prior to the expiration of the Option's Term as determined by the Committee. Unless the Committee provides otherwise, Options shall vest in one-third (1/3) increments on the first, second and third anniversaries of the date the Option is granted, provided that the Participant is a director or employee of the Company on each applicable date. The Committee shall have the right to make the timing of the ability to exercise any Option granted under this Plan subject to continued service as a director or an employee, the passage of time and/or such performance requirements as deemed appropriate by the Committee.

6.5 Termination of Employment or Service. Subject to Section 10 and

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Section 11 and unless the Committee provides otherwise, the terms of any Option granted under this Plan shall provide (a) that if the Eligible Person to whom such Option was granted ceases to serve as a director or an employee for any reason other than death or disability, the Option shall not thereafter become exercisable to an extent greater than it could have been exercised on the date the Eligible Person's status as an employee or director (or in the case of a director who also serves as an employee, as both an employee and director) ceased, and that on the death or disability of an Eligible Person the Option shall become fully exercisable; and (b) that the Option shall expire and cease to be exercisable upon the earlier of the expiration of the Option Term and (i) in the case of the Eligible Person's termination of employment on account of the death or disability or ceasing to serve as a director for any reason, the first anniversary of the termination of the Eligible Person's employment or service as a director, (ii) in the case of the Eligible Person's termination of employment on account of a termination for cause, five days after the termination of the Eligible Person's employment, and (iii) in the case of the Eligible Person's termination of employment for any reason other than the foregoing, ninety (90) days after the termination of the Eligible Person's employment, unless such person also served as a director, in which case clause (b)(i) of this Section 6.5 shall apply.

6.6 Payment of Exercise Price. The exercise price of an Option shall be

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paid in the form of one of more of the following, as the Committee shall specify, either through the terms of the Option Document or at the time of exercise of an Option: (a) cash or certified or cashiers' check, (b) shares of capital stock of ManTech that have been held by the Participant for such period of time as the Committee may specify, (c) other property deemed acceptable by the Committee, (d) a reduction in the number of Shares or other property otherwise issuable pursuant to such Option, (e) payment under an arrangement with a broker selected or approved by ManTech where payment is made pursuant to an irrevocable commitment by the broker to deliver to ManTech proceeds from the sale of the Shares issuable upon exercise of the Option, or (f) any combination of (a) through (e).

SECTION 7. INCENTIVE BONUSES

Each Incentive Bonus Award will confer upon the Eligible Person the opportunity to earn a future payment tied to the level of achievement with respect to one or more performance criteria established for a performance period established by the Committee.

7.1 Incentive Bonus Document. Each Incentive Bonus Document shall contain

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provisions regarding (a) the target and maximum amount payable to the Participant as an

Incentive Bonus, (b) the performance criteria and level of achievement versus these criteria that shall determine the amount of such payment, (c) the term of the performance period as to which performance shall be measured for determining the amount of any payment, (d) the timing of any payment earned by virtue of performance, (e) restrictions on the alienation or transfer of the Incentive Bonus prior to actual payment, (f) forfeiture provisions and (g) such further terms and conditions, in each case not inconsistent with this Plan as may be determined from time to time by the Committee. The maximum amount payable as an Incentive Bonus may be a multiple of the target amount payable, but the maximum amount payable pursuant to that portion of an Incentive Bonus Award granted under this Plan for any fiscal year to any Participant that is intended to satisfy the requirements for "performance-based compensation" under Code Section 162(m) shall not exceed \$2,000,000.

7.2 Performance Criteria. The Committee shall establish the performance

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criteria and level of achievement versus these criteria that shall determine the target and maximum amount payable under an Incentive Bonus Award, which criteria may be based on financial performance and/or personal performance evaluations. The Committee may specify the percentage of the target Incentive Bonus that is intended to satisfy the requirements for "performance-based compensation" under Code Section 162(m). Notwithstanding anything to the contrary herein, the performance criteria for any portion of an Incentive Bonus that is intended by the Committee to satisfy the requirements for "performance-based compensation" under Code Section 162(m) shall be a measure based on one or more Qualifying Performance Criteria (as defined in Section 9.2) selected by the Committee and specified at the time the Incentive Bonus Award is granted. The Committee shall certify the extent to which any Qualifying Performance Criteria has been satisfied, and the amount payable as a result thereof, prior to payment of any Incentive Bonus that is intended to satisfy the requirements for "performance-based compensation" under Code Section 162(m).

7.3 Timing and Form of Payment. The Committee shall determine the timing

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of payment of any Incentive Bonus. The Committee may provide for or, subject to such terms and conditions as the Committee may specify, may permit a Participant to elect for the payment of any Incentive Bonus to be deferred to a specified date or event. An Incentive Bonus may be payable in Shares or in cash or other property, in each case as determined by the Committee. Any Incentive Bonus that is paid in cash or other property shall not affect the number of Shares otherwise available for issuance under this Plan.

7.4 Discretionary Adjustments. Notwithstanding satisfaction of any

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performance goals, to the extent the Committee provides in the Incentive Bonus Document, the amount paid under an Incentive Bonus Award on account of either financial performance or personal performance evaluations may be reduced by the Committee on the basis of such further considerations as the Committee shall determine.

SECTION 8. INCENTIVE STOCK

Incentive Stock is an award or issuance of Shares the grant, issuance, retention, vesting and/or transferability of which is subject during specified periods of time to such conditions (including continued employment or service as a director or performance conditions) and terms as the Committee deems appropriate.

8.1 Incentive Stock Document. Each Incentive Stock Document shall contain

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provisions regarding (a) the number of Shares subject to such Award or a formula for determining such, (b) the purchase price of the Shares, if any, and the means of payment for the Shares, (c) the performance criteria, if any, and level of achievement versus these criteria that shall determine the number of Shares granted, issued, retainable and/or vested, (d) such terms and conditions on the grant, issuance, vesting and/or forfeiture of the Shares as may be determined from time to time by the Committee, (e) restrictions on the transferability of the Shares and (f) such further terms and conditions in each case not inconsistent with this Plan as may be determined from time to time by the Committee.

8.2 Sale Price. Subject to the requirements of applicable law, the

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Committee shall determine the price, if any, at which Shares of Incentive Stock shall be sold or awarded to an Eligible Person, which may vary from time to time and among Eligible Persons and which may be below the fair market value of such Shares at the date of grant or issuance.

8.3 Share Vesting. The grant, issuance, retention and/or vesting of

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Shares of Incentive Stock shall occur at such time and in such installments as determined by the Committee or under criteria established by the Committee. The Committee shall have the right to make the timing of the grant and/or the issuance, ability to retain and/or vesting of Shares of Incentive Stock subject to continued employment or service as a director, passage of time and/or such performance criteria as provided by the Committee. Unless otherwise determined by the Committee, Shares of Incentive Stock shall vest in one-third (1/3) increments on the first, second and third anniversaries of the date the Incentive Stock is granted, provided that the Participant is a director or employee of the Company on each applicable date. Notwithstanding anything to the contrary herein, the performance criteria for any Incentive Stock that is intended to satisfy the requirements for "performance-based compensation" under Code Section 162(m) shall be a measure based on one or more Qualifying Performance Criteria selected by the Committee and specified at the time the Incentive Stock Award is granted.

8.4 Discretionary Adjustments. Notwithstanding satisfaction of any

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performance goals, to the extent provided at the time of grant, the number of Shares granted, issued, retainable and/or vested under an Incentive Stock Award on account of either financial performance or personal performance evaluations may be reduced by the Committee on the basis of such further considerations as the Committee shall determine.

8.5 Termination of Employment or Service. Subject to Section 10 and

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Section 11, upon a termination of employment or service as a director with the Company by a Participant prior to the vesting of or the lapsing of restrictions on Incentive Stock, the Incentive Stock Awards granted to such Participant shall be subject to such procedures as determined by the Committee.

SECTION 9. OTHER PROVISIONS APPLICABLE TO AWARDS

9.1 Transferability. Unless the agreement or other document evidencing an

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Award (or an amendment thereto authorized by the Committee) expressly states that the Award is transferable as provided hereunder, no Award granted under this Plan, nor any interest in such Award, may be sold, assigned, conveyed, gifted, pledged, hypothecated or otherwise transferred

in any manner prior to the vesting or lapse of any and all restrictions applicable thereto, other than by will or the laws of descent and distribution. The Committee may grant an Award or amend an outstanding Award to provide that the Award is transferable or assignable (a) in the case of a transfer without the payment of any consideration, to any "family member" as such term is defined in Section 1(a)(5) of the General Instructions to Form S-8 under the 1933 Act, as such may be amended from time to time, (b) in any transfer described in clause (ii) of Section 1(a)(5) of the General Instructions to Form S-8 under the 1933 Act as amended from time to time, provided that following any such transfer or assignment the Award will remain subject to substantially the same terms applicable to the Award while held by the Participant, as modified as the Committee shall determine appropriate, and as a condition to such transfer the transferee shall execute an agreement agreeing to be bound by such terms.

9.2 Qualifying Performance Criteria. For purposes of this Plan, the term

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"Qualifying Performance Criteria" shall mean any one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or subsidiary, either individually, alternatively or in any combination, and measured either annually or cumulatively over a period of years, on an absolute basis or relative to a pre-established target, to previous years' results or to a designated comparison group, in each case as specified by the Committee in the Award: (a) cash flow, (b) earnings per share (including earnings before interest, taxes and amortization), (c) stock price, (d) return on equity, (e) total stockholder return, (f) return on capital, (g) return on assets or net assets, (h) revenue, (i) income or net income, (j) operating income or net operating income, (k) operating profit or net operating profit, (l) operating margin or profit margin, (m) return on operating revenue, (n) market share, and/or (o) contract win, renewal or extension. To the extent consistent with Section 162(m) of the Code, the Committee shall appropriately adjust any evaluation of performance under a Qualifying Performance Criteria to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for discontinued operations, reorganization and restructuring programs and (v) any extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 and/or in management's discussion and analysis of financial condition and results of operations appearing in the ManTech's annual report to stockholders for the applicable year.

9.3 Dividends. Unless otherwise provided by the Committee, no adjustment

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shall be made in Shares issuable under Awards on account of cash dividends that may be paid or other rights that may be issued to the holders of Shares prior to their issuance under any Award. No dividends or dividend equivalent amounts shall accrue or be paid to any Participant with respect to the Shares subject to any Award that have not vested or been issued or that are subject to any restrictions or conditions on the record date for dividends, unless the Committee provides otherwise.

9.4 Documents Evidencing Awards. The Committee shall, subject to

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applicable law, determine the date an Award is deemed to be granted, which for purposes of this Plan shall not be affected by the fact that an Award is contingent on subsequent events. The Committee or, except to the extent prohibited under applicable law, its delegate(s) may establish the terms of agreements or other documents evidencing Awards under this Plan and may, but need not,

require as a condition to any such agreement's or document's effectiveness that such agreement or document be executed by the Participant and that such Participant agree to such further terms and conditions as specified in such agreement or document. The grant of an Award under this Plan shall not confer any rights upon the Participant holding such Award other than such terms, and subject to such conditions, as are specified in this Plan as being applicable to such type of Award (or to all Awards) or as are expressly set forth in the agreement or other document evidencing such Award.

9.5 Tandem Stock or Cash Rights. Either at the time an Award is granted

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or by subsequent action, the Committee may, but need not, provide that an Award shall contain as a term thereof, a right, either in tandem with the other rights under the Award or as an alternative thereto, of the Participant to receive, without payment to the Company, a number of Shares, cash or a combination thereof, the amount of which is determined by reference to the value of the Award.

9.6 Stock Units. A "Stock Unit" is a bookkeeping entry representing an

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amount equivalent to the fair market value of one share of Common Stock. Stock Units represent an unfunded and unsecured obligation of the Company, except as otherwise provided for by the Committee. Stock Units may be issued upon exercise of Options, may be granted in payment and satisfaction of Incentive Bonus Awards and may be issued in lieu of, Performance Stock or any other Award that the Committee elects to be paid in the form of Stock Units. Unless provided otherwise by the Committee, settlement of Stock Units shall be made by issuance of Shares and shall occur within 60 days after an Employee's termination of employment for any reason. The Committee may provide for Stock Units to be settled in cash (at the election of ManTech or the Participant, as specified by the Committee) and to be made at such other times as it determines appropriate or as it permits a Participant to choose. The amount of Shares, or other settlement medium, to be so distributed may be increased by an interest factor or by dividend equivalents, which may be valued as if reinvested in Shares. Until a Stock Unit is settled, the number of shares of Shares represented by a Stock Unit shall be subject to adjustment pursuant to Section 10 and Section 11.

9.7 Additional Restrictions on Awards. Either at the time an Award is

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granted or by subsequent action, the Committee may, but need not, impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by a Participant or other subsequent transfers by a Participant of any Shares issued under an Award, including without limitation (a) restrictions under an insider trading policy, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by Participants, and (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

SECTION 10. CHANGES IN CAPITAL STRUCTURE

10.1 Corporate Actions Unimpaired. The existence of outstanding Awards

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(including any Options) shall not affect in any way the right and power of the Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations, exchanges, or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issuance of Shares or other securities or subscription rights thereto, or any issuance of bonds, debentures, preferred or prior preference stock ahead of or

affecting the Shares or other securities of the Company or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise. Further, except as expressly provided herein or by the Committee, (a) the issuance by the Company of shares of stock of any class of securities convertible into shares of stock of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, (b) the payment of a dividend in property other than Shares, or (c) the occurrence of any similar transaction, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to Options or other Awards theretofore granted or the purchase price per Share, unless the Committee shall determine in its sole discretion that an adjustment is necessary to provide equitable treatment to a Participant.

10.2 Adjustments Upon Certain Events. If the outstanding Shares or other

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securities of the Company, or both, for which the Award is then exercisable or as to which the Award is to be settled shall at any time be changed or exchanged by declaration of a stock dividend, stock split, combination of shares, recapitalization, reorganization, merger, acquisition or combination or in the event of an extraordinary dividend paid in cash, debt or property, in each case as such events may be determined by the Committee to occur, the Committee may, but need not, appropriately and equitably adjust the number and kind of Shares or other securities which are subject to this Plan or subject to any Awards theretofore granted, and the exercise or settlement prices of such Awards, so as to maintain the proportionate number of Shares or other securities without changing the aggregate exercise or settlement price, provided, however, that such adjustment shall be made so as to not affect the status of any Award intended to qualify as an ISO or as "performance-based compensation" under Section 162(m) of the Code.

SECTION 11. CORPORATE TRANSACTIONS

11.1 Assumption or Replacement of Awards by Successor. In the event of

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(a) a dissolution or liquidation of ManTech, (b) a merger or consolidation in which ManTech is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of ManTech in a different jurisdiction, or other transaction in which there is no substantial change in the stockholders of ManTech or their relative stock holdings and the Awards granted under this Plan are assumed, converted or replaced by the successor corporation, which assumption will be binding on all Participants), (c) a merger in which ManTech is the surviving corporation but after which the stockholders of ManTech immediately prior to such merger (other than any stockholder that merges, or which owns or controls another corporation that merges, with ManTech in such merger) cease to own their shares or other equity interest in ManTech, (d) the sale of substantially all of the assets of ManTech, or (e) the acquisition, sale, or transfer of more than 50% of the outstanding shares of ManTech by tender offer or similar transaction, any or all outstanding Awards may be assumed, converted or replaced by the successor corporation (if any), which assumption, conversion or replacement will be binding on all Participants. In the alternative, the successor corporation may substitute equivalent Awards or provide substantially similar consideration to Participants as was provided to stockholders (after taking into account the existing provisions of the Awards). The successor corporation may also issue, in place of outstanding Shares of ManTech held by the Participant, substantially

similar shares or other property subject to repurchase restrictions no less favorable to the Participant. In the event such successor corporation (if any) refuses to assume or substitute Awards, as provided above, pursuant to a transaction described in this Subsection 11.1, such Awards (in the case of Options, to the extent not exercised prior to the date of such transaction and in the case of all other Awards, to the extent not fully vested and free from any restrictions prior to the date of such transaction) will expire on such transaction at such time and on such conditions as the Committee determines. Notwithstanding anything in this Plan to the contrary, the Committee may, in its sole discretion, but need not, provide in the terms of an Award for alternative treatment in connection with a transaction described in this Section 11 and/or provide that the vesting of any or all Awards granted pursuant to this Plan will accelerate in connection with a transaction described in this Section 11.

11.2 Other Treatment of Awards. Subject to any greater rights granted to

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Participants under the foregoing provisions of this Section 11, in the event of the occurrence of any transaction described in Section 11.1, any outstanding Awards will be treated as provided in the applicable agreement or plan of merger, consolidation, dissolution, liquidation, or sale of assets.

11.3 Assumption of Awards by the Company. The Company, from time to time,

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also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either; (a) granting an Award under this Plan in substitution of such other company's award; or (b) assuming such award as if it had been granted under this Plan if the terms of such assumed award could be applied to an Award granted under this Plan. Such substitution or assumption will be permissible if the holder of the substituted or assumed award would have been eligible to be granted an Award under this Plan if the other company had applied the rules of this Plan to such grant. In the event the Company assumes an award granted by another company, the terms and conditions of such award will remain unchanged (except that the exercise price and the number and nature of Shares issuable upon exercise of any such option will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option rather than assuming an existing option, such new Option may be granted with a similarly adjusted exercise price.

SECTION 12. TAXES

12.1 Withholding Requirements. The Committee may make such provisions or

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impose such conditions as it may deem appropriate for the withholding or payment by a Participant of any taxes that the Committee determines are required in connection with any Award granted under this Plan, and a Participant's rights in any Award are subject to satisfaction of such conditions.

12.2 Payment of Withholding Taxes. Notwithstanding the terms of Section

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12.1, the Committee may provide in the agreement or other document evidencing an Award or otherwise that all or any portion of the taxes required to be withheld by the Company or, if permitted by the Committee, desired to be paid by the Participant, in connection with the exercise, vesting, settlement or transfer of any Award shall or may be paid by the Company withholding shares of ManTech's capital stock otherwise issuable or subject to such Award, by the Participant

delivering previously owned shares of ManTech's capital stock, in each case having a fair market value equal to the amount required or elected to be withheld or paid, or by a broker selected or approved by the Company paying such amount pursuant to an irrevocable commitment by the broker to deliver to the Company proceeds from the sale of the Shares issuable under the Award. Any such election is subject to such conditions or procedures as may be established by the Committee and may be subject to approval by the Committee.

#### SECTION 13. AMENDMENTS OR TERMINATION

The Board may amend, alter or discontinue this Plan or any agreement or other document evidencing an Award made under this Plan but, except as provided pursuant to the anti-dilution adjustment provisions of Section 10 and the Change of Control provisions of Section 11, no such amendment shall, without the approval of the stockholders of ManTech materially increase the maximum number of Shares for which Awards may be granted under this Plan or change the class of persons eligible to be Eligible Employees or Participants in any material respect.

The Board may amend, alter or discontinue this Plan or any agreement evidencing an Award made under this Plan, but no amendment or alteration shall be made which would impair the rights of any Award holder, without such holder's consent, under any Award theretofore granted, provided that no such consent shall be required if the Committee determines in its sole discretion that such amendment or alteration either (i) is required or advisable in order for the Company, this Plan or the Award to satisfy any law or regulation or to meet the requirements of any accounting standard, (ii) is not reasonably likely to significantly diminish the benefits provided under such Award, or that any such diminishment has been adequately compensated, or (iii) is deemed necessary to ensure that the Company may obtain any approval referred to in Section 14 or to ensure that the grant or exercise of any Award or any other provision of this Plan satisfies requirements for an exemption under Section 16(b) of the Exchange Act or Section 162(m), 280G, 422 or 2999 of the Code.

#### SECTION 14. COMPLIANCE WITH OTHER LAWS AND REGULATIONS

This Plan, the grant and exercise of Awards thereunder, and the obligation of the Company to sell, issue or deliver Shares under such Awards, shall be subject to all applicable federal, state and foreign laws, rules and regulations and to such approvals by any governmental or regulatory agency as may be required. The Company shall not be required to register in a Participant's name or deliver any Shares prior to the completion of any registration or qualification of such Shares under any federal, state or foreign law or any ruling or regulation of any government body which the Committee shall determine to be necessary or advisable. This Plan is intended to constitute an unfunded arrangement for a select group of the Company's directors and management, or other key employees.

No Option shall be exercisable unless a registration statement with respect to the Option is effective or the Company has determined that such registration is unnecessary. Unless the Awards and Shares covered by this Plan have been registered under the Securities Act of 1933, as amended, or the Company has determined that such registration is unnecessary, each person receiving an Award and/or Shares pursuant to any Award may be required by the Company to give a representation in writing that such person is acquiring such Shares for his or her own



account for investment and not with a view to, or for sale in connection with, the distribution of any part thereof.

SECTION 15. OPTION GRANTS AND AWARDS BY SUBSIDIARIES

In the case of a grant of an Option or other Award granted to any Eligible Person employed by a subsidiary, such grant may, if the Committee so directs, be implemented by the Company issuing any subject Shares to the subsidiary, for such lawful consideration as the Committee may determine, upon the condition or understanding that the subsidiary will transfer the Shares to the Participant in accordance with the terms of the Option or other Award specified by the Committee pursuant to the provisions of this Plan. Notwithstanding any other provision hereof, such Option or other Award may be issued by and in the name of the subsidiary and shall be deemed granted on such date as the Committee shall determine.

SECTION 16. NO RIGHT TO COMPANY EMPLOYMENT OR SERVICE AS A DIRECTOR

Nothing in this Plan or as a result of any Award granted pursuant to this Plan shall confer on any individual any right to continue in the employ of the Company or as a director of the Company or interfere in any way with the right of the Company to terminate an individual's employment or service as a director at any time. The agreements or other documents evidencing Awards may contain such provisions as the Committee may approve with reference to the effect of approved leaves of absence.

SECTION 17. LIABILITY OF COMPANY

The Company shall not be liable to a Participant, an Eligible Person or other persons as to:

(a) The Non-Issuance of Shares. The non-issuance or sale of shares as

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to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares hereunder; and

(b) Tax Consequences. Any tax consequence expected, but not realized,

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by any Participant, Eligible Person or other person due to the receipt, exercise or settlement of any Option or other Award granted hereunder.

SECTION 18. EFFECTIVENESS AND EXPIRATION OF PLAN

This Plan was adopted and approved by the Board of Directors on January 28, 2002 and by the stockholders of ManTech on January 28, 2002, and shall be effective as of January 1, 2002. No Awards shall be granted pursuant to this Plan more than ten (10) years after the effective date of this Plan.

SECTION 19. NON-EXCLUSIVITY OF PLAN

Neither the adoption of this Plan by the Board nor the submission of this Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or the Committee to adopt such other incentive arrangements as either may deem desirable, including without limitation, the granting of restricted stock or stock options otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

SECTION 20. GOVERNING LAW

This Plan and any agreements or other documents hereunder shall be interpreted and construed in accordance with the laws of the Commonwealth of Virginia and applicable federal law. Unless otherwise provided in the document or other agreement evidencing an Award, any dispute as to any Award shall be presented and determined exclusively in a state court in the Commonwealth of Virginia. Any reference in this Plan or in the agreement or other document evidencing any Award to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

INDEPENDENT AUDITORS' CONSENT

We consent to the use in this Amendment No. 3 to Registration Statement No. 333-73946 of ManTech International Corporation of our report dated November 16, 2001, except for Note 8, as to which the date is December 17, 2001, appearing in the Prospectus, which is part of this Registration Statement, and of our report dated November 16, 2001, relating to the financial statement schedule appearing elsewhere in this Registration Statement.

We also consent to the reference to us under the heading "Experts" in such Prospectus.

DELOITTE & TOUCHE LLP  
McLean, Virginia  
January 28, 2002

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of our reports dated April 26, 1999, except for Note 16, as to which the date is June 7, 1999 and Note 15, as to which the date is November 15, 2001, relating to the consolidated financial statements and financial statement schedule of ManTech International Corporation, which appear in such Registration Statement. We also consent to the reference to us under the heading 'Experts' in such Registration Statement.

PricewaterhouseCoopers LLP

McLean, Virginia  
January 28, 2002