United States Securities and Exchange Commission  
Washington, D.C. 20549  

Form 10-Q  
Quarterly Report Under Section 13 Or 15(d)  
Of the Securities Exchange Act of 1934  
For the Quarter Ended September 30, 2002  
Commission File No. 000-49604  

Mantech International Corporation  
(Exact Name of Registrant as Specified in Its Charter)  

Delaware  
(State or Other Jurisdiction of Incorporation or Organization)  

22-1852179  
(I.R.S. Employer Identification No.)  

12015 Lee Jackson Highway, Fairfax, VA 22033  
(Address of Principal Executive Offices)  

(703) 218-6000  
(Registrant's Telephone Number, Including Area Code)  

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

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of October 31, 2002, was approximately $222,296,530.  

Indicate the number of shares outstanding of each of the Registrant’s classes of common stock, as of October 31, 2002: Mantech International Corp. Class A Common Stock, $0.01 par value, 9,390,713 shares; Mantech International Corp. Class B Common Stock, $0.01 par value, 17,131,004 shares.  

<table>
<thead>
<tr>
<th>Title of Each Class</th>
<th>Name of Each Exchange on Which Registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

Securities Registered Pursuant to Section 12(b) of the Act:  

Class A Common Stock, Par Value $0.01 Per Share  

<table>
<thead>
<tr>
<th>Title of Each Class</th>
<th>Name of Each Exchange on Which Registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>
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</table>
# PART I

**FINANCIAL INFORMATION**

## ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

**MANTECH INTERNATIONAL CORPORATION**

### CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2002</th>
<th>December 31, 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$22,399</td>
<td>$26,902</td>
</tr>
<tr>
<td>Receivables—net</td>
<td>116,511</td>
<td>92,056</td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>10,151</td>
<td>11,937</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>13,715</td>
<td>16,988</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>162,776</td>
<td>147,883</td>
</tr>
<tr>
<td>Property and equipment—net</td>
<td>9,336</td>
<td>6,615</td>
</tr>
<tr>
<td>Goodwill</td>
<td>67,628</td>
<td>7,928</td>
</tr>
<tr>
<td>Other intangibles</td>
<td>5,565</td>
<td>3,028</td>
</tr>
<tr>
<td>Investments</td>
<td>7,506</td>
<td>7,782</td>
</tr>
<tr>
<td>Employee supplemental savings plan assets</td>
<td>7,814</td>
<td>7,637</td>
</tr>
<tr>
<td>Other assets</td>
<td>5,594</td>
<td>5,369</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$266,219</td>
<td>$186,242</td>
</tr>
</tbody>
</table>

| **CURRENT LIABILITIES:** |                    |                   |
| Current portion of debt | $1,000             | $1,969            |
| Accounts payable and accrued expenses | 26,470         | 26,212            |
| Accrued salaries and related expenses | 19,843           | 17,499            |
| Deferred income taxes   | 10,748             | 19,161            |
| Billings in excess of revenue earned | 2,888           | 2,656             |
| Liabilities held for sale | 8,491             | 12,764            |
| **Total current liabilities** | 69,440           | 80,261            |
| Debt—net of current portion | 25,000            | 70,343            |
| Deferred rent           | 1,254              | 327               |
| Accrued retirement      | 9,296              | 9,111             |
| Deferred income taxes   | 9,415              | 2,140             |
| Minority interest       | 41                 | 41                |
| **TOTAL LIABILITIES**   | 114,446            | 162,223           |

**COMMITMENTS AND CONTINGENCIES**

**REDEEMABLE COMMON STOCK**

| **STOCKHOLDERS’ EQUITY:**|                    |                   |
|--------------------------|                    |                   |
| Common stock, Class A    | 94                 | —                 |
| Common stock, Class B    | 171                | 1,200             |
| Additional paid in capital | 116,218           | 2,468             |
| Retained earnings        | 37,413             | 34,304            |
| Accumulated other comprehensive loss | (2,123) | (1,443) |
| Deferred compensation    | 640                | 640               |
| Shares held in grantor trust | (640)            | (640)             |
| Treasury stock—at cost   | —                  | (13,972)          |
| **Total stockholders’ equity** | 151,773           | 22,557            |

<table>
<thead>
<tr>
<th><strong>TOTAL LIABILITIES AND STOCKHOLDERS’ EQUITY</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$266,219</td>
<td>$186,242</td>
</tr>
</tbody>
</table>

See notes to condensed consolidated financial statements.
## MANTECH INTERNATIONAL CORPORATION

### CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Dollars in Thousands Except Per Share Amounts)

<table>
<thead>
<tr>
<th></th>
<th>Three months ended September 30,</th>
<th>Nine months ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002 (unaudited)</td>
<td>2001 (unaudited)</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td>$130,425</td>
<td>$105,558</td>
</tr>
<tr>
<td><strong>COST OF SERVICES</strong></td>
<td>$105,995</td>
<td>$85,356</td>
</tr>
<tr>
<td><strong>GROSS PROFIT</strong></td>
<td>$24,430</td>
<td>$20,202</td>
</tr>
<tr>
<td><strong>COSTS AND EXPENSES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>$12,856</td>
<td>$11,472</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$603</td>
<td>$798</td>
</tr>
<tr>
<td>Total costs and expenses</td>
<td>$13,459</td>
<td>$12,270</td>
</tr>
<tr>
<td><strong>INCOME FROM OPERATIONS</strong></td>
<td>$10,971</td>
<td>$7,932</td>
</tr>
<tr>
<td>Interest expense</td>
<td>$119</td>
<td>$36,346</td>
</tr>
<tr>
<td>Other (income) expense</td>
<td>$186</td>
<td>$(194)</td>
</tr>
<tr>
<td><strong>INCOME BEFORE PROVISION FOR INCOME TAXES AND MINORITY INTEREST</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>$(4,382)</td>
<td>$(3,103)</td>
</tr>
<tr>
<td>Minority interest</td>
<td>$3</td>
<td>$(4)</td>
</tr>
<tr>
<td><strong>INCOME FROM CONTINUING OPERATIONS</strong></td>
<td>$6,287</td>
<td>$4,214</td>
</tr>
<tr>
<td>Loss from discontinued operations—net</td>
<td>—</td>
<td>$(2,265)</td>
</tr>
<tr>
<td>Loss on disposal of discontinued operations—net</td>
<td>—</td>
<td>$(5,890)</td>
</tr>
<tr>
<td><strong>NET INCOME (LOSS)</strong></td>
<td>$6,287</td>
<td>$(3,941)</td>
</tr>
<tr>
<td><strong>BASIC EARNINGS (LOSS) PER SHARE:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>$0.24</td>
<td>$0.23</td>
</tr>
<tr>
<td>Loss from discontinued operations</td>
<td>$(0.44)</td>
<td>$(0.03)</td>
</tr>
<tr>
<td><strong>DILUTED EARNINGS (LOSS) PER SHARE:</strong></td>
<td>$0.24</td>
<td>$0.23</td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>$0.24</td>
<td>$0.65</td>
</tr>
<tr>
<td>Loss from discontinued operations</td>
<td>$(0.44)</td>
<td>$(0.03)</td>
</tr>
<tr>
<td><strong>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</strong></td>
<td>26,471,122</td>
<td>18,755,036</td>
</tr>
</tbody>
</table>

See notes to condensed consolidated financial statements.
### MANTECH INTERNATIONAL CORPORATION

#### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(Dollars in Thousands)

<table>
<thead>
<tr>
<th></th>
<th>Three months ended September 30,</th>
<th>Nine months ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002 (unaudited)</td>
<td>2001 (unaudited)</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$6,287</td>
<td>$(3,941)</td>
</tr>
<tr>
<td>Other comprehensive income (loss):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow hedge</td>
<td>(555)</td>
<td>(829)</td>
</tr>
<tr>
<td>Translation adjustments</td>
<td>243</td>
<td>43</td>
</tr>
<tr>
<td>Other comprehensive loss</td>
<td>(312)</td>
<td>(786)</td>
</tr>
<tr>
<td>Comprehensive income (loss)</td>
<td>$5,975</td>
<td>$(4,727)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See notes to condensed consolidated financial statements.

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### MANTECH INTERNATIONAL CORPORATION

#### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Nine months ended September 30,</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(unaudited)</td>
<td>(unaudited)</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM OPERATING ACTIVITIES:

- Net income (loss) $15,721 $ (263)
- Adjustments to reconcile net income to net cash (used in) provided by operating activities:
  - Equity in earnings of affiliates (237) (869)
  - Loss from discontinued operations — 6,533
  - Loss on disposal of discontinued operations 795 5,890
  - Deferred income taxes 89 (134)
  - Minority interest in income of consolidated subsidiaries — 19
  - Loss on disposals of property and equipment 17 88
  - Depreciation and amortization 2,763 3,868
- Change in assets and liabilities—net of effects from acquired and discontinued businesses:
  - Increase in receivables (14,829) (7,389)
  - Decrease in prepaid expenses and other 792 4,157
  - Decrease in accounts payable and accrued expenses (1,296) (54)
  - Increase in accrued salaries and related expenses 320 3,953
  - Increase (decrease) in billings in excess of revenue earned 232 (3,537)
  - Increase in deferred rent 107 157
  - Increase in accrued retirement 185 97
- Net cash provided by operating activities of continuing operations 4,659 12,516

#### CASH FLOWS FROM INVESTING ACTIVITIES:

- Investment in property and equipment (2,119) (1,616)
- Proceeds from sales of property and equipment 2 —
- Proceeds from notes receivable 350 —
- Loans receivable from GSE — (3,350)
- Investment in capitalized software products (768) (933)
- Investment in Aegis Research Corp., net of cash acquired of $8 (69,269) —
- Dividends from investments 667 285
- Net cash used in investing activities of continuing operations (71,137) (5,614)
### MANTECH INTERNATIONAL CORPORATION

#### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)

<table>
<thead>
<tr>
<th>Nine months ended September 30,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(unaudited)</td>
<td>2002</td>
<td>2001</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM FINANCING ACTIVITIES:

- Repayment of notes payable: $(104)$ (2002), $(1,000)$ (2001)
- Repayment of subordinated debt: $(8,000)$ (2002), — (2001)

Net cash provided by (used in) financing activities of continuing operations: $64,113$ (2002), $(7,744)$ (2001)

#### EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS:

- $95$ (2002), $3$ (2001)

#### NET CASH USED IN DISCONTINUED OPERATIONS:


#### NET DECREASE IN CASH AND CASH EQUIVALENTS:


#### CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD:


#### CASH AND CASH EQUIVALENTS, END OF PERIOD:


See notes to condensed consolidated financial statements.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Three Months and Nine Months Ended September 30, 2002 and 2001 (unaudited)

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. The Company designs, develops, procures, implements, operates, tests and maintains mission-critical, enterprise information technology and communication systems and infrastructures for our federal government customers in the United States and 34 countries worldwide.

2. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of ManTech International Corporation have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in the annual financial statements, prepared in accordance with accounting principles generally accepted in the United States of America, have been condensed or omitted pursuant to those rules and regulations, although the Company believes that the disclosures made are adequate to insure that the information is not misleading.

New Accounting Pronouncements – Effective January 1, 2002, the Company adopted 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. The adoption of this new pronouncement had no impact on the consolidated financial statements.

Effective January 1, 2002, the Company adopted 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 adoption of this new pronouncement had no impact on the consolidated financial statements.

Effective January 1, 2002, the Company adopted EITF 01-14, “Income Statement Characterization of Reimbursements Received for “Out-of-Pocket” Expenses Incurred”. EITF 01-14 requires that companies report reimbursements received for out-of-pocket expenses incurred as revenue, rather than as a reduction of expenses. As the Company has historically accounted for reimbursements for out-of-pocket expenses in the manner provided for under EITF 01-14, the adoption of the provisions of EITF 01-14 did not have an impact on the Company’s consolidated financial position or results of operation.

In April 2002, the FASB issued SFAS No. 145, “Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections”. Among other things, SFAS 145 rescinds both SFAS 4, “Reporting Gains and Losses from Extinguishment of Debt,” and the amendment to SFAS 4, SFAS 64, “Extinguishments of Debt Made to Satisfy Sinking Fund Requirements”. Through this rescission, SFAS 145 eliminates the requirement that gains and losses from the extinguishment of debt be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect. Generally, SFAS 145 is effective for transactions occurring after May 15, 2002. The Company does not believe SFAS 145 will have a material impact on its future earnings or financial position.

In June 2002, the FASB issued SFAS No. 146, “Accounting for Costs of Exit or Disposal Activities”. SFAS No. 146 nullifies Emerging Issues Task Force Issue No. 94-3 “Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)”. This statement requires that an exit or disposal activity related cost be recognized when the liability is incurred instead of when an entity commits to an exit plan. The provisions of SFAS No. 146 are effective for financial transactions initiated after December 31, 2002. The Company does not believe SFAS 146 will have a material impact on its future earnings or financial position.

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 by the weighted average number of shares of Common Stock outstanding during each period. Shares issued during the period, including shares issued pursuant to our initial public offering, and shares acquired during the period, if any, 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. All share data for all periods has been updated to reflect the 16.3062-for-one stock split effected in January 2002. The weighted average number of common shares outstanding is computed as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three months ended September 30,</th>
<th>Nine months ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002</td>
<td>2001</td>
</tr>
<tr>
<td>Basic weighted average common shares outstanding</td>
<td>26,471,122</td>
<td>18,575,036</td>
</tr>
<tr>
<td>Effect of potential exercise of stock options</td>
<td>270,344</td>
<td>159,621</td>
</tr>
<tr>
<td>Diluted weighted average common shares outstanding</td>
<td>26,741,466</td>
<td>18,734,657</td>
</tr>
</tbody>
</table>

4. Goodwill

Effective January 1, 2002, the Company adopted SFAS No. 142, “Goodwill and Other Intangible Assets”. SFAS 142 requires, among other things, the discontinuance of goodwill amortization. In addition, SFAS 142 requires the Company to perform a transitional goodwill impairment test within six months from the date of adoption. In accordance with the standard, the Company completed the transitional goodwill impairment test and determined that a $57,000 goodwill impairment charge was required. Under SFAS 142, goodwill is to be reviewed at least annually thereafter for impairment; the Company has elected to perform this review annually at the beginning of each calendar year. Goodwill amortization for the three months and the nine months ended September 30, 2001, was $288,000 and $863,000, respectively. Net loss and fully diluted loss per share for the three months ended September 30, 2001, assuming goodwill was not amortized during this period, would have been $3,678,000 and $0.20, respectively. Net income and fully diluted earnings per share for the nine months ended September 30, 2001, assuming goodwill was not amortized during this period, would have been $526,000 and $0.03, respectively.

5. 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, state and local governments, and commercial customers. The Company’s 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 the Company’s services as a separate customer so long as that customer has independent decision-making and contracting authority within its organization. No single customer accounted for 10% or more of the Company’s accounts receivable or revenues as of or for the periods ended September 30, 2002 and 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. The Company treats sales to U.S. Government customers as sales within the United States regardless of where the services are performed. Substantially all assets of continuing operations were held in the United States for the periods ended September 30, 2002 and 2001.
Revenues by geographic customer and the related percentages of total revenues for the periods ended September 30, 2002 and 2001, were as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>Three months ended</th>
<th>Nine months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30, 2002</td>
<td>September 30, 2001</td>
</tr>
<tr>
<td>United States</td>
<td>$129,814</td>
<td>$355,506</td>
</tr>
<tr>
<td>International</td>
<td>611</td>
<td>2,221</td>
</tr>
<tr>
<td></td>
<td>$130,425</td>
<td>$357,727</td>
</tr>
<tr>
<td>United States</td>
<td>99.5%</td>
<td>99.4%</td>
</tr>
<tr>
<td>International</td>
<td>0.5%</td>
<td>0.6%</td>
</tr>
<tr>
<td></td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

6. Revenues and Receivables

The Company delivers a broad array of information technology and technical services solutions under contracts with the U.S. Government, state and local governments, and commercial customers. Revenues from the U.S. Government under prime contracts and subcontracts, as compared to total contract revenues, were approximately 96.3% and 95.8% for the nine months ended September 30, 2002 and 2001 respectively. The components of contract receivables are as follows (in thousands):

<table>
<thead>
<tr>
<th></th>
<th>September 30, 2002</th>
<th>December 31, 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billed receivables</td>
<td>$93,514</td>
<td>$70,291</td>
</tr>
<tr>
<td>Unbilled receivables:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts currently billable</td>
<td>17,937</td>
<td>14,706</td>
</tr>
<tr>
<td>Revenues recorded in excess of estimated contract value or funding</td>
<td>872</td>
<td>2,548</td>
</tr>
<tr>
<td>Retainage</td>
<td>2,570</td>
<td>1,988</td>
</tr>
<tr>
<td>Indirect costs incurred in excess of provisional billing rates</td>
<td>4,290</td>
<td>4,133</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(2,672)</td>
<td>(1,610)</td>
</tr>
<tr>
<td></td>
<td>$116,511</td>
<td>$92,056</td>
</tr>
</tbody>
</table>

7. Stockholder’s Equity

Reincorporation, Recapitalization and Stock Split

The Company is incorporated in Delaware and is the successor by merger to ManTech International Corporation, a New Jersey corporation. As a result of the merger, in January 2002 the Company reincorporated from New Jersey to Delaware and recapitalized its common stock. The 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 reflected 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. For periods prior to the effective date of the stock split, outstanding shares and per share data contained in these financial statements have been restated to reflect the impact of the stock split. The holders of each share of our 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.

Initial Public Offering

The Company successfully closed its Initial Public Offering on February 12, 2002. Net proceeds to the Company were approximately $110.2 million, after deducting the estimated expenses related to the offering and the portion of the underwriting discount payable by the Company. Proceeds from the offering were used to repay subordinated debt of $8.0 million, the balance of the term loan of $5.9 million, $17.7 million of the revolving credit facility, plus accrued interest, and $69.1 million was used to fund the Company’s acquisition of Aegis Research Corporation on August 5, 2002. The balance of the net proceeds of the offering (together with cash on hand, additional borrowings and capital stock) will be used 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 the Company will be able to
successfully consummate any such acquisitions. To the extent that the Company cannot pursue or consummate any acquisitions, any remaining net proceeds will be used for working capital and general corporate purposes.

8. Acquisition

On August 5, 2002, the Company acquired 100 percent of the outstanding common shares of Aegis Research Corporation (Aegis). The results of operations for Aegis have been included in the consolidated financial statements since that date. Aegis is a leading provider of enterprise protection strategies and technical services to the federal national security community. Aegis supports customers and programs within the Department of Defense (DoD) and national intelligence community, including the National Reconnaissance Office (NRO), the United States Air Force, The Joint Strike Fighter Program Office, and the Counterintelligence Field Activity Program under the DoD. Aegis also supports numerous other intelligence community customers classified programs. Over 90 percent of the approximately 500 Aegis employees hold government security clearances at the Top Secret level, most with special accesses.

The cash purchase price was approximately $69.1 million excluding $0.2 million of acquisition related costs. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition.

<table>
<thead>
<tr>
<th>August 5, 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
</tr>
<tr>
<td>$11,638,000</td>
</tr>
<tr>
<td><strong>Property and equipment — net</strong></td>
</tr>
<tr>
<td>991,000</td>
</tr>
<tr>
<td><strong>Goodwill</strong></td>
</tr>
<tr>
<td>59,759,000</td>
</tr>
<tr>
<td><strong>Intangible Asset</strong></td>
</tr>
<tr>
<td>2,737,000</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
</tr>
<tr>
<td>114,000</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
</tr>
<tr>
<td>(5,023,000)</td>
</tr>
<tr>
<td><strong>Deferred rent</strong></td>
</tr>
<tr>
<td>(939,000)</td>
</tr>
</tbody>
</table>

$69,277,000

The acquired intangible asset of $2.7 million was assigned to contract rights and is being amortized on a straight line basis over a period of five years.

The following represents the unaudited pro forma results of operations as though the acquisition of Aegis had been completed as of January 1, 2001 (in thousands):

<table>
<thead>
<tr>
<th>Pro Forma Year Ended December 31, 2001</th>
<th>Pro Forma Nine Months Ended September 30, 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$482,805</td>
</tr>
<tr>
<td></td>
<td>$391,177</td>
</tr>
<tr>
<td>Income from continuing operations</td>
<td>17,095</td>
</tr>
<tr>
<td></td>
<td>17,553</td>
</tr>
<tr>
<td>Net income</td>
<td>1,650</td>
</tr>
<tr>
<td></td>
<td>16,758</td>
</tr>
<tr>
<td>Diluted earnings per share from continuing operations</td>
<td>0.91</td>
</tr>
<tr>
<td></td>
<td>0.69</td>
</tr>
</tbody>
</table>

9. 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 Australia-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. During the nine months ended September 30, 2002, the Company completed the sale of four of the five lines of business. The Company expects to complete a transaction to dispose of the Australia-based software solutions consulting business prior to December 31, 2002. This delay from the previous estimate is the result of a deteriorating market for the sale of commercial technology businesses in Australia which was beyond our control. The Company remains committed to the original plan of selling the business and is actively marketing the business at a price that is reasonable. Despite the adjustment to the estimated closing date, no additional charges to discontinued operations are anticipated at this time.

* * * * *

11
ITEM 2. 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 condensed consolidated financial statements and the notes to those statements. This discussion contains forward-looking statements that involve risks and uncertainties. The factors that could cause actual results to differ materially from those anticipated include, but are not limited to the following: a failure to successfully integrate ManTech Aegis Research Corporation into the Company’s operations or to realize any accretive effects from such acquisition; changes to the tax laws relating to the treatment and deductibility of goodwill or any change in the Company’s effective tax rate; additional costs associated with complying with the Sarbanes-Oxley Act of 2002, any proposed additions or amendments to the NASDAQ listing requirements or standards, any proposed additions or amendments to the SEC rules or other corporate governance issues; failure of government customers to exercise options under contracts; funding decisions of U.S. Government projects; government contract procurement (such as bid protest) and termination risks; competitive factors such as pricing pressures and/or competition to hire and retain employees; material changes in laws or regulations applicable to the Company’s businesses and other risk factors discussed in the Company’s filings with the SEC. Our statements in this report are made as of November 14, 2002, and the Company undertakes no obligation to update any of the forward looking statements made herein, whether as a result of new information, future events, changes in expectations or otherwise. This discussion addresses only our continuing operations. For more information on our discontinued operations, please see note 9 to our condensed consolidated financial statements.

Critical Accounting Estimates and Policies

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and potentially result in materially different results under different assumptions and conditions. Application of these policies is particularly important to the portrayal of our financial condition and results of operations. The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these interim consolidated financial statements requires management to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses. Actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies, including the critical policies listed above, are described in the notes to the consolidated financial statements for the year ended December 31, 2001 included in the Company's Annual Report on Form 10-K filed with the SEC on April 1, 2002.

Revenue Recognition and Cost Estimation

We recognize revenue when persuasive evidence of an arrangement exists, services have been rendered, the contract price is fixed or determinable, and collectibility is reasonably assured. We have a standard internal process that we use to determine whether all required criteria for revenue recognition have been met. This standard internal process includes a monthly review of contract revenues and expenses by several levels of management. This review covers, among other matters, progress against schedule, project staffing and levels of effort, risks and issues, subcontract management, incurred and estimated costs, and disposition of prior action items. This monthly internal review is designed to determine whether the overall progress on a contract is consistent with the effort expended and revenue recognized to date.

Our revenues consist primarily of payments for the work of our employees, and to a lesser extent, the pass through of costs for materials and subcontract efforts under contracts with our customers. Cost of services consists primarily of compensation expenses for program personnel, the fringe benefits associated with this compensation, and other direct expenses incurred to complete programs, including cost of materials and subcontract efforts.

The majority of our revenues are derived from cost-plus-fixed-fee, cost-plus-award-fee, firm-fixed-price, or time-and-materials contracts. Absent evidence to the contrary, we recognize revenue as follows. 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. Prior to agreeing to commence work directed by the customer and before receipt of the written modification or amendment to the existing contract, we require the completion of an internal memo that assesses the probability of the modification being executed in a timely fashion and our ability to subsequently collect payment from the customer.

Contract revenue recognition inherently involves estimation. Examples of estimates include the contemplated level of effort to accomplish the tasks under contract, the cost of the effort, and an ongoing assessment of our progress toward completing the contract. From time to time, as part of our standard management processes, facts develop that require us to revise our estimated total costs or revenues. In most cases, these revisions relate to changes in the contractual scope of our work. To the extent that a revised estimate affects contract profit or revenue previously recognized, we record the cumulative effect of the revision in the period in which the facts requiring the revision become known. Anticipated losses are recognized in the accounting period in which they are first determined.

**Goodwill**

Goodwill represents the excess of cost over the fair value of net tangible and identifiable intangible assets of acquired companies. Effective January 1, 2002, we adopted SFAS No. 142, and no longer amortize goodwill, but rather goodwill is to be reviewed at least annually for impairment. We have elected to perform this review annually at the beginning of each calendar year. For acquisitions completed prior to the adoption of SFAS No. 141 and SFAS No. 142 on January 1, 2002, goodwill was amortized on a straight-line basis over periods ranging from two to twenty years.

**Discontinued Operations**

In September 2001, the Company executed a formal plan to exit certain commercial and foreign lines of business that no longer contribute to the core competencies. 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 dates 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.

For the nine months ended September 30, 2002, we derived approximately 37.7%, 44.6% and 17.7% of our revenues from cost-plus, time-and-materials and fixed-price contracts, respectively.

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

<table>
<thead>
<tr>
<th></th>
<th>Three months ended September 30,</th>
<th>Nine months ended September 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intelligence / Department of Defense</td>
<td>86.6%</td>
<td>84.4%</td>
</tr>
<tr>
<td>Federal Civilian Agencies</td>
<td>9.5</td>
<td>11.4</td>
</tr>
<tr>
<td>Commercial / State / Local</td>
<td>3.9</td>
<td>4.2</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>


**Revenues.** Revenues increased 23.6% to $130.4 million for the three months ended September 30, 2002, compared to $105.6 million for 2001. This increase is attributable primarily to additional work under contracts that were in existence during the prior year, the new U.S. Army Communications-Electronics Command (CECOM) contract and the addition of $9.1 million in revenue contributed by Aegis Research Corporation (AEGIS), a newly acquired company this quarter. Additional work from the Department of State and the Army for secure systems and infrastructure solutions, contributed significantly to the increased revenues. We derived approximately 39.5% of our revenues for the three months ended September 30, 2002 from work under GSA schedule contracts, compared with approximately 33.6% for 2001. Subcontracts accounted for 10.4% of our revenue for the three months ended September 30, 2002, compared with 8.5% for 2001.

**Cost of services.** Cost of services increased 24.2% to $106.0 million for the three months ended September 30, 2002, compared to $85.4 million for 2001. As a percentage of revenues, cost of services increased from 80.9% to 81.3%. Direct labor costs increased by 27.5%, while other direct costs increased by 16.6% over 2001. Material and subcontract costs increased to $41.1 million for the three months ended September 30, 2002, compared to $35.3 million for 2001. The significant increase in direct labor costs is due to an increase in personnel, primarily in support of the new CECOM contract and the acquisition of AEGIS. Overhead personnel and facilities costs increased 1.2%, as a percentage of revenue, in 2002 as compared to 2001. This is primarily driven by infrastructure needs at AEGIS. Overhead personnel and facilities costs decreased by 0.5%, as a percentage of revenue, for the balance of the company.

**Gross profit.** Gross profit increased 20.9% to $24.4 million for the three months ended September 30, 2002, compared to $20.2 million for 2001. Gross profit margin decreased to 18.7% for the three months ended September 30, 2002, compared to 19.1% for 2001. The decrease resulted from higher labor and infrastructure costs, as identified above, net of 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 12.1% to $12.9 million for the three months ended September 30, 2002, compared to $11.5 million for 2001. The increased expense reflects providing for additional management personnel and infrastructure to support the growth of our business. As a percentage of revenues, general and administrative expenses decreased 1.0% over the comparable period during the prior year as a result of operating efficiencies.

**Depreciation and amortization.** Depreciation and amortization expense has decreased 24.5% for the three months ended September 30, 2002 compared to the prior year. Depreciation expense has increased slightly but amortization is significantly reduced as a result of our adoption of SFAS No. 142, which discontinues the amortization of acquired goodwill.

**Income from operations.** Income from operations increased 38.3% to $11.0 million for the three months ended September 30, 2002, compared with $7.9 million for 2001. The increase was primarily a result of the increase in revenues relative to the cost of services and administrative costs discussed above.
Income from continuing operations. Income from continuing operations increased 49.2% to $6.3 million for the three months ended September 30, 2002, compared to $4.2 million for 2001. The increase resulted from higher operating income, reduced interest expense and a lower effective tax rate. Comparative net interest expense decreased by 85.3% for the three months ended September 30, 2001 as a result of debt reduction and investment of our IPO proceeds. Our effective tax rate for the three months ended September 30, 2002 was 41.1%, compared to 42.4% for 2001, due primarily to the elimination of non-deductible goodwill amortization in current earnings.


Revenues. Revenues increased 13.1% to $357.7 million for the nine months ended September 30, 2002, compared to $316.3 million for 2001. This increase is attributable primarily to additional work under contracts that were in existence during the prior year, and the new CECOM contract. Additional work from the Department of State and the Army for secure systems and infrastructure solutions and our acquisition of AEGIS, contributed significantly to the increased revenues. We derived approximately 39.6% of our revenues for the nine months ended September 30, 2002 from work under GSA schedule contracts, compared with approximately 31.1% for 2001. Subcontracts accounted for 9.2% of our revenue for the nine months ended September 30, 2002, compared with 8.4% for 2001.

Cost of services. Cost of services increased 13.0% to $291.9 million for the nine months ended September 30, 2002, compared to $258.4 million for 2001. As a percentage of revenues, cost of services decreased from 81.7% to 81.6%. Direct labor costs increased by 19.5%, while other direct costs increased by 4.7% over 2001. Material and subcontract costs increased to $113.7 million for the nine months ended September 30, 2002, compared to $108.6 million for 2001. The increase in material costs is primarily a result of increased secure systems and infrastructure contract work.

Gross profit. Gross profit increased 13.8% to $65.8 million for the nine months ended September 30, 2002, compared to $57.9 million for 2001. Gross profit margin increased to 18.4% for the nine months ended September 30, 2002, compared to 18.3% for 2001. 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 9.6% to $36.3 million for the nine months ended September 30, 2002, compared to $33.2 million for 2001. The increased expense reflects providing for additional management personnel and infrastructure to support the growth of our business. As a percentage of revenues, general and administrative expenses for the nine months ended September 30, 2002 decreased by 0.3% from 10.5% to 10.2% as a result of operating efficiencies.

Depreciation and amortization. Depreciation and amortization expense has decreased 34.4% to $1.6 million for the nine months ended September 30, 2002 compared to $2.5 million for the same period in 2001. Depreciation expense has increased slightly but amortization is significantly reduced as a result of our adoption of SFAS No. 142, which discontinues the amortization of acquired goodwill.

Income from operations. Income from operations increased 25.4% to $27.9 million for the nine months ended September 30, 2002, compared with $22.2 million for 2001. The increase was primarily a result of the increase in revenues relative to the cost of services discussed above.

Income from continuing operations. Income from continuing operations increased 35.8% to $16.5 million for the nine months ended September 30, 2002, compared to $12.2 million for 2001. The increase resulted from higher operating income, reduced interest expense and a lower effective tax rate. Comparative net interest expense decreased by 86.5% for the nine months ended September 30, 2001 as a result of debt reduction and investment of our initial public offering proceeds. Our effective tax rate for the nine months ended September 30, 2002 was 40.8%, compared to 42.7% for 2001, due primarily to the elimination of non-deductible goodwill amortization in current earnings.

Liquidity and Capital Resources

Our primary source of liquidity has been cash provided by operations and our revolving credit and term-loan facility. Proceeds from our initial public offering also provide a source of liquidity. We fund our operations primarily through cash provided by operating
activities. Cash provided by operating activities of continuing operations was $4.7 million for the nine months ended September 30, 2002, a decrease of $7.9 million from the prior year. The primary reason for this decrease was increased contract receivables and decreased accounts payable offset by an increase in income from continuing operations. Cash tax payments for the nine months ended September 30, 2002, include $4.1 million associated with our conversion to an accrual-basis taxpayer.

Cash used in investing activities of continuing operations was $71.1 million for the nine months ended September 30, 2002, compared to $5.6 million for the prior year. Investment activities in 2002 included the acquisition of Aegis Research Corporation, purchase of property and equipment and investments in intellectual property.

Cash provided by financing activities of continuing operations was $64.1 million for the nine months ended September 30, 2002, compared to cash usage of $7.7 million for the nine months ended September 30, 2001. The net cash provided during 2002 is primarily the result of the net proceeds of our initial public offering, less amounts used to repay debt.

On August 5, 2002, we acquired all of the outstanding shares of Aegis Research Corporation (Aegis) for a cash purchase price of approximately $69.1 million. The acquisition has been accounted for using the purchase method of accounting. The purchase price has been allocated to the assets acquired and the liabilities assumed based upon their estimated fair market values. The balance of the purchase price was recorded as goodwill. The Company funded the acquisition using proceeds from its initial public offering.

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 was 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 1.00% to 1.75% and the prime rate spreads may range from 0.00% to 0.50%. The term loan balance and accrued interest and all but $25.0 million of the revolving credit facility were repaid during the first quarter of 2002. At September 30, 2002, we had $25.0 million in borrowings outstanding under the 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 was 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 was due on the last day of December 2004. The balance and accrued interest of this credit facility was repaid during the first quarter of 2002.

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; proceeds remaining from our initial public offering and additional issuances of equity; use of the existing revolving debt facility; or a refinancing of our credit facilities.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

Our exposure to market risk for changes in interest rates relates primarily to the Company’s existing credit facility. During the first quarter of 2002, the Company had paid all but $25.0 million in borrowings outstanding under the agreement. A hypothetical 10% increase in interest rates would have increased our interest expense for the nine months ended September 30, 2002, by less than $0.1 million.

In December 2001, 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, 2002, had a rate of 6.83%. The value of the swap at September 30, 2002 was a negative $3.4 million.
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The Company does not use derivative financial instruments for speculative or trading purposes. The Company invests its excess cash in short-term, investment grade, interest-bearing securities. Our investments are made in accordance with an investment policy approved by the Board of Directors. Under this policy, no investment securities can have maturities exceeding one year and the average maturity of the portfolio cannot exceed 90 days.

ITEM 4. CONTROLS AND PROCEDURES

“Disclosure controls and procedures” are the controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports filed or submitted by it under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. These controls and procedures are designed to ensure that information required to be disclosed by an issuer in its Exchange Act reports is accumulated and communicated to the issuer’s management, including its principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure.

Within the 90 days prior to the date of this report, under the supervision and with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, the Company carried out an evaluation of the effectiveness of the design and operation of the Company’s disclosure controls and procedures pursuant to the Exchange Act Rule 13a-14. Based upon the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company’s periodic SEC filings.

Since the evaluation, there were no significant changes in the Company’s internal controls or in other factors that could significantly affect the Company’s disclosure controls and procedures, and there were no corrective actions with regard to significant deficiencies or material weaknesses required.
PART II

ITEM 1. LEGAL PROCEEDINGS

The Company is subject to certain litigation and administrative proceedings discussed in the Company’s securities filings with the SEC, and other legal proceedings, claims and disputes which arise in the ordinary course of our business. 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, we routinely conduct our own internal reviews relating to our performance under our federal government contracts and our compliance with their terms. We are also 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. Set forth below is a description of certain government audits or investigations to which we are subject in addition to routine audits of our contract costs.

Although the Company cannot predict the outcomes of any litigation or administrative proceedings, based on the information now available to it, and except as set forth below and as discussed elsewhere in the Company’s securities filings filed with the SEC, it does not believe that the ultimate resolution of these matters, either individually or in the aggregate, will have a material adverse effect on the business prospects, financial condition or operating results of the Company.

The Company was served with a grand jury subpoena issued by the United States District Court for the Eastern District of Virginia on August 17, 2001. The Company was advised by the U.S. Attorney’s Office for the Eastern District of Virginia that the investigation relates to whether the Company improperly charged a portion of its corporate merger and acquisition-related expenses and certain expenses of its Australian-based software consulting subsidiary (which is among the businesses included in discontinued operations) in a manner that would have resulted in those expenses being reimbursed by the U.S. government. As anticipated, the Company received a second grand jury subpoena seeking documents relating to this investigation on August 2, 2002. Based on the facts known to us as of the date of this report, we do not expect the consequences of the investigation will have a material adverse effect on our business prospects, financial condition or operating results. However this investigation is still on-going and it is not possible to tell how it may develop in the future. We are fully cooperating with the federal government’s investigation of this matter.

On October 9, 2002, we received a documents subpoena issued by the Department of Defense Office of Inspector General. The subpoena seeks the production of certain documents concerning a Department of Defense contract pursuant to which ManTech Solutions & Technologies Corp. performed personnel security clearance background checks for the Defense Security Service. We believe that the investigation relates, in part, to whether we improperly charged certain costs under the contract, as well as to the propriety of the security clearances and credentials of certain subcontractors and individuals who provide services under the contract. This investigation is in its preliminary stages, and the facts still are being developed. We are cooperating with the government, but we cannot predict whether the consequences of the investigation will have a material adverse effect on our business prospects financial condition or operations. For additional information regarding the penalties to which we could be subject see the Risk Factors entitled “We must comply with complex procurement laws and regulations” and “Our employees or subcontractors may engage in misconduct or other improper activities” in the Company’s securities filings with the SEC.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On February 6, 2002, our first registration statement, filed on Form S-1 (File No. 333-73946) under the Securities Act of 1933, relating to our initial public offering of Class A Common Stock, was declared effective, and on February 7, 2002, our registration statement filed under Rule 462(b) (File No. 333-82310) was declared effective. Under these registration statements, we registered a total of 7,200,000 shares of our Class A common stock, of which 6,866,667 shares were sold by us, and 333,333 shares were sold by the selling stockholder, who is our Chairman of the Board of Directors, Chief Executive Officer and President, and a 10% or greater stockholder. All such shares were sold at $16.00 per share on February 7, 2002. The managing underwriters for the offering were Jefferies & Company, Inc., Legg Mason Wood Walker, Incorporated and BB&T Capital Markets. Pursuant to the terms of the underwriting agreement described in the registration statements, the underwriters were entitled to elect, not later than March 9, 2002, to sell up to 1,080,000 additional shares of our Class A common stock, of which 696,487 shares were to be sold by us, and 383,513 shares were to be sold by the selling stockholder if the underwriters elected to sell all the additional shares. On February 12, 2002, the underwriters elected to sell an
additional 1,080,000 shares, resulting in an aggregate offering price of $132,480,000, of which $121,010,464 pertained to shares sold by us and the remaining $11,469,536 pertained to shares sold by the selling stockholder. The total underwriting discount was approximately $9.3 million, of which the Company paid $8.5 million, and we incurred other expenses (including filing, legal and accounting fees) of approximately $2.5 million, none of which were paid to our directors or officers or their affiliates or to persons owning 10% or more of any class of our common stock or that of our affiliates. Our net proceeds from the offering were approximately $110.2 million. Proceeds from the offering were used to repay the principal and accrued interest outstanding under our term loan and under our subordinated debt, to pay off all but $25.0 million of principal owing under our revolving credit facility and to purchase Aegis Research Corporation on August 5, 2002 for $69.1 million. The principal and accrued interest under our term loan was $6.0 million, principal and accrued interest under our subordinated debt was $8.1 million, and the principal repayment under our revolving credit facility was $17.7 million.

We intend to use the remainder of the net proceeds of the 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 have invested the net proceeds of this offering in short-term, investment grade, interest-bearing securities.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

Forward Looking Statements

This quarterly report contains forward-looking statements that involve substantial risks and uncertainties. You can identify these statements by forward-looking words such as “may,” “will,” “expect,” “intend,” “anticipate,” “believe,” “estimate,” “continue” and other similar words. You should read statements that contain these words carefully because they discuss our future expectations, make projections of our future results of operations or financial condition or state other “forward-looking” information. We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are not able to accurately predict or control. The factors that could cause actual results to differ materially from those anticipated include, but are not limited to the following: a failure to successfully integrate ManTech Aegis Research Corporation into the Company’s operations or to realize any accretive effects from such acquisition, changes to the tax laws relating to the treatment and deductibility of goodwill or any change in the Company’s effective tax rate; additional costs associated with complying with the Sarbanes-Oxley Act of 2002, any proposed revisions or modifications to the NASDAQ listing standards, SEC rule changes or other corporate governance issues; failure of government customers to exercise options under contracts, funding decisions of U.S. Government projects; government contract procurement (such as bid protest) and termination risks; competitive factors such as pricing pressures and/or competition to hire and retain employees; material changes in laws or regulations applicable to the Company’s filings with the SEC. Our statements in this report are made as of November 14, 2002, and the Company undertakes no obligation to update any of the forward looking statements made herein, whether as a result of new information, future events, changes in expectations or otherwise.
ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS

<table>
<thead>
<tr>
<th>EXHIBIT NO.</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.7</td>
<td>First Modification to Business Loan and Security Agreement by and between ManTech International Corporation and certain of its subsidiaries (individually, a “Borrower” and collectively, the “Borrowers”) and Citizens Bank of Pennsylvania (“Citizens”), PNC Bank, National Association (“PNC”), Branch Banking and Trust Company of Virginia, and Chevy Chase Bank, F.S.B. (collectively, the “Lenders”) dated as of July 1, 2002.</td>
</tr>
<tr>
<td>99.1</td>
<td>Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code – Chief Executive Officer</td>
</tr>
<tr>
<td>99.2</td>
<td>Certification Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code – Chief Financial Officer</td>
</tr>
</tbody>
</table>
(B) Reports on Form 8-K

8-K Filed on May 16, 2002 – GSA Backlog.
8-K Filed on August 20, 2002 – Acquisition of Aegis Research Corporation by ManTech International Corporation.
8-K/A Filed on October 18, 2002 – Financial Statements and Pro Forma Financial Information of the Acquisition of Aegis Research Corporation by ManTech International Corporation
Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Fairfax in the Commonwealth of Virginia, on this 14th day of November, 2002.

MANTECH INTERNATIONAL CORPORATION

By:  /s/ George J. Pedersen

Name:  George J. Pedersen
Title:  Chairman of the Board of Directors,
        Chief Executive Officer and President

By:  /s/ John A. Moore, Jr.

Name:  John A. Moore, Jr.
Title:  Director, Executive Vice President
        and Chief Financial Officer
CERTIFICATION PURSUANT TO RULE 13A-14 OR 15D-14 OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, George J. Pedersen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ManTech International Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b) evaluated the effectiveness of the registrant’s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the “Evaluation Date”); and
   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):
   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant’s ability to record, process, summarize and report financial data and have identified for the registrant’s auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls; and

6. The registrant’s other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

By: /s/ George J. Pedersen

Name: George J. Pedersen
Title: Chairman of the Board of Directors
       Chief Executive Officer and President
CERTIFICATION PURSUANT TO RULE 13A-14 OR 15D-14 OF THE SECURITIES
EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, John A. Moore, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of ManTech International Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
   b) evaluated the effectiveness of the registrant’s disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the “Evaluation Date”); and
   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):
   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant’s ability to record, process, summarize and report financial data and have identified for the registrant’s auditors any material weaknesses in internal controls; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls; and

6. The registrant’s other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

By: /s/ John A. Moore, Jr.

Name: John A. Moore, Jr.
Title: Director, Executive Vice President and Chief Financial Officer
EXHIBIT 10.7

FIRST MODIFICATION TO
BUSINESS LOAN AND SECURITY AGREEMENT

THIS FIRST MODIFICATION TO BUSINESS LOAN AND SECURITY AGREEMENT (this “Modification”) is made as of the 1st day of July, 2002, by and among (i) CITIZENS BANK OF PENNSYLVANIA, a Pennsylvania state chartered bank (“Citizens Bank”), acting in its capacity as a Lender, Swing Line Lender and as the Administrative Agent for the Lenders (hereinafter defined), having offices at 8521 Leesburg Pike, Suite 405, Vienna, Virginia 22182; (ii) PNC BANK, NATIONAL ASSOCIATION, a national banking association (“PNC”), acting in its capacity as Lender and as the Documentation Agent for the Lenders, having offices at One PNC Plaza, 6th Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222; (iii) BRANCH BANKING AND TRUST COMPANY OF VIRGINIA, a Virginia banking corporation (“BB&T”), having offices at 8200 Greensboro Drive, Suite 250, McLean, Virginia 22102, (iv) CHEVY CHASE BANK, F.S.B., a federal savings bank (“Chevy Chase”) having offices at 7501 Wisconsin Avenue, 12th Floor, Bethesda, Maryland 20814, (v) any other Lender parties to the Loan Agreement (hereinafter defined) from time to time; (vi) MANTECH INTERNATIONAL CORPORATION, a Delaware corporation (“MIC”); MANTECH ADVANCED SYSTEMS INTERNATIONAL, INC.; a Virginia corporation. MANTECH SYSTEMS ENGINEERING CORPORATION, a Virginia corporation; NSI TECHNOLOGY SERVICES CORPORATION, a California corporation; MANTECH SYSTEMS CORPORATION, a New Jersey corporation; MANTECH SOLUTIONS CORPORATION, a Virginia corporation; MANTECH ENVIRONMENTAL TECHNOLOGY, INC.; a Virginia corporation; MANTECH SUPPORT TECHNOLOGY, INC.; a Virginia corporation; MANTECH AUSTRALIA INTERNATIONAL, INC.; a Virginia corporation formerly known as ManTech Computer Company, Inc.; FIELD SUPPORT SERVICES MÜHENDİSLİK LIMITED SİRKETİ, a corporation organized and existing under the laws of Turkey; MASI U.K. LIMITED, a corporation organized and existing under the laws of the United Kingdom; MANTECH TELECOMMUNICATIONS AND INFORMATION SYSTEMS CORPORATION, a Delaware corporation formerly known as ManTech Strategic Associates, Ltd.; TECHNOLOGY MANAGEMENT CORPORATION, a Virginia corporation; SCIENCE ENGINEERING & ANALYSIS, INCORPORATED, a Virginia corporation; MANTECH ENVIRONMENTAL RESEARCH SERVICES CORPORATION, a Virginia corporation; NSI ENVIRONMENTAL SOLUTIONS, INC., a Virginia corporation; MANTECH ENVIRONMENTAL CORPORATION, a Virginia corporation; MANTECH SYSTEMS SOLUTIONS CORPORATION, a Virginia corporation formerly known as Tidewater Consultants, Inc.; MANTECH SOLUTIONS & TECHNOLOGIES CORPORATION, a Virginia corporation formerly known as ManTech Systems Integration Corporation; MANTECH TEST SYSTEMS, INC., a Virginia corporation; MANTECH U.K. SYSTEMS CORPORATION, a Virginia corporation; REDESMUNDIAL, S.A., a corporation organized and existing under the laws of the Republic of Panama formerly known as ManTech International Panama, Inc.; MANTECH GERMANY SYSTEMS CORPORATION, a Virginia corporation; MANTECH CHINA SYSTEMS CORPORATION, a Virginia corporation; MANTECH ADVANCED DEVELOPMENT GROUP, INC., a California corporation; MANTECH ENTERPRISE SOLUTIONS, INC., a Virginia corporation; MANTECH ADVANCED RECOGNITION LIMITED, a private company registered in England under the number 885326 formerly known as Advanced Recognition Limited; VOBIX CORPORATION, a Virginia corporation; MANTECH DATABASE SERVICES EUROPE LIMITED, a corporation organized and existing under the laws of the United Kingdom; MANTECH SECURITY TECHNOLOGIES
CORPORATION, a Virginia corporation (each, a “Borrower” and collectively, the “Borrowers”), and (vii) each other person or entity hereafter becoming a “Borrower” party to the Loan Agreement (as hereinafter defined) by executing a “Joinder Agreement” pursuant to the Loan Agreement. For purposes of this Modification, (a) Citizens Bank (acting in its capacity as a Lender), PNC (acting in its capacity as a Lender), BB&T and Chevy Chase are collectively referred to herein as the “Lenders”; (b) the Administrative Agent and the Documentation Agent are collectively referred to herein as the “Agents”; and (c) all other capitalized terms used but not defined herein shall have the meanings attributed to such terms in the Loan Agreement.

WHEREAS, pursuant to that certain Business Loan and Security Agreement dated as of December 17, 2001 (as the same may be amended or modified from time to time, the “Loan Agreement”), by and among the Lenders, the Original Borrowers and the Agents, the Original Borrowers obtained a loan (the “Loan”) from the Lenders in the original aggregate maximum principal amount of Seventy-one Million Four Hundred Thousand and No/100 Dollars ($71,400,000.00), evidenced by the Notes and secured by, among other things, certain collateral more fully described in Section 3.1 of the Loan Agreement; and

WHEREAS, the Borrowers have requested that (a) the maximum ratio of Total Debt to EBITDA, set forth in Section 6.15(c), of the Loan Agreement be adjusted; and (b) the negative covenant set forth in Section 7.1(d) of the Loan Agreement (prohibiting mergers and acquisitions) be modified to allow the Borrowers to effect certain mergers and acquisitions without the Administrative Agent’s consent;

WHEREAS, the Lenders have agreed to amend the Loan Agreement as requested subject to, among other things, the terms, covenants, agreements and limitations set forth in this Modification, as hereinafter provided.

NOW, THEREFORE, in consideration of the foregoing premises and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

1. The foregoing recitals are hereby incorporated herein by this reference and made a part hereof, with the same force and effect as if fully set forth herein.

2. The following definitions are hereby added to the “Certain Definitions” section of the Loan Agreement in their appropriate alphabetical location:

   “Target” shall have the meaning assigned to such term in Section 7.1(d)(i) of this Agreement.

   “Total Consideration” shall have the meaning assigned to such term in Section 7.1(d)(ii) of this Agreement.
“Permitted Merger or Acquisition” shall have the meaning assigned to such term in Section 7.1(d) of this Agreement.”

3. Section 1.2 of the Loan Agreement is hereby deleted in its entirety and the following substituted in lieu thereof:

“Use of Proceeds. The Loan shall be used by the Borrowers only for the following purposes: (i) to refinance certain existing indebtedness of the Borrowers; (ii) to finance any Permitted Merger or Acquisition; and (iii) for working capital and general corporate needs. Each Borrower agrees that it will not use or permit the Loan proceeds to be used for any other purpose without the prior written consent of the Administrative Agent.”

Section 6.15(c) of the Loan Agreement is hereby deleted in its entirety and the following substituted in lieu thereof:

“(c) Total Debt to EBITDA Ratio. The Borrowers will maintain on a consolidated basis for each quarter ending during the periods specified below, a Total Debt to EBITDA ratio of not more than the following:

<table>
<thead>
<tr>
<th>Period</th>
<th>Required Total Debt to EBITDA Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>From the date of this Agreement through December 31, 2001</td>
<td>3.25 to 1.0</td>
</tr>
<tr>
<td>From January 1, 2002 through the Maturity Date</td>
<td>3.00 to 1.0</td>
</tr>
</tbody>
</table>

For purposes of the foregoing, “Total Debt” shall have the meaning attributed to such term in the “Certain Definitions” section of this Agreement. The Total Debt to EBITDA ratio shall be measured on the last day of each fiscal quarter through the term of the Loan.”

4. Section 7.1(d) of the Loan Agreement is hereby deleted in its entirety and the following shall be substituted in lieu thereof:

“(d) permit any Borrower or any subsidiary or affiliate of any Borrower to merge or consolidate with any company or enterprise, or acquire or purchase any company or enterprise or acquire or purchase substantially all of the assets of any company or enterprise, it being understood and agreed that (x) mergers between Borrowers shall not require the consent of the Administrative Agent so long as (I) after giving effect to such merger, the Administrative Agent has a perfected security interest in and to all of the assets of the surviving Borrower constituting Collateral, and (II) the Borrowers shall have provided not less than twenty (20) days prior written notice to the Administrative Agent and Lenders of any merger
or consolidation between Borrowers; and (y) any Permitted Merger or Acquisition (as defined in Section 7.1(d)(i) of this Agreement) shall not require the consent of the Administrative Agent.

(i) “Permitted Merger or Acquisition” shall mean a merger or acquisition by any Borrower(s) with or of a non-Borrower (a “Target”) which (A) results in the acquisition by the Borrower(s) of all or substantially all of the assets of the Target or at least eighty-five percent (85%) of all of the issued and outstanding equity or ownership interests in the Target, and (B) meets all of the criteria set forth in Section 7.1(d)(ii) of this Agreement; and

(ii) In order for a merger or acquisition to be a Permitted Merger or Acquisition, the transaction must meet all of the following criteria:

(A) the Target is in a similar line of business as that of the Borrowers;

(B) the Target is headquartered, and primary operations are conducted, in the United States;

(C) the Target is a going concern, not involved in any material litigation that is not fully covered by reserves and/or insurance and shall have had EBITDA in excess of One Cent ($0.01) for the twelve (12)-month period ending on the date of the merger or acquisition;

(D) the subject transaction does not constitute a hostile acquisition or merger, nor does it involve the acquisition or merger of any equity interests in, or assets of an existing customer of any Lender;

(E) both before and after giving effect to the merger or acquisition, no Event of Default shall have occurred;

(F) the Borrowers will be in compliance with all financial covenants set forth in Section 6.15 of this Agreement after giving pro forma effect to the merger or acquisition;

(G) after giving effect to the merger or acquisition, there is at least Seven Million and No/100 Dollars ($7,000,000.00) of excess availability under Facility A;

(H) if, both immediately prior to and immediately after giving effect to the merger or acquisition, the aggregate outstanding principal balance of the Loan does not exceed Twenty-five Million and No/100 Dollars ($25,000,000.00), then, both prior to and after giving effect to the subject transaction, the aggregate amount of cash consideration, whether paid or
unpaid, for all mergers and/or acquisitions that have occurred during the term of the Loan shall not exceed Eighty Million and No/100 Dollars ($80,000,000.00), in the aggregate;

(I) if, immediately prior to or immediately after giving effect to the merger or acquisition, the aggregate outstanding principal balance of the Loan exceeds Twenty-five Million and No/100 Dollars ($25,000,000.00), or if, after giving effect to the subject transaction, the aggregate amount of cash consideration, whether paid or unpaid, for all mergers and/or acquisitions that have occurred during the term of the Loan exceeds Eighty Million and No/100 Dollars ($80,000,000.00), in the aggregate, then the total consideration (i.e., cash, equity, employee contracts, earnouts, assumed debt and the like) (“Total Consideration”) for the subject transaction shall not exceed Twenty-five Million and No/100 Dollars ($25,000,000.00), in the aggregate;

(J) the Borrowers shall not assume any indebtedness as a condition of such merger or acquisition other than capitalized leases entered into in the ordinary course of business and other indebtedness permitted under Section 7.7 of this Agreement;

(K) the Borrowers shall have certified in writing, or concurrent with the consummation of the subject merger or acquisition shall certify in writing, to the Administrative Agent that the subject merger or acquisition meets the requirements of a Permitted Merger or Acquisition as set forth in this Section 7.1(d); and

(L) the Target shall be joined as a Borrower within fifteen (15) days of the closing of the merger or acquisition.

(iii) In the event that the Administrative Agent issues its consent to a hostile acquisition or an acquisition involving the stock or assets of existing customers of any Lender, such consent shall be subject to the Borrowers’ agreement to indemnify, defend and hold the Lenders harmless from and against any and all claims, demands, losses, liabilities, damages, costs and expenses of every kind and nature, including without limitation, reasonable attorneys’ fees, related to, arising out of or in connection with such acquisition, pursuant to an indemnity agreement satisfactory to the Lenders in all respects;

(iv) The Borrowers expressly acknowledge and agree that, unless and until the Administrative Agent shall have conducted a field audit with respect to a Target, the assets of such Target will not be included in the calculation of the Maximum Borrowing Base without the Administrative Agent’s prior approval; provided, however, that the Administrative Agent agrees to complete its field audit.
with respect to a Target by thirty (30) days after the later of (A) the date of the subject acquisition or merger or (B) the Administrative Agent’s receipt of notice of the subject acquisition or merger, provided that the Borrowers have provided to the Administrative Agent the information necessary to evaluate the assets of the Target, including access thereto, within a reasonable period of time prior to the expiration of such thirty (30)-day period.

5. Each Borrower hereby acknowledges and agrees that (i) there are no set-offs or defenses against the Notes, the Loan Agreement or any other Loan Document; (ii) except as specifically amended hereby, all of the terms and conditions of the Notes, the Loan Agreement and the other Loan Documents shall remain unmodified and in full force and effect; (iii) the Notes, the Loan Agreement (as modified hereby) and the other Loan Documents are hereby expressly approved, ratified and confirmed; and (iv) the execution, delivery and performance by each Borrower of this Modification (a) is within its corporate powers, (b) has been duly authorized by all necessary corporate action, and (c) does not require the consent or approval of any other person or entity.

6. The Borrowers hereby represent and warrant that the representations and warranties set forth in the Loan Agreement and the other Loan Documents are true and correct as of the date hereof with the same force and effect as though made on and as of the date hereof.

7. This Modification may be executed by facsimile and in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same document.

8. This Modification shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to choice of law principles. This Modification shall be binding upon the Borrowers, each Lender, the Agents and their respective successors and assigns.

9. The section and other headings contained in this Modification (if any) are for convenience of reference only, and in no way define limit or describe the scope of this Modification or the intent of any provision hereof.

[Remainder of Page Intentionally Left Blank]
IN WITNESS WHEREOF, this Modification has been signed, sealed and delivered as of the date and year first above written.

WITNESS:

BY: /s/ JEFFREY S. BROWN

Name: Jeffrey S. Brown

MANTECH INTERNATIONAL CORPORATION, a Delaware corporation;
MANTECH ADVANCED SYSTEMS INTERNATIONAL, INC., a Virginia corporation;
MANTECH SYSTEMS ENGINEERING CORPORATION, a Virginia corporation;
NSI TECHNOLOGY SERVICES CORPORATION, a California corporation;
MANTECH SYSTEMS CORPORATION, a New Jersey corporation;
MANTECH SOLUTIONS CORPORATION, a Virginia corporation;
MANTECH ENVIRONMENTAL TECHNOLOGY, INC., a Virginia corporation;
MANTECH SUPPORT TECHNOLOGY, INC., a Virginia corporation;
MANTECH AUSTRALIA INTERNATIONAL, INC., a Virginia corporation formerly known as ManTech Computer Company, Inc.;
FIELD SUPPORT SERVICES MÜHENDİSLİK LIMITED SIRKETİ, a corporation organized and existing under the laws of Turkey;
MANTECH TELECOMMUNICATIONS AND INFORMATION SYSTEMS CORPORATION, a Delaware corporation formerly known as ManTech Strategic Associates, Ltd.;

WITNESS:

BY: /s/ JEFFREY S. BROWN

Name: Jeffrey S. Brown

By: /s/ MATTHEW P. GALASKI

Name: Matthew P. Galaski
Title: Vice President

MANTECH INTERNATIONAL CORPORATION,
a Delaware corporation;
MANTECH ADVANCED SYSTEMS INTERNATIONAL, INC., a Virginia corporation;
MANTECH SYSTEMS ENGINEERING CORPORATION, a Virginia corporation;
NSI TECHNOLOGY SERVICES CORPORATION, a California corporation;
MANTECH SYSTEMS CORPORATION, a New Jersey corporation;
MANTECH SOLUTIONS CORPORATION, a Virginia corporation;
MANTECH ENVIRONMENTAL TECHNOLOGY, INC., a Virginia corporation;
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FIELD SUPPORT SERVICES MÜHENDİSLİK LIMITED SIRKETİ, a corporation organized and existing under the laws of Turkey;
MANTECH TELECOMMUNICATIONS AND INFORMATION SYSTEMS CORPORATION, a Delaware corporation formerly known as ManTech Strategic Associates, Ltd.;
WITNESS:

By: /s/ JEFFREY S. BROWN

Name: Jeffrey S. Brown

By: /s/ MATTHEW P. GALASKI

Name: Matthew P. Galaski
Title: Vice President
MASI U.K. LIMITED, a corporation organized and existing under the laws of the United Kingdom;
MANTECH ADVANCED RECOGNITION LIMITED, a private company registered in England under the number 885326, formerly known as Advanced Recognition Limited; and
MANTECH DATABASE SERVICES EUROPE LIMITED, a United Kingdom corporation

WITNESS:

By: /s/ JEFFREY S. BROWN

Name: Jeffrey S. Brown

By: /s/ MATTHEW P. GALASKI

Name: Matthew P. Galaski
Title: Attorney-in-Fact

LENDERS(S):

CITIZENS BANK OF PENNSYLVANIA, a Pennsylvania state chartered bank
By: /s/ LESLIE A. GRIZZARD

Name: Leslie A. Grizzard
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION, a national banking association
By: /s/ DOREEN K. CASEY

Name: Doreen K. Casey
Title: Vice President

CHEVY CHASE BANK, F.S.B., a federal savings bank
By: /s/ ERIC A. PIETRAS

Name: Eric A. Pietras
Title: Vice President
ADMINISTRATIVE AGENT:

CITIZENS BANK OF PENNSYLVANIA, a Pennsylvania state chartered bank

By: /s/ LESLIE A. GRIZZARD

Name: Leslie A. Grizzard
Title: Vice President

DOCUMENTATION AGENT:

PNC BANK, NATIONAL ASSOCIATION, a national banking association

By: /s/ DOREEN K. CASEY

Name: Doreen K. Casey
Title: Vice President
SECOND MODIFICATION TO
BUSINESS LOAN AND SECURITY AGREEMENT

THIS SECOND MODIFICATION TO BUSINESS LOAN AND SECURITY AGREEMENT (this “Modification”) is made as of the 9th day of July, 2002, by and among (i) CITIZENS BANK OF PENNSYLVANIA, a Pennsylvania state chartered bank (“Citizens Bank”), acting in its capacity as a Lender, Swing Line Lender and as the Administrative Agent for the Lenders (hereinafter defined), having offices at 8521 Leesburg Pike, Suite 405, Vienna, Virginia 22182; (ii) PNC BANK, NATIONAL ASSOCIATION, a national banking association (“PNC”), acting in its capacity of Lender and as the Documentation Agent for the Lenders, having offices at One PNC Plaza, 6th Floor, 249 Fifth Avenue, Pittsburgh, Pennsylvania 15222; (iii) BRANCH BANKING AND TRUST COMPANY OF VIRGINIA, a Virginia banking corporation (“BB&T”), having offices at 8200 Greensboro Drive, Suite 250, McLean, Virginia 22102, (iv) CHEVY CHASE BANK, F.S.B., a federal savings bank (“Chevy Chase”) having offices at 7501 Wisconsin Avenue, 12th Floor, Bethesda, Maryland 20814, (v) any other Lender parties to the Loan Agreement (hereinafter defined) from time to time; (vi) MANTECH INTERNATIONAL CORPORATION, a Delaware corporation (“MIC”); MANTECH ADVANCED SYSTEMS INTERNATIONAL, INC.; a Virginia corporation, MANTECH SYSTEMS ENGINEERING CORPORATION, a Virginia corporation; NSI TECHNOLOGY SERVICES CORPORATION, a California corporation; MANTECH SYSTEMS CORPORATION, a New Jersey corporation; MANTECH SOLUTIONS CORPORATION, a Virginia corporation; MANTECH ENVIRONMENTAL TECHNOLOGY, INC., a Virginia corporation; MANTECH SUPPORT TECHNOLOGY, INC., a Virginia corporation; MANTECH AUSTRALIA INTERNATIONAL, INC., a Virginia corporation formerly known as ManTech Computer Company, Inc.; FIELD SUPPORT SERVICES MÜHENDISLIK LIMITED SIRKETI, a corporation organized and existing under the laws of Turkey; MASI U.K. LIMITED, a corporation organized and existing under the laws of the United Kingdom; MANTECH TELECOMMUNICATIONS AND INFORMATION SYSTEMS CORPORATION, a Delaware corporation formerly known as ManTech Strategic Associates, Ltd.; TECHNOLOGY MANAGEMENT CORPORATION, a Virginia corporation; SCIENCE ENGINEERING & ANALYSIS, INCORPORATED, a Virginia corporation; MANTECH ENVIRONMENTAL RESEARCH SERVICES CORP., a Virginia corporation; NSI ENVIRONMENTAL SOLUTIONS, INC., a Virginia corporation; MANTECH ENVIRONMENTAL CORPORATION, a Virginia corporation; MANTECH SYSTEMS SOLUTIONS CORPORATION, a Virginia corporation formerly known as Tidewater Consultants, Inc.; MANTECH SOLUTIONS & TECHNOLOGIES CORPORATION, a Virginia corporation formerly known as ManTech Systems Integration Corporation; MANTECH TEST SYSTEMS, INC., a Virginia corporation; MANTECH U.K. SYSTEMS CORPORATION, a Virginia corporation; REDESMUNDIAL, S.A., a corporation organized and existing under the laws of the Republic of Panama formerly known as ManTech International Panama, Inc.; MANTECH GERMANY SYSTEMS CORPORATION, a Virginia corporation; MANTECH CHINA SYSTEMS CORPORATION, a Virginia corporation; MANTECH ADVANCED DEVELOPMENT GROUP, INC., a California corporation; MANTECH ENTERPRISE SOLUTIONS, INC., a Virginia corporation; MANTECH ADVANCED RECOGNITION LIMITED, a private company registered in England under the number 885326 formerly known as Advanced Recognition Limited; VOBIX CORPORATION, a Virginia corporation; MANTECH DATABASE SERVICES EUROPE LIMITED, a corporation organized and existing under the laws of the United Kingdom; MANTECH SECURITY TECHNOLOGIES
CORPORATION, a Virginia corporation (each, a “Borrower” and collectively, the “Borrowers”), and (vii) each other person or entity hereafter becoming a “Borrower” party to the Loan Agreement (as hereinafter defined) by executing a “Joinder Agreement” pursuant to the Loan Agreement. For purposes of this Modification, (a) Citizens Bank (acting in its capacity as a Lender), PNC (acting in its capacity as a Lender), BB&T and Chevy Chase are collectively referred to herein as the “Lenders”; (b) the Administrative Agent and the Documentation Agent are collectively referred to herein as the “Agents”; and (c) all other capitalized terms used but not defined herein shall have the meanings attributed to such terms in the Loan Agreement.

WITNESSETH THAT:

WHEREAS, pursuant to that certain Business Loan and Security Agreement dated as of December 17, 2001 (as the same has been amended by that certain First Modification to Business Loan and Security Agreement dated as of July 1, 2002, and as the same may be further amended or modified from time to time, the “Loan Agreement”), by and among the Lenders, the Borrowers and the Agents, the Borrowers obtained a loan (the “Loan”) from the Lenders in the original aggregate maximum principal amount of Seventy-one Million Four Hundred Thousand and No/100 Dollars ($71,400,000.00), evidenced by the Notes and secured by, among other things, certain collateral more fully described in Section 3.1 of the Loan Agreement; and

WHEREAS, the Borrowers have requested that certain adjustments be made to the Pricing Grid attached as Exhibit 9 to the Loan Agreement; and

WHEREAS, the Lenders have agreed to amend the Loan Agreement as requested subject to, among other things, the terms, covenants, agreements and limitations set forth in this Modification, as hereinafter provided.

NOW, THEREFORE, in consideration of the foregoing premises and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

1. The foregoing recitals are hereby incorporated herein by this reference and made a part hereof, with the same force and effect as if fully set forth herein.

2. Effective as of July 12, 2002, Exhibit 9 attached to the Loan Agreement shall be automatically (and without further documentation) deleted in its entirety and the Exhibit 9 attached hereto substituted in lieu thereof.

3. Each Borrower hereby acknowledges and agrees that (i) there are no set-offs or defenses against the Notes, the Loan Agreement or any other Loan Document; (ii) except as specifically amended hereby, all of the terms and conditions of the Notes, the Loan Agreement and the other Loan Documents shall remain unmodified and in full force and effect; (iii) the Notes, the Loan Agreement (as modified hereby) and the other Loan Documents are hereby expressly approved, ratified and confirmed; and (iv) the execution, delivery and performance by each Borrower of this Modification (a) is within its corporate powers, (b) has been duly
4. The Borrowers hereby represent and warrant that the representations and warranties set forth in the Loan Agreement and the other Loan Documents are true and correct as of the date hereof with the same force and effect as though made on and as of the date hereof.

5. This Modification may be executed by facsimile and in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same document.

6. This Modification shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to choice of law principles. This Modification shall be binding upon the Borrowers, each Lender, the Agents and their respective successors and assigns.

7. The section and other headings contained in this Modification (if any) are for convenience of reference only, and in no way define, limit or describe the scope of this Modification or the intent of any provision hereof.

8. By its execution below, BB&T hereby acknowledges and agrees that, to the extent applicable to the Lenders, BB&T is bound by and subject to all of the terms and provisions set forth in that certain First Modification to Business Loan and Security Agreement dated as of July 1, 2002 as if BB&T were an original signatory party thereto.
IN WITNESS WHEREOF, this Modification has been signed, sealed and delivered as of the date and year first above written.

WITNESS:

By: /s/ JEFFREY S. BROWN
Name: Jeffrey S. Brown

MANTECH INTERNATIONAL CORPORATION,
a Delaware corporation;
By: /s/ MATTHEW P. GALASKI
Name: Matthew P. Galaski
Title: Vice President

MANTECH ADVANCED SYSTEMS INTERNATIONAL, INC., a
Virginia corporation;
MANTECH SYSTEMS ENGINEERING CORPORATION, a Virginia
corporation;
NSI TECHNOLOGY SERVICES CORPORATION, a California
corporation;
MANTECH SYSTEMS CORPORATION, a New Jersey corporation;
MANTECH SOLUTIONS CORPORATION, a Virginia corporation;
MANTECH ENVIRONMENTAL TECHNOLOGY, INC., a Virginia
corporation;
MANTECH SUPPORT TECHNOLOGY, INC., a Virginia corporation;
MANTECH AUSTRALIA INTERNATIONAL, INC., a Virginia
corporation formerly known as ManTech Computer Company, Inc.;
FIELD SUPPORT SERVICES MÜHENDISLIK LIMITED SIRKETI, a
corporation organized and existing under the laws of Turkey;
MANTECH TELECOMMUNICATIONS AND INFORMATION
SYSTEMS CORPORATION, a Delaware corporation formerly
known as ManTech Strategic Associates, Ltd.;

WITNESS:

By: /s/ JEFFREY S. BROWN
Name: Jeffrey S. Brown

By: /s/ MATTHEW P. GALASKI
Name: Matthew P. Galaski
Title: Vice President
TECHNOLOGY MANAGEMENT CORPORATION, a Virginia corporation;
SCIENCE ENGINEERING & ANALYSIS, INCORPORATED, a Virginia corporation;
MANTECH ENVIRONMENTAL RESEARCH SERVICES CORP., a Virginia corporation;
NSI ENVIRONMENTAL SOLUTIONS, INC., a Virginia corporation;
MANTECH ENVIRONMENTAL CORPORATION, a Virginia corporation;
MANTECH SYSTEMS SOLUTIONS CORPORATION, a Virginia corporation formerly known as Tidewater Consultants, Inc.
MANTECH SOLUTIONS & TECHNOLOGIES CORPORATION, a Virginia corporation formerly known as ManTech Systems Integration Corporation;
MANTECH U.K. SYSTEMS CORPORATION, a Virginia corporation;
REDESMUNDIAL, S.A., a corporation organized and existing under the laws of the Republic of Panama, formerly known as ManTech International Panama, Inc.;
MANTECH CHINA SYSTEMS CORPORATION, a Virginia corporation;
MANTECH GERMANY SYSTEMS CORPORATION, a Virginia corporation;
MANTECH ADVANCED DEVELOPMENT GROUP, INC., a California corporation;
MANTECH ENTERPRISE SOLUTIONS, INC., a Virginia corporation;
VOBIX CORPORATION, a Virginia corporation
MANTECH SECURITY TECHNOLOGIES CORPORATION, a Virginia corporation

WITNESS:

By:  /s/ JEFFREY S. BROWN

Name:  Jeffrey S. Brown

By:  /s/ MATTHEW P. GALASKI

Name:  Matthew P. Galaski

Title:  Vice President
MASI U.K. LIMITED, a corporation organized and existing under the laws of the United Kingdom;
MANTECH ADVANCED RECOGNITION LIMITED, a private company registered in England under the number 885326, formerly known as Advanced Recognition Limited; and
MANTECH DATABASE SERVICES EUROPE LIMITED, a United Kingdom corporation

WITNESS:

By:  /s/ JEFFREY S. BROWN
Name:   Jeffrey S. Brown
Title:   Attorney-in-Fact

LENDERS(S):

CITIZENS BANK OF PENNSYLVANIA, a Pennsylvania state chartered bank
By:  /s/ LESLIE A. GRIZZARD
Name:   Leslie A. Grizzard
Title:   Vice President

PNC BANK, NATIONAL ASSOCIATION, a national banking association
By:  /s/ DOREEN K. CASEY
Name:   Doreen K. Casey
Title:   Vice President

BRANCH BANKING AND TRUST COMPANY OF VIRGINIA, a Virginia banking corporation
By:  /s/ RONALD P. GUDBRANDSEN
Name:   Ronald P. Gudbrandsen
Title:   Senior Vice President

CHEVY CHASE BANK, F.S.B., a federal savings bank
By:  /s/ ERIC A. PIETRAS
Name:   Eric A. Pietras
Title:   Vice President
ADMINISTRATIVE AGENT:
CITIZENS BANK OF PENNSYLVANIA, a Pennsylvania state chartered bank
By: /s/ LESLIE A. GRIZZARD

Name: Leslie A. Grizzard
Title: Vice President

DOCUMENTATION AGENT:
PNC BANK, NATIONAL ASSOCIATION, a national banking association
By: /s/ DOREEN K. CASEY

Name: Doreen K. Casey
Title: Vice President
<table>
<thead>
<tr>
<th>If the Total Debt to EBITDA Ratio is:</th>
<th>less than or equal to 1.25 to 1.00</th>
<th>greater than 1.25 to 1.00, but less than or equal to 2.00 to 1.00</th>
<th>greater than 2.00 to 1.00, but less than or equal to 2.50 to 1.00</th>
<th>greater than 2.50 to 1.00, but less than or equal to 3.00 to 1.00</th>
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<td>then the Facility A LIBOR Margin shall be:</td>
<td>1.00%</td>
<td>1.25%</td>
<td>1.50%</td>
<td>1.75%</td>
</tr>
<tr>
<td>then the Facility A Base Rate Margin shall be:</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.25%</td>
<td>0.05%</td>
</tr>
<tr>
<td>then the Facility A Commitment Fee shall be:</td>
<td>0.25%</td>
<td>0.25%</td>
<td>0.325%</td>
<td>0.325%</td>
</tr>
<tr>
<td>then the Letter of Credit Fee shall be:</td>
<td>1.00%</td>
<td>1.25%</td>
<td>1.50%</td>
<td>1.75%</td>
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CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the ManTech International Corporation (the “Company”) Quarterly Report on Form 10-Q for the period ending September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, George J. Pedersen, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certificate is being made for the exclusive purpose of compliance by the Chief Executive Officer of the Company with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and may not be disclosed, distributed or used by any person or for any reason other than as specifically required by law.

Date: November 14, 2002

By: /s/ George J. Pedersen

Name: George J. Pedersen
Title: Chairman of the Board of Directors, Chief Executive Officer and President
EXHIBIT 99.2
CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the ManTech International Corporation (the “Company”) Quarterly Report on Form 10-Q for the period ending September 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John A. Moore, Jr., Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

(1) The Report fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

This certificate is being made for the exclusive purpose of compliance by the Chief Financial Officer of the Company with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002, and may not be disclosed, distributed or used by any person or for any reason other than as specifically required by law.

Date: November 14, 2002

By: /s/ John A. Moore, Jr.

Name: John A. Moore, Jr.
Title: Director, Executive Vice President and Chief Financial Officer