

MANTECH INTERNATIONAL CORP
Form 10-Q
November 02, 2012

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended September 30, 2012

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____
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
(Address of principal executive offices)
(703) 218-6000
(Registrant's telephone number, including area code)

22033
(Zip 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

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

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

As of October 31, 2012 there were outstanding 23,810,642 shares of our Class A common stock and 13,192,845 shares of our Class B common stock.

MANTECH INTERNATIONAL CORPORATION
FORM 10-Q
FOR THE QUARTER ENDED September 30, 2012
INDEX

	Page No.
<u>PART I - FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements (unaudited)</u>	
<u>Condensed Consolidated Balance Sheets at September 30, 2012 and December 31, 2011</u>	<u>3</u>
<u>Condensed Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2012 and 2011</u>	<u>4</u>
<u>Condensed Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2012 and 2011</u>	<u>5</u>
<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2012 and 2011</u>	<u>6</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>7</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>18</u>
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>25</u>
Item 4. <u>Controls and Procedures</u>	<u>25</u>
<u>Part II - OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	<u>26</u>
Item 1A. <u>Risk Factors</u>	<u>26</u>
Item 6. <u>Exhibits</u>	<u>26</u>

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

MANTECH INTERNATIONAL CORPORATION
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (In Thousands Except Share Amounts)

	(unaudited) September 30, 2012	December 31, 2011
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$208,930	\$114,483
Receivables—net	474,844	540,468
Prepaid expenses and other	22,881	33,115
Total Current Assets	706,655	688,066
Property and equipment—net	29,901	47,435
Goodwill	861,934	808,455
Other intangibles—net	172,134	177,764
Employee supplemental savings plan assets	26,184	25,026
Other assets	12,059	13,460
TOTAL ASSETS	\$1,808,867	\$1,760,206
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$274,818	\$280,277
Accrued salaries and related expenses	80,997	72,467
Billings in excess of revenue earned	15,460	34,956
Total Current Liabilities	371,275	387,700
Long-term debt	200,000	200,000
Accrued retirement	27,555	26,155
Other long-term liabilities	9,340	7,871
Deferred income taxes—non-current	52,602	49,223
TOTAL LIABILITIES	660,772	670,949
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, Class A—\$0.01 par value; 150,000,000 shares authorized; 24,054,755 and 23,882,331 shares issued at September 30, 2012 and December 31, 2011; 23,810,642 and 23,638,218 shares outstanding at September 30, 2012 and December 31, 2011	241	239
Common stock, Class B—\$0.01 par value; 50,000,000 shares authorized; 13,192,845 and 13,192,845 shares issued and outstanding at September 30, 2012 and December 31, 2011	132	132
Additional paid-in capital	415,864	406,083
Treasury stock, 244,113 and 244,113 shares at cost at September 30, 2012 and December 31, 2011	(9,158	) (9,158
Retained earnings	743,814	692,272
Accumulated other comprehensive income (loss)	(383	) (311
Unearned Employee Stock Ownership Plan Shares	(2,415) —
TOTAL STOCKHOLDERS' EQUITY	1,148,095	1,089,257

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$1,808,867	\$1,760,206
--	-------------	-------------

See notes to condensed consolidated financial statements.

3

MANTECH INTERNATIONAL CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (In Thousands Except Per Share Amounts)

	(unaudited) Three months ended September 30,		(unaudited) Nine months ended September 30,	
	2012	2011	2012	2011
REVENUES	\$645,028	\$734,607	\$1,960,474	\$2,188,144
Cost of services	551,493	629,181	1,678,470	1,873,595
General and administrative expenses	50,776	46,918	148,670	141,018
OPERATING INCOME	42,759	58,508	133,334	173,531
Interest expense	(4,110)	(3,857)	(12,267)	(11,806)
Interest income	118	107	257	230
Other income (expense), net	10	(20)	(78)	3,896
INCOME FROM OPERATIONS BEFORE INCOME TAXES	38,777	54,738	121,246	165,851
Provision for income taxes	(14,350)	(20,252)	(46,432)	(63,020)
NET INCOME	\$24,427	\$34,486	\$74,814	\$102,831
BASIC EARNINGS PER SHARE:				
Class A basic earnings per share	\$0.66	\$0.94	\$2.03	\$2.81
Weighted average common shares outstanding	23,760	23,513	23,700	23,360
Class B basic earnings per share	\$0.66	\$0.94	\$2.03	\$2.81
Weighted average common shares outstanding	13,193	13,193	13,193	13,246
DILUTED EARNINGS PER SHARE:				
Class A diluted earnings per share	\$0.66	\$0.94	\$2.03	\$2.80
Weighted average common shares outstanding	23,778	23,607	23,743	23,493
Class B diluted earnings per share	\$0.66	\$0.94	\$2.03	\$2.80
Weighted average common shares outstanding	13,193	13,193	13,193	13,246

See notes to condensed consolidated financial statements.

MANTECH INTERNATIONAL CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (In Thousands)

	(unaudited) Three months ended September 30,		(unaudited) Nine months ended September 30,	
	2012	2011	2012	2011
NET INCOME	\$24,427	\$34,486	\$74,814	\$102,831
OTHER COMPREHENSIVE INCOME (LOSS):				
Translation adjustment, net of tax	(2	) (17	) (72	) (48
Total other comprehensive income (loss)	(2	) (17	) (72	) (48
COMPREHENSIVE INCOME	\$24,425	\$34,469	\$74,742	\$102,783

See notes to condensed consolidated financial statements.

MANTECH INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	(unaudited)	
	Nine months ended	
	September 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$74,814	\$102,831
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	6,295	6,813
Excess tax benefits from the exercise of stock options	(43	) (244
Deferred income taxes	5,079	(10,245
Depreciation and amortization	44,768	28,700
Gain on sale of investments	—	(3,745
Change in assets and liabilities—net of effects from acquired businesses:		
Receivables—net	72,360	(9,471
Prepaid expenses and other	9,181	4,351
Accounts payable and accrued expenses	(13,160	) (2,605
Accrued salaries and related expenses	6,580	17,079
Billings in excess of revenue earned	(20,027	) 44,469
Accrued retirement	1,400	(1,786
Other	1,016	1,975
Net cash flow from operating activities	188,263	178,122
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of businesses—net of cash acquired	(63,093	) (20,300
Purchases of property and equipment	(8,393	) (51,372
Disposition of a business	1,799	—
Investment in capitalized software for internal use	(2,215	) (5,105
Proceeds from sale of investment	185	3,255
Net cash flow from investing activities	(71,717	) (73,522
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(23,257	) (15,400
Proceeds from exercise of stock options	1,115	7,665
Excess tax benefits from the exercise of stock options	43	244
Treasury stock acquired	—	(44
Net cash flow from financing activities	(22,099	) (7,535
NET CHANGE IN CASH AND CASH EQUIVALENTS	94,447	97,065
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	114,483	84,829
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$208,930	\$181,894
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for income taxes	\$15,135	\$66,068
Cash paid for interest	\$8,157	\$7,798
Noncash investing activities:		
Capital expenditures incurred but not yet paid	\$2,195	\$—
Noncash financing activities:		
Employee Stock Ownership Plan Contributions	\$2,978	\$2,422

See notes to condensed consolidated financial statements.

6

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2012

UNAUDITED

1. Introduction and Overview

ManTech International Corporation (depending on the circumstances, “ManTech” “Company” “we” “our” “ours” or “us”) is a leading provider of innovative technologies and solutions for mission-critical national security programs for the intelligence community; the Department of Defense, including its health organizations; the departments of State, Homeland Security, Energy and Justice, including the Federal Bureau of Investigation (FBI); the space community; and other U.S. federal government customers. We provide support to critical national security programs for approximately 60 federal agencies through approximately 1,000 current contracts. Our services include the following solution sets that are aligned with the long-term needs of our national security clients: command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) lifecycle support; cyber security; global logistics support; intelligence/counter-intelligence support; information technology (IT) modernization and sustainment; systems engineering; test and evaluation; and health IT. We support major national missions, such as military readiness, terrorist threat detection, information security and border protection. Our employees operate primarily in the United States, as well as in numerous locations internationally.

2. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). 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. We recommend that you read these unaudited condensed consolidated financial statements in conjunction with the audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, previously filed with the SEC. We believe that the unaudited condensed consolidated financial statements in this Form 10-Q reflect all adjustments that are necessary to fairly present the financial position, results of operations and cash flows for the interim periods presented. The results of operations for such interim periods are not necessarily indicative of the results that can be expected for the full year.

3. Acquisitions

Our acquisitions have been accounted for using the acquisition method of accounting under the Accounting Standards Codification (ASC) 805, Business Combination.

HBGary, Inc.-On April 2, 2012, we completed the acquisition of certain assets of HBGary, Inc. (HBGary). The acquisition was completed through an asset purchase agreement dated February 27, 2012, by and among a subsidiary of ManTech International Corporation, HBGary and the shareholders of HBGary.

HBGary provides a comprehensive suite of software products to detect, analyze and diagnose Advance Persistent Threats and targeted malware. The company has customers in the financial services, energy, critical infrastructure and technology sectors. This acquisition broadened our cyber security solution capability for customers.

ManTech funded the acquisition with cash on hand. The preliminary purchase price was \$23.8 million and may increase or decrease depending on the finalization of the post-closing working capital adjustment. The asset purchase agreement did not contain provisions for contingent consideration. Pursuant to the asset purchase agreement, \$4.8 million was placed into an escrow account to satisfy potential indemnification liabilities of HBGary. The escrow period will expire 18 months after the purchase closing date. At September 30, 2012, the balance in the escrow account was \$4.8 million.

During the nine months ended September 30, 2012, ManTech incurred approximately \$0.8 million of acquisition costs related to the HBGary transaction, which are included in the general and administrative expense in our consolidated statement of income.

The preliminary purchase price of \$23.8 million was allocated to the underlying assets and liabilities based on their fair value at the date of acquisition. The following information represents the preliminary purchase price allocation, as we are still in the process of reviewing the working capital accounts at the date of acquisition for potential adjustments to the purchase price. Total assets were \$24.6 million, including goodwill and intangible assets recognized in connection with the acquisition, and total liabilities were \$0.8 million. Included in total assets were \$3.1 million in acquisition related intangible assets. We recorded goodwill of \$20.1 million, which will be deductible for tax purposes over 15 years, assuming adequate levels of taxable income. Recognition of goodwill is largely attributed to the value paid for companies providing cyber service and product solutions to both federal and commercial customers. The components of other intangible assets associated with the acquisition were developed technology, customer relationships and trademark valued at \$2.0 million, \$0.9 million and \$0.2 million, respectively. Developed technology represents the software

developed by HBGary to detect, analyze and diagnose Advanced Persistent Threats and targeted malware. Customer relationships represent the underlying relationship with HBGary customers in the financial services, energy, critical infrastructure and technology sectors. Trademark represents the HBGary trade name that is recognized in the industry. Developed technology, customer relationships and trademark are amortized straight-line over their estimated useful lives of approximately 3 years, 2 years and 2 years, respectively. The weighted-average amortization period for the intangible assets is 2.5 years.

Evolver Technologies, Inc.-On January 6, 2012, we completed the acquisition of Evolver Technologies, Inc. (Evolver). The results of Evolver's operations have been included in our consolidated financial statements since that date. The acquisition was completed through an equity purchase agreement dated January 6, 2012, by and among ManTech, shareholders and warrant holders of the parent of Evolver, Evolver, and Prudent Management, LLC in its capacity as the sellers' representative.

Evolver provides services in clinical IT, clinical business intelligence, imaging cyber security, behavioral health, tele-health, software development and systems integration. Its systems and processes enable better decision-making at the point of care and full integration of medical information across different platforms. This acquisition has enabled ManTech to expand its customer relationships and deliver IT solutions through Evolver's existing relationships with the Department of Defense health organizations, the Veterans Administration and the Department of Health and Human Services.

ManTech funded the acquisition with cash on hand. The preliminary purchase price was \$39.0 million and may increase or decrease depending on the finalization of post-closing working capital adjustments. The equity purchase agreement did not contain provisions for contingent consideration. Pursuant to the equity purchase agreement, \$8.0 million was placed into an escrow account to satisfy potential indemnification liabilities of Evolver. The escrow period will expire 36 months after the purchase closing date. At September 30, 2012, the balance in the escrow account was \$8.0 million.

During the nine months ended September 30, 2012, the Company incurred \$0.2 million of acquisition costs associated with Evolver. These costs are included in general and administrative expense in our consolidated statement of income.

The preliminary purchase price of \$39.0 million was allocated to the underlying assets and liabilities based on their fair value at the date of acquisition. The following information represents the preliminary purchase price allocation, as we are still in the process of reviewing the working capital accounts at the date of acquisition for potential adjustments to the purchase price. Total assets were \$46.0 million, including goodwill and intangible assets recognized in connection with the acquisition, and total liabilities were \$7.0 million. Included in total assets were \$3.7 million in acquisition related intangible assets. We recorded goodwill of \$33.2 million, which is not deductible for tax purposes. Recognition of goodwill is largely attributed to the highly skilled employees and the value paid for companies providing IT services and solutions to the federal government healthcare sector.

In allocating the preliminary purchase price, we considered among other factors, analyses of historical performance and estimates of future performance of Evolver's contracts. The components of other intangible assets associated with the acquisition were customer relationships and backlog valued at \$3.4 million and \$0.3 million, respectively. Customer contracts and related relationships represent the underlying relationships and agreements with Evolver's existing customers. Customer relationships and backlog are amortized over their estimated useful lives of 20 years and 1 year, respectively, using the pattern of benefits method. The weighted-average amortization period for the intangible assets is 18.5 years.

Worldwide Information Network Systems, Inc.-On November 15, 2011, we completed the acquisition of Worldwide Information Network Systems, Inc. (WINS). The results of WINS' operations have been included in our consolidated financial statements since that date. The acquisition was completed through a stock purchase agreement dated October 26, 2011, by and among a subsidiary of ManTech International Corporation, WINS and its sole shareholder. WINS provides IT solutions with network engineering and cyber security technical expertise to the Department of Defense, Department of State and other agencies. WINS' largest customer is the Defense Intelligence Agency (DIA) through its prime position on the Solutions for the Information Technologies Enterprise (SITE) Indefinite Delivery/Indefinite Quantity contract vehicle. This acquisition broadened our footprint in the high-end defense and

intelligence markets. The addition of WINS' IT capabilities, and its prime position on the DIA SITE contract, support of the Department of State and other contracts will enhance our positioning with important customers and further our growth prospects.

ManTech funded the acquisition with cash on hand. The purchase price was \$90.4 million. The stock purchase agreement did not contain provisions for contingent consideration. Pursuant to the stock purchase agreement, \$9.0 million was placed into an escrow account to satisfy potential indemnification liabilities of WINS. The escrow period will expire 18 months after the purchase closing date. At September 30, 2012, the balance in the escrow account was \$9.0 million.

The purchase price of \$90.4 million was allocated to the underlying assets and liabilities based on their fair value at the date of acquisition. Total assets were \$100.5 million, including goodwill and intangible assets recognized in connection with the acquisition, and total liabilities were \$10.1 million. Included in total assets were \$18.7 million in acquisition related intangible assets. We recorded goodwill of \$62.5 million, which will be deductible for tax purposes over 15 years, assuming adequate levels of taxable income. Recognition of goodwill is largely attributed to the highly skilled employees and the value paid for companies supporting high-end defense, intelligence and homeland security markets.

In allocating the purchase price, we considered among other factors, analyses of historical performance and estimates of future performance of WINS' contracts. The components of other intangible assets associated with the acquisition were customer relationships and backlog valued at \$18.0 million and \$0.7 million, respectively. Customer contracts and related relationships represent the underlying relationships and agreements with WINS' existing customers. Customer relationships and backlog are amortized over their estimated useful lives of 20 years and 1 year, respectively, using the pattern of benefits method. The weighted-average amortization period for the intangible assets is 19.3 years.

TranTech, Inc.-On February 11, 2011, we completed the acquisition of TranTech, Inc. (TranTech). The results of TranTech's operations have been included in our consolidated financial statements since that date. The acquisition was completed through a stock purchase agreement dated February 11, 2011, by and among ManTech International Corporation, TranTech and its sole shareholder.

TranTech provides information technology, network and cyber security services to the federal government. The acquisition allowed us to continue extending our presence in the defense, security and intelligence communities, and to offer comprehensive solutions through a prime position on the Defense Information Systems Agency ENCORE II contract.

During the nine months ended September 30, 2011, ManTech incurred approximately \$0.3 million of acquisition costs related to the TranTech transaction, which are included in the general and administrative expense in our consolidated statement of income.

ManTech funded the acquisition with cash on hand. The purchase price of \$21.5 million was allocated to the underlying assets and liabilities based on their fair values at the date of acquisition. Total assets were \$23.8 million, including goodwill and intangible assets recognized in connection with the acquisition, and total liabilities were \$2.3 million. Included in total assets were \$5.0 million in acquisition related intangible assets. We recorded goodwill of \$14.6 million, which will be deductible for tax purposes over 15 years, assuming adequate levels of taxable income. Recognition of goodwill is largely attributed to the value paid for companies supporting high-end defense, intelligence and homeland security markets.

In allocating the purchase price, we considered among other factors, analyses of historical performance and estimates of future performance of TranTech's contracts. The components of other intangible assets associated with the acquisition were customer relationships and backlog valued at \$4.6 million and \$0.4 million, respectively. Customer contracts and related relationships represent the underlying relationships and agreements with TranTech's existing customers. Customer relationships and backlog are amortized over their estimated useful lives of 20 years and 1 year, respectively, using the pattern of benefits method. The weighted-average amortization period for the intangible assets is 18.5 years.

4. Earnings Per Share

Under ASC 260, Earnings per Share, the two-class method is an earnings allocation formula that determines earnings per share for each class of common stock according to dividends declared (or accumulated) and participation rights in undistributed earnings. Under that method, basic and diluted earnings per share data are presented for each class of common stock.

In applying the two-class method, we determined that undistributed earnings should be allocated equally on a per share basis between Class A and Class B common stock. Under the Company's Certificate of Incorporation, the holders of the common stock are entitled to participate ratably, on a share-for-share basis as if all shares of common stock were of a single class, in such dividends as may be declared by the Board of Directors. During the nine months ended September 30, 2012, we declared and paid three dividends, each in the amount of \$0.21 per share, on both classes of common stock. For the same period in 2011, we declared and paid a dividend of \$0.42 per share on both classes of common stock.

Basic earnings per share has been computed by dividing net income available to common stockholders by the weighted average number of shares of common stock outstanding during each period. Shares issued during the period and shares reacquired during the period are weighted for the portion of the period in which the shares were outstanding. Diluted earnings per share has 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.

9

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Numerator for net income per Class A and Class B common stock:				
Distributed earnings	\$7,771	\$—	\$23,272	\$15,413
Undistributed earnings	16,656	34,486	51,542	87,418
Net income	\$24,427	\$34,486	\$74,814	\$102,831
Numerator for basic net income Class A common stock	\$15,707	\$22,091	\$48,061	\$65,621
Numerator for basic net income Class B common stock	\$8,720	\$12,395	\$26,753	\$37,210
Numerator for diluted net income Class A common stock	\$15,711	\$22,123	\$48,092	\$65,755
Numerator for diluted net income Class B common stock	\$8,716	\$12,363	\$26,722	\$37,076
Basic weighted average common shares outstanding				
Class A common stock	23,760	23,513	23,700	23,360
Class B common stock	13,193	13,193	13,193	13,246
Effect of potential exercise of stock options				
Class A common stock	18	94	43	133
Class B common stock	—	—	—	—
Diluted weighted average common shares outstanding - Class A	23,778	23,607	23,743	23,493
Diluted weighted average common shares outstanding - Class B	13,193	13,193	13,193	13,246

For the three months ended September 30, 2012 and 2011, options to purchase 2.9 million and 2.3 million shares, respectively, were outstanding but not included in the computation of diluted earnings per share because the options' effect would have been anti-dilutive. For the nine months ended September 30, 2012 and 2011, options to purchase 2.9 million and 2.1 million shares, respectively, were outstanding but not included in the computation of diluted earnings per share because the options' effect would have been anti-dilutive. For the nine months ended September 30, 2012 and 2011, shares issued from the exercise of stock option were 37 thousand and 242 thousand, respectively.

5. Receivables

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

	September 30, 2012	December 31, 2011
Billed receivables	\$359,429	\$422,954
Unbilled receivables:		
Amounts billable	110,420	101,997
Revenues recorded in excess of funding	9,550	19,982
Retainage	4,967	5,264
Allowance for doubtful accounts	(9,522)	(9,729)
Total receivables, net	\$474,844	\$540,468

Amounts billable consist principally of amounts to be billed within the next month. Revenues recorded in excess of funding are billable upon receipt of contractual amendments or other modifications. The retainage is billable upon completion of contract performance and approval of final indirect expense rates by the government. Accounts receivable at September 30, 2012, are

10

expected to be substantially collected within one year except for approximately \$1.5 million, of which amount 90.0% is related to receivables from direct sales to the U.S. government. The remainder is related to receivables from contracts in which we acted as a subcontractor to other contractors.

The Company does not believe it has significant exposure to credit risk as accounts receivable and the related unbilled amounts are primarily due from the U.S. government. The allowance for doubtful accounts represents the Company's exposure to compliance issues, contractual issues and bad debt related to prime contractors.

6. Property and Equipment

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

	September 30, 2012	December 31, 2011
Furniture and equipment	\$97,881	\$88,623
Leasehold improvements	24,924	23,345
	122,805	111,968
Less: Accumulated depreciation and amortization	(92,904	) (64,533
Total property and equipment, net	\$29,901	\$47,435

7. Goodwill and Other Intangibles

Under ASC 350, Intangibles - Goodwill and Other, goodwill is to be reviewed at least annually for impairment and whenever events or circumstances indicate that the carrying value of goodwill may not be fully recoverable. We have elected to perform the annual review during the second quarter of each calendar year. We also evaluate events and circumstances on an on-going basis to determine whether it is more likely than not that the fair value of a reporting unit is below its carrying amount and we will perform an additional review if such an indicator of impairment exists. A significant amount of judgment is involved in determining if an indicator of impairment has occurred between annual testing dates.

During the second quarter of 2012, we completed our annual goodwill impairment test. The results of step one of this test showed the fair value of all reporting units were substantially in excess of their carrying value, therefore, no impairment losses were identified and performance of step two was not required. During the third quarter of 2012, there were no events or changes in circumstances that would indicate there was a potential impairment of goodwill. We continue to monitor events that could impact our financial outlook and our assets including potential significant reductions in government spending that could adversely impact our financial results and changes in market conditions that could result in a reduction in the fair value of our assets.

The changes in the carrying amounts of goodwill during the year ended December 31, 2011 and the period ended September 30, 2012 are as follows (in thousands):

	Goodwill
	Balance
Balance at December 31, 2010	\$729,558
Additional consideration for the acquisition of QinetiQ North America's Security and Intelligence Solutions business	148
Additional consideration for the acquisition of MTCSC, Inc.	2,694
Acquisition-TranTech	14,601
Acquisition-WINS	62,242
Other	(788
Balance at December 31, 2011	808,455
Additional consideration for the acquisition of WINS	212
Acquisition-Evolvent	33,173

Acquisition-HBGary	20,094
Balance at September 30, 2012	\$861,934

Other intangible assets consisted of the following (in thousands):

	September 30, 2012			December 31, 2011		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Other intangible assets:						
Contract and program intangibles	\$249,882	\$87,944	\$161,938	\$243,082	\$75,351	\$167,731
Capitalized software cost for internal use	30,061	19,947	10,114	27,231	17,230	10,001
Capital software cost for sale	3,729	3,729	—	3,729	3,729	—
Other	113	31	82	58	26	32
Total other intangibles, net	\$283,785	\$111,651	\$172,134	\$274,100	\$96,336	\$177,764

Aggregate amortization expense relating to intangible assets for the three months ended September 30, 2012 and 2011 was \$5.3 million and \$5.2 million, respectively. Aggregate amortization expense relating to intangible assets for the nine months ended September 30, 2012 and 2011 was \$15.2 million and \$15.5 million, respectively. We estimate that we will have the following amortization expense for the future periods indicated below (in thousands):

For the remaining three months ending December 31, 2012	\$5,596
Year ending:	
December 31, 2013	\$20,012
December 31, 2014	\$17,555
December 31, 2015	\$14,964
December 31, 2016	\$12,997
December 31, 2017	\$11,420

8. Long-term Debt

Long-term debt consisted of the following (in thousands):

	September 30, 2012	December 31, 2011
Revolving credit facility	\$—	\$—
7.25% senior unsecured notes	200,000	200,000
Long-term debt	\$200,000	\$200,000

Revolving Credit Facility-We maintain a credit agreement with a syndicate of lenders led by Bank of America, N.A., as administrative agent. The credit agreement provides for a \$500.0 million revolving credit facility, with a \$25.0 million letter of credit sublimit and a \$30.0 million swing line loan sublimit. The credit agreement also contains an accordion feature that permits the Company to arrange with the lenders for the provision of up to \$250.0 million in additional commitments. The maturity date for the credit agreement is October 12, 2016.

Borrowings under the credit agreement are collateralized by substantially all the assets of ManTech and its Material Subsidiaries (as defined in the credit agreement) and bear interest at one of the following variable rates as selected by the Company at the time of borrowing: a London Interbank Offer Rate (LIBOR) based rate plus market-rate spreads (1.25% to 2.25% based on the Company's consolidated total leverage ratio) or Bank of America's base rate plus market spreads (0.25% to 1.25% based on the Company's consolidated total leverage ratio).

The terms of the credit agreement permit prepayment and termination of the loan commitments at any time, subject to certain conditions. The credit agreement requires the Company to comply with specified financial covenants, including the maintenance of certain leverage ratios and a certain fixed charge coverage ratio. The credit agreement also contains various covenants, including affirmative covenants with respect to certain reporting requirements and maintaining certain business activities, and negative

12

covenants that, among other things, may limit or impose restrictions on our ability to incur liens, incur additional indebtedness, make investments, make acquisitions and undertake certain other actions. As of September 30, 2012, we were in compliance with our financial covenants under the credit agreement.

We had no outstanding balance on our credit facility at September 30, 2012 and December 31, 2011. The maximum additional available borrowing under the credit facility at September 30, 2012 was \$499.8 million. As of September 30, 2012, we were contingently liable under letters of credit totaling \$0.2 million, which reduced our availability to borrow under our credit facility.

The following table summarizes the activity under our revolving credit facility for the nine months ended September 30, 2012 and 2011 (in thousands):

	Nine months ended September 30,	
	2012	2011
Borrowing under revolving credit facility	\$9,000	\$—
Repayment of borrowings under revolving credit facility	\$(9,000)) \$—

7.25% Senior Unsecured Notes-We have \$200.0 million in aggregate principal amount of 7.25% senior unsecured notes that are registered under the Securities Act of 1933, as amended. The 7.25% senior unsecured notes were issued April 13, 2010.

The 7.25% senior unsecured notes mature on April 15, 2018 with interest payable semi-annually in April and October. The 7.25% senior unsecured notes were issued at 100% of the aggregate principal amount and are effectively subordinate to the Company's existing and future senior secured debt (to the extent of the value of the assets securing such debt), including debt outstanding under our revolving credit facility. The 7.25% senior unsecured notes may be redeemed, in whole or in part, at any time, at the option of the Company, subject to certain conditions specified in the indenture governing the 7.25% senior unsecured notes. The 7.25% senior unsecured notes are guaranteed, jointly and severally, on a senior unsecured basis by each of our wholly-owned domestic subsidiaries that also guaranteed debt obligations under our prior revolving credit facility or will guarantee debt obligations under our revolving credit facility.

The fair value of the 7.25% senior unsecured notes as of September 30, 2012 was approximately \$210.0 million based on quoted market prices.

The Company incurred approximately \$4.9 million in issuance costs, which are being amortized to interest expense over the contractual life of the 7.25% senior unsecured notes using the effective interest rate method, resulting in an effective rate of 7.67%.

The indenture governing the 7.25% senior unsecured notes contains customary events of default, as well as restrictive covenants, which, subject to important exceptions and qualifications specified in such indenture, will, among other things, limit our ability and the ability of our subsidiaries that guarantee the 7.25% senior unsecured notes to: pay dividends or distributions, repurchase equity, prepay subordinated debt or make certain investments; incur additional debt or issue certain disqualified stock and preferred stock; incur liens on assets; merge or consolidate with another company or sell all or substantially all assets; and allow to exist certain control provisions. An event of default under the indenture will allow either the trustee of the notes or the holders of at least 25% in principal amount of the then outstanding notes to accelerate, or in certain cases, will automatically cause the acceleration of, the amounts due under the notes. As of September 30, 2012, the Company was in compliance with all required covenants under the indenture.

9. Commitments and Contingencies

Contracts with the U.S. government, including subcontracts, are subject to extensive legal and regulatory requirements and, from time to time, agencies of the U.S. government, in the ordinary course of business, investigate whether the Company's operations are conducted in accordance with these requirements and the terms of the relevant contracts. U.S. government investigations of the Company, whether related to the Company's U.S. government contracts or conducted for other reasons, could result in administrative, civil, or criminal liabilities, including repayment, fines or penalties being imposed upon the Company, or could lead to suspension or debarment from future U.S. government

contracting activities. Management believes it has adequately reserved for any losses that may be experienced from any investigation of which it is aware. The Defense Contract Audit Agency (DCAA) has completed our incurred cost audits through 2002 and the majority of audits for 2003, 2004 and 2005, which resulted in no material adjustments. The remaining audits for 2003 through 2011 are not expected to have a material effect on our financial position, results of operations or cash flow, and management believes it has adequately reserved for any losses. In the normal course of business, we are involved in certain governmental and legal proceedings, claims and disputes and have litigation pending under several suits. We believe that the ultimate resolution of these matters will not have a material effect on our financial position, results of operations or cash flows.

10. Stock-Based Compensation

Our stockholders have approved our 2011 Management Incentive Plan (the Plan), which was designed to enable us to attract, retain and motivate key employees. Awards granted under the Plan are settled in shares of Class A common stock. At the beginning of each year, the Plan provides that the number of shares available for issuance automatically increases by an amount equal to 1.5% of the total number of shares of Class A and Class B common stock outstanding on December 31st of the previous year. On January 3, 2012, 552,466 additional shares were made available for issuance under the Plan. Through September 30, 2012, the remaining aggregate number of shares of our common stock authorized for issuance under the Plan was 3,505,451. Through September 30, 2012, 4,510,742 shares of our Class A common stock have been issued and remain outstanding as a result of equity awards granted under the Plan. The Plan expires in May 2021.

The Plan is administered by the compensation committee of our Board of Directors, along with its delegates. Subject to the express provisions of the Plan, the committee has the Board of Directors' authority to administer and interpret the Plan, including the discretion to determine the exercise price, vesting schedule, contractual life and the number of shares to be issued.

Stock Compensation Expense-For the three months ended September 30, 2012 and 2011, we recorded \$1.9 million and \$2.3 million of stock-based compensation cost, respectively. For the nine months ended September 30, 2012 and 2011, we recorded \$6.3 million and \$6.8 million of stock based compensation cost, respectively. No compensation expense of employees with stock awards, including stock-based compensation expense, was capitalized during the periods. For the nine months ended September 30, 2012 and 2011, the total recognized tax (deficiency) from the exercise of stock options, vested cancellations and the vesting of restricted stock was \$(0.6) million and \$(0.3) million, respectively.

Stock Options-We typically issue options that vest over three years in equal annual installments beginning on the first anniversary of the date of grant. Under the terms of the Plan, the contractual life of the option grants may not exceed eight years. During the nine months ended September 30, 2012 and 2011, we issued options that expire five years from the date of grant.

Fair Value Determination-We have used the Black-Scholes-Merton option pricing model to determine fair value of our awards on the date of grant. We will reconsider the use of the Black-Scholes-Merton model if additional information becomes available in the future that indicates another model would be more appropriate or if grants issued in future periods have characteristics that cannot be reasonably estimated under this model.

The following weighted-average assumptions were used for option grants during the nine months ended September 30, 2012 and 2011:

Volatility-The expected volatility of the options granted was estimated based upon historical volatility of the Company's share price through weekly observations of the Company's trading history.

Expected Term-The expected term of options granted to employees during the nine months ended September 30, 2012 and 2011 was determined from historical exercises of the grantee population. For all grants valued during the nine months ended September 30, 2012 and 2011, the options had graded vesting over three years in equal annual installments beginning on the first anniversary of the date of grant and a contractual term of five years.

Risk-free Interest Rate-The yield on zero-coupon U.S. Treasury strips was used to extrapolate a forward-yield curve. This "term structure" of future interest rates was then input into numeric model to provide the equivalent risk-free rate to be used in the Black-Scholes-Merton model based on the expected term of the underlying grants.

Dividend Yield-The Black-Scholes-Merton valuation model requires an expected dividend yield as an input. In the second quarter of 2011, we initiated a regular cash dividend program. We have calculated our expected dividend yield based on an expected annual cash dividend of \$0.84 per share.

The following table summarizes weighted-average assumptions used in our calculations of fair value for the nine months ended September 30, 2012 and 2011:

	Nine months ended
	September 30,
	2012 2011

Edgar Filing: MANTECH INTERNATIONAL CORP - Form 10-Q

Volatility	30.49	%	36.00	%
Expected life of options (in years)	3.04		2.95	
Risk-free interest rate	0.55	%	1.04	%
Dividend yield	2.29	%	0.10	%

14

Stock Option Activity-During the nine months ended September 30, 2012, we granted stock options to purchase 410,950 shares of Class A common stock at a weighted-average exercise price of \$33.44 per share, which reflects the fair market value of the shares on the date of grant. The weighted-average fair value of options granted during the nine months ended September 30, 2012 and 2011, as determined under the Black-Scholes-Merton valuation model, was \$5.91 and \$10.50, respectively. These options vest over three years in equal annual installments beginning on the first anniversary of the date of the grant and have a contractual term of five years. Option grants that vested during the nine months ended September 30, 2012 and 2011 had a combined fair value of \$6.9 million and \$6.8 million, respectively. The following table includes information with respect to stock option activity and stock options outstanding for the year ended December 31, 2011 and the nine months ended September 30, 2012:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
Shares under option, December 31, 2010	2,473,257	\$42.22	\$7,731
Options granted	986,000	\$38.56	
Options exercised	(271,165)	\$27.94	\$3,087
Options cancelled and expired	(301,982)	\$45.07	
Shares under option, December 31, 2011	2,886,110	\$41.14	\$1,096
Options granted	410,950	\$33.44	
Options exercised	(36,542)	\$29.66	\$197
Options cancelled and expired	(294,564)	\$39.00	
Shares under option, September 30, 2012	2,965,954	\$41.05	\$359

The following table summarizes non-vested stock options for the nine months ended September 30, 2012:

	Number of Shares	Weighted Average Fair Value
Non-vested stock options at December 31, 2011	1,619,255	\$10.47
Options granted	410,950	\$5.91
Vested during the period	(570,919)	\$12.16
Options cancelled	(129,266)	\$9.04
Non-vested stock options at September 30, 2012	1,330,020	\$8.64

The following table includes information concerning stock options exercisable and stock options expected to vest at September 30, 2012:

	Options Exercisable	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Aggregate Intrinsic Value (in thousands)
Stock options exercisable	1,635,934	1.9	\$43.53	\$337
Stock options expected to vest	1,197,085	3.7	\$38.18	\$19
Options exercisable and expected to vest	2,833,019			

Unrecognized compensation expense related to outstanding stock options expected to vest as of September 30, 2012 was \$7.0 million, which is expected to be recognized over a weighted-average period of 1.7 years and will be adjusted for any future changes in estimated forfeitures.

Restricted Stock-Under the Plan, we have issued restricted stock. A restricted stock award is an issuance of shares that cannot be sold or transferred by the recipient until the vesting period lapses. Restricted shares issued to employees vest over three years in equal annual installments beginning on the first anniversary of the grant date, contingent upon employment with the Company on the vesting dates. Restricted shares issued to members of our Board of Directors vest in one year. The related compensation

15

expense is recognized over the service period and is based on the grant date fair value of the stock and the number of shares expected to vest.

Restricted Stock Activity-The following table summarizes the restricted stock activity for the year ended December 31, 2011 and the nine months ended September 30, 2012:

	Number of Shares	Grant Date Fair Value (in thousands)
Non-vested at December 31, 2010	26,000	
Granted	24,000	\$ 1,070
Vested	(19,333	) \$ 862
Forfeited	—	
Non-vested at December 31, 2011	30,667	
Granted	24,000	\$ 576
Vested	(27,334	) \$ 1,237
Forfeited	—	
Non-vested at September 30, 2012	27,333	

11. Business Segment and Geographic Area Information

We have one reportable segment. We deliver a broad array of information technology and technical services solutions under contracts with the U.S. government, state and local governments and commercial customers. Our federal government customers typically exercise independent contracting authority, and even offices or divisions within an agency or department may directly, or through a prime contractor, use our services as a separate customer so long as that customer has independent decision-making and contracting authority within its organization. Revenues from the U.S. government under prime contracts and subcontracts were approximately 99.2% and 99.2% of our total revenues for the nine months ended September 30, 2012 and 2011, respectively. 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 revenues. We treat 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, 2012 and December 31, 2011. Revenues by geographic customer and the related percentages of total revenues for the three and nine months ended September 30, 2012 and 2011 were as follows:

	Three months ended September 30, 2012			2011			Nine months ended September 30, 2012			2011		
	(dollars in thousands)						(dollars in thousands)					
United States	\$643,853	99.8	%	\$733,160	99.8	%	\$1,956,844	99.8	%	\$2,180,909	99.7	%
International	1,175	0.2	%	1,447	0.2	%	3,630	0.2	%	7,235	0.3	%
Total	\$645,028			\$734,607			\$1,960,474			\$2,188,144		

The following table includes contracts that exceeded 10% of our revenues for the three and nine months ended September 30, 2012 and 2011.

	Three months ended September 30, 2012			2011			Nine months ended September 30, 2012			2011		
	(dollars in thousands)						(dollars in thousands)					
Revenues:												
U.S. Army contract A	\$150,062	23.3	%	\$137,411	18.7	%	\$432,469	22.1	%	\$343,134	15.7	%

Edgar Filing: MANTECH INTERNATIONAL CORP - Form 10-Q

All other contracts	494,966	76.7 %	597,196	81.3 %	1,528,005	77.9 %	1,845,010	84.3 %
Total	\$645,028		\$734,607		\$1,960,474		\$2,188,144	

16

The following table includes contracts that exceeded 10% of our operating income for the three and nine months ended September 30, 2012 and 2011.

	Three months ended September 30,				Nine months ended September 30,			
	2012		2011		2012		2011	
Operating Income:	(dollars in thousands)				(dollars in thousands)			
U.S. Army contract A	\$8,889	20.8 %	\$11,406	19.5 %	\$27,737	20.8 %	\$28,539	16.4 %
All other contracts	33,870	79.2 %	47,102	80.5 %	105,597	79.2 %	144,992	83.6 %
Total	\$42,759		\$58,508		\$133,334		\$173,531	

The following table includes contracts that exceeded 10% of our receivables, net at September 30, 2012 and December 31, 2011.

Receivables, net:	September 30, 2012			December 31, 2011		
	(dollars in thousands)					
U.S. Army contract A	\$67,751	14.3 %	\$88,359	16.3 %		
U.S. Army contract B	60,739	12.8 %	59,309	11.0 %		
All other contracts	346,354	72.9 %	392,800	72.7 %		
Total	\$474,844		\$540,468			

Disclosure items required under ASC 280, Segment Reporting, including interest income, interest expense, depreciation and amortization expense, costs for stock-based compensation programs, certain unallowable costs as determined under Federal Acquisition Regulations and expenditures for segment assets are not applicable as we review those items on a consolidated basis.

12. Sale of Investment

ManTech received approximately \$3.2 million in proceeds on April 8, 2011 and an additional \$0.2 million was received in the second quarter of 2012 for the sale of our investment of less than 5% in NetWitness Corporation (NetWitness). At September 30, 2012, \$0.3 million was held in escrow to be distributed no later than December 15, 2012, subject to any then unresolved indemnity claims. The transaction was consummated on April 1, 2011 pursuant to an agreement and plan of merger dated March 12, 2011 by and among EMC Corporation, NetWitness, and certain persons acting as the representative for the shareholders of NetWitness. The sale of our investment resulted in a pre-tax gain of approximately \$3.7 million, which was recorded in other income in the Company's consolidated statement of income for the second quarter of 2011.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements that involve substantial risks and uncertainties, many of which are outside of our control. ManTech International Corporation (depending on the circumstances, "ManTech," "Company," "we," "our," "ours" or "us") believes these statements to be within the definition of the Private Securities Litigation Reform Act of 1995. You can identify these statements by forward-looking words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate" 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.

Although forward-looking statements in this Quarterly Report reflect our good faith judgment, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties, and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. 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 predict accurately or control. Factors that could cause actual results to differ materially from the results we anticipate include, but are not limited to, the following:

- adverse changes in U.S. government spending levels for programs we support due to budgetary constraints affecting federal government spending, changing mission priorities or other factors;
- adverse changes in our mix of contract types;
- failure to retain existing U.S. government contracts, win new contracts or win recompetes;
- failure to obtain option awards, task orders or funding under contracts;
- risk of contract renegotiation, performance, modification or termination;
- competition;
- failure to maintain strong relationship with other contractors;
- failure to successfully integrate recently acquired companies or businesses into our operations or realize any accretive or synergistic effects from such acquisitions;
- risks associated with complex U.S. government procurement laws and regulations;
- adverse results of U.S. government audits of our government contracts;
- risks of financing, such as increases in interest rates and restrictions imposed by our outstanding indebtedness, including the ability to meet financial covenants, and risks related to an ability to obtain new or additional financing;
- and
- failure to identify, execute or effectively integrate future acquisitions.

We urge you not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report. These and other risk factors are more fully described and discussed in the section titled "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and under Item 1A. of Part II of our Quarterly Reports on Form 10-Q, and from time to time, in our other filings with the Securities and Exchange Commission (SEC). We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Quarterly Report. We also suggest that you carefully review and consider the various disclosures made in this Quarterly Report that attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

Introduction and Overview

ManTech is a leading provider of innovative technologies and solutions for mission-critical national security programs for the intelligence community; the Department of Defense, including its health organizations; the departments of State, Homeland Security, Energy and Justice, including the Federal Bureau of Investigations (FBI); the space community; and other U.S. federal government customers. We combine deep domain understanding and technical capability to deliver comprehensive information technology, systems engineering, technical and other services and solutions primarily in support of mission critical national security programs for the intelligence community and Department of Defense. We provide support to critical national security programs for approximately 60 federal

agencies through approximately 1,000 current contracts. Our broad set of services is generally deployed in custom combinations to best address the requirements of our customers' long-term programs. Our services generally include the following solution sets that are aligned with the long-term needs of our national security clients: command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) lifecycle support; cyber security; global

18

logistics support; intelligence/counter-intelligence support; information technology modernization and sustainment; systems engineering; test and evaluation; and health IT. ManTech supports major national missions, such as military readiness, terrorist threat detection, information security and border protection.

We derive revenues primarily from contracts with U.S. government agencies that are focused on national security, and as a result, funding for our programs is generally linked to trends in U.S. government spending in areas such as defense, intelligence and homeland security. While we believe that national security spending will continue to be a priority, the U.S. government deficit and budget situation has created increasing pressure to examine and reduce spending across all areas. Additionally, in the absence of Congressional action to the contrary, automatic reductions in federal budgets will commence in January 2013 as a result of sequestration. We continue to evaluate the potential impact of this environment on our business.

While the uncertain size of future budget reductions has created a challenging environment for companies in our industry, we believe that opportunities for expanding services in this constrained environment continue to exist. For example, changing mission priorities following the end of the Iraq war and the planned withdrawal from Afghanistan have and will continue to result in reduced spending in support of overseas contingency operations generally. This change will impact the outlook for our industry overall, however we believe that ManTech is well positioned to continue benefiting in the near term from our delivery of C4ISR and logistics services around the world, as evidenced by recent significant contract awards in these areas.

We recommend that you read this discussion and analysis in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, previously filed with the SEC.

Three Months Ended September 30, 2012 Compared to the Three Months Ended September 30, 2011

The following table sets forth certain items from our condensed consolidated statement of income and the relative percentage that certain items of expenses and earnings bear to revenues, as well as the period-to-period change from September 30, 2011 to September 30, 2012.

	Three months ended September 30,				Period-to-Period Change		
	2012 Dollars (dollars in thousands)	2011	2012 Percentage	2011	2011 to 2012 Dollars	Percentage	
REVENUES	\$645,028	\$734,607	100.0	% 100.0	% \$(89,579)	(12.2)%
Cost of services	551,493	629,181	85.5	% 85.6	% (77,688)	(12.3)%
General and administrative expenses	50,776	46,918	7.9	% 6.4	% 3,858	8.2	%
OPERATING INCOME	42,759	58,508	6.6	% 8.0	% (15,749)	(26.9)%
Interest expense	(4,110)	(3,857)	0.6	% 0.5	% (253)	6.6	%
Interest income	118	107	—	% —	% 11	10.3	%
Other income (expense), net	10	(20)	—	% —	% 30	(150.0)%
INCOME FROM OPERATIONS BEFORE INCOME TAXES	38,777	54,738	6.0	% 7.5	% (15,961)	(29.2)%
Provision for income taxes	(14,350)	(20,252)	2.2	% 2.8	% 5,902	(29.1)%
NET INCOME	\$24,427	\$34,486	3.8	% 4.7	% \$(10,059)	(29.2)%

Revenues

Revenues decreased 12.2% to \$645.0 million for the three months ended September 30, 2012, compared to \$734.6 million for the same period in 2011. The primary driver of our decrease in revenues relates to reductions on our

C4ISR support contracts and a contract to provide mobile telecommunication services in Afghanistan which ended in the second quarter of 2012. These reductions were partially offset by the revenues provided from our recent acquisitions. The reduction in C4ISR work is primarily due to reduced demand for field service support and delays in enhancements to existing ISR systems.

Cost of services

Cost of services decreased 12.3% to \$551.5 million for the three months ended September 30, 2012, compared to \$629.2 million for the same period in 2011. The decrease in cost of services is primarily due to the reduction in revenues, as cost of services remained stable as a percentage of revenues for the three months ended September 30, 2012 as compared to the same

period in 2011. As a percentage of revenues, direct labor costs, which include applicable fringe benefits and overhead, increased to 35.6% for the three months ended September 30, 2012, compared to 32.8% for the same period in 2011 as a result of an increase in our percentage of work performed as a prime contractor. As a percentage of revenues, other direct costs, which include subcontractors and third party equipment and materials used in the performance of our contracts, decreased from 52.8% for the three months ended September 30, 2011 to 49.9% for the same period in 2012 due to a reduction in other direct costs on our C4ISR support contracts.

General and administrative expenses

General and administrative expenses increased to \$50.8 million for the three months ended September 30, 2012, compared to \$46.9 million for the same period in 2011. The increase was primarily due to the general and administrative expenses associated with our recent acquisitions.

Net income

Net income decreased 29.2% to \$24.4 million for the three months ended September 30, 2012, compared to \$34.5 million for the same period in 2011. The decrease in net income was primarily due to lower revenues and increased general and administrative expenses.

Nine Months Ended September 30, 2012 Compared to the Nine Months Ended September 30, 2011

The following table sets forth certain items from our condensed consolidated statement of income and the relative percentage that certain items of expenses and earnings bear to revenues, as well as the period-to-period change from September 30, 2011 to September 30, 2012.

	Nine months ended September 30,				Period-to-Period Change	
	2012	2011	2012	2011	2011 to 2012	
	Dollars		Percentage		Dollars	Percentage
	(dollars in thousands)					
REVENUES	\$1,960,474	\$2,188,144	100.0	% 100.0	% \$(227,670)	(10.4)%
Cost of services	1,678,470	1,873,595	85.6	% 85.6	% (195,125)	(10.4)%
General and administrative expenses	148,670	141,018	7.6	% 6.4	% 7,652	5.4 %
OPERATING INCOME	133,334	173,531	6.8	% 8.0	% (40,197)	(23.2)%
Interest expense	(12,267)	(11,806)	0.6	% 0.5	% (461)	3.9 %
Interest income	257	230	—	% —	% 27	11.7 %
Other income (expense), net	(78)	3,896	—	% 0.1	% (3,974)	(102.0)%
INCOME FROM OPERATIONS BEFORE INCOME TAXES	121,246	165,851	6.2	% 7.6	% (44,605)	(26.9)%
Provision for income taxes	(46,432)	(63,020)	2.4	% 2.9	% 16,588	(26.3)%
NET INCOME	\$74,814	\$102,831	3.8	% 4.7	% \$(28,017)	(27.2)%

Revenues

Revenues decreased 10.4% to \$1,960.5 million for the nine months ended September 30, 2012, compared to \$2,188.1 million for the same period in 2011. The primary driver of our decrease in revenues relates to reductions on our C4ISR support contracts. These reductions were partially offset by the revenues provided from our recent acquisitions, a contract to provide mobile telecommunication services in Afghanistan and organic growth on our cyber related contracts. The reduction in C4ISR work is primarily due to reduced demand for field service support and delays in enhancements to existing ISR systems.

Cost of services

Cost of services decreased 10.4% to \$1,678.5 million for the nine months ended September 30, 2012, compared to \$1,873.6 million for the same period in 2011. The decrease in cost of services is primarily due to the decrease in revenues, as cost of services remained stable as a percentage of revenues for the nine months ended September 30, 2012 compared to the same period in 2011. As a percentage of revenues, direct labor costs, which include applicable

fringe benefits and overhead, increased to 36.3% for the nine months ended September 30, 2012, compared to 34.5% for the same period in 2011 as a result of an increase in our percentage of work as a prime contractor. As a percentage of revenues, other direct costs, which include subcontractors and third party equipment and materials used in the performance of our contracts, decreased from 51.1% for the nine months ended September 30,

2011 to 49.3% for the same period in 2012 due to a reduction in other direct costs on our C4ISR support contracts.

General and administrative expenses

General and administrative expenses increased to \$148.7 million for the nine months ended September 30, 2012, compared to \$141.0 million for the same period in 2011. The increase was primarily due to general and administrative expenses associated with our recent acquisitions. Over time, we expect general and administrative expenses as a percentage of revenues to decrease.

Other income (expense), net

Other income (expenses), net was \$(0.1) million for the nine months ended September 30, 2012, compared to \$3.9 million for the same period in 2011. During the nine months ended September 30, 2011, the sale of our investment in NetWitness resulted in a gain of \$3.7 million.

Net income

Net income decreased 27.2% to \$74.8 million for the nine months ended September 30, 2012, compared to \$102.8 million for the same period in 2011. The decrease in net income was primarily due to lower revenues and increased general and administrative expenses. We expect additional pressure on future levels of net income as a percentage of revenues as the trend towards more cost-reimbursable contract awards, increased competition and pricing pressures impact our operating margins.

Backlog

At September 30, 2012 and December 31, 2011, our backlog was \$7.0 billion and \$4.7 billion, respectively, of which \$1.6 billion and \$1.3 billion, respectively, was funded backlog. After experiencing industry-wide delays in contract awards and funding, customers are beginning to release funds and are moving forward with procurements. The significant increase in our backlog is primarily due to the award of the Contractor Logistics Sustainment and Support Services contract for \$2.85 billion. Backlog represents estimates that we calculate on a consistent basis. For additional information on how we compute backlog, see our annual report on Form 10-K for the fiscal year ended December 31, 2011, previously filed with the SEC.

Effects of Inflation

Inflation and uncertainties in the macroeconomic environment, such as conditions in the financial markets, could impact our labor rates beyond the predetermined escalation factors. However, we generally have been able to price our contracts in a manner to accommodate the rates of inflation experienced in recent years. Under our time and materials contracts, labor rates are usually adjusted annually by predetermined escalation factors. Our cost reimbursable contracts automatically adjust for changes in cost. Under our fixed-price contracts, we include a predetermined escalation factor, and generally, we have not been adversely affected by near-term inflation. Purchases of equipment and materials directly for contracts are usually cost reimbursable.

Liquidity and Capital Resources

Historically, our primary liquidity needs have been the financing of acquisitions, working capital and capital expenditures. Our primary sources of liquidity are cash provided by operations and our revolving credit facility. On September 30, 2012, the Company's cash and cash equivalents balance was \$208.9 million. At September 30, 2012, we had no outstanding borrowings under our revolving credit facility. At September 30, 2012, we were contingently liable under letters of credit totaling \$0.2 million, which reduced our ability to borrow under our credit facility. The maximum available borrowing under our credit facility at September 30, 2012 was \$499.8 million. At September 30, 2012, we had \$200.0 million outstanding of our 7.25% senior unsecured notes due April 2018. For additional information concerning our 7.25% senior unsecured notes, see Note 8 to our consolidated financial statements in Item 1.

Generally, cash provided by operating activities is adequate to fund our operations, including payments under our regular cash dividend program. Due to fluctuations in our cash flows and level of operations, it is necessary from time to time to increase borrowings under our credit facility to meet cash demands.

Cash flows from operating activities

	Nine months ended	
	September 30,	
	2012	2011
	(in thousands)	
Net cash flow from operating activities	\$ 188,263	\$ 178,122

Our operating cash flows are primarily affected by our ability to invoice and collect from our clients in a timely manner, our ability to manage our vendor payments and the overall profitability of our contracts. We bill most of our customers monthly after

21

services are rendered. Increased cash flows from operations during the nine months ended September 30, 2012 compared to the same period in 2011 were due to the timing of collection of our receivables, deferred income taxes and depreciation expense; offset by lower net income, decreased billings in excess of revenue earned and the timing of our vendor payments. Our accounts receivable days sales outstanding (DSO) was 66 for the nine months ended September 30, 2012 and 2011.

Cash flows from investing activities

	Nine months ended September 30,	
	2012	2011
	(in thousands)	
Net cash flow from investing activities	\$(71,717	) \$(73,522

Our cash flows from investing activities consist primarily of business acquisitions, expenditures for equipment, leasehold improvements and software. Cash outflows during the nine months ended September 30, 2012 were due to the acquisition of HBGary, Inc. for \$23.8 million and Evolvent Technologies, Inc. for \$38.9 million net of cash acquired and capital expenditures of \$10.6 million, offset by cash received from a disposition. Cash outflows during the nine months ended September 30, 2011 were due to capital expenditures of \$56.5 million primarily related to a mobile telecommunication network build out and the acquisition of TranTech for \$20.2 million net of cash acquired, offset by \$3.2 million in cash proceeds from the sale of an investment.

Cash flows from financing activities

	Nine months ended September 30,	
	2012	2011
	(in thousands)	
Net cash flow from financing activities	\$(22,099	) \$(7,535

Cash outflows from financing activities during the nine months ended September 30, 2012 resulted primarily from the dividends paid of \$23.3 million, offset by the proceeds from the exercise of stock options for \$1.1 million. Cash outflows from financing during the nine months ended September 30, 2011 resulted primarily from the dividends paid of \$15.4 million, offset by the proceeds from the exercise of stock options for \$7.7 million.

Capital Resources

We believe the capital resources available to us from our cash on hand of \$208.9 million at September 30, 2012, our \$500.0 million capacity under our revolving credit facility, and cash from our operations are adequate to fund anticipated cash requirements for at least the next twelve months, including payments under our regular cash dividend program. We anticipate financing our external growth from acquisitions and our longer-term internal growth through one or more of the following sources: cash from operations, use of our revolving credit facility, additional senior unsecured notes, additional borrowings or issuances of equity. At September 30, 2012, we had no outstanding borrowings under our revolving credit facility. For additional information concerning our revolving credit facility, see Note 8 to our consolidated financial statements in Item 1.

Short-term Borrowings

From time-to-time, we borrow funds against our revolving credit facility for working capital requirements and funding of operations as well as acquisitions. Borrowings under our revolving credit facility bear interest at one of the following variable rate as selected by the Company at the time of the borrowing: a LIBOR based rate plus market spreads (1.25% to 2.25% based on the Company's consolidated total leverage ratio) or Bank of America's base rate plus market spreads (0.25% to 1.25% based on the Company's consolidated total leverage ratio). In the next twelve months we may use, as needed, our revolving credit facility or additional sources of borrowings in order to fund our anticipated cash requirements.

The following table summarized the activity under our revolving credit facility for the nine months ended September 30, 2012 and 2011 (in thousands):

	Nine months ended	
	September 30,	
	2012	2011
Borrowing under revolving credit facility	\$9,000	\$—
Repayment of borrowings under revolving credit facility	\$(9,000)) \$—

Cash Management

To the extent possible, we invest our available cash in short-term, investment grade securities in accordance with our investment policy. Under our investment policy, we manage our investments in accordance with the priorities of maintaining the safety of our principal, maintaining the liquidity of our investments, maximizing the yield on our investments and investing our cash to the fullest extent possible. Our investment policy provides that no investment security can have a final maturity that exceeds six months and that the weighted average maturity of the portfolio cannot exceed 60 days. Cash and cash equivalents include cash on hand, amounts due from banks and short-term investments with maturity dates of three months or less at the date of purchase.

Dividend

During the nine months ended September 30, 2012, we declared and paid three dividends, each in the amount of \$0.21 per share, on all issued and outstanding shares of common stock. As a result, dividends in the amount of \$23.3 million were paid to our shareholders for the nine months ended September 30, 2012. We plan to continue our dividend program; however, all future declarations of dividends will be at the discretion of our Board of Directors and will depend, among other factors, upon our results of operations, financial condition and cash requirements, as well as such other factors that our Board of Directors deems relevant.

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 condensed consolidated financial statements requires management to make estimates and judgments that affect the reported amounts 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 accounting policies and practices listed below, are more fully described and discussed in the notes to the consolidated financial statements for the fiscal year 2011 included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed with the SEC on February 24, 2012.

Revenue Recognition and Cost Estimation

We recognize revenues when persuasive evidence of an arrangement exists, services have been rendered, the contract price is fixed or determinable and collectability is reasonably assured. We have a standard internal process that we use to determine whether all required criteria for revenue recognition have been met.

Our revenues consist primarily of services provided by our employees and 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.

We derive the majority of our revenues from cost-plus-fixed-fee, cost-plus-award-fee, firm-fixed-price or time-and-materials contracts. Revenues for cost reimbursement contracts are recorded as reimbursable costs are incurred, including an estimated share of the applicable contractual fees earned. For performance-based fees under cost reimbursable contracts that are subject to the Accounting Standards Codification (ASC) 605-35,

Construction-Type and Certain Production-Type Contracts, we recognize the relevant portion of the expected fee to be awarded by the client at the time such fee can be reasonably estimated, based on factors such as our prior award experience and communications with the client regarding performance. For cost reimbursable contracts with performance-based fee incentives that are subject to the provisions of SEC Topic 13, Revenue Recognition, we recognize the relevant portion of the fee upon customer approval. For time-and-material contracts, revenues are recognized to the extent of billable rates times hours delivered plus material and other reimbursable costs incurred. For long-term fixed-price production contracts, revenues are recognized at a rate per unit as the units are delivered, or by other methods to measure services provided. Revenues from other long-term fixed-price contracts is recognized ratably over the contract period or by other appropriate methods

to measure services provided. Contract costs are expensed as incurred except for certain limited long-term contracts noted below. For long-term contracts specifically described in the ASC 605-35, we apply the percentage of completion method. Under the percentage of completion method, income is recognized at a consistent profit margin over the period of performance based on estimated profit margins at completion of the contract. This method of accounting requires estimating the total revenues and total contract cost at completion of the contract. During the performance of long-term contracts, these estimates are periodically reviewed and revisions are made as required using the cumulative catch-up method of accounting. The impact on revenue and contract profit as a result of these revisions is included in the periods in which the revisions are made. This method can result in the deferral of costs or the deferral of profit on these contracts. Because we assume the risk of performing a fixed-price contract at a set price, the failure to accurately estimate ultimate costs or to control costs during performance of the work could result, and in some instances has resulted, in reduced profits or losses for such contracts. Both the individual changes in contract estimates and aggregate net changes in the contract estimates recognized using the cumulative catch-up method of accounting were not material to the consolidated statement of operations for all periods presented. Estimated losses on contracts at completion are recognized when identified. In certain circumstances, revenues are recognized when contract amendments have not been finalized.

Accounting for Business Combinations and Goodwill and Other Intangible Assets

The purchase price of an acquired business is allocated to the tangible assets, financial assets and separately recognized intangible assets acquired less liabilities assumed based upon their respective fair values, with the excess recorded as goodwill. Such fair value assessments require judgments and estimates that can be affected by contract performance and other factors over time, which may cause final amounts to differ materially from original estimates. We review goodwill at least annually for impairment, or whenever events or circumstances indicate that the carrying value of long-lived assets may not be fully recoverable. We perform this review at the reporting unit level, which is one level below our one reportable segment. The goodwill impairment test is a two-step process performed at the reporting unit level. The first step of the goodwill impairment test compares the fair value of a reporting unit with its carrying amount (including goodwill). If the first step of the impairment test does not indicate an impairment, performance of the second step is not required.

The fair values of the reporting units are determined based on a weighting of the income approach, market approach and the market transaction approach. The income approach is a valuation technique in which fair value is derived from forecasted future cash flow discounted at the appropriate rate of return commensurate with the risk as well as current rates of return for equity and debt capital as of the valuation date. The forecast used in our estimation of fair value is developed by management based on a contract basis, incorporating adjustments to reflect known contract and market considerations (such as reductions and uncertainty in government spending, pricing pressure and opportunities). The discount rate utilizes a risk adjusted weighted average cost of capital. The market approach is a valuation technique in which the fair value is calculated based on market prices realized in an actual arm's length transaction. The technique consists of undertaking a detailed market analysis of publicly traded companies that provides a reasonable basis for comparison to the company. Valuation ratios, which relate market prices to selected financial statistics derived from comparable companies, are selected and applied to the company after consideration of adjustments for financial position, growth, market, profitability and other factors. The market transaction approach is a valuation technique in which the fair value is calculated based on market prices realized in actual arm's length transactions. The technique consists of undertaking a detailed market analysis of merged and acquired companies that provided a reasonable basis for comparison to the company. Valuation ratios, which relate market prices to selected financial statistics derived from comparable companies, are selected and applied to the company after consideration of adjustments for financial position, growth, market, profitability and other factors. To assess the reasonableness of the calculated reporting unit fair values, we compare the sum of the reporting units' fair values to the Company's market capitalization (per share stock price times the number of shares outstanding) and calculate an implied control premium (the excess of the sum of the reporting units' fair values over the market capitalization). We compare our implied control premium to the control premiums in comparable transactions to assess the reasonableness of our calculations.

We have elected to perform our annual review during the second quarter of each calendar year. In addition, management monitors events and circumstances that could result in an impairment. A significant amount of judgment

is involved in determining if an indicator of impairment has occurred between annual testing dates. Events or circumstances that could cause the fair value of our long-lived assets to decrease include changes in our business environment or market conditions. For example, the U.S. government is currently under pressure to decrease its spending, and reductions across our industry may be mandated in connection with sequestration. The impact of reduced government spending on our programs and industry could materially affect our financial outlook. A significant adverse impact to our financial outlook could result in impairments to our long-term assets, such as goodwill and other intangible assets. Additionally, deteriorating market conditions for comparable public companies in our industry, or a material decline in the market price for the Company's stock, could result in a reduction in the fair value of our assets. If any impairment were indicated as a result of a review, we would recognize a loss based on the amount by which the carrying amount exceeds the estimated fair value.

Due to the many variables inherent in the estimation of a reporting unit's fair value and the relative size of the Company's recorded goodwill, differences in assumption may have a material effect on the results of the Company's impairment analysis.

Accounting Standards Updates

Accounting Standards Updates issued but not yet effective are not expected to have a material effect on the Company's financial statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our exposure to market risks relates to changes in interest rates for borrowing under our revolving credit facility. At September 30, 2012, we had no outstanding balance on our revolving credit facility. Borrowings under our revolving credit facility bear interest at variable rates. A hypothetical 10% increase in interest rates would increase our annual interest expense for the nine months ended September 30, 2012, by less than \$0.1 million.

We do not use derivative financial instruments for speculative or trading purposes. When we have excess cash, we invest in short-term, investment grade, interest-bearing securities. Our investments are made in accordance with an investment policy. Under this policy, no investment securities can have maturities exceeding six months and the weighted average maturity of the portfolio cannot exceed 60 days.

Item 4. Controls and Procedures

Management is responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act, such as this Quarterly Report on Form 10-Q, is accurately recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

It should be noted that a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. As a result, our disclosure controls and procedures are designed to provide reasonable assurance that such disclosure controls and procedures will meet their objectives.

As of September 30, 2012, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), management evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level described above.

There were no changes in our internal control over financial reporting during the Company's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are subject to certain legal proceedings, government audits, investigations, claims and disputes that 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 to these routine audits, we are subject from time to time to audits and investigations by other agencies of the federal government. These audits and investigations are conducted to determine if our performance and administration of our government contracts are compliant with contractual requirements and applicable federal statutes and regulations. An audit or investigation may result in a finding that our performance, systems and administration are 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.

Although we cannot predict the outcome of these and other legal proceedings, investigations, claims and disputes, based on the information now available to us, we do not believe the ultimate resolution of these matters, either individually or in the aggregate, will have a material adverse effect on our business, prospects, financial condition, operating results or cash flows.

Item 1A. Risk Factors

There have been no material changes from the risk factors described in the "Risk Factors" section of our Annual Report on the Form 10-K for the year ended December 31, 2011.

Item 6. Exhibits

Exhibits required by Item 601 of Regulation S-K:

Exhibit	Description of Exhibit
12.1‡	Ratio of Earnings to Fixed Charges
31.1‡	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
31.2‡	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended.
32‡	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended.
101	The following materials from the ManTech International Corporation Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at September 30, 2012 and December 31, 2011; (ii) Condensed Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2012 and 2011; (iii) Condensed Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2012 and 2011; (iv) Condensed Consolidated Statements of Cash Flows for the Nine Months ended September 30, 2012 and 2011; and (v) Notes to Condensed Consolidated Financial Statements.

‡ Filed Herewith.

SIGNATURES

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.

MANTECH INTERNATIONAL CORPORATION

Date: November 2, 2012
By: /s/ GEORGE J. PEDERSEN
Name: George J. Pedersen
Title: Chairman of the Board of Directors and
Chief Executive Officer

Date: November 2, 2012
By: /s/ KEVIN M. PHILLIPS
Name: Kevin M. Phillips
Title: Chief Financial Officer