

MANTECH INTERNATIONAL CORP  
Form 10-K  
February 19, 2016

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

FORM 10-K  
x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2015  
OR

o 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 22-1852179  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)  
12015 Lee Jackson Highway, Fairfax, VA 22033  
(Address of principal executive offices)  
(703) 218-6000  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock, Par Value \$0.01 Per Share	Nasdaq Stock Market

Securities registered pursuant to Section 12(g) of the Act: None

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

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

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 Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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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 (Check one):

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2015 was \$703,653,216 (based on the closing price of \$29.00 per share on June 30, 2015, as reported by the Nasdaq Global Select Market).

There were the following numbers of shares outstanding of each of the registrant's classes of common stock as of February 17, 2016: ManTech International Corp. Class A Common Stock, \$0.01 par value per share, 24,494,472 shares; ManTech International Corp. Class B Common Stock, \$0.01 par value per share, 13,191,845 shares.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain portions of the definitive Proxy Statement to be filed with the Securities Exchange Commission pursuant to Regulation 14A in connection with the registrant's 2016 Annual Meeting of Stockholders, to be filed subsequent to the date hereof, are incorporated by reference into Part III (Items 10, 11, 12, 13 and 14) of this Annual Report on Form 10-K. Such definitive Proxy Statement will be filed with the Commission not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

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## PART I

In this document, unless the context indicates otherwise, the terms “Company” and “ManTech” as well as the words “we,” “our,” “ours” and “us” refer to both ManTech International Corporation and its consolidated subsidiaries. The term “registrant” refers only to ManTech International Corporation, a Delaware corporation.

### Industry and Market Data

Industry and market data used throughout this Annual Report on Form 10-K were obtained through surveys and studies conducted by third parties, industry and general publications. We have not independently verified any of the market data obtained from these third-party sources, nor have we validated any assumptions underlying such data.

### Cautionary Statement Concerning Forward-Looking Statements

All statements and assumptions contained in this Annual Report on Form 10-K that do not relate to historical facts constitute "forward-looking statements." These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements often include the use of words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate," "plan" and words and terms of similar substance in connection with discussions of future events, situations or financial performance. While these statements represent our current expectations, no assurance can be given that the results or events described in such statements will be achieved.

Forward-looking statements may include, among other things, statements with respect to our financial condition, results of operations, prospects, business strategies, competitive position, growth opportunities, and plans and objectives of management. Such statements are subject to numerous assumptions, risks, uncertainties and other factors, many of which are outside of our control, and include, without limitations, the risks and uncertainties discussed in Item 1A "Risk Factors" in Part I of this Annual Report.

Factors or risks that could cause our actual results to differ materially from the results we anticipate include, but are not limited to, the following:

- Failure to compete effectively for new contract awards or to retain existing U.S. government contracts;

- Adverse changes or delays in U.S. government spending for programs we support, due to the failure to complete the budget and appropriations process in a timely manner, changing mission priorities, the implementation of cost reduction and efficiency initiatives by our customers, or federal budget constraints generally;

- Failure to obtain option awards, task orders or funding under contracts;

- Delays in the competitive bidding process caused by competitors' protest of contract awards received by us;

- Renegotiation, modification or termination of our contracts, or failure to perform in conformity with contract terms or our expectations;

- Failure to realize the full amount of our backlog, or adverse changes in the timing of receipt of revenues under contracts included in backlog;

- Failure to successfully integrate acquired companies or businesses into our operations or to realize any accretive or synergistic effects from such acquisitions;

- Adverse changes in business conditions that may cause our investments in recorded goodwill to become impaired;
- Non-compliance with, or adverse changes in, complex U.S. government laws, procurement regulations or processes;
- Increased exposure to risks associated with conducting business internationally;

Disruption of our business or damage to our reputation resulting from security breaches in customer systems, internal systems or service failures (including as a result of cyber or other security threats), or employee or subcontractor misconduct; and

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•Adverse results of U.S. government audits or other investigations of our government contracts.

We urge you not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report. We undertake no obligation to update any forward-looking statement made herein following the date of this Annual Report, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.

## Item 1. Business

### Corporate Overview and Background

ManTech provides innovative technologies and solutions for mission-critical national security programs for the intelligence community; the departments of Defense, State, Homeland Security, Health and Human Services, Veterans Affairs and Justice, including the Federal Bureau of Investigation (FBI); the space community; and other U.S. government customers. We are able to leverage our technical capabilities, our familiarity with and knowledge of our customers, and our experience providing a wide array of solutions and services to help our customers meet some of their greatest challenges and succeed in their most important endeavors. We support important national missions, such as military readiness and wellness, terrorist threat detection, information security and border protection, providing services to approximately 50 federal government agencies under approximately 1,000 current contracts.

ManTech was founded in 1968 as a New Jersey corporation, starting with a single U.S. Navy contract. We reincorporated as a Delaware corporation shortly before our initial public offering in February 2002. We have grown substantially since then. Our annual revenues have increased from approximately \$431 million at the end of 2001 to \$1.55 billion in 2015. Additional financial information is provided in this Annual Report under Item 8 “Financial Statements and Supplemental Data.” At December 31, 2015, we had approximately 7,200 employees.

### Our Solutions and Services

We combine deep domain understanding and technical capability to deliver comprehensive information technology (IT), systems engineering and other services and solutions, primarily in support of mission-critical national security programs for the intelligence community, the Department of Defense (DoD) and the healthcare and space communities. We deploy our broad set of services in custom combinations to best address the requirements of our customers' long-term programs. The following solution sets are aligned with the long-term needs of our customers:

- Cybersecurity;
- Software and Systems Development;
- Enterprise Information Technology;
- Multi-Disciplined Intelligence;
- Program Protection and Mission Assurance;
- Systems Engineering;
- Test and Evaluation (T&E);
- Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR);
- Training;
- Supply Chain Management and Logistics; and
- Management Consulting.

### Cybersecurity

Today's security challenges extend beyond traditional IT; they threaten national security systems, attack classified networks and law enforcement systems, and target systems responsible for providing critical civilian services. To address these challenges, we provide full-spectrum computer network operations, manage and support security operations centers, offer continuous monitoring/information assurance services, computer forensics and exploitation, and perform penetration testing and network simulation services.

Our professionals tackle the most challenging problems facing the nation, identifying and neutralizing external cyber attacks, engineering tailored defensive security solutions and controls, developing robust insider threat detection programs and creating enterprise vulnerability management programs. We have provided computer network operations support to important national security customers for more than a decade, working across the three domains of computer network attack, defense and exploitation. We provide comprehensive cyber warfare and cyber defense security solutions and services to the DoD, agencies in the intelligence

community, Department of State, Department of Justice and other federal agencies. Our forensics and incident response capabilities can provide our customers with additional insight and evidence for post-attack assessments, assisting our customers with efforts to strengthen their security posture. We offer customers insight into their infrastructure and the opportunity to deny, disrupt and degrade attempts to compromise our customers' business operations and reputation.

### Software and Systems Development

We develop, modify and maintain software solutions and complex systems that link different computing systems and software applications to act as a coordinated whole. This solution set includes a broad array of full lifecycle services, including requirements analysis; planning, design, implementation, integration and enhancement; testing, deployment, maintenance and quality assurance; and documentation and configuration management. Our software and systems development activities support a variety of software development lifecycle methodologies, including waterfall, rapid prototyping, V-model, spiral and Agile methodologies.

We develop software solutions and systems across many domains and applications. Modern warfare (whether on a physical or cyber battlefield) requires the warfighter to assess and use information from multiple sources quickly and appropriately. Our experienced software engineers and developers design and support the real-time software applications that cyber security programs, C4ISR systems, and other complex defense and weapons systems rely on to function as designed.

### Enterprise IT

IT plays an increasingly central role in the missions of our defense, intelligence and federal civilian customers, and as a result, is an important part of many of our solutions. We develop, implement and sustain solutions that leverage technology across an enterprise delivering services that improve mission performance and reduce costs for our government customers. Solutions typically involve hardware and software to support the core technology infrastructure, such as data centers, cloud services, e-mail or desktop computing. Specific applications include IT service management, help desk, data center consolidation, enterprise architecture, mobile computing and device management, network operations and infrastructure, virtualization/cloud computing, network and database administration, enterprise systems development and management, and infrastructure as a service. The backbone of our global capabilities is a comprehensive ISO 9001:2000-certified management and control system, combined with our ISO 20000-certified IT service management processes, which enable us to provide best value for our customers at a reduced cost of ownership across system lifecycles.

We evaluate our customers' enterprise infrastructure with the goal of increasing efficiency, reducing system footprint and lowering total cost of ownership. We help our customers leverage their existing investments, enhancing and optimizing legacy systems, and consolidating technologies to create efficiencies, and simplify or automate processes. Our experts leverage innovations in cloud, virtualization, and other technologies to extend the life our customers' critical applications and systems.

### Multi-Disciplined Intelligence

We provide specialized IT solutions and mission support services to national, defense and related intelligence agencies and other classified customers. Specific solutions include support to strategic and tactical intelligence systems, networks and facilities; development and integration of collection and analysis systems and techniques; and support to the development and application of analytical techniques to counterintelligence, human intelligence operations/training and counterterrorist operations.



We provide signals intelligence collection, analysis and dissemination, intelligence analysis and linguistics, and computer network operations, including monitoring and protection, cyber operations support, and collaboration tools and analysis to support the intelligence lifecycle. We develop, integrate and maintain advanced signal processing systems to support classified programs and facilities that collect and process intelligence. We provide counterterrorism operations and support and counterintelligence analytical expertise.

#### Program Protection and Mission Assurance

Highly-classified programs, including intelligence operations and military programs, require secrecy management and security infrastructure services from a trusted and experienced provider. These services can include vulnerability assessment, insider threat protection, exposure analysis, secrecy architecture design, security policy development and implementation, lifecycle acquisition program security, operations security, information assurance, anti-tamper, export compliance support, foreign disclosure, system security engineering, security awareness and training, comprehensive security support services and technical certification and accreditation services.

As part of our program protection support, we provide network architecture planning and implementation services and systems engineering services within secure environments requiring the application of multi-level security policies across the enterprise. Secure enterprise-wide network infrastructures and components include local area network/wide area network architectures, messaging architectures, network management solutions, directory services architecture and web hosting. For example, we developed a state-of-the-art analytic environment that provides access to regional, national and international information with appropriate security level access controls, providing direct operational support to time-sensitive counterterrorism activities in support of an intelligence community customer.

In addition, we provide comprehensive mission assurance in the development, acquisition, manufacturing, testing, integration and site support of mission-critical systems. We provide full spectrum security; reliability, maintainability and availability engineering; systems-safety engineering; hardware and software quality engineering; software assurance practices; and lifecycle support. We develop and review mission assurance and safety requirements and carry out design reviews and analysis, safety analysis, requirements verification, test readiness reviews, integration and test support, and operations support to ensure that those requirements are designed into systems.

### Systems Engineering

We apply systems engineering across a wide array of large-scale system development and acquisition programs used by government and industry. We provide world-class talent, proven management and technical processes to manage some of the most complex projects throughout their lifecycle, from concept through deployment. The systems engineering services we provide include requirement analysis, development and management; systems development and integration; enterprise architecture and concept of operations; and systems engineering and technical assistance.

Our proprietary systems engineering toolset, the ManTech Enterprise Framework, provides a regimented and interdisciplinary approach for transitioning from a stated need to an operationally effective and suitable system, service or capability. The framework is an overarching and proven process that integrates the full spectrum of project management, systems engineering and acquisition practices needed to effectively manage a project or system over its lifecycle. Through it, we address a full 360-degree perspective of a program, including disciplines of system, software, hardware, communications, reliability, safety and test engineering, as well as modeling, simulation and analysis. Our long-term commitment to the systems engineering discipline is exemplified by achieving a Capability Maturity Model® Integration (CMMI) Level 3 rating for Software and Systems Engineering.

### Test and Evaluation

We provide T&E services to a wide range of defense, intelligence, homeland security and space customers. We provide comprehensive T&E services for tactical and strategic C4ISR systems and national security systems and IT systems. Our knowledge of DoD testing and evaluation policies and procedures ensures that technical solutions are complete and align with test requirements. Our T&E services are closely linked with our systems engineering capabilities, and include specific competencies in test engineering, preparation and planning; modeling and simulation; test range operations and management; systems and cyber vulnerability; and independent validation and verification.

Our developmental T&E professionals verify systems for all types of federal acquisition programs, from planning through reporting phases. Our test engineers develop requirements and assess the technical maturity of systems before those systems are designated as programs of record. We monitor and review vendor testing to verify system performance against the technical specifications, and we plan and conduct developmental testing to ensure that systems are ready for operational testing.

Our operational T&E professionals plan and execute a wide array of operational programs to ensure that systems meet requirements for effectiveness, suitability, interoperability and survivability in operational environments. Our test engineers plan and conduct integrated testing to streamline cost, schedule and risk during operational testing.

We also test complex and mission-critical hardware and software systems used by our customers. We have played key roles in improving the performance, reliability, maintainability, supportability and weapons effectiveness of all Navy in-service rotary and fixed wing platforms and their associated systems and ordnance. Likewise, we maintain a facility to support Marine Corps intelligence systems research and development, providing T&E services that ensure these systems meet specified requirements for Marines in the field.

Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance

We are a proven leader in the design, development, analysis, implementation and support of all aspects of C4ISR systems and technology. Our experience includes ground, airborne and space domains, to include command-and-control infrastructure, ISR

platforms and sensors, and the communication, dissemination and analysis of data. We have developed, tested, fielded and supported systems for the U.S. government across the globe, and have provided C4ISR operations and maintenance support for every major military deployment since Operation Desert Storm.

Our C4ISR solutions and capabilities also include live, constructive and virtual training and simulation; supporting telecommunications systems and elevated sensors; developing, testing and incorporating new technology; and installing, sustaining and providing training for new solutions.

### Training

We deliver advanced training solutions using a range of environments, including, live, virtual, constructive, immersive and gaming scenarios. We leverage dedicated subject matter experts, a virtual cyber training range, and our longstanding, acclaimed learning center, ManTech University, in developing customized training solutions for our customers. We have also developed an online interactive multimedia instruction authoring environment that allows us to create optimal environments for "sharable content object reference" models to enhance e-learning.

Specific offerings include mobile training teams; instructional systems design; web-based and instructor-led training; live, virtual, constructive training; and interactive courseware and simulations. We have met and will continue to meet the global mission support demands of our customers by providing training and education tools in the most effective manner for our customers, whether in the classroom, in virtualized environments, or at customer locations in the U.S. and across the world.

### Supply Chain Management and Logistics

We provide supply chain management and logistics services, involving the use of sophisticated systems that secure the entire supply chain, from supplies to data. Our tools and systems can predict requirements and provide secure, real-time tracking analysis and reporting data to meet our customers' needs. We have overseen some of the most important mission-critical logistics and supply chain management efforts for the U.S. government and have provided a full range of logistics and maintenance support across the globe. Our supply chain methods are recognized through the defense, intelligence and federal civilian communities for the secure movement of data, equipment and sensitive materials.

Our comprehensive set of integrated logistics and supply chain management services include supply chain management support (such as warehousing, logistics management, shipping/receiving and global property management), maintenance and reset of ground vehicles and electronics, business process outsourcing, transportation using contracted and government provided services and other field services support (including fielding, training and operations support).

### Management Consulting

We help organizations improve their performance by providing objective advice, specialized expertise and access to industry best practices in the form of progress evaluation and analysis, organizational change management, policy and governance development, risk management, strategy development, operational and efficiency improvements, environmental engineering, and technology implementation and advisory support. Specific applications include environmental, range and sustainability services; healthcare analytics; and "big data" solutions to drive better decision-making and controls.

Our management consulting solutions include a focus on transforming health care by analyzing, designing, implementing, and evaluating information and communication systems that enhance individual and population health

outcomes, improve patient care and strengthen the clinician-patient relationship. ManTech collaborates with clinicians in the development of health informatics tools that promote safe, efficient, effective, timely, patient-centered and equitable patient care. We also collect, manage and analyze large amounts of demographic and clinical data to help our customers prevent and treat disease, improving the health and quality of life in communities across the U.S. and worldwide.

We are also a leader in the fields of environmental, range and sustainability planning, regulatory compliance, biological resources and policy development. Our multidisciplinary staff of planners, scientists, analysts and managers have the education, experience and expertise needed to develop and execute comprehensive sustainability strategies and environmental compliance programs for government and industry. We work with our customer to manage and comply with important environmental laws and provide ocean and coastal environmental planning, coastal zone management planning, biological surveys and monitoring, bioacoustics and noise analysis, habitat restoration, invasive species management and solid-waste compliance support.

## Our Customers

We derive the vast majority of our revenues from U.S. government customers. We have successful, long-standing relationships with these customers, having supported many of them for almost half a century. For each of the last three years we have derived approximately 99% of our annual revenues from our U.S. government customers, with at least 90% of our revenues each such year from national security and defense customers.

## Foreign Operations

We treat sales to U.S. government customers as sales within the United States regardless of where the services are performed. U.S. revenues were approximately 99.9%, 99.7% and 99.8% of our total revenues for the years ended December 31, 2015, 2014 and 2013, respectively. International revenues were approximately 0.1%, 0.3% and 0.2% of our total revenues for the years ended December 31, 2015, 2014 and 2013, respectively. We have recently made efforts to expand our international operations, primarily in support of allied nation governments, and we anticipate that our percentage of international revenues will increase from historical levels.

## Backlog

At December 31, 2015, our backlog was \$4.1 billion, of which \$1.0 billion was funded backlog. At December 31, 2014, our backlog was \$3.3 billion, of which \$0.8 billion was funded backlog. We expect that approximately 32% of our total backlog will be recognized as revenues prior to December 31, 2016.

We define backlog as our estimate of the remaining future revenues from existing signed contracts, assuming the exercise of all options relating to such contracts and including executed task orders issued under Indefinite Quantity/Indefinite Delivery (ID/IQ) contracts. We also include an estimate of revenues for solutions that we believe we will be asked to provide in the future under the terms of ID/IQ contracts for which there are established patterns of revenues.

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

A variety of circumstances or events may cause changes in the amount of our backlog and funded backlog, including the execution of new contracts, the extension of existing contracts, the non-renewal or completion of current contracts, the early termination of contracts, and adjustments to estimates for previously included contracts. Changes in the amount of our funded backlog also are affected by the funding cycles of the government.

## Patents, Trademarks, Trade Secrets and Licenses

We own a limited number of patents. We also maintain a number of trademarks and service marks to identify and distinguish the goods and services we offer. While we protect our patents, marks, trade secrets and vital confidential information, our business does not depend on the existence or protection of such intellectual property.

## Seasonality

Our business is not seasonal. However, it is not uncommon for U.S. government agencies to award extra tasks or complete other contract actions in the weeks before the end of the U.S. government's fiscal year (a government fiscal

year (GFY) begins on October 1 and ends on September 30) in order to avoid the loss of unexpended fiscal year funds. Additionally, our quarterly results are impacted by the number of working days in a given quarter. There are generally fewer working days for our employees to generate revenues in the first and fourth quarters of our fiscal year.

#### Business Environment and Competitive Landscape

Our primary customer is the U.S. government, the largest consumer of services and solutions in the United States. In U.S. GFY 2015, the U.S. government obligated approximately \$272 billion on contracted services. Our principal focus is on the national security and defense of the United States homeland. The DoD is the largest purchaser of services and solutions in the U.S. government. With a GFY 2016 budget of \$522 billion, the DoD accounts for approximately 50% of the total discretionary budget.

We compete in a market that is shaped by federal budget priorities and constraints, in addition to customer requirements. Following a decade of uninterrupted growth, federal spending came under pressure beginning in GFY 2012. Over the last several years, the failure to provide timely appropriations and constraints on discretionary spending created significant uncertainty about funding levels, which in turn caused federal agencies to delay contract award decisions, change spending patterns and reprioritize IT expenditures. This difficult operational and funding environment continued into GFY 2015 and adversely affected our financial results.

In addition to the budget constraints of the last several years (which drove extremely competitive bidding, particularly on sustainment-related opportunities), the government's increased use of a lowest price/technically acceptable (LPTA) standard in connection with the procurement of certain services also contributed to pricing pressures. The use of an LPTA standard generally has resulted in lower margins on work procured in this manner compared to comparable services procured in prior years. At the same time, many government agencies increasingly prioritized setting aside certain work for small businesses and disadvantaged businesses, which reduced our ability to bid on those opportunities as a prime contractor. While we were able to pursue some of that work by teaming with small businesses and disadvantaged businesses, such arrangements typically have resulted in less revenue and profit for us than if we were permitted to pursue the work on a full and open basis.

The difficult environment caused by the aforementioned developments began to moderate in 2015, as improved budget clarity resulted in our customers making more award decisions and procuring services to meet mission needs on a more regular and predictable basis. In December of 2015, Congress passed the Bipartisan Budget Act (BBA), a measure that alleviates much of the impact of sequestration and other adverse provisions contained in the Budget Control Act of 2011, provides visibility into funding and spending levels over the near-term and through the 2016 presidential election, and increases the base defense budget \$24.4 billion above the enacted GFY 2015 level. Additionally, we believe that our customers' use of LPTA procurements has leveled off.

Significant global threats of the last year, including the Islamic State in the Middle East, continued instability in Syria and Iraq, increased concern regarding terrorism in the U.S. homeland and abroad, and cyber aggressions by both state and non-state actors, continue to demonstrate the importance of preserving defense funding. In Secretary of Defense Ash Carter's speech to the Economic Club of Washington on February 2, 2016, Secretary Carter indicated that GFY 2017 budget would reflect not only these threats, but will also address the aggression and expanding presence and influence of "near-peer" nations such as Russia and China, which will require investments in new technologies to effectively counter those threats. We believe that the U.S. government's spending will remain robust in key areas for which ManTech is well positioned, including national and homeland security programs, cyber security, sophisticated intelligence gathering and information sharing activities.

Our key competitors currently include divisions of large defense contractors, as well as a number of mid-size U.S. government contractors with specialized capabilities. Because of the diverse requirements of U.S. government customers and the highly competitive nature of large procurements, we frequently collaborate with these and other companies to compete for large contracts and we bid against these companies in other situations.

#### Company Information Available on the Internet

Our Internet address is [www.mantech.com](http://www.mantech.com). Through links on the Investor Relations section of our website, we make available, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC).

#### Item 1A. Risk Factors



Set forth below are the risks that we believe are material to our investors. You should carefully consider the following risks, together with the other information contained in or incorporated by reference into this Annual Report on Form 10-K, including our consolidated financial statements and notes thereto. Any of the following risks could materially and adversely affect our business, financial condition, results of operations and prospects, as well as the actual outcome of matters as to which forward-looking statements are made in this Annual Report.

The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us, or those we currently deem to be immaterial, may also materially and adversely affect our business, financial condition or results of operations. This section contains forward-looking statements. You should refer to the explanation of the qualification and limitations of forward-looking statements set forth at the beginning of this Annual Report.

## Risks Related to Our Business

We depend on contracts with the U.S. government for substantially all of our revenues. If our relationships with the U.S. government were harmed, our business, future revenues and growth prospects could be adversely affected.

We derive the vast majority of our revenues from our U.S. government customers. We expect that U.S. government contracts will continue to be the primary source of our revenues for the foreseeable future. Our business, prospects, financial condition or operating results could be materially harmed if:

• We are suspended or debarred from contracting with the U.S. government or a significant government agency;

• Our reputation or relationship with government agencies is impaired; or

• The government ceases to do business with us, or significantly decreases the amount of business it does with us.

Among the key factors in maintaining our relationships with U.S. government agencies are our performance on our contracts and task orders, the strength of our professional reputation and the relationships of our senior management and key program personnel with our customers.

We derive most of our revenues from contracts awarded through competitive bidding processes, and our revenue and profitability may be adversely impacted if we fail to compete effectively in such processes, or if there are delays as a result of our competitors' protests of contract awards that we receive.

We derive a significant portion of revenues from U.S. government contracts awarded through a competitive bidding process. We do not anticipate that this will change in the foreseeable future. Our failure to compete effectively in this procurement environment would have a material adverse impact on our revenue and profitability. The competitive bidding process involves risk and significant costs to businesses operating in this environment including:

- Spending substantial cost and managerial time and effort to prepare bids and proposals for contracts that may not be awarded to us, which may result in reduced profitability;

Expending resources and making financial commitments (such as procuring leased premises) and bidding on programs in advance of the completion of their design, which may result in unforeseen difficulties in execution, cost overruns, or, in the case of unsuccessful competitions, the loss of committed costs.