

GLOBAL DEFENSE TECHNOLOGY & SYSTEMS, INC.

Form S-1/A

November 05, 2009

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As filed with the Securities and Exchange Commission on November 5, 2009

Registration No. 333-161719

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, DC 20549

**AMENDMENT NO. 4 TO FORM S-1**

**REGISTRATION STATEMENT**

*UNDER*

*THE SECURITIES ACT OF 1933*

**GLOBAL DEFENSE TECHNOLOGY & SYSTEMS, INC.**

(Exact name of registrant as specified in its charter)

<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>8711</b> (Primary Standard Industrial Classification Code Number) <b>1501 Farm Credit Drive, Suite 2300</b>  <b>McLean, Virginia 22102-5011</b>  <b>(703) 738-2840</b>	<b>20-4477465</b> (I.R.S. Employer Identification Number)
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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**John Hillen**

**Chief Executive Officer**

**Global Defense Technology & Systems, Inc.**

**1501 Farm Credit Drive, Suite 2300**

**McLean, Virginia 22102-5011**

**(703) 738-2840**

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

*Copies to:*

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**1251 Avenue of the Americas**  
**New York, NY 10020**  
**(212) 335-4500**

**Approximate date of commencement of proposed sale to the public:**

**As soon as practicable after the effective date of this Registration Statement**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the Securities Act) check the following box: "

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

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

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

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

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Large accelerated filer

Accelerated filer

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

Smaller reporting company

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Aggregate Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Stock, par value \$0.01 per share	5,290,000	\$ 16.00	\$ 84,640,000	\$ 4,723

(1) Includes 690,000 shares that the underwriters have the option to purchase to cover overallocments, if any.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(3) A filing fee of \$4,185 was previously paid in connection with the initial filing of this Registration Statement on September 3, 2009. The aggregate filing fee of \$4,723 is being offset by the \$4,185 aggregate payments previously made.

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

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

**PROSPECTUS (Subject to Completion)**

**Dated November 4, 2009**

**4,600,000 Shares**

**Common Stock**

This is an initial public offering of shares of our common stock. We are offering 3,000,000 shares and the selling stockholders are offering 1,600,000 shares of our common stock. We will not receive any proceeds from the sale of shares by the selling stockholders. Prior to this offering, there has been no public market for our common stock. We have been approved, subject to official notice of issuance, to list our common stock on the Nasdaq Global Market under the symbol GTEC. We expect that the public offering price will be between \$14.00 and \$16.00 per share.

**Our business and an investment in our common stock involve significant risks. These risks are described under the caption Risk Factors beginning on page 14 of this prospectus.**

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	<i>Per Share</i>	<i>Total</i>
<b>Public offering price</b>	\$	\$
<b>Underwriting discount</b>	\$	\$
<b>Proceeds, before expenses, to Global Defense Technology &amp; Systems, Inc.</b>	\$	\$
<b>Proceeds, before expenses, to the selling stockholders</b>	\$	\$

The underwriters may also purchase up to an additional 690,000 shares from one of the selling stockholders at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover overallocments.

The underwriters expect to deliver the shares against payment on \_\_\_\_\_, 2009.

**Cowen and Company**

**Stifel Nicolaus**

**Raymond James**

**SunTrust Robinson Humphrey**

, 2009

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You should rely only on the information contained in this prospectus. We have not, and the selling stockholders and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the selling stockholders and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

We own pending U.S. trademark applications for the following marks: WatchIT and ResourceNet. In addition, we license the GLOBAL mark from our indirect parent, GLOBAL.

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**PROSPECTUS SUMMARY**

*This summary provides an overview of selected information contained elsewhere in this prospectus and does not contain all of the information you should consider before investing in our common stock. You should carefully read the prospectus and the registration statement of which this prospectus is a part in their entirety before investing in our common stock, including the information discussed under Risk Factors beginning on page 14 and our consolidated financial statements and notes thereto that appear elsewhere in this prospectus. See Relevant Industry Terms beginning on page 121 for a more complete definition of industry terms used in this prospectus.*

*Except as otherwise indicated, or as the context otherwise requires, the Company, GLOBAL Defense Technology, we, us, and our refer to Global Defense Technology & Systems, Inc., a Delaware corporation, and, where appropriate, its direct and indirect subsidiaries, Global Strategies Group Holding (North America) Inc., which we refer to as GNA Holding, Global Strategies Group (North America) Inc., our operating company, which we refer to as GNA, and The Analysis Corp., which we refer to as TAC. Unless otherwise stated, information in this prospectus assumes that the underwriters will not exercise their overallotment option.*

**Our Company**

We provide mission-critical technology-based systems, solutions, and services for national security agencies and programs of the U.S. government. Our services and solutions are integral parts of mission-critical programs run by the Department of Defense, Intelligence Community, Department of Homeland Security, federal law enforcement agencies, and other parts of the federal government charged with national security responsibilities. The programs that we support are generally funded as part of the budgets and spending levels of U.S. government agencies entrusted with carrying out the U.S. government's defense, intelligence, and homeland security missions.

Our primary areas of expertise include:

counter-terrorism intelligence and analysis

data analysis and intelligence fusion tools

force mobility, modernization, and survivability solutions

maritime domain awareness and navigation systems

systems and software engineering

network and communications management; and

decision support systems for command and control.

We conduct our business through two reportable segments: Technology and Intelligence Services, or TIS, and Force Mobility and Modernization Systems, or FMMS. Through our TIS segment we provide a broad range of technology-based services and solutions, including counter-terrorism and intelligence solutions and command, control and decision support solutions to customers in the Department of Defense, the Intelligence Community and other U.S. agencies. Our TIS segment is comprised of the operations of TAC and our Global Mission Systems, or GMS, division. Through our FMMS segment we provide customers, primarily in the Department of Defense, with solutions that entail the design, engineering and integration of highly mobile mission support systems. Our FMMS segment is comprised of the operations of our Global Defense Engineering, or GDE, division.

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In 2008, we derived substantially all of our revenue from national security customers. Approximately 74% of our revenue was derived from the Department of Defense, including the U.S. Army, U.S. Navy, U.S. Marine Corps, National Guard, and Department of Defense agencies within the Intelligence Community, and

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approximately 26% of our revenue was derived from national security agencies including the Department of Homeland Security, federal law enforcement agencies, and other agencies in the Intelligence Community. For the nine months ended September 30, 2009, our revenue was \$157.1 million, representing organic growth of 9.7% over the same period in 2008.

### **Our Market Opportunity**

The Department of Defense represents the largest component of the U.S. government's discretionary spending, accounting for approximately 19.5% of total requested fiscal year 2010 budget authority. For fiscal year 2010, the defense budget is approximately \$664 billion, including a base defense budget of \$533.7 billion (an increase of \$20.4 billion from fiscal year 2009) and an additional \$130 billion for overseas contingency operations, primarily in Iraq and Afghanistan. While defense and intelligence spending have grown tremendously since September 11, 2001, there has also been realignment in the strategic priorities of the U.S. national security community. With the change in national security focus from conventional state-on-state conflicts (such as Operation Desert Storm) to counter-terrorism, stability in fragile but strategic regions, counterinsurgency warfare, and other forms of irregular or expeditionary warfare, there has been a concomitant shift in defense and intelligence investment.

Even before the submission of the fiscal year 2010 defense budget and Defense Secretary Robert Gates' articulation of the Balanced Strategy behind it, the Obama administration and Congress clearly signaled their intent to intensify the U.S. government's focus on addressing post-Cold War national security challenges, new intelligence missions and systems, the use of soft power to stabilize post-conflict in fragile but strategic areas, and homeland security. This perspective, and the programmatic and budgetary decisions that are emerging, make for a strategic landscape that we believe presents us with a significant market opportunity.

We believe the following trends and developments will drive continued growth in our target markets:

***Robust Funding for Intelligence and Counter-Terrorism Programs.*** Counter-terrorism efforts both at home and abroad are likely to remain a central focus of the U.S. government and the Obama administration. In the military, intelligence, and homeland security/law enforcement communities, programs that create expertise, systems, and solutions for the ever-evolving threat of terrorism are a top priority.

***A Continued Drive Toward Force Mobility and Modernization in all the Services.*** Over the past 15 years, and more recently for theaters such as Iraq, Afghanistan, Africa, Southeast Asia and elsewhere, the military services have had to design new systems to support expeditionary forces to be deployed quickly to remote areas with little or no infrastructure for the delivery of power, water and other essential services. We expect that the requirement to support worldwide force mobility and modernization for U.S. forces will remain a priority for the Department of Defense and other national security agencies.

***Emphasis on Enhancing the Information Advantage in Warfare.*** While funding for expensive weapons platforms—tanks, ships and planes—may be at risk in the future, we believe that the military and intelligence funding to create a proprietary information network of digitally linked sensors, data processors and decision support tools for command and control will remain a top priority for the U.S. government.

***A Continued Commitment to Long-Running Overseas Contingencies Operations.*** Even with the U.S. military drawdown in Iraq, there will still be hundreds of thousands of uniformed U.S. service members deployed worldwide, especially on long-running overseas contingencies operations, or OCOs, in the Middle East and Afghanistan. President Obama committed an additional 21,000 troops to Afghanistan in March 2009. Whether or not the President approves an additional deployment of combat troops or simply commits to a surge in military training, capacity building, and reconstruction, the U.S. military footprint

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in Afghanistan will increase. The surge in troop levels there and the commitment to other operations worldwide entails a rise in the need for services, technology and engineering solutions to support those deployments.

### **Our Business Strengths and Competitive Advantages**

We believe that we are well-positioned to capitalize on the market opportunities presented by the Obama administration's defense and intelligence spending priorities and to support the ongoing and new requirements of customers and programs in these mission-critical areas:

***Alignment with Policy Priorities and Military Requirements.*** Our core capabilities and exemplary past performance are well-aligned with the top priorities of the Obama administration and the national security community. Our capabilities and expertise closely match current and expected future requirements in the defense, intelligence and homeland security communities.

***Highly Skilled Workforce with High-Level Security Clearances.*** Over 435 of our approximately 680 employees have security clearances and two-thirds of those are at the Top Secret level or above. In the parts of our business that support counter-terrorism programs and command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) efforts, over 90% of the employees have clearances. Over 20% of our employees have advanced degrees, principally in technical sciences, and 48 of our employees hold Ph.D. s.

***Strong Contract Base.*** As of September 30, 2009, over 88% of our revenue is derived from our work with the U.S. government as a prime contractor. Certain of our contracts provide flexible enough procurement vehicles to allow an array of existing or new customers to engage us quickly and efficiently to meet their mission-critical needs.

***Long-Term Customer Relationships Based on Our Mission-Focused Culture.*** We have worked with many of our customers for long periods of time, decades in some cases. We believe that key factors contributing to the longevity of our customer relationships are our mission-focused culture and the subject matter expertise and level of understanding we have of our customers' requirements.

***Proprietary Technology, Intellectual Property and Know-How.*** We create and own intellectual property and know-how relating to technologies, processes, and methods. Our innovations in sensor integration, decision support systems for both the military and intelligence markets, maritime navigation, network and communications management, tactical water purification and reuse, and highly engineered force mobility support solutions have enhanced our reputation in the industry as an innovative mission systems provider.

***Disciplined and Experienced Growth-Oriented Executive Management Team.*** The members of our executive management team have a successful track record of identifying, pursuing and executing on key growth opportunities in the military and national security marketplaces, both through organic business development and the pursuit of strategic acquisition opportunities.

### **Our Growth Strategy**

Our objective is to become a leading mid-sized defense and national security technology company that is clearly differentiated from our competitors by our mission solutions. To achieve our objective, we intend to:

***Focus on Growth Segments in the National Security Space.*** We intend to expand our position in well-funded and rapidly growing U.S. government national security programs and policy priorities such as counter-terrorism, force mobility and modernization, technology solutions for data fusion, mission-focused command, control and decision support tools, and building net-centric C4ISR systems.

***Expand Customer Presence and Increase Base of Customers/Contracts.*** We plan to increase our level of business from our existing customer base by expanding the range of services we provide to customers

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with whom we have developed successful relationships. We also intend to broaden our national security client base to other agencies and military services that require services similar to those we provide to existing customers, but with whom we do not now perform a large amount of work.

***Pursue Strategic Acquisitions.*** We will actively pursue focused strategic acquisitions that enhance and expand our core capabilities and broaden our customer base into other high-growth national security segments consistent with our overall strategic objectives. Combined with our continued organic growth, this will provide both new customers, capabilities, technologies and talent and the additional critical mass to pursue larger-scale, technology-based national security contracts.

***Pursue Larger and More Complex Contracts as a Prime Contractor.*** We intend to leverage our strong set of complementary capabilities to win larger and more complex contracts as a prime contractor in key areas such as C4ISR, counter-terrorism/intelligence, and force mobility and modernization. We will continue to base our bid strategies on the differentiated solutions we provide to the customer and our intimate knowledge of customers' mission requirements.

***Maintain Our Technical Leadership.*** We intend to continue to attract and retain highly skilled employees and focus our research and development efforts in high-value areas such as network communications and management, sensor integration, decision support tools, data fusion systems, and the design, engineering and integration of highly mobile mission support systems to maintain our proprietary leading-edge technical position.

### **Our History and Organizational Structure**

In 2006, our indirect parent, Global Strategies Group Holding, S.A., which we refer to as GLOBAL, formed Contego Systems Inc., which in turn established Global Technology Strategies, Inc., for the purpose of commencing technology operations in the U.S. and hired Ronald Jones who, immediately prior to the effectiveness of this offering, will become our Executive Vice President, Corporate Development, to lead this effort. On February 9, 2007, Global Technology Strategies, Inc. acquired SFA, Inc., which we refer to as SFA. SFA was originally founded in 1969 as Sachs Freeman Associates, a provider of technology services to the federal government. SFA grew organically for most of the 38 years prior to its acquisition, and also completed two acquisitions. In 1988, SFA acquired Frederick Manufacturing and, in 2003, it acquired TAC.

Subsequent to the SFA acquisition, SFA was renamed Global Strategies Group (North America) Inc., or GNA, and Global Technology Strategies, Inc. was renamed Global Strategies Group Holding (North America) Inc., or GNA Holding. GNA and TAC are our operating subsidiaries. At the end of 2008, as part of a restructuring, we were formed as a wholly owned subsidiary of Contego Systems Inc. under the name Contego NewCo Company, a Delaware corporation, and immediately thereafter Contego Systems Inc. was converted into Contego Systems LLC. Our name was changed to Global Defense Technology & Systems, Inc. in July 2009. Our principal executive offices are located at 1501 Farm Credit Drive, Suite 2300, McLean, Virginia 22102. Our website address is [www.globalgroup.us.com](http://www.globalgroup.us.com). Information contained on our website is not part of this prospectus.

From the date of the SFA acquisition, we have operated separately from GLOBAL and its other affiliates, with a board, including three independent directors, and have focused exclusively on customers in the U.S. government. We believe that our initial public offering and Nasdaq listing will provide the following benefits:

direct access to a new institutional and retail investor base;

increased use of equity compensation to align the interests of our employees with those of our stockholders; and

opportunities to pursue acquisitions and other strategic initiatives using our publicly traded stock as acquisition currency.



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Upon conclusion of this offering, GLOBAL will be our largest beneficial stockholder, owning approximately 44.7% of our outstanding stock, assuming the underwriters do not exercise their overallotment option.

In anticipation of this offering, we will implement a series of restructuring transactions. The information in this prospectus reflects and assumes that the following restructuring transactions, which have been approved by our board of directors, have been effected unless otherwise indicated:

the amendment and restatement of our certificate of incorporation and bylaws to, among other things, increase the number of shares of our authorized stock and effectuate a 60,000-for-1 stock split of our common stock, which will occur concurrently with the effectiveness of the registration statement of which this prospectus forms a part;

the merger of GNA Holding with and into GNA, resulting in GNA becoming our direct, wholly owned subsidiary;

our assumption of options to purchase 492,127 shares of common stock at a weighted average exercise price of \$10.65 per share, previously granted pursuant to the SFA, Inc. 2007 Stock Option Plan, or SFA Plan; and

the redemption by Contego Systems LLC of all of the membership interests owned by Ronald Jones, in exchange for shares of our common stock owned by Contego Systems LLC of equal value.

In addition, unless otherwise indicated, the information in this prospectus reflects and assumes:

the issuance of 36,432 shares of common stock to James Allen, our Executive Vice President and Chief Financial Officer, upon the closing of this offering;

the issuance of options to purchase 32,789 shares of common stock to Kirk Herdman, our Senior Vice President, Business Operations and Development, upon closing of this offering; and

no exercise of the underwriters' overallotment option to purchase up to 690,000 additional shares of our common stock from one of the selling stockholders.

The information in this prospectus does not reflect a reduction in the exercise price of options granted under the SFA Plan that will result upon the merger of GNA Holding with and into GNA, which merger will occur concurrent with the effectiveness of the registration statement of which this prospectus forms a part. This reduction in exercise price of such options, which occurs pursuant to the equitable adjustment provisions of the SFA Plan, is due to the decrease in the value of GNA common stock at the time of the merger as a result of GNA's assumption of approximately \$10.2 million of debt owed by GNA Holding to GLOBAL and its affiliates. On a pro forma basis, assuming the following events occurred on September 30, 2009:

the merger of GNA Holding with and into GNA, and

the October 2009 repayment of \$6.5 million of debt owed to GLOBAL and its affiliates, the exercise price on all SFA Plan options would have been reduced by \$1.57 per share.



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The following sets forth our organizational structure immediately before and after the restructuring transactions on a fully-diluted basis.

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**The Offering**

Common stock offered by us 3,000,000 shares

Common stock offered by the selling stockholders . . . 1,600,000 shares

Common stock to be outstanding after this offering 9,036,432 shares

Underwriters' option to purchase additional shares . . . 690,000 shares

Use of proceeds To repay (i) the term loan portion of our credit facility, which was \$9.9 million as of September 30, 2009, (ii) other outstanding borrowings under our credit facility, which were \$12.0 million as of September 30, 2009, and (iii) to the extent of any excess net proceeds after repayment of the previous debt, debt owed to GLOBAL and its affiliates, which was \$16.7 million as of September 30, 2009, and for general corporate purposes, including future acquisitions. We will not receive any proceeds from the sale of our common stock by the selling stockholders.

Risk factors See Risk Factors and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

Nasdaq Global Market symbol GTEC

Conflicts of Interest An affiliate of SunTrust Robinson Humphrey, Inc. is the lender under our credit facility and will receive 5% or more of the offering proceeds as a result of our repayment of amounts outstanding under the credit facility with a portion of the offering proceeds. For more information, see Conflicts of Interest.

The number of shares of common stock to be outstanding after this offering is based on the number of shares outstanding as of November 4, 2009 and assumes the issuance of 36,432 shares of common stock to James Allen, our Executive Vice President and Chief Financial Officer, upon closing of this offering. Such number excludes:

492,127 shares of common stock issuable upon the exercise of options to purchase our common stock at a weighted average exercise price of \$10.65 per share, which options were previously granted to employees pursuant to the SFA Plan and will be assumed by the Company in connection with this offering;

32,789 shares of common stock, issuable upon exercise of options to purchase our common stock at the public offering price to be granted to Kirk Herdman, our Senior Vice President, Business Operations and Development, upon closing of this offering; and

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507,873 shares of common stock, reserved for future issuance under our 2009 Performance Incentive Plan, or the Plan, which we will adopt in connection with this offering.

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**SUMMARY CONSOLIDATED FINANCIAL DATA**

The summary consolidated financial information set forth below for the period April 1, 2006 to February 8, 2007, the period February 9, 2007 to December 31, 2007 and for the year ended December 31, 2008 has been derived from audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated financial information set forth below for the nine months ended September 30, 2008 and 2009 has been derived from our unaudited financial statements included elsewhere in this prospectus. The unaudited financial statements have been prepared on the same basis as the audited financial statements and, in the opinion of our management, include all normal recurring adjustments necessary for a fair presentation of the information set forth herein. Our historical results are not necessarily indicative of the results that may be expected for any future period. The information below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto included in this prospectus.

**Basis of Presentation**

In 2006, our indirect parent, GLOBAL, formed Contego Systems Inc. and Global Technology Strategies, Inc. for the purpose of commencing technology operations in the U.S. On February 9, 2007, Global Technology Strategies, Inc. acquired all of the outstanding stock of SFA and its subsidiary, TAC. Subsequent to the SFA acquisition, SFA was renamed GNA, and Global Technology Strategies, Inc. was renamed GNA Holding. GNA and TAC are our operating subsidiaries. On December 31, 2008, as part of a restructuring, (i) we were formed under the name Contego NewCo Company, (ii) Contego Systems Inc. transferred all of its assets to us and we assumed all of Contego Systems Inc.'s liabilities and (iii) Contego Systems Inc. was converted into Contego Systems LLC. In July 2009, we changed our name to Global Defense Technology & Systems, Inc.

SFA and its subsidiary, TAC, are the predecessor entity, which we refer to as the Predecessor for accounting purposes since their operations represent our principal business. The historical results of SFA and its subsidiary, TAC, have been presented from April 1, 2006 through February 8, 2007, the date prior to the date of the SFA acquisition. The consolidated financial statements of GLOBAL Defense Technology, which include, in addition to the Predecessor, GNA Holding and GNA, have been presented from February 9, 2007 through December 31, 2007 and for the year ended December 31, 2008. The Successor's financial statements also include the historical results of Contego Systems Inc., which consists of general and administrative expense incurred on behalf of GNA, for the period from February 9, 2007 through December 31, 2007 and for the year ended December 31, 2008.

In connection with this offering, we will implement a series of restructuring transactions, which have been approved by our board of directors, including (i) a 60,000-for-1 stock split of our common stock, which will occur concurrently with the effectiveness of the registration statement of which this prospectus forms a part and (ii) the assumption of all options previously granted pursuant to the SFA Plan, and appropriate adjustments to the number of shares of common stock underlying such options as well as the exercise price of such options. We expect that the exchange of stock options in GNA for stock options in GLOBAL Defense Technology will represent a probable-to-probable type modification. We do not anticipate that this modification will result in incremental fair value because the terms affecting the fair value will not be modified. Therefore, we do not expect to recognize any additional compensation expense on the modification date. See Prospectus Summary Our History and Organizational Structure for more information regarding the restructuring transactions. As a result of the restructuring transactions, the weighted average common shares outstanding and earnings (loss) per share figures presented in our historical financial statements and notes thereto, and all references to options, common shares and exercise price figures in note 10 to our consolidated financial statements, have been revised accordingly.

The balance sheet data as of September 30, 2009 is presented:

on an actual basis; and

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on an as adjusted basis to reflect (i) our sale of common stock in this offering at an assumed initial public offering price of \$15.00 per share (the mid-point of the range set forth on the cover page of this prospectus), and application of the net proceeds therefrom, after deducting estimated underwriting discounts and commissions and estimated offering expenses, (ii) our use of a portion of the net proceeds to repay approximately \$38.6 million of debt owed to GLOBAL and its affiliates and all outstanding borrowings under our credit facility, and (iii) offering-related stock-based compensation adjustments, including a related tax benefit of \$3.9 million, which will be recognized upon closing of this offering.

A \$1.00 increase (decrease) in the assumed initial public offering price of \$15.00 per share would increase (decrease) cash and cash equivalents, working capital, total assets and stockholders' equity by

\$2.8 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same after deducting estimated underwriting discounts and commissions.

	Predecessor		Successor		
	Period April 1, 2006 to February 8, 2007	Period February 9 to December 31, 2007	Year Ended December 31, 2008	Nine Months Ended September 30, 2008      2009	
<b>(in thousands, except share and per share data)</b>					
<b>Consolidated Statements of Operations</b>					
Revenue	\$ 123,124	\$ 134,818	\$ 189,426	\$ 143,203	\$ 157,068
Operating costs and expenses					
Cost of revenue	105,644	114,264	156,271	119,497	129,142
Selling, general and administrative expenses	16,317	13,202	16,957	12,119	15,351
Amortization of intangible assets	72	10,279	8,841	6,752	6,267
Impairment of intangible asset			2,447	2,447	
Total operating costs and expenses	122,033	137,745	184,516	140,815	150,760
Operating income (loss)	1,091	(2,927)	4,910	2,388	6,308
Other income (expense)					
Interest income	270	46	40	12	6
Interest expense	(67)	(3,594)	(2,750)	(2,038)	(1,494)
Income (loss) before income taxes	1,294	(6,475)	2,200	362	4,820
(Provision for)/benefit from income taxes	(2,116)	2,406	(1,138)	(261)	(1,988)
Net (loss) income	\$ (822)	\$ (4,069)	\$ 1,062	\$ 101	\$ 2,832
<b>Earnings (loss) per share</b>					
Basic <sup>(1)</sup>	\$ (2.49)	\$ (0.68)	\$ 0.18	\$ 0.02	\$ 0.47
Diluted <sup>(1)</sup>	\$ (2.49)	\$ (0.68)	\$ 0.18	\$ 0.02	\$ 0.47
<b>Weighted average common shares outstanding</b>					
Basic	329,378	6,000,000	6,000,000	6,000,000	6,000,000
Diluted	329,378	6,000,000	6,000,000	6,000,000	6,027,266
Cash dividends per share	\$ 8.66	\$	\$	\$	\$

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(in thousands)	As of September 30, 2009	
	Actual	As Adjusted
<b>Consolidated Balance Sheet</b>		
Cash and cash equivalents	\$ 8	\$ 1,772
Working capital <sup>(2)</sup>	26,983	32,644
Total assets	109,601	115,262
Debt <sup>(3)</sup>	38,636	
Total stockholders' equity	46,252	90,549

(in thousands)	Predecessor	Period	Successor	Nine Months Ended	
	Period	February 9 to	Year Ended	September 30,	September 30,
	April 1, 2006 to	December 31,	December 31,	2008	2009
	February 8,	2007	2008		
	2007				
<b>Other Data</b>					
EBITDA <sup>(4)</sup>	\$ 1,884	\$ 8,108	\$ 14,747	\$ 9,876	\$ 13,336
Adjusted EBITDA <sup>(5)</sup>	\$ 8,545	\$ 9,226	\$ 18,417	\$ 13,254	\$ 14,916

- See note 13 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate basic and diluted earnings (loss) per share.
- Working capital is defined as current assets net of current liabilities excluding all affiliated debt and the current portion of long-term debt.
- Represents bank loans (including current maturities) and loans from affiliates.
- EBITDA is defined as net income before net interest expense, income tax expense, depreciation and amortization. EBITDA is a financial measure that is not calculated in accordance with generally accepted accounting principles, or GAAP. EBITDA should not be considered as an alternative to net income (loss), operating income (loss) or any other measure of financial performance calculated and presented in accordance with GAAP. We prepare EBITDA to eliminate the impact of items that we do not consider indicative of our core operating performance. We encourage you to evaluate these adjustments and the reasons we consider them appropriate.

We believe EBITDA is useful to investors in evaluating our operating performance because:

securities analysts use EBITDA as a supplemental measure to evaluate the overall operating performance of companies and we anticipate that our investor and analyst presentations after we are public will include EBITDA; and

we believe that the elimination of certain non-cash, non-operating or non-recurring items enables a more consistent measurement of period to period performance of our operations, as well as a comparison of our operating performance to companies in our industry. Our management uses EBITDA:

as a measure of operating performance;

for planning purposes, including the preparation of our annual operating budget;

to allocate resources to enhance the financial performance of our business;

to evaluate the effectiveness of our business strategies;

in communications with our board of directors concerning our financial performance; and

to determine compliance with financial covenants under our credit facility.

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Although EBITDA is frequently used by investors and securities analysts in their evaluations of companies, EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results of operations as reported under GAAP. Some of these limitations are:

EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or other contractual commitments;

EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

EBITDA does not reflect interest expense or interest income;

EBITDA does not reflect cash requirements for income taxes;

although depreciation and amortization are non-cash charges, the assets being depreciated or amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for these replacements; and

other companies in our industry may calculate EBITDA or similarly titled measures differently than we do, limiting its usefulness as a comparative measure.

- (5) Adjusted EBITDA represents EBITDA adjusted for impairment of intangible asset and certain items that were directly or indirectly related to the capital structure and accounting treatment of the Predecessor prior to the SFA acquisition and that no longer apply to us. Adjusted EBITDA is a financial measure that is not calculated in accordance with GAAP. Adjusted EBITDA should not be considered as an alternative to net income (loss), operating income (loss) or any other measure of financial performance calculated and presented in accordance with GAAP. Our Adjusted EBITDA may not be comparable to similarly titled measures of other companies because other companies may not calculate Adjusted EBITDA or similarly titled measures in the same manner as we do. We use Adjusted EBITDA:

for purposes of comparing our EBITDA following the SFA acquisition to our Predecessor's EBITDA prior to the SFA acquisition; and

to evaluate our operating results without the additional variations caused by the impairment of intangible asset, which is non-recurring.

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Reconciliation of net income (loss) to Adjusted EBITDA is presented below:

(in thousands)	Predecessor	Period	Successor	Nine Months Ended	
	Period	February 9 to	Year Ended	September 30,	2009
	April 1, 2006 to	December 31,	December 31,	2008	
	February 8,	2007	2008		
Net income (loss)	\$ (822)	\$ (4,069)	\$ 1,062	\$ 101	\$ 2,832
Depreciation and amortization	721	756	996	736	761
Amortization of intangibles	72	10,279	8,841	6,752	6,267
Interest (income) expense, net	(203)	3,548	2,710	2,026	1,488
Income tax expense (benefit)	2,116	(2,406)	1,138	261	1,988
<b>EBITDA</b>	<b>1,884</b>	<b>8,108</b>	<b>14,747</b>	<b>9,876</b>	<b>13,336</b>
Impairment of intangible asset <sup>(a)</sup>			2,447	2,447	
Stock appreciation rights (SARs) expense <sup>(b)</sup>	3,178				
Sellers transaction costs <sup>(c)</sup>	1,433				
ESOP expense <sup>(d)</sup>	2,050				
Retention bonuses <sup>(e)</sup>		1,108	1,195	907	
Management fees paid to GLOBAL <sup>(f)</sup>		10	28	24	1,580
<b>Adjusted EBITDA</b>	<b>\$ 8,545</b>	<b>\$ 9,226</b>	<b>\$ 18,417</b>	<b>\$ 13,254</b>	<b>\$ 14,916</b>

(a) Reflects charge associated with abandonment of GNA's former trade name.

(b) Reflects expense associated with the vesting of employee stock appreciation rights effective with the acquisition of SFA.

(c) Reflects expenses incurred by SFA in conjunction with its sale to us.

(d) Reflects expense associated with the Employee Stock Ownership Plan, whereby SFA funded a portion of employees purchase price, prior to the date of acquisition of SFA.

(e) Consists of retention bonuses paid to SFA employees in connection with continued employment subsequent to the SFA acquisition.

(f) Consists principally of management fees paid to an affiliate of GLOBAL pursuant to a management services agreement that was initiated January 1, 2009. Following completion of this offering, the agreement will be terminated and, because any services previously provided by GLOBAL and its affiliates will be provided on a going-forward basis by our existing employees, we will not incur any additional cost or expense related to these services.



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### **RISK FACTORS**

*Investing in our common stock involves a high degree of risk. You should carefully consider the risks described below and all of the other information set forth in this prospectus before deciding to invest in shares of our common stock. If any of the events or developments described below occur, our business, financial condition or results of operations could be negatively affected. In that case, the trading price of our common stock could decline, and you could lose all or part of your investment in our common stock.*

#### **Risks Related to Our Business**

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

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

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

we were suspended or debarred from contracting with the U.S. government or a significant government agency; or

our reputation or relationship or that of our senior managers with the government agencies with which we currently do business or seek to do business is impaired.

*U.S. government spending and mission priorities may change in a manner that adversely affects our future revenue and limits our growth prospects.*

Our business depends upon continued U.S. government expenditures on intelligence, defense and other programs for which we provide support. These expenditures have not remained constant over time and have been reduced in certain periods. For example, the overall U.S. defense budget declined for certain periods of time in the late 1980s and the early 1990s, resulting in a slowing of new program starts, program delays and program cancellations. These reductions caused many defense-related government contractors to experience declining revenue, increased pressure on operating margins and, in some cases, net losses. While spending authorizations for intelligence and defense-related programs by the government have increased in recent years, and in particular after the 2001 terrorist attacks and more recently as a result of action in support of military and civil activity in Afghanistan and Iraq, future levels of expenditure, mission priorities and authorizations for these programs may decrease or shift to programs in areas where we do not currently provide services. Our business, prospects, financial condition or operating results could be materially harmed among other causes by the following:

budgetary constraints affecting U.S. government spending generally, or specific departments or agencies in particular, and changes in available funding;

changes in U.S. government programs or requirements;

U.S. government shutdowns (such as that which occurred during fiscal year 1996) and other potential delays in the appropriations process;

realignment of funding with changed federal government priorities, which may impact the U.S. war efforts, including reductions in funding for in-theater missions; and

curtailment of the U.S. government's outsourcing of mission-critical support and IT services.

These or other factors could cause U.S. government agencies and departments to reduce their purchases under contracts, exercise their right to terminate contracts, or not exercise options to renew contracts, any of which could cause us to lose revenue. A significant decline in overall U.S. government spending, or a shift in expenditures away from agencies or programs that we support, could cause a material decline in our revenue.

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*We rely on a few large contracts for a significant portion of our revenue and net income. The loss of any one or more of these contracts could cause a material decline in our operating results.*

For the year ended December 31, 2008, we had three contracts, each accounting for over 10% of our revenue, for a total of \$91.0 million, or 48.1% of our total revenue. For the nine months ended September 30, 2009, we had three contracts, each accounting for over 10% of our revenue, for a total of \$75.9 million, or 48.3% of our total revenue. Although we have been successful in continuing work on most of our large contracts in the past, there is no assurance that we will be able to do so in the future. The revenue stream from one or more of these contracts could end for a number of reasons, including the completion of the customer's requirements, the completion or early termination of our current contract, the consolidation of our work into another contract where we are not the holder of that contract, or the loss of a competitive bid for the follow-on work related to our current contract. If any of these events were to occur, we could experience an unexpected, significant reduction in revenue and net income. See Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion with respect to these contracts.

*We may lose money on some contracts if we do not accurately estimate the expense, time and resources necessary to satisfy our contractual obligations.*

We enter into three types of federal government contracts for our systems and services: fixed-price, time-and-materials and cost-plus. For the nine months ended September 30, 2009 and for the same period in 2008, we derived revenue from such contracts as follows:

Contract Type	Nine months ended September 30,	
	2009	2008
Fixed-price	58.7%	60.6%
Time-and-materials	29.3%	27.7%
Cost-plus	11.9%	11.7%

Each of these types of contracts, to varying degrees, involves some risk that we could underestimate our cost of fulfilling the contract, which may reduce the profit we earn or lead to a financial loss on the contract.

Under fixed-price contracts, we perform specific tasks for a fixed price. Compared to cost-plus contracts, fixed-price contracts generally offer higher margin opportunities but involve greater financial risk because we bear the impact of cost overruns and bear the risk of underestimating the level of effort required to perform the contractual obligations. The increased costs and expenses could produce a loss on the performance of the contract.

Under time-and-materials contracts, we are reimbursed for labor at negotiated hourly billing rates and for certain expenses. We assume financial risk on time-and-material contracts because we assume the risk of performing those contracts at fixed hourly rates.

Under cost-plus contracts, we are reimbursed for allowable costs and paid a fee, which may be fixed or performance-based. To the extent that the actual costs incurred in performing a cost-plus contract are within the contract ceiling and allowable under the terms of the contract and applicable regulations, we are entitled to reimbursement of our costs, plus a profit. However, if our costs exceed the ceiling or are not allowable under the terms of the contract or applicable regulations, we may not be able to recover those excess or unallowable costs.

Our profits could be adversely affected if our costs under any of these contracts exceed the assumptions we used in bidding for the contract. Over time, and particularly if we acquire other businesses, our contract mix may change, to include a greater proportion of fixed-price or time-and-materials contracts, which would increase our exposure to these risks.

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*If we fail to comply with complex procurement laws and regulations, we could lose business and be liable for various penalties or sanctions.*

We must comply with laws and regulations relating to the formation, administration and performance of federal government contracts. These laws and regulations affect how we conduct business with our federal government customers. In complying with these laws and regulations, we may incur significant costs, and non-compliance may allow for the imposition of additional fines and penalties, including contractual damages. Among the more significant laws and regulations affecting our business are the following:

the Federal Acquisition Regulation, which comprehensively regulates the formation, administration and performance of federal government contracts;

the Truth in Negotiations Act, which requires certification and disclosure of all cost and pricing data in connection with contract negotiations;

the Cost Accounting Standards and Cost Principles, which imposes accounting requirements that govern our right to reimbursement under certain cost-based federal government contracts; and

laws, regulations and executive orders restricting the use and dissemination of classified information and, under U.S. export control laws, the export of certain products and technical data.

Our contracting agency customers periodically review our performance under and compliance with the terms of our federal government contracts. If we fail to comply with these control regimes or if a government review or investigation uncovers improper or illegal activities, we may be subject to civil or criminal penalties or administrative sanctions, including:

termination of contracts;

forfeiture of profits;

cost associated with triggering of price reduction clauses;

suspension of payments;

fines; and

suspension or debarment from doing business with federal government agencies.

Additionally, the False Claims Act provides for potentially substantial civil penalties where, for example, a contractor presents a false or fraudulent claim to the government for payment or approval. Actions under the False Claims Act may be brought by the government or by other persons on behalf of the government (who may then share a portion of any recovery).

*Because we are under foreign ownership, control or influence (FOCI), and our subsidiary is performing on U.S. classified contracts, we are a party to a Special Security Agreement with the Department of Defense and are subject to other requirements of the National Industrial Security Program Operating Manual, which impose significant compliance obligations upon us. Our failure to comply with these obligations could result in our not being able to continue performing under our U.S. classified contracts, which would have a material adverse effect on*

*our business.*

We operate under a Special Security Agreement, or SSA, with the Department of Defense. If a company's ownership structure presents the potential for foreign ownership, control, or influence, or FOCI, then the Department of Defense may require certain protective measures to mitigate the FOCI (such as an SSA) in order for the company and its subsidiaries to have security clearances. According to the National Industrial Security Program Operating Manual, or NISPOM, a company is under FOCI if its foreign parent has the power, direct or indirect, whether or not exercised, and whether or not exercisable through the ownership of the U.S. company's securities, by contractual arrangements or other means, to direct or decide matters affecting the management or operations of that company in a manner which may result in unauthorized access to classified information or may adversely affect the performance of classified contracts. Because a significant percentage of our voting equity is

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owned by a non-U.S. entity, we have been determined to be under FOCI, and are therefore required to operate pursuant to an SSA in order for our subsidiary to be able to maintain the requisite security clearances to access classified information and perform on classified contracts.

We currently maintain a Top Secret level facility security clearance, or FCL, under the SSA and derive a significant portion of our revenue from classified contracts. If we were to violate the terms and requirements of the SSA, the NISPOM, or any other applicable U.S. government industrial security regulations, we could lose our FCL. We cannot give any assurance that we will be able to maintain our FCL. If for some reason our FCL is suspended, invalidated or terminated, we may not be able to continue to perform our classified contracts in effect at that time or enter into new classified contracts. This would result in our not being able to recognize revenue and would thereby have a material adverse effect on our business, results of operations and financial condition.

***We derive most of our revenue from contracts awarded through a competitive bidding process. This process can impose substantial costs upon us and we may lose revenue if we fail to compete effectively.***

We derive most of our revenue from federal government contracts that are awarded through a competitive bidding process and we expect that solicitation will continue for the foreseeable future. Competitive bidding presents a number of risks, including:

bidding on programs in advance of the completion of their design, which may result in unforeseen technological difficulties and cost overruns;

devoting substantial resources and managerial time and effort to preparing bids and proposals for contracts that are not awarded to us, which may result in reduced profitability;

failing to accurately estimate the resources and cost structure that will be required to service any contract we are awarded;

incurring expense and delay due to a competitor's protest or challenge of contract awards made to us, including the risk that any such protest or challenge could result in the resubmission of bids on modified specifications, or in the termination, reduction or modification of the awarded contract, either of which may result in reduced profitability;

changes to client bidding practices or government reform of procurement practices, which may alter the prescribed contract relating to contract vehicles, contract types and consolidations; and

changes in policy and goals by the government providing set-aside funds to small businesses or disadvantaged businesses, and other socio-economic requirements in the allocation of contracts.

If we are unable to win particular contracts that are awarded through the competitive bidding process, in addition to the risk that our operating results may be adversely affected, we may be unable to operate in the market for services that are provided under those contracts for a number of years. Even if we win a particular contract through competitive bidding, our profit margins may be depressed as a result of the costs incurred in the bidding process.

***We face intense competition from many competitors that, among other things, have greater resources than we do.***

We operate in highly competitive markets and generally encounter intense competition to win contracts and task orders. We compete with many other firms, ranging from small, specialized firms to mid-tier technology firms and large, diversified firms, many of which have substantially greater financial, management and marketing resources than we do. Our competitors may be able to provide our customers with different or greater capabilities or benefits than we can in areas such as technical qualifications, past contract performance, geographic presence, price and the availability of qualified professional personnel. Our failure to compete effectively because of any of these or other factors could cause our revenue and operating profits to decline. In addition, our competitors also have established or may establish relationships among themselves or with third parties to increase their ability to address our customers' needs. Accordingly, it is possible that new competitors or alliances among

competitors may emerge that would compete with us more effectively than currently.

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Further, we may face competition from our subcontractors who, from time to time, seek to obtain prime contractor status on contracts for which they currently serve as a subcontractor for us. If one or more of our current subcontractors are awarded prime contractor status on such contracts in the future, it would divert sales from us and could force us to charge lower prices in order to ensure that we retain our prime contractor status.

### ***Our estimated contract backlog may not result in actual revenue.***

As of September 30, 2009, our estimated contract backlog totaled \$657.9 million, of which \$122.0 million was funded. There can be no assurance that our backlog will result in actual revenue in any particular period, or at all, or that any contract included in our backlog will be profitable. There is a higher degree of risk in this regard with respect to unfunded backlog. The actual receipt and timing of any revenue is subject to various contingencies, many of which are beyond our control. The actual receipt of revenue on contracts included in backlog may never occur or may change because a program schedule could change, the program could be cancelled, a contract could be reduced, modified or terminated early, or an option that we had assumed would be exercised may not be exercised. Further, while many of our federal government contracts require performance over a period of years, Congress often appropriates funds for these contracts for only one year at a time. Consequently, our contracts typically are only partially funded at any point during their term, and all or some of the work intended to be performed under the contracts will remain unfunded pending subsequent Congressional appropriations and the obligations of additional funds to the contract by the procuring agency. Our estimates are based on our experience under such contracts and similar contracts. However, there can be no assurance that all or any, of such estimated contract value will be recognized as revenue.

### ***The loss of any member of our senior management could impair our relationships with federal government clients and disrupt the management of our business.***

We believe that the success of our business and our ability to operate profitably depends on the continued contributions of the members of our senior management. We rely on our senior management to generate business and execute programs successfully. In addition, the relationships and reputation that many members of our senior management team have established and maintain with federal government personnel contribute to our ability to maintain strong client relationships. Therefore, the loss of any member of our senior management could impair our ability to identify and secure new contracts, to maintain good client relations and to otherwise manage our business.

### ***If we fail to attract and retain skilled employees, we might not be able to perform under our contracts and our ability to maintain and grow our business could be limited.***

The growth of our business and revenue depends in large part upon our ability to attract and retain sufficient numbers of highly qualified individuals who have advanced engineering and information technology skills, specialized knowledge of customer missions and appropriate security clearances, and who work well with our government customers. Competition for such personnel is intense, and recruiting, training and retention costs place significant demands on our resources. If we are unable to recruit and retain a sufficient number of qualified employees, our ability to maintain and grow our business could be limited. Furthermore, we could be required to engage larger numbers of independent contractors, which could increase our costs and reduce our profit margins. In addition, many of our professional personnel may have specific knowledge of, and experience with, our federal government customers' operations, and we may obtain some of our contracts based on that knowledge and experience. The loss of services of key personnel could impair our ability to perform required services under some of our contracts and to retain such contracts, as well as our ability to win new business.

### ***Recent events affecting the credit markets may restrict our ability to access additional financing.***

The U.S. and worldwide capital and credit markets have recently experienced significant price volatility, dislocations and liquidity disruptions, which have caused market prices of many stocks to fluctuate substantially and the spreads on prospective debt financings to widen considerably. These circumstances have materially impacted liquidity in the financial markets, making terms for certain financings less attractive, and in some cases

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have resulted in the unavailability of financing. Continued uncertainty in the capital and credit markets may negatively impact our business, including our ability to access additional financing at reasonable terms. A prolonged downturn in the financial markets may cause us to seek alternative sources of potentially less attractive financing, and may require us to adjust our business plan accordingly, including abandoning one of our key growth strategies, to selectively pursue acquisitions. These events also may make it more difficult or costly for us to raise capital through the issuance of our equity securities. The disruptions in the financial markets may have a material adverse effect on the market value of our common stock and other adverse effects on our business.

***Internal system or service failures could disrupt our business and impair our ability to effectively provide our products and services to our customers, which could damage our reputation and adversely affect our revenue and profitability.***

We may be subject to systems failures, including network, software or hardware failures, whether caused by us, third-party service providers, intruders or hackers, computer viruses, natural disasters, power shortages or terrorist attacks. Any such failures could cause loss of data and interruptions or delays in our business, cause us to incur remediation costs, subject us to claims and damage our reputation. In addition, the failure or disruption of our communications or utilities could cause us to interrupt or suspend our operations or otherwise adversely affect our business. Our property and business interruption insurance may be inadequate to compensate us for all losses that may occur as a result of any system or operational failure or disruption and, as a result, our future results could be adversely affected.

***Our quarterly operating results may fluctuate significantly as a result of factors outside our control, which could cause the market price of our common stock to decline.***

Our revenue and operating results vary from quarter to quarter and, as a result, our operating results may fall below the expectations of securities analysts and investors, which could cause the price of our common stock to decline. Factors that may affect our operating results include those listed in this Risk Factors section and others that are specific to our industry, such as:

fluctuations in revenue earned on government contracts;

seasonal fluctuations in our staff utilization rates;

commencement, completion or termination of contracts during any particular quarter;

variable purchasing patterns of our customers;

changes in contract requirements by our government agency customers, particularly with respect to customer requirements for our expeditionary systems; and

changes in presidential administrations and senior federal government officials that affect the timing of technology procurement. Reductions in revenue in a particular quarter could lead to lower profitability in that quarter because a relatively large amount of our expenses are fixed in the short term. We incur significant operating expenses during the start-up and early stages of large contracts, and may not receive corresponding payments in that same quarter. We may also incur significant or unanticipated expenses when a contract expires, terminates or is not renewed.

***We will be liable for products and service failures to our customers.***

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

lose revenue due to adverse customer reaction;

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be required to provide additional services to a customer at no charge;

receive negative publicity, which could damage our reputation and adversely affect our ability to attract or retain customers; and

suffer claims for substantial damages against us.

In addition, these failures may result in increased costs or loss of revenue if they result in customers postponing subsequently scheduled work or canceling or failing to renew contracts.

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

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

Many of the programs we support and systems we develop, install and maintain involve managing and protecting intelligence, national security and other classified government information. While we have designed programs to comply with relevant security laws, regulations and restrictions, a security breach in one of these systems could cause serious harm to our business, damage our reputation and prevent us from being eligible for further work on critical classified systems for federal government customers. Losses that we could incur from such a security breach could exceed the policy limits that we have for our errors and omissions or product liability insurance. Damage to our reputation or limitations on our eligibility for additional work resulting from a security breach in one of the systems we develop, install and maintain could materially reduce our revenue.

### ***Our employees or subcontractors may engage in misconduct or other improper activities, which could cause us to lose contracts.***

We are exposed to the risk that employee or subcontractor fraud or other misconduct could occur. Misconduct by our employees, or those of our subcontractors, could include intentional failure to comply with federal government procurement regulations, engaging in unauthorized activities or falsifying time records. Such misconduct could also involve the improper use of our clients' sensitive or classified information as well as security breaches, which could result in regulatory sanctions against us, liability to third parties, adverse publicity and serious harm to our reputation and could result in a loss of contracts and a reduction in revenue and net income. It is not always possible to deter individual misconduct, and the precautions we take to prevent and detect this activity may not be effective in controlling unknown or unmanaged risks or losses, which could cause us to lose contracts or cause a reduction in revenue.

### ***Our business depends upon obtaining and maintaining required security clearances.***

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

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***Section 404 of the Sarbanes-Oxley Act of 2002 will require us to document and test our internal control over financial reporting for 2010 and beyond and will require an independent registered public accounting firm to report on the effectiveness of these controls. Any delays or difficulty in satisfying these requirements could adversely affect our future results of operations and our stock price.***

Section 404 of the Sarbanes-Oxley Act of 2002 will require us to document and test the effectiveness of our internal control over financial reporting in accordance with an established internal control framework and to report on our conclusions as to the effectiveness of our internal controls. It will also require an independent registered public accounting firm to test our internal control over financial reporting and report on the effectiveness of such controls for the year ending December 31, 2010 and subsequent years. In addition, upon completion of this offering, we will be required under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, to maintain disclosure controls and procedures and internal control over financial reporting. In May 2009, our independent registered accounting firm noted a material weakness in our internal control over financial reporting related to our lack of expertise and knowledge of GAAP and SEC reporting requirements. While we believe we have addressed the concern through the hiring of James Allen, as our Executive Vice President and Chief Financial Officer, and the retention of additional qualified accounting personnel, we will not know for certain whether we have remediated this issue before the completion of the audit of our 2009 consolidated financial statements.

In addition, we may in the future discover areas of our internal controls that need improvement, particularly with respect to businesses that we may acquire. If so, we cannot be certain that any remedial measures we take will ensure that we have adequate internal controls over our financial processes and reporting in the future. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could harm our operating results or cause us to fail to meet our reporting obligations. If we are unable to conclude that we have effective internal control over financial reporting, or if our independent registered public accounting firm is unable to provide us with an unqualified report regarding the effectiveness of our internal control over financial reporting as of December 31, 2010 and in future periods, investors could lose confidence in the reliability of our financial statements. This could result in a decrease in the value of our common stock. Failure to comply with Section 404 could potentially subject us to sanctions or investigations by the SEC, the Nasdaq Global Market or other regulatory authorities.

***If our subcontractors or suppliers fail to perform their contractor obligations, our performance and reputation as a prime contractor and our ability to obtain future business could suffer.***

As a prime contractor, we often rely significantly upon other companies as subcontractors to perform work we are contractually obligated to perform for our clients. We are responsible for the work performed by our subcontractors, even though in some cases we have limited involvement in that work. If one or more of our subcontractors fail to satisfactorily perform the agreed-upon services on a timely basis or violate federal government contracting policies, laws or regulations, our ability to perform our obligations as a prime contractor or meet our clients expectations may be compromised. In extreme cases, failure to perform or other deficiencies on the part of our subcontractors could result in a client terminating our contract for default. A termination for default could expose us to liability, including liability for the agency's costs of procurement, could damage our reputation and could hurt our ability to compete for future contracts.

***Acquisitions could result in operating difficulties or other adverse consequences to our business.***

One of our key operating strategies is to selectively pursue acquisitions. Our acquisition strategy poses many risks, including:

we may not be able to identify suitable acquisition candidates at prices we consider attractive;

we may not be able to compete successfully for identified acquisition candidates, complete acquisitions or accurately estimate the financial effect of acquisitions on our business;

future acquisitions may require us to issue common stock or spend significant cash, resulting in dilution of ownership or additional debt leverage;

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we may have difficulty retaining an acquired company's key employees or customers;

we may have difficulty integrating acquired businesses, resulting in unforeseen difficulties, such as incompatible accounting, information management, or other control systems;

acquisitions may disrupt our business or distract our management from other responsibilities; and

as a result of an acquisition, we may need to record write-downs from future impairments of intangible assets, which could reduce our future reported earnings.

In connection with any acquisition that we make, there may be liabilities that we fail to discover or that we inadequately assess. Acquired entities may not operate profitably or result in improved operating performance. Additionally, we may not realize anticipated synergies. If our acquisitions perform poorly, our business and financial results could be adversely affected.

***We have a substantial investment in recorded goodwill as a result of the acquisition of SFA in 2007, and changes in future business conditions could cause this investment to become impaired, requiring substantial write-downs that could reduce our net income.***

As of September 30, 2009, goodwill accounted for \$24.4 million, or 22.2% of our recorded total assets. We review our goodwill for impairment at least annually and when events or changes in circumstances indicate the carrying value may not be recoverable. The annual impairment test is based on several factors requiring judgment. Principally, a decrease in expected reporting unit cash flows or changes in market conditions may indicate potential impairment of recorded goodwill. If goodwill became impaired, we could record a significant charge to earnings in our financial statements during the period in which impairment of our goodwill is determined, which could significantly reduce or eliminate our net income.

***We may be harmed by intellectual property infringement claims.***

We may become subject to claims from employees or third parties who assert that intellectual property we use in delivering services and business solutions to our clients infringe upon intellectual property rights of such employees or third parties. Our employees develop much of the intellectual property that we use to provide our services and business solutions to our clients, but we also engage third parties to assist us and we license technology from other vendors. If our vendors or other third parties assert claims that we or our clients are infringing on their intellectual property, we could incur substantial costs to defend those claims, even if we prevail. In addition, if any of these infringement claims are ultimately successful, we could be required to:

pay substantial damages;

cease selling and using products and services that incorporate the challenged intellectual property;

obtain a license or additional licenses from our vendors or third parties, which may not be available on commercially reasonable terms or at all; and

redesign our products and services that rely on the challenged intellectual property, which may be very expensive or commercially impractical.

Any of these outcomes could significantly and adversely affect our operating results.

***We expect to incur debt in the future, which could substantially reduce our profitability, limit our ability to pursue certain business opportunities, and reduce the value of your investment.***

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As a result of our business activities and acquisitions, we have incurred debt. Although we will substantially reduce our borrowings with the proceeds of this offering, we may incur additional debt in the future, which could increase the risks described here and lead to other risks. The amount of our debt could have important consequences for holders of our stock, including, but not limited to:

our ability to obtain additional financing for working capital, capital expenditures, product and service development, acquisitions, general corporate purposes, and other purposes may be impaired;

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a substantial portion of our cash flow from operations could be dedicated to the payment of the principal and interest on our debt;

we are and may continue to be vulnerable to economic downturns and rises in interest rates;

our flexibility in planning for and reacting to changes in our business and the marketplace may be limited; and

we may be placed at a competitive disadvantage relative to other firms in our industry.

***Our ability to grow will be limited if we cannot obtain additional capital.***

Our growth strategy includes pursuing strategic acquisitions. We believe that it will be difficult to fund acquisitions with cash from operating activities. As a result, we expect to rely primarily upon the availability of debt or equity capital, which may or may not be available on favorable terms or at all. Our access to debt or equity capital depends on a number of factors, including the market's perception of our growth potential and our current and potential future earnings. Depending on the outcome of these factors, we could experience delay or difficulty in implementing our growth strategy on satisfactory terms, or could be unable to implement this strategy.

***Our credit facility contains financial and operating covenants that limit our operations and could lead to adverse consequences if we fail to comply.***

Our credit facility contains financial and operating covenants relating to, among other things, minimum net worth, fixed charge and leverage ratios, as well as limitations on mergers, consolidations and dissolutions, sales of assets; investments and acquisitions; indebtedness and liens; dividends; repurchase of shares of capital stock and options to purchase shares of capital stock; transactions with affiliates; sales and leaseback transactions; and restricted payments. Failure to meet these financial and operating covenants could result from, among other things, changes in our results of operations, the incurrence of debt or changes in general economic conditions. These covenants may restrict our ability to engage in transactions that we believe would otherwise be in the best interests of our stockholders, which could harm our business and operations.

## **Risks Related to Our Industry**

***Our U.S. government contracts may be terminated by the federal government at any time and, if we do not replace terminated contracts, our operating results would be adversely affected.***

We derive most of our revenue from U.S. government contracts that typically span one or more base years and one or more option years. The option periods may cover more than half of the contract's potential duration. U.S. government agencies have the right not to exercise these option periods. In addition, our contracts also contain provisions permitting a U.S. government client to terminate the contract on short notice and for its convenience, as well as for our default. A decision by a U.S. government agency not to exercise option periods or to terminate contracts could result in a reduction of our profitability on these contracts and significant revenue shortfalls.

If the U.S. government terminates a contract for convenience, we may recover only our incurred or committed costs, settlement expenses and net income on work completed prior to the termination. We cannot recover anticipated net income on terminated work. If the U.S. government terminates a contract for default, we may not recover even those amounts, and instead may be liable for excess costs incurred by the U.S. government in procuring undelivered items and services from another source.

***U.S. government contracts contain other provisions that may be unfavorable to contractors.***

Beyond the right to terminate a contract for convenience or decline to exercise an option to renew, U.S. government contracts contain provisions and are subject to laws and regulations that give the U.S. government rights and remedies not typically found in commercial contracts. They also permit the U.S. government to do the following:

reduce or modify contracts or subcontracts;



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cancel multi-year contracts and related orders if funds for contract performance for any subsequent year become unavailable;

claim rights in products and systems produced by us; and

suspend or debar us from doing business with the U.S. government.

If the U.S. government exercises its rights under any of these provisions, our revenue and net income could decline.

***The industry in which our largest beneficial stockholder operates is frequently subject to government and media scrutiny which can harm our reputation and our business.***

In recent years, the media and committees of Congress have focused attention on the provision of security services by private contractors operating overseas. Our largest beneficial stockholder performs such services. Because our largest beneficial stockholder shares with us the GLOBAL name and corporate logo, there is increased risk that the market will confuse the actions or perceptions of our largest beneficial stockholder with those of our company. To the extent that the government or the media perceive that GLOBAL has not complied with applicable laws or rules, the resulting publicity could, regardless of the accuracy of such a perception, harm our reputation and our business and cause our share price to decline.

***A preference for minority-owned, small and small disadvantaged businesses could impact our ability to be a prime contractor on certain government procurements.***

As a result of the Small Business Administration, or SBA, set-aside program, the U.S. government may decide to restrict certain procurements only to bidders that qualify as minority-owned, small or small-disadvantaged businesses. As a result, we would not be eligible to perform as a prime contractor on those programs and would be restricted to a maximum of 49% of the work as a subcontractor on those programs. An increase in the amount of procurements under the SBA set-aside program may impact our ability to bid on new procurements as a prime contractor or restrict our ability to re-compete on incumbent work that is placed in the set-aside program.

***Unfavorable U.S. government audit results could subject us to a variety of penalties and sanctions, and could harm our reputation and relationships with our clients.***

The U.S. government, including the Defense Contract Audit Agency (DCAA), audits and reviews our performance on contracts, pricing practices, cost structure and compliance with applicable laws, regulations and standards. The DCAA reviews a contractor's internal control systems and policies, including the contractor's purchasing, property, estimating, compensation and management information systems, and the contractor's compliance with such policies. Any costs found to be improperly allocated to a specific contract will not be reimbursed, while such costs already reimbursed must be refunded. Adverse findings in a DCAA audit could materially affect our competitive position and result in a substantial adjustment to our revenue and net income.

If a U.S. government audit uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of net income, suspension of payments, fines and suspension or debarment from doing business with U.S. government agencies. In addition, we could suffer serious harm to our reputation and competitive position if allegations of impropriety were made against us, whether or not true. If our reputation or relationship with U.S. government agencies were impaired, or if the U.S. government otherwise ceased doing business with us or significantly decreased the amount of business it does with us, our revenue and net income would decline.

***The U.S. government may revise its procurement or other practices in a manner adverse to us.***

The U.S. government may revise its procurement practices or adopt new contracting rules and regulations, such as cost accounting standards. It could also adopt new contracting methods relating to General Services Administration (GSA) contracts, or other government-wide acquisition contracts (GWACs), or adopt new

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standards for contract awards intended to achieve certain social or other policy objectives. In addition, the U.S. government may face restrictions from new legislation or regulations, as well as pressure from government employees and their unions, on the nature and amount of services the U.S. government may obtain from private contractors. These changes could impair our ability to obtain new contracts or contracts under which we currently perform when those contracts are put up for recompetition bids. Any new contracting methods could be costly or administratively difficult for us to implement, and, as a result, could harm our operating results.

### **Risks Related to Our Common Stock and This Offering**

*No market currently exists for our common stock, and an active trading market for our common stock may not develop.*

Prior to this offering, there has been no public market for shares of our common stock. We have filed an application to list our common stock for trading on the Nasdaq Global Market. However, we cannot assure you that our common stock will be approved for listing on the Nasdaq Global Market, or if approved, that an active trading market for our common stock will develop on that exchange, or elsewhere, or if developed, that any trading market will continue. The initial public offering price for the shares of our common stock will be determined by negotiation between us and the underwriters and may not be indicative of prices that will prevail in the open market following this offering.

*If our stock price fluctuates after this offering, you could lose a significant part of your investment.*

The market price of our common stock may be reduced by many factors, some of which are beyond our control, including those described above under **Risks Related to Our Business** and **Risks Related to Our Industry** and one or more of the following:

changes in stock market analysts' recommendations regarding us, our competitors or the industry in which we operate generally, or lack of analyst coverage of our common stock;

announcements by us or our competitors of significant contracts or task orders, acquisitions or capital commitments;

loss of one or more of our significant customers;

changes in market valuations or earnings of our competitors;

variations in quarterly operating results;

availability of capital;

general economic conditions;

terrorist acts;

military action related to international conflicts, wars or otherwise;

adverse legislative or regulatory changes;

departures of key personnel;

future sales of our common stock; and

investor perception of us and our industry.

As a result of the existence of one or more of these factors, investors in our common stock may not be able to resell their shares at or above the initial public offering price.

Some companies that have had volatile market prices for their securities have had securities litigation brought against them. If litigation of this type is brought against us, it could result in substantial costs and would divert management's attention and our resources.

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*As a new investor, you will experience immediate and substantial dilution in the net tangible book value of your shares.*

The assumed initial public offering price of our common stock of \$15.00 per share, the mid-point of the price range set forth on the cover of this prospectus, is considerably higher than the net tangible book value per share of our outstanding common stock. Accordingly, investors purchasing shares of common stock in this offering will:

pay a price per share that substantially exceeds the book value of our tangible assets after subtracting liabilities, and

contribute 49.2% of the total amount invested to fund our company but will own only 33.2% of the shares of common stock outstanding after this offering, based on the assumed initial public offering price.

To the extent outstanding stock options are exercised, there will be further dilution to new investors. See [Dilution](#) for more information.

***Our largest beneficial stockholder and any transferee of all or a significant portion of the beneficial ownership interest in us will have significant influence over us, which could result in our taking actions of which you or other stockholders do not approve.***

Immediately following this offering, GLOBAL will beneficially own 4,040,000 shares of our common stock, or 44.7% of our outstanding common stock. If the underwriters exercise their overallotment option in full, GLOBAL will beneficially own 37.1% of our outstanding common stock. In either case, GLOBAL will have significant influence over the outcome of all matters that our stockholders vote upon, including the election of directors, amendments to our certificate of incorporation and mergers and other business combinations. GLOBAL's interests may not be aligned with your interests or those of our other investors. This concentration of ownership and voting power may also have the effect of delaying or preventing a change of control of our company and could prevent stockholders from receiving a premium over the market price if a change in control is proposed. In addition, GLOBAL may at any time elect to sell or otherwise transfer its beneficial ownership interest in us to another party unknown to us, whose intent or actions may not be aligned with your interests or those of our other investors. The buyer or transferee of GLOBAL's beneficial ownership interest in us could include a competitor or other buyer who may use the influence they obtain over us for purposes which ultimately diminish the value of our common stock.

***We have never operated as a public company, and fulfilling our obligations incident to being a public company will be expensive and time consuming.***

As a private company, we have maintained a relatively small finance and accounting staff. We currently do not have an internal audit group, and we have not been required to establish and maintain disclosure controls and procedures and internal control over financial reporting as required by the federal securities law for public companies. As a public company, the Sarbanes-Oxley Act of 2002 and the related rules and regulations of the SEC, as well as the rules of the Nasdaq Global Market, will require us to implement additional corporate governance practices and adhere to a variety of reporting requirements and complex accounting rules. Compliance with these public company obligations will require us to devote significant management time and will place significant additional demands on our finance and accounting staff and on our financial, accounting and information systems. We expect to hire additional accounting and financial staff with appropriate public company reporting experience and technical accounting knowledge. Other expenses associated with being a public company include increased auditing, accounting and legal fees and expenses, investor relations expenses, increased directors' fees and director and officer liability insurance costs, registrar and transfer agent fees, listing fees, as well as other expenses. We cannot accurately predict the amount of additional costs that we may incur or the timing of such costs, but we have estimated that such costs will exceed \$2.0 million during our first 12 months of being a public company.

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***Sales of outstanding shares of our common stock into the market in the future could cause the market price of our common stock to drop significantly.***

Immediately following this offering, GLOBAL will beneficially own 4,040,000 shares of our common stock, or 44.7% of our outstanding common stock. If the underwriters exercise their over-allotment option in full, GLOBAL will beneficially own 37.1% of our outstanding common stock. If GLOBAL sells, or the market perceives that GLOBAL intends to sell, a substantial portion of its beneficial ownership interest in us in the public market, the market price of our common stock could decline significantly. The sales also could make it more difficult for us to sell equity or equity-related securities at a time and price that we deem appropriate.

After this offering, 9,036,432 shares of our common stock will be outstanding. Of these shares, 4,600,000 shares of our common stock sold in this offering will be freely tradable, without restriction, in the public market and all of the remaining shares are subject to 180-day contractual lock-up agreements with our underwriters. Cowen and Company may, in its discretion, permit our directors, officers and current stockholders who are subject to these contractual lock-ups to sell shares prior to the expiration of the lock-up agreements. See [Shares Eligible for Future Sale Lock-Up Agreements](#).

After the lock-up agreements pertaining to this offering expire, up to an additional 4,436,432 shares will be eligible for sale in the public market all of which are held by directors, executive officers and other affiliates and will be subject to volume limitations under Rule 144 under the Securities Act. In addition, the 1,000,000 shares underlying options that are either subject to the terms of our equity compensation plans or reserved for future issuance under our equity compensation plans will become eligible for sale in the public market to the extent permitted by the provisions of various option agreements, the lock-up agreements and Rules 144 and 701 under the Securities Act. If these additional shares are sold, or if it is perceived that they will be sold, in the public market, the price of our common stock could decline substantially. For additional information, see [Shares Eligible for Future Sale](#).

***We do not intend to pay dividends.***

We intend to retain our earnings, if any, for general corporate purposes, and we do not anticipate paying cash dividends on our stock in the foreseeable future. In addition, our existing credit facility restricts, and any future such facilities may restrict, us from paying such dividends. Our dividend policy and these restrictions in our financing arrangements may make our stock look less attractive to investors.

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

Some of the statements under Prospectus Summary, Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations, Business, and elsewhere in this prospectus constitute forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify these statements by such words as anticipate, believe, could, estimate, expect, intend, may, plan, potential, and would, or similar words. You should read these statements that contain these words carefully because they discuss our future expectations, contain projections of our future results of operations or of our financial position, or state other forward-looking information. We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are not able to predict or control accurately. The factors listed in the section captioned Risk Factors, as well as any cautionary language in this prospectus, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements.

Before you invest in our common stock, you should be aware that the occurrence of the events described above, in the section captioned Risk Factors and elsewhere in this prospectus could have a material adverse effect on our business, results of operations and financial position.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this prospectus. We undertake no obligation to update these forward-looking statements, even if our situation changes in the future.

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**USE OF PROCEEDS**

We estimate that the net proceeds to us from this offering will be approximately \$40.4 million, assuming an initial public offering price of \$15.00 per share (the mid-point of the range set forth for the cover page of this prospectus), after deducting estimated underwriting discounts and commissions and estimated offering expenses. Each \$1.00 increase (decrease) in the initial public offering price per share would increase (decrease) our net proceeds, after deducting estimated underwriting discounts and commissions, by \$2.8 million.

We intend to use:

the net proceeds of this offering to repay the term loan portion of our credit facility, which was \$9.9 million as of September 30, 2009;

the net proceeds of this offering to repay other outstanding borrowings under our credit facility, which were \$12.0 million as of September 30, 2009; and

the balance, to repay the debt owed to GLOBAL and its affiliates, which as of September 30, 2009 was \$16.7 million, and the remaining \$1.8 million for general corporate purposes, including working capital and potential acquisitions, although we have no present understandings, commitments or agreements to enter into any acquisition.

Of the \$16.7 million of debt owed to GLOBAL and its affiliates, as of September 30, 2009, \$15.8 million was outstanding under a demand note with Kende Holding kft, which we refer to as Kende, an affiliate of GLOBAL. This debt was incurred in order to fund a portion of the purchase for the SFA acquisition. This demand note bears interest at a rate equal to 8% per annum, based on a 360-day year. The remaining \$0.9 million of affiliated debt as of September 30, 2009 is owed under two demand notes payable to Kende and Global Strategies Group (Hong Kong) Ltd, which we refer to as Global Hong Kong, in the amounts of \$0.5 million and \$0.4 million, respectively. Interest on these two demand notes accrues quarterly based on LIBOR plus a margin of 2.5% determined as of the beginning of each calendar quarter.

The debt to be repaid under our credit facility was incurred pursuant to a loan and security agreement entered into on February 9, 2007 with a lender. As of September 30, 2009, \$9.9 million and \$12.0 million were outstanding under the term loan, and revolving line of credit and overline note portions of the credit facility. Borrowings under the credit facility bear interest at the applicable interest rate (the prime rate, the federal funds rate, LIBOR or an index rate), plus an applicable margin that varies based on a leverage ratio test. We have elected to have borrowings under our credit facility bear interest at the LIBOR rate. For the nine months ended September 30, 2009, the applicable margin was 1.8% to 2.8% for borrowings under our term loan and 1.6% to 2.6% for borrowings under our revolving line of credit. As a result of our entering into an amendment to our loan and security agreement on September 3, 2009, the credit facility matures on February 28, 2011. Under this amendment, effective September 30, 2009, the applicable margin is 2.4% to 3.2% for borrowings under our term loan and 2.2% to 3.0% for borrowings under our revolving line of credit, subject to a minimum interest rate of 3.0%.

We will not receive any proceeds from the sale of common stock in the offering by the selling stockholders or the exercise of the underwriters over-allotment option.

**Table of Contents****DIVIDEND POLICY**

We currently intend to retain all of our future earnings, if any, to finance the growth and development of our business. In addition, our ability to declare and pay cash dividends is restricted by our credit facility. As a result, we do not anticipate declaring or paying any cash dividends on our common stock in the foreseeable future. Any future change in our dividend policy will be made at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements and other factors our board of directors deems relevant. Accordingly, you will need to sell your shares of our common stock to realize a return on your investment, and you may not be able to sell your shares at or above the price you paid for them.

Following this offering, all of our assets will consist of the capital stock of our wholly owned subsidiary, GNA. We will have to rely upon dividends and other payments from our subsidiary to generate the funds necessary to make dividend payments, if any, on our common stock. Our subsidiary, however, is legally distinct from us and has no obligation to pay amounts to us. The ability of our subsidiary to make dividends and other payments to us is subject to, among other things, the availability of funds, the terms of our subsidiary's debt and applicable state laws.

**CAPITALIZATION**

The following table sets forth our cash and cash equivalents, debt, including current portions, and capitalization as of September 30, 2009:

on an actual basis;

on an as adjusted basis to reflect (i) our sale of common stock in this offering at an assumed initial public offering price of \$15.00 per share (the mid-point of the range set forth on the cover page of this prospectus), and application of the net proceeds therefrom, after deducting estimated underwriting discounts and commissions and estimated offering expenses, (ii) our use of a portion of the net proceeds to repay approximately \$38.6 million of debt owed to GLOBAL and its affiliates and all outstanding borrowings under our credit facility, and (iii) offering-related stock-based compensation adjustments, including a related tax benefit of \$3.9 million, which will be recognized upon closing of this offering.

Each \$1.00 increase (decrease) in the public offering price per share would increase (decrease) the as-adjusted figure shown below for cash and cash equivalents, additional paid-in capital and total stockholder's equity by \$2.8 million, after deducting estimated underwriting discounts and commissions.

	As of September 30, 2009	
	Actual	As Adjusted
<b>(in thousands, except share and per share amounts)</b>		
Cash and cash equivalents	\$ 8	\$ 1,772
Bank loans, including current portions	21,908	0
Loans from affiliates	16,728	0
Total debt, including current portions	38,636	0
<b>Stockholder's equity:</b>		
Preferred stock, par value \$0.01 per share, 10,000,000 and 10,000,000 shares authorized actual and as adjusted, respectively, and 0 and 0 shares issued and outstanding actual and as adjusted, respectively		
Common stock, par value \$0.01 per share, 90,000,000 and 90,000,000 shares authorized actual and as adjusted, respectively, and 6,000,000 and 9,036,432 shares issued and outstanding actual and as adjusted, respectively	60	90
Additional paid-in capital	47,546	92,222
Accumulated deficit	(1,354)	(1,763)

Total stockholder's equity	46,252	90,549
Total capitalization	\$ 84,888	\$ 90,549

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You should read this table along with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and notes thereto appearing elsewhere in this prospectus.

The table excludes the following shares:

492,127 shares of common stock issuable upon the exercise of options to purchase our common stock at a weighted average exercise price of \$10.65 per share, which options were previously granted to employees pursuant to the 2007 SFA, Inc. Stock Option Plan, or SFA Plan, and will be assumed by the Company in connection with this offering;

32,789 shares of common stock, issuable upon exercise of options to purchase our common stock at the public offering price to be granted to Kirk Herdman, our Senior Vice President, Business Operations and Development, upon closing of this offering; and

507,873 shares of common stock, reserved for future issuance under our 2009 Performance Incentive Plan, or the Plan, which we plan to adopt in connection with this offering.

**Table of Contents****DILUTION**

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the adjusted net tangible book value per share of our common stock immediately after this offering.

The net tangible book value of our common stock as of September 30, 2009 was a deficit of \$1.5 million, or approximately (\$0.25) per share. Net tangible book value (deficit) per share represents the amount of our total tangible assets less our total liabilities divided by the number of shares of common stock outstanding.

After giving effect to the issuance and sale of the shares of common stock offered by us at an assumed initial public offering price of \$15.00 (the mid-point of the range set forth on the cover page of this prospectus) and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, the application of the net proceeds therefrom and the issuance of 36,432 shares of common stock to James Allen, our Executive Vice President and Chief Financial Officer, upon the closing of this offering, our as adjusted net tangible book value after this offering would have been approximately \$42.8 million, or approximately \$4.74 per share. This represents an immediate increase in net tangible book value (deficit) of approximately \$4.99 per share to existing stockholders and an immediate dilution of approximately \$10.26 per share to new investors purchasing shares in this offering. If the initial public offering price is higher or lower, the dilution to the new investors will be more or less, respectively. The following table illustrates this per share dilution:

Assumed initial public offering price	\$ 15.00
Net tangible book value (deficit) per share as of September 30, 2009	\$ (0.25)
Increase per share attributable to this offering	4.99
Pro forma net tangible book value, as adjusted to give effect to this offering	4.74
Dilution in pro forma net tangible book value per share to new investors in this offering	\$ 10.26

The following table summarizes, as of September 30, 2009, on the pro forma as adjusted basis described above, the total number of shares of common stock purchased from us, the value of the total consideration paid to us, or attributed to the shares purchased, and the average price per share paid to us, or attributed to the shares purchased, by our existing stockholders and by the investors purchasing shares of common stock in this offering. The calculation below is based on an assumed initial public offering price of \$15.00 per share.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
	(In thousands, other than percentages)				
Existing stockholders	6,000	66.4%	\$ 46,500	50.8%	\$ 7.75
New investors	3,000	33.2	45,000	49.2	15.00
Offering contingency (Executive Officer)	36	0.4			
Total	9,036	100.0%	\$ 91,500	100.0%	\$ 10.13

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**SELECTED CONSOLIDATED FINANCIAL DATA**

The selected consolidated statements of operations data for the period April 1, 2006 to February 8, 2007, the period February 9, 2007 to December 31, 2007 and the year ended December 31, 2008 and the selected consolidated balance sheet data as of December 31, 2007 and 2008 have been derived from our audited financial statements included elsewhere in this prospectus. The selected consolidated statements of operations data for the years ended March 31, 2005 and 2006 and the selected consolidated balance sheet data as of March 31, 2005, 2006 and February 8, 2007 have been derived from our unaudited financial statements that are not included in this prospectus. The selected consolidated statements of operations data for the nine months ended September 30, 2008 and 2009 and the selected consolidated balance sheet data as of September 30, 2009 has been derived from our unaudited financial statements included elsewhere in this prospectus. The unaudited financial statements have been prepared on the same basis as the audited financial statements and, in the opinion of our management, include all normal recurring adjustments necessary for a fair presentation of the information set forth herein. Our historical results are not necessarily indicative of the results that may be expected for any future period. The selected financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus.

**Basis of Presentation**

In 2006, our indirect parent, GLOBAL, formed Contego Systems Inc. and Global Technology Strategies, Inc. for the purpose of commencing technology operations in the U.S. On February 9, 2007, Global Technology Strategies, Inc. acquired all of the outstanding stock of SFA and its subsidiary, TAC. Subsequent to the SFA acquisition, SFA was renamed GNA, and Global Technology Strategies, Inc. was renamed GNA Holding. GNA and TAC are our operating subsidiaries. On December 31, 2008, as part of a restructuring, (i) we were formed under the name Contego NewCo Company, (ii) Contego Systems Inc. transferred all of its assets to us and we assumed all of Contego Systems Inc.'s liabilities and (iii) Contego Systems Inc. was converted into Contego Systems LLC. In July 2009, we changed our name to Global Defense Technology & Systems, Inc.

SFA and its subsidiary, TAC, are the predecessor entity, which we refer to as the Predecessor for accounting purposes since their operations represent our principal business. The historical results of SFA and its subsidiary, TAC, have been presented from April 1, 2006 through February 8, 2007, the date prior to the date of the SFA acquisition. The consolidated financial statements of GLOBAL Defense Technology, which include, in addition to the Predecessor, GNA Holding and GNA, which we refer to as the Successor, have been presented from February 9, 2007 through December 31, 2007 and for the year ended December 31, 2008. The Successor's financial statements also include the historical results of Contego Systems Inc., which consists of general and administrative expense incurred on behalf of GNA, for the period from February 9, 2007 through December 31, 2007 and for the year ended December 31, 2008.

Our acquisition of SFA and related application of the purchase accounting method and changes in our outstanding debt resulted in significant changes in, among other things, asset values, amortization expense and interest expense. As a result of the SFA acquisition, we also changed our fiscal year end from March 31 to December 31. The SFA acquisition and change in fiscal year end have resulted in financial reporting periods of varying length. The period over period comparisons are impacted by the variation in length of each reporting period, with the period from April 1, 2006 to February 8, 2007 consisting of 314 calendar days, the period February 9, 2007 to December 31, 2007 consisting of 326 calendar days (3.8% longer than the prior comparable period), and the year ended December 31, 2008 consisting of 366 days (12.3% longer than the prior comparable period).

In connection with this offering, we will implement a series of restructuring transactions, which have been approved by our board of directors, including (i) a 60,000-for-1 stock split of our common stock, which will occur concurrently with the effectiveness of the registration statement of which this prospectus forms a part and (ii) the assumption of all options previously granted pursuant to the SFA Plan, and appropriate adjustments to the number of shares of common stock underlying such options as well as the exercise price of such options. We expect that the exchange of stock options in GNA for stock options in GLOBAL Defense Technology will

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represent a probable-to-probable type modification. We do not anticipate that this modification will result in incremental fair value because the terms affecting the fair value will not be modified. Therefore, we do not expect to recognize any additional compensation expense on the modification date. See Prospectus Summary Our History and Organizational Structure for more information regarding the restructuring transactions. As a result of the restructuring transactions, the weighted average common shares outstanding and earnings (loss) per share figures presented in our historical financial statements and notes thereto, and all references to options, common shares and exercise price figures in note 10 to our historical financial statements, have been revised accordingly.

	Year Ended March 31, 2005	Predecessor Year Ended March 31, 2006	Period April 1, 2006 to February 8, 2007	Period February 9 to December 31, 2007	Successor Year Ended December 31, 2008	Nine Months Ended September 30,	
						2008	2009
(unaudited)							
(in thousands, except share and per share data)							
<b>Consolidated Statements of Operations:</b>							
Revenue	\$ 97,733	\$ 124,462	\$ 123,124	\$ 134,818	\$ 189,426	\$ 143,203	\$ 157,068
Operating costs and expenses							
Cost of revenue	81,364	104,581	105,644	114,264	156,271	119,497	129,142
Selling, general and administrative expenses	10,802	16,045	16,317	13,202	16,957	12,119	15,351
Amortization of intangible assets			72	10,279	8,841	6,752	6,267
Impairment of intangible asset					2,447	2,447	
Total operating costs and expenses	92,166	120,626	122,033	137,745	184,516	140,815	150,760
Operating income (loss)	5,567	3,836	1,091	(2,927)	4,910	2,388	6,308
Other income (expense)							
Interest income	64	240	270	46	40	12	6
Interest expense	(53)	(13)	(67)	(3,594)	(2,750)	(2,038)	(1,494)
Income (loss) before income taxes	5,578	4,063	1,294	(6,475)	2,200	362	4,820
(Provision for) /benefit from income taxes			(2,116)	2,406	(1,138)	(261)	(1,988)
Net income (loss)	\$ 5,578	\$ 4,063	\$ (822)	\$ (4,069)	\$ 1,062	\$ 101	\$ 2,832
<b>Earnings (loss) per share</b>							
Basic <sup>(1)</sup>	\$ 15.97	\$ 11.64	\$ (2.49)	\$ (0.68)	\$ 0.18	\$ 0.02	\$ 0.47
Diluted <sup>(1)</sup>	\$ 13.41	\$ 9.54	\$ (2.49)	\$ (0.68)	\$ 0.18	\$ 0.02	\$ 0.47
<b>Weighted average common shares outstanding</b>							
Basic	349,378	348,994	329,378	6,000,000	6,000,000	6,000,000	6,000,000
Diluted	416,103	426,007	329,378	6,000,000	6,000,000	6,000,000	6,027,266
Cash dividends per share	\$ 1.60	\$ 1.42	\$ 8.66	\$	\$	\$	\$

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(in thousands)	Predecessor			Successor			
	March 31, 2005	March 31, 2006	February 8, 2007	December 31, 2007	December 31, 2008	September 30, 2008	September 30, 2009
	(unaudited)						
<b>Consolidated Balance Sheet Data</b>							
Cash and cash equivalents	\$ 5,151	\$ 5,025	\$ 20,869	\$ 279	\$ 1,422	\$ 478	\$ 8
Working capital <sup>(2)</sup>	18,292	23,743	16,095	13,698	18,054	17,278	26,983
Total assets	36,563	43,398	62,996	112,537	105,652	108,847	109,601
Total debt <sup>(3)</sup>		3,973	18,000	43,692	37,014	39,010	38,636
Total stockholder's equity	24,501	25,250	5,131	41,902	43,129	42,038	46,252

(in thousands)	Predecessor			Successor			
	Year Ended March 31, 2005	Year Ended March 31, 2006	Period April 1, 2006 to February 8, 2007	Period February 9 to December 31, 2007	Year Ended December 31, 2008	Nine Months Ended September 30, 2008 2009	
<b>Other Data</b>							
EBITDA <sup>(4)</sup>	\$ 6,818	\$ 4,877	\$ 1,884	\$ 8,108	\$ 14,747	\$ 9,876	\$ 13,336
Adjusted EBITDA <sup>(4)</sup>	\$ 8,041	\$ 8,397	\$ 8,545	\$ 9,226	\$ 18,417	\$ 13,254	\$ 14,916

- (1) See note 13 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate basic and diluted earnings (loss) per share.
- (2) Working capital is defined as current assets net of current liabilities excluding loans from affiliates and the current portion of bank loans.
- (3) Represents bank loans (including current maturities) and loans from affiliates.
- (4) Reconciliation of net income (loss) to Adjusted EBITDA is presented below:

(in thousands)	Predecessor			Successor			
	Year Ended March 31, 2005	Year Ended March 31, 2006	Period April 1, 2006 to February 8, 2007	Period February 9 to December 31, 2007	Year Ended December 31, 2008	Nine Months Ended September 30, 2008 2009	
	(unaudited)						
Net income (loss)	\$ 5,578	\$ 4,063	\$ (822)	\$ (4,069)	\$ 1,062	\$ 101	\$ 2,832
Depreciation and amortization	1,251	1,041	721	756	996	736	761
Amortization of intangible assets			72	10,279	8,841	6,752	6,267
Interest (income) expense, net	(11)	(227)	(203)	3,548	2,710	2,026	1,488
Income tax expense (benefit)			2,116	(2,406)	1,138	261	1,988
EBITDA <sup>(a)</sup>	6,818	4,877	1,884	8,108	14,747	9,876	13,336
Impairment of intangible asset <sup>(b)</sup>					2,447	2,447	
Stock appreciation rights (SARS) expense <sup>(c)</sup>		1,065	3,178				
Sellers transaction costs <sup>(d)</sup>			1,433				
ESOP expense <sup>(e)</sup>	1,223	2,455	2,050				
Retention bonuses <sup>(f)</sup>				1,108	1,195	907	

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Management fees paid to GLOBAL <sup>(g)</sup>				10	28	24	1,580
Adjusted EBITDA <sup>(a)</sup>	\$ 8,041	\$ 8,397	\$ 8,545	\$ 9,226	\$ 18,417	\$ 13,254	\$ 14,916

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- (a) See also Summary Consolidated Financial Data for additional disclosures on our use of these non-GAAP financial measures.
- (b) Reflects charge associated with abandonment of GNA's former trade name.
- (c) Reflects expense associated with the vesting of employee stock appreciation rights effective with the acquisition of SFA.
- (d) Reflects expenses incurred by SFA in conjunction with its sale to us.
- (e) Reflects expense associated with the Employee Stock Ownership Plan, whereby SFA funded a portion of employees purchase price, prior to the date of acquisition of SFA.
- (f) Consists of retention bonuses paid to SFA employees in connection with continued employment subsequent to the date of acquisition of SFA.
- (g) Consists primarily of management fees paid to an affiliate of GLOBAL pursuant to a management services agreement that was initiated January 1, 2009. Following completion of this offering, the agreement will be terminated and, because any services previously provided by GLOBAL and its affiliates will be provided on a going-forward basis by our existing employees, we will not incur any additional cost or expense related to these services.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*You should read the following discussion and analysis of financial condition and results of operations in conjunction with the Selected Consolidated Financial Data and our consolidated financial statements and the related notes included elsewhere in this prospectus. In addition to historical information, the following discussion and analysis includes forward-looking information that involves risks, uncertainties and assumptions. Our actual results and the timing of events could differ materially from those anticipated by these forward-looking statements as a result of many factors, including those discussed under Risk Factors and elsewhere in this prospectus. See Special Note Regarding Forward-Looking Statements included elsewhere in this prospectus.*

***Basis of Presentation***

In 2006, our indirect parent, GLOBAL, formed Contego Systems Inc. and Global Technology Strategies, Inc. for the purpose of commencing technology operations in the U.S. On February 9, 2007, Global Technology Strategies, Inc. acquired all of the outstanding stock of SFA and its subsidiary, TAC. Subsequent to the SFA acquisition, SFA was renamed GNA, and Global Technology Strategies, Inc. was renamed GNA Holding. GNA and TAC are our operating subsidiaries. On December 31, 2008, as part of a restructuring, (i) we were formed under the name Contego NewCo Company, (ii) Contego Systems Inc. transferred all of its assets to us and we assumed all of Contego Systems Inc.'s liabilities and (iii) Contego Systems Inc. was converted into Contego Systems LLC. In July 2009, we changed our name to Global Defense Technology & Systems, Inc.

SFA and its subsidiary, TAC, are the predecessor entity, which we refer to as the Predecessor for accounting purposes since their operations represent our principal business. The historical results of SFA and its subsidiary, TAC, have been presented from April 1, 2006 through February 8, 2007, the date prior to the date of the SFA acquisition. The consolidated financial statements of GLOBAL Defense Technology, which include, in addition to the Predecessor, GNA Holding and GNA, which we refer to as the Successor, have been presented from February 9, 2007 through December 31, 2007 and for the year ended December 31, 2008. The Successor's financial statements also include the historical results of Contego Systems Inc., which consists of general and administrative expense incurred on behalf of GNA, for the period from February 9, 2007 through December 31, 2007 and for the year ended December 31, 2008.

Our acquisition of SFA and related application of the purchase accounting method and changes in our outstanding debt resulted in significant changes in, among other things, asset values, amortization expense and interest expense. As a result of the SFA acquisition, we also changed our fiscal year end from March 31 to December 31. The SFA acquisition and change in fiscal year end have resulted in financial reporting periods of varying length. The period over period comparisons are impacted by the variation in length of each reporting period, with the period from April 1, 2006 to February 8, 2007 consisting of 314 calendar days, the period February 9, 2007 to December 31, 2007 consisting of 326 calendar days (3.8% longer than the prior comparable period), and the year ended December 31, 2008 consisting of 366 days (12.3% longer than the prior comparable period).

In connection with this offering, we will implement a series of restructuring transactions, which have been approved by our board of directors, including (i) a 60,000-for-1 stock split of our common stock, which will occur concurrently with the effectiveness of the registration statement of which this prospectus forms a part and (ii) the assumption of all options previously granted pursuant to the SFA Plan, and appropriate adjustments to the number of shares of common stock underlying such options as well as the exercise price of such options. We expect that the exchange of stock options in GNA for stock options in GLOBAL Defense Technology will represent a probable-to-probable type modification. We do not anticipate that this modification will result in incremental fair value because the terms affecting the fair value will not be modified. Therefore, we do not expect to recognize any additional compensation expense on the modification date. See Prospectus Summary Our History and Organizational Structure for more information regarding the restructuring transactions. As a result of the restructuring transactions, the weighted average common shares outstanding and earnings (loss) per

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share figures presented in our historical financial statements and notes thereto, and all references to options, common shares and exercise price figures in note 10 to our historical financial statements, have been revised accordingly.

**Overview**

We are a diversified technology and engineering services firm that provides a broad range of mission-critical technology-based services and solutions to the national security agencies and programs of the U.S. government. Our offerings include counter-terrorism intelligence and analysis; data analysis and intelligence fusion tools; force modernization, mobility and survivability solutions; maritime domain awareness and navigation systems; system and software engineering; network and communications management and decision support systems for command and control. We serve as a prime contractor on the majority of our contracts and predominantly serve the Intelligence Community and the Department of Defense.

We conduct our business through two reportable segments: Technology and Intelligence Services, or TIS, and Force Mobility and Modernization Systems, or FMMS. Our operating segments are aggregated into two reportable segments based on the nature of the systems and services offered. Through our TIS segment we provide a broad range of technology-based services and solutions, including counter-terrorism and intelligence solutions and command, control and decision support solutions, to customers in the Department of Defense, the Intelligence Community and other U.S. agencies. Our TIS segment is comprised of the operations of TAC and our Global Missions Systems, or GMS, division. Through our FMMS segment we provide customers, primarily in the Department of Defense, with solutions that entail the design, engineering and integration of highly mobile mission support systems. Our FMMS segment is comprised of the operations of our Global Defense Engineering, or GDE, division. All of our revenue and related costs from the sale of products are included in our FMMS segment and all of our revenue and related costs from the sale of services are included in our TIS segment. For additional information regarding our reportable segments, see *Business Capabilities and Customer Solutions* and note 16 of the notes to the consolidated financial statements contained within this prospectus.

We derive revenue 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 the areas of defense, intelligence and homeland security. The U.S. government has substantially increased its overall defense, intelligence and homeland security budgets in the face of evolving terrorist threats and world events. As a result, our revenue (including the Predecessor) has grown at a compound annual growth rate, or CAGR, of 17.7% from the twelve-month period ended March 31, 2005 to the twelve-month period ended September 30, 2009. All of the revenue growth has been organic, without the benefit of acquisitions.

Since April 1, 2006, substantially all of our revenue was derived from customers in the Department of Defense, including the U.S. Army, U.S. Navy, U.S. Marine Corps, National Guard and Department of Defense agencies within the Intelligence Community, and other national security agencies, including the Department of Homeland Security, federal law enforcement agencies and other agencies in the Intelligence Community addressing national security threats and challenges. The following table shows our revenue from each class of customer as a percentage of our total revenue.

	<b>Predecessor Period April 1, 2006 to February 8, 2007</b>	<b>Period February 9 to December 31, 2007</b>	<b>Successor Year Ended December 31, 2008</b>	<b>Nine Months Ended September 30, 2008      2009</b>	
Department of Defense	74.5%	71.9%	74.2%	75.0%	74.8%
National security agencies	25.5%	28.1%	25.8%	25.0%	25.2%
<b>Total revenue</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

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In addition, we have four contracts each of which, in one or more of the reported periods, individually comprised more than 10% of our consolidated revenue. The following table shows our revenue for each of these four contracts.

	Predecessor	Period	Successor	Nine Months Ended	
	Period	February 9 to	Year Ended	September 30,	
(in thousands)	April 1, 2006 to	December 31,	December 31,	2008	2009
	February 8,	2007	2008		
<b>TIS Segment</b>					
Department of Justice counter-terrorism contract	\$ 17,153	\$ 23,412	\$ 26,508	\$ 18,974	\$ 21,151
<b>FMMS Segment</b>					
U.S. Army TACOM contract	38,041	29,035	40,622	34,609	35,991
U.S. Army Aberdeen Test Center contract	7,128	16,966	23,628	15,723	10,831
U.S. Army field feeding system contract	3,739	9,533	15,065	9,565	18,757
<b>Total FMMS Segment</b>	<b>\$ 48,908</b>	<b>\$ 55,534</b>	<b>\$ 79,315</b>	<b>\$ 59,897</b>	<b>\$ 65,579</b>
<b>Total</b>	<b>\$ 66,061</b>	<b>\$ 78,946</b>	<b>\$ 105,823</b>	<b>\$ 78,871</b>	<b>\$ 86,730</b>

The Department of Justice counter-terrorism contract is a time-and-materials contract for analytical and information technology services in support of a critical counter-terrorism program. The original Department of Justice counter-terrorism contract ended on September 8, 2009. We received a new contract from the Department of Justice extending our work for an additional five years beginning on September 9, 2009, consisting of a base period of one year and options for four additional years. The ceiling of the new contract is \$200.0 million and provides the opportunity for expansion of our services above the contract level. The estimated value of our current level of services on the contract over the five year contract period is approximately \$146 million. We believe that the \$200.0 million ceiling in the new contract provides the customer with the ability to expand the level of services to be procured from us over the term of the contract. The table above reflects revenue on the original contract plus the new contract beginning on September 9, 2009.

The contract with U.S. Army TACOM (Tank-Automotive and Armaments Command) is a fixed-price contract for the delivery of Tactical Water Purification Systems, which we refer to as TWPS. The contract ends for ordering purposes on January 31, 2010. Based upon orders received as of October 29, 2009, we estimate revenue on the U.S. Army TACOM contract of approximately \$5.9 million in the three months ending December 31, 2009, and \$17.8 million and \$3.4 million in the years 2010 and 2011, respectively. We expect to receive additional orders for TWPS under the U.S. Army TACOM contract until the ordering period ends on January 31, 2010. While the demand for and revenue from TWPS currently being procured under the U.S. Army TACOM contract appears to be declining, based on the continued commitment of the U.S. government to long-running overseas contingencies operations and the need to provide high quality potable water to U.S. troops that have been deployed, we expect to receive additional orders for TWPS under other contract vehicles in the future. We also believe that there will be demand to replace older TWPS with new, more technologically advanced TWPS that may have greater capacity than the current TWPS we are delivering under the U.S. Army TACOM contract. In addition, we are currently pursuing other revenue opportunities related to our TWPS technologies.

The contract with the U.S. Army Aberdeen Test Center is a fixed-price/time-and-materials task order contract for a broad range of engineering, design, test and evaluation and integration services and ends on August 31, 2014. The U.S. Army Aberdeen Test Center contract has been used to procure support from us on a number of our field support systems, as well as for engineering services unrelated to these systems. We believe that our customer will continue to use this contract to support our current systems, as well as new systems that will be required to meet the continuing demand for solutions to promote force mobility and modernization.

The contract with the U.S. Army for a field feeding system is a fixed-price contract that ends for ordering purposes on April 13, 2010. Based upon orders received as of October 31, 2009, we estimate revenue from the U.S. Army field feeding system contract of approximately \$5.5 million in the three months ending December 31,



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2009, and \$8.8 million and \$3.1 million in the years 2010 and 2011, respectively. We expect to receive additional orders under this U.S. Army field feeding system contract until the ordering period ends on April 13, 2010. We also expect additional revenue on other variants of our field feeding systems from the U.S. Army and other branches of the military under other contracts.

We derive our revenue from contracts directly with the U.S. government or as a subcontractor to other providers of services to the U.S. government. The following table shows our revenue as prime contractor and as subcontractor as a percentage of our total revenue.

	<b>Predecessor Period April 1, 2006 to February 8, 2007</b>	<b>Period February 9 to December 31, 2007</b>	<b>Successor Year Ended December 31, 2008</b>	<b>Nine Months Ended September 30, 2008 2009</b>	
Prime contract revenue	86.8%	85.3%	82.0%	80.9%	88.4%
Subcontract revenue	13.2%	14.7%	18.0%	19.1%	11.6%
<b>Total revenue</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Backlog**

We define total backlog as the amount of revenue we expect to realize (i) over the remaining base contract performance period and (ii) from the exercise of option periods that we reasonably believe will be exercised, in each case from signed contracts in existence as of the measurement date. We also include in backlog our estimates of revenue from future delivery orders on requirements and ID/IQ contracts. At times, our estimates of future revenue on such contracts are less than the contract ceiling.

We define funded backlog as the portion of our total backlog for which funding is currently appropriated and obligated to us under a signed contract or task order by the purchasing agency, or otherwise authorized for payment to us by a customer upon completion of a specified portion of work. Our funded backlog does not include the full potential value of our contracts, because the Congress often appropriates funds to be used by an agency for a particular program or contract only on a yearly or quarterly basis, even though the contract may call for performance over a number of years. As a result, contracts typically are only partially funded at any point during their term, and all or some of the work to be performed under the contracts may remain unfunded unless and until the Congress makes subsequent appropriations and the procuring agency allocates funding to the contract. Unfunded backlog is total backlog minus funded backlog.

Total backlog may fluctuate from period to period depending on our success in winning new contracts and the timing of contract awards, renewals, modifications and cancellations.

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The following table shows the value of our contract backlog:

(in thousands)	Successor		September 30, 2009
	December 31, 2007	2008	
<b>TIS segment</b>			
Funded	\$ 41,967	\$ 38,711	\$ 40,177
Unfunded	127,057	200,002	414,019
Total	\$ 169,024	\$ 238,713	\$ 454,196
<b>FMMS segment</b>			
Funded	\$ 53,179	\$ 77,145	\$ 81,839
Unfunded	215,450	160,542	121,882
Total	\$ 268,629	\$ 237,687	\$ 203,721
<b>Company</b>			
Funded	\$ 95,146	\$ 115,856	\$ 122,016
Unfunded	342,507	360,544	535,901
Total Backlog	\$ 437,653	\$ 476,400	\$ 657,917

We expect that approximately \$54 million of our total backlog at September 30, 2009 will be recognized as revenue prior to December 31, 2009.

**Revenue**

We provide our services and solutions under three types of contracts: fixed-price, time-and-materials and cost-plus. Our product revenue, which is included in our FMMS segment, is primarily derived from fixed-price contracts. Our service revenue, which is included in our TIS segment, is primarily derived from cost-plus and time-and-materials contracts. Our contract mix varies from year to year due to numerous factors, including our business strategies and U.S. government procurement objectives. The following table shows our revenue from each of these types of contracts as a percentage of our total revenue.

	Predecessor	Period	Successor	Nine Months Ended	
	Period April 1, 2006 to February 8, 2007	February 9 to December 31, 2007	Year Ended December 31, 2008	2008	2009
Fixed-price	54.4%	52.2%	58.8%	60.6%	58.7%
Time-and-materials	29.5%	33.5%	29.3%	27.7%	29.3%
Cost-plus	16.1%	14.3%	11.9%	11.7%	11.9%
Total revenue	100.0%	100.0%	100.0%	100.0%	100.0%

**Fixed-price contracts.** Under fixed-price contracts, we perform specific tasks for a fixed price. Revenue for fixed-price contracts is recognized on the percentage-of-completion method using costs incurred in relation to total estimated costs, because these contracts require design, engineering and manufacturing performed to the customer's specifications. Profits on fixed-price contracts result from the difference between the incurred costs and the revenue earned.

***Time-and-materials contracts.*** Under time-and-materials contracts, we are reimbursed for labor at fixed hourly rates and generally reimbursed separately for allowable materials, costs and expenses. Revenue for time-and-materials contracts is recognized as services are performed, generally, on the basis of contract-allowable labor hours worked multiplied by the contract-defined billing rates, plus the direct costs and indirect cost burdens associated with materials and other direct expenses used in performance of the contract. Profits on time-and-material contracts result from the difference between the cost of services performed and the contract-defined billing rates for these services.

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**Cost-plus contracts.** Under cost-plus contracts, we are reimbursed for costs that are determined to be reasonable, allowable and allocable to the contract and paid a fee representing the profit. Revenue on cost-plus contracts is recognized as services are performed, generally, based on the allowable costs incurred during the period, plus any recognizable earned fee.

For further discussion of the different risks related to revenue recognition that are presented by each of these contract types, see Critical Accounting Policies Revenue Recognition.

**Operating Costs and Expenses**

The key components of our operating costs and expenses are:

**Cost of revenue.** Cost of revenue includes all direct and indirect costs, except for selling, general and administrative costs, associated with the delivery of services and products. Cost of revenue includes direct labor, materials, equipment, subcontractor costs and other direct costs such as travel expenses.

**Selling, general and administrative expenses.** Selling, general and administrative expenses, or SG&A, include expenses for general management, marketing, bid and proposal costs, independent research and development, stock compensation expenses and other operating expenses.

**Amortization of intangible assets.** Amortization expense is the periodic expense related to our identified intangible assets.

**Impairment of intangible asset.** An expense was recognized for impairment of an intangible asset associated with a change in the name of our subsidiary from SFA to GNA during the year ended December 31, 2008.

**Results of Operations**

The following table summarizes our historical results of operations on a consolidated basis:

	Predecessor Period April 1, 2006 to February 8, 2007	Period February 9 to December 31, 2007	Successor Year Ended December 31, 2008	Nine Months Ended September 30,	
				2008	2009
<b>(in thousands)</b>					
Revenue	\$ 123,124	\$ 134,818	\$ 189,426	\$ 143,203	\$ 157,068
Operating costs and expenses					
Cost of revenue	105,644	114,264	156,271	119,497	129,142
Selling, general and administrative expenses	16,317	13,202	16,957	12,119	15,351
Amortization of intangible assets	72	10,279	8,841	6,752	6,267
Impairment of intangible asset			2,447	2,447	
Total operating costs and expenses	122,033	137,745	184,516	140,815	150,760
Operating income (loss)	1,091	(2,927)	4,910	2,388	6,308
Other income (expense)					
Interest income	270	46	40	12	6
Interest expense	(67)	(3,594)	(2,750)	(2,038)	(1,494)
Income (loss) before income taxes	1,294	(6,475)	2,200	362	4,820
(Provision for) benefit from income taxes	(2,116)	2,406	(1,138)	(261)	(1,988)
Net (loss) income	\$ (822)	\$ (4,069)	\$ 1,062	\$ 101	\$ 2,832



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*Revenue.* Revenue for the nine months ended September 30, 2009 increased \$13.9 million, or 9.7%, to \$157.1 million, compared to \$143.2 million for the same period in 2008. Revenue for the year ended December 31, 2008 increased \$54.6 million, or 40.5%, to \$189.4 million, compared to \$134.8 million for the period February 9, 2007 to December 31, 2007. The revenue increase was, in part, the result of the longer reporting period in 2008. Revenue for the period February 9, 2007 to December 31, 2007 increased \$11.7 million, or 9.5%, to \$134.8 million, compared to \$123.1 million for the period April 1, 2006 to February 8, 2007. The revenue increase was, in part, the result of the longer reporting period ending December 31, 2007.

The following table summarizes revenue by reportable segment.

	Predecessor Period April 1, 2006 to February 8, 2007	Period February 9 to December 31, 2007	Successor Year Ended December 31, 2008	Nine Months Ended September 30,	
				2008	2009
<i>(in thousands)</i>					
TIS Segment	\$ 56,517	\$ 64,476	\$ 80,433	\$ 59,122	\$ 64,941
<i>As a percentage of total revenue</i>	<i>45.9%</i>	<i>47.8%</i>	<i>42.5%</i>	<i>41.3%</i>	<i>41.3%</i>
FMMS Segment	66,607	70,342	108,993	84,081	92,127
<i>As a percentage of total revenue</i>	<i>54.1%</i>	<i>52.2%</i>	<i>57.5%</i>	<i>58.7%</i>	<i>58.7%</i>
<b>Total revenue</b>	<b>\$ 123,124</b>	<b>\$ 134,818</b>	<b>\$ 189,426</b>	<b>\$ 143,203</b>	<b>\$ 157,068</b>

For the periods presented, the revenue of our TIS segment has grown substantially. The growth has resulted from increased spending by the U.S. government for services in support of programs to combat terrorism both at home and abroad. The increase in demand for these services has been reflected in the growth of revenue under our Department of Justice counter-terrorism contract, as well as performance on new contracts that have been awarded in recent years.

TIS segment revenue for the nine months ended September 30, 2009 increased \$5.8 million, or 9.8%, to \$64.9 million, compared to \$59.1 million for the same period in 2008. The higher TIS segment revenue resulted from \$2.2 million of additional revenue due to our increased level of effort on the Department of Justice counter-terrorism contract, which increased from \$19.0 million for the nine months ended September 30, 2008 to \$21.2 million for the same period in 2009. The higher TIS segment revenue also reflects increased activity in services related to counter-terrorism on several other contracts for our customers in national law enforcement and intelligence agencies.

TIS segment revenue for the year ended December 31, 2008 increased \$15.9 million, or 24.7%, to \$80.4 million, compared to \$64.5 million for the period February 9, 2007 to December 31, 2007. The revenue growth was, in part, due to the longer reporting period in 2008. Revenue increased by \$3.1 million on our Department of Justice counter-terrorism contract, which increased from \$23.4 million for the period February 9, 2007 to December 31, 2007 to \$26.5 million for the year ended December 31, 2008. The higher TIS segment revenue also reflects increased activity on several other contracts related to counter-terrorism for our customers in national law enforcement and intelligence agencies.

TIS segment revenue for the period February 9, 2007 to December 31, 2007 increased \$8.0 million, or 14.1%, to \$64.5 million, compared to \$56.5 million for the period April 1, 2006 to February 8, 2007. The majority of the revenue growth related to our Department of Justice counter-terrorism contract, which increased \$6.2 million in the period February 9, 2007 to December 31, 2007 to \$23.4 million, compared to \$17.2 million for the period April 1, 2006 to February 8, 2007. The revenue increase reflects an increase in demand for our services in support of our customer's counter-terrorism mission, as well as the longer reporting period ended December 31, 2007.

For the periods presented, the revenue of our FMMS segment has grown substantially. The growth has been the result of a long-term trend to put the U.S. armed forces on a more expeditionary footing and by the continuing high level of U.S. troop deployments worldwide. These factors have generated increased demand for our systems that support troop mobility and modernization.

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FMMS segment revenue for the nine months ended September 30, 2009 increased \$8.0 million, or 9.5%, to \$92.1 million, compared to \$84.1 million for the same period in 2008. The growth in FMMS segment revenue was primarily due to significantly higher demand under our U.S. Army field feeding system contract. Revenue on our U.S. Army field feeding system contract increased \$9.2 million to \$18.8 million for the nine months ended September 30, 2009, from \$9.6 million in the same period in 2008. Revenue on our Aberdeen Test Center contract declined \$4.9 million in the nine months ended September 30, 2009, as our customers used this contract less for their purchases of various field support systems. Revenue on the largest contract in the FMMS segment, our U.S. Army TACOM contract, increased \$1.4 million to \$36.0 million in the nine months ended September 30, 2009 as compared to \$34.6 million for the same period for 2008.

FMMS segment revenue for the year ended December 31, 2008 increased \$38.7 million, or 55.0%, to \$109.0 million, compared to \$70.3 million for the period February 9, 2007 to December 31, 2007. Increased demand for our TWPS led to an increase in revenue on our U.S. Army TACOM contract of \$11.6 million to \$40.6 million in 2008, compared to \$29.0 million in the period February 9, 2007 to December 31, 2007. Revenue on our U.S. Army field feeding system contract increased by \$5.5 million to \$15.0 million in 2008, compared to \$9.5 million for the period February 9, 2007 to December 31, 2007. The remaining \$21.6 million of the increase in revenue in 2008 was primarily the result of strong demand from the Department of Defense under a program to refurbish and modernize the U.S. military's self-contained camp support systems and to move to a more expeditionary footing with more mobile equipment. This program, which is managed by the U.S. Army, resulted in multiple orders from different branches of the U.S. military. Some of the orders on this program were placed on our contract with the Aberdeen Test Center, resulting in \$6.7 million of increased revenue on that contract in 2008.

FMMS segment revenue for the period February 9, 2007 to December 31, 2007 increased \$3.7 million, or 5.6%, to \$70.3 million, compared to \$66.6 million for the period April 1, 2006 to February 8, 2007. Revenue generated from our U.S. Army Aberdeen Test Center contract increased \$9.8 million. This increase was partially offset by a \$9.0 million decrease in revenue under our U.S. Army TACOM contract. The remaining increase in revenue for the period February 9, 2007 to December 31, 2007 was primarily the result of the longer reporting period ended December 31, 2007.

*Cost of Revenue.* The following table summarizes cost of revenue by reportable segments.

	Predecessor Period April 1, 2006 to February 8, 2007	Period February 9 to December 31, 2007	Successor Year Ended December 31, 2008	Nine Months Ended September 30,	
				2008	2009
<i>(in thousands)</i>					
TIS Segment	\$ 46,228	\$ 53,000	\$ 65,195	\$ 47,976	\$ 53,670
<i>As a percentage of related revenue</i>	81.8%	82.2%	81.1%	81.1%	82.6%
FMMS Segment	59,416	61,264	91,076	71,521	75,472
<i>As a percentage of related revenue</i>	89.2%	87.1%	83.6%	85.1%	81.9%
Total cost of revenue	\$ 105,644	\$ 114,264	\$ 156,271	\$ 119,497	\$ 129,142
<i>As a percentage of revenue</i>	85.8%	84.8%	82.5%	83.4%	82.2%

The increase in cost of revenue during each of the periods presented was primarily due to higher purchases of labor, equipment, materials and other direct costs directly related to our increased levels of revenue in each of our operating segments discussed above.

The improvement in cost of revenue as a percentage of total revenue for each of the periods presented was primarily the result of operating efficiencies achieved on certain contracts in our FMMS segment. The efficiencies were primarily related to reductions in costs on our field support systems contracts where larger order quantities allowed us to obtain favorable pricing of materials as well as reduce product integration labor costs. This effect was particularly pronounced in the second half of 2008 and has continued into the first nine months of 2009. The resulting cost efficiencies were the primary causes of the increase in operating profit margins in those periods, as discussed in detail below.

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SG&A Expenses. The following table summarizes total SG&A for the following periods:

	Predecessor	Period	Successor	Nine Months Ended	
	Period	February 9 to	Year Ended	September 30,	September 30,
(in thousands)	April 1, 2006 to	December 31,	December 31,	2008	2009
	February 8,	2007	2008		
Total segment SG&A expenses	\$ 8,330	\$ 9,437	\$ 12,654	\$ 9,425	\$ 10,621
<i>As a percentage of total revenue</i>	6.8%	7.0%	6.7%	6.6%	6.8%
Corporate SG&A expenses:					
ESOP expense	2,050				
Sellers transactions costs	1,433				
Retention bonuses		1,108	1,195	907	
SARs and related payroll tax expense	3,178				
Stock-based compensation expense		590	435	306	291
Management fees paid to GLOBAL		10	28	24	1,580
Other corporate expenses	1,326	2,057	2,645	1,457	2,859
<b>Total Corporate SG&amp;A expenses</b>	<b>7,987</b>	<b>3,765</b>	<b>4,303</b>	<b>2,694</b>	<b>4,730</b>
<i>As a percentage of total revenue</i>	6.5%	2.8%	2.3%	1.9%	3.0%
<b>Total SG&amp;A expenses</b>	<b>\$ 16,317</b>	<b>\$ 13,202</b>	<b>\$ 16,957</b>	<b>\$ 12,119</b>	<b>\$ 15,351</b>
<i>As a percentage of total revenue</i>	13.3%	9.8%	9.0%	8.5%	9.8%

Segment SG&A expenses have generally followed the growth in revenue as management and marketing activities have grown to support the underlying business and capitalize on growth opportunities. In 2008, we were able to leverage our segment SG&A cost as a percentage of revenue due to our higher revenue growth in that year. The resulting reduction in segment SG&A expenses as a percentage of revenue contributed to the improvement in segment operating profit margins in 2008. The increase of 0.2% in segment SG&A expenses as a percentage of revenue in the nine months ending September 30, 2009 to 6.8% from 6.6% in the same period of 2008 was primarily the result of increased incentive compensation to reflect improvement in profit performance and new contract orders. The new orders are reflected in our increase in total backlog from \$476.4 million at the end of 2008 to \$657.9 million at September 30, 2009.

Corporate SG&A expenses include expenses that are not under control of our segment managers and generally are not allowable as costs that can be charged against our government contracts.

For the periods prior to the SFA acquisition, corporate SG&A expenses include significant one-time costs that were directly or indirectly related to the ownership of the Predecessor by its Employee Stock Ownership Plan, which we refer to as the ESOP, and the Predecessor's Stock Appreciation Rights Plan. ESOP expense of \$2.0 million in the period ended February 8, 2007 is for a contribution by the Predecessor to the ESOP, which was discontinued upon the closing of the SFA acquisition. Transaction costs of \$1.4 million relate to costs incurred by SFA and paid by us following the closing of the SFA acquisition. Stock appreciation rights expense of \$3.2 million in the same period represents the amount paid in cash in connection with the SFA acquisition to settle the Predecessor's obligations to holders of those rights. At the date of the SFA acquisition, certain key employees were offered retention bonuses to secure their services for a period following the SFA acquisition. These retention bonuses, which have been settled in full, totaled \$1.1 million, \$1.2 million and \$0.9 million in the period February 9, 2007 to December 31, 2007, the year ended December 31, 2008, and the nine months ended September 30, 2008, respectively.

Stock-based compensation expense represents the expense related to stock options granted by the Company. Effective upon closing of this offering, we will recognize approximately \$4.3 million in offering-related stock-based compensation expense associated with the issuance of shares of common stock to James Allen, our Executive Vice President and Chief Financial Officer, and the vesting of restricted units in Contego Systems, LLC owned by Ronald Jones, to be named our Executive Vice President, Corporate Development.

In the first nine months of 2009, we paid management fees to an affiliate of GLOBAL, of \$1.6 million. Following completion of this offering, we will no longer pay any management fees to such affiliate or any other affiliate of GLOBAL.



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Other corporate expenses include other costs that are not allocable to our reportable segments. Generally, these are corporate costs that are not allowed to be allocated to government contracts, or costs which management has decided to not recover from our government customers. Other corporate expenses increased by \$1.4 million in the nine months ended September 30, 2009 to \$2.9 million, compared to \$1.5 million for the same period of 2008. The primary reason for the increase was \$0.8 million in professional fees incurred to assist us in preparing for our initial public offering. These costs were in addition to the costs directly associated with the public offering that will be charged directly to the stockholders' equity upon successful completion of this offering. The increase of other corporate expenses in the period February 9, 2007 to December 31, 2007, and further increases in the year ended December 31, 2008 are primarily the result of expenditures for corporate strategic development activities following the acquisition of SFA in early 2007.

Upon the completion of this offering, we will be required to comply with new accounting, financial reporting and corporate governance standards as a public company that will cause our SG&A expenses to increase. Such costs will include, among others, increased staff costs, consulting and legal fees, board of directors fees, investor relations expenses and director and officer liability insurance costs. The effect may be particularly pronounced in the first full year following this offering as we incur costs to meet public company requirements for establishment of effective internal control over financial reporting and the audit of those controls.

*Amortization of Intangible Assets.* Amortization expense for the nine months ended September 30, 2009 decreased \$0.5 million to \$6.3 million as compared to \$6.8 million for the same period in 2008. The decrease was the effect of certain intangible assets reaching the end of their useful lives.

Amortization expense for the year ended December 31, 2008 was \$8.8 million as compared to \$10.3 million for the period February 9, 2007 to December 31, 2007. The decrease in amortization expense was the effect of certain intangible assets reaching the end of their lives, partially offset by the longer reporting period in 2008.

Amortization expense for the period February 9, 2007 to December 31, 2007 was \$10.3 million as compared to \$0.1 million for the period April 1, 2006 to February 8, 2007. The large increase in amortization expense was due to the allocation of purchase price to intangible assets associated with the SFA acquisition on February 8, 2007.

*Impairment of Intangible Asset.* In September 2008, we changed the name of our subsidiary from SFA to GNA and, in so doing, impaired the value of the trade name intangible asset for the remaining balance of \$2.4 million. We believe that the value of our Company was not diminished as a result of the change in name.

*Operating Income (Loss).* The following table reconciles segment operating income to total operating income (loss).

	Predecessor Period April 1, 2006 to February 8, 2007	Period February 9 to December 31, 2007	Successor Year Ended December 31, 2008	Nine Months Ended September 30,	
				2008	2009
<i>(in thousands)</i>					
TIS Segment	\$ 4,766	\$ 5,441	\$ 7,441	\$ 5,097	\$ 5,631
<i>As a percentage of related segment revenue</i>	8.4%	8.4%	9.3%	8.6%	8.7%
FMMS Segment	4,384	5,676	13,060	9,184	11,674
<i>As a percentage of related segment revenue</i>	6.6%	8.1%	12.0%	10.9%	12.7%
Total segment operating income	9,150	11,117	20,501	14,281	17,305
<i>As a percentage of total revenue</i>	7.4%	8.2%	10.8%	10.0%	11.0%
Unallocated Corporate expenses:					
Corporate SG&A expenses	(7,987)	(3,765)	(4,303)	(2,694)	(4,730)
Amortization of intangible assets	(72)	(10,279)	(8,841)	(6,752)	(6,267)
Impairment of intangible asset			(2,447)	(2,447)	
Total operating income (loss)	\$ 1,091	\$ (2,927)	\$ 4,910	\$ 2,388	\$ 6,308
<i>As a percentage of total revenue</i>	0.9%	(2.2)%	2.6%	1.7%	4.0%



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TIS segment operating income has increased in each period presented due to our revenue growth and improvement in our operating margins. Operating income as a percentage of TIS segment revenue has also increased over the periods presented from 8.4% in the period April 1, 2006 to February 8, 2007 to 9.3% for the year ended December 31, 2008. The improvement in operating margins resulted from efficiencies associated with leveraging certain of our operating expenses over a revenue base that showed significant growth over the period as discussed above. The lower operating margins in the nine months ended September 30, 2008 as compared to the year ended December 31, 2008 reflect higher payroll related costs, such as payroll taxes and holiday pay, which tend to decline later in the calendar year.

FMMS segment operating income increased \$1.3 million, or 29.5%, to \$5.7 million in the period February 9, 2007 to December 31, 2007, compared to \$4.4 million in the period April 1, 2006 to February 8, 2007. Growth in operating income resulted from both increases in revenue and improved operating margins, which increased from 6.6% to 8.1%. The margin improvement is primarily related to start-up costs incurred on the U.S. Army Aberdeen Test Center contract during its initial phases in the period April 1, 2006 to February 8, 2007, which did not recur in subsequent periods. If the FMMS segment operating income margin of 6.6% in the period April 1, 2006 to February 8, 2007 had not increased in the period February 9, 2007 to December 31, 2007, the increase in FMMS segment operating income from period to period would have been \$0.3 million. The remaining \$1.0 million of the FMMS segment operating income increase was the result of the increase in FMMS segment operating margin.

FMMS segment operating income increased \$7.4 million or 130.1% to \$13.1 million in the year ended December 31, 2008, compared to the period February 9, 2007 to December 31, 2007. If the FMMS segment operating income margin of 8.1% in the period February 7, 2007 to December 31, 2007 had not increased in the year ended December 31, 2008, the increase in FMMS segment operating income from period to period would have been \$3.1 million. The remaining \$4.3 million of the FMMS segment operating income increase was the result of the increase in FMMS segment operating margin. The improvement in operating margins in 2008 was primarily the result of operating margin performance on multiple contracts that were awarded in late 2007 and 2008 on the U.S. Army project to refurbish and modernize its self-contained camp support system that is used by multiple branches of the military. We earned higher margins on both the development and production phases of this program. There were significant efficiencies achieved in the production phase that resulted from combining multiple orders that permitted us to acquire materials and integrate the systems in larger production lots. These efficiencies were reflected in substantial reductions in purchased material costs as well as savings in direct labor and related overhead costs. Revenue from multiple orders on this program continued into 2009.

Operating margins in the FMMS segment continued to rise in the first nine months of 2009 to 12.7% of segment revenue reflecting the higher operating margins achieved primarily in the second half of 2008. The revenue from the higher operating margin contracts that were the primary sources of operating margin improvement in 2008 dropped off significantly in 2009 after an increase in 2008, and became a secondary source of operating margin improvement in the first nine months of 2009. Early in 2009 we were able to obtain improved pricing of TWPS that were ordered on the U.S. Army TACOM contract early in the year. The resulting higher operating margin on TWPS revenue has been the primary reason for the increase in FMMS segment operating margin in the first nine months of 2009, compared to the same period in 2008.

In the fourth quarter of 2009 and early in 2010, we will be completing deliveries on some of our high margin contracts, and expect a decline in revenue on our U.S. Army TACOM contract. We believe that these factors may lead to a decline in operating margin of the FMMS segment as compared to the levels experienced in 2008 and in the first nine months of 2009. There are many factors that can ultimately affect future operating margins, some of which are very uncertain. However, our current expectation is that operating margin in the FMMS segment in 2010 will be approximately 10% of segment revenue, which is similar to the average operating margin we have earned in the FMMS segment over the past several years.

*Interest Expense.* Interest expense for the nine months ended September 30, 2009 was \$1.5 million, compared to \$2.0 million for the same period in 2008, representing a decrease of \$0.5 million. The decrease in interest expense in the nine months ended September 30, 2009 was primarily due to a decrease in the variable interest rate on our outstanding borrowings under our credit facility as compared to the same period in 2008.

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Interest expense for the year ended December 31, 2008 was \$2.8 million, compared to \$3.6 million for the period February 9, 2007 to December 31, 2007, representing a decrease of \$0.8 million. The decrease in interest expense in 2008 is due to a decrease in our total debt from \$43.7 million at the end of 2007 to \$37.0 million at the end of 2008, and a decline in the variable interest rates on our borrowings under our credit facility. The decreases were partially offset by additional interest for the longer period included in the 2008 operating results.

Interest expense for the period February 9, 2007 to December 31, 2007 was \$3.6 million, compared to \$0.1 million for the period April 1, 2006 to February 8, 2007, representing an increase of \$3.5 million. The increase in interest expense is primarily attributable to the debt incurred to finance the SFA acquisition on February 9, 2007.

*Provision for Income Taxes.* The provision for income taxes for the nine months ended September 30, 2009 was \$2.0 million, compared to \$0.3 million for the same period in 2008. The increase is primarily due to an increase in pre-tax income.

The provision for income taxes for the year ended December 31, 2008 was \$1.1 million, compared to a benefit of \$2.4 million for the period February 9, 2007 to December 31, 2007, representing an increase of \$3.5 million. The increase in 2008 is primarily due to an increase in pre-tax income. The effective tax rate was 51.7% for the year ended December 31, 2008 compared to 37.2% for the period February 9, 2007 to December 31, 2007. The high effective tax rate provision in 2008 and the low tax benefit rate in 2007 were both due to interest and operating costs incurred in corporate entities that do not file consolidated state income tax returns. We were, therefore, unable to recognize state tax benefits related to these costs.

The income tax benefit for the period February 9, 2007 to December 31, 2007 was \$2.4 million, compared to a provision for income tax of \$2.1 million for the period April 1, 2006 to February 9, 2007. The income tax benefit during the period February 9, 2007 to December 31, 2007 is at a rate of 37.2% of the loss before income taxes. The tax provision rate for the period April 1, 2006 to February 8, 2007 is 164% of income before income taxes. The disproportionate tax provision rate is the result of income taxes associated with the SFA acquisition. The SFA acquisition was treated as an asset acquisition under Section 338(h)(10) of the Internal Revenue Code of 1986, as amended. The sale thereby triggered built-in-gains unrelated to our pretax income. Because of the Predecessor's status as a Subchapter S corporation before the date of the SFA acquisition, we owed no additional federal tax on income for the period ended February 8, 2007.

Based on the assumed initial public offering price of \$15.00 per share (the mid-point of the range set forth on the cover page of this prospectus), effective upon closing of this offering, we will recognize an income tax benefit of approximately \$3.9 million as a result of offering-related stock-based compensation expense described more fully under SG&A Expenses.

## **Liquidity and Capital Resources**

Our primary liquidity needs are for financing our working capital requirements to support the growth of our business, capital expenditures and servicing our debt. We have historically financed our operations through our existing cash, cash generated from operations and borrowings under our credit facility.

*Working Capital.* Our primary need for liquidity is to support the working capital needs of our growing business. Accounts receivable is the principal component of our working capital and is generally driven by revenue growth with other short-term fluctuations related to payment practices by our customers. A significant portion of our operating costs are related to purchases of material and equipment used to produce our field support systems in the FMMS segment. We are permitted to bill progress payments on many of our large fixed-price contracts, therefore the timing of our purchases and related billings to our customers tend to be linked closely to each other in time. The result is that changes in our accounts receivable, which are primarily related to changes in revenue, are at least partially offset in our working capital requirements by increases in accounts payable.

Our accounts receivable reflect amounts already billed to our customers as of each balance sheet date. Our customers generally pay our invoices within 30 days of the invoice date. At any month-end, we also include in accounts receivable the revenue that was recognized in the preceding month, which is generally billed early in

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the following month. Finally, we include in accounts receivable amounts related to revenues accrued in excess of amounts billed, primarily on our fixed-price contracts. This component of unbilled accounts receivable includes the cumulative amount of costs incurred on a contract in excess of the 90% of costs we are typically allowed to bill as progress payments and the associated accrued profit on the contract. These amounts may be billed upon the achievement of certain milestones or upon final delivery of the related products or services.

The total amount of our accounts receivable can vary significantly over time, but is generally very sensitive to recent revenue levels. Total accounts receivable (billed and unbilled combined) typically range from approximately 70 to 95 days sales outstanding (DSO), calculated on trailing three months of revenue. Our DSO for accounts receivable was 78, 76 and 79 as of December 31, 2007, December 31, 2008 and September 30, 2009, respectively.

It is not uncommon for us to receive advance payments on certain contracts. At December 31, 2007, we had a balance of \$9.1 million in such advance payments, an unusually high level for our business. By the end of 2008 we recognized sufficient revenue on the contracts to reduce the balance of advance payments to \$4.6 million. In the first quarter of 2009, a customer on one of the contracts on which we had received advance payments terminated the remainder of the contract for convenience due to a change in the customer's mission requirements. In March 2009, we refunded to the customer \$3.2 million, representing the remainder of the advance payment on that contract.

***Cash from Operating and Financing Activities.***

After the completion of the SFA acquisition, net cash provided from operating activities was \$9.4 million in the period February 9, 2007 to December 31, 2007. The cash flow was primarily attributable to (i) \$5.2 million provided by net income adjusted for non-cash items, (ii) an increase in advance payments received on contracts of \$9.1 million, as discussed above, partially offset by an increase in accounts receivable of \$3.7 million and (iii) a decrease in cash flows due to payments of income taxes associated with the acquisition of SFA.

Net cash provided from financing activities for the period February 9, 2007 to December 31, 2007 was \$70.8 million, primarily associated with capital contributed and borrowings from GLOBAL and its affiliates for the \$71.4 million acquisition of SFA.

For the year ended December 31, 2008, net cash provided from operating activities was \$8.4 million. The cash flow was primarily attributable to \$11.8 million provided by net income adjusted for non-cash items, partially offset by (i) a decrease in advance contract payments of \$4.5 million as discussed above and (ii) an increase in accounts payable, income taxes and accrued expenses of \$0.8 million.

Net cash used in financing activities for the year ended December 31, 2008 was \$7.2 million primarily associated with scheduled amortization of principal on the term loan portion of our credit facility and repayments of loans from affiliates.

Net cash of \$0.9 million was used in operating activities during the first nine months of 2009, primarily to support temporary working capital requirements. The primary components of operating cash flows were (i) \$9.0 million provided by net income adjusted for non-cash items, (ii) an increase in accounts payable, income taxes and accrued expenses of \$3.3 million in aggregate (iii) an offsetting increase in billed and unbilled accounts receivable balances in the aggregate amount of \$9.2 million and (iv) a reduction in advance payments on contracts of \$3.8 million, primarily for the \$3.2 million customer repayment discussed above. We expect to return to positive cash flow from operating activities during the fourth quarter of 2009.

Net cash provided from financing activities for the nine months ended September 30, 2009 was \$0.2 million.

***Capital Expenditures.*** Since we do not own any of our own facilities, our capital expenditure requirements are generally for the purchase of computers, business systems, furniture and leasehold improvements to support our operations. Such capital expenditures were \$1.2 million for the period April 1, 2006 to February 8, 2007, \$1.6 million for the period February 9, 2007 to December 31, 2007, \$0.6 million for the year ended December 31, 2008 and \$1.0 million and \$0.7 million, respectively, for the nine months ended September 30, 2008 and 2009.

***Dividends.*** We have not paid dividends since the SFA acquisition on February 8, 2007 and do not intend to pay dividends to our stockholders after the completion of this offering.

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***Debt and Other Obligations.*** At September 30, 2009, we had \$38.6 million in outstanding debt, of which \$21.9 million, inclusive of interest, was due on our bank credit facility with SunTrust Bank and \$16.7 million, inclusive of interest, was due on loans from affiliates. The credit facility, as amended September 3, 2009, provides for a term loan of \$10.8 million and \$29.0 million of borrowing capacity under the revolving line of credit. Borrowings under the credit facility bear interest at the applicable interest rate (the prime rate, the federal funds rate, LIBOR or an index rate), plus an applicable margin that varies based on a leverage ratio test. We have elected to have borrowings under our credit facility bear interest at the LIBOR rate. For the nine months ended September 30, 2009, the applicable margin was 1.8% to 2.8% for borrowings under our term loan and 1.6% to 2.6% for borrowings under our revolving line of credit. Our loan and security agreement matures on February 28, 2011. Effective September 30, 2009, the applicable margin was 2.4% to 3.2% for borrowings under our term loan and 2.2% to 3.0% for borrowings under our revolving line of credit, subject to a minimum interest rate of 3.0%.

The outstanding borrowings under the loan agreement are collateralized by substantially all of our assets.

The loan agreement requires that we comply with certain affirmative and restrictive covenants. The restrictive covenants include limitations on: mergers, consolidations and dissolutions; sales of assets; investments and acquisitions; indebtedness and liens; transactions with affiliates; sale and leaseback transactions; and restricted payments.

In addition, the loan agreement requires that we meet the following financial covenants at each quarter-end:

Minimum Net Worth - \$45.9 million as of December 31, 2008, increased by 50% of annual net income thereafter (losses are excluded from the calculation);

Maximum Funded Debt Ratio the ratio of consolidated funded debt to the preceding four quarters EBITDA (as defined in the loan agreement) must be less than or equal to 3.0 to 1.0 (decreasing to 2.75 to 1.0 effective December 31, 2009); and

Fixed Charge Coverage Ratio - the ratio of the preceding four quarters EBITDA (as defined in the loan agreement) to the next 12 months scheduled payments of interest and principal must be greater than or equal to 1.2 to 1.0.

We were in compliance with all financial covenants for the period from February 9, 2007 through December 31, 2007, for the year ended December 31, 2008 and for the nine months ended September 30, 2009. We do not believe that it is reasonably likely that we will not meet any covenants in our loan agreement.

As of September 30, 2009, we had \$17.0 million of availability under the credit facility.

***Future Liquidity Needs.*** We expect to use all of the net proceeds of this offering, to repay (i) the term loan portion of our credit facility, which was \$9.9 million as of September 30, 2009, (ii) other outstanding borrowings under our credit facility, which were \$12.0 million as of September 30, 2009, and (iii) to the extent of any excess net proceeds after repayment of the previous debt, debt owed to GLOBAL and its affiliates, which was \$16.7 million as of September 30, 2009, and for general corporate purposes, including future acquisitions. Upon repayment of the term loan, that portion of our credit facility will terminate. The \$29.0 million revolving line of credit will remain in place until its maturity date of February 28, 2011. The availability under the loan agreement is expected to be sufficient to meet our operating cash flow requirements for the next twelve months. However, we recently received a commitment letter from SunTrust Bank for a replacement credit facility that will not only support our working capital needs, but also will provide financing capacity to execute our acquisition strategy. The commitment provides for a \$50.0 million revolving line of credit with a \$2.5 million letter of credit subfacility. The new facility is expected to have a three year term. All borrowings will continue to be collateralized by substantially all of our assets. The new facility will also require that we continue to comply with certain affirmative and restrictive covenants that are similar to those in our current credit facility. We may also seek to issue additional equity to execute our growth strategy. We expect to enter into definitive agreements relating to the new facility by year end 2009.

**Off-Balance Sheet Arrangements, Contractual Obligations, Guaranty and Indemnification Obligations**

***Off-Balance Sheet Arrangements.*** We had no off-balance sheet arrangements as of December 31, 2008 and September 30, 2009.



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**Contractual Obligations.** We have various contractual obligations impacting our liquidity. The following table presents, at September 30, 2009, our obligations and commitments to make future payments under contracts and contingent commitments:

	Payments Due by Period				More Than 5 Years
	Total	Less Than 1 Year	1-<3 Years	3-5 Years	
(in thousands )					
<b>Contractual Obligations</b>					
Loan agreements					
Bank loans	21,908	2,700	\$ 19,208	\$	\$
Loans from affiliates	16,728	16,728			
Interest payments on loan agreements <sup>(1)</sup>	847	595	252		
Operating leases	11,426	3,374	3,531	2,498	2,023
<b>Total contractual obligations</b>	<b>50,909</b>	<b>23,397</b>	<b>\$ 22,991</b>	<b>\$ 2,498</b>	<b>\$ 2,023</b>

- (1) Interest payments for the bank loans were estimated using the current floating rates charged by the lender as of September 30, 2009 through the maturity date of the instruments, February 28, 2011. Additionally, included in interest payments are the amounts estimated to be payable under an interest rate swap for \$6.3 million based upon the contractual fixed rate of 4.9% less the estimated floating rate for the current term loan through the maturity date of the interest rate swap, February 9, 2010.

**Critical Accounting 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 consolidated financial statements requires management to make estimates and judgments that affect the reported amount of assets, liabilities, revenue and expenses. Actual results may differ from these estimates under different assumptions or conditions. Our significant accounting policies, including the critical policies listed below, are more fully described in the notes to our consolidated financial statements included in this report.

**Revenue Recognition**

All of our revenue is derived from services and solutions provided to the U.S. government, primarily by us and, to a lesser extent, subcontractors. We generate our revenue from three different types of contractual arrangements: fixed-price contracts, time-and-materials contracts, and cost-plus contracts.

Revenue for fixed-price contracts is recognized on the percentage-of-completion method using costs incurred in relation to total estimated costs, because these contracts require design, engineering, and manufacturing performed to the customer's specifications. Profits on fixed-price contracts result from the difference between the incurred costs and the revenue earned.

Revenue for time-and-materials contracts is recognized as services are performed, generally on the basis of contract allowable labor hours worked multiplied by the contract defined billing rates, plus the direct costs and indirect cost burdens associated with materials and other direct expenses used in performance on the contract. Profits on time-and-material contracts result from the difference between the cost of services performed inclusive of labor, direct costs, indirect cost burdens, and other direct expenses and the contract-defined billing rates for these services.

Revenue on cost-plus contracts is recognized as services are performed, generally, based on the allowable costs incurred during the period, plus any recognizable earned fee.



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The use of the percentage-of-completion method requires significant judgment relative to estimating total contract revenue and costs, including assumptions relative to the length of time to complete the project, the nature and complexity of the work to be performed, and anticipated changes in estimated salaries and other costs.

Due to the size and nature of many of our contracts, the determination of total revenue and cost at completion requires the use of estimates. Contract costs include material, labor and subcontracting costs, as well as an allocation of allowable indirect costs. For contract change orders, claims or similar items, we apply judgment in estimating the amounts and assessing the potential for realization. These amounts are only included in the contract value when they can be reliably estimated and realization is considered probable.

With regard to claims, revenue is only recognized into contract value when settlement on the value of any claim is agreed upon with the customer. Incentive and award payments are included in estimated revenue using the percentage-of-completion method when the realization of such amounts is deemed probable upon achievement of certain defined goals.

Estimates of total contract revenue and costs are continuously monitored during the term of contract and are subject to revision as the contract progresses. When revisions in estimated contract revenue and costs are determined, such adjustments are recorded in the period in which they are identified.

Anticipated losses on contracts are recognized in the period they are deemed probable and can be reasonably estimated.

### ***Long-Lived Assets (Excluding Goodwill)***

A review of long-lived assets for impairment is performed when events or changes in circumstances indicate the carrying value of such assets may not be recoverable. If an indication of impairment is present, we compare the estimated undiscounted future cash flows to be generated by the asset group to its carrying amount. If the undiscounted future cash flows are less than the carrying amount of the asset group, we record an impairment loss equal to the excess of the asset's carrying amount over its fair value. Any write-downs are treated as permanent reductions in the carrying amount of the assets. In September 2008, our operating subsidiary changed its name from SFA to GNA. Based upon that event, an impairment of its trade name intangible asset was recorded in full for the carrying amount of \$2.4 million due to the fact that the prior trade name would no longer be in use. We believe there are no additional identified events or changes in circumstances that indicate impairment of our other long-lived assets.

### ***Intangible Assets***

Intangible assets consist of contract and customer relationships, non-compete agreements, trade names and acquired technologies. Intangible assets are being amortized on a straight-line basis over the expected lives of the assets. Acquired in-process research and development costs are expensed at the acquisition date unless an alternative future use for the asset is identified. The intangible asset for in-process research and development of \$0.4 million was expensed at the date of the SFA acquisition as it was determined that this intangible asset had no alternative future use.

### ***Goodwill***

Goodwill represents the excess of costs over fair value of net assets of businesses acquired. Goodwill is tested for impairment at the reporting unit level at least annually, utilizing a two-step methodology. The impairment test requires us to estimate the fair value of our reporting units. If the carrying value of a reporting unit exceeds its fair value, the goodwill of that reporting unit is potentially impaired, and we would proceed to step two of the impairment analysis. In step two of the impairment analysis, we would measure and record an impairment loss equal to the excess of the carrying value of the reporting unit's goodwill over its implied fair value should such a circumstance arise.

We perform a fair value analysis of our reporting units annually on December 31 or more frequently if a triggering event occurs. Our reporting units are our operating segments. We estimate fair value using the best

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information available, including market information and discounted cash flow projections also referred to as the income approach. The income approach uses a reporting unit's projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that reflects current market conditions. If goodwill becomes impaired, we would record a charge to earnings in the consolidated financial statements during the period in which any impairment of goodwill is determined. Based on the analysis performed, we determined that the estimated fair value of each reporting unit substantially exceeded its associated carrying value and that no goodwill impairment existed as of December 31, 2007 or 2008.

### *Stock-Based Compensation*

Compensation expense for all stock-based awards is measured at fair value on the date of grant and recognition of compensation expense is recorded over the service period for awards expected to vest. We determine the fair value of our stock options using the Black-Scholes valuation model. Restricted stock awards are measured based on the fair values of the underlying stock on the dates of grant.

The application of the Black-Scholes model to the valuation of options requires the use of input assumptions, including expected volatility, expected term, expected dividend yield and expected risk-free interest rate. Expected volatilities are based on those of similar publicly-traded companies, as GNA's stock is not currently publicly traded and therefore, we do not have observable share-price volatility. The expected term represents the weighted-average period of time that options granted are expected to be outstanding giving consideration to vesting schedules. The dividend yield was zero based on GNA's history of not paying dividends and the low resultant future expectation of dividend payments; and the risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected term of the option.

Stock-based compensation expenses are based on the grant date fair value of awards ultimately expected to vest. We estimate expected forfeiture rates at the time of grant and revise the estimates, if necessary, in subsequent periods if actual forfeitures differ from those estimates. We recognized employee stock-based compensation expense of \$0.6 million for the period February 9, 2007 through December 31, 2007, \$0.4 million in 2008, and \$0.3 million in each of the nine month periods ended September 30, 2008 and 2009. As of September 30, 2009, we had \$1.2 million in total unrecognized compensation cost related to non-vested stock-based compensation arrangements, which we expect to recognize over a weighted-average period of approximately 2.6 years.

As a privately held company, we made a reasonable estimate of the then-current fair value of GNA common stock as of the date of each option grant. The fair value of GNA's common stock during the period from February 9, 2007 through December 31, 2007 was measured by using the price per share of common stock paid by GLOBAL to acquire SFA in February 2007. Beginning with the year ending December 31, 2008 and through September 30, 2009, the fair value of GNA's common stock was determined by management. In conducting the contemporaneous valuations, we used a two-step methodology that first estimated the fair value of GNA as a whole and then allocated a portion of the enterprise value to GNA's common stock.

The valuation methodology used included a market approach to estimate enterprise value. We utilized a multiple of our most recent earnings as measured by our historical EBITDA, as adjusted on a trailing twelve months basis, using the same multiple of EBITDA, as adjusted implied by the purchase price paid by GLOBAL to acquire SFA in February 2007. This approach was used by management for the grants made in August 2008 and January 2009, applying the same multiple to the trailing twelve months EBITDA, as adjusted, through June 30, 2008, and for the grants made in April and May 2009, applying the same multiple to the trailing twelve months EBITDA, as adjusted, through March 31, 2009. Management considered numerous objective and subjective factors in determining the fair value of our common stock at each option grant date after December 31, 2007, including the following:

- (i) the multiple of EBITDA, as adjusted, implied by the purchase price paid by GLOBAL to acquire SFA in February 2007;
- (ii) valuation of public companies in our industry based on EBITDA multiples;

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(iii) valuation of private companies in our industry based on management's industry knowledge or discussions with third parties regarding possible acquisitions and divestitures;

(iv) our financial performance; and

(v) material events that could result in increased or decreased valuation of our common stock.

We did not obtain contemporaneous valuations by an unrelated valuation specialist because we had the necessary knowledge to perform the valuation utilizing the methodology described above, which is consistent with the recommendations of the American Institute of Certified Public Accountants, Audit and Accounting Practice Aid Series, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*.

The following table highlights the number of options granted, fair value and exercise price per share upon each grant date since February 9, 2007:

Grant Date	Number of Options Granted	Fair Value Per Share	Exercise Price Per Share
February 9, 2007	666,710	\$ 9.17	\$ 9.17
January 1, 2008	15,028	\$ 9.17	\$ 9.17
August 18, 2008	135,000	\$ 10.11	\$ 10.11
January 1, 2009	54,648	\$ 10.11	\$ 10.11
April 30, 2009	65,578	\$ 15.95	\$ 15.95
May 18, 2009	54,648	\$ 15.95	\$ 15.95

The increase in the fair value of our common stock from period to period was primarily the result of our improved EBITDA, as adjusted, over this period of time, which reflects our overall improved operating performance as described more fully under Overview and Results of Operations.

The intrinsic value of our outstanding options as of September 30, 2009, assuming the fair value of our common stock at the time of grant of each option was equal to the assumed initial offering price of \$15.00 (the mid-point of the price range set forth on the cover of this prospectus), was \$2.0 million. The intrinsic value for purposes of this calculation is the difference between the assumed initial public offering price and the weighted average exercise price of the shares underlying all options outstanding at September 30, 2009, multiplied by the number of shares issuable upon exercise of outstanding options.

**New Accounting Pronouncements**

On January 1, 2009, we adopted a new accounting standard issued by the Financial Accounting Standards Board, or FASB, related to accounting for business combinations using the acquisition method of accounting (previously referred to as the purchase method). Among the significant changes, this standard requires a redefining of the measurement date of a business combination, expensing direct transaction costs as incurred, capitalizing in-process research and development costs as an intangible asset and recording a liability for contingent consideration at the measurement date with subsequent re-measurements recorded in the results of operations. This standard requires costs for business restructuring and exit activities related to the acquired company to be included in the post-combination financial results of operations and also provides new guidance for the recognition and measurement of contingent assets and liabilities in a business combination. In addition, this standard requires several new disclosures, including the reasons for the business combination, the factors that contribute to the recognition of goodwill, the amount of acquisition related third-party expenses incurred, the nature and amount of contingent consideration, and a discussion of pre-existing relationships between the parties.

The application of this standard is likely to have a significant impact on how we allocate the purchase price of prospective business combinations, including the recognition and measurement of assets acquired and liabilities assumed and the expensing of direct transaction costs and costs to integrate the acquired business.

In September 2006, the FASB issued authoritative guidance which defined fair value, established a framework for measuring fair value, and expanded disclosures about fair value measurements. We adopted the guidance on January 1, 2008, as it relates to financial assets and January 1, 2009 as it relates to non-financial



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assets. The adoption of the guidance for our financial assets and financial liabilities did not have a material impact on our consolidated financial statements. The adoption of the guidance for our nonfinancial assets and nonfinancial liabilities had no impact on our consolidated financial statements. In accordance with the guidance on fair value measurement, a fair value hierarchy was established as follows:

Level 1 Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly such as interest rates and yield curves that are observable at commonly quoted intervals, and

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the asset or liability.

In April 2009, the FASB issued guidance on the interim disclosures about fair value of financial instruments to require disclosures about fair value of financial instruments in interim financial statements as well as in annual financial statements. The guidance required those disclosures in all interim financial statements. We adopted this standard as of June 30, 2009.

In May 2009, the FASB issued guidance on subsequent events which modified the definition of what qualifies as a subsequent event those events or transactions that occur following the balance sheet date, but before the financial statements are issued, or are available to be issued and requires companies to disclose the date through which it has evaluated subsequent events and the basis for determining that date. The guidance was effective for interim or annual financial periods ending after June 15, 2009 and was adopted by us as of June 30, 2009.

In June 2009, the FASB issued the FASB Accounting Standards Codification, or ASC. The ASC has become the single source of non-governmental accounting principles generally accepted in the United States recognized by the FASB in the preparation of financial statements. The ASC does not supersede the rules or regulations of the SEC, therefore, the rules and interpretive releases of the SEC continue to be our additional sources of GAAP. We adopted the ASC as of July 1, 2009. The ASC does not change GAAP and did not have an effect on our financial position, results of operations or cash flows.

### **Quantitative and Qualitative Disclosures about Market Risk**

**Interest Rate Risk.** We are subject to interest rate risk in connection with borrowings under our credit facility and other affiliate loans. As of September 30, 2009, the outstanding principal balances with floating interest rates were \$22.9 million. Each change of 1.0% in interest rates would result in a \$0.2 million change in our annual interest expense based on the loan balances at September 30, 2009. Any debt we incur in the future may also bear interest at floating rates.

In 2007, we entered into a three-year interest rate swap agreement with SunTrust Bank to help manage our variable interest rate exposure related to \$6.3 million of the credit facility. For further information on the swap agreement, see note 8 to our consolidated financial statements included elsewhere in this prospectus.

We do not currently have any significant foreign currency exposure. Our revenue contracts are denominated in U.S. dollars and the vast majority of our purchase contracts are denominated in U.S. dollars. We do not use derivative financial instruments for speculative or trading purposes. We invest our excess cash in short-term, investment grade, interest-bearing securities.

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***Inflation Risk.*** We have generally been able to anticipate increases in costs when pricing our contracts. Bids for longer-term fixed-price and time-and-materials type contracts typically include sufficient labor and other cost escalations in amounts expected to cover cost increases over the period of performance. Consequently, because costs and revenue include an inflationary increase commensurate with the general economy where we operate, net income as a percentage of revenue has not been significantly impacted by inflation.

**Seasonality**

Seasonality does not have a material impact on our business.

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### **BUSINESS**

#### **Overview**

We provide mission-critical technology-based systems, solutions and services for national security agencies and programs of the U.S. government. Our services and solutions are integral parts of mission-critical programs run by the U.S. Department of Defense, Intelligence Community, Department of Homeland Security, federal law enforcement agencies and other parts of the federal government charged with national security responsibilities. The programs that we support are generally funded as part of the budgets and spending levels of U.S. government agencies entrusted with carrying out the U.S. government's defense, intelligence and homeland security missions.

Our primary areas of expertise include:

counter-terrorism intelligence and analysis

data analysis and intelligence fusion tools

force mobility, modernization and survivability solutions

maritime domain awareness and navigation systems

systems and software engineering

network and communications management

decision support systems for command and control

We employ over 650 engineers, scientists, IT professionals, software developers and analysts who deliver solutions to our U.S. government customers in the U.S. and overseas in their respective theaters of operation.

Our revenue for 2008 was \$189.4 million and our revenue for the nine months ended September 30, 2009 was \$157.1 million. As of September 30, 2009, our total backlog was \$657.9 million, of which \$122.0 million was funded and \$535.9 million was unfunded. For a discussion of how we calculate backlog, see [Backlog](#).

We conduct our business through two reportable segments: Technology and Intelligence Services, or TIS, and Force Mobility and Modernization Systems, or FMMS. See [Management's Discussion and Analysis of Financial Condition and Results of Operations](#) and note 16 to our consolidated financial statements for financial disclosures related to our two reportable segments. Through our TIS segment, we provide a broad range of technology-based services and solutions, including counter-terrorism and intelligence solutions and command, control and decision support solutions, to customers in the Department of Defense, the Intelligence Community and other U.S. agencies. Our TIS segment is comprised of the operations of TAC and our Global Mission Systems, or GMS, division. Through our FMMS segment, we provide customers, primarily in the Department of Defense, with solutions that entail the design, engineering and integration of highly mobile mission support systems. Our FMMS segment is comprised of the operations of our Global Defense Engineering, or GDE, division.

In 2008, we derived substantially all of our revenue from national security customers. Approximately 74% of our revenue was derived from the Department of Defense, including the U.S. Army, U.S. Navy, U.S. Marine Corps, National Guard and Department of Defense agencies within the Intelligence Community, and approximately 26% of our revenue was derived from national security agencies including the Department of Homeland Security, federal law enforcement agencies and other agencies in the Intelligence Community.

We have experienced organic growth in the past several years and are operating in market segments that are well-funded. As a result, our revenue has grown at a compound annual growth rate, or CAGR, of 17.7% from the twelve-month period ended March 31, 2005 to the twelve-month period ended September 30, 2009. We intend to accelerate our growth through the acquisition and integration of technology-driven national security companies and capabilities into our current business.

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### **Our Market Opportunity**

The Department of Defense represents the largest component of the U.S. government's discretionary spending, accounting for approximately 19.5% of total requested fiscal year 2010 budget authority. For fiscal year 2010, the defense budget is approximately \$664 billion, including a base defense budget of \$533.7 billion (an increase of \$20.4 billion from fiscal year 2009) and an additional \$130 billion for overseas contingency operations, primarily in Iraq and Afghanistan. The national security market also includes the Intelligence Community budget, which according to the Office of the Director of National Intelligence was approximately \$48 billion in fiscal year 2008, as well as the Department of Homeland Security, for which the President has requested approximately \$55 billion in funding in fiscal year 2010, and other domestic spending on national security programs.

According to INPUT, an independent federal government market research firm, the contracted portion of the fiscal year 2009 federal budget devoted to defense-related information technology products and services is approximately \$29 billion, making the Department of Defense the largest purchaser of such products and services in the federal government in fiscal year 2009. That budget is expected to grow to \$33 billion by 2014, representing a 3% CAGR. In addition, according to INPUT, the President's fiscal year 2009 budget request allocates \$47 billion to contracted IT spending at other federal government agencies; this is expected to increase to \$58 billion in 2014, representing a 4% CAGR. The portion of federal IT spending expected to be outsourced, which INPUT has estimated to be \$18 billion in fiscal year 2009, is expected to grow to \$21 billion in 2014, representing a 4% CAGR.

While defense and intelligence spending have grown tremendously since September 11, 2001, there has also been a realignment in the strategic priorities of the U.S. national security community. With the change in national security focus from conventional state-on-state conflicts (such as Operation Desert Storm) to counter-terrorism, stability in fragile but strategic regions, counterinsurgency warfare and other forms of irregular or expeditionary warfare, there has been a concomitant shift in defense and intelligence investment. We believe this dynamic is accelerating. Secretary of Defense Robert Gates addressed this theme in his January 2009 article published in *Foreign Affairs* entitled, "A Balanced Strategy: Reprogramming The Pentagon for a New Age," in which he cited the overwhelming advantage the U.S. has in conventional military power and determined that this is an area in which the U.S. knowingly assumes some additional risk. By assuming more risk in conventional warfare, the U.S. national security establishment can reallocate defense and intelligence spending to contemporary threats and challenges ranging from terrorism and cyber-security to supporting operations in austere or undeveloped environments. Moreover, in facing even conventional threats, the strategic priorities and investment strategies are changing. In the industrial age more weapons platforms—tanks, ships and planes—allowed for more military effect. In the information age, better C4ISR systems that link networks of sensors to shooters allow for fewer weapons platforms while producing increased military effect.

Secretary Gates submitted a fiscal year 2010 defense budget, a budget he has referred to as a "Reform Budget," that is consistent with the strategic priorities outlined in his January 2009 article. In that budget, which President Obama has endorsed, the Pentagon is making a significant reallocation of investment priorities to align the budget with the "Balanced Strategy" and allocation of risk between conventional and unconventional threats. The fiscal year 2010 budget cancels or delays a number of major aircraft purchases or programs, cancels or delays significant shipbuilding plans, and even cancels the manned vehicle component of the U.S. Army's future combat systems program. Instead, funding has been shifted to a number of different intelligence, surveillance and reconnaissance, or ISR, priorities, cyber-security, command and control systems linked to ISR, and other capabilities that are directed at asymmetrical challenges such as counter-terrorism, counterinsurgency and operations in austere or undeveloped environments. The legislatively mandated Quadrennial Defense Review, which is scheduled to be released by the Pentagon in early 2010, will likely reflect this "Balanced Strategy" and new investment priorities.

Both Congress and the Obama administration have also signaled that they will take steps to redress what they consider to be an over-reliance on government contractors in the Clinton and Bush administrations to perform tasks that should be considered inherently governmental. Secretary Gates has announced his intention

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to convert 11,000 contractor positions to government positions over the next year. Almost all of these will be defense procurement related positions. Because most of the inherently governmental conversions will focus on pre-award activities, government-run program management offices, or quality assurance/quality control (QA/QC) functions, we do not anticipate that the Obama administration's in sourcing initiatives will effect government contractors, such as ourselves, who provide technology or engineering services, especially value-added and technologically differentiated services.

Even before the submission of the fiscal year 2010 defense budget and Secretary Gates' articulation of the Balanced Strategy behind it, the Obama administration and the Congress clearly signaled their intent to intensify the U.S. government's focus on addressing post-Cold War national security challenges, new intelligence missions and systems, the use of soft power (in the form of humanitarian assistance and relief, support of civil institutions, job and skills training, stabilization and reconstruction activities) to stabilize post-conflict and fragile but strategic areas, and homeland security. This perspective, and the programmatic and budgetary decisions that are emerging, make for a strategic landscape that we believe presents us with a significant market opportunity.

We believe the following trends and developments will drive continued growth in our target markets.

### ***Robust Funding for Intelligence and Counter-Terrorism Programs***

Counter-terrorism efforts both at home and abroad are likely to remain a central focus of the U.S. government and the Obama administration. In the military, intelligence and homeland security/law enforcement communities, programs that create expertise, systems and solutions for the ever-evolving threat of terrorism are a top priority. All of these government agencies are not only reorganizing themselves to address this threat, but relying on contractors to provide analysis, technologies, solutions and services to assist them. We believe the initiatives of Homeland Security and the Intelligence Community to promote data sharing and intelligence collaboration among the many agencies involved in these missions will remain a top priority. Increasingly, the critical ingredients of successful intelligence and homeland security work are the information systems that collect, organize, tag, store and manipulate data about terrorists or terrorist threats and feed that information into decision support tools for those government agencies entrusted with protecting the U.S. from these threats.

The intelligence budget for fiscal year 2008 totaled approximately \$48 billion, a 9% increase from fiscal year 2007, and has grown at a compound annual rate of 6% over the last 10 years since fiscal year 1998, when it totaled \$27 billion. We believe that the Intelligence Community will continue to see growth in its budget as the global threat of terrorism continues.

### ***A Continued Drive Toward Force Mobility and Modernization in all the Services***

For decades the U.S. military services have designed their equipment and processes around the mission to defend Western Europe. Because that mission was forecasted to take place in a theater with reliable and mature infrastructure, at the end of the Cold War the U.S. military was ill-suited for rapid expeditionary deployments to austere environments, characterized by undeveloped and sometimes non-existent infrastructure. Over the past 15 years, and more recently for theaters such as Iraq, Afghanistan, Africa, Southeast Asia and elsewhere, the military services have had to design new systems to support expeditionary forces to be deployed quickly to remote areas with little or no infrastructure for the delivery of power, water and other essential services. Designing and supporting a military for what is known by the Pentagon as expeditionary warfare is a long-term strategic initiative that will outlast the current engagements in Iraq and Afghanistan. In addition, a new combatant command (U.S. Africa Command) focused on the deployment of soft power to Africa will require a new suite of expeditionary capabilities and systems. We expect that the requirement to support worldwide force mobility and modernization for U.S. forces will remain a priority for the Department of Defense and other national security agencies.

Our work in this area derives principally from the Department of Defense's force mobility and modernization programs, which are funded from the procurement, research and development, testing and evaluation, and operations and maintenance segments of the Department of Defense's base budget. In the fiscal

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year 2010 budget, these segments represent approximately \$340.5 billion. In addition, supplemental spending bills related directly to the conflicts in Iraq and Afghanistan, as well as counter-terrorism efforts in general, have contributed programmatic funding to systems supporting these requirements.

The fiscal year 2010 defense budget includes \$130 billion for overseas contingency operations, primarily to fund operations in the Iraq and Afghanistan theaters. Of that, more than \$8 billion is directed to subsistence and logistics support for the troops deployed in Iraq and Afghanistan.

### ***Emphasis on Enhancing the Information Advantage in Warfare***

The most sustainable advantages in warfare and security are generally viewed to be obtained from the way in which military forces and national security agencies collect, organize, tag, store and manipulate information to support warfare. While funding for expensive platforms may be at risk in the future, we believe that the military and intelligence funding to create a proprietary information network of digitally linked sensors, data processors and decision support tools for command and control will remain a top priority for the U.S. government. C4ISR systems and a net-centric environment are intended to allow the U.S. military to have fewer weapons platforms while producing increased military effect. We believe the funding stream for these programs is likely to remain strong. The technologies and systems used to integrate weapon systems with real-time digitized ISR networks are both critical and complex, as are the command and control systems that allow for information sharing and provide decision support to that network. Funding for the continued development and production of these systems and solutions in fiscal year 2010 is expected to be included in the Department of Defense's modernization, operations, readiness and support funds, its overall IT budget, and from funds allocated to the Intelligence Community.

### ***A Continued Commitment to Long-Running Overseas Contingencies Operations***

Even with the U.S. military drawdown in Iraq, there will still be hundreds of thousands of uniformed U.S. service members deployed worldwide, especially on long-running overseas contingencies operations, or OCOs, in the Middle East and Afghanistan. President Obama committed an additional 21,000 troops to Afghanistan in March 2009. Whether or not the President approves an additional deployment of combat troops or simply commits to a surge in military training, capacity building, and reconstruction, the U.S. military footprint in Afghanistan will increase. The surge in troop levels there and the commitment to other operations worldwide entails a rise in the need for services, technology and engineering solutions to support those deployments. We have intelligence specialists, proprietary command and control systems and advanced expeditionary systems deployed to Afghanistan in support of the U.S. and coalition efforts there. In particular, the austere operating conditions in Afghanistan, with its power, water and fuel challenges, as well as lack of roads and other reliable infrastructure, lend themselves to the force mobility and survivability systems we design for the U.S. military.

### ***Our Business Strengths and Competitive Advantages***

Our ability to provide innovative systems, solutions and services in support of key national security priorities is a result of the business strengths and competitive advantages outlined below. Because of these advantages, we believe that we are well-positioned to capitalize on the market opportunities presented by the Obama administration's defense and intelligence spending priorities and to support the ongoing and new requirements of customers and programs in these mission-critical areas.

### ***Alignment with Policy Priorities and Military Requirements***

Our core capabilities and exemplary past performance are well-aligned with the top priorities of the Obama administration and the national security community. Our capabilities and expertise closely match current and expected future requirements in the defense, intelligence and homeland security communities. For example, we provide not only high-level expertise for counter-terrorism analysis, but also design systems, data fusion tools and other technology solutions for intelligence and law enforcement agencies performing the counter-terrorism mission. Our software engineering, systems engineering and scientific research and development skills used in

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our work for the U.S. Navy and the U.S. Coast Guard apply across the whole range of C4ISR challenges in military and homeland security markets. We have strong market position in providing a range of innovative systems engineered specifically for the U.S. military's move to a more expeditionary footing as part of the Pentagon's long-term force mobility and modernization priorities, especially for operations in austere or undeveloped environments.

### ***Highly Skilled Workforce with High-Level Security Clearances***

We work with customers in highly classified environments due to the mission-critical nature of the systems we support and the complexity of the solutions we provide. This work requires highly skilled employees with appropriate levels of security clearances. Over 435 of our approximately 680 employees have security clearances and two-thirds of those are at the Top Secret level or above. In the parts of our business that support counter-terrorism programs and C4ISR efforts, over 90% of the employees have clearances. Over 20% of our employees have advanced degrees, principally in technical sciences, and 48 employees hold Ph.D. s.

### ***Strong Contract Base***

As of September 30, 2009, over 88% of our revenue is derived from our work with the U.S. government as a prime contractor. Many of these contracts also have not yet reached their funding ceilings and so have more potential for additional systems and services to be procured through them. Other contracts provide flexible enough procurement vehicles to allow an array of existing or new customers to engage us quickly and efficiently to meet their mission-critical needs.

### ***Long-Term Customer Relationships Based on Our Mission-focused Culture***

We have worked with many of our customers for long periods of time, decades in some cases. Over that time we have been providing differentiated technology services, mission expertise and innovative solutions for mission-critical military and national security programs. We believe that key factors contributing to the longevity of our customer relationships are our mission-focused culture and the subject matter expertise and level of understanding we have of our customers' requirements. Our culture is built around an affinity for and connection to our customers' national security mission. We believe we have developed with our government customers a reputation for exemplary work, integrity, a commitment to outstanding customer service, an alignment with the mission and a heritage of trust.

### ***Disciplined and Experienced Growth-Oriented Executive Management Team***

The members of our executive management team have a successful track record of identifying and pursuing and executing on key growth opportunities in the military and national security marketplaces, developing integrated and innovative solutions and services for customers in those markets, and winning large contracts for those services from those customers. In addition, members of our executive management team have considerable experience as executives of private and publicly traded companies in identifying, acquiring and integrating strategic acquisitions.

### ***Proprietary Technology, Intellectual Property and Know-How***

We create and own intellectual property and know-how relating to technologies, processes and methods. Our innovations in sensor integration, decision support systems for both the military and intelligence markets, maritime navigation, network and communications management, tactical water purification and reuse, and highly engineered force mobility support solutions have enhanced our reputation in the industry as an innovative mission systems provider.

### ***Our Growth Strategy***

Our objective is to become a leading mid-sized defense and national security technology company that is clearly differentiated from our competitors by our mission solutions. We intend to achieve this goal through solid

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organic growth, leveraging our intellectual property to secure and maintain a sustained technological advantage, and the focused strategic acquisition and integration of other innovative defense technology and intelligence companies.

Our key strategies for achieving this objective are to:

### ***Focus on Growth Segments in the National Security Space***

We intend to expand our position in well-funded and rapidly growing U.S. government national security programs and policy priorities such as counter-terrorism, technology solutions for data fusion, mission-focused command, control and decision support tools and building net-centric C4ISR, and force mobility and modernization systems.

### ***Expand Customer Presence and Increase Base of Customers/Contracts***

We plan to increase our level of business from our existing customer base by expanding the range of services we provide to customers with whom we have developed successful relationships. In the past, for example, we have been very successful in building on an initial engagement with a customer for limited-scope technology consulting, and then going on to win larger and more sophisticated original software engineering or systems engineering work for the same customer across different contracts. We also intend to broaden our national security client base to other agencies and military services that require services similar to those we provide to existing customers, but with whom we do not now perform a large amount of work.

### ***Pursue Strategic Acquisitions***

We will actively pursue focused strategic acquisitions that enhance and expand our core capabilities and broaden our customer base into other high-growth national security segments consistent with our overall strategic objectives. Combined with our continued organic growth, this will provide both new customers, capabilities, technologies and talent and the additional critical mass to pursue larger-scale, technology-based national security contracts. Our executive management team brings significant experience in building defense companies through strategic acquisitions. We believe that the experience of our executive management team in effectively identifying, acquiring and integrating acquisitions will advance this strategy.

### ***Pursue Larger and More Complex Contracts as a Prime Contractor***

We intend to leverage our strong set of complementary capabilities to win larger and more complex contracts as a prime contractor in key areas such as C4ISR, counter-terrorism/intelligence and force mobility and modernization. As we gain more capabilities, organically and through acquisitions, we expect to position ourselves effectively to win more complex contracts. We will continue to base our bid strategies on the differentiated solutions we provide to the customer and our intimate knowledge of customers' mission requirements.

### ***Maintain Our Technical Leadership***

We intend to continue to attract and retain highly skilled employees and to focus our research and development efforts in high-value areas such as network communications and management, sensor integration, decision support tools, data fusion systems, and the design, engineering and integration of highly mobile mission support systems to maintain our proprietary leading-edge technical position.

### **Capabilities and Customer Solutions**

We tailor our solutions to our customers' requirements based on our technical acumen and knowledge of the mission, often helping the customer define their requirements and range of needs. We then formulate and propose a specific solution that is often technologically differentiated from competitors' proposals to the same customer.

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*Capabilities*

Our business is driven by the following core capabilities and expertise:

*Software Engineering*

*Technology Development*

*Systems Engineering*

*Engineering Design, Prototyping and Integration*

*Mission System IT & Architectures*

*Software Engineering*

We design, develop, document, test, integrate and implement custom software modules and solutions focused on C4ISR and Intelligence Community applications. See Relevant Industry Terms for a definition of C4ISR and Intelligence Community. These services range from firmware development for weapons systems to web-based portal development for network operations centers. We also develop applications that provide real-time sensor control and fusion, data integration and correlation, communications management, cross-domain solutions, knowledge management, automated navigation systems and decision support systems. We have a Capabilities Maturity Model Integration (CMMI) Level III certification issued by the Carnegie Mellon Software Engineering Institute in June 2009. The CMMI Level III rating certifies that we have implemented best practices associated with integrated product and process development and supplier sourcing. Using these certified practices and processes, we have optimized our software production in areas such as schedule, quality, repeatability and goal completion. The U.S. government often requires a CMMI Level III rating as a qualification to bid on complex software development and systems integration projects.

*Systems Engineering*

We provide services to design, develop and implement custom mission systems for communications, decision support and sensor integration. In this capacity we provide systems, solutions and services for dynamic network and bandwidth management, joint law enforcement and Department of Defense tactical data links, network topology design, integration of legacy systems and interfaces, integration of diverse and disparate sensors, geospatial systems and data fusion for decision support.

*Mission Systems IT & Architectures*

We design, develop and run mission-critical information technology systems and architectures. Beginning with a set of requirements, we combine our operational subject matter expertise (e.g., intelligence and C4ISR) and our information technology capabilities to develop new operational approaches and methodologies into the mission architecture. Among other solutions, we use this capability in the design and operation of a key terrorist tracking center in the national security/law enforcement community.

*Technology Development*

Our technology development capabilities involve teams of research engineers seeking innovative approaches to complex and enduring national security problems. We investigate and develop new technologies that can be used to improve, enhance or create new systems and solutions for use by military and national security customers. We lead customer-funded research and development efforts at government research laboratories in the fields of electronics, acoustics, electronic warfare, radar, optics, chemistry, plasma physics, materials, space sciences and other disciplines. Our personnel also integrate sensors, components and devices on aircraft and into aircraft reconnaissance pods.

*Engineering Design, Prototyping and Integration*

We design, assemble and deploy a number of highly-engineered solutions for the U.S. military services to support force mobility and modernization requirements and to move the U.S. military to a more expeditionary footing. Our engineering expertise is in designing new systems to service support requirements in the field for highly mobile and survivable systems with a smaller footprint or more efficient water, power, electric, communications and operational configurations. We are an ISO 9001:2000 approved company.

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### ***Customer Solutions***

The solutions we offer our customers fall into the following two major categories:

*Counter-Terrorism, Intelligence, and Command, Control and Decision Support Solutions*

*Highly Engineered Force Mobility and Modernization Solutions*

*Counter-Terrorism, Intelligence, and Command, Control and Decision Support Solutions*

*Watch-standing systems for U.S. government agencies.* We provide IT specialists, software developers and counter-terrorism subject matter experts to a number of agencies in the U.S. government who maintain active terrorist watch lists and counter-terrorism analytical centers. Our experts assist the government with the technical infrastructure required for all-source strategic and tactical analysis. For the systems and tools we design and develop, we also provide the experts to monitor multiple classified and unclassified networks for potential terrorist-related threats, and to provide early warning and threat notification to key government officials for rapid decision-making. We also assist the government by facilitating the flow of critical information between federal, state and local agencies. We believe our work contributes significantly to closing the gaps between the collection and analysis of actionable intelligence.

*Management of a Software Development Center for a national security agency.* We perform custom application development, integration and various levels of analysis, testing and validation.

*Analytical and information-sharing tools to integrate commercial off-the-shelf software with government systems.* For a prominent Intelligence Community customer, we are currently deploying innovative analytical tools and specialists to facilitate faster and more thorough analysis of threats, as well as cross-agency information sharing. We integrate key data sources to explore relationships of interest. These findings can then be shared among analysts in a collaborative work environment.

*Identity management solutions.* We design solutions to enable clients to counter the threat of terrorism on the Internet by analyzing the increased use of the web by extremist organizations, with a focus on identifying and analyzing terrorist communications and attack planning. Using our solution, analysts can identify, monitor and assess the intent and capabilities of extremists via the Internet.

*Complex network and communications toolkits and solutions for the U.S. Navy and the U.S. Coast Guard.* These solutions include network topology design, data encryption algorithm development, cross domain solution development, data visualization and high assurance guard (HAG) development, which enables the transfer of classified and unclassified data to and from multiple security enclaves (groups of machines pulled together to protect networks from outside interference and attacks by forming secure virtual subnets). Our solutions are applied to dynamic and heterogeneous voice, video and data infrastructures for mission-critical systems and weapons platforms.

*Systems and tools to integrate, process and distribute data from diverse and disparate sensors, equipment and information sources that allow decision-makers to improve their situational awareness and decision making.* Using proprietary tool kits and systems, we have developed solutions such as WatchIT, which integrates complex sensor data with a geospatial overlay into a desktop command and control system. This capability allows operators to intuitively manage a large array of sensor systems and automates many of the manual tasks that the decision-maker must execute in a time of crisis. In addition to WatchIT, we have developed a plug-and-play architecture for legacy and state-of-the-art C4ISR sensors. This architecture, called ResourceNet, provides a quick and easy application interface for any kind of sensor or network appliance with a digital interface, greatly reducing the non-recurring

costs for sensor/device integration.

*Navigation and geospatial information systems to enhance maritime domain awareness.* For over 15 years we have designed and deployed computer-based navigation systems and geospatial information systems that integrate data from multiple sensors in order to give the U.S. Coast Guard and other maritime services real-time situational awareness of the littoral waterways and port/harbor environments.

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### *Highly Engineered Force Mobility and Modernization Solutions*

*Innovative tactical water purification systems that provide high quality drinking water to U.S. troops in operational environments.* The system is capable of purifying, storing and dispensing potable water from fresh, brackish, sea and nuclear, biological and chemically contaminated waters. Our water purification technology has also been extended to shower waste water reuse. This initial design is also being extended to handle laundry and other gray waters to provide a more general use. In addition to our systems for purifying water, we are also developing systems to transport and to package drinking water for users in the field. We are currently pursuing revenue opportunities for these water technologies.

*Operational systems that support deployed military personnel over extended periods in austere field environments.* These systems are expeditionary field feeding units, showers, laundries and waste disposal units to support personal hygiene. We also provide a complete, self-contained expeditionary base camp system that provides billeting, feeding and hygiene services for over 550 soldiers and support staff. We design units that are entirely self-sufficient and environmentally-friendly.

*Transportable military medical systems.* These systems include service-proven Mobile Dental Units (MODENT), Chemical Protected Deployable Medical Units (CPDEPMED), and Chemical Protected Expeditionary Waste Disposal Units to support personal hygiene for mobile military hospitals.

*Command and control systems used for communications and mobile applications.* We have developed significant expertise in mobile systems integration of communications and electronics equipment into platforms ranging from land vehicles to transportable shelters.

*Technical, engineering, and software development support services.* We have been supporting the U.S. Army Aberdeen Test Center, Aberdeen Proving Ground continuously for over 20 years, providing scientific and engineering support for the development of instrumentation systems and test facilities. Our support has been enhanced with on-site engineers and software developers. The emphasis has been quick response design and development of instrumentation solutions to collect, process and display operational characteristics associated with testing of military systems.

### **Business Development**

Our organic growth has been driven by a disciplined and growth-oriented business development process centered on the defense, intelligence and homeland security communities, individual agencies and specific capabilities and program areas. As such, we have business development teams that focus on the Department of Defense, the Intelligence Community and the Homeland Security marketplaces. Within each team, account managers specifically target agencies or program areas representing attractive opportunities. Historically, our business development efforts have been driven principally by our existing services and solutions.

Most of our past business development activity was focused on selling current capabilities to current customer groups. In the past year, we have built a corporate-level business development capability to pursue opportunities that cut across our core competencies and customer groups, and that are more complex in both scope of task and depth of solutions required.

Our executive management team is focused on growth and business development, and plays a central role in identifying, qualifying, and bidding on opportunities for large and complex contracts that cut across our core competencies and customer groups. The members of our executive management team are subject matter experts in the mission areas of our customers and in the government procurement and acquisition fields, serving in visible leadership positions in industry groups, publishing articles in professional journals and speaking in expert forums. In 2009, we hired an experienced business development manager with a track record of winning large contracts. Our corporate business development function also oversees our pipeline and bid status. Our operating management team regularly reviews all of our business development efforts with the Chief Executive Officer and Chief Financial Officer.

We place a high value on our understanding of our customers' mission and technology requirements in our business development process. Our account-based and capabilities-based business development approach allows



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us deep domain expertise with respect to both our customers' needs and also the technology and engineering areas in which we operate. The relationships we have with our customers and the subject matter expertise we have in the industry help us create differentiated mission-critical solutions for our customers. We use industry standard methods for the business development process itself, including examining customer and market trends/data, qualifying possible work, solutions creation and generating proposals that capture our value proposition to the customer. We always aim to be the prime contractor on any opportunity on which we will bid, but will be a subcontractor when necessary to perform good work for mission-critical customers. We have four legacy small business contracts with the U.S. Navy Research Laboratory. Consistent with other U.S. Navy Research Laboratory contracts awarded to us during the last two years that have transitioned from small business to large business contracts, these contracts are scheduled for recomplete during 2009 and 2010 as large business awards.

Some of our business has been awarded to us without competition. We call these "sole source" awards. We win these awards, particularly for some of our counter-terrorism and force mobility and modernization programs, because we have proven technical capabilities that we believe are superior to almost any known competitor and a trusted relationship with the customer.

### **Competition**

We both compete against and team with a number of different technology services companies in the course of bidding on government contracts.

We compete against large prime contractors, who may have greater financial capabilities than we do. We also compete against mid-tier technology services firms, as well as smaller, more specialized companies that concentrate their resources on particular segments. The same companies are often partnered with us as prime-sub or sub-prime teams on various opportunities.

We believe our principal competitors in these categories include the following companies in our TIS segment:

Among large defense contractors, Lockheed Martin Corporation, SAIC, Inc., Northrop Grumman Corporation, BAE Systems plc, General Dynamics Corporation, The Boeing Company, ITT Corporation and L-3 Communications Holdings, Inc.

Among mid-tier technology services firms, SRA International, Inc., CACI International Inc., Stanley, Inc. and ManTech International Corporation.

In our FMMS segment:

We mostly compete against smaller niche organizations, including Carlin Manufacturing, LLC, Highland Group Industries, Inc., Tri-tech Inc., as well as, AAR Mobility Systems, a division of AAR Manufacturing, Inc. and DRS Technologies, Inc., a subsidiary of Finmeccanica S.p.A.

### **Customers**

We derive substantially all of our revenue from contracts with federal government agencies involved with national security missions. Our customers include the Department of Defense, Department of Homeland Security, the Department of State and other national agencies. For 2008, we derived approximately 74% of our revenue from the Department of Defense, including the U.S. Army, U.S. Navy, U.S. Marine Corps and National Guard and Department of Defense agencies within the Intelligence Community and approximately 26% of our revenue from national security agencies including the Department of Homeland Security, federal law enforcement agencies and other agencies in the Intelligence Community.

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Our customers include various intelligence, defense and other national agencies such as:

<i>Department of Defense</i>	<i>National Security Agencies</i>
Space and Naval Warfare Systems Command (SPAWAR)	Other Intelligence Community
Naval Research Laboratory (NRL)	Department of Homeland Security
U.S. Army Aberdeen Test Center	Department of Justice
U.S. Army Natick Soldiers Systems Center	Transportation Security Agency
U.S. Army TACOM (Tank-Automotive and Armaments Command)	U.S. Coast Guard
Department of Defense Intelligence Community	Department of State

**Contracts**

We derive revenue primarily from contracts with U.S. government agencies that are focused on national security and as a result, funding for its programs is generally linked to trends in U.S. government spending in the areas of defense, intelligence and homeland security. In response to evolving terrorist threats and world events, the U.S. government has substantially increased its overall defense, intelligence and homeland security budgets in the past several years.

We provide our services and solutions under three types of federal government contracts: fixed-price, time-and-materials and cost-plus.

For the nine months ended September 30, 2009, we derived approximately 58.7%, 29.3% and 11.9% of our revenue from fixed-price, time-and-materials and cost-plus contracts, respectively, and approximately 88.4% of our revenue was derived from contracts in which we are the prime contractor with the remaining 11.6% being derived from contracts in which we are a subcontractor. For the year ended December 31, 2008, we had three contracts that each accounted for over 10% of our revenue, for a total of \$91.0 million, or 48.1% of our total revenue. For the nine months ended September 30, 2009, we had three contracts that each accounted for over 10% of our revenue, for a total of \$75.9 million, or 48.3% of our total revenue.

See Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion on our contracts. See also Risk Factors - Risks Related to Our Industry. Our U.S. government contracts may be terminated by the federal government at any time and, if we do not replace terminated contracts, our operating results would be adversely affected.

**Backlog**

We define total backlog as the amount of revenue we expect to realize (i) over the remaining base contract performance period and (ii) from the exercise of option periods that we reasonably believe will be exercised, in each case from signed contracts in existence as of the measurement date. We also include in backlog our estimates of revenue from future delivery orders on requirements and ID/IQ contracts. At times, our estimates of future revenue on such contracts are less than the contract ceiling.

We define funded backlog as the portion of our total backlog for which funding is currently appropriated and obligated to us under a signed contract or task order by the purchasing agency, or otherwise authorized for payment to us by a customer upon completion of a specified portion of work. Our funded backlog does not include the full potential value of our contracts, because the Congress often appropriates funds to be used by an agency for a particular program or contract only on a yearly or quarterly basis, even though the contract may call for performance over a number of years. As a result, contracts typically are only partially funded at any point during their term, and all or some of the work to be performed under the contracts may remain unfunded unless and until the Congress makes subsequent appropriations and the procuring agency allocates funding to the contract. Unfunded backlog is total backlog minus funded backlog.

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As of September 30, 2009, our total backlog was \$657.9 million, of which \$122.0 million was funded and \$535.9 million was unfunded.

### **Properties**

Our executive offices and certain of our operations are located at 1501 Farm Credit Drive, McLean, Virginia. We also have other facilities in Virginia, Maryland, South Carolina and California. Additionally, we have high-level Sensitive Compartmented Information Facilities (SCIFs) that are used for classified work. Many of our employees are located in facilities provided by the U.S. government. We do not currently own any real estate. The total square footage of our leased offices and facilities are approximately 340,000 square feet, of which 200,000 square feet are a part of our integration and prototyping facility in Easton, Maryland. We believe our facilities meet our current needs and that additional facilities will be available as we expand in the future.

### **Legal Proceedings**

From time to time, we are involved in legal proceedings arising in the ordinary course of business. Currently, we do not have any litigation pending the outcome of which, if unfavorable to us, would have a material adverse effect on our financial condition and results of operations.

### **Employees**

As of September 30, 2009, we had approximately 680 full-time and part-time employees. 144 of those employees hold advanced degrees, with 48 of those holding Ph.D. s. 436 of our employees hold security clearances with 290 of those clearances at the level of Top Secret or above. None of our employees are subject to collective bargaining agreements.

### **Intellectual Property**

We believe we have a number of trade secrets and other forms of intellectual property that contribute to our success and competitive position; however, while we endeavor to protect the secrecy of this proprietary information, our solutions are not dependent on patent protection. We own a number of trademarks and copyrights. We rely upon a combination of nondisclosure and other contractual arrangements and trade secret laws to protect our proprietary rights and also enter into confidentiality and intellectual property agreements with our employees that require them to disclose any inventions created during employment, convey all rights to inventions to us, and restrict the distribution of proprietary information.

### **Research and Development**

We regularly perform research and development activities for our clients under contract. Our clients generally retain the rights to all intellectual property developed under those contracts. In addition, we also pursue independent research and development activities to enhance our competitive position. We incurred costs for our independent research and development of \$1.0 million for the nine months ended September 30, 2009.

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*Prior to this offering, except for Ronald Jones, who was one of our officers, all of our officers were officers of our operating subsidiary, GNA. As a result, except with respect to Ronald Jones, when we refer to our officers we mean officers of GNA for the time period prior to completion of this offering and officers of GLOBAL Defense Technology for all time periods thereafter. Prior to October 26, 2009, all of our directors were directors of our operating subsidiary, GNA. As a result, when we refer to our directors and board committees, we mean directors and board committees of GNA for the time period prior to October 26, 2009 and directors and board committees of GLOBAL Defense Technology for all time periods thereafter.*

**Executive Officers and Directors**

The following table sets forth information concerning our directors and executive officers as of November 4, 2009.

<b>Name</b>	<b>Age</b>	<b>Title</b>
Thomas R. Wilson	63	Non-Executive Chairman of the Board
John F. Hillen, III	43	President and Chief Executive Officer, Director
James P. Allen	60	Executive Vice President and Chief Financial Officer
Ronald C. Jones <sup>(1)</sup>	51	Executive Vice President, Corporate Development and Director
Michael Weixel	55	Senior Vice President, Contracts and Administration
Kirk Herdman	45	Senior Vice President, Business Development and Operations
Alexander Drew	48	President, The Analysis Corp.
Stephen Corey	46	Senior Vice President
Timothy Jones	46	Vice President and General Manager
A. Damian Perl	41	Director
Jacques S. Gansler	74	Director
John J. Devine	68	Director

(1) To be named Executive Vice President, Corporate Development immediately prior to the registration statement of which this prospectus forms a part being declared effective.

Set forth below is biographical information for our directors and executive officers.

*Thomas Wilson*, Vice Admiral, U.S. Navy (Ret.) has served as a director since March 2007 and as Chairman of the Board since October 2008. From 2002 to 2008, Vice Admiral Wilson was associated with Alliant Techsystems, Inc. (ATK) serving in various senior management positions. Promoted to corporate senior vice president in 2003, Vice Admiral Wilson subsequently served as President of the ATK Precision Systems Group until 2006 and later as Senior Vice President for Tidewater Operations, Combatant Command Relations and President of ATK Missile Systems Company. Prior to this, Vice Admiral Wilson served for nearly 34 years in the U.S. Navy, with his last position as Director, Defense Intelligence Agency (DIA) from July 1999 to July 2002. In that position, he served concurrently as Manager of the General Defense Intelligence Program (GDIP) overseeing the planning, programming and budgeting functions for military service and combatant command intelligence centers and staffs. Mr. Wilson currently serves on the board of Global Strategies Group (Integrated Security) Inc., an affiliate of our indirect parent, GLOBAL. He has also served on The Ohio State University Alumni Association Board of Directors and the National Defense Industrial Association Board of Trustees. Mr. Wilson received a B.S. degree from The Ohio State University and a Master's Degree in Management and Human Relations from Webster University.

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*John Hillen* has been our President and Chief Executive Officer since August 2008 and a member of our board of directors since January 2008. Prior to joining us, from January 2007 to August 2008, Dr. Hillen was President of Global Strategies Group (USA) LLC, an affiliate of our indirect parent, GLOBAL. From 2005 to 2007, Dr. Hillen served as U.S. Assistant Secretary of State for Political-Military Affairs. Prior to this, Dr. Hillen was President of what is now CGI Federal Inc., a federal IT services company that is a subsidiary of CGI Inc (NYSE: GIB), a Canadian IT services firm. Prior to that Dr. Hillen led the defense and intelligence business at American Management Systems, Inc. (NASDAQ: AMSY), which was sold to CACI International, Inc. in 2004. From 2000 to 2002, Dr. Hillen served as a Vice President and then Chief Operating Officer of Island ECN Inc., a \$160 million capital markets firm. Prior to joining Island ECN Inc., Dr. Hillen spent 12 years as an officer in the U.S. Army in both conventional and special operations units and has been decorated for his actions in combat. Dr. Hillen currently serves as a trustee at several non-profit institutions, and is the non-executive chairman and member of the compensation committee of Ericsson Federal, Inc. Dr. Hillen also serves on the federal advisory commission for the U.S. Navy, having been appointed to that position by the Secretary of Defense in 2007. Dr. Hillen received a B.A. in Policy Studies/History from Duke University, an M.A. degree in Defense Studies from King's College, London University, a D.Phil. in International Relations from Oxford University and a Master's of Business Administration, or MBA, from Cornell University. Dr. Hillen is the author of several books and numerous journal articles on military and security affairs.

*James P. Allen* has been our Executive Vice President and Chief Financial Officer since May 2009. Prior to joining us, Mr. Allen served as a senior vice president and chief financial officer of several publicly traded companies in the federal information technology sector, including CACI International, Inc., GRC International, Inc. and Veridian Corporation. Mr. Allen serves on the board as a director and audit committee chairman of the following companies: NCI, Inc., Applied Research Associates, Inc., Preferred Systems Solutions, Inc. and as a member of the board of advisors of Stinger Ghaffarian Technologies, Inc. and HeiTech Services, Inc. Mr. Allen received a B.S. in Business and Operation Research and an MBA from the University of Maryland.

*Ronald C. Jones*, immediately prior to the effectiveness of this offering, will become our Executive Vice President, Corporate Development. Ronald Jones has been a member of GNA's board of directors since February 2007. Since March 2006, Ronald Jones has served as President, Technology and Systems, for Contego Systems LLC, our direct parent. Prior to joining Contego Systems LLC, Ronald Jones was Senior Vice President, Strategy and Corporate Development and a director of Gray Hawk Systems, Inc. from 2003 to 2006. From 1995 to 2003, Ronald Jones served as Senior Vice President, Corporate Strategy and Development for Veridian Corporation. From 2004 to 2005, Ronald Jones served on the board of the Infodata Corporation. Ronald Jones received a B.S. in Engineering from the U.S. Naval Academy and an MBA from the University of Pennsylvania, Wharton School of Business. Ronald Jones also served as a commissioned officer in the U.S. Marine Corps.

*Michael Weixel* has been our Senior Vice President, Contracts and Administration since January 2009. From 2007 to 2009, Mr. Weixel served as Vice President, Contracts of Global Strategies Group (Integrated Security) Inc., an affiliate of our indirect parent, GLOBAL. From 1977 to 2007, Mr. Weixel held senior management positions at several companies, including ManTech International Corporation, Gray Hawk Systems, Inc. and Lockheed Martin Corporation. Mr. Weixel received a B.S. in Government from the College of William & Mary and an MBA in Logistics, Operations, and Material Management from George Washington University.

*Kirk Herdman* has been our Senior Vice President, Business Operations and Development since June 2009. Prior to this, and since 2005, Mr. Herdman served as Senior Vice President, for Defense and Space Programs at Wyle Information Systems Inc. From 1988 to 2004, Mr. Herdman served in various positions at Gray Hawk Systems, Inc. and General Dynamics Corporation (formerly Veridian Corporation) including Vice President for Defense Business Development, Vice President of Sales & Marketing for Veridian Corporation's engineering Applied Technology Group (ATG) and Director of Veridian Engineering's San Diego, CA office. Mr. Herdman received a B.S. in Applied Mathematics from Virginia Polytechnic Institute and State University (Virginia Tech) and is a graduate of the University of Virginia's Darden Business School Executive Training Program on Leadership Change.

*Alexander Drew* has been President of The Analysis Corp., a wholly owned subsidiary of GNA, since January 2009. From June 2005 to December 2008, Mr. Drew served as Vice President-Intelligence Operations

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with The Analysis Corp. In 2001, Mr. Drew was recalled to active duty and counterterrorism exercises for NATO and the Department of Defense's Joint Staff J2 (Intelligence). Mr. Drew served as Senior Watch Officer for the National Counterterrorism Center (NCTC) and was the representative from the Defense Intelligence Agency's Joint Intelligence Task Force for Combating Terrorism (JITF-CT) to help establish NCTC's Operations Center until his retirement in May 2005. From 1996 to 2001, Mr. Drew was Senior Vice President and General Counsel of EDGE Tech Corporation, and from 1992 to 1996, was an associate at the law firm of Akin, Gump, Strauss, Hauer and Feld LLP. Mr. Drew served in the U.S. Navy, retiring with the rank of Captain. Mr. Drew received a B.S. in Physics from Miami University of Ohio and a J.D. from the Catholic University, Columbus School of Law.

*Stephen Corey* has been our Senior Vice President since 2004. Since joining us in 1989, Mr. Corey has served in various technical roles and key management positions. Mr. Corey received a B.S. in Management from the University of Maryland.

*Timothy Jones* has been our Vice President and General Manager since February 2009. From 2008 to 2009, Timothy Jones was Deputy General Manager, and from 2005 to 2008, Timothy Jones served as Senior Program Manager and Director of Finance. Prior to 2005, Timothy Jones was a Senior Vice President of the Delmarva Foundation for Medical Care, Inc. Timothy Jones received a B.S. in Economics and an MBA from Virginia Polytechnic Institute and State University (Virginia Tech).

*Damian Perl* has served as a director since April 2009. Mr. Perl is the founder, Chairman and Chief Executive Officer of GLOBAL, our indirect parent company, established in 1998. Prior to 1998 and for a period of a year, Mr. Perl worked on a consultancy basis in the risk management field for industry clients drawn from the energy and mining sectors. Prior to this, Mr. Perl served in the British military both in the Royal Marines Commandos and in Special Forces, and was involved in counter-insurgency operations in Africa and the Balkans. He also advised foreign governments on counter-terrorism, working with indigenous security services and linking civil and military security interests. Mr. Perl is a member of the SAS Regimental Association and the Royal African Society. Mr. Perl received a B.A. degree in Physiology and Biomechanics from Brunel University, London, United Kingdom.

*Jacques Gansler* has served as a director since March 2007. Since 2001, Dr. Gansler has been a Professor at the University of Maryland. From 1997 to 2001, Dr. Gansler served as the Under Secretary of Defense for Acquisition, Technology and Logistics for the Department of Defense. Prior to this, Dr. Gansler served as the Executive Vice President and a Director for TASC Incorporated, an operating unit of Northrop Grumman Corporation. From 1972 to 1977, Dr. Gansler served as Deputy Assistant Secretary of Defense (Material Acquisition) and Assistant Director of Defense Research and Engineering (Electronics). Dr. Gansler is a member of the Defense Science Board, Comptroller General's Advisory Board (CGAB) for the U.S. Government Accountability Office (GAO); and a member of the board of directors of iRobot Corporation where he also serves as chair of the nominating and governance committee. Dr. Gansler also serves on the advisory boards of Israel Aircraft Industries (North America), Ltd., Computer Science Corporation, SafeLife Corporation (formerly Triosyn Corporation), Lockheed Martin Corporation, Space and Integrated Systems Sector and the National Security Advisory Panel, University of Maryland. Dr. Gansler received a B.E. in Electrical Engineering from Yale University, an M.A. in Political Economy from New School for Social Research, an M.E. in Electrical Engineering from Northeastern University and a Ph.D. in Economics from American University.

*John J. Devine* has been a director since March 2007. Mr. Devine is a founding partner and President of The Arkin Group LLC since May 2000. Prior to this, Mr. Devine completed a distinguished career of more than thirty years with the Central Intelligence Agency, serving as both Acting Director and Associate Director of the Agency's foreign operations from 1993 to 1995 and from 1995 to 1998 as the senior CIA representative in Great Britain. Mr. Devine also served as the leader of the Agency's Latin American Division, Counternarcotics Center and Afghan Task Force. Mr. Devine is a member of the Council on Foreign Relations, the Board of Advisors at Claremont Graduate University's School of Politics and Economics and serves on the board of CyberCore Technologies LLC and Global Strategies Group (Integrated Security) Inc., an affiliate of our indirect parent, GLOBAL. Mr. Devine received a B.S. in Social Sciences from West Chester University and an M.A. in Political Science from Villanova University.

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### ***2008 and 2009 Executive Appointments and Departures***

In 2006, our indirect parent, GLOBAL, commenced planning for the establishment of technology operations in the U.S. and hired Ronald Jones to lead this effort. In early 2007, GLOBAL acquired SFA. To ensure a smooth transition, GLOBAL extended two-year employment agreements to a number of SFA's executives who were at or near retirement age, with the expectation that GNA would undergo significant management changes within a two-year period following the date of the acquisition. As a result, prior to the SFA acquisition, GLOBAL identified and hired Dr. John Hillen to succeed the then Chief Executive Officer, Jerry D. Robinson, upon the expiration of his employment agreement in February 2009.

In August 2008, after being notified that his employment agreement would not be renewed upon expiration of its term, Mr. Robinson and we reached a separation agreement, and he resigned as our Chief Executive Officer in August 2008. At such time, we appointed Dr. Hillen to serve as our Chief Executive Officer.

In January 2009, John O. Brennan, who was the President of TAC, left the Company to join the Obama administration as Assistant to the President for Homeland Security and Counterterrorism. Upon Mr. Brennan's departure, we promoted Alexander Drew, the former Vice President-Intelligence Operations of TAC, to serve as the President of TAC.

In February 2009, upon expiration of his employment agreement, our Senior Vice President, Richard Mattingley, retired at age 73. Mr. Mattingly was replaced by Timothy Jones as the new Vice President and General Manager. Prior to his promotion, Timothy Jones was serving as our Deputy General Manager.

In May 2009, in contemplation of a potential initial public offering of our common stock, we hired James Allen to serve as our Executive Vice President and Chief Financial Officer. Mr. Allen replaced Kevin Kissner, formerly GNA's Chief Financial Officer, who continues to serve us as our Vice President-Finance.

In June 2009, we hired Kirk Herdman to serve as our Senior Vice President, Business Operations and Development.

We believe the changes in our executive management team over the past few years will enable us to achieve our growth objectives. The current members of our executive management team have a successful track record of identifying, pursuing and executing on key growth opportunities in the military and national security marketplaces, both through organic business development and the pursuit of strategic acquisition opportunities.

### **Code of Ethics**

We have adopted a code of business conduct and ethics applicable to our officers, directors and employees. A copy of that code will be available on our corporate website at [www.globalgroup.us.com](http://www.globalgroup.us.com) upon completion of this offering. We expect that any waivers of the requirements of the code granted to officers or directors will be disclosed on our website.

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### **Director Independence**

In October 2009, our board of directors undertook a review of the independence of each director and considered whether any director had a material relationship with us that could compromise his ability to exercise independent judgment in carrying out his responsibilities. The board determined, with respect to Messrs. Wilson and Devine, who serve on the board of directors of one of GLOBAL's affiliates, Global Strategies Group (Integrated Security) Inc., or GIS, that service on the board of GIS does not interfere with their ability to exercise independent judgment with respect to carrying out their duties as a member of our board of directors and that any amounts received in connection with service on the GIS board do not represent a material portion of their annual income. As a result of this review, our board of directors has determined that all of our directors, other than Dr. Hillen and Messrs. Ronald Jones and Perl, are independent directors and meet the independence requirements under SEC rules and the listing standards of The Nasdaq Global Market. However, the composition of our board as of the date of this prospectus does not satisfy the requirement under the listing standards of the Nasdaq Global Market that a majority of the directors be independent. We are in active discussions with potential board candidates and expect that an additional director meeting the Nasdaq independence requirements will be elected to our board either prior to or within a brief period of time after the completion of this offering, at which time we will have a majority of independent directors.

### **Board Composition**

Prior to this offering, GNA has operated under a Special Security Agreement (SSA) with the Department of Defense. The SSA is required for GNA to perform certain work it does with the U.S. government because more than 50% of our voting equity is owned by a non-U.S. entity. The purposes of the SSA are to insulate GNA from undue Foreign Ownership Control and Influence (FOCI) and to permit GNA, despite our foreign ownership, to maintain security clearances that are required to perform work on classified contracts. The key elements of the SSA are that it:

imposes substantial industrial security and export control measures within an institutionalized set of corporate practices and procedures;

requires active involvement of senior management (referred to as Officer/Directors) and certain board members (referred to as Outside Directors) in security matters (all of whom must be U.S. citizens and must be eligible to have personal security clearances at the level of GNA's facility security clearance);

provides for the establishment of a government security committee (consisting of cleared Officer/Directors and Outside Directors) to oversee classified and export controlled matters; and

preserves the foreign indirect stockholder's right to be represented on GNA's board of directors, as an Inside Director, with a direct voice in the business management of the Company while denying unauthorized (i) access to classified or export controlled information, and (ii) influence over GNA's business or management in a manner which could result in the compromise of classified information or could adversely affect the performance of classified contracts.

Upon completion of the offering, the SSA will be amended, with the consent of the Department of Defense, to impose its provisions on the Company instead of GNA. Thus our board composition will meet the requirements specified in the SSA. The board of directors will be comprised of Dr. Hillen and Mr. Ronald Jones (each of whom will be an Officer/Director); Mr. Perl (who will be an Inside Director); and Dr. Gansler and Messrs. Devine and Wilson (each of whom will be an Outside Director). Mr. Wilson serves as a non-executive Chairman of the Board.

### **Committees of the Board of Directors**

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. Our board of directors has determined that each of the members of these committees shall be independent under the applicable SEC rules and the listing standards of The Nasdaq Global Market. In addition, each member of the compensation committee shall be a non-employee director as defined in Rule 16b-3 under the Exchange Act and an outside director as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, or the Code. We also have established a government security committee, which is composed of the individuals who served on the government security committee of GNA prior to October 26, 2009.



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### *Audit Committee*

The audit committee consists of Messrs. Devine and Wilson. It is expected that any director nominated to the board prior to or directly after the completion of this offering will, in addition to being independent, qualify as an audit committee financial expert as such term is defined in the Exchange Act and will serve as Chairman of the audit committee.

The audit committee discharges the responsibilities of our board of directors in monitoring our accounting, financial and other reporting and internal control practices and oversees our independent registered public accounting firm. Specific responsibilities of our audit committee include:

evaluating the performance of our independent registered public accounting firm and determining whether to retain or terminate their services;

determining and pre-approving the engagement of our independent registered public accounting firm to perform audit services and any permissible non-audit services, other than immaterial aggregate amounts of non-audit services as excepted under applicable laws and rules;

reviewing and discussing with management and our independent registered public accounting firm the results of the annual audit and the independent registered public accounting firm's review of our quarterly financial statements and annual and quarterly reports;

reviewing with management and our independent registered public accounting firm significant issues that arise regarding accounting principles and financial statement presentation;

conferring with management and our independent registered public accounting firm regarding the scope, adequacy and effectiveness of our internal control over financial reporting; and

establishing procedures for the receipt, retention and treatment of any complaints we receive regarding accounting, internal control or auditing matters.

### *Compensation Committee*

The compensation committee consists of Mr. Wilson and Dr. Gansler, with Mr. Wilson serving as Chairman. It is expected that any director nominated to the board prior to or directly after the completion of this offering will, in addition to being independent, join the compensation committee. The compensation committee discharges the responsibilities of our board of directors in overseeing our compensation policies, plans and programs and reviews and determines the compensation to be paid to our executive officers and other senior management. Specific responsibilities of our compensation committee include:

determining the compensation and other terms of employment of our executive officers and reviewing and approving corporate performance goals and objectives relevant to such compensation;

evaluating and recommending to our board of directors the compensation plans and programs advisable for us, and evaluating and recommending the modification or termination of existing plans and programs; and

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reviewing and approving the terms of any employment agreements, severance arrangements, change in control protections and any other compensatory arrangements for our executive officers.

### *Nominating and Corporate Governance Committee*

The nominating and corporate governance committee consists of Messrs. Devine and Wilson and Dr. Gansler, with Dr. Gansler serving as Chairman. The nominating and corporate governance committee assists our board of directors in promoting our best interests and the best interests of our stockholders through the implementation of sound corporate governance principles and practices. The specific responsibilities of our nominating/corporate governance committee include:

identifying, reviewing, evaluating and recommending for selection candidates for membership to our board of directors;

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reviewing, evaluating and considering the recommendation for nomination of incumbent members of our board of directors for reelection to our board of directors and monitoring the size of our board of directors;

evaluating nominations by stockholders of candidates for election to our board of directors;

reviewing, discussing and reporting to our board of directors an assessment of our board's performance; and

determining adherence to our corporate governance documents.

*Government Security Committee*

Pursuant to the SSA, the government security committee, which consists of Messrs. Wilson and Devine and Drs. Hillen and Gansler, ensures that, throughout its duration, we implement and maintain policies and procedures to safeguard classified information and controlled unclassified information in our possession and that we comply with the SSA, appropriate customer contract provisions regarding security, U.S. government export control laws and regulations and the National Industrial Security Program. The Chairman of the government security committee is Mr. Devine and he has designated Dr. Gansler to be Secretary of the committee. The committee meets, at a minimum, quarterly.

**Compensation Committee Interlocks and Insider Participation**

Although Dr. Hillen and Mr. Ronald Jones have been members of the GNA board's compensation committee since August 2008, they are not members of our board of directors' compensation committee. None of our executive officers currently serves or in the past year has served as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

**Director Compensation**

Prior to this offering, our compensation committee has established non-employee director compensation on an annual basis. For 2008, our compensation committee determined that the non-employee directors of the board (other than Mr. Perl), comprising of Dr. Gansler and Messrs. Devine and Wilson, would each receive annual retainers of \$50,000, payable quarterly, covering up to four regular board meetings. Mr. Perl, a non-employee member of the board appointed in April 2009, did not receive any compensation for his service on the board or any committees of the board. All non-employee directors are entitled to reimbursement of expenses for attending board and committee meetings. The compensation committee has not yet established non-employee director compensation for periods after this offering.

The following table sets forth information concerning non-employee director compensation and expense reimbursement as of the end of fiscal year 2008:

Name	Fees Earned or Paid in Cash	Option Awards	Total
Thomas R. Wilson	\$ 53,625 <sup>(1)</sup>	\$ 4,037 <sup>(2)</sup>	\$ 57,662
Jacques S. Gansler	57,079 <sup>(1)</sup>	4,037 <sup>(2)</sup>	61,116
Jack Devine	52,876 <sup>(1)</sup>	4,037 <sup>(2)</sup>	56,913

(1) Amounts in excess of \$50,000 were for travel expenses related to such director's attendance at meetings of the board.

(2) Amounts set forth represent the expense recognized for financial reporting purposes with respect to fiscal year 2008. See Executive Compensation Compensation Discussion and Analysis Long Term Compensation.



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### **EXECUTIVE COMPENSATION**

*Prior to this offering, except for Ronald Jones, all of our officers were officers of, and compensated by, our operating subsidiary, GNA. As a result, except with respect to Ronald Jones, when we refer to executive compensation we mean compensation for service as an officer of GNA for the time period prior to completion of this offering and compensation for service as an officer of GLOBAL Defense Technology for all time periods thereafter.*

*Prior to this offering, Ronald Jones was an employee of Contego Systems LLC and his compensation was determined by our indirect parent, GLOBAL. As a result, he was not subject to the executive compensation philosophy and programs of GNA described below. Thus, when we refer to Ronald Jones' compensation we mean compensation for his service as an officer of Contego Systems LLC. In connection with this offering, Ronald Jones will be appointed as our Executive Vice President, Corporate Development.*

#### **Compensation Discussion and Analysis**

##### ***Overview of Our Executive Compensation Philosophy***

Our compensation program and policies are designed to attract, motivate and retain executives of outstanding ability in order to achieve our full growth potential and maximize the return to our stockholders.

The primary objectives of our executive compensation program are to:

Attract and retain talent;

Provide total direct compensation opportunities that are competitive with opportunities provided to executives of comparable companies at comparable levels of performance;

Ensure that our executives' total compensation levels are correlated to both our short-term and long-term financial performance in areas such as revenue, net income and operating efficiency, which we believe are then reflected in increased stockholder value over time;

Focus and motivate executives on the achievement of objectives at the individual, business unit and company-wide levels; and

Reward executives in accordance with their relative contributions to achieving strategic milestones and advancing key mission-related objectives.

To achieve these objectives, the compensation committee has implemented compensation policies that tie a substantial portion of the executives' overall compensation to financial and operational goals such as growth in revenue and profit from year-to-year. These compensation policies may be summarized as follows:

Total compensation for executive officers is measured at the 50<sup>th</sup>-75<sup>th</sup> percentile of the median of local and nationally recognized survey data. Our survey information is discussed in more detail below. We believe this is necessary to attract outstanding executives.

The mix of total compensation elements reflects an appropriate balance between competitive market requirements and strategic business needs. We believe the opportunity for executives to receive additional compensation based upon achieving or exceeding established performance objectives properly aligns our equity programs and management's focus with the interests of our stockholders.

The short-term non-equity incentive compensation portion of total compensation, which we refer to as the Management Performance Incentive Plan, provides the opportunity to earn total cash compensation at the upper quartile of competitive pay based on outstanding corporate performance. Each executive is eligible to receive cash incentive payments based on achievement of specific performance measures. The amount awarded annually is determined by the compensation committee's review of the executive's achievement of such performance measures. As an executive's responsibility increases, the portion of his or her total compensation represented by incentive compensation payments increases.

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The long-term equity incentive compensation portion of each executive's annual compensation is linked to our overall performance with a goal of maximizing stockholder return.

Benefits are designed to be market competitive.

### ***Compensation Committee Process***

Our compensation committee meets at least twice a year to evaluate the performance of our executive officers and holds additional meetings as the compensation committee members deem appropriate. The compensation committee is responsible for adopting, administering and maintaining programs and plans involving stock incentives and executive bonuses and other similar compensation programs and any other compensation matters requested by the Board. In addition, the compensation committee is responsible for reviewing and approving the compensation of the Chief Executive Officer and the other executive officers. The compensation committee determines the amount of each element of our compensation program by taking into consideration the competitive landscape, executive's experience, results of operations, short and long term corporate goals and economic conditions.

In 2006, our compensation committee engaged Aon Consulting, Inc., which we refer to as Aon, to provide us with feedback as to the competitiveness of our executive compensation programs compared to comparable companies in our industry represented in the survey data compiled by Aon. Aon did not determine or recommend any particular compensation package for our executives. Rather, Aon provided survey data from comparable companies for persons serving in the same management roles as our executive officers. Aon is independent from us and, except for its work on behalf of the compensation committee, has not been engaged to perform any work for us and has no prior relationship with management.

In addition, management obtains market analysis information and executive compensation survey data obtained from nationally recognized survey providers, including Watson Wyatt Worldwide and Washington Technical Personnel Forum Market Pay Survey. Management and the compensation committee utilize the information obtained through this analysis, together with all other relevant materials, to make informed recommendations and decisions concerning both the composition of and the level of our executive compensation, and to assist in designing executive compensation plans and programs that are aligned with our corporate compensation philosophy. Executives are provided total compensation packages in the 50-75<sup>th</sup> percentile of the median of the compiled survey data.

Historically, our Chief Executive Officer has participated in compensation committee meetings as a member of the committee and made recommendations to the compensation committee with respect to base salary increases, the setting of performance targets and the amounts of any short-term and long-term incentive compensation, and equity awards for our executive officers (other than himself). As noted above, upon completion of this offering, our Chief Executive Officer will not be a member of the compensation committee. Nevertheless, he will provide the committee with feedback regarding the performance of our executive officers, including their contributions toward achieving our corporate performance goals. Our Chief Executive Officer and Vice President of Human Resources have worked, and are expected to continue to work, with the compensation committee to establish the agenda and prepare the materials for compensation committee meetings. Our Chief Executive Officer is not present for portions of compensation committee meetings that involve deliberations with respect to his own compensation. Our other officers may attend these meetings at the invitation of the compensation committee. The compensation committee believes input from management and outside advisors, as noted below, is valuable; however, the compensation committee makes all final compensation decisions based on independent analysis and assessment.

### ***Elements of Executive Compensation***

Our executive compensation program consists of the following components:

base salary, which is designed to allow us to attract and retain the most qualified candidates,

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short-term non-equity incentive compensation (consisting of cash performance bonuses), which is designed to provide performance-based incentives to our executives for the achievement of important financial objectives, and

long-term equity incentive compensation (consisting of stock options and restricted stock awards), which are granted to incentivize executive performance that results in increasing stockholder value.

A detailed description of these components is provided below.

As a result, a majority of each executive officer's (other than Kevin Kissner) total annual compensation opportunity is at-risk and tied to our annual and long-term financial performance, as well as to the enhancement of stockholder value. We have measured the total direct compensation opportunities for executives with the goal of linking such opportunities to performance. Our executive compensation programs are intended to reward achievement of target financial performance with total direct compensation in the range of the 50th-75th percentile of the median of local and nationally recognized survey data. Most of our executives are provided compensation at the 50% median level. In the past, while not reducing salaries, we have reduced annual increases and bonuses for executive salaries in excess of the 50% median. Base salary is generally kept consistent with the market and reflects the complexity and scope of responsibilities for the executive.

Executive officers also receive competitive benefits.

*Base Salary.* We provide a fixed base salary to our executives to compensate them for services provided to us during the year. We utilize base salary as the primary means of providing compensation for performing the essential elements of an executive's job. We believe our base salaries are set at levels that allow us to attract and retain executives in competitive markets. Base salaries are reviewed annually with this objective in mind.

For 2008, the compensation committee approved the following increases in base salary of our executives over 2007 base salaries:

Name	% Increase in Base Salary	2008 Base Salary
Jerry D. Robinson	0%	\$ 389,334
Kevin Kissner	10	170,539
Richard Mattingley	5	263,369
Stephen Corey	5	257,608
John O. Brennan	5	283,962

In general, base salaries for our named executive officers are initially established through arm's-length negotiation at the time the executive is hired, taking into account such executive's qualifications, experience and prior salary. Base salaries of our named executive officers are approved and reviewed annually by our Chief Executive Officer, and in the case of our Chief Executive Officer's base salary, by our compensation committee. Annual merit adjustments to base salaries are made to align base salary with an executive officer's responsibilities, individual contribution, prior experience and sustained performance. Performance evaluations are conducted annually to determine merit increases for all employees including executives. The performance evaluation includes the following 16 performance factors:

Attendance/Punctuality

Knowledge

Problem Solving and Creativity

Judgment/Decision Making

Planning and Organization

Flexibility and Adaptability

Ability to Work Independently

Ability to Work With Others

Acceptance of Supervision/Criticism

Productivity/Efficiency

Quality of Output

Effectiveness of Customer Relations

Company Identification

Written Expression

Oral Expression

Ability to Direct Activities of Others

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The performance factors are graded from 1 to 5, with 5 being the highest or exceptional performance. The grading results determine an executive officer's eligibility for a merit increase. To be eligible for a merit increase, the executive officer must receive an acceptable rating and the compensation survey data that we use must support that an increase in base salary is warranted. We consider the year-to-year merit increases that we have implemented to be in line with industry standards.

Other factors that we may take into account in deciding upon base salary increases include the executive officer's current salary, equity ownership, if any, and pay equity relative to an executive officer's peers within our company, which we analyze by comparing the pay of each executive officer to other members of the management team. In making decisions regarding salary increases, we may also draw upon the experience of members of our board of directors with other companies. We have historically reviewed anonymous private company compensation surveys when setting and adjusting base salaries. Base salaries are also reviewed in the case of promotions or other significant changes in responsibility.

For 2008, Mr. Kissner was given a higher base salary increase based on his being below the 50<sup>th</sup> percentile of the survey data for his position. Mr. Robinson was not given an increase due to the plan to not renew his existing employment agreement, which is detailed below. Dr. Hillen joined us as an officer in August 2008 and thus was not eligible for an increase in salary in 2008. Pursuant to his employment agreement, his 2008 base annual salary was \$380,000.

*Short-Term Non-Equity Incentive Compensation.* We provide annual cash incentive awards to our executives through our Management Performance Incentive Plan. Pursuant to the Management Performance Incentive Plan, our executives are eligible to receive cash incentive awards upon the achievement of certain key Company-level performance measures and business unit goals for certain business units. Such Company-level performance measures, business unit goals and the eligibility under the Management Performance Incentive Plan are established by the compensation committee at the beginning of each fiscal year. The compensation committee establishes threshold, target and stretch level goals for each Company-level performance measure and business unit goal. Each performance measure is considered independently from the other measures.

In addition, the compensation committee, within its discretion, can make modifications to the Management Performance Incentive Plan, or may elect not to make any awards under the Management Performance Incentive Plan, dependent upon Company and individual performance. We believe that having a significant portion of compensation linked to key Company performance measures and business unit goals directly aligns individual executive performance with our business objectives. For 2008, executive compensation was not linked to individual performance measures. However, for 2009, the compensation committee has established individual performance measures for each executive.

In the past, short-term non-equity incentive compensation payments have been distributed prior to March 31 of each year. Since audited financial information has not, historically, been available until April, the compensation committee established the threshold, target and stretch goals and distributed short-term non-equity incentive compensation payments based on preliminary unaudited calculations of the performance measures. To date, there has been no material change between the unaudited financial information used to determine satisfaction of performance measures and our actual audited financial information. If, however, there were a material change between the audited and unaudited financial information that affected the payment to an executive officer, corresponding adjustments would be made to such executive officer's short-term non-equity incentive compensation payment. Going forward as a public company, we intend to award short-term non-equity incentive compensation based upon achievement of performance measures using audited financial information.

The EBITDA, as adjusted, performance measure for 2008 represents EBITDA adjusted for (1) the payment of retention bonuses to SFA employees in connection with continued employment subsequent to the SFA acquisition, (2) expenses related to amendment of our credit facility in 2008 to allow for certain dividends to our parent, GLOBAL, (3) expenses related to certain strategic transactions that were abandoned in 2008 and (4) expenses related to revising our GAAP audited financial statements to comply with International Financial Reporting Standards at the request of GLOBAL.

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The table below illustrates the potential cash incentive award payable, which we refer to as the management performance incentive potential, at each performance level (i.e., threshold, target or stretch) as a percentage of 2008 base salary for each named executive officer:

Name and Principal Position	Management Performance Incentive Potential (as a percentage of 2008 base salary)		
	Management Performance Incentive Potential at Threshold	Management Performance Incentive Potential at Target <sup>(1)</sup>	Management Performance Incentive Potential at Stretch <sup>(2)(3)</sup>
John Hillen <sup>(4)</sup>	0%	80.0%	160.0%
Jerry D. Robinson <sup>(5)</sup>	0	80.0	160.0
Kevin Kissner	0	25.0	50.0
Richard Mattingley	0	50.0	100.0
John O. Brennan	0	50.0	100.0
Stephen Corey	0	50.0	100.0

- (1) When a performance measure (other than the EBITDA, as adjusted, performance measure) was achieved above the threshold level, but below the target level, the executive earned management performance incentive compensation on a linear basis between the management performance incentive potential at threshold and at target for such performance measure. The executive did not earn incentive compensation on the EBITDA, as adjusted, performance measure until the target goal was achieved.
- (2) When a performance measure was achieved above the target level, but below the stretch level, the executive earned management performance incentive compensation on a linear basis between the management performance incentive potential at target and at stretch for such performance measure.
- (3) With respect to the EBITDA, as adjusted, performance measure, the executive did not earn incentive compensation until the target goal was achieved. At that time, the executive earned the full management performance bonus at target. When the EBITDA, as adjusted, performance measure was achieved above the target level, but below the stretch level, the executive earned management performance incentive compensation on a linear basis between the management performance incentive potential at target and at stretch. In addition, the executive was eligible to receive a kicker on the EBITDA, as adjusted, performance measure of 2% of the executive's 2008 base salary for each 1% achievement above the target level with a cap of 5% of his 2008 base salary. Furthermore, each of Dr. Hillen and Messrs. Robinson and Kissner was not eligible for the full management performance incentive compensation at stretch unless the EBITDA, as adjusted, performance measure was met at the stretch level. Similarly, each of Messrs. Mattingley, Brennan and Corey was not eligible for the full management performance incentive compensation at stretch unless the GDE EBIT, TAC EBIT or GMS EBIT performance measure, respectively, was met at the stretch level. GDE is our Global Defense Engineering division and GMS is our Global Mission Systems division.
- (4) Pursuant to Dr. Hillen's employment agreement, because he joined us after January 1, 2008, his management performance incentive potential was based on 60% of his annualized base salary, or \$228,000.
- (5) Mr. Robinson resigned from his position as Chief Executive Officer with the Company in August 2008. Pursuant to a separation agreement, Mr. Robinson's management performance incentive potential for 2008 was pro-rated at 60%, or \$233,605.



**Table of Contents****2008 Performance Measures Under Management Performance Incentive Plan****Hillen, Robinson & Kissner:**

For 2008, the compensation committee established the following performance measures for Dr. Hillen and Messrs. Robinson and Kissner:

Performance Measure	Allocation <sup>(1)</sup>	Threshold (\$MM)	Target (\$MM)	Stretch (\$MM) <sup>(1)</sup>
Revenue	20%	\$ 157.3 <sup>(2)</sup>	\$ 188.3 <sup>(3)</sup>	\$ > Target
EBITDA, as adjusted	20	12.9	15.1 <sup>(4)</sup>	19.4 <sup>(5)</sup>
Funded backlog	35	96.8 <sup>(6)</sup>	121.0 <sup>(7)</sup>	> Target
Consolidated Business unit EBIT	25	N/A	<sup>(8)</sup>	N/A

- (1) Amounts above threshold are calculated on a linear basis. For this reason, the percentage allocation for the revenue, EBITDA, as adjusted, and funded backlog performance measures is subject to change based on the Company's achievement in each category. Notwithstanding the foregoing, the full management performance incentive compensation for each executive could not be earned unless the stretch EBITDA, as adjusted, performance measure was met.
- (2) The threshold goal for the revenue performance measure represents 2007 revenue.
- (3) The target goal for the revenue performance measure was an approximately 20% increase in revenue from 2007 revenue.
- (4) The target goal for the EBITDA, as adjusted, performance measure was 8% of the target revenue performance measure.
- (5) The stretch goal for the EBITDA, as adjusted, performance measure was achieving EBITDA, as adjusted, equal to 154% of the 2007 EBITDA, as adjusted, goal, which was 8.2% of 2007 revenue, or \$12.9 million. In addition, each of Dr. Hillen and Messrs. Robinson and Kissner was eligible for a kicker of up to 5% of the executive's 2008 base salary. The kicker for each of Dr. Hillen and Messrs. Robinson and Kissner, consisted of an additional 1/2% of such executive's 2008 base salary for each 1% achievement above the target goal for the EBITDA, as adjusted, performance measure.
- (6) The threshold goal for the funded backlog performance measure represents the funded backlog at December 31, 2007.
- (7) The target goal for the funded backlog performance measure represents a 25% increase over funded backlog at December 31, 2007.
- (8) Each of the earnings before interest and taxes (EBIT) performance measures for the GDE, TAC and GMS business units set forth in the charts for Messrs. Mattingley, Brennan and Corey, respectively, must be met at the target level on a consolidated basis. Therefore, if one business unit did not meet its EBIT goal at target, but the other two business units exceeded their target goals, on a combined basis still exceeded 100% of the Business Unit EBIT goal, then Messrs. Hillen, Robinson and Kissner would receive the full 25% allocation for this performance measure. The compensation committee did not establish threshold or stretch level goals for the business unit EBIT performance measure.

**Mattingley:**

In 2008, Mr. Mattingley was Senior Vice President of GDE. For 2008, the compensation committee established the following performance measures for Mr. Mattingley:

Performance Measure	Allocation <sup>(1)</sup>	Threshold (\$MM)	Target (\$MM)	Stretch (\$MM) <sup>(1)</sup>
GDE revenue	25%	\$ 84.2 <sup>(2)</sup>	\$ 97.7 <sup>(3)</sup>	\$ > Target
GDE EBIT	25	7.2	7.8 <sup>(4)</sup>	10.1 <sup>(5)</sup>
GDE funded backlog	25	53.2 <sup>(6)</sup>	66.5 <sup>(7)</sup>	> Target
Consolidated EBITDA, as adjusted	25	N/A	15.1 <sup>(8)</sup>	N/A

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- (1) Amounts above threshold are calculated on a linear basis. For this reason, the percentage allocation for the revenue, GDE EBIT and funded backlog performance measures is subject to change based on the Company's achievement in each category. Notwithstanding the foregoing, the full management performance incentive compensation for each executive could not be earned unless the stretch GDE EBIT performance measure was met.
- (2) The threshold goal for the GDE revenue performance measure was 2007 GDE revenue.
- (3) The target goal for the GDE revenue performance measure was an approximately 16% increase from 2007 GDE revenue.
- (4) The target goal for the GDE EBIT performance measure was achieving GDE EBIT equal to 8% of the target goal for the GDE revenue performance measure.
- (5) The stretch goal for the GDE EBIT performance measure was achieving GDE EBIT equal to 140% of the 2007 GDE EBIT goal, which was 8.5% of 2007 GDE revenue, or \$7.2 million. In addition, Mr. Mattingley was eligible for a kicker of up to 5% of his 2008 base salary. The kicker for Mr. Mattingley consisted of an additional 1/2% of his 2008 base salary for each 1% achievement above the target level goal for the GDE EBIT performance measure.
- (6) The threshold goal for the GDE funded backlog performance measure represents the GDE funded backlog at December 31, 2007.
- (7) The target goal for the GDE funded backlog performance measure represents a 25% increase over the GDE funded backlog at December 31, 2007.
- (8) The target goal for the EBITDA, as adjusted, performance measure was 8% of the target revenue performance measure set forth in the charts to Dr. Hillen and Messrs. Robinson and Kissner. The EBITDA, as adjusted, performance measure must be met at the target level. The compensation committee did not establish threshold or stretch level goals for the EBITDA, as adjusted, performance measure for Mr. Mattingley.

**Brennan:**

In 2008, Mr. Brennan was President of TAC. For 2008, the compensation committee established the following performance measures for Mr. Brennan:

Performance Measure	Allocation <sup>(1)</sup>	Threshold (\$MM)	Target (\$MM)	Stretch (\$MM) <sup>(1)</sup>
TAC revenue	20%	\$ 43.1 <sup>(2)</sup>	\$ 53.4 <sup>(3)</sup>	\$ > Target
TAC EBIT	20	4.3	4.3 <sup>(4)</sup>	6.7 <sup>(5)</sup>
TAC funded backlog	35	20.3 <sup>(6)</sup>	25.4 <sup>(7)</sup>	> Target
Consolidated EBITDA, as adjusted	25	N/A	15.1 <sup>(8)</sup>	N/A

- (1) Amounts above threshold are calculated on a linear basis. For this reason, the percentage allocation for the revenue, TAC EBIT and funded backlog performance measures is subject to change based on the Company's achievement in each category. Notwithstanding the foregoing, the full management performance incentive compensation for each executive could not be earned unless the stretch TAC EBIT performance measure was met.

- (2) The threshold goal for the TAC revenue performance measure represents the 2007 TAC revenue.
- (3) The target goal for the TAC revenue performance measure was an approximately 24% increase from 2007 TAC revenue.
- (4) The target goal for the TAC EBIT performance measure was achieving TAC EBIT equal to 8.28% of the target goal for the TAC revenue performance measure.
- (5) The stretch goal for the TAC EBIT performance measure was achieving TAC EBIT equal to 154% of the 2007 TAC EBIT goal, which was 10.1% of 2007 TAC revenue, or \$4.3 million. In addition, Mr. Brennan was eligible for a kicker of up to 5% of his 2008 base salary. The kicker for Mr. Brennan consisted of an additional  $\frac{1}{2}\%$  of his 2008 base salary for each 1% achievement above the target level goal for the TAC EBIT performance measure.

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- (6) The threshold goal for the TAC funded backlog performance measure represents the TAC funded backlog at December 31, 2007.
- (7) The target goal for the TAC funded backlog performance measure represents a 25% increase over the TAC funded backlog at December 31, 2007.
- (8) The target goal for the EBITDA, as adjusted, performance measure was 8% of the target revenue performance measure set forth in the charts to Dr. Hillen and Messrs. Robinson and Kissner. The EBITDA, as adjusted, performance measure must be met at the target level. The compensation committee did not establish threshold or stretch level goals for the EBITDA, as adjusted, performance measure for Mr. Brennan.

**Corey:**

Mr. Corey is Senior Vice President of GMS. For 2008, the compensation committee established the following performance measures for Mr. Corey:

Performance Measure	Allocation <sup>(1)</sup>	Threshold (\$MM)	Target (\$MM)	Stretch (\$MM) <sup>(1)</sup>
GMS revenue	20%	\$ 30.0 <sup>(2)</sup>	\$ 37.2 <sup>(3)</sup>	\$ > Target
GMS EBIT	20	2.4	3.0 <sup>(4)</sup>	3.7 <sup>(5)</sup>
GMS funded backlog	35	23.3 <sup>(6)</sup>	29.1 <sup>(7)</sup>	> Target
Consolidated EBITDA, as adjusted	25	N/A	15.1 <sup>(8)</sup>	N/A

- (1) Amounts above threshold are calculated on a linear basis. For this reason, the percentage allocation for the revenue, GMS EBIT and funded backlog performance measures is subject to change based on the Company's achievement in each category. Notwithstanding the foregoing, the full management performance incentive compensation for each executive could not be earned unless the stretch GMS EBIT performance measure was met.
- (2) The threshold goal for the GMS revenue performance measure the 2007 GMS revenue.
- (3) The target goal for the GMS revenue performance measure was an approximately 24% increase from 2007 GMS revenue.
- (4) The target goal for the GMS EBIT performance measure was achieving EBIT equal to 8% of the target goal for the GMS revenue performance measure.
- (5) The stretch goal for the GMS EBIT performance measure was achieving EBIT equal to 154% of the 2007 GMS EBIT goal, which was 8% of 2007 GMS revenue, or \$2.4 million. In addition, Mr. Corey was eligible for a kicker of up to 5% of his 2008 base salary. The kicker for Mr. Corey consisted of an additional 1/2% of his 2008 base salary for each 1% achievement above the target level goal for the GMS EBIT performance measure.
- (6) The threshold goal for the GMS funded backlog performance measure represents the GMS funded backlog at December 31, 2007.
- (7) The target goal for the GMS funded backlog performance measure represents a 25% increase over the GMS funded backlog at December 31, 2007.

- (8) The target goal for the EBITDA, as adjusted, performance measure was 8% of the target revenue performance measure set forth in the charts to Dr. Hillen and Messrs. Robinson and Kissner. The EBITDA, as adjusted, performance measure must be met at the target level. The compensation committee did not establish threshold or stretch level goals for the EBITDA, as adjusted, performance measure for Mr. Corey.

**Table of Contents****2008 Achievements under Management Incentive Performance Plan Performance Measures**

In February 2009, the compensation committee met to review the satisfaction of the performance measures for fiscal year 2008 under the Management Performance Incentive Plan. The following table reflects the 2008 achievement for each performance measure:

<b>Performance Measure</b>	<b>Achievement (\$MM)</b>
Consolidated Revenue	\$ 189.4
EBITDA, as adjusted	20.6
Consolidated Funded Backlog	117.0
GDE Revenue	109.0
GDE EBIT	13.1
GDE Funded Backlog	72.6
TAC Revenue	50.1
TAC EBIT	4.9
TAC Funded Backlog	21.4
GMS Revenue	30.3
GMS EBIT	2.8
GMS Funded Backlog	23.0

Based on the achievement outlined above, the compensation committee approved the following management performance incentive payments:

<b>Executive</b>	<b>Percentage of Base Salary</b>
John Hillen	121% <sup>(1)</sup>
Jerry D. Robinson	80% <sup>(2)</sup>
Kevin Kissner	41
Richard Mattingley	100
John O. Brennan	51% <sup>(3)</sup>
Stephen Corey	20

- (1) Dr. Hillen's 2008 base annual salary was \$380,000. Although Dr. Hillen did not begin employment with the Company until August, for purposes of the Management Incentive Performance Plan, the Company agreed to pro-rate his management performance incentive potential at 60%, or \$228,000. Therefore, Dr. Hillen received 121% of \$228,000 as his management performance incentive compensation.
- (2) Mr. Robinson resigned from his position as Chief Executive Officer with the Company in August 2008. Pursuant to a separation agreement, the Company agreed to pro-rate Mr. Robinson's management performance incentive potential at 60%, or \$233,605. In addition, Mr. Robinson and the Company agreed to distribute his 2008 management performance incentive potential payment at target level performance, which amount was lower than actual achievement. Therefore, Mr. Robinson received 80% of \$233,605 as his management performance incentive compensation.
- (3) Mr. Brennan took a leave of absence in November 2008 and officially resigned in January 2009 to join the Obama administration. At that point, Mr. Brennan forfeited all of his outstanding options and Mr. Brennan and the Company agreed to distribute a pro-rated amount of Mr. Brennan's eligible incentive performance payment in the amount of \$138,319, or 51% of his 2008 salary, to Mr. Brennan in early January 2009 based on our preliminary 2008 results.

**Long-Term Incentive Compensation**

Prior to this offering, our long-term incentive compensation program consisted of awards of stock options and/or restricted stock under the SFA Plan, adopted by GNA in 2007 following its acquisition of SFA.



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The SFA Plan was designed to reward executives and other employees for long-term growth consistent with Company performance and stockholder return through the award of stock options and restricted stock. The compensation committee reviewed and approved all award grants to the executive officers. Our compensation committee typically made annual grants of equity awards, if any, to our executives in connection with its annual review of our executives' compensation. Throughout the year, our compensation committee evaluated grants for new hires, promotions or other changes that may warrant additional grants.

The compensation committee did not apply a rigid formula in allocating stock options to executives as a group or to any particular executive. Instead, the compensation committee exercised its judgment and discretion and considered, among other things, the role and responsibility of the executive, competitive factors, the amount of stock-based equity compensation already held by the executive, the non-equity compensation received by the executive and the total number of options to be granted to all participants during the year. When making grants under the SFA Plan, the compensation committee also took into account the potential dilution to which our stockholders are exposed by reviewing our option overhang. Option overhang, which is represented in percentage form, is calculated as stock options granted plus the remaining options that have yet to be granted under the SFA Plan divided by our total shares outstanding.

Outstanding stock options and restricted stock awards made under the SFA Plan vest ratably over a four year period from the date of grant for all employees, except for options granted to James Allen, our Executive Vice President and Chief Financial Officer, in May 2009, which have a three year vesting period. The exercise price of any option is equal to the fair market value of the shares on the date of grant, which in the past has been determined by the board of directors.

The ultimate value of the long-term incentive compensation awards will be dependent upon the actual performance of our stock over time. After the effective date of this offering, the exercise price of any option will be the closing price of our common stock on The Nasdaq Global Market on the date of grant.

In connection with this offering, we have adopted the 2009 Performance Incentive Plan, which we refer to as the Plan. Concurrent with the closing of this offering, we will assume all obligations relating to outstanding awards made under the SFA Plan and will not make any further grants of stock options or restricted stock under that plan.

Pursuant to his employment agreement, upon the closing of this offering, so long as it occurs before December 31, 2009, James Allen, our Executive Vice President and Chief Financial Officer, will be awarded 36,432 shares of our common stock under the Plan. In addition, pursuant to his employment agreement, upon the closing of the offering, Kirk Herdman, our Senior Vice President, Business Operations and Development, will be awarded options to purchase 32,789 shares of our common stock under the Plan.

As the compensation committee does not currently intend on making other new grants of equity awards under the Plan until early 2010, the compensation committee has not determined how it will administer the Plan going forward.

On April 30, 2009, Kevin Kissner was granted, pursuant to the SFA Plan, 16,395 stock options at an exercise price of \$15.95, expiring April 30, 2019 with a grant date fair value of \$91,800. Pursuant to SEC rules, these option grants are not reflected in Equity Compensation Tables set forth later in this section even though the grants were based on 2008 performance. These option grants will be reflected in our proxy statement for the 2010 annual meeting of stockholders.

### ***Indirect Compensation: Benefits and Perquisites***

Executive officers participate in the employee benefit plans and programs that are generally available to all of our employees, including health and welfare benefits and 401(k) matching, profit sharing and other standard benefits. We do not consider perquisites to be a principal component of our executive officers' compensation. We believe that our executive officer benefits and perquisite programs are reasonable and competitive with benefits and perquisites provided to executive officers of similarly situated companies, and are necessary to sustain a fully competitive executive compensation program.

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In 2008, the Company provided a leased car to Mr. Mattingley. The value of the lease totaled \$11,396. In addition, since Mr. Mattingley used the car for personal use, 25% of the cost was allocated to personal use and Mr. Mattingley's income was grossed-up by \$2,849 to cover the income tax due for the personal use of the Company-provided vehicle.

*Other Bonus Compensation.* Upon the acquisition of SFA, each of Messrs. Kissner, Corey, Robinson, Brennan and Mattingley executed retention agreements granting them a right to payment on the one year anniversary of the acquisition if such executives continued employment with us through such date. Retention payments of \$25,500, \$105,000, \$535,000, \$115,000 and \$112,500 were made to Messrs. Kissner, Corey, Robinson, Brennan and Mattingley, respectively, on February 9, 2008.

In January 2009, the compensation committee granted a discretionary bonus to Mr. Brennan in the amount of \$36,681, and in February 2009, the compensation committee granted discretionary bonuses to Messrs. Kissner and Corey in the amounts of \$16,793 and \$3,373, respectively. Several factors contributed to the granting of these discretionary bonuses, including revenue and EBITDA achievements for the year at levels significantly above stretch goals. In addition, with respect to Mr. Kissner, the compensation committee noted his significant efforts with respect to the preparation and timely delivery of Company financial information in preparation of a liquidity event for our stockholders.

*Executive Equity Ownership.* Following this offering, we will encourage our executives to hold an equity position in our company. However, we do not have specific share retention and ownership guidelines for our executives.

In addition see Employment Arrangements with Named Executive Officers and Payments Upon Termination or Upon Change in Control below for a description of the severance and change in control arrangements we have with our named executive officers. The compensation committee believes that these arrangements are necessary to attract and retain our named executive officers. The terms of each arrangement were determined through negotiations with the applicable named executive officer in connection with his hiring and were not based on any set formula.

*Government Limitations on Compensation.* As a government contractor, we are subject to the Federal Acquisition Regulations, or FAR, which governs the reimbursement of costs by our government customers. FAR 31.205-6(p) limits the allowability of senior executive compensation to a benchmark compensation cap established each year by the Administrator of the Office of Federal Procurement Policy, or OFPP, under Section 39 of the OFPP Act (41 U.S.C. 435). The benchmark cap applies to the five most highly compensated employees in management positions in each home office and each of our business segments. When comparing senior executive compensation to the benchmark cap, all wages, salary, bonuses and deferred compensation, if any, for the year, as recorded in our books and records, must be included. The current benchmark compensation cap, effective January 1, 2008 and as published in the Federal Register, is \$612,196. Any amounts over the cap are considered unallowable and are therefore not recoverable under our government contracts.

*Deductibility of Executive Compensation.* Section 162(m) of the Internal Revenue Code generally limits the deductibility of certain compensation in excess of \$1,000,000 paid in any one year to the principal executive officer and the other three highest paid executive officers (other than the principal financial officer). Qualified performance-based compensation will not be subject to this deduction limit if certain requirements are met. As described above, all of our short-term non-equity incentive compensation is determined based upon the achievement of certain pre-determined financial performance goals, which permits us to deduct such amounts pursuant to Section 162(m). In addition, stock options are inherently performance-based and qualify for the deduction under Section 162(m). Pursuant to applicable regulations, Section 162(m) will not apply to compensation paid or stock options, stock appreciation rights or restricted stock granted under the compensation agreements and plans described in this prospectus during the reliance transition period ending on the earlier of the date the agreements or plan is materially modified or the first meeting at which directors are elected during 2013. While we will continue to monitor our compensation programs in light of Section 162(m), the compensation committee considers it important to retain the flexibility to design compensation programs that are in the best long-term interests of our company and our stockholders, particularly as we continue our transition

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from a private to a public company. As a result, we have not adopted a policy requiring that all compensation be deductible and the compensation committee may conclude that paying compensation at levels that are not deductible under Section 162(m) is nevertheless in the best interests of the Company and our stockholders.

**Summary Executive Compensation**

Below is a summary compensation table for 2008 including both of our Chief Executive Officers that served during 2008, our former Chief Financial Officer and the three most highly compensated executive officers who were serving as executive officers at the end of 2008.

Name and Principal Position	Salary	Bonus	Option Awards <sup>(1)</sup>	Non-Equity Incentive Plan Compensation <sup>(2)</sup>	All Other Compensation	Total
<b>John Hillen</b> President and Chief Executive Officer	\$ 126,665 <sup>(3)</sup>	\$	\$ 53,131	\$ 275,282	\$	\$ 455,078
<b>Jerry D. Robinson</b> Former Chief Executive Officer	259,556 <sup>(4)</sup>		12,846	186,884	1,617,845 <sup>(5)</sup>	2,077,131
<b>Kevin Kissner</b> Former Chief Financial Officer	166,053	16,793 <sup>(6)</sup>		70,207	46,297 <sup>(7)</sup>	299,350
<b>Richard Mattingley</b> Former Senior Vice President	272,729			263,000	481,239 <sup>(8)</sup>	1,016,967
<b>John O. Brennan</b> Former President of The Analysis Corp.	280,013	36,681 <sup>(9)</sup>	112,352 <sup>(10)</sup>	138,319	183,619 <sup>(11)</sup>	750,984
<b>Stephen Corey</b> Senior Vice President	254,029	3,373 <sup>(12)</sup>	112,352	51,627	459,934 <sup>(13)</sup>	881,315

- (1) Amounts set forth in this column represent the expense recognized for financial reporting purposes with respect to fiscal year 2008. The Company's calculation of the expense amount for financial reporting purposes is based upon a model that includes subjective assumptions, which are set forth in and discussed in more detail in the notes to our consolidated financial statements contained herein. The awards for which expense is shown in this table include the awards described in the Grants of Plan-Based Awards table below as well as awards made in prior years.
- (2) Executive officers are eligible for non-equity incentive compensation in the form of cash awards that are based upon achievement of Company and/or business unit performance goals in accordance with our Management Performance Incentive Plan. Cash bonuses under the Management Performance Incentive Plan are accrued in the year earned and paid in the following year. With the exception of Mr. Robinson, who was paid in December 2008, and Mr. Brennan, who was paid in January 2009, the amounts identified in this column were paid in February 2009 for 2008 performance. For a detailed description of our short-term non-equity incentive compensation, see Compensation Discussion and Analysis Short Term Non-Equity Incentive Compensation.
- (3) John Hillen was appointed as the Chief Executive Officer on August 18, 2008. Mr. Hillen's annual salary is \$380,000. The figure in the table reflects the salary Mr. Hillen received from August 18, 2008 through December 31, 2008.
- (4) Jerry D. Robinson resigned from his position as Chief Executive Officer on August 15, 2008. Mr. Robinson's annual salary for 2008 was \$389,334. The figure in the table reflects the salary Mr. Robinson received from January 1, 2008 through August 15, 2008.



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- (5) The other compensation that Mr. Robinson received in 2008 is comprised of the following: (i) a retention payment in the amount \$535,000 made on February 9, 2008, (ii) the balance of the payments due to Mr. Robinson, as an optionholder in SFA prior to the SFA acquisition, in connection with the settlement of obligations to SFA optionholders from the escrow account established in relation to the purchase of SFA totaling \$664,779, (iii) a severance payment pursuant to separation agreement in the amount of \$129,778, (iv) payment for cancellation of options granted under the SFA Plan after the closing of the SFA acquisition, in the amount of \$269,772, (v) a payment for unused accrued vacation balance in the amount of \$18,344 and (vi) a gross-up payment for excess life insurance above \$50,000 in the amount of \$172.
- (6) In February 2009, Mr. Kissner received a discretionary bonus in the amount of \$16,793.
- (7) The other compensation that Mr. Kissner received in 2008 is comprised of the following: (i) a retention payment in the amount of \$25,500 made on February 9, 2008, (ii) the balance of the payments due to Mr. Kissner, as an optionholder in SFA prior to the SFA acquisition, in connection with the settlement of obligations to SFA optionholders from the escrow account established in relation to the purchase of SFA totaling \$19,880, (iii) a payment for unused accrued vacation balance in the amount of \$857 and (iv) a gross-up payment for excess life insurance above \$50,000 in the amount of \$60.
- (8) The other compensation that Mr. Mattingley received in 2008 is comprised of the following: (i) a retention payment in the amount of \$112,500 made on February 9, 2008, (ii) the balance of the payments due to Mr. Mattingley, as an optionholder in SFA prior to the SFA acquisition, in connection with the settlement of obligations to SFA optionholders from the escrow account established in relation to the purchase of SFA totaling \$353,731, (iii) a gross up payment for taxes due for personal use of company-provided vehicle in the amount of \$2,849, (iv) the lease payments made on the company provided vehicle in the amount of \$11,396 and (v) a gross-up payment for excess life insurance above \$50,000 in the amount of \$762.
- (9) In January 2009, Mr. Brennan received a discretionary bonus in the amount of \$36,681.
- (10) Upon Mr. Brennan's departure from the Company to join the Obama administration in January 2009, Mr. Brennan forfeited all of his outstanding option awards.
- (11) The other compensation that Mr. Brennan received in 2008 is comprised of the following: (i) a retention payment in the amount of \$115,000 made on February 9, 2008, (ii) the balance of the payments due to Mr. Brennan, as an optionholder in SFA prior to the SFA acquisition, in connection with the settlement of obligations to SFA optionholders from the escrow account established in relation to the purchase of SFA totaling \$59,641, (iii) a payment for excess vacation above 160 hours in the amount of \$8,840 and (iv) a gross-up payment for excess life insurance above \$50,000 in the amount of \$138.
- (12) In February 2009, Mr. Corey received a discretionary bonus in the amount of \$3,373.
- (13) The other compensation that Mr. Corey received in 2008 is comprised of the following: (i) a retention payment of \$105,000 made on February 9, 2008, (ii) the balance of the payments due to Mr. Corey, as an optionholder in SFA prior to the SFA acquisition, in connection with the settlement of obligations to SFA optionholders from the escrow account established in relation to the purchase of SFA totaling \$354,844 and (iii) a gross-up payment for excess life insurance above \$50,000 in the amount of \$90.

**Table of Contents****Grants of Plan-Based Awards**

The following table sets forth information concerning grants of plan-based awards to the named executive officers during 2008:

Name	Grant Date	Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise Price of Option Awards (per share)	Grant Date Fair Value of Option Awards <sup>(2)</sup>
		Threshold	Target	Stretch				
<b>John Hillen</b> Chief Executive Officer		\$ 0	\$ 182,400	\$ 364,800		135,000	\$ 10.11	\$ 407,372
<b>Jerry D. Robinson</b> Former Chief Executive Officer		0	186,884	373,768				12,846
<b>Kevin Kissner</b> Former Chief Financial Officer		0	42,635	85,270				
<b>Richard Mattingley</b> Senior Vice President		0	131,684	263,369				
<b>John O. Brennan</b> Former President The Analysis Corp.		0	141,981	283,962				36,681
<b>Stephen Corey</b> Senior Vice President		0	128,804	257,608				3,373

(1) Represents the amounts that could have been paid at threshold, target and stretch performance levels for 2008 under our Management Performance Incentive Plan. The Non-Equity Incentive Plan Compensation column of the Summary Compensation Table sets forth the actual amounts paid under our Management Performance Incentive Plan for 2008. For a detailed description of our short-term non-equity incentive compensation, see Compensation Discussion and Analysis Short Term Non-Equity Incentive Compensation.

(2) Represents the aggregate grant date fair value recognized for financial reporting purposes with respect to all awards made in 2008 calculated.

**Table of Contents****Outstanding Equity Awards at Year-End**

The following table sets forth information concerning stock and stock option awards held by the named executive officers as of the end of fiscal year 2008:

Name	Number of Securities Underlying Unexercised Options		Option Exercise Price	Option Expiration Date
	Number Exercisable <sup>(1)</sup>	Number Unexercisable		
<b>John Hillen</b> Chief Executive Officer		135,000	\$ 10.11	8/18/2018
<b>Jerry D. Robinson</b> Former Chief Executive Officer				
<b>Kevin Kissner</b> Former Chief Financial Officer				
<b>Richard Mattingley</b> Former Senior Vice President				
<b>John O. Brennan</b> Former President The Analysis Corp. <sup>(2)</sup>	25,001	75,006	\$ 8.09	2/9/2017
<b>Stephen Corey</b> Senior Vice President	25,001	75,006	\$ 8.09	2/9/2017

(1) The standard vesting schedule for all options granted is that one-quarter of each option grant vests upon each anniversary of the grant date until the grant is fully vested or vesting is accelerated based upon a designated change of control event.

(2) Upon Mr. Brennan's departure from the Company to join the Obama administration in January 2009, Mr. Brennan forfeited all outstanding option awards.

**Option Exercises and Stock Vested**

The named executive officers did not exercise any stock options in 2008, nor did any restricted stock awarded to any named executive officer vest in 2008. There were no stock options exercised by or vesting of stock awards made to the named executive officers during 2008. In connection with Mr. Robinson's separation agreement, on August 15, 2008, we paid Mr. Robinson \$269,772 in exchange for the cancellation of all of his outstanding options granted to him after the date of the SFA acquisition.

**Pension Benefits and Non-Qualified Deferred Compensation**

We do not have, and the named executive officers do not participate in, any pension or non-qualified deferred compensation plans. We do, however, maintain the GNA 401(k) Plan and TAC 401(k) Plan, as defined below, and our named executive officers are eligible to participate on the same terms as other eligible employees.

**Executive Employment Contracts and Potential Payments upon Termination or Change in Control****Employment Agreements****Prior employment arrangements**

On February 9, 2007, in connection with our acquisition of SFA, we entered into employment agreements with Mr. Jerry Robinson, our former Chief Executive Officer, Mr. Richard Mattingley, our former Senior Vice President of GDE, Mr. Stephen Corey, our current Senior Vice

President of GMS, and Mr. John Brennan, the former President of TAC. The Board concluded that these agreements were necessary to secure the dedicated attention of executive officers whose personal positions were at risk and who might have had other opportunities readily available to them. They were intended to ensure the continuity of the leadership team within the Company.

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These agreements each had a two-year term. All of the executives were notified in advance that their agreements would not automatically renew on February 9, 2009. Mr. Mattingley was planning to retire and Mr. Corey and Mr. Brennan were notified that they would be offered new employment agreements after February 9, 2009. Mr. Brennan resigned in January 2009 to accept a position in the Obama administration. Mr. Corey has entered into a new employment agreement as described below. Mr. Robinson reached an agreement with us to terminate his employment on August 15, 2008, which was prior to the expiration of his employment agreement. We entered into a separation agreement with Mr. Robinson, whereby he received severance equal to the amount of his base salary from August 16, 2008 through February 9, 2009. Mr. Robinson was also paid the balance of his retention bonus in the amount of \$267,500, a pro-rated management performance incentive bonus (60% of eligible bonus) which equated to \$186,884, and \$269,772 in exchange for the cancellation of all of his outstanding options. In addition, Mr. Robinson was paid \$5,000 to cover legal fees for the drafting and negotiation of his separation agreement and \$5,000 for outplacement fees. As a result, as of February 9, 2009, all of the prior employment agreements were terminated.

***Current employment arrangements***

*All current executive employment agreements have been entered into with GNA, our operating subsidiary.*

The compensation committee considers executive employment agreements as important tools to align executive and stockholder interests and attract and retain senior executive talent. The executive employment agreements for Dr. Hillen and Mr. Allen include change of control and termination provisions that are designed to become effective only in the event of a change of control or other termination event. Under change of control circumstances, for example, it can be extremely important to secure the dedicated attention of our principal executive and financial officers whose personal positions are at risk and who may have other opportunities readily available to them.

By establishing compensation payable under various merger and acquisition scenarios, change of control provisions enable the executive to set aside personal financial and career objectives and focus on maximizing stockholder value. Moreover, these provisions help to minimize distractions such as the executive's concern about what may happen to his or her position, and assist in maintaining the executive's objective focus in analyzing opportunities that may arise for the benefit of the stockholders. Furthermore, change of control provisions are intended to ensure the continuity of a leadership team at a time when business continuity is of paramount concern. Without change of control provisions enabling executives to focus on important Company objectives within important time constraints, the Company may have a greater risk of losing key executives in times of uncertainty.

The compensation committee approved the payment and benefit levels in the executive employment agreements described below and determined such provisions to be generally consistent with those entered into by comparable companies, to be market competitive, and to reflect the consolidating nature of the government services industry. The material terms of the current executive employment agreements are described in more detail below.

The compensation committee expects to enter into an executive employment agreement with Ronald Jones, who is expected to be appointed our Executive Vice President, Corporate Development upon consummation of this offering. The terms of Mr. Ronald Jones' agreement (other than base salary) are expected to be substantially similar to those of Dr. Hillen's and Mr. Allen's agreements.

**Chief Executive Officer and Chief Financial Officer Employment Agreements**

On August 18, 2008, we entered into an executive employment agreement with Dr. John Hillen, our President and Chief Executive Officer, as amended on October 23, 2009, and on May 18, 2009, we entered into an executive employment agreement with Mr. James Allen, our Executive Vice President and Chief Financial Officer. Each agreement provides for a one-year term and is automatically extended for additional one-year terms unless we provide written notice no later than six months prior to the end of the current term that we do not wish to extend the term of the agreement. Each executive may, at his discretion with or without good reason, terminate his employment with us by giving us at least 30 days written notice of his decision to terminate his employment.

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Under each agreement, we may terminate the executive's employment prior to expiration of the term for any of the following reasons: (i) as a result of his death or disability, (ii) for cause or (iii) without cause.

These agreements contain severance provisions that provide for payment of the following amounts to the executive upon the occurrence of: (i) termination by the Company without cause or (ii) termination by the executive for good reason following a change in control:

accrued and unpaid salary through the date of termination;

for Dr. Hillen, cash payments equal to 100% of his annual salary in effect immediately prior to the termination as well as a prorated bonus;

for Mr. Allen, cash payments equal to 50% of his annual salary in effect immediately prior to the termination as well as a prorated bonus; and

in the event of a termination within six months after the date of a definitive agreement for a change of control that is subsequently consummated, full vesting of the executive's stock and stock option awards that have not yet become vested.

The cash severance shall be payable in equal installments, as and when executive's base salary would have otherwise been payable.

In addition, Mr. Allen's agreement provides that upon the closing of this offering, so long as it occurs before December 31, 2009, he will receive a grant of 36,432 shares of our common stock.

Cause is defined in each executive's employment agreement as:

willfully failing to perform his duties hereunder in a material manner and such failure is not discontinued promptly after written notice to the executive thereof (which notice shall be signed by the Board or a designated officer of the Company and refer to a breach of the employment agreement);

being charged with or indicted for a felony or other crime casting doubt on the executive's trustworthiness or integrity;

knowingly and/or materially breaching certain covenants of the agreement;

committing any act of dishonesty that is intended to result in personal enrichment of the executive at our expense; or

in bad faith, committing any act or omitting to take any action, to our material detriment.

Change of Control is defined in each executive's employment agreement as having been deemed to occur if:

an individual, person, general partnership, limited partnership, limited liability partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative, association, foreign trust, foreign business organization or other entity, together with any affiliate of the foregoing (other than (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or (iii) GLOBAL or any affiliate thereof) (a Person) acquires (other than solely by reason of a

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repurchase of voting securities by the Company) more than 50% of the combined voting power of the Company's then total outstanding voting securities;

there is consummated a merger or consolidation of the Company with any other corporation or other entity, other than (i) a merger or consolidation which results in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 25% of the combined voting power of the securities of the Company or such surviving entity or any direct or indirect parent thereof outstanding immediately after such merger or consolidation or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the beneficial owner, directly or indirectly, of securities of

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the Company (meaning that such Person is entitled to the benefits of ownership although such Person does not have possession of or title to such securities) (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates) representing 50% or more of the combined voting power of the Company's then outstanding securities; or

the stockholders of the Company approve a plan of complete liquidation or dissolution; provided, however, that in no event shall an initial public offering constitute a Change in Control for purposes of these agreements.

Good Reason is defined in each executive's employment agreement as the occurrence, without the executive's written consent, of any of the following circumstances unless such circumstances are fully corrected prior to the date of termination specified in the notice of termination given by the executive:

the assignment to the executive of any duties materially and adversely inconsistent with his position as set forth in the agreement including, but not limited to status, office or responsibilities;

a change in the executive's reporting relationship such that he no longer reports directly to the Board;

a material breach by us of any provision of the agreement after receipt of written notice from the executive and failure by us to cure the breach within thirty (30) days; or

the relocation of the executive's office as assigned to him by us to a location more than 50 miles from his office prior to the date of such relocation, except for travel reasonably required in the performance of the executive's responsibilities.

### **Other Executive Employment Agreements**

We also have entered into employment agreements with other executives, including Messrs. Corey, Drew, Herdman, Timothy Jones and Kissner. Each of these agreements provides for at will employment and does not have a term. Pursuant to these employment agreements, the executive can terminate his employment at any time by providing us four weeks notice. These employment agreements provide for six to nine months salary continuation as severance protection in the event the executive is terminated without cause. Each of Messrs. Corey, Herdman, Kissner and Timothy Jones' agreements provides for six months salary continuation for termination without cause, while Mr. Drew's agreement provides for nine months salary continuation.

Cause is defined in each executive's employment agreement as:

a good faith finding by the President and Chief Executive Officer that the executive: (i) has been convicted of a felony; (ii) has been convicted of a misdemeanor (excluding traffic violations) to the extent such conviction could reasonably be considered to compromise our best interests or any of our subsidiaries or render the executive unfit or unable to perform his/her services and duties; (iii) has committed any other act or omission involving dishonesty, disloyalty or fraud with respect to us or any of our subsidiaries or any of our customers or suppliers, (iv) has engaged in illegal use of drugs or unauthorized use of alcohol in the workplace; or (v) has committed an act involving unlawful or disreputable conduct in the context of executive's employment which is likely to be harmful to us or our reputation;

the continued failure by the executive to perform his duties in all material respects for us or any of our subsidiaries continuing for a period of 10 days following a written demand for such performance by the Chief Executive Officer or a designated official or a material breach by the executive of his obligations under his employment agreement continuing uncured (if curable) for a period of 10 days following written notice from the Chief Executive Officer or a designated official (other than any such failure or breach resulting from the executive's incapacity due to physical or mental illness), which demand shall identify in reasonable detail the manner that the executive has not performed his duties or has breached his obligations (as applicable) and give the executive an

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opportunity to respond; provided, that, the foregoing shall not be construed to include the executive's failure to achieve financial or operating objectives and goals established by the Board, President and Chief Executive Officer or a designated official; or

a good faith finding by the Board or the President and Chief Executive Officer or a designated official that the executive engaged in (i) misconduct materially injurious to us or any of our subsidiaries or our or any of our subsidiaries' reputation or (ii) gross negligence or willful misconduct by the executive which has a material adverse effect on us or any of our subsidiaries.

**Table of Contents****Severance and Change of Control Payments****General**

As described above, we currently have employment agreements with the following named executive officers: Dr. Hillen and Messrs. Kissner and Corey. The employment agreements, along with the individual equity compensation award agreements entered into pursuant to our SFA Plan that we will assume upon completion of this offering, contain provisions that, in some cases, provide for severance payments or accelerated vesting of unvested equity awards, as applicable. The amount of compensation payable to each named executive officer upon any termination is shown below. All estimates are based on an assumed termination date of December 31, 2008 and governed by the employment agreements then in place with the listed individuals. The actual payments due on terminations occurring on different dates could materially differ from the estimates in the table.

**Termination by the Company without Cause or, for Dr. Hillen, following a Change in Control**

Name	Severance Amount	Early Vesting of Option Awards <sup>(1)</sup>	Other	Total
<b>John Hillen</b> Chief Executive Officer	\$ 380,000 <sup>(2)</sup>	\$ 660,150 <sup>(3)</sup>		\$ 1,040,150
<b>Kevin Kissner</b> Former Chief Financial Officer	\$ 155,477 <sup>(4)</sup>		\$ 25,500 <sup>(5)</sup>	\$ 180,977
<b>Stephen Corey</b> Senior Vice President	\$ 467,292 <sup>(6)</sup>		\$ 105,000 <sup>(7)</sup>	\$ 572,292

- (1) Represents the value of the stock option awards held by the executive and unvested as of December 31, 2008. The value of the unvested awards is the number of unvested shares multiplied by the difference between the assumed initial public offering price of \$15.00 (assuming the mid-point of the price set forth on the cover page of this prospectus) and the exercise price for each such option award.
- (2) Represents a cash payment of 100% of base salary payable. If Dr. Hillen were to terminate his employment for Good Reason following a Change in Control, he would also be entitled to this severance payment. Subsequent to December 31, 2008, Dr. Hillen's employment agreement was amended to provide for a pro-rated bonus if Dr. Hillen is terminated without Cause or he terminates his employment for Good Reason following a Change in Control.
- (3) This amount is only payable if, following a Change in Control, Dr. Hillen's employment was terminated either (i) within six months following a Change in Control for any reason or (ii) by the Company without Cause or by Dr. Hillen for Good Reason.
- (4) Represents a cash payment equal to (i) six months of his base salary in effect upon termination, or \$170,539 and (ii) a pro-rated bonus, however, since we are assuming a termination date of December 31, 2008, Mr. Kissner would be entitled to his full bonus, or \$70,207.
- (5) Pursuant to his retention agreement, the Company was obligated to pay Mr. Kissner a total retention bonus of \$51,000, payable in two equal installments on February 9, 2008 and February 9, 2009. Since we are assuming Mr. Kissner was terminated without cause on December 31, 2008, the Company must pay the remaining retention payment in the amount of \$25,500 upon Mr. Kissner's termination. If Mr. Kissner were to terminate his employment for Good Reason, he would also be entitled to this retention payment.
- (6) Represents a cash payment of 200% of base salary payable. Please note that Mr. Corey's employment agreement provided that his severance payment be based on his base salary as of the effectiveness of the employment agreement, not as of the termination date. Mr.

Corey's base salary as of the effectiveness of the employment agreement was \$233,646. If Mr. Corey were to terminate his employment for Good Reason following a Change in Control, he would also be entitled to this severance payment. Please also note that Mr. Corey and the Company entered into an executive employment agreement in April 2009 that supercedes the employment agreement in effect as of December 31, 2008. Under the new executive employment agreement, Mr. Corey's severance payment equals (i) six months of base salary at the highest rate in the effect prior to the termination and (ii) pro-rated bonus.

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(7) Pursuant to his employment agreement, the Company was obligated to pay Mr. Corey a total retention bonus of \$210,000, payable in two equal installments on February 9, 2008 and February 9, 2009. Since we are assuming Mr. Corey was terminated without cause on December 31, 2008, the Company must pay the remaining retention payment in the amount of \$105,000 upon Mr. Corey's termination. During 2008, we also had employment agreements with Messrs. Robinson, Mattingley and Brennan. On August 15, 2008, we entered into a separation agreement with Mr. Robinson with respect to his resignation as our Chief Executive Officer. The terms of Mr. Robinson's separation are described above under *Prior Employment Agreements*. Messrs. Mattingley and Brennan did not receive any severance payments upon their termination of employment.

## **Employee Benefit Plans**

### ***401(k) Plans***

#### *GNA*

We maintain a 401(k) savings plan that covers all eligible GNA employees, which we refer to as the GNA 401(k) Plan. The GNA 401(k) Plan allows eligible participants to reduce their current compensation by up to the statutorily prescribed limit and to have the amount of this reduction contributed to the GNA 401(k) Plan. We provide 100% matching funds for eligible participating employees, limited to the employee's participation of up to 5% of earnings. Participants' interests in Company matching contributions vest ratably over five years. Participants also become fully vested upon reaching age 55 with 5 years of vesting service, upon reaching age 59 1/2, permanent disability, or death.

#### *TAC*

We maintain a 401(k) savings plan that covers all eligible TAC employees, which we refer to as the TAC 401(k) Plan. The TAC 401(k) Plan allows eligible participants to reduce their current compensation by up to the statutorily prescribed limit and to have the amount of this reduction contributed to the TAC 401(k) Plan. We provide 100% matching funds for eligible participating employees, limited to the employee's participation of up to 3% of earnings. Participants' interests in Company matching contributions immediately vest. In addition, we also provide a year end discretionary match on profit sharing of 2% to all eligible employees which vests ratably over five years.

#### *Profit Sharing Plan*

We maintain a Profit Sharing Plan that covers eligible employees. We provide discretionary contributions annually, allocated on the basis of the ratio of each participant's annual earnings to the aggregate of all participants' total earnings, to eligible employees who meet the service requirement of 1000 hours for the allocation year. Participants' interests in Company contributions vest ratably over five years. Participants also become fully vested in their interests upon reaching age 59 1/2, permanent disability or death. In the past, we have contributed a minimum 3% of earnings assuming profit goals are achieved.

### ***2009 Performance Incentive Plan and SFA Inc. 2007 Stock Option Plan***

We recently adopted the 2009 Performance Incentive Plan, which we refer to as the Plan. The Plan authorizes the issuance of options to purchase shares of common stock and the grant of bonus stock awards, restricted common stock awards, stock appreciation rights, deferred shares, performance shares and performance units. Options to purchase 492,127 shares of common stock, at a weighted average exercise price of \$10.65 per share, which options were previously granted by GNA, under the SFA Inc. 2007 Stock Option Plan, which we refer to as the SFA Plan, will, in connection with this offering, be assumed under the Plan. After adjustment of the number of shares and exercise price by reason of this assumption, an optionee will then be permitted to purchase stock of the Company in accordance with the terms of the option grant and the SFA Plan under which the option was originally granted. Except as discussed below, the terms of those assumed options are materially similar to the terms that will be applicable to options granted under the Plan.

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*Administration.* Sole authority for administration of the Plan is conferred upon the of the Board of Directors, and any Committee to which the Board of Directors, in its sole discretion, delegates all or any portion of its authority to administer the Plan (hereinafter, the Administrator ). With respect to grants to officers and directors, any such Committee shall be constituted in such a manner as to satisfy applicable laws, including Rule 16b-3 promulgated under the Exchange Act.

*Eligibility.* All of our officers and employees, and those of our affiliates, are eligible to participate in the Plan. Our directors and other persons that provide consulting services to us and our affiliates are also eligible to participate in the Plan. The term affiliates is used in this summary to refer to any subsidiary, parent or other specified entity. The term subsidiary is used in this summary to refer to any corporation or other corporate entity (other than the Company) in an unbroken chain of corporate entities beginning with the Company if each of the corporations or other corporate entity (other than the last corporation in the unbroken chain) owns stock possessing at least 50% of the total combined voting power of all classes of stock in one of the other corporations in such chain. The term parent is used in this summary to refer to any corporation or other corporate entity (other than the Company) in an unbroken chain of