

MANTECH INTERNATIONAL CORP

FORM 8-K (Current report filing)

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 7, 2017

ManTech International Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-49604
(Commission
File Number)

22-1852179
(IRS Employer
Identification No.)

12015 Lee Jackson Highway, Fairfax, VA
(Address of principal executive offices)

22033
(Zip Code)

Registrant's telephone number, including area code: (703) 218-6000

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(e) On March 7, 2017, the Compensation Committee of the Board of Directors (**Compensation Committee**) of the Company approved the 2017 Executive Incentive Compensation Plan (**2017 Plan**), in which the Company's executive officers, including the Company's named executive officers (**NEOs**), participate. The 2017 Plan includes potential performance goals for participants based on the following criteria at each of the Company level and business group level: revenue; earnings before interest and taxes; and contract bookings. The inclusion and weighting of particular performance goals varies depending on the participant. The 2017 Plan provides for target incentive payment amounts for each of the executive officers that range from 75% to 85% of such officer's 2017 base salaries. Based on actual results in 2017, the potential payouts under the 2017 Plan may range from 0% to 175% of the executive officers' respective target incentive payment amounts. The description of the 2017 Plan set forth herein is qualified in its entirety by reference to the full text of the 2017 Plan, which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated herein by reference.

On March 7, 2017, the Compensation Committee approved incentive bonus awards in the form of performance-based restricted stock units (**RSUs**) to certain Company employees, including certain of the Company's NEOs. The RSUs are for a target number of restricted stock units, with the actual number of RSUs earned to be determined upon the satisfaction of performance criteria over the performance period for the award. The performance period is from January 1, 2017 through December 31, 2018. The performance criteria used are compounded average growth rates for the Company's revenue and earnings per share over the performance period. Based on actual results, the actual amount of RSUs earned may range from 0% to 150% of the NEOs' respective target award amount. The RSUs were granted pursuant to the Company's form of performance-based RSU award agreement, which is filed as Exhibit 10.2 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
10.1	ManTech International Corporation 2017 Executive Incentive Compensation Plan
10.2	Form of Performance-Based Restricted Stock Unit Award Agreement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ManTech International Corporation

Date: March 13, 2017

By: /s/ Michael R. Putnam

Michael R. Putnam

Senior Vice President – Corporate & Regulatory Affairs

MANTECH INTERNATIONAL CORPORATION
2017 EXECUTIVE INCENTIVE COMPENSATION PLAN

1.0 OVERVIEW

ManTech International Corporation (the “**Company**”) has established this 2017 Executive Incentive Compensation Plan (this “**Plan**”) to help attract, retain and motivate our executives to achieve certain goals and objectives. Incentive compensation is an integral part of the Company’s compensation program. This Plan sets forth a uniform, systematic, and measurable process for determining incentive compensation payments earned under this Plan. The Compensation Committee of the ManTech International Corporation Board of Directors (the “**Compensation Committee**”) has ultimate authority over the implementation and interpretation of this Plan, including the authority to make any and all determinations it deems necessary or advisable for the administration of the Plan.

2.0 PLAN PARTICIPANTS

All executive officers of the Company, including the CEO, President and COO, CFO, and the presidents of the Company’s principal business groups (the “**Business Group Presidents**”) participate in this Plan (together, the “**Participants**”). The Compensation Committee has the authority to designate additional Company officers to be Participants, in its sole discretion.

3.0 POLICY

For each Participant, a set of performance goals for the applicable criteria under this Plan (the “**Participant Goals**”) and relative weightings shall be established, reviewed and memorialized according to the process set forth below. All Participant Goals shall be specific, measurable, and quantitative, to the extent practical. The goal-setting process shall be accomplished in accordance with a time schedule established by the Compensation Committee in consultation with the CEO.

In the case of the Business Group Presidents, the Participant Goals shall include both performance goals established for the applicable business group (“**Business Group Goals**”) and performance goals established for the Company as a whole (“**Company Goals**”). In the case of all other Participants, the Participant Goals shall be comprised solely of Company Goals.

Participant Goals for each Participant shall be set forth in a separate agreement or worksheet (each a “**Plan Worksheet**”). Each Plan Worksheet shall also set forth (i) the relative weightings for the various Participant Goals; (ii) a threshold, target and maximum performance score (and corresponding award amount); and (iii) other factors to be used in the Scoring Process (as defined below).

After the end of the fiscal year, actual results shall be measured against Participant Goals to determine whether and to what extent incentive compensation has been earned under this Plan for each Participant. This process is referred to in this Plan as the “**Scoring Process**.”

The Compensation Committee has the authority to exercise negative discretion to reduce the amount otherwise payable to any Participant under the Plan. The exercise of this negative discretion may be based on any factors deemed appropriate by the Compensation Committee.

Additionally, the Compensation Committee may, outside the terms of this Plan, consider whether a discretionary bonus is warranted for any Participant. In making that determination, the Compensation Committee may consider any objective or subjective factors that it deems appropriate, in its sole discretion, including considering the recommendations of the CEO or other members of senior management.

4.0 Process

This Section 4 uses the following terms (which terms also operate in the Plan Worksheets).

- **Business Group Performance Score** – for each Participant, the sum of the weighted Performance Goal Scores for each of the Business Group Goals.
- **Company Performance Score** – for each Participant, the sum of the weighted Performance Goal Scores for each of the Company Goals.
- **Factor** – the weighting percentage assigned to each Participant Goal for a particular individual. The Factors shall total 100% for each set of goals for each individual (Company Goals and Business Group Goals are each a set of goals). For each Participant under this Plan, the Factors applicable to each Participant Goal may differ. If applicable, each set of Company Goals and Business Group Goals shall be weighted such that the total weighting equals 100% for the two sets combined.
- **Final Performance Score** – the sum of (i) the applicable weighted Business Group Performance Score, and (ii) the weighted Company Performance Score for each Participant. For Participants with no Business Group Goals, the Company Performance Score for that Participant shall be the Final Performance Score.
- **Incentive Compensation Payout Schedule** – a schedule that sets forth the incentive compensation payment amount that corresponds to each performance score between and including the threshold and maximum Final Performance Scores.
- **Performance Goal Score** – for each Participant Goal, the amount of a measure actually achieved, expressed as a percentage, relative to the Performance Goal (the Performance Goal Score at target would be 100%).
- **Total Earned Incentive Compensation** – the incentive compensation amount payable to a Participant based on his or her Final Performance Score, prior to any adjustment by the Compensation Committee.

4.1 Performance Criteria for Goals

- **Company Performance Criteria**
 - Revenue (revenue as recognized for the performance period in accordance with GAAP principles);

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- Earnings before interest and taxes (EBIT), measured as a dollar amount (also sometimes referred to as Operating Income); and
 - Bookings (full value of contract award for single award contracts, plus the value of multiple award wins, determined in accordance with ManTech's standard bookings recognition policy).
- ***Business Group Performance Criteria*** (measured in the same manner as *Business Group Goals*)
- Revenue;
 - EBIT, measured as a dollar amount; and
 - Bookings.

4.2 Guidance for Goal-Setting Process

The following process shall be used to prepare initial recommendations for the Compensation Committee's consideration:

- The Chairman of the Compensation Committee shall be responsible for the establishment of Participant Goals and weightings for the CEO (the Chairman of the Compensation Committee may request the assistance of the President, the CFO or other senior Company personnel in this effort, as he deems necessary or appropriate).
- The Company Goals and weightings applicable to each Participant (other than the CEO) shall be initially established by the CEO, with input from the President, the CFO and/or the Compensation Committee, as deemed appropriate.
- Business Group Goals and weightings applicable to a Participant shall be initially established by the CEO, with input from the President, the CFO and/or the Compensation Committee, as deemed appropriate.

All Participant Goals and weightings shall be subject to review, modification and final approval by the Compensation Committee.

4.3 Threshold, Target and Maximum Awards

Each Participant shall have threshold, target, and maximum incentive compensation amounts that correspond to threshold, target and maximum Final Performance Scores. For each Participant, the target award amount shall be expressed as a fixed number or a percentage of his or her base salary as of April 1, 2017, as established by the Compensation Committee, and shall represent the amount of incentive compensation that the Participant will earn if his or her actual Final Performance Score is equal to that which would result from 100% achievement of all Participant Goals (the exact payout amount at target could be impacted by the Compensation Committee's determination of how to treat an out-of-cycle salary change for a Participant – see *Section 4.4* for more information).

4.4 Guidance for Scoring Process

- *Overview* : Actual results for the year shall be determined and then compared to the Participant Goals. The Final Performance Score shall be calculated for each Participant and shall determine the Total Earned Incentive Compensation pursuant to the applicable Incentive Compensation Payment Schedule. The amount of any incentive compensation amount actually paid may be reduced by the Compensation Committee's exercise of negative discretion.
- *Scoring Process* :
 - The Performance Goal Score with respect to each of the Participant Goals shall be determined.
 - The Performance Goal Scores shall be weighted by multiplying each score by the applicable Factor and summed to determine the Participant's Company Performance Score and (if applicable) Business Group Performance Score.
 - For Participants with both Business Group Goals and Company Goals, each of the Business Group Performance Score and the Company Performance Score shall be multiplied by a weighting factor, and such resulting amounts shall then be added together to yield the Final Performance Score (unless otherwise expressly provided in the individual Plan Worksheet, each of the Business Group Performance Score and the Company Performance Score shall be equally weighted at 50%).
 - For Participants with only Company Goals, the Participant's Company Performance Score will constitute his or her Final Performance Score.
 - Based on the Participant's Final Performance Score, the Total Earned Incentive Compensation will be derived from the applicable Incentive Compensation Payout Schedule included on the Participant's Plan Worksheet (subject to any adjustments or related determinations by the Compensation Committee described herein).
- *Adjustments to Results Achieved* : With respect to any Performance Goal Score, the Compensation Committee shall have the authority to determine whether and by what amount the actual result used to calculate the achievement of a performance goal should be adjusted to account for extraordinary events or circumstances. In making any such determination the Compensation Committee may take into consideration the effect of any adjustment on the treatment of payments made pursuant to this Plan under Section 162(m) of the Internal Revenue Code.
- *Out of Cycle Salary Changes* : The Compensation Committee shall determine the effect of any out-of-cycle salary changes on a Participant's Total Earned Incentive Compensation, and in making such determination may take into consideration the effect of any adjustment on treatment of payments made pursuant to this Plan under Section 162(m) of the Internal Revenue Code.
- *Final Compensation Committee Review and Certification* : The Compensation Committee will review and approve any and all incentive compensation amounts paid under this Plan, including the Total Earned Incentive Compensation for each Participant. The Compensation Committee has the authority to reduce the payment amount due to any Participant hereunder, based on any factor deemed relevant by

the Compensation Committee. The Compensation Committee also has the authority to determine the impact of any adjustments to results or out-of-cycle salary changes referenced in the preceding two paragraphs. No incentive compensation payment amount for any executive officer shall be paid out until the results are certified or otherwise formally approved by the Compensation Committee. Payments under this Plan, if any, shall be made on or before March 15, 2018. Unless the Compensation Committee determines otherwise in its sole discretion, a Participant's right to receive any incentive compensation payment hereunder shall be forfeited if the Participant is not an employee of the Company in good standing on December 31, 2017.

5.0 RECOVERY OF AWARDS

Awards under the Plan are subject to the terms and conditions of any clawback policy which the Company may adopt to conform to the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

6.0 AUTHORIZATION

The Compensation Committee has authorized the development of this Plan and, with the assistance of the CEO and/or President, shall oversee the consistent and equitable implementation of the provisions of this Plan and the individual Participants' Plan Worksheets. Senior management and other Company personnel designated by the Compensation Committee will support the administration of the Plan.

2017 Executive Incentive Compensation Plan

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**FORM OF
PERFORMANCE-BASED
RESTRICTED STOCK UNIT AWARD AGREEMENT**

This RESTRICTED STOCK UNIT AWARD AGREEMENT (**Agreement**), effective as of [], 2017, is between ManTech International Corporation (**Company**), and [](**Grantee**), pursuant to the terms of the Management Incentive Plan of ManTech International Corporation – 2016 Restatement, as may be amended from time to time (**Plan**). Capitalized terms used herein but not defined shall have the meanings set forth in the Plan.

1. **Performance-Based Restricted Stock Unit Grant**. The Company hereby grants to the recipient of the award (**Grantee**), subject to the terms and conditions of this Agreement and the Plan, a copy of which the Grantee acknowledges having received, an Award in the form of performance-based Restricted Stock Units (**RSUs**). The RSUs are notional units (not actual Shares), representing an unfunded, unsecured right to receive shares in the future based on the level of achievement of the performance criteria set forth in **Appendix A** over a two-year performance period commencing January 1, 2017 and ending December 31, 2018 (**Performance Period**). The “target” number of RSUs awarded is [] RSUs (**Target Award**). The actual number of RSUs earned will be determined in accordance with **Appendix A** , and may range from 0% to 150% of the Target Award.
2. **Continued Employment Requirement**. To earn the RSUs, in addition to satisfying the applicable performance criteria set forth in **Appendix A** , Grantee must remain employed through the last day of the Performance Period. Except as provided in Section 3 of this Agreement, if Grantee’s employment terminates for any reason before the last day of the Performance Period, the RSUs shall immediately and automatically be forfeited as of the date of termination, and Grantee shall have no further rights with respect to this Award. Subject to Section 15 of this Agreement, the Committee shall determine in its sole discretion whether and when a termination of employment occurs and such determination shall be final and binding.
3. **Death or Disability**. If, before the last day of the Performance Period, the Grantee’s employment terminates due to the Grantee’s death or if the Grantee’s employment is terminated by the Company due to the Grantee’s Disability, the Target Award shall become vested as of the date of termination. As soon as practicable (and in all events with 60 days) following the date of such termination of employment, the Company shall issue to the Grantee (or the Grantee’s estate, heir or beneficiary) one Share for each vested Restricted Stock Unit. For purposes of the Award, the Grantee shall be deemed to have a “Disability” if, in the determination of the Committee (or its designee), the Grantee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than twelve months.
4. **Issuance of Shares**. Except as provided in Section 3 of this Agreement, to the extent the Committee (or its designee) determines in accordance with **Appendix A** that RSUs have been earned, the Company shall issue to the Grantee one Share for each Restricted Stock Unit that is earned, with such issuance occurring between January 1, 2019 and March 15, 2019, as soon as practicable after the Committee makes its determination.
5. **Tax Withholding**. In accordance with Section XIII of the Plan, the Company shall have the power and right to deduct or withhold, or require the Grantee to remit to the Company, an amount sufficient to satisfy any federal, state, local and other taxes (including the Grantee’s payroll tax obligations) required by law to be withheld with respect to this Award. The Grantee may be required to pay to the Company in cash or cash equivalents, either prior to or concurrent with the delivery of Shares in respect of any earned RSUs, the amount required by law to be withheld by the Company. Unless otherwise directed by the Grantee, the Company (or an Affiliate) shall withhold from the number of Shares to be issued in respect of any earned RSUs such number of

Shares having an aggregate fair market value equal to minimum amount of the any federal, state, local and other taxes (including the Grantee's payroll tax obligations) required by law to be withheld by the Company. The Committee (or its designee) may establish other rules and procedures to allow the Grantee to satisfy and to facilitate the required tax withholding from time to time.

6. Restrictions on Transfer. The RSUs, this Award, and any right to receive Shares pursuant to this Award, may not be sold, assigned, transferred, encumbered, hypothecated or pledged by the Grantee.
7. Limitation of Rights. The Grantee shall not have any privileges of a stockholder of the Company with respect to the RSUs (including, for the sake of clarity, any voting rights, or any right to dividends or dividend equivalents) unless and until actual Shares are issued pursuant to Section 3 or Section 4 of this Agreement, above. Nothing in this Agreement shall confer upon the Grantee any right to continue as an employee of the Company or an affiliate or to interfere in any way with any right of the Company to terminate the Grantee's employment at any time.
8. Changes in Capitalization. The RSUs shall be subject to the provisions of Sections 11.1 and 11.2 of the Plan relating to adjustments for changes in capital structure.
9. Notices. All notices and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given (a) if personally delivered, upon delivery or refusal of delivery, (b) if mailed by registered or certified United States mail, return receipt requested, postage prepaid, upon delivery or refusal of delivery, (c) if sent by a nationally recognized overnight delivery service, upon delivery or refusal of delivery, or (d) if sent by facsimile or electronic mail, upon confirmation of delivery. All notices, consents, waivers or other communications required or permitted to be given hereunder shall be addressed as follows:
 - a. If to the Company to:
Mike Putnam
SVP – Corporate & Regulatory Affairs
ManTech International Corporation
2251 Corporate Park Drive
Herndon VA, 20171
Email: mike.putnam@mantech.com
 - b. If to the Grantee, to the address of the Grantee in the records of the Company.
10. Construction. This Agreement and RSUs hereunder are granted by the Company pursuant to the Plan and are in all respects subject to the terms and conditions of the Plan. The Grantee hereby acknowledges that a copy of the Plan has been delivered to the Grantee and accepts the RSUs hereunder subject to all terms and provisions of the Plan, which are incorporated herein by reference. The construction of and decisions under the Plan and this Agreement are vested in the Committee (or its designee), whose determinations shall be final, conclusive and binding upon the Grantee.
11. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, excluding the choice of law rules thereof.
12. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.
13. Entire Agreement. This Agreement and the Plan constitute the entire agreement between the parties with respect to the subject matter hereof and thereof.

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14. Clawback Policy. This Award, and any amounts earned hereunder shall be subject to the Company's clawback policy, as may be amended or superseded from time to time.
15. Section 409A. This Award is intended to be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, the regulations issued thereunder or any exception thereto (**Section 409A**) under the short-term deferral exception in Treas. Reg. §1.409A-1(b)(4). To the extent applicable, the provisions of this Agreement shall be interpreted and construed in a manner intended to comply with Section 409A. To the extent all or any portion of the Award is determined to constitute deferred compensation for purposes of Section 409A, and settlement of the Award (or the portion thereof that is determined to constitute deferred compensation) is triggered by a termination of the Grantee's employment, the Grantee shall not be deemed to have terminated employment unless and until the Grantee has experienced a "separation from service," as that term is used in Section 409A. The Company makes no representation that this Award will comply with Section 409A and makes no undertaking to prevent Section 409A from applying to this Award or to mitigate its effects on this Award.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Company and the Grantee have executed this Agreement effective as of the date first above written.

MANTECH INTERNATIONAL CORPORATION

By: _____

Name: Kevin M. Phillips

Title: President and Chief Operations Officer

GRANTEE

By: _____

Name:

Appendix A

1. The number of Restricted Stock Units earned will be determined based on the extent to which the revenue and earnings per share goals described below have been achieved over the two-year Performance Period.
2. For purposes of this Award, the compounded annual growth rate (“CAGR”) of a performance measurement shall mean the year-over-year growth rate of that performance measure over the two-year Performance Period. CAGR shall be calculated as follows:

$$\text{CAGR} = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\left(\frac{1}{\# \text{ of years}} \right)} - 1$$

For the Revenue CAGR calculation, the Beginning Value is \$1,602,000. For the EPS CAGR calculation, the Beginning Value is \$1.47. For both calculations, the # of years is equal to 2.

3. Subject to Section 9 of this Appendix below, the number of Restricted Stock Units earned shall be determined pursuant to the following schedule:

Performance Range	If the “Final Performance Score is”	Then the following percentage of the Target Award will be earned:
Below Threshold	Below 30%	0%
Threshold	30% to < 60%	33%
Tier	60% to < 85%	66%
Target Performance	85% to < 115%	100%
Exceptional Performance	115% to 130%	125%
Maximum	130%+	150%

4. For purposes of this Award, the **Target Performance Score** is based on the sum of goals for Revenue CAGR and EPS CAGR, such that the Combined CAGR Target Performance Score is 10.0%.
5. The **Actual Performance Score** is the sum of the calculation of Revenue CAGR and the calculation of EPS CAGR.
6. The **Final Performance Score** is the result of the Actual Performance Score divided by the Target Performance Score.
7. For purposes of this Award, the term “Revenue” means the total revenue from all sources determined in accordance with GAAP and as reported in the Company’s Form 10-K for the corresponding fiscal year, as may be adjusted in accordance with Section 9 of this Appendix, below.
8. For purposes of this Award, the term “EPS” means diluted earnings per share from continuing operations determined in accordance with GAAP and as reported in the Company’s Form 10-K

for the corresponding fiscal year, as may be adjusted in accordance with Section 9 of this Appendix, below.

9. All calculations with respect to the Award shall be made by the Committee (or its designee) in the Committee's sole discretion, and such calculations and resulting determinations shall be final and binding. Without limiting the foregoing, (a) Revenue and EPS shall be adjusted to exclude the cumulative effect of changes in accounting policies (which include changes in GAAP) adopted by the Company during the Performance Period, and (b) EPS shall be adjusted to exclude the impact of any asset write-downs or goodwill impairments. Additionally, the Committee may, in the exercise of discretion permitted under Code Section 162(m), reduce Revenue and EPS to take into account unexpected, extraordinary or other events and may, in its sole discretion, otherwise adjust the amounts that would otherwise be earned by the Grantee pursuant to this Appendix A.