GLOBAL DEFENSE TECHNOLOGY & SYSTEMS, INC.
Form S-1/A
October 22, 2009
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As filed with the Securities and Exchange Commission on October 22, 2009

Registration No. 333-161719

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

AMENDMENT NO. 2 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)

Delaware	**8711**	**20-4477465**
(State or other jurisdiction of incorporation or organization	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

1501 Farm Credit Drive, Suite 2300

McLean, Virginia 22102-5011

(703) 738-2840

(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)

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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.

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

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 October , 2009**

[ ] Shares

Common Stock

This is an initial public offering of shares of our common stock. We are offering **[ ]** shares and the selling stockholders are offering **[ ]** 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 applied to list our common stock on the Nasdaq Global Market under the symbol GTEC. We expect that the public offering price will be between $[ ] and $[ ] 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 13 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.

	Per Share	*Total*
Public offering price	**$[ ]**	**$[ ]**
Underwriting discount	**$[ ]**	**$[ ]**
Proceeds, before expenses, to Global Defense Technology & Systems, Inc.	**$[ ]**	**$[ ]**
Proceeds, before expenses, to the selling stockholders	**$[ ]**	**$[ ]**

The underwriters may also purchase up to an additional **[ ]** 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 overallotments.

The underwriters expect to deliver the shares against payment on **[ ]**, 2009.

Cowen and Company

[ ], 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 13 and our consolidated financial statements and notes thereto that appear elsewhere in this prospectus. See Relevant Industry Terms beginning on page 114 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.

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 agencies including the Department of Homeland Security, federal law enforcement agencies, and other agencies in the Intelligence Community. For the six months ended June 30, 2009, our revenue was $103.0 million, representing organic growth of 10.6% over the same period in 2008.

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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 Obama administration has submitted a base defense budget of $534 billion (an increase of $20.5 billion from fiscal year 2009) and an additional $130 billion for overseas contingency operations, primarily in Iraq and Afghanistan, for a total of $664 billion. In addition, Congress has passed a supplemental appropriations bill including $95 billion in Department of Defense, Department of State and international assistance funding predominantly related to Iraq and Afghanistan for the remainder of fiscal year 2009. 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 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.

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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 425 of our approximately 675 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. Over 80% 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 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.

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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*. 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.

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

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In anticipation of this offering, immediately prior to this offering, we will implement a series of restructuring transactions. The historical financial statements included elsewhere in this prospectus have not been adjusted for the 60,000-for-1 stock split. Otherwise, the information in this prospectus reflects and assumes that the following restructuring transactions 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;
- a 60,000-for-1 stock split of our common stock which will be approved by our Board of Directors prior to the consummation of this offering;
- the merger of GNA Holding with and into GNA, resulting in GNA becoming our direct, wholly owned subsidiary;
- our assumption of all options previously granted pursuant to the SFA, Inc. 2007 Stock Option Plan, or 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; 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 [ ] additional shares of our common stock from one of the selling stockholders.

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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	[ ] shares
Common stock offered by the selling stockholders . . .	[ ] shares
Common stock to be outstanding after this offering	**[ ]** shares
Underwriters option to purchase additional shares . . .	[ ] shares
Use of proceeds	To repay (i) the term loan portion of our credit facility, which was $10.8 million as of June 30, 2009, (ii) other outstanding borrowings under our credit facility, which were $16.6 million as of June 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 $16.4 million as of June 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.
Proposed Nasdaq Global Market symbol	GTEC

The number of shares of common stock to be outstanding after this offering is based on the number of shares outstanding as of **[ ]**, 2009. Such number excludes:

- 492,128 shares of common stock issuable upon the exercise of options to purchase our common stock at a weighted average exercise price of $[ ] 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

- [ ] 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 six months ended June 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.

Immediately prior to effectiveness of the registration statement of which this prospectus forms a part, we will implement a series of restructuring transactions, including (i) a 60,000-for-1 stock split of our common stock which will be approved by our Board of Directors prior to the consummation of this offering 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 in accordance with Statement of Financial Accounting Standards (SFAS) No. 123R, *Share-Based Payments*, or SFAS No. 123R. 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, will be revised accordingly.

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

on an actual basis; and

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on an as adjusted basis to reflect our sale of common stock in this offering at an assumed initial public offering price of $[ ] per share (the mid-point of the range set forth on the cover page of this prospectus), and receipt of the net proceeds, after deducting estimated underwriting discounts and commissions and estimated offering expenses and application of the proceeds therefrom.

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

(in thousands, except share and per share data)	Predecessor Period April 1, 2006 to February 8, 2007	Successor Period February 9 to December 31, 2007	Successor Year Ended December 31, 2008	Successor Six Months Ended June 30, 2008	Successor Six Months Ended June 30, 2009
Consolidated Statements of Operations					
Revenue	$ 123,124	$ 134,818	$ 189,426	$ 93,167	$ 103,040
Operating costs and expenses					
Cost of revenue	105,644	114,264	156,271	79,183	85,664
Selling, general and administrative expenses	16,317	13,202	16,957	7,702	9,253
Amortization of intangible assets	72	10,279	8,841	4,595	4,178
Impairment of intangible asset			2,447		
Total operating costs and expenses	122,033	137,745	184,516	91,480	99,095
Operating income (loss)	1,091	(2,927)	4,910	1,687	3,945
Other income (expense)					
Interest income	270	46	40	7	3
Interest expense	(67)	(3,594)	(2,750)	(1,444)	(1,000)
Income (loss) before income taxes	1,294	(6,475)	2,200	250	2,948
(Provision for)/benefit from income taxes	(2,116)	2,406	(1,138)	(116)	(1,388)
Net (loss) income	$ (822)	$ (4,069)	$ 1,062	$ 134	$ 1,560
Earnings (loss) per share					
Basic[(1)]	$ (2.49)	$ (40,691.68)	$ 10,618.56	$ 1,341.84	$ 15,604.04
Diluted[(1)]	$ (2.49)	$ (40,691.68)	$ 10,618.56	$ 1,341.84	$ 15,560.83
Weighted average common shares outstanding					
Basic	329,378	100	100	100	100
Diluted	329,378	100	100	100	100
Cash dividends per share	$ 8.66	$	$	$	$

(in thousands)	As of June 30, 2009 Actual	As of June 30, 2009 As Adjusted
Consolidated Balance Sheet		
Cash and cash equivalents	$ 217	$ [ ]
Working capital[(2)]	29,718	[ ]
Total assets	115,024	[ ]
Debt[(3)]	43,825	[ ]
Total stockholders equity	44,842	[ ]

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	Predecessor	Successor			
(in thousands)	Period April 1, 2006 to February 8, 2007	Period February 9 to December 31, 2007	Year Ended December 31, 2008	Six Months Ended June 30, 2008	2009
Other Data					
EBITDA(4)	$ 1,884	$ 8,108	$ 14,747	$ 6,779	$ 8,620
Adjusted EBITDA(5)	$ 8,545	$ 9,226	$ 18,417	$ 7,407	$ 9,689

(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 all affiliated debt and the current portion of long-term debt.

(3) Represents bank loans (including current maturities) and loans from affiliates.

(4) 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.

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.

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

	Predecessor	Successor			
	Period April 1, 2006 to February 8, 2007	Period February 9 to December 31, 2007	Year Ended December 31, 2008	Six Months Ended June 30, 2008	Six Months Ended June 30, 2009
(in thousands)					
Net income (loss)	$ (822)	$ (4,069)	$ 1,062	$ 134	$ 1,560
Depreciation and amortization	721	756	996	497	497
Amortization of intangibles	72	10,279	8,841	4,595	4,178
Interest (income) expense, net	(203)	3,548	2,710	1,437	997
Income tax expense (benefit)	2,116	(2,406)	1,138	116	1,388
EBITDA	1,884	8,108	14,747	6,779	8,620
Impairment of intangible asset[(a)]			2,447		
Stock appreciation rights (SARs) expense[(b)]	3,178				
Sellers transaction costs[(c)]	1,433				
ESOP expense[(d)]	2,050				
Retention bonuses[(e)]		1,108	1,195	605	
Management fees paid to GLOBAL[(f)]		10	28	23	1,069
Adjusted EBITDA	$ 8,545	$ 9,226	$ 18,417	$ 7,407	$ 9,689

(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 conditional 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 six month period ended June 30, 2009, we had two contracts, each accounting for over 10% of our revenue, for a total of $40.7 million, or 39.5% 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 six month period ended June 30, 2009 and for the same period in 2008, we derived revenue from such contracts as follows:

	Six months ended, June 30,	
Contract Type	**2009**	**2008**
Fixed-price	57.0%	60.0%
Time-and-materials	30.5%	28.5%
Cost-plus	12.5%	11.5%

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.

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 June 30, 2009, our estimated contract backlog totaled $452.8 million, of which $120.9 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 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 our 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 reprocurement, 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 June 30, 2009, goodwill accounted for $24.4 million, or 21.2% of our recorded total assets. Under GAAP, 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.

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;

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

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- 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;
- 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 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.

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 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.

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

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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 recompete on incumbent work that is placed in the set-aside program.

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 initial public offering price of our common stock 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 **[ ]**% of the total amount invested to fund our company but will own only **[ ]**% of the shares of common stock outstanding after this offering, based on an assumed initial public offering price of $**[ ]** per share, the mid-point of the price range set forth on the cover of this prospectus.

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 **[ ]** shares of our common stock, or **[ ]**% of our outstanding common stock. If the underwriters exercise their overallotment option in full, GLOBAL will beneficially own **[ ]**% 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.

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 [ ] shares of our common stock, or [ ]% of our outstanding common stock. If the underwriters exercise their overallotment option in full, GLOBAL will beneficially own [ ]% 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, approximately [ ] million shares of our common stock will be outstanding. Of these shares, [ ] million shares of our common stock sold in this offering will be freely tradable, without restriction, in the public market and more than [ ]% 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 approximately [ ] million 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 approximately [ ] million shares underlying options and restricted stock grants 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 $[ ], assuming an initial public offering price of $[ ] 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 $[ ].

We intend to use:

- approximately $[ ] million of the net proceeds of this offering to repay the term loan portion of our credit facility, which was $10.8 million as of June 30, 2009;

- approximately $[ ] million of the net proceeds of this offering to repay other outstanding borrowings under our credit facility, which were $16.6 million as of June 30, 2009; and

- the balance, if any, to repay the debt owed to GLOBAL and its affiliates, which as of June 30, 2009 was $16.4 million, and the remainder 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 $16.4 million of debt owed to GLOBAL and its affiliates, as of June 30, 2009, $15.5 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 June 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 June 30, 2009, $10.8 million and $16.6 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 six month period ended June 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 of September 3, 2009, as a result of our entering into an amendment to our loan and security agreement, 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.

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

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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 June 30, 2009:

- on an actual basis;
- on a pro forma basis to reflect (i) 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 (ii) a 60,000-for-1 stock split of our common stock which will be approved by our Board of Directors prior to the consummation of this offering; and
- on a pro forma as adjusted basis to reflect (i) our sale of common stock in this offering at an assumed initial public offering price of $[ ] per share (the mid-point of the range set forth on the cover page of this prospectus), and receipt of the net proceeds, after deducting estimated underwriting discounts and commissions and estimated offering expenses and application of the proceeds therefrom, (ii) our use of a portion of the net proceeds to repay approximately $[ ] million of debt owed to GLOBAL and its affiliates and all outstanding borrowings under our credit facility, and (iii) the increase in additional paid-in capital and the stock compensation expense, net of tax benefit, associated with the issuance of restricted stock in Contego Systems Inc. on December 31, 2007 to Ronald Jones, to be named our Executive Vice President, Corporate Development, and the issuance of shares of our common stock to James Allen, our Executive Vice President and Chief Financial Officer, contingent upon the closing of this offering, which in each case will be recognized upon successful completion 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 $[ ], after deducting estimated underwriting discounts and commissions.

	As of June 30, 2009		
(in thousands, except per share amounts)	Actual	Pro Forma	Pro Forma As Adjusted
Cash and cash equivalents	$ 217	$	$
Bank loans, including current portions	27,398		
Loans from affiliates	16,427		
Total debt, including current portions	43,825		
Stockholder s equity:			
Preferred stock, par value $0.01 per share, 0, [ ], and [ ] shares authorized actual, pro forma, and pro forma as adjusted, respectively, and 0, 0, and 0 shares issued and outstanding actual, pro forma, and pro forma as adjusted, respectively			
Common stock, par value $0.01 per share, 1,000, [ ], and [ ] shares authorized actual, pro forma, and pro forma as adjusted, respectively, and 100, 0, and 0 shares issued and outstanding actual, pro forma, and pro forma as adjusted, respectively			
Additional paid-in capital	47,408		
Accumulated deficit	(2,566)		
Total stockholder s equity	44,842		

Total capitalization	$ 88,667	$	$

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.

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The table excludes the following shares:

492,128 shares of common stock issuable upon the exercise of options to purchase our common stock at a weighted average exercise price of $[ ] 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

[ ] 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.

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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 June 30, 2009 was $(5.0) million, or approximately $[ ] per share. Net tangible book value 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 and after deducting the underwriting discount and commissions and estimated offering expenses payable by us, and the application of the net proceeds, our as adjusted net tangible book value after this offering would have been approximately $[ ] million, or approximately $[ ] per share. This represents an immediate increase in net tangible book value of approximately $[ ] per share to existing stockholders and an immediate dilution of approximately $[ ] 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		$ [ ]
Net tangible book value per share as of June 30, 2009	$ [ ]	[ ]
Increase per share attributable to this offering		[ ]
Pro forma net tangible book value, as adjusted to give effect to this offering		[ ]
Dilution in pro forma net tangible book value per share to new investors in this offering		$ [ ]

The following table summarizes, as of June 30, 2009, 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 two 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 $[ ] per share.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
	(In thousands, other than percentages)				
Existing stockholders	[ ]	[ ]%	[ ]	[ ]%	$ [ ]
New investors	[ ]	[ ]	[ ]	[ ]	[ ]
Total	[ ]	[ ]%	[ ]	[ ]%	$ [ ]

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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 statement of operations data for the six months ended June 30, 2008 and 2009 and the selected consolidated balance sheet data as of June 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 327 calendar days (4.1% longer than the prior comparable period), and the year ended December 31, 2008 consisting of 366 days (11.9% longer than the prior comparable period).

Immediately prior to effectiveness of the registration statement of which this prospectus forms a part, we will implement a series of restructuring transactions, including (i) a 60,000-for-1 stock split of our common stock which will be approved by our Board of Directors prior to the consummation of this offering 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

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expect that the exchange of stock options in GNA for stock options in GLOBAL Defense Technology will represent a probable-to-probable type modification in accordance with SFAS No. 123R. 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, will be revised accordingly.

	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	Six Months Ended June 30, 2008	Six Months Ended June 30, 2009
	(unaudited)						
(in thousands, except share and per share data)							
Consolidated Statements of Operations:							
Revenue	$ 97,733	$ 124,462	$ 123,124	$ 134,818	$ 189,426	$ 93,167	$ 103,040
Operating costs and expenses							
Cost of revenue	81,364	104,581	105,644	114,264	156,271	79,183	85,664
Selling, general and administrative expenses	10,802	16,045	16,317	13,202	16,957	7,702	9,253
Amortization of intangible assets			72	10,279	8,841	4,595	4,178
Impairment of intangible asset					2,447		
Total operating costs and expenses	92,166	120,626	122,033	137,745	184,516	91,480	99,095
Operating income (loss)	5,567	3,836	1,091	(2,927)	4,910	1,687	3,945
Other income (expense)							
Interest income	64	240	270	46	40	7	3
Interest expense	(53)	(13)	(67)	(3,594)	(2,750)	(1,444)	(1,000)
Income (loss) before income taxes	5,578	4,063	1,294	(6,475)	2,200	250	2,948
(Provision for) /benefit from income taxes			(2,116)	2,406	(1,138)	(116)	(1,388)
Net income (loss)	$ 5,578	$ 4,063	$ (822)	$ (4,069)	$ 1,062	$ 134	$ 1,560
Earnings (loss) per share							
Basic[(1)]	$ 15.97	$ 11.64	$ (2.49)	$ (40,691.68)	$ 10,618.56	$ 1,341.84	$ 15,604.04
Diluted[(1)]	$ 13.41	$ 9.54	$ (2.49)	$ (40,691.68)	$ 10,618.56	$ 1,341.84	$ 15,560.83
Weighted average common shares outstanding							
Basic	349,378	348,994	329,378	100	100	100	100
Diluted	416,103	426,007	329,378	100	100	100	100
Cash dividends per share	$ 1.60	$ 1.42	$ 8.66	$	$	$	$

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(in thousands)	Predecessor March 31, 2005	Predecessor March 31, 2006 (unaudited)	Predecessor February 8, 2007	Successor December 31, 2007	Successor December 31, 2008	Successor June 30, 2008	Successor June 30, 2009
Consolidated Balance Sheet Data							
Cash and cash equivalents	$ 5,151	$ 5,025	$ 20,869	$ 279	$ 1,422	$ 209	$ 217
Working capital[(2)]	18,292	23,743	12,495	13,698	18,054	9,604	29,718
Total assets	36,563	43,398	62,996	112,537	105,652	110,178	115,024
Total debt[(3)]		3,973	18,000	43,692	37,014	35,195	43,825
Total stockholder s equity	24,501	25,250	5,131	41,902	43,129	42,372	44,842

(in thousands)	Predecessor Year Ended March 31, 2005	Predecessor Year Ended March 31, 2006	Predecessor Period April 1, 2006 to February 8, 2007	Successor Period February 9 to December 31, 2007	Successor Year Ended December 31, 2008	Successor Six Months Ended June 30, 2008	Successor Six Months Ended June 30, 2009
Other Data							
EBITDA[(4)]	$ 6,818	$ 4,877	$ 1,884	$ 8,108	$ 14,747	$ 6,779	$ 8,620
Adjusted EBITDA[(4)]	$ 8,041	$ 8,397	$ 8,545	$ 9,226	$ 20,864	$ 7,407	$ 9,689

(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 Year Ended March 31, 2005 (unaudited)	Predecessor Year Ended March 31, 2006	Predecessor Period April 1, 2006 to February 8, 2007	Successor Period February 9 to December 31, 2007	Successor Year Ended December 31, 2008	Successor Six Months Ended June 30, 2008	Successor Six Months Ended June 30, 2009
Net income (loss)	$ 5,578	$ 4,063	$ (822)	$ (4,069)	$ 1,062	$ 134	$ 1,560
Depreciation and amortization	1,251	1,041	721	756	996	497	497
Amortization of intangible assets			72	10,279	8,841	4,595	4,178
Interest (income) expense, net	(11)	(227)	(203)	3,548	2,710	1,437	997
Income tax expense (benefit)			2,116	(2,406)	1,138	116	1,388
EBITDA[(a)]	6,818	4,877	1,884	8,108	14,747	6,779	8,620
Impairment of intangible asset[(b)]					2,447		
Stock appreciation rights (SARS) expense[(c)]		1,065	3,178				
Sellers transaction costs[(d)]			1,433				
ESOP expense[(e)]	1,223	2,455	2,050				
Retention bonuses[(f)]				1,108	1,195	605	

Management fees paid to GLOBAL[g]				10	28	23	1,069
Adjusted EBITDA[a]	$ 8,041	$ 8,397	$ 8,545	$ 9,226	$ 18,417	$ 7,407	$ 9,689

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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 OPERATION

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 327 calendar days (4.1% longer than the prior comparable period), and the year ended December 31, 2008 consisting of 366 days (11.9% longer than the prior comparable period).

Immediately prior to effectiveness of the registration statement of which this prospectus forms a part, we will implement a series of restructuring transactions, including (i) a 60,000-for-1 stock split of our common stock which will be approved by our Board of Directors prior to the consummation of this offering 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 in accordance with SFAS No. 123R. 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

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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, will be 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 18.3% from the twelve-month period ended March 31, 2005 to the twelve-month period ended June 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 U.S. 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.

	Predecessor	Successor			
	Period April 1, 2006 to February 8, 2007	Period February 9 to December 31, 2007	Year Ended December 31, 2008	Six Months Ended June 30, 2008	Six Months Ended June 30, 2009
Department of Defense	74.5%	71.9%	74.2%	76.4%	73.8%
U.S. federal civilian agencies	25.5%	28.1%	25.8%	23.6%	26.2%
Total revenue	100.0%	100.0%	100.0%	100.0%	100.0%

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In addition, we have three 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 three contracts.

	Predecessor	Successor			
	Period April 1, 2006 to February 8, 2007	Period February 9 to December 31, 2007	Year Ended December 31, 2008	Six Months Ended June 30, 2008	2009
(in thousands)					
U.S. Army TACOM contract(1)	$ 38,047	$ 29,015	$ 40,636	$ 26,225	$ 26,123
Department of Justice counter-terrorism contract(2)	17,153	23,468	26,750	12,543	14,561
U.S. Army Aberdeen Test Center contract(1)	7,128	16,966	23,630	8,776	6,009
Total	$ 62,328	$ 69,449	$ 91,016	$ 47,544	$ 46,693

(1) Included in the FMMS segment.

(2) Included in the TIS segment.

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 August 31, 2009, we estimate revenue on the U.S. Army TACOM contract of approximately $19.0 million in the six months ending December 31, 2009, and $19.0 million and $3.0 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 Department of Justice contract is a time-and-materials contract for analytical and information technology services in support of a critical counter-terrorism program. The Department of Justice contract reflected in the table above 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 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 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 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.

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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.

	Predecessor Period April 1, 2006 to February 8, 2007	Successor Period February 9 to December 31, 2007	Year Ended December 31, 2008	Six Months Ended June 30, 2008	2009
Prime contract revenue	86.8%	85.3%	82.0%	81.3%	88.8%
Subcontract revenue	13.2%	14.7%	18.0%	18.7%	11.2%
Total revenue	100.0%	100.0%	100.0%	100.0%	100.0%

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.

The following table shows the value of our contract backlog:

	Successor December 31, 2007	2008	June 30, 2009
(in thousands)			
TIS segment			
Funded	$ 41,967	$ 38,711	$ 31,873
Unfunded	127,057	200,002	192,689
Total	$ 169,024	$ 238,713	$ 224,562
FMMS segment			
Funded	$ 53,179	$ 77,145	$ 89,059
Unfunded	215,450	160,542	139,234
Total	$ 268,629	$ 237,687	$ 228,293
Company			
Funded	$ 95,146	$ 115,856	$ 120,932

Unfunded	342,507	360,544	331,923
Total Backlog	$ 437,653	$ 476,400	$ 452,855

We expect that approximately $100 million of our total backlog at June 30, 2009 will be recognized as revenue prior to December 31, 2009.

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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	Successor			
	Period April 1, 2006 to February 8, 2007	Period February 9 to December 31, 2007	Year Ended December 31, 2008	Six Months Ended June 30,	
				2008	2009
Fixed-price	54.4%	52.2%	58.8%	60.0%	57.0%
Time-and-materials	29.5%	33.5%	29.3%	28.5%	30.5%
Cost-plus	16.1%	14.3%	11.9%	11.5%	12.5%
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. In accordance with Statement of Position 81-1 *Accounting for Performance of Construction Type and Certain Production-Type Contracts*, SOP 81-1, 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.

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.

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Results of Operations

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

	Predecessor	Successor			
	Period April 1, 2006 to February 8, 2007	Period February 9 to December 31, 2007	Year Ended December 31, 2008	Six Months Ended June 30, 2008	Six Months Ended June 30, 2009
(in thousands)					
Revenue	$ 123,124	$ 134,818	$ 189,426	$ 93,167	$ 103,040
Operating costs and expenses					
Cost of revenue	105,644	114,264	156,271	79,183	85,664
Selling, general and administrative expenses	16,317	13,202	16,957	7,702	9,253
Amortization of intangible assets	72	10,279	8,841	4,595	4,178
Impairment of intangible asset			2,447		
Total operating costs and expenses	122,033	137,745	184,516	91,480	99,095
Operating income (loss)	1,091	(2,927)	4,910	1,687	3,945
Other income (expense)					
Interest income	270	46	40	7	3
Interest expense	(67)	(3,594)	(2,750)	(1,444)	(1,000)
Income (loss) before income taxes	1,294	(6,475)	2,200		