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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2020

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

For the transition period from _____ to _____
Commission File No. 001-34972

Booz Allen Hamilton Holding Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

8283 Greensboro Drive, McLean, Virginia
(Address of principal executive offices)

26-2634160
(I.R.S. Employer
Identification No.)

22102
(Zip Code)

(703) 902-5000

Registrant's telephone number, including area code
(Former name, former address, and former fiscal year if changed since last report.)

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

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Class A Common Stock	BAH	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer		Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

	Shares Outstanding as of October 27, 2020
Class A Common Stock	137,900,150

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2020	March 31, 2020
	(Unaudited)	
	(Amounts in thousands, except share and per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,275,190	\$ 741,901
Accounts receivable, net of allowance	1,467,581	1,459,471
Prepaid expenses and other current assets	68,272	126,816
Total current assets	2,811,043	2,328,188
Property and equipment, net of accumulated depreciation	201,784	208,077
Operating lease right-of-use assets	241,523	240,122
Intangible assets, net of accumulated amortization	303,769	300,987
Goodwill	1,581,160	1,581,160
Other long-term assets	145,619	135,432
Total assets	<u>\$ 5,284,898</u>	<u>\$ 4,793,966</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 77,865	\$ 177,865
Accounts payable and other accrued expenses	852,885	698,011
Accrued compensation and benefits	360,547	348,775
Operating lease liabilities	52,988	49,021
Other current liabilities	57,306	54,006
Total current liabilities	1,401,591	1,327,678
Long-term debt, net of current portion	2,315,739	2,007,979
Operating lease liabilities, net of current portion	266,236	270,266
Other long-term liabilities	329,375	331,687
Total liabilities	4,312,941	3,937,610
Commitments and contingencies (Note 18)		
Stockholders' equity:		
Common stock, Class A — \$0.01 par value — authorized, 600,000,000 shares; issued, 162,079,334 shares at September 30, 2020 and 161,333,973 shares at March 31, 2020; outstanding, 138,024,601 shares at September 30, 2020 and 138,719,921 shares at March 31, 2020	1,621	1,613
Treasury stock, at cost — 24,054,733 at September 30, 2020 and 22,614,052 shares at March 31, 2020	(1,003,650)	(898,095)
Additional paid-in capital	509,512	468,027
Retained earnings	1,508,206	1,330,812
Accumulated other comprehensive loss	(43,732)	(46,001)
Total stockholders' equity	971,957	856,356
Total liabilities and stockholders' equity	<u>\$ 5,284,898</u>	<u>\$ 4,793,966</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	2020	2019
	(Amounts in thousands, except per share data)		(Amounts in thousands, except per share data)	
Revenue	\$ 2,019,185	\$ 1,819,577	\$ 3,975,638	\$ 3,644,753
Operating costs and expenses:				
Cost of revenue	942,597	843,942	1,891,499	1,684,596
Billable expenses	603,652	539,846	1,152,729	1,091,021
General and administrative expenses	244,700	244,122	490,555	478,402
Depreciation and amortization	21,015	19,632	41,747	39,653
Total operating costs and expenses	<u>1,811,964</u>	<u>1,647,542</u>	<u>3,576,530</u>	<u>3,293,672</u>
Operating income	207,221	172,035	399,108	351,081
Interest expense	(19,787)	(25,863)	(40,022)	(51,050)
Other (expense) income, net	(12,034)	2,005	(12,870)	3,976
Income before income taxes	175,400	148,177	346,216	304,007
Income tax expense	39,319	33,852	80,806	72,296
Net income	<u>\$ 136,081</u>	<u>\$ 114,325</u>	<u>\$ 265,410</u>	<u>\$ 231,711</u>
Earnings per common share (Note 4):				
Basic	<u>\$ 0.98</u>	<u>\$ 0.81</u>	<u>\$ 1.91</u>	<u>\$ 1.64</u>
Diluted	<u>\$ 0.98</u>	<u>\$ 0.80</u>	<u>\$ 1.90</u>	<u>\$ 1.63</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	2020	2019
	(Amounts in thousands)		(Amounts in thousands)	
Net income	\$ 136,081	\$ 114,325	\$ 265,410	\$ 231,711
Other comprehensive income (loss), net of tax:				
Change in unrealized gain (loss) on derivatives designated as cash flow hedges	3,664	(5,014)	2,225	(19,979)
Change in postretirement plan costs	22	16	44	50
Total other comprehensive income (loss), net of tax	3,686	(4,998)	2,269	(19,929)
Comprehensive income	<u>\$ 139,767</u>	<u>\$ 109,327</u>	<u>\$ 267,679</u>	<u>\$ 211,782</u>

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended September 30,	
	2020	2019
(Amounts in thousands)		
Cash flows from operating activities		
Net income	\$ 265,410	\$ 231,711
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	41,747	39,653
Noncash lease expense	26,891	27,711
Stock-based compensation expense	25,632	15,808
Amortization of debt issuance costs	2,176	2,459
Loss on debt extinguishment	13,239	—
Losses on dispositions	25	581
Changes in assets and liabilities:		
Accounts receivable, net of allowance	(8,606)	9,253
Deferred income taxes and income taxes receivable / payable	51,846	(30,322)
Prepaid expenses and other current assets	(10,279)	(16,696)
Other long-term assets	(3,664)	(95)
Accrued compensation and benefits	22,788	(28,805)
Accounts payable and other accrued expenses	154,140	34,623
Other current liabilities	2,669	2,311
Operating lease liabilities	(28,355)	(24,529)
Other long-term liabilities	10,365	3,016
Net cash provided by operating activities	566,024	266,679
Cash flows from investing activities		
Purchases of property, equipment, and software	(38,084)	(59,978)
Net cash used in investing activities	(38,084)	(59,978)
Cash flows from financing activities		
Proceeds from issuance of common stock	9,092	7,049
Stock option exercises	6,492	3,687
Repurchases of common stock	(116,291)	(14,658)
Cash dividends paid	(86,836)	(64,848)
Debt extinguishment costs	(8,971)	—
Repayment of debt	(488,933)	(38,962)
Proceeds from debt issuance	691,496	400,000
Other financing activities	(700)	(1,413)
Net cash provided by financing activities	5,349	290,855
Net increase in cash and cash equivalents	533,289	497,556
Cash and cash equivalents—beginning of period	741,901	283,990
Cash and cash equivalents—end of period	\$ 1,275,190	\$ 781,546
Supplemental disclosures of cash flow information		
Net cash paid during the period for:		
Interest	\$ 32,282	\$ 44,965
Income taxes	\$ 24,451	\$ 102,151
Supplemental disclosures of non-cash investing and financing activities		
Noncash financing activities	\$ 178	\$ 2,110

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

(Amounts in thousands, except share data)	Class A Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at June 30, 2020	161,856,727	\$ 1,618	(23,659,991)	\$ (973,601)	\$486,739	\$ 1,415,129	\$ (47,418)	\$ 882,467
Issuance of common stock	81,482	2	—	—	4,667	—	—	4,669
Stock options exercised	141,125	1	—	—	3,366	—	—	3,367
Repurchase of common stock	—	—	(394,742)	(30,049)	—	—	—	(30,049)
Recognition of liability related to future restricted stock units vesting	—	—	—	—	(59)	—	—	(59)
Net income	—	—	—	—	—	136,081	—	136,081
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	3,686	3,686
Dividends paid of \$0.31 per share of common stock	—	—	—	—	—	(43,004)	—	(43,004)
Stock-based compensation expense	—	—	—	—	14,799	—	—	14,799
Balance at September 30, 2020	162,079,334	\$ 1,621	(24,054,733)	\$ (1,003,650)	\$509,512	\$ 1,508,206	\$ (43,732)	\$ 971,957
Balance at March 31, 2020	161,333,973	\$ 1,613	(22,614,052)	\$ (898,095)	\$468,027	\$ 1,330,812	\$ (46,001)	\$ 856,356
Topic 326 adoption impact	—	—	—	—	—	(1,180)	—	(1,180)
Issuance of common stock	443,338	5	—	—	9,087	—	—	9,092
Stock options exercised	302,023	3	—	—	6,489	—	—	6,492
Repurchase of common stock (1)	—	—	(1,440,681)	(105,555)	—	—	—	(105,555)
Recognition of liability related to future restricted stock units vesting	—	—	—	—	280	—	—	280
Net income	—	—	—	—	—	265,410	—	265,410
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	2,269	2,269
Dividends paid of \$0.62 per share of common stock	—	—	—	—	—	(86,836)	—	(86,836)
Stock-based compensation expense	—	—	—	—	25,629	—	—	25,629
Balance at September 30, 2020	162,079,334	\$ 1,621	(24,054,733)	\$ (1,003,650)	\$509,512	\$ 1,508,206	\$ (43,732)	\$ 971,957

(1) During the six months ended September 30, 2020, the Company purchased 1.3 million shares of the Company's Class A Common Stock in a series of open market transactions for \$96.4 million. Additionally, the Company repurchased shares during the six months ended September 30, 2020 to cover the minimum statutory withholding taxes on restricted stock units that vested on various dates during the period.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED) [CONTINUED]

(Amounts in thousands, except share data)	Class A Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at June 30, 2019	160,244,219	\$ 1,602	(20,026,100)	\$ (719,736)	\$413,293	\$1,079,785	\$ (26,121)	\$ 748,823
Issuance of common stock	88,141	1	—	—	3,670	—	—	3,671
Stock options exercised	67,997	1	—	—	1,531	—	—	1,532
Repurchase of common stock	—	—	(807)	(57)	—	—	—	(57)
Recognition of liability related to future restricted stock units vesting	—	—	—	—	(41)	—	—	(41)
Net income	—	—	—	—	—	114,325	—	114,325
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	(4,998)	(4,998)
Dividends paid of \$0.23 per share of common stock	—	—	—	—	—	(32,436)	—	(32,436)
Stock-based compensation expense	—	—	—	—	9,364	—	—	9,364
Balance at September 30, 2019	<u>160,400,357</u>	<u>\$ 1,604</u>	<u>(20,026,907)</u>	<u>\$ (719,793)</u>	<u>\$427,817</u>	<u>\$1,161,674</u>	<u>\$ (31,119)</u>	<u>\$ 840,183</u>
Balance at March 31, 2019	<u>159,924,825</u>	<u>\$ 1,599</u>	<u>(19,896,972)</u>	<u>\$ (711,450)</u>	<u>\$401,596</u>	<u>\$ 994,811</u>	<u>\$ (11,190)</u>	<u>\$ 675,366</u>
Issuance of common stock	246,233	3	—	—	7,046	—	—	7,049
Stock options exercised	229,299	2	—	—	3,685	—	—	3,687
Repurchase of common stock (2)	—	—	(129,935)	(8,343)	—	—	—	(8,343)
Recognition of liability related to future restricted stock units vesting	—	—	—	—	(318)	—	—	(318)
Net income	—	—	—	—	—	231,711	—	231,711
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	(19,929)	(19,929)
Dividends paid of \$0.46 per share of common stock	—	—	—	—	—	(64,848)	—	(64,848)
Stock-based compensation expense	—	—	—	—	15,808	—	—	15,808
Balance at September 30, 2019	<u>160,400,357</u>	<u>\$ 1,604</u>	<u>(20,026,907)</u>	<u>\$ (719,793)</u>	<u>\$427,817</u>	<u>\$1,161,674</u>	<u>\$ (31,119)</u>	<u>\$ 840,183</u>

(2) During the six months ended September 30, 2019, the Company purchased 93 thousand shares of the Company's Class A Common Stock in a series of open market transactions for \$5.9 million. Additionally, the Company repurchased shares during the six months ended September 30, 2019 to cover the minimum statutory withholding taxes on restricted stock units that vested on various dates during the period.

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in tables in thousands, except share and per share data or unless otherwise noted)

1. BUSINESS OVERVIEW

Booz Allen Hamilton Holding Corporation, including its wholly owned subsidiaries, or the Company, we, us, and our, was incorporated in Delaware in May 2008. The Company provides management and technology consulting, analytics, engineering, digital solutions, mission operations, and cyber services to U.S. and international governments, major corporations, and not-for-profit organizations. The Company reports operating results and financial data in one reportable segment. The Company is headquartered in McLean, Virginia, with approximately 27,600 employees as of September 30, 2020.

2. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP, and pursuant to the rules and regulations of the U.S. Securities and Exchange Commission, or SEC, and should be read in conjunction with the information contained in the Company's Annual Report on Form 10-K for the year ended March 31, 2020. The interim period unaudited condensed consolidated financial statements are presented as described below. Certain information and disclosures normally required for annual financial statements have been condensed or omitted pursuant to GAAP and SEC rules and regulations. In the opinion of management, all adjustments considered necessary for fair presentation of the results of the interim period presented have been included. The Company's fiscal year ends on March 31 and unless otherwise noted, references to fiscal year or fiscal are for fiscal years ended March 31. The results of operations for the six months ended September 30, 2020 are not necessarily indicative of results to be expected for the full fiscal year.

The condensed consolidated financial statements and notes of the Company include its subsidiaries, and the joint ventures and partnerships over which the Company has a controlling financial interest. The Company uses the equity method to account for investments in entities that it does not control if it is otherwise able to exert significant influence over the entities' operating and financial policies.

Certain amounts reported in the Company's prior year condensed consolidated financial statements have been reclassified to conform to the current year presentation.

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Areas of the financial statements where estimates may have the most significant effect include the provision for claimed indirect costs, valuation and lives of tangible and intangible assets, impairment of long-lived assets, accrued liabilities, revenue recognition, including the accrual of indirect costs, bonus and other incentive compensation, stock-based compensation, reserves for uncertain tax positions and valuation allowances on deferred tax assets, provisions for income taxes, postretirement obligations, collectability of receivables, and loss accruals for litigation. Actual results experienced by the Company may differ materially from management's estimates.

Recently Adopted Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* (Topic 326). This guidance requires companies to record an allowance for expected credit losses over the contractual term of certain financial assets, including trade receivables and contract assets, and expands disclosure requirements for credit quality of financial assets. The Company adopted this standard effective April 1, 2020 using the modified retrospective method. The adoption of this standard did not have a material impact on the condensed consolidated financial statements and disclosures.

In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This guidance requires a customer in a cloud computing arrangement that is a service contract to follow existing internal-use software guidance to determine which implementation costs to defer and recognize as an asset. ASU 2018-15 generally aligns the guidance on capitalizing implementation costs incurred in a cloud computing arrangement that is a service contract with that of implementation costs incurred to develop or obtain internal-use software, including hosting arrangements that include an internal-use software license. ASU 2018-15 is effective for interim reporting periods for fiscal years beginning after December 15, 2019. The Company adopted this standard effective April 1, 2020 on a prospective basis, and adoption of this standard did not have a material impact on the condensed consolidated financial statements.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in tables in thousands, except share and per share data or unless otherwise noted)

In December 2019, the FASB issued ASU 2019-12 *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This guidance includes removal of certain exceptions to the general principles of Topic 740, and simplification in several other areas such as accounting for a franchise tax (or similar tax) that is partially based on income. The provisions of this standard are effective for years beginning after December 15, 2020, with early adoption permitted. The Company early adopted the standard effective April 1, 2020, and applied most of the relevant amendments prospectively. The Company's adoption did not have a material impact on the condensed consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This guidance contains optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other areas or transactions that are impacted by reference rate reform. The Company elected to adopt Topic 848 in fiscal 2020 and as of September 30, 2020, the Company has elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the Company's ability to apply hedge accounting to our derivative financial instruments. The Company continues to evaluate the impact of the guidance and may apply other elections, as applicable and as allowed by Topic 848.

Recent Accounting Pronouncements Not Yet Adopted

Other accounting and reporting pronouncements effective after September 30, 2020 and issued through the filing date are not expected to have a material impact on the Company's condensed consolidated financial statements.

3. REVENUE

The Company's revenues from contracts with customers (clients) are derived from offerings that include management and technology consulting services, analytics, digital solutions, engineering, mission operations, and cyber services, substantially with the U.S. government and its agencies and, to a lesser extent, subcontractors. The Company also serves foreign governments, as well as domestic and international commercial clients. The Company performs under various types of contracts, which include cost-reimbursable contracts, time-and-materials contracts, and fixed-price contracts.

Contract Estimates

Many of our contracts recognize revenue under a contract cost-based input method and require an Estimate-at-Completion (EAC) process, which management uses to review and monitor the progress towards the completion of our performance obligations. Under this process, management considers various inputs and assumptions related to the EAC, including, but not limited to, progress towards completion, labor costs and productivity, material and subcontractor costs, and identified risks. Estimating the total cost at completion of performance obligations is subjective and requires management to make assumptions about future activity and cost drivers under the contract. Changes in these estimates can occur for a variety of reasons and, if significant, may impact the profitability of the Company's contracts. Changes in estimates related to contracts accounted for under the EAC process are recognized on a cumulative catch-up basis in the period when such changes are determinable and reasonably estimable. If the estimate of contract profitability indicates an anticipated loss on a contract, the Company recognizes the total loss at the time it is identified. For each of the three and six months ended September 30, 2020 and 2019, the aggregate impact of adjustments in contract estimates was not material.

Disaggregation of Revenue

We disaggregate our revenue from contracts with customers by contract type, customer, as well as whether the Company acts as prime contractor or sub-contractor, as we believe these categories best depict how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors. The following series of tables presents our revenue disaggregated by these categories.

Revenue by Contract Type:

We generate revenue under the following three basic types of contracts:

- **Cost-Reimbursable Contracts:** Cost-reimbursable contracts provide for the payment of allowable costs incurred during performance of the contract, up to a ceiling based on the amount that has been funded, plus a fixed fee or award fee.
- **Time-and-Materials Contracts:** Under contracts in this category, we are paid a fixed hourly rate for each direct labor hour expended, and we are reimbursed for billable material costs and billable out-of-pocket expenses inclusive of allocable indirect costs. We assume the financial risk on time-and-materials contracts because our costs of performance may exceed negotiated hourly rates.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in tables in thousands, except share and per share data or unless otherwise noted)

- Fixed-Price Contracts: Under a fixed-price contract, we agree to perform the specified work for a predetermined price. To the extent our actual direct and allocated indirect costs decrease or increase from the estimates upon which the price was negotiated, we will generate more or less profit, respectively, or could incur a loss.

The table below presents the total revenue for each type of contract:

	Three Months Ended September 30,				Six Months Ended September 30,			
	2020		2019		2020		2019	
Cost-reimbursable	\$ 1,138,501	56 %	\$ 1,026,055	57 %	\$ 2,230,549	56 %	\$ 2,052,648	56 %
Time-and-materials	504,663	25 %	423,605	23 %	1,007,209	25 %	844,200	23 %
Fixed-price	376,021	19 %	369,917	20 %	737,880	19 %	747,905	21 %
Total Revenue	\$ 2,019,185	100 %	\$ 1,819,577	100 %	\$ 3,975,638	100 %	\$ 3,644,753	100 %

Revenue by Customer Type:

	Three Months Ended September 30,				Six Months Ended September 30,			
	2020		2019		2020		2019	
U.S. government:								
Defense Clients	\$ 1,000,340	50 %	\$ 845,270	47 %	\$ 1,931,676	49 %	\$ 1,704,206	47 %
Intelligence Clients	396,110	19 %	405,220	22 %	803,214	20 %	824,287	22 %
Civil Clients	570,213	28 %	511,012	28 %	1,128,136	28 %	1,003,045	28 %
Total U.S. government	1,966,663	97 %	1,761,502	97 %	3,863,026	97 %	3,531,538	97 %
Global Commercial Clients	52,522	3 %	58,075	3 %	112,612	3 %	113,215	3 %
Total Revenue	\$ 2,019,185	100 %	\$ 1,819,577	100 %	\$ 3,975,638	100 %	\$ 3,644,753	100 %

Revenue by Whether the Company Acts as a Prime Contractor or a Sub-Contractor:

	Three Months Ended September 30,				Six Months Ended September 30,			
	2020		2019		2020		2019	
Prime Contractor	\$ 1,880,778	93 %	\$ 1,676,522	92 %	\$ 3,684,382	93 %	\$ 3,349,952	92 %
Sub-contractor	138,407	7 %	143,055	8 %	291,256	7 %	294,801	8 %
Total Revenue	\$ 2,019,185	100 %	\$ 1,819,577	100 %	\$ 3,975,638	100 %	\$ 3,644,753	100 %

Performance Obligations

Remaining performance obligations represent the transaction price of exercised contracts for which work has not yet been performed, irrespective of whether funding has or has not been authorized and appropriated as of the date of exercise. Remaining performance obligations do not include negotiated but unexercised options or the unfunded value of expired contracts.

As of September 30, 2020 and March 31, 2020, the Company had \$8.4 billion and \$6.3 billion, respectively, of remaining performance obligations and we expect to recognize more than half of the remaining performance obligations at September 30, 2020 as revenue over the next 12 months, and approximately three quarters over the next 24 months. The remainder is expected to be recognized thereafter.

Contract Balances

The Company's performance obligations are typically satisfied over time and revenue is generally recognized using a cost-based input method. Fixed-price contracts are typically billed to the customer using milestone or fixed monthly payments, while cost-reimbursable-plus-fee and time-and-material contracts are typically billed to the customer at periodic intervals (e.g. monthly or weekly) as indicated by the terms of the contract. Disparities between the timing of revenue recognition and customer billings and cash collections results in net contract assets or liabilities being recognized at the end of each reporting period.

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Contract assets primarily consist of unbilled receivables typically resulting from revenue recognized exceeding the amount billed to the customer and right to payment is not just subject to the passage of time. Contract liabilities primarily consist of advance payments, billings in excess of costs incurred and deferred revenue. Contract assets and liabilities are reported on a net contract basis at the end of each reporting period. The Company maintains an allowance for doubtful accounts to provide for an estimate of uncollected receivables. Refer to Note 5 for more information on receivables recognized from contracts accounted for under Accounting Standards Codification (ASC) No. 606, *Revenue from Contracts with Customers* (Topic 606).

The following table summarizes the contract balances recognized on the Company's condensed consolidated balance sheets:

Balance Sheet line item	September 30, 2020	March 31, 2020	
Contract assets:			
Current	Accounts receivable, net of allowance	1,022,558	988,634
Long-term	Other long-term assets	63,294	62,600
Total	\$ 1,085,852	\$ 1,051,234	
Contract liabilities:			
Advance payments, billings in excess of costs incurred and deferred revenue	Other current liabilities	\$ 28,840	\$ 26,018

Changes in contract assets and contract liabilities are primarily due to the timing difference between the Company's performance of services and payments from customers. For the three months ended September 30, 2020 and 2019, we recognized revenue of \$2.5 million and \$1.7 million, respectively, and for the six months ended September 30, 2020 and September 30, 2019, we recognized revenue of \$22.0 million and \$18.4 million, respectively, related to our contract liabilities on April 1, 2020 and 2019, respectively. To determine revenue recognized from contract liabilities during the reporting periods, the Company allocates revenue to individual contract liability balances and applies revenue recognized during the reporting periods first to the beginning balances of contract liabilities until the revenue exceeds the balances.

4. EARNINGS PER SHARE

The Company computes basic and diluted earnings per share amounts based on net income for the periods presented. The Company uses the weighted-average number of common shares outstanding during the period to calculate basic earnings per share, or EPS. Diluted EPS adjusts the weighted average number of shares outstanding to include the dilutive effect of outstanding common stock options and other stock-based awards.

The Company currently has outstanding shares of Class A Common Stock. Unvested Class A Restricted Common Stock holders are entitled to participate in non-forfeitable dividends or other distributions. These unvested restricted shares participated in the Company's dividends declared and were paid in the first and second quarters of fiscal 2021 and 2020. As such, EPS is calculated using the two-class method whereby earnings are reduced by distributed earnings as well as any available undistributed earnings allocable to holders of unvested restricted shares. A reconciliation of the income used to compute basic and diluted EPS for the periods presented are as follows:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	2020	2019
Earnings for basic computations (1)	\$ 135,283	\$ 113,725	\$ 263,951	\$ 230,492
Weighted-average common shares outstanding for basic computations	137,882,906	140,245,038	138,017,120	140,125,779
Earnings for diluted computations (1)	\$ 135,286	\$ 113,728	\$ 263,958	\$ 230,499
Dilutive stock options and restricted stock	864,734	1,117,098	987,262	1,127,138
Weighted-average common shares outstanding for diluted computations	138,747,640	141,362,136	139,004,382	141,252,917
Earnings per common share				
Basic	\$ 0.98	\$ 0.81	\$ 1.91	\$ 1.64
Diluted	\$ 0.98	\$ 0.80	\$ 1.90	\$ 1.63

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(1) During the three months ended September 30, 2020 and 2019, approximately 0.8 million and 0.7 million participating securities, respectively, were paid dividends totaling \$0.3 million and \$0.2 million, respectively. During the six months ended September 30, 2020 and 2019, approximately 0.8 million and 0.7 million participating securities, respectively, were paid dividends totaling \$0.5 million and \$0.3 million, respectively. For the three months ended September 30, 2020 and 2019, there were undistributed earnings of \$0.5 million and \$0.4 million, respectively, allocated to the participating class of securities in both basic and diluted EPS. For the six months ended September 30, 2020 and 2019, there were undistributed earnings of \$1.0 million and \$0.9 million, respectively, allocated to the participating class of securities in both basic and diluted EPS. The allocated undistributed earnings and the dividends paid comprise the difference between net income presented on the condensed consolidated statements of operations and earnings for basic and diluted computations for both the three and six months ended September 30, 2020 and 2019.

The EPS calculation for the three months ended September 30, 2020 and 2019 excludes 0.3 million and 0.2 million options, respectively, as their impact was anti-dilutive. The EPS calculation for both the six months ended September 30, 2020 and 2019 excludes 0.2 million options, as their impact was anti-dilutive.

5. ACCOUNTS RECEIVABLE, NET OF ALLOWANCE

Accounts receivable, net of allowance consisted of the following:

	September 30, 2020	March 31, 2020
Current assets		
Accounts receivable–billed	\$ 449,382	\$ 474,822
Accounts receivable–unbilled	1,022,558	988,634
Allowance for doubtful accounts	(4,359)	(3,985)
Accounts receivable, net of allowance	1,467,581	1,459,471
Other long-term assets		
Accounts receivable–unbilled	63,294	62,600
Total accounts receivable, net	<u>\$ 1,530,875</u>	<u>\$ 1,522,071</u>

Unbilled amounts represent revenues for which billings have not been presented to customers at quarter-end or year-end. These amounts are generally billed and collected within one year subject to various conditions including, without limitation, appropriated and available funding. Long-term unbilled receivables not anticipated to be billed and collected within one year, which are primarily related to retainage, holdbacks, and long-term rate settlements to be billed at contract closeout, are included in other long-term assets in the accompanying condensed consolidated balance sheets. The Company recognized a (benefit) provision for doubtful accounts of \$(0.09) million and \$0.5 million for the three months ended September 30, 2020 and 2019, respectively, and \$(0.12) million and \$2.4 million for the six months ended September 30, 2020 and September 30, 2019, respectively.

The primary financial instruments, other than derivatives, that potentially subject the Company to concentrations of credit risk are accounts receivable. The Company's primary customers are U.S. federal government agencies and prime contractors under contracts with the U.S. government. The Company is exposed to credit risk primarily through global commercial customers. The Company continuously monitors its credit exposure through review of customer balances against contract terms, historical cash collections, outstanding past due status, current economic conditions and dispute resolution. It records provisions for doubtful accounts based on its expected credit losses considering historical experience, current information and reasonable and supportable forecasts of future economic conditions.

6. ACCOUNTS PAYABLE AND OTHER ACCRUED EXPENSES

Accounts payable and other accrued expenses consisted of the following:

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	September 30, 2020	March 31, 2020
Vendor payables	\$ 452,804	\$ 432,953
Accrued expenses	400,081	265,058
Total accounts payable and other accrued expenses	<u>\$ 852,885</u>	<u>\$ 698,011</u>

Accrued expenses consisted primarily of the Company's provision for claimed indirect costs, which were approximately \$237.5 million and \$224.6 million as of September 30, 2020 and March 31, 2020, respectively. See Note 18 for further discussion of this provision.

7. ACCRUED COMPENSATION AND BENEFITS

Accrued compensation and benefits consisted of the following:

	September 30, 2020	March 31, 2020
Bonus	\$ 45,024	\$ 114,359
Retirement	75,548	41,604
Vacation	210,977	159,512
Other	28,998	33,300
Total accrued compensation and benefits	<u>\$ 360,547</u>	<u>\$ 348,775</u>

8. DEBT

Debt consisted of the following:

	September 30, 2020		March 31, 2020	
	Interest Rate	Outstanding Balance	Interest Rate	Outstanding Balance
Term Loan A	1.65 %	\$ 1,326,752	2.49 %	\$ 1,363,739
Term Loan B	1.90 %	386,157	2.74 %	388,102
Revolver		—	3.75 %	100,000
Senior Notes	3.88 %	700,000	— %	—
2017 Senior Notes	— %	—	5.13 %	350,000
Less: Unamortized debt issuance costs and discount on debt		(19,305)		(15,997)
Total		<u>2,393,604</u>		<u>2,185,844</u>
Less: Current portion of long-term debt		(77,865)		(177,865)
Long-term debt, net of current portion		<u>\$ 2,315,739</u>		<u>\$ 2,007,979</u>

Term Loans and Revolving Credit Facility

On November 26, 2019 (the "Amendment Effective Date"), Booz Allen Hamilton Inc. ("Booz Allen Hamilton"), Booz Allen Hamilton Investor Corporation ("Investor"), and certain wholly-owned subsidiaries of Booz Allen Hamilton, entered into the Seventh Amendment (the "Seventh Amendment") to the Credit Agreement (as amended, the "Credit Agreement"), dated as of July 31, 2012 among Booz Allen Hamilton, Investor, certain wholly-owned subsidiaries of Booz Allen Hamilton and Bank of America, N.A., as Administrative Agent and Collateral Agent and the other lenders and financial institutions from time to time party thereto (as previously amended by the First Amendment to the Credit Agreement, dated as of August 16, 2013, the Second Amendment to the Credit Agreement, dated as of May 7, 2014, the Third Amendment to the Credit Agreement, dated as of July 13, 2016, the Fourth Amendment to the Credit Agreement, dated as of February 6, 2017, the Fifth Amendment to the Credit Agreement, dated as of March 7, 2018, and the Sixth Amendment to the Credit Agreement, dated July 23, 2018). Pursuant to the Seventh Amendment, the Company reduced the applicable margin applicable to the Term Loan B ("Term Loan B" and, together with the Term Loan A, the "Term Loans") from 2.00% to 1.75% for LIBOR loans and from 1.00% to 0.75% for base rate loans and extended the maturity of the Term Loan B to November 26, 2026. The applicable margin and maturity date applicable to the Term Loan A (the "Term Loan A") remained unchanged.

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Prior to the Seventh Amendment, approximately \$389.0 million was outstanding under Term Loan B. Pursuant to the Seventh Amendment, certain lenders converted their existing Term Loan B loans into a new tranche of Term Loan B loans in an aggregate amount, along with Term Loan B loans advanced by certain new lenders, of approximately \$389.0 million (the "New Refinancing Tranche B Term Loans"). The proceeds from the new lenders were used to prepay in full all of the existing Term Loan B loans that were not converted into the new Term Loan B tranche. Voluntary prepayments of the New Refinancing Tranche B Term Loans are permitted at any time, in minimum principal amounts, without premium or penalty, subject to a 1.00% premium payable in connection with certain repricing transactions within the first six months after the Seventh Amendment. The other terms of the New Refinancing Tranche B Term Loans are generally the same as the existing Term Loan B prior to the Seventh Amendment.

As of September 30, 2020, the Credit Agreement provided Booz Allen Hamilton with a \$1,326.8 million Term Loan A, a \$386.2 million Term Loan B, and \$500.0 million revolving credit facility (the "Revolving Credit Facility") with a sub-limit for letters of credit of \$100.0 million (collectively, the "Secured Credit Facility"). As of September 30, 2020, the maturity date of Term Loan A and the termination date for the Revolving Credit Facility was July 23, 2023 and the maturity date of Term Loan B was November 26, 2026. Booz Allen Hamilton's obligations and the guarantors' guarantees under the Credit Agreement are secured by a first priority lien on substantially all of the assets (including capital stock of subsidiaries) of Booz Allen Hamilton, Investor, and the subsidiary guarantors, subject to certain exceptions set forth in the Credit Agreement and related documentation. Subject to specified conditions, without the consent of the then-existing lenders (but subject to the receipt of commitments), the Term Loans or the Revolving Credit Facility may be expanded (or a new term loan facility or revolving credit facility added to the existing facilities) by up to (i) the greater of (x) \$627 million and (y) 100% of consolidated EBITDA of Booz Allen Hamilton, as of the end of the most recently ended four quarter period for which financial statements have been delivered pursuant to the Credit Agreement plus (ii) the aggregate principal amount under which pro forma consolidated net secured leverage remains less than or equal to 3.50:1.00.

At Booz Allen Hamilton's option, borrowings under the Secured Credit Facility bear interest based either at LIBOR (adjusted for maximum reserves, and subject to a floor of zero) for the applicable interest period or a base rate (equal to the highest of (x) the administrative agent's prime corporate rate, (y) the overnight federal funds rate plus 0.50%, and (z) three-month LIBOR (adjusted for maximum reserves, and subject to a floor of zero) plus 1.00%), in each case plus an applicable margin, payable at the end of the applicable interest period and in any event at least quarterly. The applicable margin for Term Loan A and borrowings under the Revolving Credit Facility ranges from 1.25% to 2.00% for LIBOR loans and 0.25% to 1.00% for base rate loans, in each case based on Booz Allen Hamilton's consolidated total net leverage ratio. The applicable margin for Term Loan B is 1.75% for LIBOR loans and 0.75% for base rate loans. Unused commitments under the Revolving Credit Facility are subject to a quarterly fee ranging from 0.20% to 0.35% based on Booz Allen Hamilton's consolidated total net leverage ratio.

Booz Allen Hamilton occasionally borrows under the Revolving Credit Facility in anticipation of cash demands. For both the three and six months ended September 30, 2020 and 2019, Booz Allen Hamilton accessed no amounts of its \$500.0 million Revolving Credit Facility. As of September 30, 2020, there was no outstanding balance on the Revolving Credit Facility. As of March 31, 2020, \$100.0 million was outstanding on the Revolving Credit Facility, which was repaid in June 2020.

The Credit Agreement, as amended, requires quarterly principal payments of 1.25% of the stated principal amount of Term Loan A until maturity, and quarterly principal payments of 0.25% of the stated principal amount of Term Loan B until maturity.

The Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants include limitations on the following, in each case subject to certain exceptions: (i) indebtedness and liens; (ii) mergers, consolidations or amalgamations, liquidations, wind-ups or dissolutions, and disposition of all or substantially all assets; (iii) dispositions of property; (iv) restricted payments; (v) investments; (vi) transactions with affiliates; (vii) change in fiscal periods; (viii) negative pledges; (ix) restrictive agreements; (x) line of business; and (xi) speculative hedging. The events of default include the following, in each case subject to certain exceptions: (a) failure to make required payments under the Secured Credit Facility; (b) material breaches of representations or warranties under the Secured Credit Facility; (c) failure to observe covenants or agreements under the Secured Credit Facility; (d) failure to pay or default under certain other material indebtedness; (e) bankruptcy or insolvency; (f) certain Employee Retirement Income Security Act, or ERISA events; (g) certain material judgments; (h) actual or asserted invalidity of the Guarantee and Collateral Agreements or the other security documents or failure of the guarantees or perfected liens thereunder; and (i) a change of control. In addition, Booz Allen Hamilton is required to meet certain financial covenants at each quarter end, namely Consolidated Net Total Leverage and Consolidated Net Interest Coverage Ratios. As of September 30, 2020 and March 31, 2020, Booz Allen Hamilton was in compliance with all financial covenants associated with its debt and debt-like instruments.

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For the three months ended September 30, 2020 and 2019, interest payments of \$5.8 million and \$13.9 million were made for Term Loan A and \$1.9 million and \$4.4 million were made for Term Loan B, respectively. For the six months ended September 30, 2020 and 2019, interest payments of \$12.7 million and \$27.2 million were made for Term Loan A and \$4.1 million and \$8.8 million were made for Term Loan B, respectively.

Borrowings under the Term Loans, and if used, the Revolving Credit Facility, incur interest at a variable rate. In accordance with Booz Allen Hamilton's risk management strategy, between April 6, 2017 and April 4, 2019, Booz Allen Hamilton executed a series of interest rate swaps. As of September 30, 2020, Booz Allen Hamilton had interest rate swaps with an aggregate notional amount of \$1 billion. These instruments hedge the variability of cash outflows for interest payments on the term loan debts and Revolving Credit Facility. The Company's objectives in using cash flow hedges are to reduce volatility due to interest rate movements and to add stability to interest expense (See Note 9 to our condensed consolidated financial statements).

Senior Notes

On August 24, 2020, Booz Allen Hamilton issued \$700.0 million aggregate principal amount of its 3.875% Senior Notes due 2028 (the "Senior Notes") under an Indenture, dated as of August 24, 2020, among Booz Allen Hamilton, certain subsidiaries of Booz Allen Hamilton, as guarantors (the "Subsidiary Guarantors"), and Wilmington Trust, National Association as trustee (the "Trustee"), as supplemented by the First Supplemental Indenture, dated as of August 24, 2020, among Booz Allen Hamilton, the Subsidiary Guarantors and the Trustee. Each of Booz Allen Hamilton's existing and future restricted subsidiaries that guarantee its obligations under the Secured Credit Facility or certain other indebtedness guarantee the Senior Notes on a senior unsecured basis. The Senior Notes and the guarantees are Booz Allen Hamilton's and each Subsidiary Guarantors' senior unsecured obligations and rank equally in right of payment with all of Booz Allen Hamilton's and the Subsidiary Guarantors' existing and future senior indebtedness and rank senior in right of payment to any of Booz Allen Hamilton's and the Subsidiary Guarantors' future subordinated indebtedness.

Booz Allen Hamilton may redeem some or all of the Senior Notes at any time prior to September 1, 2023, at a price equal to 100.00% of the principal amount of the Senior Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, plus an applicable "make-whole premium." Booz Allen Hamilton may redeem the Senior Notes at its option, in whole at any time or in part from time to time, upon certain required notice, at any time (i) on and after September 1, 2023, at a price equal to 101.94% of the principal amount of the Senior Notes, (ii) on or after September 1, 2024, at a price equal to 100.97% of the principal amount of the Senior Notes, and (iii) on September 1, 2025 and thereafter, at a price equal to 100.00% of the principal amount of the Senior Notes, in each case, plus accrued and unpaid interest, if any, to (but not including) the applicable redemption date. In addition, at any time on or prior to September 1, 2023, Booz Allen Hamilton may redeem up to 40.00% of the original aggregate principal amount of the Senior Notes with the net cash proceeds of certain equity offerings at a redemption price equal to 103.88% of the principal amount of the Senior Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 50.00% of the original aggregate principal amount of the Senior Notes remains outstanding after each such redemption; and the redemption occurs within 180 days of the closing date of such equity offering.

Interest is payable on the Senior Notes semi-annually on March 1 and September 1 of each year, beginning on March 1, 2021, and principal is due at maturity on September 1, 2028. In connection with the issuance of the Senior Notes, the Company recognized \$9.2 million of issuance costs, which were recorded as an offset against the carrying value of debt and will be amortized to interest expense over the term of the Senior Notes.

2017 Senior Notes

On April 25, 2017, Booz Allen Hamilton issued \$350.0 million aggregate principal amount of its 5.125% Senior Notes due 2025 (the "2017 Senior Notes"), under an Indenture, dated as of April 25, 2017, among Booz Allen Hamilton, certain subsidiaries of Booz Allen Hamilton, as guarantors, and Wilmington Trust, National Association, as trustee, as supplemented by the First Supplemental Indenture, dated as of April 25, 2017, among Booz Allen Hamilton, certain subsidiaries of Booz Allen Hamilton, as guarantors, and Wilmington Trust, National Association, as trustee. Each of Booz Allen Hamilton's existing and future domestic restricted subsidiaries that guaranteed its obligations under the Secured Credit Facility and certain other indebtedness guaranteed the 2017 Senior Notes on a senior unsecured basis.

On August 24, 2020, Booz Allen Hamilton used a portion of the net proceeds from the sale of the Senior Notes to redeem in full \$350.0 million aggregate principal amount of the outstanding 2017 Senior Notes at a redemption price of 102.563% of the principal amount thereof, plus accrued and unpaid interest thereon to (but excluding) the redemption date, and to pay all fees and expenses related to the foregoing. Booz Allen Hamilton intends to use the remaining net proceeds from the sale of the Senior Notes for working capital and other general corporate purposes.

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For the three month ended September 30, 2020, the Company recorded \$13.2 million of loss on debt extinguishment in other (expense) income, net on the Condensed Consolidated Statements of Operations, including \$9.0 million of the premium paid at redemption, and write-off of the unamortized debt issuance cost of the 2017 Senior Notes.

Interest on debt and debt-like instruments consisted of the following:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	2020	2019
	(In thousands)		(In thousands)	
Term Loan A Interest Expense	\$ 5,722	\$ 13,584	\$ 12,640	\$ 27,034
Term Loan B Interest Expense	1,894	4,232	4,108	8,652
Interest on Revolving Credit Facility	—	—	799	—
Senior Notes Interest Expense	5,505	4,298	9,989	8,969
Deferred Payment Obligation Interest ⁽¹⁾	—	2,011	—	4,022
Amortization of Debt Issuance Cost (DIC) and Original Issue Discount (OID) ⁽²⁾	1,106	1,425	2,176	2,459
Interest Swap Expense	5,364	46	9,805	(477)
Other	196	267	505	391
Total Interest Expense	\$ 19,787	\$ 25,863	\$ 40,022	\$ 51,050

⁽¹⁾ Interest payments on the deferred payment obligation were made twice a year in January and July. The final payment was made on December 18, 2019.

⁽²⁾ DIC and OID on the Term Loans and senior notes are recorded as a reduction of long-term debt in the condensed consolidated balance sheet and are amortized ratably over the life of the related debt using the effective rate method. DIC on the Revolving Credit Facility is recorded as a long-term asset on the condensed consolidated balance sheet and amortized ratably over the term of the Revolving Credit Facility.

9. DERIVATIVES

The Company utilizes derivative financial instruments to manage interest rate risk related to its variable rate debt. The Company's objectives in using these interest rate derivatives, which were designated as cash flow hedges, are to manage its exposure to interest rate movements and reduce volatility of interest expense. The aggregate notional amount of all interest rate swap agreements was \$1.0 billion as of September 30, 2020. The swaps have staggered maturities, ranging from June 30, 2021 to June 30, 2025. These swaps mature within the last tranche of the Company's floating rate debt (November 26, 2026).

The floating-to-fixed interest rate swaps involve the exchange of variable interest amounts from a counterparty for the Company making fixed-rate interest payments over the life of the agreements without exchange of the underlying notional amount and effectively convert a portion of the variable rate debt into fixed interest rate debt.

Derivative instruments are recorded in the condensed consolidated balance sheet on a gross basis at estimated fair value. As of September 30, 2020, \$19.8 million and \$33.8 million were classified as other current liabilities and other long-term liabilities, respectively, on the condensed consolidated balance sheet. As of March 31, 2020, \$18.8 million and \$37.8 million were classified as other current liabilities, and other long-term liabilities, respectively, on the condensed consolidated balance sheet.

For interest rate swaps designated as cash flow hedges, the changes in the fair value of derivatives is recorded in Accumulated Other Comprehensive Loss, or AOCL, net of taxes, and is subsequently reclassified into interest expense in the period that the hedged forecasted interest payments are made on the Company's variable-rate debt. The effect of derivative instruments on the accompanying condensed consolidated financial statements for the three and six months ended September 30, 2020 and 2019 is as follows:

Derivatives in Cash Flow Hedging Relationships	Location of Gain or Loss Recognized in Income on Derivatives	Three Months Ended September 30,					
		Amount of Gain or (Loss) Recognized in AOCL on Derivatives		Amount of Gain or (Loss) Reclassified from AOCL into Income		Interest Expense on Condensed Consolidated Statements of Operations	
		2020	2019	2020	2019	2020	2019
Interest rate swaps	Interest expense	\$ (408)	\$ (6,837)	\$ (5,364)	\$ (46)	\$ (19,787)	\$ (25,863)

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Derivatives in Cash Flow Hedging Relationships	Location of Gain or Loss Recognized in Income on Derivatives	Six Months Ended September 30,					
		Amount of (Loss) or Gain Recognized in AOCL on Derivatives		Amount of (Loss) or Gain Reclassified from AOCL into Income		Interest Expense on Condensed Consolidated Statements of Operations	
		2020	2019	2020	2019	2020	2019
Interest rate swaps	Interest expense	\$ (6,795)	\$ (26,585)	\$ (9,805)	\$ 477	\$ (40,022)	\$ (51,050)

Over the next 12 months, the Company estimates that \$20.0 million will be reclassified as an increase to interest expense. Cash flows associated with periodic settlements of interest rate swaps will be classified as operating activities in the condensed consolidated statement of cash flows.

The Company is subject to counterparty risk in connection with its interest rate swap derivative contracts. Credit risk related to a derivative financial instrument represents the possibility that the counterparty will not fulfill the terms of the contract. The Company mitigates this credit risk by entering into agreements with credit-worthy counterparties and regularly reviews its credit exposure and the creditworthiness of the counterparties.

10. LEASES

The Company's total lease cost is recorded primarily within general and administrative expenses on the condensed consolidated statement of operations and consisted of the following:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	2020	2019
Operating lease cost	\$ 17,214	\$ 17,760	\$ 34,341	\$ 35,720
Short-term lease cost	1,426	2,333	3,027	4,750
Variable lease cost	3,281	3,016	6,815	5,578
Total operating lease costs	\$ 21,921	\$ 23,109	\$ 44,183	\$ 46,048

Future minimum operating lease payments for noncancelable operating leases as of September 30, 2020 are as follows:

Fiscal Year Ending	Operating Lease Payments
Remainder of 2021	\$ 30,050
2022	70,358
2023	67,896
2024	56,728
2025	52,177
Thereafter	92,226
Total future lease payments	369,435
Less: imputed interest	(50,211)
Total lease liabilities	\$ 319,224

Supplemental cash flow information related to leases was as follows:

	Six Months Ended September 30,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities	\$ 35,594	\$ 32,472
Operating lease liabilities arising from obtaining ROU assets ⁽¹⁾	28,292	9,681

(1) Includes all noncash increases and decreases arising from new or remeasured operating lease arrangements

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Other information related to leases was as follows:

	September 30, 2020
Weighted average remaining lease term (in years)	5.71
Weighted average discount rate	4.75 %

11. INCOME TAXES

The Company's effective income tax rates were 22.4% and 22.8% for the three months ended September 30, 2020 and 2019, respectively, and 23.3% and 23.8% for the six months ended September 30, 2020 and 2019, respectively. The effective tax rates of 22.4% and 23.3% for the three and six months ended September 30, 2020 differ from the federal statutory rate of 21.0% primarily due to the inclusion of state and foreign income taxes and permanent rate differences, which are predominantly related to certain executive compensation, partially offset by research and development tax credits and excess tax benefits for employee share-based compensation.

The Company is currently contesting tax assessments from the District of Columbia Office of Tax and Revenue for fiscal years 2013 through 2015 at various stages of applicable administrative and judicial processes, with a combined amount at issue of approximately \$11.7 million, net of associated federal tax benefits as of September 30, 2020. The Company has taken similar tax positions with respect to subsequent fiscal years, net of expiring statute of limitations, totaling in aggregate \$32.5 million. As of September 30, 2020, the Company does not maintain reserves for any uncertain tax positions related to the contested tax benefits or the similar tax positions taken in the subsequent fiscal years. Given the recoverable nature of the state tax expense, the Company does not believe that the resolution of these matters will have a material adverse effect on its results of operations, cash flows or financial condition.

The Company maintained reserves for uncertain tax positions of \$65.9 million and \$56.1 million as of September 30, 2020 and March 31, 2020, respectively, which are included in other long-term liabilities in the accompanying condensed consolidated balance sheets. As of September 30, 2020, the Company maintained reserves for uncertain tax positions of \$54.1 million relating to research and development tax credits and \$10.2 million relating to the acquisition of eGov Holdings, Inc. (d/b/a Aquilent) in the fourth quarter of fiscal 2017 for pre-acquisition period tax return uncertain tax positions.

12. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consisted of the following:

	September 30, 2020	March 31, 2020
Postretirement benefit obligations	126,502	124,375
Other (1)	202,873	207,312
Total other long-term liabilities	\$ 329,375	\$ 331,687

(1) Because of condensed financial statement presentation, components of other long-term liabilities at September 30, 2020 and March 31, 2020 primarily include the Company's long-term liability portion of the Company's derivative instruments, the long-term disability obligation, deferred tax liabilities and reserves for uncertain tax positions.

13. EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

The Company sponsors the Employees' Capital Accumulation Plan, or ECAP, which is a qualified defined contribution plan that covers eligible U.S. and certain international employees. ECAP provides for distributions to participants by reason of retirement, death, disability, or termination of employment. The Company provides an annual matching contribution of up to 6% of eligible annual compensation. Total expenses recognized under ECAP were \$40.2 million and \$36.2 million for the three months ended September 30, 2020 and 2019, respectively, and \$81.3 million and \$73.1 million for the six months ended September 30, 2020 and 2019, respectively. The Company-paid contributions were \$24.6 million and \$22.1 million for the three months ended September 30, 2020 and 2019, respectively, and \$47.8 million and \$42.0 million for the six months ended September 30, 2020 and 2019, respectively.

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Defined Benefit Plan and Other Postretirement Benefit Plans

The Company provides postretirement healthcare benefits to former officers under a medical indemnity insurance plan, with premiums paid by the Company. This plan is referred to as the Officer Medical Plan. The Company also established a non-qualified defined benefit plan for all officers in May 1995, or the Retired Officers' Bonus Plan, which pays a lump-sum amount of \$10,000 per year of service as an officer, provided the officer meets retirement vesting requirements. In addition, the Company provides a fixed annual allowance after retirement to cover financial counseling, tax preparation and other financial or wellness expenses. The Retired Officers' Bonus Plan is not salary related, but rather is based primarily on years of service. The Company also provides for a one-time lump sum retirement payment of one month's salary when a vice-president retires from the Company. This is referred to as the Retired Vice-President Bonus Plan.

The components of net postretirement medical expense for the Officer Medical Plan were as follows:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	2020	2019
Service cost	\$ 1,414	\$ 1,239	\$ 2,828	\$ 2,478
Interest cost	1,059	1,215	2,118	2,430
Total postretirement medical expense	<u>\$ 2,473</u>	<u>\$ 2,454</u>	<u>\$ 4,946</u>	<u>\$ 4,908</u>

The service cost component of net periodic benefit cost is included in cost of revenue and general and administrative expenses, and the non-service cost components of net periodic benefit cost (interest cost and net actuarial loss) is included as part of Other (expense) income, net in the accompanying condensed consolidated statements of operations.

As of September 30, 2020 and March 31, 2020, the unfunded status of the post-retirement medical plan was \$122.3 million and \$119.6 million, respectively, which is included in other long-term liabilities in the accompanying condensed consolidated balance sheets.

Long-term Disability Benefits

The Company offers medical and dental benefits to inactive employees (and their eligible dependents) on long-term disability. These benefits do not vary with an employee's years of service; therefore, the Company is required to accrue the costs of the benefits at the date the inactive employee becomes disability eligible and elects to participate in the benefit. The accrued cost for such benefits is calculated using an actuarial estimate. The accrued cost for these benefits was \$10.7 million at both September 30, 2020 and March 31, 2020, and is presented in other long-term liabilities in the accompanying condensed consolidated balance sheets.

Deferred Compensation Plan

The Company established a non-qualified deferred compensation plan (the "Plan") for certain executives and other highly compensated employees that was effective in fiscal 2018. Pursuant to the Plan, participants are eligible to defer up to 100% of their incentive cash compensation on a tax deferred basis in excess of the IRS limits imposed on 401(k) plans. The assets of the plan are held in a consolidated trust and are subject to the claims of the Company's general creditors under federal and state laws in the event of insolvency. Consequently, the trust qualifies as a Rabbi trust for income tax purposes.

The fair values of plan investments and obligations at September 30, 2020 and March 31, 2020 were \$12.9 million and \$5.9 million, respectively, and were recorded in other long-term assets and in other long-term liabilities, respectively, in the condensed consolidated balance sheets. Adjustments to the fair value of the plan investments and obligations are recorded in operating expenses.

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14. ACCUMULATED OTHER COMPREHENSIVE LOSS

All amounts recorded in other comprehensive loss are related to the Company's post-retirement plans and interest rate swaps designated as cash flow hedges. The following table shows the changes in accumulated other comprehensive loss, net of tax:

	Three Months Ended September 30, 2020			Six Months Ended September 30, 2020		
	Post-retirement plans	Derivatives designated as cash flow hedges	Totals	Post-retirement plans	Derivatives designated as cash flow hedges	Totals
Beginning of period	\$ (4,105)	\$ (43,313)	\$ (47,418)	\$ (4,127)	\$ (41,874)	\$ (46,001)
Other comprehensive loss before reclassifications (1)	—	(301)	(301)	—	(5,023)	(5,023)
Amounts reclassified from accumulated other comprehensive loss	22	3,965	3,987	44	7,248	7,292
Net current-period other comprehensive income	22	3,664	3,686	44	2,225	2,269
End of period	\$ (4,083)	\$ (39,649)	\$ (43,732)	\$ (4,083)	\$ (39,649)	\$ (43,732)

(1) Changes in other comprehensive income (loss) before reclassification for derivatives designated as cash flow hedges are recorded net of tax benefits of \$0.1 million and \$1.8 million for the three and six months ended September 30, 2020, respectively.

	Three Months Ended September 30, 2019			Six Months Ended September 30, 2019		
	Post-retirement plans	Derivatives designated as cash flow hedges	Totals	Post-retirement plans	Derivatives designated as cash flow hedges	Totals
Beginning of period	\$ (9,034)	\$ (17,087)	\$ (26,121)	\$ (9,068)	\$ (2,122)	\$ (11,190)
Other comprehensive loss before reclassifications (2)	—	(5,048)	(5,048)	—	(19,627)	(19,627)
Amounts reclassified from accumulated other comprehensive loss	16	34	50	50	(352)	(302)
Net current-period other comprehensive income (loss)	16	(5,014)	(4,998)	50	(19,979)	(19,929)
End of period	\$ (9,018)	\$ (22,101)	\$ (31,119)	\$ (9,018)	\$ (22,101)	\$ (31,119)

(2) Changes in other comprehensive loss before reclassification for derivatives designated as cash flow hedges are recorded net of tax benefits of \$1.8 million and \$7.0 million for the three and six months ended September 30, 2019, respectively.

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The following table presents the reclassifications out of accumulated other comprehensive loss to net income:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	2020	2019
Amounts reclassified from accumulated other comprehensive loss:				
Post-retirement plans (Note 13):				
Amortization of net actuarial loss included in net periodic benefit cost	\$ 28	\$ 22	\$ 57	\$ 66
Tax (benefit) expense	(6)	(6)	(13)	(16)
Net of tax	\$ 22	\$ 16	\$ 44	\$ 50
Derivatives designated as cash flow hedges (Note 9):				
Reclassification of hedge loss (gain)	\$ 5,364	\$ 46	\$ 9,805	\$ (477)
Tax (benefit) expense	(1,399)	(12)	(2,557)	125
Net of tax	\$ 3,965	\$ 34	\$ 7,248	\$ (352)

15. STOCK-BASED COMPENSATION

The following table summarizes stock-based compensation expense recognized in the condensed consolidated statements of operations:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	2020	2019
Cost of revenue	\$ 5,769	\$ 2,538	\$ 10,267	\$ 4,472
General and administrative expenses	9,030	6,826	15,365	11,336
Total	\$ 14,799	\$ 9,364	\$ 25,632	\$ 15,808

The following table summarizes the total stock-based compensation expense recognized in the condensed consolidated statements of operations by the following types of equity awards:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	2020	2019
Equity Incentive Plan Options	\$ 684	\$ 722	\$ 1,130	\$ 1,207
Restricted Stock Awards	\$ 14,115	8,642	24,502	14,601
Total	\$ 14,799	\$ 9,364	\$ 25,632	\$ 15,808

As of September 30, 2020, there was \$65.9 million of total unrecognized compensation cost related to unvested stock-based compensation agreements. The unrecognized compensation cost as of September 30, 2020 is expected to be fully amortized over the next 4.5 years. Absent the effect of accelerating stock compensation cost for any departures of employees who may continue to vest in their equity awards, the following table summarizes the unrecognized compensation cost and the weighted-average period the cost is expected to be amortized.

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	September 30, 2020	
	Unrecognized Compensation Cost	Weighted Average Remaining Period to be Recognized (in years)
Equity Incentive Plan Options	\$ 4,972	3.79
Restricted Stock Awards	60,963	1.87
Total	<u>\$ 65,935</u>	

Equity Incentive Plan

As of September 30, 2020, there were 1,617,665 EIP options outstanding, of which 746,866 were unvested.

During the three months ended September 30, 2020, the Board of Directors granted 159,939 restricted stock units to certain employees of the Company and granted 20,829 shares of Class A Restricted Common Stock to members of the Board of Directors. The aggregate value of these awards was \$13.8 million based on the grant date stock price, which ranged from \$75.11 to \$87.38.

Employee Stock Purchase Plan

For the quarterly offering period that closed on September 30, 2020, 59,214 Class A Common Stock shares were purchased by employees under the Company's Employee Stock Purchase Plan, or ESPP. Since the program's inception, 2,778,872 shares have been purchased by employees.

16. FAIR VALUE MEASUREMENTS

The accounting standard for fair value measurements establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows: observable inputs such as quoted prices in active markets (Level 1); inputs other than quoted prices in active markets that are observable either directly or indirectly (Level 2); and unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions (Level 3).

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The financial instruments measured at fair value in the accompanying condensed consolidated balance sheets consist of the following:

	Recurring Fair Value Measurements as of September 30, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Long-term deferred compensation plan asset (1)	12,913	—	—	12,913
Total Assets	<u>\$ 12,913</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12,913</u>
Liabilities:				
Contingent consideration liability (2)	\$ —	\$ —	\$ 1,223	1,223
Current derivative instruments (3)	—	19,820	—	19,820
Long-term derivative instruments (3)	—	33,819	—	33,819
Long-term deferred compensation plan liability (1)	12,913	—	—	12,913
Total Liabilities	<u>\$ 12,913</u>	<u>\$ 53,639</u>	<u>\$ 1,223</u>	<u>\$ 67,775</u>

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	Recurring Fair Value Measurements as of March 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Long-term deferred compensation plan asset (1)	5,879	—	—	5,879
Total Assets	\$ 5,879	\$ —	\$ —	\$ 5,879
Liabilities:				
Contingent consideration liability (2)	\$ —	\$ —	\$ 1,224	\$ 1,224
Current derivative instruments (3)	—	18,831	—	18,831
Long-term derivative instruments (3)	—	37,819	—	37,819
Long-term deferred compensation plan liability (1)	5,879	—	—	5,879
Total Liabilities	\$ 5,879	\$ 56,650	\$ 1,224	\$ 63,753

(1) Investments in this category consist primarily of mutual funds whose fair values are determined by reference to the quoted market price per unit in active markets multiplied by the number of units held without consideration of transaction costs. These assets represent investments held in a consolidated trust to fund the Company's non-qualified deferred compensation plan and are recorded in other long-term assets and other long-term liabilities on our condensed consolidated balance sheets.

(2) The Company recognized a contingent consideration liability of \$3.6 million in connection with its acquisition of Aquilent in fiscal 2017. As of both September 30, 2020 and March 31, 2020, the estimated fair value of the contingent consideration liability was \$1.2 million, and was valued using probability-weighted cash flows, which is based on the use of Level 3 fair value measurement inputs.

(3) The Company's interest rate swaps are considered over-the-counter derivatives and fair value is estimated based on the present value of future cash flows using a model-derived valuation that uses Level 2 observable inputs such as interest rate yield curves. See Note 9 to the condensed consolidated financial statements for further discussion on the Company's derivative instruments designated as cash flow hedges.

The fair value of the Company's cash and cash equivalents, which are Level 1 inputs, approximated its carrying values at September 30, 2020 and March 31, 2020. The fair value of the Company's debt instruments approximated its carrying value at September 30, 2020 and March 31, 2020. The fair value of debt is determined using quoted prices or other market information obtained from recent trading activity of each debt tranche in markets that are not active (Level 2 inputs). The fair value is corroborated by prices derived from the interest rate spreads of recently completed leveraged loan transactions of a similar credit profile, industry, and terms to that of the Company. The fair value of the Senior Notes is determined using quoted prices or other market information obtained from recent trading activity in the high-yield bond market (Level 2 inputs).

17. RELATED-PARTY TRANSACTIONS

Two of our directors currently serve on the board of directors of a subcontractor to which the Company subcontracted \$21.7 million and \$15.6 million of services for the three months ended September 30, 2020 and 2019, respectively, and \$45.0 million and \$39.8 million for the six months ended September 30, 2020 and 2019, respectively.

18. COMMITMENTS AND CONTINGENCIES

Letters of Credit and Third-Party Guarantees

As of September 30, 2020 and March 31, 2020, the Company was contingently liable under open standby letters of credit and bank guarantees issued by our banks in favor of third parties that totaled \$11.3 million and \$9.7 million, respectively. These letters of credit and bank guarantees primarily support insurance and bid and performance obligations. At both September 30, 2020 and March 31, 2020, approximately \$0.9 million of these instruments reduced the available borrowings under the Revolving Credit Facility. The remainder is guaranteed under a separate \$20.0 million facility, originally established in fiscal 2015 and most recently increased to \$20.0 million in the first quarter of fiscal 2021, of which \$9.6 million and \$6.2 million were available to the Company at September 30, 2020 and March 31, 2020, respectively.

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Government Contracting Matters - Provision for Claimed Indirect Costs

For both the three months ended September 30, 2020 and 2019, approximately 97% of the Company's revenue was generated from contracts where the end user was an agency or department of the U.S. government, including contracts where the Company performed either as a prime contractor or subcontractor, and regardless of the geographic location in which the work was performed. For both the six months ended September 30, 2020 and 2019, approximately 97% of the Company's revenue was generated from such contracts. U.S. government contracts and subcontracts are subject to extensive legal and regulatory requirements. From time to time and in the ordinary course of business, agencies of the U.S. government audit our claimed indirect costs and conduct inquiries and investigations of our business practices with respect to government contracts to determine whether the Company's operations are conducted in accordance with these requirements and the terms of the relevant contracts. U.S. government agencies, including the Defense Contract Audit Agency (DCAA), routinely audit our claimed indirect costs for compliance with the Cost Accounting Standards and the Federal Acquisition Regulation. These agencies also conduct reviews and investigations and make inquiries regarding our accounting and other systems in connection with our performance and business practices with respect to our government contracts and subcontracts. U.S. government audits, inquiries, or investigations of the Company, whether related to the Company's U.S. government contracts or subcontracts or conducted for other reasons, could result in administrative, civil, or criminal liabilities, including withholding of payments, suspension of payments, repayments, fines, or penalties being imposed upon the Company, or could lead to suspension or debarment from future U.S. government contracting. Management believes it has recorded the appropriate provision for claimed indirect costs for any audit, inquiry, or investigation of which it is aware that may be subject to any reductions and/or penalties. As of September 30, 2020 and March 31, 2020, the Company had recorded liabilities of approximately \$237.5 million and \$224.6 million, respectively, for estimated adjustments to claimed indirect costs based on its historical DCAA audit results, including the final resolution of such audits with the Defense Contract Management Agency, for claimed indirect costs incurred subsequent to fiscal 2011, and for contracts not yet closed that are subject to audit and final resolution.

Litigation

Our performance under U.S. government contracts and compliance with the terms of those contracts and applicable laws and regulations are subject to continuous audit, review, and investigation by the U.S. government, which may include such investigative techniques as subpoenas or civil investigative demands. Given the nature of our business, these audits, reviews, and investigations may focus, among other areas, on various aspects of procurement integrity, labor time reporting, sensitive and/or classified information access and control, executive compensation, and post government employment restrictions. We are not always aware of our status in such matters, but we are currently aware of certain pending audits and investigations involving labor time reporting, procurement integrity, and classified information access. In addition, from time to time, we are also involved in legal proceedings and investigations arising in the ordinary course of business, including those relating to employment matters, relationships with clients and contractors, intellectual property disputes, and other business matters. These legal proceedings seek various remedies, including claims for monetary damages in varying amounts, none of which are considered material, or are unspecified as to amount. Although the outcome of any such matter is inherently uncertain and may be materially adverse, based on current information, we do not expect any of the currently ongoing audits, reviews, investigations, or litigation to have a material adverse effect on our financial condition and results of operations. As of September 30, 2020 and March 31, 2020, there were no material amounts accrued in the condensed consolidated financial statements related to these proceedings.

On June 7, 2017, Booz Allen Hamilton Inc. was informed that the U.S. Department of Justice (DOJ) is conducting a civil and criminal investigation of the Company. In connection with the investigation, the DOJ has requested information from the Company relating to certain elements of the Company's cost accounting and indirect cost charging practices with the U.S. government. Since learning of the investigation, the Company has engaged a law firm experienced in these matters to represent the Company in connection with this matter and respond to the government's requests. As is commonly the case with this type of matter, the Company has also been in contact with other regulatory agencies and bodies, including the SEC, which notified the Company that it is conducting an investigation that the Company believes relates to the matters that are also the subject of the DOJ's investigation. The Company may receive additional regulatory or governmental inquiries related to the matters that are the subject of the DOJ's investigation. In accordance with the Company's practice, the Company is cooperating with all relevant government parties. The total cost associated with these matters will depend on many factors, including the duration of these matters and any related findings. At this stage, the Company is not able to reasonably estimate the expected amount or range of cost or any loss associated with these matters.

On June 19, 2017, a purported stockholder of the Company filed a putative class action lawsuit in the United States District Court for the Eastern District of Virginia styled *Langley v. Booz Allen Hamilton Holding Corp.*, No. 17-cv-00696 naming the Company, its Chief Executive Officer and its Chief Financial Officer as defendants purportedly on behalf of all purchasers of the Company's securities from May 19, 2016 through June 15, 2017. On September 5, 2017, the court named two

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lead plaintiffs, and on October 20, 2017, the lead plaintiffs filed a consolidated amended complaint. The complaint asserts claims under Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder, alleging misrepresentations or omissions by the Company purporting to relate to matters that are the subject of the DOJ investigation described above. The plaintiffs seek to recover from the Company and the individual defendants an unspecified amount of damages. The Company believes the suit lacks merit and intends to defend against the lawsuit. Motions to dismiss were argued on January 12, 2018, and on February 8, 2018, the court dismissed the amended complaint in its entirety without prejudice. At this stage of the lawsuit, the Company is not able to reasonably estimate the expected amount or range of cost or any loss associated with the lawsuit.

On November 13, 2017, a Verified Shareholder Derivative Complaint was filed in the United States District Court for the District of Delaware styled Celine Thum v. Rozanski et al., C.A. No. 17-cv-01638, naming the Company as a nominal defendant and numerous current and former officers and directors as defendants. The complaint asserts claims for breach of fiduciary duties, unjust enrichment, waste of corporate assets, abuse of control, gross mismanagement, and violations of Sections 14(a), 10(b) and 20(a) of the Exchange Act, purportedly relating to matters that are the subject of the DOJ investigation described above. The parties have stipulated to a stay of the proceedings pending the outcome of the securities litigation (described above), which the court so ordered on January 24, 2018. On December 12, 2019, the court ordered that the stay remain in effect and ordered the parties to submit periodic status reports. On May 27, 2020, the parties submitted status reports stating that plaintiff believes the stay should remain in effect and defendants do not object to the stay remaining in effect. At this stage of the lawsuit, the Company is not able to reasonably estimate the expected amount or range of cost or any loss associated with the lawsuit.

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

The following discussion and analysis is intended to help the reader understand our business, financial condition, results of operations, and liquidity and capital resources. You should read this discussion in conjunction with our condensed consolidated financial statements and the related notes contained elsewhere in this Quarterly Report on Form 10-Q, or Quarterly Report.

The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources, and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020 filed with the Securities and Exchange Commission on May 26, 2020, or Annual Report, and under Part II, “Item 1A. Risk Factors,” and “— Special Note Regarding Forward Looking Statements” of this Quarterly Report. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Our fiscal year ends March 31 and, unless otherwise noted, references to years or fiscal are for fiscal years ended March 31. See “—Results of Operations.”

Overview

We are a leading provider of management and technology consulting, analytics, engineering, digital solutions, mission operations, and cyber services to U.S. and international governments, major corporations, and not-for-profit organizations. Our ability to deliver value to our clients has always been, and continues to be, a product of the strong character, expertise and tremendous passion of our people. Our approximately 27,600 employees work to solve hard problems by making clients' missions their own, combining decades of consulting and domain expertise with functional expertise in areas such as analytics, digital solutions, engineering, and cyber, all fostered by a culture of innovation that extends to all reaches of the company.

Through our dedication to our clients' missions, and a commitment to evolving our business to address their client needs, we have longstanding relationships with our clients, some more than 75 years. We support critical missions for a diverse base of federal government clients, including nearly all of the U.S. government's cabinet-level departments, as well as increasingly for top-tier commercial and international clients. We support our federal government clients by helping them tackle their most complex and pressing challenges such as protecting soldiers in combat and supporting their families, advancing cyber capabilities, keeping our national infrastructure secure, enabling and enhancing digital services, transforming the healthcare system, and improving government efficiency to achieve better outcomes. We serve commercial clients across industries including aerospace, financial services, health and life sciences, energy, and transportation. Our international clients are primarily in Europe, the Middle East and Southeast Asia.

Financial and Other Highlights

During the second quarter of fiscal 2021, the Company generated year over year revenue growth, delivered improved earnings over the prior year period, and increased client staff headcount.

Revenue increased 11.0% from the three months ended September 30, 2019 to the three months ended September 30, 2020, and increased 9.1% from the six months ended September 30, 2019 primarily driven by sustained strength in client demand and headcount growth to meet that demand. The Company also benefited from higher staff utilization over the prior year period driven by fewer paid time off (PTO) days taken by our employees. Revenue growth also increased to a lesser extent by an increase in billable expenses.

Operating income increased 20.5% to \$207.2 million in the three months ended September 30, 2020 from \$172.0 million in the three months ended September 30, 2019, which reflects an increase in operating margin to 10.3% from 9.5%. Operating income increased 13.7% to \$399.1 million in the six months ended September 30, 2020 from \$351.1 million in the six months ended September 30, 2019, while operating margin increased from 9.6% to 10.0%. The increases in the operating income for three months and six months ended September 30, 2020 were primarily driven by the same factors as growth in revenue, strong contract level performance, ongoing cost management efforts, and reductions in certain types of expenses, like travel and meetings. These were partially offset by the inability to recognize revenue on, or bill for, fee on certain contracts involving a ready workforce of approximately \$7.0 million for the three months ended September 30, 2020 and approximately \$19.0 million for the six months ended September 30, 2020. The Company also incurred incremental legal costs during the three and six months ended September 30, 2020 in response to the U.S. Department of Justice investigation and matters which purport to relate to the investigation, a portion of which was offset by the receipt of insurance reimbursements. We expect to incur additional costs in the future. Based on the information currently available, the Company is not able to reasonably estimate the expected long-term incremental legal costs or amounts that may be reimbursed associated with this investigation and these related matters.

We are monitoring the evolving situation related to the COVID-19 outbreak and we continue to work with our stakeholders to assess further possible implications to our business and to take actions in an effort to mitigate adverse consequences. To protect employee health and safety while COVID-19 remains a threat, we plan to continue to deliver a majority of our services to clients via telework for the foreseeable future. In cases where telework options or effectiveness are limited, we are working closely with clients to achieve safe return plans guided by federal, state and local policies and advice from other experts. We are also working closely with our clients, where classified work is concentrated, to retain continuity of service and ensure a ready workforce. We expect to continue to be impacted by the inability of certain employees to perform their contract requirements at their designated work locations due to facility closures or restrictions as a result of COVID-19 and cannot perform such work remotely. While the CARES Act contains a provision that allows federal contractors to seek specified reimbursement for certain employees who are unable to perform their contract requirements due to government restrictions and we have been reimbursed for certain of these costs, such provision does not require the government to reimburse a contractor and reimbursements are also subject to limitations and do not currently extend past December 11, 2020. As a result, we believe that some of our costs incurred prior to the passage of the CARES Act for certain employees who are unable to perform their contract requirements due to government restrictions will not be reimbursed. However, going forward we do not expect such non-reimbursed fees to have a material impact on earnings as the majority of our affected workforce have returned to client site offices or may do so prior to December 11, 2020. Through September 30, 2020, we have withheld recognition of revenue associated with these amounts at risk of not being reimbursed. Although we cannot currently predict the overall impact of the COVID-19 outbreak, the longer the duration of the event, the more likely it is that it could have an adverse effect on our business, financial position, results of operations and/or cash flows.

Non-GAAP Measures

We publicly disclose certain non-GAAP financial measurements, including Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses, Adjusted Net Income, and Adjusted Diluted Earnings Per Share, or Adjusted Diluted EPS, because management uses these measures for business planning purposes, including to manage our business against internal projected results of operations and measure our performance. We view Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses, Adjusted Net Income, and Adjusted Diluted EPS as measures of our core operating business, which exclude the impact of the items detailed below, as these items are generally not operational in nature. These non-GAAP measures also provide another basis for comparing period to period results by excluding potential differences caused by non-operational and unusual or non-recurring items. In addition, we use Revenue, Excluding Billable Expenses because it provides management useful information about the Company's operating performance by excluding the impact of costs that are not indicative of the level of productivity of our consulting staff headcount and our overall direct labor, which management believes provides useful information to our investors about our core operations. We also utilize and discuss Free Cash Flow because management uses this measure for business planning purposes, measuring the cash generating ability of the operating business, and measuring liquidity generally. We present these supplemental measures because we believe that these measures provide investors and securities analysts with important supplemental information with which to evaluate our performance, long term earnings potential, or liquidity, as applicable, and to enable them to assess our performance on the same basis as management. These supplemental performance measurements may vary from and may not be comparable to similarly titled measures by other companies in our industry. Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses, Adjusted Net Income, Adjusted Diluted EPS, and Free Cash Flow are not recognized measurements under accounting principles generally accepted in the United States, or GAAP, and when analyzing our performance or liquidity, as applicable, investors should (i) evaluate each adjustment in our reconciliation of revenue to Revenue, Excluding Billable Expenses, operating income to Adjusted Operating Income, net income to Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses, Adjusted Net Income and Adjusted Diluted EPS, and net cash provided by operating activities to Free Cash Flow, (ii) use Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses, Adjusted Net Income, and Adjusted Diluted EPS in addition to, and not as an alternative to, revenue, operating income, net income or diluted EPS, as measures of operating results, each as defined under GAAP and (iii) use Free Cash Flow in addition to, and not as an alternative to, net cash provided by operating activities as a measure of liquidity, each as defined under GAAP. We have defined the aforementioned non-GAAP measures as follows:

- "Revenue, Excluding Billable Expenses" represents revenue less billable expenses. We use Revenue, Excluding Billable Expenses because it provides management useful information about the Company's operating performance by excluding the impact of costs that are not indicative of the level of productivity of our consulting staff headcount and our overall direct labor, which management believes provides useful information to our investors about our core operations.

- "Adjusted Operating Income" represents operating income before transaction costs, fees, losses, and expenses, including fees associated with debt prepayments and supplemental employee benefits due to the COVID-19 outbreak. We prepare Adjusted Operating Income to eliminate the impact of items we do not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary, or non-recurring nature or because they result from an event of a similar nature.
- "Adjusted EBITDA" represents net income before income taxes, net interest and other expense and depreciation and amortization and before certain other items, including transaction costs, fees, losses, and expenses, including fees associated with debt prepayments and supplemental employee benefits due to the COVID-19 outbreak. "Adjusted EBITDA Margin on Revenue" is calculated as Adjusted EBITDA divided by revenue. "Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses" is calculated as Adjusted EBITDA divided by Revenue, Excluding Billable Expenses. The Company prepares Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, and Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses to eliminate the impact of items it does not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary or non-recurring nature or because they result from an event of a similar nature.
- "Adjusted Net Income" represents net income before: (i) supplemental employee benefits due to the COVID-19 outbreak, (ii) research and development tax credit, (iii) release of income tax reserves, (iv) loss on debt extinguishment and (v) amortization of debt issuance costs, in each case net of the tax effect where appropriate calculated using an assumed effective tax rate. We prepare Adjusted Net Income to eliminate the impact of items, net of tax, we do not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary, or non-recurring nature or because they result from an event of a similar nature.
- "Adjusted Diluted EPS" represents diluted EPS calculated using Adjusted Net Income as opposed to net income. Additionally, Adjusted Diluted EPS does not contemplate any adjustments to net income as required under the two-class method as disclosed in the footnotes to the condensed consolidated financial statements.
- "Free Cash Flow" represents the net cash generated from operating activities less the impact of purchases of property, equipment and software.

Below is a reconciliation of Revenue, Excluding Billable Expenses, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses, Adjusted Net Income, Adjusted Diluted EPS, and Free Cash Flow to the most directly comparable financial measure calculated and presented in accordance with GAAP.

(In thousands, except share and per share data)	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	2020	2019
	(Unaudited)		(Unaudited)	
Revenue, Excluding Billable Expenses				
Revenue	\$ 2,019,185	\$ 1,819,577	\$ 3,975,638	\$ 3,644,753
Billable expenses	603,652	539,846	1,152,729	1,091,021
Revenue, Excluding Billable Expenses	\$ 1,415,533	\$ 1,279,731	\$ 2,822,909	\$ 2,553,732
Adjusted Operating Income				
Operating Income	\$ 207,221	\$ 172,035	\$ 399,108	\$ 351,081
COVID-19 supplemental employee benefits (a)	167	—	509	—
Adjusted Operating Income	\$ 207,388	\$ 172,035	\$ 399,617	\$ 351,081
EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue & Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses				
Net income	\$ 136,081	\$ 114,325	\$ 265,410	\$ 231,711
Income tax expense	39,319	33,852	80,806	72,296
Interest and other, net (b)	31,821	23,858	52,892	47,074
Depreciation and amortization	21,015	19,632	41,747	39,653
EBITDA	228,236	191,667	440,855	390,734
COVID-19 supplemental employee benefit (a)	167	—	509	—
Adjusted EBITDA	\$ 228,403	\$ 191,667	\$ 441,364	\$ 390,734
Adjusted EBITDA Margin on Revenue	11.3 %	10.5 %	11.1 %	10.7 %
Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses	16.1 %	15.0 %	15.6 %	15.3 %
Adjusted Net Income				
Net income	\$ 136,081	\$ 114,325	\$ 265,410	\$ 231,711
COVID-19 supplemental employee benefits (a)	167	—	509	—
Research and development tax credit (c)	(2,928)	—	(2,928)	—
Release of income tax reserves (d)	—	—	(29)	—
Loss on debt extinguishment (e)	13,239	—	13,239	—
Amortization of debt issuance costs	563	602	1,017	1,059
Adjustments for tax effect (f)	(3,640)	(156)	(3,839)	(275)
Adjusted Net Income	\$ 143,482	\$ 114,771	\$ 273,379	\$ 232,495
Adjusted Diluted Earnings Per Share				
Weighted-average number of diluted shares outstanding	138,747,640	141,362,136	139,004,382	141,252,917
Adjusted Net Income Per Diluted Share (g)	\$ 1.03	\$ 0.81	\$ 1.97	\$ 1.65
Free Cash Flow				
Net cash provided by operating activities	\$ 425,606	\$ 215,696	\$ 566,024	\$ 266,679
Less: Purchases of property, equipment and software	(18,026)	(32,642)	(38,084)	(59,978)
Free Cash Flow	\$ 407,580	\$ 183,054	\$ 527,940	\$ 206,701

(a) Represents the supplemental contribution to employees' dependent care FSA accounts in response to the COVID-19 outbreak.

- (b) Reflects the combination of Interest expense and Other (expense) income, net from the condensed consolidated statement of operations.
- (c) Reflects tax credits, net of reserves for uncertain tax positions, recognized in fiscal 2021 related to an increase in research and development credits available for fiscal years 2016 to 2019.
- (d) Release of pre-acquisition income tax reserves assumed by the Company in connection with the Carlyle Acquisition.
- (e) Reflects the loss on debt extinguishment resulting from the redemption of Booz Allen Hamilton Inc.'s 5.125% Senior Notes due 2025 (the "2017 Senior Notes"), including \$9.0 million of the premium paid at redemption, and write-off of the unamortized debt issuance cost. See Note 8 to our condensed consolidated financial statements for more information.
- (f) Reflects the tax effect of adjustments at an assumed effective tax rate of 26%, which approximates the blended federal and state tax rates, and consistently excludes the impact of other tax credits and incentive benefits realized.
- (g) Excludes adjustments of approximately \$0.8 million and \$1.5 million of net earnings for the three and six months ended September 30, 2020, respectively, and excludes adjustments of approximately \$0.6 million and \$1.2 million of net earnings for the three and six months ended September 30, 2019, respectively associated with the application of the two-class method for computing diluted earnings per share.

Factors and Trends Affecting Our Results of Operations

Our results of operations have been, and we expect them to continue to be, affected by the following factors, which may cause our future results of operations to differ from our historical results of operations discussed under "— Results of Operations."

Business Environment and Key Trends in Our Markets

We believe that the following trends and developments in the U.S. government services industry and our markets may influence our future results of operations:

- uncertainty around the timing, extent, nature and effect of Congressional and other U.S. government actions to approve funding of the U.S. government, address budgetary constraints, including caps on the discretionary budget for defense and non-defense departments and agencies, as established by the Bipartisan Budget Control Act of 2011 ("BCA") and subsequently adjusted by the American Tax Payer Relief Act of 2012, the Bipartisan Budget Act of 2013, the Bipartisan Budget Act of 2015, the Bipartisan Budget Act of 2018, and the Bipartisan Budget Act of 2019 and address the ability of Congress to determine how to allocate the available budget authority and pass appropriations bills to fund both U.S. government departments and agencies that are, and those that are not, subject to the caps;
- budget deficits and the growing U.S. national debt increasing pressure on the U.S. government to reduce federal spending across all federal agencies together with associated uncertainty about the size and timing of those reductions;
- cost cutting and efficiency initiatives, current and future budget restrictions, continued implementation of Congressionally mandated automatic spending cuts and other efforts to reduce U.S. government spending could cause clients to reduce or delay funding for orders for services or invest appropriated funds on a less consistent or rapid basis or not at all, particularly when considering long-term initiatives and in light of current uncertainty around Congressional efforts to approve funding of the U.S. government beyond December 11, 2020 and to craft a long-term agreement on the U.S. government's ability to incur indebtedness in excess of its current limits and generally in the current political environment, there is a risk that clients will not issue task orders in sufficient volume to reach current contract ceilings, alter historical patterns of contract awards, including the typical increase in the award of task orders or completion of other contract actions by the U.S. government in the period before the end of the U.S. government's fiscal year on September 30, delay requests for new proposals and contract awards, rely on short-term extensions and funding of current contracts, or reduce staffing levels and hours of operation;
- delays in the completion of future U.S. government's budget processes, which have in the past and could in the future delay procurement of the products, services, and solutions we provide;
- changes in the relative mix of overall U.S. government spending and areas of spending growth, with lower spending on homeland security, intelligence, defense-related programs as certain overseas operations end and continued increased spending on cybersecurity, Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR), advanced analytics, technology integration and healthcare, including as a result of the U.S. presidential election;

- the extent, nature and effect of the COVID-19 outbreak, including the impact on federal budgets, current and pending procurements, supply chains, demand for services, deployment and productivity of our employees and the economic and societal impact of a pandemic;
- legislative and regulatory changes to limitations on the amount of allowable executive compensation permitted under flexibly priced contracts following implementation of interim rules adopted by federal agencies pursuant to the Bipartisan Budget Act of 2013, which substantially further reduce the amount of allowable executive compensation under these contracts and extend these limitations to a larger segment of our executives and our entire contract base;
- efforts by the U.S. government to address organizational conflicts of interest and related issues and the impact of those efforts on us and our competitors;
- increased audit, review, investigation and general scrutiny by U.S. government agencies of government contractors' performance under U.S. government contracts and compliance with the terms of those contracts and applicable laws;
- the federal focus on refining the definition of “inherently governmental” work, including proposals to limit contractor access to sensitive or classified information and work assignments, which will continue to drive pockets of insourcing in various agencies, particularly in the intelligence market;
- negative publicity and increased scrutiny of government contractors in general, including us, relating to U.S. government expenditures for contractor services and incidents involving the mishandling of sensitive or classified information;
- U.S. government agencies awarding contracts on a technically acceptable/lowest cost basis, which could have a negative impact on our ability to win certain contracts;
- increased competition from other government contractors and market entrants seeking to take advantage of certain of the trends identified above, and an industry trend towards consolidation, which may result in the emergence of companies that are better able to compete against us;
- cost cutting and efficiency and effectiveness efforts by U.S. civilian agencies with a focus on increased use of performance measurement, “program integrity” efforts to reduce waste, fraud and abuse in entitlement programs, and renewed focus on improving procurement practices for and interagency use of IT services, including through the use of cloud based options and data center consolidation;
- restrictions by the U.S. government on the ability of federal agencies to use lead system integrators, in response to cost, schedule and performance problems with large defense acquisition programs where contractors were performing the lead system integrator role;
- increasingly complex requirements of the Department of Defense and the U.S. intelligence community, including cybersecurity, managing federal health care cost growth and focus on reforming existing government regulation of various sectors of the economy, such as financial regulation and healthcare; and
- increasing small business regulations across the Department of Defense and civilian agency clients continue to gain traction, agencies are required to meet high small business set aside targets, and large business prime contractors are required to subcontract in accordance with considerable small business participation goals necessary for contract award.

Sources of Revenue

Substantially all of our revenue is derived from services provided under contracts and task orders with the U.S. government, primarily by our consulting staff and, to a lesser extent, our subcontractors. Funding for our contracts and task orders is generally linked to trends in budgets and spending across various U.S. government agencies and departments. We provide services under a large portfolio of contracts and contract vehicles to a broad client base, and we believe that our diversified contract and client base lessens potential volatility in our business; however, a reduction in the amount of services that we are contracted to provide to the U.S. government or any of our significant U.S. government clients could have a material adverse effect on our business and results of operations. In particular, the Department of Defense is one of our significant clients, and the BCA (as amended by the American Taxpayer Relief Act of 2012, the Bipartisan Budget Act of 2013, the Bipartisan Budget Act of 2015, the Bipartisan Budget Act of 2018 and the Bipartisan Budget Act of 2019), provides for automatic spending cuts (referred to as sequestration) totaling approximately \$1.2 trillion between 2013 and 2021, including an estimated \$500 billion in federal defense spending cuts over this time period. The Bipartisan Budget Act of 2019 raised BCA spending caps on defense spending by \$90 billion for government fiscal 2020, and \$81 billion for government fiscal 2021. For non-defense funding, the Bipartisan Budget Act of 2019 raised BCA spending caps by \$78 billion for government fiscal 2020

and \$72 billion for government fiscal 2021. While the American Taxpayer Relief Act of 2012, the Bipartisan Budget Act of 2013, the Bipartisan Budget Act of 2015, the Bipartisan Budget Act of 2018 and the Bipartisan Budget Act of 2019 all negated and raised budget limits put in place by the BCA for both defense and non-defense spending, there can be no assurance that any spending cuts implemented in the future would be similarly negated. This could result in a commensurate reduction in the amount of services that we are contracted to provide to the Department of Defense and could have a material adverse effect on our business and results of operations, and given the uncertainty of when and how these automatic reductions required by the BCA may return and/or be applied, we are unable to predict the nature or magnitude of the potential adverse effect.

Contract Types

We generate revenue under the following three basic types of contracts:

- *Cost-Reimbursable Contracts.* Cost-reimbursable contracts provide for the payment of allowable costs incurred during performance of the contract, up to a ceiling based on the amount that has been funded, plus a fixed fee or award fee. As we increase or decrease our spending on allowable costs, our revenue generated on cost-reimbursable contracts will increase, up to the ceiling and funded amounts, or decrease, respectively. We generate revenue under two general types of cost-reimbursable contracts: cost-plus-fixed-fee and cost-plus-award-fee, both of which reimburse allowable costs and provide for a fee. The fee under each type of cost-reimbursable contract is generally payable upon completion of services in accordance with the terms of the contract. Cost-plus-fixed-fee contracts offer no opportunity for payment beyond the fixed fee. Cost-plus-award-fee contracts also provide for an award fee that varies within specified limits based upon the client's assessment of our performance against a predetermined set of criteria, such as targets for factors like cost, quality, schedule, and performance.
- *Time-and-Materials Contracts.* Under contracts in this category, we are paid a fixed hourly rate for each direct labor hour expended, and we are reimbursed for billable material costs and billable out-of-pocket expenses inclusive of allocable indirect costs. We assume the financial risk on time-and-materials contracts because our costs of performance may exceed negotiated hourly rates. To the extent our actual direct labor, including allocated indirect costs, and associated billable expenses decrease or increase in relation to the fixed hourly billing rates provided in the contract, we will generate more or less profit, respectively, or could incur a loss.
- *Fixed-Price Contracts.* Under a fixed-price contract, we agree to perform the specified work for a predetermined price. To the extent our actual direct and allocated indirect costs decrease or increase from the estimates upon which the price was negotiated, we will generate more or less profit, respectively, or could incur a loss. Some fixed-price contracts have a performance-based component, pursuant to which we can earn incentive payments or incur financial penalties based on our performance. Fixed-price level of effort contracts require us to provide a specified level of effort (i.e., labor hours), over a stated period of time, for a fixed price.

The amount of risk and potential reward varies under each type of contract. Under cost-reimbursable contracts, there is limited financial risk, because we are reimbursed for all allowable costs up to a ceiling. However, profit margins on this type of contract tend to be lower than on time-and-materials and fixed-price contracts. Under time-and-materials contracts, we are reimbursed for the hours worked using the predetermined hourly rates for each labor category. In addition, we are typically reimbursed for other contract direct costs and expenses at cost. We assume financial risk on time-and-materials contracts because our labor costs may exceed the negotiated billing rates. Profit margins on well-managed time-and-materials contracts tend to be higher than profit margins on cost-reimbursable contracts as long as we are able to staff those contracts with people who have an appropriate skill set. Under fixed-price contracts, we are required to deliver the objectives under the contract for a predetermined price. Compared to time-and-materials and cost-reimbursable contracts, fixed-price contracts generally offer higher profit margin opportunities because we receive the full benefit of any cost savings but generally involve greater financial risk because we bear the impact of any cost overruns. In the aggregate, the contract type mix in our revenue for any given period will affect that period's profitability. Changes in contract type as a result of re-competed and new business could influence the percentage/mix in unanticipated ways.

The table below presents the percentage of total revenue for each type of contract:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2020	2019	2020	2019
Cost-reimbursable	56%	57%	56%	56%
Time-and-materials	25%	23%	25%	23%
Fixed-price	19%	20%	19%	21%

Contract Diversity and Revenue Mix

We provide services to our clients through a large number of single award contracts, contract vehicles, and multiple award contract vehicles. Most of our revenue is generated under indefinite delivery/indefinite quantity, or IDIQ, contract vehicles, which include multiple award government wide acquisition contract vehicles, or GWACs, and General Services Administration Multiple Award Schedule Contracts, or GSA schedules, and certain single award contracts. GWACs and GSA schedules are available to all U.S. government agencies. Any number of contractors typically competes under multiple award IDIQ contract vehicles for task orders to provide particular services, and we earn revenue under these contract vehicles only to the extent that we are successful in the bidding process for task orders.

We generate revenue under our contracts and task orders through our provision of services as both a prime contractor and subcontractor, as well as from the provision of services by subcontractors under contracts and task orders for which we act as the prime contractor. The mix of these types of revenue affects our operating margin. Substantially all of our operating margin is derived from direct consulting staff labor, as the portion of our operating margin derived from fees we earn on services provided by our subcontractors is not significant. We view growth in direct consulting staff labor as the primary driver of earnings growth. Direct consulting staff labor growth is driven by consulting staff headcount growth, after attrition, and total backlog growth.

Our People

Revenue from our contracts is derived from services delivered by consulting staff and, to a lesser extent, from our subcontractors. Our ability to hire, retain, and deploy talent with skills appropriately aligned with client needs is critical to our ability to grow our revenue. We continuously evaluate whether our talent base is properly sized and appropriately compensated, and contains an optimal mix of skills to be cost competitive and meet the rapidly evolving needs of our clients. We seek to achieve that result through recruitment and management of capacity and compensation. As of September 30, 2020 and 2019, we employed approximately 27,600 and 27,000 people, respectively, of which approximately 24,800 and 24,100, respectively, were consulting staff.

Contract Backlog

We define backlog to include the following three components:

- *Funded Backlog.* Funded backlog represents the revenue value of orders for services under existing contracts for which funding is appropriated or otherwise authorized less revenue previously recognized on these contracts.
- *Unfunded Backlog.* Unfunded backlog represents the revenue value of orders (including optional orders) for services under existing contracts for which funding has not been appropriated or otherwise authorized.
- *Priced Options.* Priced contract options represent 100% of the revenue value of all future contract option periods under existing contracts that may be exercised at our clients' option and for which funding has not been appropriated or otherwise authorized.

Our backlog does not include contracts that have been awarded but are currently under protest and also does not include any task orders under IDIQ contracts, except to the extent that task orders have been awarded to us under those contracts.

The following table summarizes the value of our contract backlog at the respective dates presented:

	As of September 30,	
	2020	2019
	(In millions)	
Backlog:		
Funded	\$ 4,482	\$ 4,383
Unfunded	6,159	5,365
Priced options	13,933	13,163
Total backlog	\$ 24,574	\$ 22,911

Our total backlog consists of remaining performance obligations, certain orders under contracts for which the period of performance has expired, and unexercised option period and other unexercised optional orders. As of September 30, 2020 and March 31, 2020, the Company had \$8.4 billion and \$6.3 billion, respectively, of remaining performance obligations and we expect to recognize more than half of the remaining performance obligations at September 30, 2020 as revenue over the next 12 months, and approximately three quarters over the next 24 months. The remainder is expected to be recognized thereafter. However, given the uncertainties discussed below, as well as the risks described in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, we can give no assurance that we will be able to convert our backlog into revenue in any particular period, if at all. Our backlog includes orders under contracts that in some cases extend for several years. The U.S. Congress generally appropriates funds for our clients on a yearly basis, even though their contracts with us may call for performance that is expected to take a number of years to complete. 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 U.S. Congress makes subsequent appropriations and the procuring agency allocates funding to the contract.

We view growth in total backlog and consulting staff headcount as the two key measures of our potential business growth. Growing and deploying consulting staff is the primary means by which we are able to achieve profitable revenue growth. To the extent that we are able to hire additional consulting staff and deploy them against funded backlog, we generally recognize increased revenue. Total backlog increased by 7.3% from September 30, 2019 to September 30, 2020. Additions to funded backlog during the twelve months ended September 30, 2020 totaled \$7.9 billion in comparison to \$7.3 billion for the comparable period, as a result of the conversion of unfunded backlog to funded backlog, the award of new contracts and task orders under which funding was appropriated, and the exercise and subsequent funding of priced options. We report internally on our backlog on a monthly basis and review backlog upon occurrence of certain events to determine if any adjustments are necessary.

We cannot predict with any certainty the portion of our backlog that we expect to recognize as revenue in any future period and we cannot guarantee that we will recognize any revenue from our backlog. The primary risks that could affect our ability to recognize such revenue on a timely basis or at all are: program schedule changes, contract modifications, and our ability to assimilate and deploy new consulting staff against funded backlog; cost-cutting initiatives and other efforts to reduce U.S. government spending, which could reduce or delay funding for orders for services; and delayed funding of our contracts due to delays in the completion of the U.S. government's budgeting process and the use of continuing resolutions by the U.S. government to fund its operations. The amount of our funded backlog is also subject to change, due to, among other factors: changes in congressional appropriations that reflect changes in U.S. government policies or priorities resulting from various military, political, economic or international developments; changes in the use of U.S. government contracting vehicles, and the provisions therein used to procure our services and adjustments to the scope of services, or cancellation of contracts, by the U.S. government at any time. In our recent experience, none of the following additional risks have had a material negative effect on our ability to realize revenue from our funded backlog: the unilateral right of the U.S. government to cancel multi-year contracts and related orders or to terminate existing contracts for convenience or default; in the case of unfunded backlog, the potential that funding will not be made available; and, in the case of priced options, the risk that our clients will not exercise their options.

In addition, contract backlog includes orders under contracts for which the period of performance has expired, and we may not recognize revenue on the funded backlog that includes such orders due to, among other reasons, the tardy submission of invoices by our subcontractors and the expiration of the relevant appropriated funding in accordance with a predetermined expiration date such as the end of the U.S. government's fiscal year. The revenue value of orders included in contract backlog that has not been recognized as revenue due to period of performance expirations has not exceeded approximately 5.3% of total backlog as of September 30, 2020 and any of the four preceding fiscal quarters.

We expect to recognize revenue from a substantial portion of funded backlog as of September 30, 2020 within the next twelve months. However, given the uncertainties discussed above, as well as the risks described in Part I, Item 1A, of our Annual Report on Form 10-K, we can give no assurance that we will be able to convert our backlog into revenue in any particular period, if at all.

Operating Costs and Expenses

Costs associated with compensation and related expenses for our people are the most significant component of our operating costs and expenses. The principal factors that affect our costs are additional people as we grow our business and are awarded new contracts, task orders, and additional work under our existing contracts, and the hiring of people with specific skill sets and security clearances as required by our additional work.

Our most significant operating costs and expenses are described below.

- *Cost of Revenue.* Cost of revenue includes direct labor, related employee benefits, and overhead. Overhead consists of indirect costs, including indirect labor relating to infrastructure, management and administration, and other expenses.
- *Billable Expenses.* Billable expenses include direct subcontractor expenses, travel expenses, and other expenses incurred to perform on contracts.
- *General and Administrative Expenses.* General and administrative expenses include indirect labor of executive management and corporate administrative functions, marketing and bid and proposal costs, and other discretionary spending.
- *Depreciation and Amortization.* Depreciation and amortization includes the depreciation of computers, leasehold improvements, furniture and other equipment, and the amortization of internally developed software, as well as third-party software that we use internally, and of identifiable long-lived intangible assets over their estimated useful lives.

Seasonality

The U.S. government's fiscal year ends on September 30 of each year. While not certain, it is not uncommon for U.S. government agencies to award extra tasks or complete other contract actions in the weeks before the end of its fiscal year in order to avoid the loss of unexpended fiscal year funds. In addition, we also have historically experienced higher bid and proposal costs in the months leading up to the U.S. government's fiscal year end as we pursue new contract opportunities being awarded shortly after the U.S. government fiscal year end as new opportunities are expected to have funding appropriated in the U.S. government's subsequent fiscal year. We may continue to experience this seasonality in future periods, and our future periods may be affected by it. While not certain, changes in the government's funding and spending patterns have altered historical seasonality trends, supporting our approach to managing the business on an annual basis. Seasonality is just one of a number of factors, many of which are outside of our control, which may affect our results in any period.

Critical Accounting Estimates and Policies

Our critical accounting estimates and policies are disclosed in the Critical Accounting Estimates and Policies section in Part II, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended March 31, 2020. There were no other material changes to our critical accounting policies, estimates or judgments that occurred in the quarterly period covered by this report.

Recent Accounting Pronouncements

See Note 2 to our accompanying condensed consolidated financial statements for information related to our adoption of new accounting standards and for information on our anticipated adoption of recently issued accounting standards.

Results of Operations

The following table sets forth items from our condensed consolidated statements of operations for the periods indicated:

	Three Months Ended September 30,		Percent Change	Six Months Ended September 30,		Percent Change
	2020	2019		2020	2019	
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	(In thousands)			(In thousands)		
Revenue	\$ 2,019,185	\$ 1,819,577	11.0 %	\$ 3,975,638	\$ 3,644,753	9.1 %
Operating costs and expenses:						
Cost of revenue	942,597	843,942	11.7 %	1,891,499	1,684,596	12.3 %
Billable expenses	603,652	539,846	11.8 %	1,152,729	1,091,021	5.7 %
General and administrative expenses	244,700	244,122	0.2 %	490,555	478,402	2.5 %
Depreciation and amortization	21,015	19,632	7.0 %	41,747	39,653	5.3 %
Total operating costs and expenses	1,811,964	1,647,542	10.0 %	3,576,530	3,293,672	8.6 %
Operating income	207,221	172,035	20.5 %	399,108	351,081	13.7 %
Interest expense	(19,787)	(25,863)	(23.5)%	(40,022)	(51,050)	(21.6)%
Other (expense) income, net	(12,034)	2,005	NM	(12,870)	3,976	NM
Income before income taxes	175,400	148,177	18.4 %	346,216	304,007	13.9 %
Income tax expense	39,319	33,852	16.1 %	80,806	72,296	11.8 %
Net income	\$ 136,081	\$ 114,325	19.0 %	\$ 265,410	\$ 231,711	14.5 %

NM - Not meaningful.

Three Months Ended September 30, 2020 Compared to Three Months Ended September 30, 2019

Revenue

Revenue increased to \$2,019.2 million from \$1,819.6 million, or an 11.0% increase, primarily driven by sustained strength in client demand and headcount growth to meet that demand. Total headcount as of September 30, 2020 increased approximately 600 as compared to September 30, 2019. The Company also benefited from higher staff utilization over the prior year period driven by fewer PTO days taken by our employees. Revenue growth also increased to a lesser extent by an increase in billable expenses.

Cost of Revenue

Cost of revenue increased to \$942.6 million from \$843.9 million, or an 11.7% increase. The increase was primarily due to increases in salaries and salary-related benefits of \$65.1 million, driven by increased headcount and annual base salary increases. Cost of revenue as a percentage of revenue was 46.7% and 46.4% for the three months ended September 30, 2020 and 2019, respectively.

Billable Expenses

Billable expenses increased to \$603.7 million from \$539.8 million, or an 11.8% increase, primarily attributable to an increase in the use of subcontractors driven by client demand. The increase was partially offset by the decreases in expenses from contracts which require the Company to incur direct and travel expenses on behalf of clients compared to the prior year period. The impact of COVID-19 drove volatility in the timing and magnitude of billable expenses primarily associated with other direct and travel expenses incurred on behalf of our clients. Billable expenses as a percentage of revenue were 29.9% and 29.7% for the three months ended September 30, 2020 and 2019, respectively.

General and Administrative Expenses

General and administrative expenses increased to \$244.7 million from \$244.1 million, or a 0.2% increase, primarily due to increases in salaries and salary-related benefits of \$2.8 million, partially offset by decreases in other business expenses and professional fees. General and administrative expenses as a percentage of revenue were 12.1% and 13.4% for the three months ended September 30, 2020 and 2019, respectively.

Depreciation and Amortization

Depreciation and amortization increased to \$21.0 million from \$19.6 million, or a 7.0% increase, primarily due to increases in depreciation expense resulting from the effects of higher capital expenditures in fiscal 2020.

Interest Expense

Interest expense decreased to \$19.8 million from \$25.9 million, or a 23.5% decrease, primarily due to a decrease in 1 Month LIBOR, the benchmark interest rate under our Secured Credit Facility, and a reduction in expense of \$2.0 million as a result of the repayment of the remaining Deferred Payment Obligation balance in December 2019.

Other Expense (Income), net

Other expense (Income), net decreased to a \$12.0 million net other expense from a \$2.0 million net other income primarily due to the loss on debt extinguishment resulting from the redemption of the 2017 Senior Notes, including \$9.0 million of the premium paid at redemption, and write-off of the unamortized debt issuance cost.

Income Tax Expense

Income tax expense increased to \$39.3 million from \$33.9 million, primarily due to an increase in pre-tax income as compared to the prior year period. The effective tax rate decreased to 22.4% for the three months ended September 30, 2020 from 22.8% for the three months ended September 30, 2019.

Six Months Ended September 30, 2020 Compared to Six Months Ended September 30, 2019

Revenue

Revenue increased to \$3,975.6 million from \$3,644.8 million, or a 9.1% increase, primarily driven by sustained strength in client demand and headcount growth to meet that demand. Revenue growth was also driven by an increase in billable expenses.

Cost of Revenue

Cost of revenue increased to \$1,891.5 million from \$1,684.6 million, or a 12.3% increase. The increase was primarily due to increases in salaries and salary-related benefits of \$143.5 million primarily driven by increased headcount and annual base salary increases. Cost of revenue as a percentage of revenue was 47.6% and 46.2% for the six months ended September 30, 2020 and 2019, respectively.

Billable Expenses

Billable expenses increased to \$1,152.7 million from \$1,091.0 million, or a 5.7% increase, primarily attributable to an increase in use of subcontractors driven by client demand. The increase was partially offset by decreases in expenses from contracts which require the Company to incur direct and travel expenses on behalf of clients compared to the prior year period. The impact of COVID-19 drove volatility in the timing and magnitude of billable expenses primarily associated with other direct and travel expenses incurred on behalf of our clients. Billable expenses as a percentage of revenue were 29.0% and 29.9% for the six months ended September 30, 2020 and 2019, respectively.

General and Administrative Expenses

General and administrative expenses increased to \$490.6 million from \$478.4 million, or a 2.5% increase primarily due to increases in salary and salary related benefits of \$10.7 million, partially offset by decreases in other business expenses and professional fees. General and administrative expenses as a percentage of revenue were 12.3% and 13.1% for the six months ended September 30, 2020 and 2019, respectively.

Depreciation and Amortization

Depreciation and amortization increased to \$41.7 million from \$39.7 million, or a 5.3% increase, primarily due to increases in depreciation expense resulting from the effects of higher capital expenditures in fiscal 2020.

Interest Expense

Interest expense decreased to \$40.0 million from \$51.1 million, or a 21.6% decrease, primarily due to a decrease in 1 Month LIBOR, the benchmark interest rate under our Secured Credit Facility, and a reduction in expense of \$4.0 million as a result of the repayment of the remaining Deferred Payment Obligation balance in December 2019.

Other Expense (Income), net

Other expense (Income), net decreased to a \$12.9 million net other expense from a \$4.0 million net other income, primarily due to the loss on debt extinguishment resulting from the redemption of the 2017 Senior Notes, including \$9.0 million of the premium paid at redemption, and write-off of the unamortized debt issuance cost.

Income Tax Expense

Income tax expense increased to \$80.8 million from \$72.3 million, primarily due to an increase in pre-tax income as compared to the prior year period. The effective tax rate decreased to 23.3% for the six months ended September 30, 2020 from 23.8% for the six months ended September 30, 2019.

Liquidity and Capital Resources

The following table presents selected financial information as of September 30, 2020 and March 31, 2020 and for the first six months of fiscal 2021 and 2020:

	September 30, 2020 (Unaudited)	March 31, 2020 (Unaudited)
	(In thousands)	
Cash and cash equivalents	\$ 1,275,190	\$ 741,901
Total debt	2,393,604	2,185,844

	Six Months Ended September 30,	
	2020 (Unaudited)	2019 (Unaudited)
	(In thousands)	
Net cash provided by operating activities	\$ 566,024	\$ 266,679
Net cash used in investing activities	(38,084)	(59,978)
Net cash provided by financing activities	5,349	290,855
Total increase in cash and cash equivalents	<u>\$ 533,289</u>	<u>\$ 497,556</u>

To date, COVID-19 has not had a significant impact on our liquidity, cash flows or capital resources. However, the continued spread of COVID-19 has led to disruption and volatility in the global capital markets, which, depending on future developments, could impact our capital resources and liquidity in the future. In the opinion of management, we will be able to meet our liquidity and cash needs through a combination of cash flows from operating activities, available cash balances, and available borrowing under the Revolving Credit Facility.

From time to time, we evaluate alternative uses for excess cash resources once our operating cash flow and required debt servicing needs have been met. Some of the possible uses of our remaining excess cash at any point in time may include funding strategic acquisitions, further investment in our business and returning value to shareholders through share repurchases, quarterly dividends, and special dividends. While the timing and financial magnitude of these possible actions are currently indeterminable, the Company expects to be able to manage and adjust its capital structure in the future to meet its liquidity needs.

Historically, we have been able to generate sufficient cash to fund our operations, mandatory debt and interest payments, capital expenditures, and discretionary funding needs. However, due to fluctuations in cash flows, including as a result of the trends and developments described above under "— Factors and Trends Affecting Our Results of Operations" relating to U.S. government shutdowns, U.S. government cost-cutting, reductions or delays in the U.S. government appropriations and spending process and other budgetary matters, it may be necessary from time-to-time in the future to borrow under our Secured Credit Facility to meet cash demands. While the timing and financial magnitude of these possible actions are currently indeterminable, we expect to be able to manage and adjust our capital structure to meet our liquidity needs. Our expected liquidity and capital structure may also be impacted by discretionary investments and acquisitions that we could pursue. We anticipate that cash provided by operating activities, existing cash and cash equivalents, and borrowing capacity under the Revolving Credit Facility will be sufficient to meet our anticipated cash requirements for the next twelve months, which primarily include:

- operating expenses, including salaries;
- working capital requirements to fund the growth of our business;

- capital expenditures which primarily relate to the purchase of computers, business systems, furniture and leasehold improvements to support our operations;
- the design, build-out, testing, and potential implementation and operation of new financial management systems;
- commitments and other discretionary investments;
- debt service requirements for borrowings under our Secured Credit Facility and interest payments for the Senior Notes; and
- cash taxes to be paid.

Our ability to fund our operating needs depends, in part, on our ability to continue to generate positive cash flows from operations or, if necessary, raise cash in the capital markets. In addition, from time to time we evaluate conditions to opportunistically access the financing markets to secure additional debt capital resources and improve the terms of our indebtedness.

Cash Flows

Cash received from clients, either from the payment of invoices for work performed or for advances in excess of costs incurred, is our primary source of cash. We generally do not begin work on contracts until funding is appropriated by the client. Billing timetables and payment terms on our contracts vary based on a number of factors, including whether the contract type is cost-reimbursable, time-and-materials, or fixed-price. We generally bill and collect cash more frequently under cost-reimbursable and time-and-materials contracts, as we are authorized to bill as the costs are incurred or work is performed. In contrast, we may be limited to bill certain fixed-price contracts only when specified milestones, including deliveries, are achieved. In addition, a number of our contracts may provide for performance-based payments, which allow us to bill and collect cash prior to completing the work.

Accounts receivable is the principal component of our working capital and is generally driven by revenue growth with other short-term fluctuations related to the payment practices of our clients. Our accounts receivable reflects amounts billed to our clients as of each balance sheet date. Our clients generally pay our invoices within 30 days of the invoice date, although we experience a longer billing and collection cycle with our global commercial customers. At any month-end, we also include in accounts receivable the revenue that was recognized in the preceding month, which is generally billed early in the following month. Finally, we include in accounts receivable amounts related to revenue accrued in excess of amounts billed, primarily on our fixed-price and cost-reimbursable-plus-award-fee contracts. The total amount of our accounts receivable can vary significantly over time, but is generally sensitive to revenue levels and customer mix.

Operating Cash Flow

Net cash provided by operations is primarily affected by the overall profitability of our contracts, our ability to invoice and collect cash from clients in a timely manner, our ability to manage our vendor payments and the timing of cash paid for income taxes. Continued uncertainty in global economic conditions may also affect our business as customers and suppliers may decide to downsize, defer, or cancel contracts, which could negatively affect the operating cash flows. Net cash provided by operations was \$566.0 million in the six months ended September 30, 2020 compared to \$266.7 million in the prior year period, or a 112.2% increase. The increase in operating cash flows was primarily due to strong cash collections of our revenue growth, working capital management, and lower cash taxes due to the carryover of research and development credits claimed in fiscal 2020. Lower cash disbursements also contributed to second quarter performance, driven by cost management and lower expenses attributable to COVID-19.

Investing Cash Flow

Net cash used in investing activities was \$38.1 million in the six months ended September 30, 2020 compared to \$60.0 million in the prior year period, or a 36.5% decrease. The decrease in net cash used in investing activities was due to a decrease in capital expenditures over the prior period, reflecting a shift away from facilities investment towards technology and tools needed to support the virtual work environment. Additionally, we continue to modernize our corporate information technology infrastructure and are in the rigorous testing phase prior to the implementation of a new financial management system.

Financing Cash Flow

Net cash provided by financing activities was \$5.3 million in the six months ended September 30, 2020 compared to \$290.9 million in net cash provided by financing activities in the prior year period. The decrease in net cash provided by financing activities was primarily due to the following:

- \$400.0 million draw on our Delayed Draw Facility in the prior period, with no such draw in the current period.

- \$100.0 million payment of our outstanding Revolving Credit Facility in the current period, with no such payment in the prior year period.
- Increases in share repurchases of \$101.6 million as compared to the prior year period.
- Increases in dividends paid of \$22.0 million as compared to the prior year period.

The above were partially offset by net proceeds of \$341.5 million received from the issuance of the Senior Notes during the second quarter of fiscal 2021.

Dividends and Share Repurchases

On October 30, 2020, the Company announced a regular quarterly cash dividend in the amount of \$0.31 per share. The quarterly dividend is payable on December 2, 2020 to stockholders of record on November 16, 2020.

During the three and six months ended September 30, 2020, quarterly dividends of \$0.31 and \$0.62 per share, respectively, were declared and paid totaling \$43.0 million and \$86.8 million, respectively. During the three and six months ended September 30, 2019, quarterly dividends of \$0.23 and \$0.46 per share, respectively, were declared and paid totaling \$32.4 million and \$64.8 million, respectively.

On December 12, 2011, the Board of Directors approved a \$30.0 million share repurchase program, which was further increased by the Board of Directors on (i) January 27, 2015 to \$180.0 million, (ii) January 25, 2017 to \$410.0 million, (iii) November 2, 2017 to \$610.0 million, (iv) May 24, 2018 to \$910.0 million, and (v) May 23, 2019 to \$1,310.0 million. The Company may repurchase shares pursuant to the program by means of open market repurchases, directly negotiated repurchases or through agents acting pursuant to negotiated repurchase agreements. During fiscal 2021, the Company purchased 1.3 million shares of the Company's Class A Common Stock for an aggregate of \$96.4 million. As of September 30, 2020, the Company had \$388.5 million remaining under the repurchase program.

Any determination to pursue one or more of the above alternative uses for excess cash is subject to the discretion of our Board of Directors, and will depend upon various factors, including our results of operations, financial condition, liquidity requirements, restrictions that may be imposed by applicable law, our contracts, and our Credit Agreement as amended and other factors deemed relevant by our Board of Directors.

Indebtedness

On November 26, 2019 (the "Amendment Effective Date"), Booz Allen Hamilton Inc. ("Booz Allen Hamilton") and Booz Allen Hamilton Investor Corporation ("Investor"), and certain wholly-owned subsidiaries of Booz Allen Hamilton, entered into the Seventh Amendment (the "Seventh Amendment") to the Credit Agreement, dated as of July 31, 2012, as amended (the "Credit Agreement") with certain institutional lenders, and Bank of America, N.A., as Administrative and Collateral Agents. The Seventh Amendment reduced the applicable margin applicable to the Term Loan B ("Term Loan B" and, together with the Term Loan A, the "Term Loans") from 2.00% to 1.75% for LIBOR loans and from 1.00% to 0.75% for base rate loans and extended the maturity of the Term Loan B to November 26, 2026. The applicable margin and maturity date applicable to the Term Loan A (the "Term Loan A") remained unchanged.

Prior to the Seventh Amendment, approximately \$389.0 million was outstanding under Term Loan B. Pursuant to the Seventh Amendment, certain lenders converted their existing Term Loan B loans into a new tranche of Term Loan B loans in an aggregate amount, along with Term Loan B loans advanced by certain new lenders, of approximately \$389.0 million (the "New Refinancing Tranche B Term Loans"). The proceeds from the new lenders were used to prepay in full all of the existing Term Loan B loans that were not converted into the new Term Loan B tranche. Voluntary prepayments of the New Refinancing Tranche B Term Loans are permitted at any time, in minimum principal amounts, without premium or penalty, subject to a 1.00% premium payable in connection with certain repricing transactions within the first six months after the Seventh Amendment. The other terms of the New Refinancing Tranche B Term Loans are generally the same as the existing Term Loan B prior to the Seventh Amendment.

As of September 30, 2020, the Credit Agreement provided Booz Allen Hamilton with a \$1,326.8 million Term Loan A, a \$386.2 million Term Loan B, and \$500.0 million in New Revolving Commitments with a sub-limit for letters of credit of \$100.0 million (collectively, the "Secured Credit Facility"). As of September 30, 2020, the maturity date of Term Loan A and the termination date for the Revolving Credit Facility was July 23, 2023 and the maturity date of Term Loan B was November 26, 2026. Booz Allen Hamilton's obligations and the guarantors' guarantees under the Credit Agreement are secured by a first priority lien on substantially all of the assets (including capital stock of subsidiaries) of Booz Allen Hamilton, Investor and the subsidiary guarantors, subject to certain exceptions set forth in the Credit Agreement and related documentation. Subject to specified conditions, without the consent of the then-existing lenders (but subject to the receipt of commitments), the Term Loans or the Revolving Credit Facility may be expanded (or a new term loan facility or revolving credit facility added to the existing facilities) by up to (i) the greater of (x) \$627 million and (y) 100% of consolidated EBITDA of Booz Allen Hamilton, as of the end of the most recently ended four quarter period for which financial statements have been delivered pursuant to the Credit Agreement plus (ii) the aggregate principal amount under which pro forma consolidated net secured leverage remains less than or equal to 3.50:1.00.

At Booz Allen Hamilton's option, borrowings under the Secured Credit Facility bear interest based either on LIBOR (adjusted for maximum reserves, and subject to a floor of zero) for the applicable interest period or a base rate equal to the highest of (x) the administrative agent's prime corporate rate, (y) the overnight federal funds rate plus 0.50%, and (z) three-month LIBOR (adjusted for maximum reserves, and subject to a floor of zero) plus 1.00%, in each case plus an applicable margin, payable at the end of the applicable interest period and in any event at least quarterly. The applicable margin for Term Loan A and borrowings under the Revolving Credit Facility ranges from 1.25% to 2.00% for LIBOR loans and 0.25% to 1.00% for base rate loans, in each case based on Booz Allen Hamilton's consolidated total net leverage ratio. The applicable margin for Term Loan B is 1.75% for LIBOR loans and 0.75% for base rate loans. Unused commitments under the Revolving Credit Facility are subject to a quarterly fee ranging from 0.20% to 0.35% based on Booz Allen Hamilton's consolidated total net leverage ratio.

Booz Allen Hamilton occasionally borrows under the Revolving Credit Facility in anticipation of cash demands. During the first and second quarters of fiscal 2021 and 2020, Booz Allen Hamilton accessed no amounts of its \$500.0 million Revolving Credit Facility. As of March 31, 2020, \$100.0 million was outstanding on the Revolving Credit Facility which was repaid in June 2020. As of September 30, 2020, no amounts were outstanding on the Revolving Credit Facility.

The Credit Agreement requires quarterly principal payments of 1.25% of the stated principal amount of Term Loan A until maturity and quarterly principal payments of 0.25% of the stated principal amount of Term Loan B until maturity.

Booz Allen Hamilton also has agreed to pay customary letter of credit and agency fees. As of September 30, 2020 and March 31, 2020, Booz Allen Hamilton was contingently liable under open standby letters of credit and bank guarantees issued by its banks in favor of third parties that totaled \$11.3 million and \$9.7 million, respectively. These letters of credit and bank guarantees primarily support insurance and bid and performance obligations. For both September 30, 2020 and March 31, 2020, approximately \$0.9 million, of these instruments reduced the available borrowings under the Revolving Credit Facility. The remainder is guaranteed under a separate \$20.0 million facility of which \$9.6 million and \$6.2 million, respectively, was available to Booz Allen Hamilton at September 30, 2020 and March 31, 2020. As of September 30, 2020, Booz Allen Hamilton had \$499.0 million of capacity available for additional borrowings under the Revolving Credit Facility.

The Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants include limitations on the following, in each case subject to certain exceptions: (i) indebtedness and liens; (ii) mergers, consolidations or amalgamations, liquidations, wind-ups or dissolutions, and disposition of all or substantially all assets; (iii) dispositions of property; (iv) restricted payments; (v) investments; (vi) transactions with affiliates; (vii) change in fiscal periods; (viii) negative pledges; (ix) restrictive agreements; (x) line of business; and (xi) speculative hedging. The events of default include the following, in each case subject to certain exceptions: (a) failure to make required payments under the Secured Credit Facility; (b) material breaches of representations or warranties under the Secured Credit Facility; (c) failure to observe covenants or agreements under the Secured Credit Facility; (d) failure to pay or default under certain other material indebtedness; (e) bankruptcy or insolvency; (f) certain Employee Retirement Income Security Act, or ERISA events; (g) certain material judgments; (h) actual or asserted invalidity of the Guarantee and Collateral Agreements or the other security documents or failure of the guarantees or perfected liens thereunder; and (i) a change of control. Booz Allen Hamilton is required to meet certain financial covenants at each quarter end, namely Consolidated Net Total Leverage and Consolidated Net Interest Coverage Ratios. As of September 30, 2020 and March 31, 2020, we were compliant with these covenants.

For the three months ended September 30, 2020 and 2019, interest payments of \$5.8 million and \$13.9 million were made for Term Loan A and \$1.9 million and \$4.4 million were made for Term Loan B, respectively. For the six months ended September 30, 2020 and 2019, interest payments of \$12.7 million and \$27.2 million were made for Term Loan A and \$4.1 million and \$8.8 million were made for Term Loan B, respectively.

On August 24, 2020, Booz Allen Hamilton issued \$700 million aggregate principal amount of its 3.875% Senior Notes due 2028 (the “Senior Notes”) under an Indenture, dated as of August 24, 2020, among Booz Allen Hamilton, certain subsidiaries of Booz Allen Hamilton, as guarantors (the “Subsidiary Guarantors”), and Wilmington Trust, National Association as trustee (the “Trustee”), as supplemented by the First Supplemental Indenture, dated as of August 24, 2020, among Booz Allen Hamilton, the Subsidiary Guarantors and the Trustee. A portion of the net proceeds from the sale of the Senior Notes was used to redeem in full \$350 million aggregate principal amount of the outstanding 2017 Senior Notes at a redemption price of 102.56% of the principal amount thereof, plus accrued and unpaid interest thereon to (but excluding) the redemption date, and to pay all fees and expenses related to the foregoing. Booz Allen Hamilton intends to use the remaining net proceeds from the sale of the Senior Notes for working capital and other general corporate purposes. (See Note 8 in our condensed consolidated financial statements).

Borrowings under the Term Loans and, if used, the Revolving Credit Facility, incur interest at a variable rate. In accordance with Booz Allen Hamilton's risk management strategy, Booz Allen Hamilton executed a series of interest rate swaps. As of September 30, 2020, Booz Allen Hamilton had interest rate swaps with an aggregate notional amount of \$1.0 billion. These instruments hedge the variability of cash outflows for interest payments on the floating portion of the Company's debt. The Company's objectives in using cash flow hedges are to reduce volatility due to interest rate movements and to add stability to interest expense (See Note 9 to our condensed consolidated financial statements).

Capital Structure and Resources

Our stockholders' equity amounted to \$972.0 million as of September 30, 2020, an increase of \$115.6 million compared to stockholders' equity of \$856.4 million as of March 31, 2020. The increase was primarily due to net income of \$265.4 million for the six months ended September 30, 2020, stock-based compensation expense of \$25.6 million, and issuance of common stock of \$9.1 million, partially offset by \$86.8 million in quarterly dividend payments and \$105.6 million in treasury stock resulting from the repurchase of shares of our Class A Common Stock during the six months ended September 30, 2020.

Off-Balance Sheet Arrangements

As of September 30, 2020, we did not have any material off-balance sheet arrangements.

Capital Expenditures

Since we do not own any of our facilities, our capital expenditure requirements primarily relate to the purchase of computers, management systems, furniture, and leasehold improvements to support our operations. Direct facility and equipment costs billed to clients are not treated as capital expenses. Our capital expenditures for the six months ended September 30, 2020 and 2019 were \$38.1 million and \$60.0 million, respectively. The decrease in capital expenditures reflects a shift away from facilities investment towards technology and tools needed to support the virtual work environment. Additionally, we continue to modernize our corporate information technology infrastructure and are in the rigorous testing phase prior to the implementation of a new financial management system. We believe we are on track for a successful implementation in the next fiscal year, which will support the Company's growth into the future. We expect capital expenditures to decrease in the second half of fiscal 2021 as compared to the second half of fiscal 2020. Given the uncertainty surrounding the COVID-19 outbreak, we may adjust our capital expenditures in fiscal 2021 to support our business operations as we further develop our long term strategy on a safe return to work.

Commitments and Contingencies

We are subject to a number of reviews, investigations, claims, lawsuits, and other uncertainties related to our business. For a discussion of these items, refer to Note 18 to our condensed consolidated financial statements.

Special Note Regarding Forward Looking Statements

Certain statements contained or incorporated in this Quarterly Report on Form 10-Q, or Quarterly Report, include forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “could,” “should,” “forecasts,” “expects,” “intends,” “plans,” “anticipates,” “projects,” “outlook,” “believes,” “estimates,” “predicts,” “potential,” “continue,” “preliminary,” or the negative of these terms or other comparable terminology. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give you no assurance these expectations will prove to have been correct. These forward-looking statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance, or achievements to differ materially from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks and other factors include:

- any issue that compromises our relationships with the U.S. government or damages our professional reputation, including negative publicity concerning government contractors in general or us in particular;

- changes in U.S. government spending, including a continuation of efforts by the U.S. government to decrease spending for management support service contracts, and mission priorities that shift expenditures away from agencies or programs that we support, or as a result of the U.S. presidential election;
- efforts by Congress and other U.S. government bodies to reduce U.S. government spending and address budgetary constraints and the U.S. deficit, as well as associated uncertainty around the timing, extent, nature and effect of such efforts;
- delayed funding of our contracts due to uncertainty relating to funding of the U.S. government and a possible failure of Congressional efforts to approve such funding beyond December 11, 2020 and to craft a long-term agreement on the U.S. government's ability to incur indebtedness in excess of its current limits, or changes in the pattern or timing of government funding and spending;
- U.S. government shutdowns, as a result of the failure by elected officials to fund the government;
- failure to comply with numerous laws and regulations, including but not limited to, the Federal Acquisition Regulation ("FAR"), the False Claims Act, the Defense Federal Acquisition Regulation Supplement and FAR Cost Accounting Standards and Cost Principles;
- the effects of the COVID-19 outbreak, and other pandemics or widespread health epidemics, including disruptions to our workforce and the impact on government spending and demand for our solutions;
- our ability to compete effectively in the competitive bidding process and delays or losses of contract awards caused by competitors' protests of major contract awards received by us;
- variable purchasing patterns under U.S. government GSA schedules, blanket purchase agreements and indefinite delivery, indefinite quantity, or IDIQ contracts;
- the loss of General Services Administration Multiple Award schedule contracts, or GSA schedules, or our position as prime contractor on government-wide acquisition contract vehicles, or GWACs;
- changes in the mix of our contracts and our ability to accurately estimate or otherwise recover expenses, time, and resources for our contracts;
- changes in estimates used in recognizing revenue;
- our ability to realize the full value of and replenish our backlog, generate revenue under certain of our contracts, and the timing of our receipt of revenue under contracts included in backlog;
- internal system or service failures and security breaches, including, but not limited to, those resulting from external or internal cyber attacks on our network and internal systems;
- risks related to the potential implementation and operation of new financial management systems;
- an inability to attract, train, or retain employees with the requisite skills and experience;
- an inability to timely hire, assimilate and effectively utilize our employees, ensure that employees obtain and maintain necessary security clearances and/or effectively manage our cost structure;
- the loss of members of senior management or failure to develop new leaders;
- misconduct or other improper activities from our employees or subcontractors, including the improper use or release of our clients' sensitive or classified information;
- increased competition from other companies in our industry;
- failure to maintain strong relationships with other contractors, or the failure of contractors with which we have entered into a sub- or prime-contractor relationship to meet their obligations to us or our clients;
- inherent uncertainties and potential adverse developments in legal or regulatory proceedings, including litigation, audits, reviews, and investigations, which may result in materially adverse judgments, settlements, withheld payments, penalties, or other unfavorable outcomes including debarment, as well as disputes over the availability of insurance or indemnification;
- failure to comply with special U.S. government laws and regulations relating to our international operations;
- risks associated with increased competition, new relationships, clients, capabilities, and service offerings in our U.S. and international businesses;

- risks related to changes to our operating structure, capabilities, or strategy intended to address client needs, grow our business or respond to market developments;
- the adoption by the U.S. government of new laws, rules, and regulations, such as those relating to organizational conflicts of interest issues or limits;
- risks related to completed and future acquisitions, including our ability to realize the expected benefits from such acquisitions;
- the incurrence of additional tax liabilities, including as a result of changes in tax laws or management judgments involving complex tax matters;
- risks inherent in the government contracting environment;
- continued efforts to change how the U.S. government reimburses compensation related costs and other expenses or otherwise limit such reimbursements and an increased risk of compensation being deemed unreasonable and unallowable or payments being withheld as a result of U.S. government audit, review, or investigation;
- increased insourcing by various U.S. government agencies due to changes in the definition of “inherently governmental” work, including proposals to limit contractor access to sensitive or classified information and work assignments;
- the size of our addressable markets and the amount of U.S. government spending on private contractors;
- risks related to our indebtedness and credit facilities which contain financial and operating covenants;
- the impact of changes in accounting rules and regulations, or interpretations thereof, that may affect the way we recognize and report our financial results, including changes in accounting rules governing recognition of revenue; and
- other risks and factors listed under “Item 1A. Risk Factors” and elsewhere in this Quarterly Report.

In light of these risks, uncertainties and other factors, the forward-looking statements might not prove to be accurate and you should not place undue reliance upon them. All forward-looking statements speak only as of the date made and we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes during the period covered by this Quarterly Report on Form 10-Q to the information disclosed in the Quantitative and Qualitative Disclosures About Market Risk section in Part II, “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Annual Report on Form 10-K for the fiscal year ended March 31, 2020 filed with the Securities and Exchange Commission on May 26, 2020.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or Exchange Act, as of the end of the period covered by this Quarterly Report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Our performance under U.S. government contracts and compliance with the terms of those contracts and applicable laws and regulations are subject to continuous audit, review, and investigation by the U.S. government which may include such investigative techniques as subpoenas or civil investigative demands. Given the nature of our business, these audits, reviews, and investigations may focus, among other areas, on various aspects of procurement integrity, labor time reporting, sensitive and/or classified information access and control, executive compensation, and post government employment restrictions. We are not always aware of our status in such matters, but we are currently aware of certain pending audits and investigations involving labor time reporting, procurement integrity, and classified information access. In addition, from time to time, we are also involved in legal proceedings and investigations arising in the ordinary course of business, including those relating to employment matters, relationships with clients and contractors, intellectual property disputes, and other business matters. These legal proceedings seek various remedies, including claims for monetary damages in varying amounts, none of which are considered material, or are unspecified as to amount. Although the outcome of any such matter is inherently uncertain and may be materially adverse, based on current information, we do not expect any of the currently ongoing audits, reviews, investigations, or litigation to have a material adverse effect on our financial condition and results of operations. As of September 30, 2020 and March 31, 2020, there were no material amounts accrued in the condensed consolidated financial statements related to these proceedings.

On June 7, 2017, Booz Allen Hamilton was informed that the U.S. Department of Justice (DOJ) is conducting a civil and criminal investigation of the Company. In connection with the investigation, the DOJ has requested information from the Company relating to certain elements of the Company's cost accounting and indirect cost charging practices with the U.S. government. Since learning of the investigation, the Company has engaged a law firm experienced in these matters to represent the Company in connection with this matter and respond to the government's requests. As is commonly the case with this type of matter, the Company has also been in contact with other regulatory agencies and bodies, including the Securities and Exchange Commission, which notified the Company that it is conducting an investigation that the Company believes relates to the matters that are also the subject of the DOJ's investigation. The Company may receive additional regulatory or governmental inquiries related to the matters that are the subject of the DOJ's investigation. In accordance with the Company's practice, the Company is cooperating with all relevant government parties. The total cost associated with these matters will depend on many factors, including the duration of these matters and any related findings. At this stage, the Company is not able to reasonably estimate the expected amount or range of cost or any loss associated with these matters.

On June 19, 2017, a purported stockholder of the Company filed a putative class action lawsuit in the United States District Court for the Eastern District of Virginia styled *Langley v. Booz Allen Hamilton Holding Corp.*, No. 17-cv-00696 naming the Company, its Chief Executive Officer and its Chief Financial Officer as defendants purportedly on behalf of all purchasers of the Company's securities from May 19, 2016 through June 15, 2017. On September 5, 2017, the court named two lead plaintiffs, and on October 20, 2017, the lead plaintiffs filed a consolidated amended complaint. The complaint asserts claims under Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder, alleging misrepresentations or omissions by the Company purporting to relate to matters that are the subject of the DOJ investigation described above. The plaintiffs seek to recover from the Company and the individual defendants an unspecified amount of damages. The Company believes the suit lacks merit and intends to defend against the lawsuit. Motions to dismiss were argued on January 12, 2018, and on February 8, 2018, the court dismissed the amended complaint in its entirety without prejudice. At this stage of the lawsuit, the Company is not able to reasonably estimate the expected amount or range of cost or any loss associated with the lawsuit.

On November 13, 2017, a Verified Shareholder Derivative Complaint was filed in the United States District Court for the District of Delaware styled *Celine Thum v. Rozanski et al.*, C.A. No. 17-cv-01638, naming the Company as a nominal defendant and numerous current and former officers and directors as defendants. The complaint asserts claims for breach of fiduciary duties, unjust enrichment, waste of corporate assets, abuse of control, gross mismanagement, and violations of Sections 14(a), 10(b) and 20(a) of the Exchange Act, purportedly relating to matters that are the subject of the DOJ investigation described above. The parties have stipulated to a stay of the proceedings pending the outcome of the securities litigation (described above), which the court so ordered on January 24, 2018. On December 12, 2019, the court ordered that the stay remain in effect and ordered the parties to submit periodic status reports. On May 27, 2020, the parties submitted status reports stating that plaintiff believes the stay should remain in effect and defendants do not object to the stay remaining in effect. At this stage of the lawsuit, the Company is not able to reasonably estimate the expected amount or range of cost or any loss associated with the lawsuit.

Item 1A. Risk Factors

There have been no material changes during the period covered by this Quarterly Report on Form 10-Q to the risk factors disclosed in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended March 31, 2020 filed with the Securities and Exchange Commission on May 26, 2020.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**Issuer Purchases of Equity Securities**

The following table shows the share repurchase activity during the three months ended September 30, 2020:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
July 2020	394,262	\$76.09	394,262	\$ 388,473,225
August 2020	—	\$—	—	\$ 388,473,225
September 2020	—	\$—	—	\$ 388,473,225
Total	<u>394,262</u>		<u>394,262</u>	

- (1) On December 12, 2011, the Board of Directors approved a \$30.0 million share repurchase program, which was further increased by the Board of Directors on (i) January 27, 2015 to \$180.0 million, (ii) January 25, 2017 to \$410.0 million, (iii) November 2, 2017 to \$610.0 million, (iv) May 24, 2018 to \$910.0 million, and (v) May 23, 2019 to \$1,310.0 million. A special committee of the Board of Directors was appointed to evaluate market conditions and other relevant factors and initiate repurchases under the program from time to time. The share repurchase program may be suspended, modified or discontinued at any time at the Company's discretion without prior notice.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

<u>Exhibit Number</u>	<u>Description</u>
3.1	Fifth Amended and Restated Certificate of Incorporation of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on August 5, 2020 (File No. 001-34972))
3.2	Fourth Amended and Restated Bylaws of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on August 5, 2020 (File No. 001-34972))
4.1	Indenture, dated August 24, 2020, among Booz Allen Hamilton Inc., the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 24, 2020 (File No. 001-34972))
4.2	First Supplemental Indenture, dated August 24, 2020, among Booz Allen Hamilton Inc., the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on August 24, 2020 (File No. 001-34972))
4.3	Form of 3.875% Senior Note due 2028 (Incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on August 24, 2020 (File No. 001-34972)) (included in Exhibit 4.1 thereto))
10.1†	Form of Performance Restricted Stock Unit Agreement under the Third Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation*
10.2†	Form of Restricted Stock Agreement for Directors under the Third Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation*
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer*
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer*
32.1	Certification of the Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)*
32.2	Certification of the Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)*
101	The following materials from Booz Allen Hamilton Holding Corporation's Quarterly Report on Form 10-Q for the three and six months ended September 30, 2020 formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at September 30, 2020 and March 31, 2020; (ii) Condensed Consolidated Statements of Operations for the three and six months ended September 30, 2020 and 2019; (iii) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended September 30, 2020 and 2019; (iv) Condensed Consolidated Statements of Cash Flows for the three and six months ended September 30, 2020 and 2019; and (v) Notes to Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

† Management contract or compensatory arrangement.

* Filed electronically herewith.

SIGNATURES

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

Booz Allen Hamilton Holding Corporation
Registrant

Date: October 30, 2020

By: /s/ Lloyd W. Howell, Jr.

Lloyd W. Howell, Jr.
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Performance Restricted Stock Unit Agreement
THIRD AMENDED AND RESTATED EQUITY INCENTIVE PLAN OF
BOOZ ALLEN HAMILTON HOLDING CORPORATION
PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT
GRANT NOTICE

Unless otherwise defined herein, the terms defined in the Third Amended and Restated Equity Incentive Plan (the “Plan”) of Booz Allen Hamilton Holding Corporation (the “Company”) shall have the same defined meanings in this Performance Restricted Stock Unit Agreement, which includes the terms in this Grant Notice, including Exhibit A (the “Grant Notice”), Appendix A attached hereto and any special terms and conditions set out in Appendix B attached hereto for your country of employment and/or residence (collectively, the “Agreement”).

You have been granted performance-based restricted stock units, subject to the terms and conditions of the Plan and this Agreement in an amount, vesting schedule and subject to satisfaction of the performance goals for the applicable performance period (as set forth on Exhibit A to this Agreement), as delivered and made available to you by the Company, which shall be deemed part of and incorporated by reference into this Grant Notice.

Your acceptance of this grant indicates your agreement and understanding that the Performance Restricted Stock Units granted herein are subject to all of the terms and conditions contained in the Agreement and the Plan. **ACCORDINGLY, PLEASE BE SURE TO READ ALL OF THE PLAN AND APPENDIX A, APPENDIX B AND EXHIBIT A, WHICH CONTAIN THE SPECIFIC TERMS AND CONDITIONS OF THE PERFORMANCE RESTRICTED STOCK UNITS.**

In order to view the grant details and to accept this grant, please go to Fidelity NetBenefits at www.netbenefits.com and follow the instructions regarding this grant.

APPENDIX A TO PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

1. Grant of Restricted Stock Units. Subject to the terms, conditions, and restrictions set forth in this Agreement (including the Grant Notice and any special terms and conditions for the Participant's country set forth in Appendix B to this Agreement) and in the Plan, the Company hereby evidences and confirms its grant to the Participant, effective as of the Grant Date, of the target number of performance restricted stock units (the "Target Award") specified in the Grant Notice. Each performance restricted stock unit (a "Restricted Stock Unit") represents the right to receive between zero and two shares of Company Common Stock, subject to the terms and conditions set forth in this Agreement (including Exhibit A and Appendix B) and in the Plan. Except as otherwise provided in Section 2, the number of Restricted Stock Units that the Participant shall actually earn for the Performance Period (up to the maximum specified in the Grant Notice) will be determined by the Administrator based on the level of achievement of the performance goals specified in Exhibit A (the "Performance Goals"). This Agreement is subordinate to, and the terms and conditions of the Restricted Stock Units granted hereunder are subject to, the terms and conditions of the Plan, which are incorporated by reference herein. If there is any inconsistency between the terms hereof and the terms of the Plan, the terms of the Plan shall govern. Any capitalized terms used herein without definition shall have the meanings set forth in the Plan.

2. Vesting of Restricted Stock Units.

(a) Vesting. For purposes of this Agreement, the term "Performance Period" shall mean the period set forth in Exhibit A. The Restricted Stock Units are subject to forfeiture until they vest. Except as otherwise provided in this Section 2, the Restricted Stock Units shall become vested as of the vesting date specified in Exhibit A (the "Vesting Date"), subject to the continued employment or service of the Participant by the Company or any Subsidiary thereof through the Vesting Date, and to the achievement of the Performance Goals set forth in Exhibit A for the Performance Period as determined by the Administrator pursuant to Section 3(a). Restricted Stock Units that do not vest in accordance with this Section 2 shall be forfeited.

(b) Termination of Employment.

(i) Termination Due to Death. If a Participant's employment or service terminates due to the Participant's death prior to the Vesting Date, all unvested Restricted Stock Units shall vest on the effective date of such termination of employment or service at Target Award levels. Vested Restricted Stock Units shall be settled as set forth in Section 3.

(ii) Termination by Reason of Disability. If a Participant's employment or service terminates prior to the Vesting Date by reason of the Participant's Disability, then, the Participant's unvested Restricted Stock Units shall vest as of the Vesting Date in a *pro rata* amount of the Restricted Stock Units that would have been earned and vested in accordance with Section 2(a) based on actual achievement of the Performance Goals as if the Participant's employment or service had not terminated, with such amount prorated for the portion of the Performance Period that lapsed prior to the Participant's termination of employment or service; provided, that, any transition period (within the meaning of the Company's Transition Policy, as may be amended from time to time) shall not be considered a period of employment or service for purposes of calculating the *pro rata* amount. Vested Restricted Stock Units shall be settled as set forth in Section 3.

(iii) Termination by Reason of Retirement. (A) If a Participant's employment or service terminates prior to the Vesting Date by reason of a Participant's Qualifying Permanent Retirement

(as defined below), provided that such termination occurs on or after March 31 (or if March 31 is not a business day, the last business day prior to March 31) of the first fiscal year of the Performance Period, the unvested Restricted Stock Units shall vest in accordance with Section 2(a) based on actual achievement of the Performance Goals as if the Participant's employment or service had not terminated; (B) if a Participant's employment or service terminates prior to March 31 (or if March 31 is not a business day, the last business day prior to March 31) of the first fiscal year of the Performance Period by reason of a Participant's retirement (notwithstanding that such retirement may otherwise qualify as a Qualifying Permanent Retirement), all unvested Restricted Stock Units shall immediately be forfeited as of the termination date; and (C) if a Participant's employment or service terminates at any point prior to the Vesting Date by reason of a Participant's retirement that at any point during the Performance Period does not constitute a Qualifying Permanent Retirement, all unvested Restricted Stock Units shall immediately be forfeited as of the termination date or, if later, the date such retirement does not constitute a Qualifying Permanent Retirement. Vested Restricted Stock Units shall be settled as set forth in Section 3. "Qualifying Permanent Retirement" means a termination of the Participant's employment or service by reason of a retirement (I) in accordance with the applicable Company retirement policy (as may be amended from time to time) and (II) that is a permanent retirement from all current and future employment, including but not limited to self-employment, unless such employment is approved by the Company in writing in advance of the Participant commencing such employment.

(iv) Termination for Cause. If a Participant's employment or service terminates for Cause, all unvested Restricted Stock Units shall be immediately forfeited and canceled, effective as of the date of the Participant's termination of service. In addition, any Restricted Stock Units that vested during the twelve (12) months prior to or any time after the Participant engaged in the conduct that gave rise to the termination for Cause (and any stock or cash issued in settlement of such Restricted Stock Units) shall upon demand by the Administrator be immediately forfeited and disgorged or paid to the Company together with all gains earned or accrued due to the sale of Stock issued in settlement of any Restricted Stock Units.

(v) Termination for Any Other Reason. If a Participant's employment terminates for any reason other than death, Disability, in a Qualifying Permanent Retirement or by the Company for Cause, all unvested Restricted Stock Units shall immediately be forfeited.

(c) Change in Control. In the event of a Change in Control prior to the Vesting Date, notwithstanding anything in Article XIII of the Plan to the contrary, an amount of Restricted Stock Units equal to the Target Award shall remain outstanding and shall vest on the Vesting Date, subject to the continued employment or service of the Participant by the Company or any Subsidiary thereof through such date, but without regard to achievement of any Performance Goals; provided, that, if the Participant's employment or service is terminated by the Company without Cause or for Good Reason (each, a "Qualifying CIC Termination") within two (2) years following the effective date of the Change in Control, such outstanding Restricted Stock Units shall vest as of the date of such Qualifying CIC Termination. Vested Restricted Stock Units shall be settled as set forth in Section 3. For purposes of this Agreement, "Good Reason" means (i) if a Participant is a party to an employment or service agreement with the Company and such agreement provides for a definition of Good Reason, the definition contained therein; or (ii) if no such agreement exists or if such agreement does not define Good Reason, the occurrence of one or more of the following without the Participant's express written consent, which circumstances are not remedied by the Company within thirty (30) days of its receipt of a written notice from the Participant describing the applicable circumstances (which notice must be provided by the Participant within ninety (90) days of the Participant's knowledge of the applicable circumstances): (A) any material, adverse change in the Participant's duties, responsibilities or authority; (B) a material

reduction in the Participant's base salary or bonus opportunity; or (C) a geographical relocation of the Participant's principal office location by more than fifty (50) miles (other than a temporary geographical relocation for business reasons).

(d) Other Forfeiture Provisions. The Restricted Stock Units shall also be forfeited and subject to disgorgement and/or repayment to the Company in the event the Participant (i) engages in financial or other misconduct (including but not limited to engaging in Competitive Activity (excluding, only if the Participant is located in California, clause (a) of the definition of Competitive Activity contained in the Plan)) or as required by Applicable Law, as provided in the Plan or (ii) materially violates any restrictive covenant agreement (or any other agreement containing restrictive covenants) that the Participant has entered into with the Company.

(e) Administrator Discretion. Notwithstanding anything contained in this Agreement to the contrary, subject to Article XIII of the Plan, the Administrator, in its sole discretion, may waive forfeiture provisions or accelerate the vesting with respect to any Restricted Stock Units under this Agreement, at such times and upon such terms and conditions as the Administrator shall determine; provided, however, that such waiver or acceleration of vesting shall not change the settlement date of the Restricted Stock Units provided in Section 3 of this Agreement.

(f) Post-Termination Informational Requirements. Before the settlement of any Restricted Stock Units following termination of employment or service, the Company may require the Participant (or the Participant's Eligible Representative, if applicable) to make such representations and provide such documents as the Administrator deems necessary or advisable to determine whether the provisions of Section 2(b)(iii), 2(b)(iv) or 2(d) apply. Such representations and documents may include tax returns and all other relevant information and records from which the Company can determine the current or former employment status of the Participant during the Performance Period. Notwithstanding anything in this Agreement to the contrary, the settlement of the Restricted Stock Units may be withheld until information deemed sufficient by the Company is delivered to it, and any unvested Restricted Stock Units shall be forfeited if the requested information is not provided in sufficient detail to the Company before the earlier of (i) ninety (90) calendar days after the issue of a request from the Company for such information and (ii) December 31 of the calendar year in which the Vesting Date occurs.

3. Administrator Certification; Settlement of Restricted Stock Units.

(a) Certification. As soon as practicable following completion of the Performance Period, the Administrator will review and determine (i) whether, and to what extent, the Performance Goals for the Performance Period have been achieved, in whole or in part, and (ii) the number of Restricted Stock Units that the Participant shall earn, if any, subject to compliance with the requirements of Section 2 (the "Administrator Certification"). All determinations of whether the Performance Goals have been achieved, the number of Restricted Stock Units earned by the Participant, and all other matters related to this Section 3(a) shall be made by the Administrator in its sole discretion and shall be final, conclusive and binding on the Participant.

(b) Settlement of Restricted Stock Units. Subject to Sections 8(d), 2(f) and 3(a), the Company shall deliver to the Participant one (1) share of Company Common Stock (or the value thereof) in settlement of each Restricted Stock Unit that has become earned and vested as provided in Section 2 on the first to occur of the following: (i) on or as soon as practicable following the date of the Administrator Certification (but in no event later than 2½ months after the Vesting Date); (ii) in the event of a termination of employment or service due to death, as soon as practicable following the Participant's

termination of employment or service by reason of death; (iii) in the event of a Qualifying CIC Termination, within thirty (30) days following the effective date of the Participant's Qualifying CIC Termination, in each case (A) in Company Common Stock by either, (x) issuing one or more certificates evidencing the Company Common Stock to the Participant or (y) registering the issuance of the Company Common Stock in the name of the Participant through a book entry credit in the records of the Company's transfer agent, or (B) in the event of settlement upon a Change in Control, a cash payment equal to the Change in Control Price, multiplied by the number of vested Restricted Stock Units. No fractional shares of Company Common Stock shall be issued in settlement of Restricted Stock Units. Fractional shares shall be rounded up to the nearest whole share; provided, that the Participant may not vest in more than the maximum number of Restricted Stock Units specified in the Grant Notice.

Notwithstanding the foregoing, the Company, in its sole discretion, may provide for the settlement of the Restricted Stock Units in the form of Company Common Stock, but require the Participant to sell such Common Stock immediately or within a specified period following the Participant's termination of service (in which case, the Participant hereby agrees that the Company shall have the authority to issue sale instructions in relation to such Common Stock on the Participant's behalf).

4. Securities Law Compliance. Notwithstanding any other provision of this Agreement, the Participant may not sell the shares of Company Common Stock acquired upon vesting of the Restricted Stock Units unless such shares are registered under the Securities Act of 1933, as amended (the "Securities Act"), or, if such shares are not then so registered, such sale would be exempt from the registration requirements of the Securities Act. The sale of such shares must also comply with other applicable laws and regulations governing the shares and Participant may not sell the shares of Company Common Stock if the Company determines that such sale would not be in material compliance with such laws and regulations.

5. Participant's Rights with Respect to the Restricted Stock Units.

(a) Restrictions on Transferability. The Restricted Stock Units granted hereby are not assignable or transferable, in whole or in part, and may not, directly or indirectly, be offered, transferred, sold, pledged, assigned, alienated, hypothecated or otherwise disposed of or encumbered (including without limitation by gift, operation of law or otherwise) other than by will or by the laws of descent and distribution to the estate of the Participant upon the Participant's death; provided that the deceased Participant's beneficiary or representative of the Participant's estate shall acknowledge and agree in writing, in a form reasonably acceptable to the Company, to be bound by the provisions of this Agreement and the Plan as if such beneficiary or the estate were the Participant.

(b) No Rights as Stockholder. The Participant shall not have any rights as a stockholder including any voting, dividend or other rights or privileges as a stockholder of the Company with respect to any Company Common Stock corresponding to the Restricted Stock Units granted hereby unless and until shares of Company Common Stock are issued to the Participant in respect thereof.

(c) Dividend Equivalents. If the Company declares a cash dividend on the shares of Company Common Stock, then the Participant shall be credited with Dividend Equivalents in the form of a right to a cash payment equal to (i) the amount of the dividend declared and paid for each share of Company Common Stock, multiplied by (ii) (x) the number of Restricted Stock Units earned by the Participant as determined by the Administrator pursuant to Section 3(a) or (y) in the case of a termination of employment or service by reason of Death or a Qualifying CIC Termination, the number of Restricted Stock Units equal to the Target Award. Dividend Equivalents shall be subject to the same forfeiture

restrictions as the Restricted Stock Units to which they are attributable and shall be paid on the same date the Restricted Stock Units to which they are attributable are settled in accordance with Section 3 hereof. Dividend Equivalents credited to a Participant shall be distributed in cash or, at the discretion of the Administrator, in shares of Company Common Stock having a Fair Market Value equal to the amount of the Dividend Equivalents, if any.

6. Participant's Representations, Warranties and Covenants.

(a) No Conflicts; No Consents. The execution and delivery by the Participant of this Agreement, the consummation of the transactions contemplated hereby and the performance of the Participant's obligations hereunder do not and will not (i) materially conflict with or result in a material violation or breach of any term or provision of any Law applicable to either the Participant or the Restricted Stock Units or (ii) violate in any material respect, conflict with in any material respect or result in any material breach of, or constitute (with or without notice or lapse of time or both) a material default under, or require either the Participant to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result of or under the terms of, any contract, agreement, instrument, commitment, arrangement or understanding to which the Participant is a party.

(b) Compliance with Rule 144. If any shares of Company Common Stock issued in respect of the Restricted Stock Units are to be disposed of in accordance with Rule 144, the Participant shall transmit to the Company an executed copy of Form 144 (if required by Rule 144) no later than the time such form is required to be transmitted to the Commission for filing and such other documentation as the Company may reasonably require to assure compliance with Rule 144 in connection with such disposition.

(c) Participant Status. The Participant represents and warrants that, as of the date hereof, the Participant is an officer, employee, director or Consultant of the Company or a Subsidiary.

7. Adjustment in Capitalization. The number, class or other terms of any outstanding Restricted Stock Units shall be adjusted by the Committee to reflect any stock dividend, stock split or share combination or any recapitalization, business combination, merger, consolidation, spin-off, exchange of shares, liquidation or dissolution of the Company or other similar transaction affecting the Company Common Stock in such manner as it determines in its sole discretion.

8. Tax Withholding. The Participant acknowledges that, regardless of any action taken by the Company or the Employer with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains the Participant's personal responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Participant's participation in the Plan, including, but not limited to, the grant of Restricted Stock Units, the vesting of Restricted Stock Units, issuance or sale of shares of Company Common Stock, or the receipt of any dividends or Dividend Equivalents; and (b) do not commit to and are under no obligation to structure the terms of the Restricted Stock Units or any aspect of the Plan to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the

Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant agrees to make arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to any Tax-Related Items by one or a combination of the following: (a) withholding from the Participant's wages or other cash compensation payable to the Participant by the Company and/or the Employer, (b) withholding from proceeds of the sale of shares of Company Common Stock under the Plan, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent) to cover the Tax-Related Items required to be withheld, and (c) withholding in shares of Company Common Stock to be issued upon vesting of the Restricted Stock Units.

If the obligation for Tax-Related Items is satisfied by withholding in shares of Company Common Stock, for tax purposes, the Participant will be deemed to have been issued the full number of shares of Company Common Stock, notwithstanding that a number of the shares of Company Common Stock are held back solely for the purpose of paying the Tax-Related Items.

The Company or the Employer may defer the settlement of Restricted Stock Units until such withholding or other tax requirements are satisfied and if the Participant has not satisfied such withholding or other tax requirements as of the last day of the calendar year in which the Vesting Date occurs, the Restricted Stock Units shall be forfeited.

9. Nature of Grant. By accepting the Restricted Stock Units, the Participant acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be terminated, suspended or amended by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of Restricted Stock Units is voluntary and does not create any contractual or other right to receive future Restricted Stock Units or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;
- (c) all decisions with respect to future Restricted Stock Units or other grants, if any, will be at the sole discretion of the Company;
- (d) the grant of Restricted Stock Units and the Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the Company, the Employer or any other Subsidiary and shall not interfere with the ability of the Company, the Employer or any other Subsidiary to terminate the Participant's employment relationship (if any);
- (e) the Participant is voluntarily participating in the Plan;
- (f) the Restricted Stock Units and any shares of Company Common Stock acquired under the Plan, and the income from and value of the same, are not intended to replace any pension rights or compensation;

(g) the Restricted Stock Units and any shares of Company Common Stock acquired under the Plan, and the income from and value of the same, are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which are outside the scope of the Participant's employment and the Participant's employment or service agreement, if any;

(h) the Restricted Stock Units and any shares of Company Common Stock acquired under the Plan, and the income from and value of the same, are not part of normal or expected compensation or salary for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension or retirement or welfare benefits or similar mandatory payments;

(i) the future value of the underlying shares of Company Common Stock is unknown, indeterminable and cannot be predicted with certainty and the value of such shares of Company Common Stock may increase or decrease in the future;

(j) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from termination of the Participant's employment (regardless of the reason for the termination and whether or not the termination is later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any); and

(k) neither the Company, the Employer nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the shares of Company Common Stock or any amounts due pursuant to the issuance of the shares of Company Common Stock, or the subsequent sale of any shares of Company Common Stock acquired under the Plan.

10. Employee Data Privacy. The collection, use, disclosure and transfer, in electronic or other form, of personally identifiable information to facilitate the grant of the Award and the administration of the Plan by and among, as applicable, the Company and the Participant's employer, if different, any of the Company's affiliates, any agent of the Company administering or providing Plan services is governed by the Employee Privacy Notice (the "Privacy Notice") that Participant received in the course of his or her relationship with Company. The Participant understands that he or she may review the [Privacy Notice](#) or contact his or her local human resources representative to request a copy of the Privacy Notice. Please contact ethics@bah.com if the Participant has any questions or concerns about how the Company or its subsidiaries and affiliates process personally identifiable information.

11. Miscellaneous.

(a) Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the parties to this Agreement or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

(b) No Advice Regarding Grant. The Participant acknowledges that neither the Company nor the Employer are providing any tax, legal or financial advice, nor is the Company or the Employer making any recommendations regarding the Participant's participation in the Plan. The Participant should

consult his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

(c) Interpretation. For purposes of this Agreement, if the Participant is not employed by the Company, "Employer" means the Subsidiary that employs the Participant. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Administrator, acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine reasonably and in good faith any questions that arise in connection with this Agreement, and any such determination shall be final, binding and conclusive on all Participants and other individuals claiming any right under the Plan. The failure of the Company or the Participant to insist upon strict performance of any provision hereunder, irrespective of the length of time for which such failure continues, shall not be deemed a waiver of such party's right to demand strict performance at any time in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation or provision hereunder shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

(d) Country-Specific Provisions. The Participant's participation in the Plan shall be subject to any special terms and conditions set forth in Appendix B attached hereto for the Participant's country. Moreover, if the Participant relocates to one of the countries included in Appendix B, the special terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Appendix B constitutes part of this Agreement.

(e) Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan and on any shares of Company Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

(f) Applicable Law. The Participant acknowledges that the Company is organized under the laws of the State of Delaware, U.S.A. The Participant and the Company agree that this Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, U.S.A., without reference to principles of conflict of laws that would apply the laws of any other jurisdiction.

(g) Forum Selection. The Participant acknowledges that the Company's principal place of business is in, and a substantial portion of the Company's business is based out of, the Commonwealth of Virginia, U.S.A. The Participant also acknowledges that, as such, during the course of the Participant's service with the Company and its Subsidiaries, the Participant shall have substantial contacts with the Commonwealth of Virginia, U.S.A. Accordingly, the Participant and the Company agree that the exclusive forum for any action, demand, claim or counterclaim relating to the terms and provisions of this Agreement, or to their breach, shall be in the appropriate state or federal court located in the Commonwealth of Virginia, U.S.A. The Participant and the Company hereby consent to the personal jurisdiction of such courts over the parties to this Agreement. The Participant expressly waives any defense that such courts lack personal jurisdiction or are inconvenient. The Participant and the Company further agree that in any such action for breach or enforcement of this Agreement, no party will seek to challenge the validity or enforceability of any part of this Agreement.

(h) Amendment. This Agreement may not be amended, modified or supplemented orally, but only by a written instrument executed by the Participant and the Company.

(i) Assignability. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Company or the Participant without the prior written consent of the other party, provided that the Company may assign all or any portion of its rights or obligations under this Agreement to one or more persons or other entities designated by it.

(j) Severability; Blue Pencil. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

(k) Consent to Electronic Delivery. By entering into this Agreement and accepting the Restricted Stock Units evidenced hereby, Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, this Agreement and the Restricted Stock Units via Company website, the Fidelity NetBenefits website or any other online access system of the Company's third party Plan administrator, email or other electronic delivery.

(l) Section 409A of the Code. This Agreement is intended to be administered in a manner consistent with the requirements, where applicable, of Section 409A of the Code and the regulations promulgated thereunder ("Section 409A"). Where reasonably practicable, the Agreement shall be administered in a manner to avoid the imposition on the Participant of immediate tax recognition and additional taxes pursuant to Section 409A. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments. Notwithstanding the foregoing, the Company shall not have any liability to any Person in the event Section 409A applies to any payment hereunder in a manner that results in adverse tax consequences to the Participant or any of the Participant's beneficiaries.

(m) Specified Employee Delay. If the Participant is deemed a "specified employee" within the meaning of Section 409A, as determined by the Committee, at a time when the Participant becomes eligible for settlement of the Restricted Stock Units upon his or her "separation from service" within the meaning of Section 409A, then to the extent necessary to prevent any accelerated or additional tax under Section 409A, such settlement will be delayed until the earlier of: (a) the date that is six months following the Participant's termination of service and (b) the Participant's death. Notwithstanding anything to the contrary in this Agreement, if settlement is to occur upon a termination of service other than due to death or Disability and the Participant is a specified employee, to the extent necessary to comply with, and avoid imposition on the Participant of any additional tax or interest imposed under, Section 409A, settlement shall instead occur on the first business day following the six-month anniversary of the Participant's termination of service (or, if earlier, upon the Participant's death), or as soon thereafter as practicable (but no later than 90 days thereafter).

(n) Headings and Captions. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(o) Notices. All notices under this Agreement shall be (i) delivered by hand, (ii) sent by commercial overnight courier service, (iii) sent by registered or certified mail, return receipt requested, and first-class postage prepaid, (iv) sent by e-mail or any other form of electronic transfer or delivery

approved by the Administrator, or (y) faxed, in each case to the parties at their respective addresses and facsimile numbers set forth in the records of the Company or at such other address or facsimile number as may be designated in a notice by either party to the other.

(p) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

Restricted Stock Agreement

This Restricted Stock Agreement (the “Agreement”), dated as of the Grant Date, between Booz Allen Hamilton Holding Corporation, a Delaware corporation (the “Company”), and the participant (the “Participant”), is being entered into pursuant to the Third Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (the “Plan”). Capitalized terms used herein without definition have the meaning given in the Plan.

1. Grant of Restricted Shares. Subject to the terms and conditions of this Agreement and the Plan, the Company hereby evidences and confirms its grant to the Participant, effective as of the Grant Date a number of shares of restricted stock (the “Restricted Shares”). Upon grant, the Company shall record the Restricted Shares in the books and records of the Company or a certificate of Shares will be issued, which entry or certificate shall bear the legends set forth in Section 5(b). Any certificate issued in respect of the Restricted Shares will be delivered on behalf of the Participant to the Secretary of the Company, to be held in custody until the later of the date (i) they become vested in accordance with Section 3(a) and (ii) the Participant requests such instrument from the Company.
2. Forfeiture Risk. The Participant hereby (i) appoints the Company as the limited attorney-in-fact of the Participant to take such actions as may be necessary or appropriate solely to effectuate a transfer of the record ownership of any such shares that are unvested and forfeited hereunder and (ii) agrees to sign such stock powers and take such other actions as the Company may reasonably request to accomplish the transfer of any unvested Restricted Shares that are forfeited hereunder. The Company does hereby indemnify and hold harmless the Participant from any wrongful use of the power of attorney granted above.
3. Vesting of Restricted Shares.
 - (a) Restricted Period. Subject to the continued service of the Participant as a Director of the Company through the applicable vesting date, the Restricted Shares granted pursuant to this Agreement shall vest as provided on the Fidelity NetBenefits website at www.netbenefits.com.
 - (b) Termination of Employment. Notwithstanding anything contained in this Agreement to the contrary, if the Participant’s service as a director of the Company terminates for any reason prior to the applicable vesting date, any unvested Restricted Shares shall be forfeited.

4. Restrictions on Transfer. Unvested Restricted Shares may not be transferred, other than by will or by the laws of descent and distribution and provided that the deceased Participant's beneficiary or the representative of his or her estate acknowledges and agrees in writing, in a form reasonably acceptable to the Company, to be bound by the provisions of the Plan and this Agreement as if such beneficiary or estate were the Participant.

5. Participant's Representations, Warranties and Covenants.

(a) No Conflicts; No Consents. The execution and delivery by Participant of this Agreement, the consummation of the transactions contemplated hereby and the performance of Participant's obligations hereunder do not and will not (a) materially conflict with or result in a material violation or breach of any term or provision of any Law applicable to either Participant or the Restricted Shares or, (b) violate in any material respect, conflict with in any material respect or result in any material breach of, or constitute (with or without notice or lapse of time or both) a material default under, or require either Participant to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, any contract, agreement, instrument, commitment, arrangement, or understanding to which Participant is a party.

(b) Legends. The Participant acknowledges and agrees that the Restricted Shares received hereby and represented by physical certificate(s) will bear the following legend (or one to substantially similar effect):

“THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AND CERTAIN OTHER AGREEMENTS SET FORTH IN THE THIRD AMENDED AND RESTATED EQUITY INCENTIVE PLAN OF BOOZ ALLEN HAMILTON HOLDING CORPORATION AND A RESTRICTED STOCK AGREEMENT BETWEEN THE ISSUER AND THE HOLDER OF THIS CERTIFICATE DATED AS OF _____. A COPY OF SUCH PLAN AND AGREEMENT SHALL BE FURNISHED WITHOUT CHARGE BY THE ISSUER TO THE HOLDER HEREOF UPON WRITTEN REQUEST.”

(c) Compliance with Rule 144. If any of the Restricted Shares are to be disposed of in accordance with Rule 144, the Participant shall transmit to the Company an executed copy of Form 144 (if required by Rule 144) no later than the time such form is required to be transmitted to the Commission for filing and such other documentation as the Company may reasonably require to assure compliance with Rule 144 in connection with such disposition.

(d) Participant Status. The Participant represents and warrants that, as of the date hereof, the Participant is an officer, employee or director of the Company or a Subsidiary.

(e) Section 83(b) Election. The Participant agrees that, within 20 days of the date of this Agreement, the Participant shall give notice to the Company as to whether or not the Participant has made an election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, with respect to the Restricted Shares acquired hereunder (an “83(b) election”). Any such 83(b) election shall use as the value of the Restricted Shares the Fair Market Value of the Restricted Shares on the Grant Date determined as provided in the Plan, and the Participant shall take a consistent position on the Participant’s tax returns.

6. Dividends, etc. The Participant shall be entitled to (i) receive all dividends or other distributions at the time (and in the same calendar year as) such dividends or distributions are paid with respect to those vested and unvested Restricted Shares of which the Participant is the record owner on the record date for such dividend or other distribution and (ii) vote any Restricted Shares of which the Participant is the record owner on the record date for such vote; provided, however, that any property (other than cash) distributed with respect to a Restricted Share (the “Associated Share”) acquired hereunder, including without limitation a distribution of Restricted Shares by reason of a stock dividend, stock split or otherwise, or a distribution of other securities with respect to an Associated Share, shall be subject to the restrictions of this Agreement in the same manner and for so long as the Associated Share remains subject to such restrictions, and shall be promptly forfeited if and when the Associated Share is so forfeited.

7. Miscellaneous.

(a) Tax Withholding. Whenever any cash or other payment is to be made hereunder or with respect to the Restricted Shares, the Company or any Subsidiary shall have the power to withhold an amount (in cash or in Common Stock granted hereunder upon vesting) sufficient to satisfy federal, state, and local withholding tax requirements relating to such transaction and the Company or such Subsidiary may defer the payment of cash or other payment until such requirements are satisfied; provided, however, that in the event that the Company withholds shares issuable to the Participant (or any portion thereof) to satisfy any applicable withholding taxes, the Company shall only withhold a number of whole shares having a Fair Market Value, determined as of the date of vesting, not in excess of the minimum of tax required to be withheld by law (or such lower amount as may be necessary to avoid liability award accounting). The Participant shall be responsible for all withholding taxes and other tax consequences of this award of Restricted Shares.

(b) No Right to Continued Service. Nothing in the Plan or this Agreement shall interfere with or limit in any way the right of the Company or any of its Subsidiaries to terminate the Participant's service as a member of the Board at any time, or confer upon the Participant any right to continue as a member of the Board.

(c) Binding Effect; Benefits. This Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and assigns. Nothing in this Agreement, express or implied, is intended or shall be construed to give any person other than the parties to this Agreement or their respective successors or assigns any legal or equitable right, remedy or claim under or in respect of any agreement or any provision contained herein.

(d) Amendment. This Agreement may not be amended, modified or supplemented orally, but only by a written instrument executed by the Participant and the Company.

(e) Assignability. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Company or the Participant without the prior written consent of the other party, provided that the Company may assign all or any portion of its rights or obligations under this Agreement to one or more persons or other entities designated by it.

(f) Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without reference to principles of conflict of laws which would give rise to the application of the substantive law of another jurisdiction.

(g) Forum Selection. The Participant acknowledges that the Company's principal place of business is in, and a substantial portion of the Company's business is based out of, the Commonwealth of Virginia, U.S.A. The Participant also acknowledges that, as such, during the course of the Participant's service with the Company and its Subsidiaries, the Participant shall have substantial contacts with the Commonwealth of Virginia, U.S.A. Accordingly, the Participant and the Company agree that the exclusive forum for any action, demand, claim or counterclaim relating to the terms and provisions of this Agreement, or to their breach, shall be in the appropriate state or federal court located in the Commonwealth of Virginia, U.S.A. The Participant and the Company hereby consent to the personal jurisdiction of such courts over the parties to this Agreement. The Participant expressly waives any defense that such courts lack personal jurisdiction or are inconvenient. The Participant and the Company further agree that in any such action for breach or enforcement of this Agreement, no party will seek to challenge the validity or enforceability of any part of this Agreement.

(h) Severability; Blue Pencil. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

(i) Consent to Electronic Delivery. By executing this Agreement, the Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, and the Restricted Shares via the Company web site or other electronic delivery.

(j) Section and Other Headings, etc. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

(k) Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by cable, by facsimile, by telegram, by telex or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 7(k)):

i. if to the Company:

Booz Allen Hamilton Holding Corporation
8283 Greensboro Drive
McLean, Virginia 22102
Attention: Law Department
Facsimile No.: (703) 902-3580

ii. if to the Participant, to the address set forth in the Company's records.

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Horacio D. Rozanski, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Booz Allen Hamilton Holding Corporation.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2020

By: /s/ Horacio D. Rozanski
Horacio D. Rozanski
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13A-14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934, AS AMENDED**

I, Lloyd W. Howell, Jr., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Booz Allen Hamilton Holding Corporation.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent function):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 30, 2020

By: /s/ Lloyd W. Howell, Jr.
Lloyd W. Howell, Jr.
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

**CERTIFICATIONS PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the report on Form 10-Q of Booz Allen Hamilton Holding Corporation (the “Company”) for the fiscal quarter ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned President and Chief Executive Officer of the Company certifies, to the best of his knowledge and belief pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2020

By: /s/ Horacio D. Rozanski
Horacio D. Rozanski
President and Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Booz Allen Hamilton Holding Corporation and will be retained by Booz Allen Hamilton Holding Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATIONS PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the report on Form 10-Q of Booz Allen Hamilton Holding Corporation (the "Company") for the fiscal quarter ended September 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Executive Vice President, Chief Financial Officer and Treasurer of the Company certifies, to the best of his knowledge and belief pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2020

By: /s/ Lloyd W. Howell, Jr.

Lloyd W. Howell, Jr.
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Booz Allen Hamilton Holding Corporation and will be retained by Booz Allen Hamilton Holding Corporation and furnished to the Securities and Exchange Commission or its staff upon request.