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 June 30, 2021

☐ **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)**	**26-2634160** **(I.R.S. Employer Identification No.)**
8283 Greensboro Drive, McLean, Virginia **(Address of principal executive offices)**	**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:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
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	☒	Accelerated Filer	☐
Non-Accelerated Filer		Smaller Reporting Company	☐
		Emerging Growth Company	☐

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 July 27, 2021
Class A Common Stock	135,185,617

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

INDEX TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share data)

	June 30, 2021 (Unaudited)	March 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 621,862	$ 990,955
Accounts receivable, net	1,672,772	1,411,894
Prepaid expenses and other current assets	182,181	233,323
Total current assets	2,476,815	2,636,172
Property and equipment, net of accumulated depreciation	195,930	204,642
Operating lease right-of-use assets	237,923	239,374
Intangible assets, net of accumulated amortization	609,762	307,128
Goodwill	1,925,151	1,581,160
Other long-term assets	539,361	531,125
Total assets	$ 5,984,942	$ 5,499,601
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 77,865	$ 77,865
Accounts payable and other accrued expenses	823,178	666,971
Accrued compensation and benefits	337,379	425,615
Operating lease liabilities	55,767	54,956
Other current liabilities	76,724	65,698
Total current liabilities	1,370,913	1,291,105
Long-term debt, net of current portion	2,770,791	2,278,731
Operating lease liabilities, net of current portion	259,707	263,144
Deferred tax liabilities	321,631	364,461
Other long-term liabilities	238,367	230,984
Total liabilities	4,961,409	4,428,425
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Common stock, Class A — $0.01 par value — authorized, 600,000,000 shares; issued, 163,464,754 shares at June 30, 2021 and 162,950,606 shares at March 31, 2021; outstanding, 135,429,357 shares at June 30, 2021 and 136,246,029 shares at March 31, 2021	1,635	1,629
Treasury stock, at cost — 28,035,397 shares at June 30, 2021 and 26,704,577 shares at March 31, 2021	(1,327,601)	(1,216,163)
Additional paid-in capital	577,228	557,957
Retained earnings	1,799,029	1,757,524
Accumulated other comprehensive loss	(26,758)	(29,771)
Total stockholders' equity	1,023,533	1,071,176
Total liabilities and stockholders' equity	$ 5,984,942	$ 5,499,601

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

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(Amounts in thousands, except per share data)

	Three Months Ended June 30,	
	2021	**2020**
Revenue	$ 1,989,066	$ 1,956,453
Operating costs and expenses:		
Cost of revenue	962,719	948,902
Billable expenses	555,545	549,077
General and administrative expenses	301,800	245,855
Depreciation and amortization	27,745	20,732
Total operating costs and expenses	1,847,809	1,764,566
Operating income	141,257	191,887
Interest expense	(21,270)	(20,235)
Other (expense) income, net	(533)	(836)
Income before income taxes	119,454	170,816
Income tax expense	27,352	41,487
Net income	$ 92,102	$ 129,329
Earnings per common share (Note 4):		
Basic	$ 0.68	$ 0.93
Diluted	$ 0.67	$ 0.92

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)
(Amounts in thousands)

	Three Months Ended June 30,	
	2021	2020
Net income	$ 92,102	$ 129,329
Other comprehensive income (loss), net of tax:		
Change in unrealized gain (loss) on derivatives designated as cash flow hedges	2,994	(1,439)
Change in postretirement plan costs	19	22
Total other comprehensive income (loss), net of tax	3,013	(1,417)
Comprehensive income	$ 95,115	$ 127,912

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)

(Amounts in thousands)

	Three Months Ended June 30,	
	2021	**2020**
Cash flows from operating activities		
Net income	$ 92,102	$ 129,329
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	27,745	20,732
Noncash lease expense	13,581	13,242
Stock-based compensation expense	12,444	10,833
Amortization of debt issuance costs	1,129	1,070
Loss on debt extinguishment	2,515	—
(Gains) losses on dispositions, and other	(27)	3
Changes in assets and liabilities:		
Accounts receivable, net	(220,112)	(62,570)
Deferred income taxes and income taxes receivable / payable	22,323	35,027
Prepaid expenses and other current and long-term assets	(8,874)	(10,381)
Accrued compensation and benefits	(75,509)	(36,294)
Accounts payable and other accrued expenses	121,862	50,864
Other current and long-term liabilities	159	(11,437)
Net cash (used in) provided by operating activities	(10,662)	140,418
Cash flows from investing activities		
Purchases of property, equipment, and software	(9,008)	(20,058)
Cash paid for acquisition, net of cash acquired	(665,583)	—
Cash paid for cost method investment	(2,000)	—
Net cash used in investing activities	(676,591)	(20,058)
Cash flows from financing activities		
Proceeds from issuance of common stock	5,758	4,423
Stock option exercises	1,794	3,125
Repurchases of common stock	(123,805)	(85,899)
Cash dividends paid	(51,641)	(43,832)
Repayments on revolving credit facility and term loan	(60,973)	(119,466)
Net proceeds from debt issuance	487,027	—
Proceeds from revolving credit facility	60,000	—
Net cash provided by (used in) financing activities	318,160	(241,649)
Net decrease in cash and cash equivalents	(369,093)	(121,289)
Cash and cash equivalents—beginning of period	990,955	741,901
Cash and cash equivalents—end of period	$ 621,862	$ 620,612
Supplemental disclosures of cash flow information		
Net cash paid during the period for:		
Interest	$ 6,713	$ 19,032
Income taxes	$ 1,673	$ 3,123
Supplemental disclosures of non-cash investing and financing activities		
Share repurchases transacted but not settled and paid	$ 3,041	$ 344

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 March 31, 2021	162,950,606	$ 1,629	(26,704,577)	$(1,216,163)	$ 557,957	$ 1,757,524	$ (29,771)	$ 1,071,176
Issuance of common stock	458,943	5	—	—	4,674	—	—	4,679
Stock options exercised	55,205	1	—	—	1,793	—	—	1,794
Repurchase of common stock (1)	—	—	(1,330,820)	(111,438)	–	—	—	(111,438)
Recognition of liability related to future restricted stock units vesting	—	—	—	—	360	—	—	360
Net income	—	—	—	—	—	92,102	—	92,102
Other comprehensive income (loss), net of tax	—	—	—	—	–	—	3,013	3,013
Dividends declared of $0.37 per share of common stock	—	—	—	—	–	(50,597)	—	(50,597)
Stock-based compensation expense	—	—	—	—	12,444	—	—	12,444
Balance at June 30, 2021	163,464,754	$ 1,635	(28,035,397)	$(1,327,601)	$ 577,228	$ 1,799,029	$ (26,758)	$ 1,023,533
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	361,856	3	—	—	4,420	—	—	4,423
Stock options exercised	160,898	2	—	—	3,123	—	—	3,125
Repurchase of common stock (2)	—	—	(1,045,939)	(75,506)	—	—	—	(75,506)
Recognition of liability related to future restricted stock units vesting	—	—	—	—	339	—	—	339
Net income	—	—	—	—	—	129,329	—	129,329
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	(1,417)	(1,417)
Dividends declared of $0.31 per share of common stock	—	—	—	—	—	(43,832)	—	(43,832)
Stock-based compensation expense	—	—	—	—	10,830	—	—	10,830
Balance at June 30, 2020	161,856,727	$ 1,618	(23,659,991)	$ (973,601)	$ 486,739	$ 1,415,129	$ (47,418)	$ 882,467

(1) During the three months ended June 30, 2021, the Company purchased 1.2 million shares of the Company's Class A Common Stock in a series of open market transactions for $98.2 million. Additionally, the Company repurchased shares for $13.3 million during the three months ended June 30, 2021 to cover the minimum statutory withholding taxes on restricted stock units that vested on various dates during the period.

(2) During the three months ended June 30, 2020, the Company purchased 0.9 million shares of the Company's Class A Common Stock in a series of open market transactions for $66.4 million. Additionally, the Company repurchased shares for $9.1 million during the three months ended June 30, 2020 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 28,600 employees as of June 30, 2021.

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, 2021. 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 three months ended June 30, 2021 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.

Recent Accounting Pronouncements Not Yet Adopted

In November 2020, the SEC issued Release No. 33-10890, *Amendments to Management's Discussion and Analysis, Selected Financial Data, and Supplementary Financial Information*, to simplify, modernize and enhance certain financial disclosure requirements in Regulation S-K. This amendment became effective on February 10, 2021. The Company’s adoption is expected to impact fiscal 2022 Form 10-K disclosures.

Other accounting and reporting pronouncements effective after June 30, 2021 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 consulting, analytics, digital solutions, engineering, mission, 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.

(Amounts in tables in thousands, except share and per share data or unless otherwise noted)

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 the completion of our 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 revenue and 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 months ended June 30, 2021 and 2020, 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.
- 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 June 30,			
	2021		2020	
Cost-reimbursable	$ 1,115,426	56 %	$ 1,092,048	56 %
Time-and-materials	497,449	25 %	502,546	26 %
Fixed-price	376,191	19 %	361,859	18 %
Total Revenue	$ 1,989,066	100 %	$ 1,956,453	100 %

(Amounts in tables in thousands, except share and per share data or unless otherwise noted)

Revenue by Customer Type:

	Three Months Ended June 30,			
	2021		2020	
U.S. government[1]:				
Defense Clients	$ 975,926	49 %	$ 934,699	48 %
Intelligence Clients	376,756	19 %	402,669	20 %
Civil Clients	592,896	30 %	559,201	29 %
Total U.S. government	1,945,578	98 %	1,896,569	97 %
Global Commercial Clients	43,488	2 %	59,884	3 %
Total Revenue	$ 1,989,066	100 %	$ 1,956,453	100 %

[1] We periodically reassess the composition of our U.S. government business and our internal resources who provide service delivery to our U.S. government customers. On occasion, this reassessment will result in certain contracts being reclassified between the various verticals of our U.S. government business shown in the table above. To the extent this occurs, we reclassify revenue in the comparable prior year period to conform to our current period presentation.

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

	Three Months Ended June 30,			
	2021		2020	
Prime Contractor	$ 1,861,722	94 %	$ 1,803,604	92 %
Sub-contractor	127,344	6 %	152,849	8 %
Total Revenue	$ 1,989,066	100 %	$ 1,956,453	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 exclude negotiated but unexercised options, the unfunded value of expired contracts, and certain variable consideration which the Company does not expect to recognize as revenue.

As of June 30, 2021 and March 31, 2021, the Company had $7.0 billion and $6.7 billion of remaining performance obligations, respectively. We expect to recognize approximately 70% of the remaining performance obligations at June 30, 2021 as revenue over the next 12 months, and approximately 85% 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 result in net contract assets or liabilities being recognized at the end of each reporting period.

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)

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. 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. 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 credit losses to provide for an estimate of uncollectible receivables.

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

	Contract Balances	June 30, 2021	March 31, 2021
Current assets			
Accounts receivable–billed		$ 571,326	$ 375,383
Accounts receivable–unbilled	Contract assets	1,101,446	1,037,968
Allowance for credit losses		—	(1,457)
Accounts receivable, net		1,672,772	1,411,894
Other long-term assets			
Accounts receivable–unbilled	Contract assets	64,054	63,869
Total accounts receivable, net		$ 1,736,826	$ 1,475,763
Other current liabilities			
Advance payments, billings in excess of costs incurred and deferred revenue	Contract liabilities	$ 20,340	$ 15,906

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 June 30, 2021 and 2020, we recognized revenue of $11.9 million and $19.5 million, respectively, related to our contract liabilities on April 1, 2021 and 2020, 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 quarter of fiscal 2022 and 2021. 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:

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)

	Three Months Ended June 30,	
	2021	2020
Earnings for basic computations (1)	$ 91,621	$ 128,686
Weighted-average common shares outstanding for basic computations	135,569,968	138,153,464
Earnings for diluted computations (1)	$ 91,622	$ 128,689
Dilutive stock options and restricted stock	822,375	1,018,990
Weighted-average common shares outstanding for diluted computations	136,392,343	139,172,454
Earnings per common share		
Basic	$ 0.68	$ 0.93
Diluted	$ 0.67	$ 0.92

(1) During both the three months ended June 30, 2021 and 2020, 0.7 million participating securities were paid dividends totaling $0.3 million and $0.2 million, respectively. For the three months ended June 30, 2021 and 2020, there were undistributed earnings of $0.2 million and $0.4 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 the three months ended June 30, 2021 and 2020.

The EPS calculation for the three months ended June 30, 2021 and 2020 excludes 0.1 million and 0.2 million options, respectively, as their impact was anti-dilutive.

5. ACQUISITION, GOODWILL AND INTANGIBLE ASSETS

Acquisition

On June 11, 2021, the Company acquired Liberty IT Solutions, LLC ("Liberty") for purchase consideration of approximately $668.7 million, net of adjustments related to working capital, and transaction costs incurred as part of the acquisition, including compensation expenses paid by the Company that were associated with employee retention. As a result of the transaction, Liberty became a wholly owned subsidiary of Booz Allen Hamilton, Inc. Liberty is a leading digital partner driving transformation across the federal IT ecosystem. The acquisition complements the Company’s digital transformation portfolio resulting in a deeper range of advanced technology solutions.

The acquisition of Liberty was accounted for under the acquisition method of accounting, which requires the total acquisition consideration to be allocated to the assets acquired and liabilities assumed based on an estimate of the acquisition date fair value, with the difference reflected in goodwill.

Under the terms of the purchase agreement, the Company has 120 days after closing to provide proposed post-closing working capital adjustments to the sellers which are subject to dispute. The final purchase price allocations will be completed after the underlying information has been finalized and agreed upon by the sellers and the Company.

The following table summarizes the consideration paid and the preliminary fair value of assets acquired and liabilities assumed at the acquisition date:

(Amounts in tables in thousands, except share and per share data or unless otherwise noted)

Cash paid (gross of cash acquired and including net adjustments)	$	668,682
Purchase price allocation:		
Cash		3,099
Current assets		42,213
Operating lease right-of-use asset		2,327
Other long-term assets		2,124
Intangible assets		311,000
Current liabilities		(33,745)
Operating lease liabilities-current		(939)
Operating lease liabilities-long term		(1,388)
Total fair value of identifiable net assets acquired	$	324,691
Preliminary goodwill	$	343,991

The intangible assets of $311.0 million consist of programs and contracts assets, and were valued using the excess earnings method discounted cash flow approach, incorporating Level 3 inputs as described under the fair value hierarchy of Accounting Standards Codification (ASC) No. 820, *Fair Value Measurement* (Topic 820). These unobservable inputs reflect the Company's own judgement about which assumptions market participants would use in pricing an asset on a non-recurring basis. The intangible assets are expected to be amortized over the estimated useful life of 12 years. The goodwill of $344.0 million is primarily attributable to the specialized workforce and the expected synergies between the Company and Liberty. The majority of the goodwill is expected to be deductible for tax purposes.

The fair values of assets acquired and liabilities assumed are preliminary and based on valuation estimates and assumptions. The accounting for business combination requires estimates and judgements regarding expectations of future cash flows of the acquired business, and the allocations of those cash flows to identifiable tangible and intangible assets. The estimates and assumptions underlying the preliminary valuations are subject to collection of information necessary to complete the valuations (specifically related to projected financial information) within the measurement periods, which are up to one year from the respective acquisition dates. Although the Company does not currently expect material changes to the initial value of net assets acquired, the Company continues to evaluate assumptions related to the valuation of the assets acquired and liabilities assumed. Any adjustments to our estimates of purchase price allocation will be made in the periods in which the adjustments are determined and the cumulative effect of such adjustments will be calculated as if the adjustments had been completed as of the acquisition dates. Further, the Company has not finalized the determination of fair values allocated to various assets and liabilities, including, but not limited to, accounts receivable, intangible assets, property, plant, and equipment, other current and long-term assets, accounts payable and accrued liabilities, and goodwill.

Pro forma results of operations for this acquisition are not presented because this acquisition is not material to the Company's condensed consolidated results of operations.

Goodwill

As of June 30, 2021 and March 31, 2021, goodwill was $1,925.2 million and $1,581.2 million, respectively. The increase in the carrying amount of goodwill was attributable to the Company's acquisition of Liberty.

Intangible Assets

Intangible assets consisted of the following:

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)

	June 30, 2021			March 31, 2021		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Amortizable intangible assets:						
Customer relationships and other amortizable intangible assets[(1)]	$ 393,400	$ 55,073	$ 338,327	$ 82,400	$ 50,503	$ 31,897
Software	116,948	35,713	81,235	114,972	29,941	85,031
Total amortizable intangible assets	$ 510,348	$ 90,786	$ 419,562	$ 197,372	$ 80,444	$ 116,928
Unamortizable intangible assets:						
Trade name	$ 190,200	$ —	$ 190,200	$ 190,200	$ —	$ 190,200
Total	$ 700,548	$ 90,786	$ 609,762	$ 387,572	$ 80,444	$ 307,128

[(1)]The increase in the carrying amount of customer relationships and other amortizable intangible assets was attributable to the Company's acquisition of Liberty.

The following table summarizes the remainder of fiscal 2022 and estimated annual amortization expense for future periods:

Fiscal Year Ending	
Remainder of 2022	$ 42,583
2023	66,069
2024	56,497
2025	47,595
2026	84,109
Thereafter	122,709
	$ 419,562

Amortization expense for the three months ended June 30, 2021 and June 30, 2020 was $10.3 million and $4.8 million, respectively.

6. ACCOUNTS PAYABLE AND OTHER ACCRUED EXPENSES

Accounts payable and other accrued expenses consisted of the following:

	June 30, 2021	March 31, 2021
Vendor payables	$ 478,578	$ 371,7
Accrued expenses	344,600	295,2
Total accounts payable and other accrued expenses	$ 823,178	$ 666,9

Accrued expenses consisted primarily of the Company’s provision for claimed indirect costs, which were approximately $272.0 million and $263.2 million as of June 30, 2021 and March 31, 2021, respectively. See Note 17 for further discussion of this provision.

(Amounts in tables in thousands, except share and per share data or unless otherwise noted)

7. ACCRUED COMPENSATION AND BENEFITS

Accrued compensation and benefits consisted of the following:

	June 30, 2021	March 31, 2021
Bonus	$ 28,448	$ 130,565
Retirement	63,233	44,474
Vacation	211,864	202,100
Other	33,834	48,476
Total accrued compensation and benefits	$ 337,379	$ 425,615

8. DEBT

Debt consisted of the following:

	June 30, 2021		March 31, 2021	
	Interest Rate	Outstanding Balance	Interest Rate	Outstanding Balance
Term Loan A	1.59 %	$ 1,289,764	1.61 %	$ 1,289,764
Term Loan B	1.85 %	383,239	1.86 %	384,212
Senior Notes due 2028	3.88 %	700,000	3.88 %	700,000
Senior Notes due 2029	4.00 %	500,000	— %	—
Less: Unamortized debt issuance costs and discount on debt		(24,347)		(17,380)
Total		2,848,656		2,356,596
Less: Current portion of long-term debt		(77,865)		(77,865)
Long-term debt, net of current portion		$ 2,770,791		$ 2,278,731

Credit Agreement

On June 24, 2021 (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 eighth amendment (the "Eighth Amendment") to the Credit Agreement dated as of July 31, 2012, as amended (the "Existing Credit Agreement" and, as amended, the "Credit Agreement"), with certain institutional lenders and Bank of America, N.A., as Administrative Agent and Collateral Agent. The Eighth Amendment added an additional tier in the pricing grid and extended the maturity applicable to both the Term Loan A ("Term Loan A") and revolving credit facility (the "Revolving Credit Facility") to June 24, 2026, increased the aggregate principal amount of the Revolving Credit Facility and the letter of credit sublimit thereunder, and made certain other amendments to the financial covenants and other terms under the Existing Credit Agreement. The interest rate and maturity date applicable to Term Loan B ("Term Loan B" and, together with Term Loan A, the "Term Loans") remained unchanged.

Prior to the Eighth Amendment, approximately $1,289.8 million was outstanding under Term Loan A (the "Existing Tranche A Term Loans"). Pursuant to the Eighth Amendment, certain lenders under the Existing Credit Agreement converted their Existing Tranche A Term Loans into a new tranche of tranche A term loans (the “New Refinancing Tranche A Term Loans”) in an aggregate amount, along with the New Refinancing Tranche A Term Loans advanced by certain new lenders, of approximately $1,289.8 million. The proceeds from the new lenders were used to prepay in full all of the Existing Tranche A Term Loans that were not converted into the New Refinancing Tranche A Term Loans. Voluntary prepayments of the New Refinancing Tranche A Term Loans are permitted at any time, in minimum principal amounts, without premium or penalty. The other terms of the New Refinancing Tranche A Term Loans are generally the same as the Existing Tranche A Term Loans prior to the Eighth Amendment.

Prior to the Eighth Amendment, approximately $500.0 million of revolving commitments (the “Existing Revolving Commitments”) were available under the Existing Credit Agreement, with a sublimit for letters of credit of $100.0 million. Pursuant to the Eighth Amendment, certain lenders under the Existing Credit Agreement converted their Existing Revolving Commitments into a new tranche of revolving commitments (the “New Revolving Commitments” and the revolving credit loans made thereunder, the “New Revolving Loans”) in an aggregate amount, along with the New Revolving Commitments of certain new lenders, of $1,000 million, with a sublimit for letters of credit of $200.0 million.

As of June 30, 2021, the Credit Agreement provided Booz Allen Hamilton with a $1,289.8 million Term Loan A, a $383.2 million Term Loan B, and a $1,000.0 million Revolving Credit Facility, with a sub-limit for letters of credit of $200.0 million (collectively, the "Secured Credit Facility"). As of June 30, 2021, the maturity date of Term Loan B was November 26, 2026. Booz Allen Hamilton’s obligations and the guarantors’ guarantees under the Credit Agreement (the "Guarantee") 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) $909 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 senior secured leverage remains less than or equal to 3.50:1.00.

At Booz Allen Hamilton’s option, borrowings under the Term Loan A and the Revolving 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 (i) the administrative agent’s prime corporate rate, (ii) the overnight federal funds rate plus 0.50%, and (iii) three-month LIBOR (adjusted for maximum reserves, and subject to a floor of zero) plus 1.00%), in each case plus an applicable margin as determined by the pricing grid, 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 1.125% to 2.00% for LIBOR loans and 0.125% to 1.00% for base rate loans, in each case based on Booz Allen Hamilton’s consolidated total net leverage ratio. Unused commitments under the Revolving Credit Facility are subject to a quarterly fee ranging from 0.175% to 0.35% based on Booz Allen Hamilton’s consolidated total net leverage ratio. Booz Allen Hamilton also agreed to pay customary letter of credit and agency fees. The applicable margin for Term Loan B is 1.75% for LIBOR loans and 0.75% for base rate loans.

Booz Allen Hamilton occasionally borrows under the Revolving Credit Facility in anticipation of cash demands. For the three months ended June 30, 2021, Booz Allen Hamilton accessed $60.0 million of its Revolving Credit Facility, which was repaid in full during the period. For the three months ended June 30, 2020, Booz Allen Hamilton did not access its Revolving Credit Facility. As of June 30, 2021 and March 31, 2021, there was no outstanding balance 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.

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 June 30, 2021 and March 31, 2021, Booz Allen Hamilton was in compliance with all financial covenants associated with its debt and debt-like instruments.

For the three months ended June 30, 2021 and 2020, interest payments of $4.9 million and $6.9 million were made for Term Loan A and $1.8 million and $2.2 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 June 30, 2021, Booz Allen Hamilton had interest rate swaps with an aggregate notional amount of $700.0 million. These instruments hedge the variability of cash outflows for interest payments on the Term Loans 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 June 17, 2021, Booz Allen Hamilton issued $500.0 million aggregate principal amounts of its 4.000% Senior Notes due July 1, 2029 (the “Senior Notes due 2029”) under an Indenture, dated as of June 17, 2021 among Booz Allen Hamilton, certain subsidiaries of Booz Allen Hamilton, as guarantors (the “Subsidiary Guarantors”), and Wilmington Trust, National Association (in such capacity, the “Trustee”), as supplemented by the First Supplemental Indenture, dated as of June 17, 2021, among Booz Allen Hamilton, the Subsidiary Guarantors and the Trustee. The Senior Notes due 2029 and the related 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. The net proceeds from the sale of the Senior Notes due 2029 were used to fund the acquisition of Liberty and to pay related fees and expenses.

Booz Allen Hamilton may redeem some or all of the Senior Notes due 2029 at any time prior to July 1, 2024, at a price equal to 100% of the principal amount of the Senior Notes due 2029 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 due 2029 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 July 1, 2024, at a price equal to 102.00% of the principal amount of the Senior Notes due 2029 redeemed, (ii) on or after July 1, 2025, at a price equal to 101.00% of the principal amount of the Senior Notes due 2029 redeemed, and (iii) on July 1, 2026 and thereafter, at a price equal to 100.00% of the principal amount of the Senior Notes due 2029 redeemed, 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 July 1, 2024, Booz Allen Hamilton may redeem up to 40.00% of the Senior Notes due 2029 with an amount equal to the net cash proceeds of certain equity offerings at a redemption price equal to 104.00%, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided, however, that at least 50.00% of the original aggregate principal amount of the Senior Notes due 2029 must remain outstanding after each such redemption; and provided, further, that such redemption shall occur within 180 days after the date on which any such equity offering is consummated.

Interest is payable on the Senior Notes due 2029 semi-annually in cash in arrears on July 1 and January 1 of each year, beginning on January 1, 2022. In connection with the issuance of the Senior Notes due 2029, the Company recognized $6.5 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 due 2029.

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

	Three Months Ended June 30,	
	2021	2020
	(In thousands)	
Term Loan A Interest Expense	$ 5,229	$ 6,918
Term Loan B Interest Expense	1,801	2,214
Interest on Revolving Credit Facility	25	799
Senior Notes Interest Expense	7,559	4,484
Amortization of Debt Issuance Cost (DIC) and Original Issue Discount (OID) [(1)]	1,128	1,070
Interest Swap Expense	5,443	4,441
Other	85	309
Total Interest Expense	$ 21,270	$ 20,235

[(1)] 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 $700.0 million as of June 30, 2021. The swaps have staggered maturities, ranging from June 30, 2022 to June 30, 2025. These swaps mature within the last tranche of the Company's floating rate debt (November 26, 2026).

(Amounts in tables in thousands, except share and per share data or unless otherwise noted)

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 June 30, 2021, $15.8 million and $18.3 million were classified as other current liabilities and other long-term liabilities, respectively, on the condensed consolidated balance sheet. As of March 31, 2021, $17.2 million and $21.0 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 months ended June 30, 2021 and 2020 is as follows:

		Three Months Ended June 30,			
		Amount of (Loss) or Gain Recognized in AOCL on Derivatives		Amount of (Loss) or Gain Reclassified from AOCL into Income	
Derivatives in Cash Flow Hedging Relationships	Location of Gain or Loss Recognized in Income on Derivatives	2021	2020	2021	2020
Interest rate swaps	Interest expense	$ (1,394)	$ (6,387)	$ (5,443)	$ (4,441)

Over the next 12 months, the Company estimates that $15.9 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. INCOME TAXES

The Company’s effective income tax rates were 22.9% and 24.3% for the three months ended June 30, 2021 and 2020. Our effective tax rates for these periods 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 and the accrual of reserves for uncertain tax positions, offset by research and development tax credits, excess tax benefits for employee share-based compensation, and the Foreign Derived Intangible Income deduction.

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 June 30, 2021. The Company has taken similar tax positions with respect to subsequent fiscal years, with approximately $38.6 million, net of federal tax benefits, of total potential future tax expense that would arise from an adverse final resolution. As of June 30, 2021, 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 $66.3 million and $62.9 million as of June 30, 2021 and March 31, 2021, respectively, $11.1 million of which is reflected as a reduction to deferred taxes with the remaining balance included in other long-term liabilities in the accompanying condensed consolidated balance sheets. As of June 30, 2021, the Company's reserves for uncertain tax positions are related entirely to research and development tax credits.

(Amounts in tables in thousands, except share and per share data or unless otherwise noted)

11. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consisted of the following:

	June 30, 2021	March 31, 2021
Postretirement benefit obligations	127,154	126,054
Reserves for uncertain tax positions	56,576	53,203
Other[(1)]	54,637	51,727
Total other long-term liabilities	$ 238,367	$ 230,984

[(1)]Because of the condensed financial statement presentation, components of other long-term liabilities at June 30, 2021 and March 31, 2021 primarily include the Company's long-term liability portion of the Company's derivative instruments, and the long-term disability obligation.

12. 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 $43.2 million and $41.1 million for the three months ended June 30, 2021 and 2020, respectively.

Defined Benefit Plan

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

	Three Months Ended June 30,	
	2021	2020
Service cost	$ 1,626	$ 1,414
Interest cost	1,016	1,059
Total postretirement medical expense	$ 2,642	$ 2,473

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 June 30, 2021 and March 31, 2021, the unfunded status of the post-retirement medical plan was $122.7 million and $121.5 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 $10.9 million at both June 30, 2021 and March 31, 2021, and is presented in other long-term liabilities in the accompanying condensed consolidated balance sheets.

(Amounts in tables in thousands, except share and per share data or unless otherwise noted)

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. The fair values of plan investments and obligations as of June 30, 2021 and March 31, 2021 were $19.7 million and $14.1 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.

13. 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 June 30, 2021		
	Post-retirement plans	Derivatives designated as cash flow hedges	Totals
Beginning of period	$ (1,562)	$ (28,209)	$ (29,771)
Other comprehensive loss before reclassifications[1]	—	(1,031)	(1,031)
Amounts reclassified from accumulated other comprehensive loss	19	4,025	4,044
Net current-period other comprehensive income (loss)	19	2,994	3,013
End of period	$ (1,543)	$ (25,215)	$ (26,758)

[1] Changes in other comprehensive income (loss) before reclassification for derivatives designated as cash flow hedges are recorded net of tax benefits of $0.4 million for the three months ended June 30, 2021.

	Three Months Ended June 30, 2020		
	Post-retirement plans	Derivatives designated as cash flow hedges	Totals
Beginning of period	$ (4,127)	$ (41,874)	$ (46,001)
Other comprehensive loss before reclassifications[2]	—	(4,722)	(4,722)
Amounts reclassified from accumulated other comprehensive loss	22	3,283	3,305
Net current-period other comprehensive income (loss)	22	(1,439)	(1,417)
End of period	$ (4,105)	$ (43,313)	$ (47,418)

[2]Changes in other comprehensive income (loss) before reclassification for derivatives designated as cash flow hedges are recorded net of tax benefits of $1.7 million for the three months ended June 30, 2020.

(Amounts in tables in thousands, except share and per share data or unless otherwise noted)

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

	Three Months Ended June 30,	
	2021	2020
Amounts reclassified from accumulated other comprehensive loss:		
Post-retirement plans (Note 12):		
Amortization of net actuarial loss included in net periodic benefit cost	$ 27	$ 29
Tax (benefit) expense	(8)	(7)
Net of tax	$ 19	$ 22
Derivatives designated as cash flow hedges (Note 9):		
Reclassification of hedge loss (gain)	$ 5,443	$ 4,441
Tax (benefit) expense	(1,418)	(1,158)
Net of tax	$ 4,025	$ 3,283

14. STOCK-BASED COMPENSATION

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

	Three Months Ended June 30,	
	2021	2020
Cost of revenue	$ 5,885	$ 4,498
General and administrative expenses	6,559	6,335
Total	$ 12,444	$ 10,833

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 June 30,	
	2021	2020
Equity Incentive Plan Options	$ 573	$ 446
Restricted Stock Awards	11,871	10,387
Total	$ 12,444	$ 10,833

As of June 30, 2021, there was $75.5 million of total unrecognized compensation cost related to unvested stock-based compensation agreements. The unrecognized compensation cost as of June 30, 2021 is expected to be fully amortized over the next 4.75 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.

	June 30, 2021	
	Unrecognized Compensation Cost	Weighted Average Remaining Period to be Recognized (in years)
Equity Incentive Plan Options	$ 4,263	3.68
Restricted Stock Awards	71,218	1.86
Total	$ 75,481	

(Amounts in tables in thousands, except share and per share data or unless otherwise noted)

Equity Incentive Plan

During the three months ended June 30, 2021, 93,150 options were granted under the Amended and Restated Equity Incentive Plan, or EIP. The aggregate fair value of options granted was $1.4 million based on the estimated fair value per-option granted of $14.49.

As of June 30, 2021, there were 1,450,852 EIP options outstanding, of which 607,862 were unvested.

During the three months ended June 30, 2021, the Board of Directors granted 721,969 restricted stock units to certain employees of the Company. The aggregate value of these awards was $52.0 million based on the grant date stock price, which ranged from $41.65 to $88.13.

As permitted under the terms of the EIP, the Compensation Committee, as Administrator of the EIP, authorized the withholding of taxes not to exceed the minimum statutory withholding amount, through the surrender of restricted stock units upon the vesting of restricted stock units and the surrender of shares of Class A Common Stock issuable upon the vesting of restricted stock. The participants surrendered 161,013 shares of Class A Common Stock issuable upon the vesting of restricted stock and recorded them as treasury shares at a cost of $13.3 million during the three months ended June 30, 2021.

Employee Stock Purchase Plan

For the quarterly offering period that closed on June 30, 2021, 71,161 Class A Common Stock shares were purchased by employees under the Company's Employee Stock Purchase Plan, or ESPP. Since the program's inception, 2,980,059 shares have been purchased by employees.

15. 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 June 30, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Long-term deferred compensation plan asset (1)	19,670	—	—	19,670
Total Assets	$ 19,670	$ —	$ —	$ 19,670
Liabilities:				
Contingent consideration liability (2)	$ —	$ —	$ 1,223	1,223
Current derivative instruments (3)	—	15,809	—	15,809
Long-term derivative instruments (3)	—	18,304	—	18,304
Long-term deferred compensation plan liability (1)	19,670	—	—	19,670
Total Liabilities	$ 19,670	$ 34,113	$ 1,223	$ 55,006

(Amounts in tables in thousands, except share and per share data or unless otherwise noted)

	Recurring Fair Value Measurements as of March 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Long-term deferred compensation plan asset [1]	14,142	—	—	14,142
Total Assets	$ 14,142	$ —	$ —	$ 14,142
Liabilities:				
Contingent consideration liability [2]	$ —	$ —	$ 1,223	$ 1,223
Current derivative instruments [3]	—	17,163	—	17,163
Long-term derivative instruments [3]	—	20,999	—	20,999
Long-term deferred compensation plan liability [1]	14,142	—	—	14,142
Total Liabilities	$ 14,142	$ 38,162	$ 1,223	$ 53,527

[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 June 30, 2021 and March 31, 2021, 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.

We did not have any material items that were measured at fair value on a non-recurring basis as of June 30, 2021, with the exception of the assets and liabilities acquired through the acquisition of Liberty (see Note 5).

The fair value of the Company's cash and cash equivalents, which are Level 1 inputs, approximated its carrying values at June 30, 2021 and March 31, 2021. The fair value of the Company's debt instruments approximated its carrying value at June 30, 2021 and March 31, 2021. 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 due 2029 and 3.875% Senior Notes due 2028 (the "Senior Notes due 2028") is determined using quoted prices or other market information obtained from recent trading activity in the high-yield bond market (Level 2 inputs).

16. RELATED-PARTY TRANSACTIONS

Two of our directors currently serve on the board of directors of a subcontractor to which the Company subcontracted $17.8 million and $23.3 million of services for the three months ended June 30, 2021 and 2020, respectively.

17. COMMITMENTS AND CONTINGENCIES

Letters of Credit and Third-Party Guarantees

As of June 30, 2021 and March 31, 2021, 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 $8.8 million and $9.8 million, respectively. These letters of credit and bank guarantees primarily support insurance and bid and performance obligations. At both June 30, 2021 and March 31, 2021, 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 fiscal 2021, of which $12.1 million and $11.1 million were available to the Company at June 30, 2021 and March 31, 2021, respectively.

Government Contracting Matters - Provision for Claimed Indirect Costs

For the three months ended June 30, 2021 and 2020, approximately 98% and 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. U.S. government contracts and subcontracts are subject to extensive legal and regulatory requirements. As noted in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2021, in the ordinary course of business, agencies of the U.S. government, including the Defense Contract Audit Agency (DCAA), audit the Company's 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. 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 June 30, 2021 and March 31, 2021, the Company had recorded liabilities of approximately $272.0 million and $263.2 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 June 30, 2021 and March 31, 2021, there were no material amounts accrued in the condensed consolidated financial statements related to these proceedings. As previously disclosed in Note 21 to the consolidated financial statements of the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2021, the Company is not able to reasonably estimate the expected amount or range of cost or any loss associated with these matters.

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, 2021 filed with the Securities and Exchange Commission on May 21, 2021, 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 28,600 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 80 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 financial services, health and life sciences, energy, and technology. We have a presence in the Middle East and other international markets.

Financial and Other Highlights

During the first quarter of fiscal 2022, the Company generated year over year revenue growth and increased client staff headcount.

Revenue increased 1.7% from the three months ended June 30, 2020 to the three months ended June 30, 2021. Growth was primarily driven by sustained client demand and headcount to meet that demand, partially offset by higher than normal staff utilization in the comparable prior year period driven by fewer paid time off (PTO) days taken by our employees which resulted in increases in our direct labor and corresponding generation of revenue.

Operating income decreased 26.4% to $141.3 million in the three months ended June 30, 2021 from $191.9 million in the three months ended June 30, 2020, while operating margin decreased from 9.8% to 7.1%. The decreases in operating income and operating margin for the three months ended June 30, 2021 were primarily driven by acquisition costs of $66.8 million related to our acquisition of Liberty IT Solutions, LLC ("Liberty"), as more fully described in Note 5 to Notes to Condensed Consolidated Financial Statements. These decreases were partially offset by strong contract performance and cost management of unallowable spending.

The Company also incurred incremental legal costs during the three months ended June 30, 2021 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 COVID-19 and vaccine rollout, and we continue to work with our stakeholders to assess further possible implications to our business. 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. Through June 30, 2021, we have withheld recognition of revenue associated with these amounts at risk of not being reimbursed under the Coronavirus Aid, Relief and Economic Security Act of 2020 (the "CARES Act"). We do not expect non-reimbursed fees to have a material impact on earnings in future periods. Although we cannot currently predict the overall impact of COVID-19 and vaccine rollout, 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, billable expenses, 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 financing transaction costs, supplemental employee benefits due to COVID-19, and acquisition-related costs, including significant acquisition amortization. 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 financing transaction costs , supplemental employee benefits due to COVID-19, and acquisition-related costs. "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) acquisition costs, (ii) financing transaction costs (iii) supplemental employee benefits due to COVID-19, (iv) significant acquisition amortization (v) release of income tax reserves, and (vi) amortization or write-off of debt issuance costs and debt discount, 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. We view Adjusted Net Income as an important indicator of performance consistent with the manner in which management measures and forecasts the Company's performance and the way in which management is incentivized to perform.
- "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 June 30, 2021	Three Months Ended June 30, 2020
	(Unaudited)	
Revenue, Excluding Billable Expenses		
Revenue	$ 1,989,066	$ 1,956,453
Less: Billable expenses	555,545	549,077
Revenue, Excluding Billable Expenses	$ 1,433,521	$ 1,407,376
Adjusted Operating Income		
Operating Income	$ 141,257	$ 191,887
Acquisition costs (a)	66,789	—
Financing transaction costs (b)	2,348	—
COVID-19 supplemental employee benefits (c)	—	342
Significant acquisition amortization (d)	2,658	—
Adjusted Operating Income	$ 213,052	$ 192,229
EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue & Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses		
Net income	$ 92,102	$ 129,329
Income tax expense	27,352	41,487
Interest and other, net (e)	21,803	21,071
Depreciation and amortization	27,745	20,732
EBITDA	169,002	212,619
Acquisition costs (a)	66,789	—
Financing transaction costs (b)	2,348	—
COVID-19 supplemental employee benefits (c)	—	342
Adjusted EBITDA	$ 238,139	$ 212,961
Adjusted EBITDA Margin on Revenue	12.0 %	10.9 %
Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses	16.6 %	15.1 %
Adjusted Net Income		
Net income	$ 92,102	$ 129,329
Acquisition costs (a)	66,789	—
Financing transaction costs (b)	2,348	—
COVID-19 supplemental employee benefits (c)	—	342
Significant acquisition amortization (d)	2,658	—
Release of income tax reserves (f)	—	(29)
Amortization and write-off of debt issuance costs and debt discount	887	454
Adjustments for tax effect (g)	(18,897)	(199)
Adjusted Net Income	$ 145,887	$ 129,897
Adjusted Diluted Earnings Per Share		
Weighted-average number of diluted shares outstanding	136,392,343	139,172,454
Adjusted Net Income Per Diluted Share (h)	$ 1.07	$ 0.93
Free Cash Flow		
Net cash (used in) provided by operating activities	$ (10,662)	$ 140,418
Less: Purchases of property, equipment and software	(9,008)	(20,058)
Free Cash Flow	$ (19,670)	$ 120,360

(a) Represents costs associated with the acquisition efforts of the Company related to transactions for which the Company has entered into a letter of intent to acquire a controlling financial interest in the target entity. Acquisition costs primarily include costs associated with (i) due diligence activities, (ii) compensation expenses associated with employee retention, and (iii) legal and advisory fees associated with the completion of the acquisition of Liberty, as disclosed in Note 5.

(b) Reflects expenses associated with debt refinancing activities incurred during the first quarter of fiscal 2022.

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

(d) Amortization expense associated with acquired intangibles from significant acquisitions. Significant acquisitions include acquisitions which the Company considers to be beyond the scope of our normal operations. Significant acquisition amortization includes amortization expense associated with the acquisition of Liberty for the first quarter of fiscal 2022.

(e) Reflects the combination of Interest expense and Other (expense) income, net from the condensed consolidated statement of operations.

(f) Release of pre-acquisition income tax reserves assumed by the Company in connection with the Carlyle acquisition.

(g) 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.

(h) Excludes adjustments of approximately $0.5 million and $0.6 million of net earnings for the three months ended June 30, 2021 and 2020, 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 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, 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 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 presidential and administration transition;
- the extent, nature and effect of COVID-19, 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, and the expected continued volatility in billable expenses;
- 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 originally required nine automatic spending cuts (referred to as “sequestration”) of $109 billion annually from 2013 to 2021, half of which was intended to come from defense programs, though less than $1 billion has been cut for defense programs per year under the BCA. Mandatory sequestrations under the BCA were subsequently extended by the Bipartisan Budget Act of 2013, the Bipartisan Budget Act of 2015, the Bipartisan Budget Act of 2018, the Bipartisan Budget Act of 2019 and the CARES Act, which did not specify an amount of savings required to be achieved through sequestration after 2021 but apply an 8.3% reduction in defense spending in each year from 2021 to 2030. 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-competes 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 June 30,	
	2021	2020
Cost-reimbursable	56%	56%
Time-and-materials	25%	26%
Fixed-price	19%	18%

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 June 30, 2021 and 2020, we employed approximately 28,600 and 27,400 people, respectively, of which approximately 25,500 and 24,500, 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:

	June 30, 2021	June 30, 2020
	(In millions)	
Backlog:		
Funded	$ 3,493	$ 3,437
Unfunded	9,029	4,734
Priced options	14,295	14,846
Total backlog	$ 26,817	$ 23,017

(1) Backlog presented includes backlog acquired from the Company's acquisition of Liberty made during the three months ended June 30, 2021. Total backlog acquired from Liberty was approximately $2.2 billion as of June 30, 2021.

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 June 30, 2021 and March 31, 2021, the Company had $7.0 billion and $6.7 billion of remaining performance obligations, respectively. We expect to recognize approximately 70% of the remaining performance obligations at June 30, 2021 as revenue over the next 12 months, and approximately 85% 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, 2021, 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 16.5% from June 30, 2020 to June 30, 2021. The change reflects $2.2 billion of backlog acquired as a result of the acquisition of Liberty. Additions to funded backlog during the twelve months ended June 30, 2021 totaled $7.9 billion in comparison to $7.8 billion for the comparable period in 2020, 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 June 30, 2021 and any of the four preceding fiscal quarters.

We expect to recognize revenue from a substantial portion of funded backlog as of June 30, 2021 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, 2021. There were no other material changes to our critical accounting policies, estimates or judgments that occurred in the quarterly period covered by this report.

Results of Operations

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

	Three Months Ended June 30, 2021 (Unaudited)	Three Months Ended June 30, 2020 (Unaudited)	Percent Change
	(In thousands)		
Revenue	$ 1,989,066	$ 1,956,453	1.7 %
Operating costs and expenses:			
Cost of revenue	962,719	948,902	1.5 %
Billable expenses	555,545	549,077	1.2 %
General and administrative expenses	301,800	245,855	22.8 %
Depreciation and amortization	27,745	20,732	33.8 %
Total operating costs and expenses	1,847,809	1,764,566	4.7 %
Operating income	141,257	191,887	(26.4) %
Interest expense	(21,270)	(20,235)	5.1 %
Other (expense) income, net	(533)	(836)	(36.2) %
Income before income taxes	119,454	170,816	(30.1) %
Income tax expense	27,352	41,487	(34.1) %
Net income	$ 92,102	$ 129,329	(28.8) %

Three Months Ended June 30, 2021 Compared to Three Months Ended June 30, 2020

Revenue

Revenue increased to $1,989.1 million from $1,956.5 million, or a 1.7% increase, primarily driven by sustained client demand and headcount to meet that demand, partially offset by higher than normal staff utilization in the comparable prior year period driven by fewer PTO days taken by our employees which resulted in increases in our direct labor and corresponding generation of revenue. Total headcount as of June 30, 2021 increased approximately 1,200 as compared to June 30, 2020.

Cost of Revenue

Cost of revenue as a percentage of revenue was 48.4% and 48.5% for the three months ended June 30, 2021 and 2020, respectively, The slight decrease in cost of revenue as a percentage of revenue was due to our growth in revenue outpacing our growth in cost of revenue. Cost of revenue increased to $962.7 million from $948.9 million, or a 1.5% increase. The increase was primarily due to increases in salaries and salary-related benefits of $38.2 million, driven by increased headcount and annual base salary increases.

Billable Expenses

Billable expenses as a percentage of revenue were 27.9% and 28.1% for the three months ended June 30, 2021 and 2020, respectively. The slight decrease in billable expenses as a percentage of revenue was due to growth in revenue outpacing the growth in billable expenses. Billable expenses increased to $555.5 million from $549.1 million, or a 1.2% increase, primarily attributable to increases in expenses from contracts that require the Company to incur travel and other direct expenses on behalf of clients as compared to the prior year period, partially offset by a decrease in the use of subcontractors driven by client demand and timing of client needs.

General and Administrative Expenses

General and administrative expenses as a percentage of revenue were 15.2% and 12.6% for the three months ended June 30, 2021 and 2020, respectively. General and administrative expenses increased to $301.8 million from $245.9 million, or a 22.8% increase, primarily due to $66.8 million of acquisition costs incurred during the first quarter of fiscal 2022, primarily associated with our acquisition of Liberty, partially offset by decreases in other business expenses and professional fees of $2.9 million.

Depreciation and Amortization

Depreciation and amortization increased to $27.7 million from $20.7 million, or a 33.8% increase, primarily due to increases in depreciation expense resulting from the implementation of our new financial management system on April 1, 2021, and intangible amortization related to the acquisition of Liberty in the first quarter of fiscal 2022.

Interest Expense

Interest expense increased to $21.3 million from $20.2 million, or a 5.1% increase, primarily due to increased expense related to the Senior Notes due 2029 and the Senior Notes due 2028.

Income Tax Expense

Income tax expense decreased to $27.4 million from $41.5 million, or a 34.1% decrease, primarily due to a decrease in pre-tax income as compared to the prior year period. The effective tax rate decreased to 22.9% for the three months ended June 30, 2021 from 24.3% for the three months ended June 30, 2020.

Liquidity and Capital Resources

The following table presents selected financial information as of June 30, 2021 and March 31, 2021 and for the first three months of fiscal 2022 and 2021:

	June 30, 2021	March 31, 2021
	(Unaudited)	
	(In thousands)	
Cash and cash equivalents	$ 621,862	$ 990,955
Total debt	2,848,656	2,356,596

	Three Months Ended June 30,	
	2021	2020
	(Unaudited)	(Unaudited)
	(In thousands)	
Net cash (used in) provided by operating activities	$ (10,662)	$ 140,418
Net cash used in investing activities	(676,591)	(20,058)
Net cash provided by (used in) financing activities	318,160	(241,649)
Total decrease in cash and cash equivalents	$ (369,093)	$ (121,289)

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 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 due 2029 and the Senior Notes due 2028; 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 used in operations was $10.7 million for the three months ended June 30, 2021 compared to net cash provided by operations of $140.4 million in the prior year period. The decrease in operating cash flows was primarily driven by lower collections on accounts receivable, largely attributable to timing around receivables associated with the integration of our new enterprise financial system, as well as approximately $66.8 million of acquisition costs incurred and paid during the first quarter of fiscal 2022, primarily associated with our acquisition of Liberty. These impacts were partially offset by lower disbursements in the first quarter of fiscal 2022.

Investing Cash Flow

Net cash used in investing activities was $676.6 million in the three months ended June 30, 2021 compared to $20.1 million in the prior year period. The increase in net cash used in investing activities was primarily due to the Company's acquisition of Liberty, partially offset by a decrease in capital expenditures over the prior period, driven by lower facilities expenses reflecting the investment in technology and tools needed to support the virtual work environment. We continue to modernize our corporate information technology infrastructure, including the implementation of our new financial management systems on April 1, 2021.

Financing Cash Flow

Net cash provided by financing activities was $318.2 million in the three months ended June 30, 2021 compared to $241.6 million of net cash used in financing activities in the prior year period. The increase in net cash provided by financing activities was primarily due to net proceeds of $493.7 million received from the issuance of the 4.000% Senior Notes due 2029 and an $18.5 million decrease in payments on the Company's term loans over the prior year period. This was partially offset by a $100.0 million draw on the Revolving Credit Facility in the prior year and an increase in share repurchases of $37.9 million as compared to the prior year period.

Dividends and Share Repurchases

On July 30, 2021, the Company announced a regular quarterly cash dividend in the amount of $0.37 per share. The quarterly dividend is payable on August 31, 2021 to stockholders of record on August 16, 2021.

During the first quarter of fiscal 2022, a quarterly cash dividend of $0.37 per share was declared and paid totaling $51.6 million. During the first quarter of fiscal 2021, a quarterly cash dividend of $0.31 per share was declared and paid totaling $43.8 million.

On December 12, 2011, the Board of Directors approved a share repurchase program, which was most recently increased to $1,710.0 million on January 27, 2021. 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 the first quarter of fiscal 2022, the Company purchased 1.2 million shares of the Company's Class A Common Stock for an aggregate of $98.2 million. As of June 30, 2021, the Company had approximately $496.3 million of remaining capacity under its 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 June 24, 2021 (the "Amendment Effective Date"), Booz Allen Hamilton Inc. ("Booz Allen Hamilton"), Booz Allen Hamilton Investor Corporation, and certain wholly-owned subsidiaries of Booz Allen Hamilton, entered into the eighth amendment (the "Eighth Amendment") to the Credit Agreement dated as of July 31, 2012, as amended (the "Existing Credit Agreement" and, as amended, the "Credit Agreement"), with certain institutional lenders and Bank of America, N.A., as Administrative Agent and Collateral Agent. The Eighth Amendment added an additional tier in the pricing grid and extended the maturity applicable to both the Term Loan A (the "Term Loan A") and revolving credit facility (the "Revolving Credit Facility") to June 24, 2026, increased the aggregate principal amount of the Revolving Credit Facility and the letter of credit sublimit thereunder, and made certain other amendments to the financial covenants and other terms under the Existing Credit Agreement. The interest rate and maturity date applicable to the Term Loan B (the "Term Loan B" and, together with the Term Loan A, the "Term Loans") remained unchanged.

Prior to the Eighth Amendment, approximately $1,289.8 million was outstanding under Term Loan A (the "Existing Tranche A Term Loans"). Pursuant to the Eighth Amendment, certain lenders under the Existing Credit Agreement converted their Existing Tranche A Term Loans into a new tranche of tranche A term loans (the “New Refinancing Tranche A Term Loans”) in an aggregate amount, along with the New Refinancing Tranche A Term Loans advanced by certain new lenders, of approximately $1,289.8 million. The proceeds from the new lenders were used to prepay in full all of the Existing Tranche A Term Loans that were not converted into the New Refinancing Tranche A Term Loans. Voluntary prepayments of the New Refinancing Tranche A Term Loans are permitted at any time, in minimum principal amounts, without premium or penalty. The other terms of the New Refinancing Tranche A Term Loans are generally the same as the Existing Tranche A Term Loans prior to the Eighth Amendment.

Prior to the Eighth Amendment, approximately $500.0 million of revolving commitments (the “Existing Revolving Commitments”) were available under the Existing Credit Agreement, with a sublimit for letters of credit of $100 million. Pursuant to the Eighth Amendment, certain lenders under the Existing Credit Agreement converted their Existing Revolving Commitments into a new tranche of revolving commitments (the “New Revolving Commitments” and the revolving credit loans made thereunder, the “New Revolving Loans”) in an aggregate amount, along with the New Revolving Commitments of certain new lenders, of $1,000.0 million, with a sublimit for letters of credit of $200 million.

As of June 30, 2021, the Credit Agreement provided Booz Allen Hamilton with a $1,289.8 million Term Loan A, a $383.2 million Term Loan B, and $1,000.0 million in New Revolving Commitments with a sub-limit for letters of credit of $200.0 million (collectively, the "Secured Credit Facility"). As of June 30, 2021, the maturity date of Term Loan B was November 26, 2026. Booz Allen Hamilton’s obligations and the guarantors’ guarantees under the Credit Agreement (the "Guarantee") 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) $909 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 senior secured leverage remains less than or equal to 3.50:1.00.

At Booz Allen Hamilton's option, borrowings under the Term Loan A and the Revolving 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 (i) the administrative agent’s prime corporate rate, (ii) the overnight federal funds rate plus 0.50%, and (iii) 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 1.125% to 2.00% for LIBOR loans and 0.125% to 1.00% for base rate loans, in each case based on Booz Allen Hamilton’s consolidated total net leverage ratio. Unused commitments under the Revolving Credit Facility are subject to a quarterly fee ranging from 0.175% to 0.35% based on Booz Allen Hamilton’s consolidated total net leverage ratio. Booz Allen Hamilton also agreed to pay customary letter of credit and agency fees.The applicable margin for Term Loan B is 1.75% for LIBOR loans and 0.75% for base rate loans.

Booz Allen Hamilton occasionally borrows under the Revolving Credit Facility in anticipation of cash demands. For the three months ended June 30, 2021, Booz Allen Hamilton accessed $60.0 million of its Revolving Credit Facility, which was repaid in full during the period. For the three months ended June 30, 2020, Booz Allen Hamilton did not access its Revolving Credit Facility. As of June 30, 2021 and March 31, 2021, there was no outstanding balance 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.

As of June 30, 2021 and March 31, 2021, 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 $8.8 million and $9.8 million, respectively. These letters of credit and bank guarantees primarily support insurance and bid and performance obligations. For both June 30, 2021 and March 31, 2021, 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 $12.1 million and $11.1 million, respectively, was available to Booz Allen Hamilton at June 30, 2021 and March 31, 2021. As of June 30, 2021, Booz Allen Hamilton had $999.1 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 June 30, 2021 and March 31, 2021, we were compliant with these covenants.

For the three months ended June 30, 2021 and 2020, interest payments of $4.9 million and $6.9 million were made for Term Loan A and $1.8 million and $2.2 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, Booz Allen Hamilton executed a series of interest rate swaps. As of June 30, 2021, Booz Allen Hamilton had interest rate swaps with an aggregate notional amount of $700.0 million. These instruments hedge the variability of cash outflows for interest payments on the Term Loans 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).

On June 17, 2021, Booz Allen Hamilton issued $500.0 million aggregate principal amounts of its 4.000% Senior Notes due July 1, 2029 (the "Senior Notes due 2029") under an Indenture, dated as of June 17, 2021 among Booz Allen Hamilton, certain subsidiaries of Booz Allen Hamilton, as guarantors (the "Subsidiary Guarantors"), and Wilmington Trust, National Association (in such capacity, the "Trustee"), as supplemented by the First Supplemental Indenture, dated as of June 17, 2021, among Booz Allen Hamilton, the Subsidiary Guarantors and the Trustee. The Senior Notes due 2029 and the related 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. The net proceeds from the sale of the Senior Notes due 2029 were used to fund the acquisition of Liberty and to pay related fees and expenses.

Interest is payable on the Senior Notes due 2029 semi-annually in cash in arrears on July 1 and January 1 of each year, beginning on January 1, 2022. In connection with the issuance of the Senior Notes due 2029, the Company recognized $6.5 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 due 2029.

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 due 2028"). Booz Allen Hamilton used a portion of the net proceeds from the sale of the Senior Notes due 2028 to redeem in full $350 million aggregate principal amount of the outstanding Senior Notes due 2025 and used the remaining net proceeds from the sale of the Senior Notes due 2028 for working capital and other general corporate purposes.

Capital Structure and Resources

Our stockholders' equity amounted to $1,023.5 million as of June 30, 2021, a decrease of $47.7 million compared to stockholders' equity of $1,071.2 million as of March 31, 2021. The decrease was primarily due to net income of $92.1 million for the three months ended June 30, 2021, stock-based compensation expense of $12.4 million, and issuance of common stock of $5.8 million, partially offset by $51.6 million in quarterly dividend payments and $111.4 million in treasury stock resulting from the repurchase of shares of our Class A Common Stock during the three months ended June 30, 2021.

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 expenditures. Our capital expenditures for the three months ended June 30, 2021 and 2020 were $9.0 million and $20.1 million, respectively. The decrease in capital expenditures was primarily driven by lower facilities expenses reflecting the investment in technology and tools needed to support the virtual work environment. We continue to modernize our corporate information technology infrastructure, including the implementation of our new financial management systems on April 1, 2021. We expect capital expenditures to increase throughout the year as we shift away from a fully remote work environment.

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 17 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. administration transition;

- 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 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 COVID-19, 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 General Services Administration Multiple Award schedule contracts, or GSA schedules, blanket purchase agreements and indefinite delivery, indefinite quantity, or IDIQ contracts;
- the loss of 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 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 limits 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, 2021 filed with the Securities and Exchange Commission on May 21, 2021.

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

During the three months ended June 30, 2021, the Company implemented new accounting and procurement systems. As part of the implementation, we have designed new internal controls and modified and/or enhanced existing internal controls in order to align with the new systems and business processes. The Company does not believe this implementation has had or will have a material adverse effect on the Company's internal control over financial reporting in the future. Except as disclosed above, there have not been any additional 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 June 30, 2021 and March 31, 2021, 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. On May 12, 2021, the Company was informed that the DOJ has closed its criminal investigation. 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, November 23, 2020, and May 24, 2021, 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, 2021 filed with the Securities and Exchange Commission on May 21, 2021.

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 June 30, 2021:

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)
April 2021	423,806	$82.58	423,806	$ 556,460,995
May 2021	415,925	$84.15	415,925	$ 521,461,077
June 2021	294,264	$85.34	294,264	$ 496,349,396
Total	1,133,995		1,133,995	

(1) On December 12, 2011, the Board of Directors approved a share repurchase program, which was most recently increased to $1,710.0 million on January 27, 2021. 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

Exhibit Number	Description
2.1	Membership Interest Purchase Agreement, dated May 3, 2021, among Booz Allen Hamilton Inc., Liberty IT Solutions, LLC, William Greene, Christopher Bickell, and Jeff Denniston, and Southpaw Representative, LLC, in its capacity as Members' Representative (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed on May 4, 2021 (File No. 001-34972))
4.1	Indenture, dated June 17, 2021, 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 June 17, 2021 (File No. 001-34972))
4.2	First Supplemental Indenture, dated June 17, 2021, 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 June 17, 2021 (File No. 001-34972))
4.3	Form of 4.000% Senior Note due 2029 (included in Exhibit 4.1 hereto)
10.1	Eighth Amendment to Credit Agreement, dated as of June 24, 2021, among Booz Allen Hamilton Inc., as Borrower, Booz Allen Hamilton Investor Corporation, eGov Holdings, Inc. and Aquilent, Inc., as Guarantors, Bank of America, N.A., as Administrative Agent and Collateral Agent and the other Lenders and financial institutions from time to time party thereto (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 25, 2021 (File No. 001-34972))
10.2	Form of Performance Restricted Stock Unit Agreement 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 months ended June 30, 2021 formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at June 30, 2021 and March 31, 2021; (ii) Condensed Consolidated Statements of Operations for the three months ended June 30, 2021 and 2020; (iii) Condensed Consolidated Statements of Comprehensive Income for the three months ended June 30, 2021 and 2020; (iv) Condensed Consolidated Statements of Cash Flows for the three months ended June 30, 2021 and 2020; and (v) Notes to Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

---

* 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: July 30, 2021	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.

1 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 2.2 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 of 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 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 (v) 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.

Exhibit 31.1

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: July 30, 2021	By:	/s/ Horacio D. Rozanski
		Horacio D. Rozanski President and Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

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: July 30 , 2021	By:	/s/ Lloyd W. Howell, Jr.
		Lloyd W. Howell, Jr. Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)

Exhibit 32.1

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 June 30, 2021, 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: July 30, 2021

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, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version 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.

Exhibit 32.2

**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 June 30, 2021, 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: July 30, 2021	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, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version 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.