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

FORM 10-K

(Mark One)

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

For the fiscal year ended March 31, 2014

☐ **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	**26-2634160**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
8283 Greensboro Drive, McLean, Virginia	**22102**
(Address of principal executive offices)	**(Zip Code)**

(703) 902-5000
Registrant's telephone number, including area code

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

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒
Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those sections.
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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes ☒ No ☐
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐
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 "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒
As of September 30, 2013, the market value of the voting and non-voting common equity held by non-affiliates based on the closing price as of that day was $830,267,765.

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 May 16, 2014
Class A Common Stock	143,446,817
Class B Non-Voting Common Stock	525,370
Class C Restricted Common Stock	914,101
Class E Special Voting Common Stock	4,424,814

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for its Annual Meeting of Stockholders scheduled for July 31, 2014 are incorporated by reference into Part III.

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INTRODUCTORY NOTE

Unless the context otherwise indicates or requires, as used in this Annual Report on Form 10-K for the fiscal year ended March 31, 2014 references to: (i) "we," "us," "our" or our "company" refer to Booz Allen Hamilton Holding Corporation, its consolidated subsidiaries and predecessors; (ii) "Booz Allen Holding" refers to Booz Allen Hamilton Holding Corporation exclusive of its subsidiaries; (iii) "Booz Allen Investor" refers to Booz Allen Hamilton Investor Corporation, a wholly-owned subsidiary of Booz Allen Holding; (iv) "Booz Allen Hamilton" refers to Booz Allen Hamilton Inc., our primary operating company and a wholly-owned subsidiary of Booz Allen Holding; and (v) "fiscal," when used in reference to any twelve-month period ended March 31, refers to our fiscal years ended March 31. Unless otherwise indicated, information contained in this Annual Report is as of March 31, 2014. We have made rounding adjustments to reach some of the figures included in this Annual Report and, unless otherwise indicated, percentages presented in this Annual Report are approximate.

Cautionary Note Regarding Forward-Looking Statements

Certain statements contained or incorporated in this Annual 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:

- cost cutting and efficiency initiatives, budget reductions, Congressionally mandated automatic spending cuts, and other efforts to reduce U.S. government spending, including automatic sequestration required by the Budget Control Act of 2011 (as amended by the American Taxpayer Relief Act of 2012 and the Consolidated Appropriations Act, 2014), which have reduced and delayed contract awards and funding for orders for services especially in the current political environment or otherwise negatively affect our ability to generate revenue under contract awards, including as a result of reduced staffing and hours of operation at U.S. government clients;
- delayed funding of our contracts due to uncertainty relating to and a possible failure of Congressional efforts 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 (including those resulting from or related to cuts associated with sequestration or other budgetary cuts made in lieu of sequestration);
- current and continued uncertainty around the timing, extent, nature, and effect of ongoing Congressional and other U.S. government action to address budgetary constraints, including, but not limited to, uncertainty around the outcome of Congressional efforts to craft a long-term agreement on the U.S. government's ability to incur indebtedness in excess of its current limits and the U.S. deficit;
- 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;
- the size of our addressable markets and the amount of U.S. government spending on private contractors;
- failure to comply with numerous laws and regulations;
- 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;
- the loss of General Services Administration Multiple Award schedule contracts, or GSA schedules, or our position as prime contractor on government-wide acquisition contract vehicles, or GWACs;
- changes in the mix of our contracts and our ability to accurately estimate or otherwise recover expenses, time, and resources for our contracts;
- our ability to generate revenue under certain of our contracts;
- our ability to realize the full value of and replenish our backlog and the timing of our receipt of revenue under contracts included in backlog;
- changes in estimates used in recognizing revenue;
- an inability to attract, train, or retain employees with the requisite skills, experience, and security clearances;
- an inability to hire, assimilate, and deploy enough employees to serve our clients under existing contracts;
- an inability to timely and effectively utilize our employees;
- failure by us or our employees to obtain and maintain necessary security clearances;

- 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 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;
- increased competition from other companies in our industry;
- failure to maintain strong relationships with other contractors;
- 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;
- continued efforts to change how the U.S. government reimburses compensation related and other expenses or otherwise limit such reimbursements, including recent rules that expand the scope of existing reimbursement limitations, such as a reduction in allowable annual employee compensation to certain contractors as a result of the Bipartisan Budget Act of 2013, and an increased risk of compensation being deemed unallowable or payments being withheld as a result of U.S. government audit, review or investigation;
- internal system or service failures and security breaches, including, but not limited to, those resulting from external cyber attacks on our network and internal systems;
- risks related to changes to our operating structure, capabilities, or strategy intended to address client needs, grow our business or respond to market developments;
- risks associated with new relationships, clients, capabilities, and service offerings in our U.S. and international businesses;
- failure to comply with special U.S. government laws and regulations relating to our international operations;
- risks related to our indebtedness and credit facilities which contain financial and operating covenants;
- 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;
- an inability to utilize existing or future tax benefits, including a change in law;
- variable purchasing patterns under U.S. government GSA schedules, blanket purchase agreements and indefinite delivery, indefinite quantity, or ID/IQ, contracts; and
- other risks and factors listed under "Item 1A. Risk Factors" and elsewhere in this Annual 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.

PART I

Item 1. *Business*

Overview

We are a leading provider of management consulting, technology, and engineering services to the U.S. government in the defense, intelligence, and civil markets. Additionally, we provide management and technology consulting services to major corporations, institutions, not-for-profit organizations, and international clients.

We are a well-known, trusted and long-term partner to our clients, who seek our expertise and objective advice to address their most important and complex problems. Leveraging our 100-year consulting heritage and a talent base of approximately 22,700 people, we deploy our deep domain knowledge, functional and technical expertise, and experience to help our clients achieve their objectives. We have a collaborative culture, supported by our operating model, which helps our professionals identify and respond to emerging trends across the markets we serve and deliver enduring results for our clients.

We were founded in 1914 by Edwin Booz, one of the pioneers of management consulting. In 1940, we began serving the U.S. government by advising the Secretary of the Navy in preparation for World War II. As the needs of our clients have grown more complex, we have expanded beyond our management consulting foundation to develop deep expertise in technology, engineering, and analytics. Today, we serve substantially all of the cabinet-level departments of the U.S. government. Our major clients include the Department of Defense, all branches of the U.S. military, the U.S. Intelligence Community, and civil agencies such as the Department of Homeland Security, the Department of Energy, the Department of Health and Human Services, the Department of the Treasury, and the Environmental Protection Agency. We support these clients in addressing complex and pressing challenges such as combating global terrorism, improving cyber capabilities, transforming the healthcare system, improving efficiency and managing change within the government, and protecting the environment. In the commercial sector, we serve U.S. clients primarily in the financial services, healthcare, and energy markets. Our international clients are primarily in the Middle East.

Our business strategy focuses on the proactive development, scaling, and delivery of market relevant capabilities to meet the needs of our clients today and, more importantly, will meet the needs the needs of our clients in the future. Our approach has long been to ensure that we have prime or subcontractor positions on a wide range of contracts that allow clients to access our services. We believe that our implementation of this strategy and approach is reflected in the fact that over 79% of our revenue in our fiscal year 2014 was derived from task orders under indefinite delivery, indefinite quantity (ID/IQ) contract vehicles (inclusive of GSA Schedules and GWACs).

Corporate Structure and Financial History

We are organized and operate as a corporation. Our use of the term “partnership” reflects our collaborative culture, and our use of the term “partner” refers to our Chairman and our Senior and Executive Vice Presidents. The use of the terms “partnership” and “partner” is not meant to create any implication that we operate our company as, or have any intention to create a legal entity that is, a partnership.

Booz Allen Holding was incorporated in Delaware in May 2008 to serve as the top-level holding company for the consolidated Booz Allen Hamilton U.S. government consulting business. On July 31, 2008, Booz Allen Hamilton completed the separation of its U.S. government consulting business from its legacy commercial and international consulting business, the spin off of the commercial and international business, and the sale of 100% of its outstanding common stock to Booz Allen Holding, which was majority owned by The Carlyle Group and certain of its affiliated investment funds, or Carlyle. Our company is a corporation that is the successor to the government business of Booz Allen Hamilton following the separation. The aforementioned transactions are referred to in this Annual Report as the acquisition.

Our Value Proposition to Our Clients

As a leading provider of management consulting, technology, and engineering services to the U.S. government and a provider of such services to major corporations, institutions, and not-for-profit organizations, we believe that we are well positioned to grow across markets characterized by increasing and rapid change. We believe that our dedication to client service and our focus on client success, the quality of our people, the flexibility of our institution and operating model based on our management consulting heritage, the breadth of our functional capabilities, and our focus on innovation provide the strong foundation necessary for our growth.

Our People

Our success as a management consulting, technology, and engineering services firm is highly dependent upon the quality, integrity, and dedication of our people.

Superior Talent Base. We have a highly educated talent base of approximately 22,700 people: as of March 31, 2014, 78% held bachelor degrees, 39% held masters degrees and 3% held doctoral degrees (not including employees from ASE, Inc., one of our wholly owned subsidiaries). In addition, many of the U.S. government contracts for which we compete require contractors to have high-level security clearances, and our large pool of cleared employees allows us to meet these needs. As of March 31, 2014, 75% of our people held government security clearances, which include Secret, Top Secret, Top Secret/Sensitive Compartmented Information and Sensitive Compartmented Information. High-level security clearances generally afford a person access to data that affects national security, counterterrorism or counterintelligence, or other highly sensitive data. Through internal referrals, internships and external recruiting efforts, we are able to successfully renew and grow our talent base, and we believe that our ability to attract top level talent is significantly enhanced by our commitment to professional development, our position as a leader in our markets, the high quality of our work and people, and the appeal of our culture.

Career Progression and a Focus on Talent Development. To encourage development and progression, we provide our people with the opportunity to work on important and complex problems, encourage and acknowledge contributions of people at all levels of seniority, and encourage broad, inclusive, and insightful leadership. In furtherance of these goals, we have introduced a new career progression and people development model designed to recognize and reward employees based on differentiated roles within two tracks: our traditional management consulting track and an engineering and technology track. We continue to leverage an assessment process that helps promote and enforce the consistency of our collaborative culture, core values, and ethics. We also encourage our people to continue developing their substantive skills through continuing education and provide funding for tuition assistance and technical certifications. Our learning programs, which have consistently been recognized as best-in-class in the industry, include partnerships with universities, vendors, and online content providers. These programs offer convenient, cost-effective, quality educational opportunities that are aligned with our core capabilities.

Core Values. We believe that one of the key components of our success is our focus on core values. Our core values are: client service, diversity, excellence, entrepreneurship, teamwork, professionalism, fairness, integrity, respect, and trust. All new hires receive extensive training that emphasizes our core values, facilitates their integration into our collaborative, client-oriented culture, and helps to ensure the delivery of consistent and exceptional client service. As of March 31, 2014, 100% of our employees participated in internal training including mandatory annual ethics training for all employees, as well as additional specialized ethics and compliance training based on job requirements.

The emphasis that we place on our people continues to receive external recognition. External awards and recognition include being named to the “Best Companies” to work for lists published by Working Mother, GI Jobs, CareerBliss, Alliance for Workplace Excellence, and a number of other publications and associations. Additionally, the company was named in 2012, 2013, and 2014 as one of Fortune Magazine’s “The World’s Most Admired Companies,” a list based on quality and brand reputation.

Our Institution and Operating Model

We attribute the strength of our client relationships, the commitment of our people, and our strong financial position to our management consulting heritage and collaborative culture, which instills a relentless focus on delivering value and enduring results to our clients. We operate our business as a single profit center, which drives our ability to collaborate internally and compete externally. We believe that we serve our clients best when we go to market as a whole firm rather than as a collection of individual business units or profit centers.

Our operating model is built on our dedication to client service, which focuses on leveraging our experience and knowledge to provide differentiated insights and our partnership-style culture and compensation system, which fosters collaboration and the efficient allocation of our people across markets, clients, and opportunities. Our approach to the market leverages our deep domain expertise in the defense, intelligence, and civil government markets and commercial and international markets with our strong functional capabilities.

Our Approach to Client Service. Over the past 100 years of serving clients and the 74 years that we have been supporting the U.S. government, we have cultivated relationships of trust with, and developed a comprehensive understanding of, our clients. This insight regarding our clients, together with our deep domain knowledge and functional capabilities, enable us to anticipate, identify, and address the specific needs of our clients. While working on contract engagements, our people work to develop a holistic understanding of the issues and challenges facing the client to ensure that our advice helps them achieve enduring results.

Across all sectors, our clients are facing ever-more challenging issues. We address the complex and evolving needs of our clients by deploying teams of staff with deep mission understanding, market-leading functional capabilities, consulting talent, and true technical and engineering expertise. These staff and functional capabilities are housed within market-facing teams and our cross-market Strategic Innovation Group, while being connected and developed through a strong network of internal communities and an internal resource management function that has the charter to move staff across the entire firm. This approach enables us to quickly assemble, deploy, and redeploy when necessary, multi-faceted client-facing teams comprised of people with the right skills and expertise needed to address specific client challenges. This ability is central to the differentiated value proposition of Booz Allen. We believe that our significant win rates on new and re-competed contracts demonstrate the strength of this approach as well as our industry-leading reputation and our proven track record.

Partnership-Style Culture and Compensation System. A commitment to teamwork is deeply ingrained in our company, and our partnership-style culture is critical to maintaining this feature of our operating model. We manage our company as a single profit center with a partner-style compensation system that focuses on the success of the institution over the success of the individual. This distinctive system fosters internal collaboration that allows us to better compete externally by motivating our partners to act in the best interest of the institution. As a result, we are able to rapidly and efficiently deploy our people and resources across markets, clients, and opportunities. This makes us more responsive to the market and better able to bring all the resources of the company to bear in support of specific client needs.

Our Functional Capabilities

We provide services to clients by drawing on our functional capability areas described below. These services fall into the broad areas of management consulting and mission operations and engineering and technology services.

Management Consulting and Mission Operations

We provide consulting services to help clients define and achieve their strategic objectives, improve the effectiveness and efficiency of their organization, and ensure the readiness and performance of their workforce. We focus on supporting our clients' most important missions and on transforming our clients' ability to deliver against mission objectives. From operational and business planning to mission performance and strategic decision making, we have the analytic expertise to help clients make informed decisions with deeper insight, less risk, and greater certainty. Our functional capabilities aligned with management consulting and mission operations include: management consulting, human capital and learning, communications, decision analytics, national security and policy analytics, acquisition, and program management and logistics.

Technology and Engineering Services

Our technology and engineering services capabilities focus on helping clients solve their mission-critical needs through the deployment of advanced technological solutions and techniques, scientific exploration, rapid prototyping, full-spectrum engineering, program development and integration. Our highly skilled technology experts and engineers maintain deep knowledge of current technology trends and applications. Our experts combine specialized skills with a collaborative problem-solving approach to ensure that we understand a client's mission and objectives and, based on that understanding, design, develop, and implement technology solutions to support our client's mission and objectives. Our functional capabilities aligned with engineering and technology services include: cyber security, software development and architecture, networks and information technology infrastructure, cloud analytics and tools, engineering, and sciences.

Our Focus on Innovation, Technology, and Engineering Excellence

Our clients’ missions, from national security to financial services to healthcare, have become ever more demanding. Advances in technology have brought the potential for development of new capabilities, but those capabilities are often accompanied by increased cost, complexity, and challenges such as cybersecurity. Our combination of mission understanding and technical and engineering expertise enables our clients to carry out their mission more effectively and efficiently through the use of innovative technologies and analytic approaches. We help clients execute their missions more efficiently by building upon their installed base, enhancing the capabilities of existing platforms, and ensuring the integration of systems and technologies across their enterprises.

Our Strategy for Growth

We serve our clients by identifying, analyzing, and solving their most complex problems. We leverage our deep domain knowledge and understanding of their core missions while providing differentiated functional capabilities in management consulting and mission operations and technology and engineering services. We anticipate developments that will have near- and long-term impacts on our clients' operations and build capabilities and innovative service offerings accordingly. To serve our clients and grow our business, we intend to execute the following strategies:

Realize Growth Opportunities Across our Addressable Market

We intend to capitalize on our scale, our reputation as a trusted long-term partner, the scope of our domain expertise, and our functional capabilities to continue to maintain and grow our existing U.S. government client relationships and expand the scope of the services we provide across our U.S. government client base. In addition, we intend to leverage the capabilities and services that we have developed for our U.S. government clients to expand our portfolio of clients with investments in the continued growth of our commercial and international business.

*U.S. Government Clients.*We believe that significant growth opportunities exist in our U.S. government markets. We intend to capitalize on our scale, our reputation as a trusted long-term partner, the scope of our domain expertise, and our functional capabilities to continue to maintain and grow our existing U.S. government client relationships and expand the scope of the service we provide across our U.S. government client base. We will continue to help our U.S. government clients recognize more efficient and effective mission execution by deploying our objective insight and expertise across current and future contract engagements. We plan to leverage our comprehensive understanding of our U.S. government clients' needs to develop and apply emerging capabilities to solve their mission-critical problems.

Commercial Clients. We have built a growing presence in the commercial market. Our expertise in analytics, compliance and cyber technology and services is a competitive advantage for commercial clients in financial services, healthcare, energy, and other sectors in which the protection of critical infrastructure, the security of transactions, and the privacy of information is of paramount importance. While still small relative to the size of our overall business portfolio, our commercial business has shown impressive growth rates and profit margins over the past two years, and we believe there are further attractive growth opportunities in this sector. We have made strategic senior hires and established offices in strategically important locations that have a concentration of potential commercial clients, such as New York City and Houston.

*International Clients. W*e continue to pursue opportunities to grow internationally and are investing in further strengthening our business leadership and presence in focused regions outside of the United States where we see attractive growth potential. Our primary international activities are in the Middle East and North Africa region, building on a long-term presence in that area supporting military needs of allied countries, and expanding more recently into public and private sector work in areas such as cyber security, analytics, strategy, and improving business operations. Given our success to date and belief in the potential for further growth, we plan to add significantly to our in-country presence in the MENA region during the coming year.

Capitalize on our Differentiated Capabilities in Areas with Growth Potential

Our founding partner, Edwin Booz, is often credited with starting the management consulting profession 100 years ago. We continue to build on his innovative idea and problem solving methodology to help clients in government and industry understand and identify the key drivers of mission success and then put in place the people, processes, and technology to deliver enduring results for clients.

We focus on innovation and building capabilities for both near-term and long-term advantage - both to our clients and to our institution, as opposed to focusing strictly on winning individual procurements. This is a success strategy we have followed for many decades. Our innovations over our 100-year history have included the co-development of the PERT critical path methodology for complex system development; the product life cycle; as well as industry-leading capabilities in cybersecurity, advanced analytics, and advanced engineering/rapid prototyping. Today, we are focused on several areas of core competency that we believe are directly tied to our clients' mission and business success, and therefore represent growth platforms in our business.

Systems/Software Development. We have delivered high quality systems development solutions to government and commercial clients for more than four decades. Our computer scientists, engineers, and strategists combine deep technical expertise with a keen understanding of our clients' missions to deliver value through solutions that work in the current operational environment and are designed to meet anticipated future needs. We have created an integrated Functional Standards group dedicated to ensuring: functional standards sustainment, including maintaining the firm's CMMI/ISO rating and certification; implementation according to a standardized systems development framework; defect prevention; and delivery excellence.

Engineering. Many of our senior leaders and a significant portion of our employees have degrees in engineering or related disciplines. Engineering is a core competency of our firm, which is directly relevant to our clients' challenges, and this emphasis encourages a disciplined approach to problem-solving and solution design. In recent years, we developed our engineering capabilities through investment and acquisition, including the 2012 acquisition of the Defense Systems and Engineering Support division of ARINC Incorporated. This continued development enables us to bring to our clients broader and deeper technical expertise in technical areas such as Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR), payload integration, and platform modernization. All projects performed within Booz Allen Engineering Services are compliant with our ISO 9001:2008 and/or AS9100 certifications.

Cyber. Network-enabled technology is an integral component of our economy, infrastructure, and national and international security. We provide advanced solutions designed to protect critical infrastructure systems and to meet new and evolving cyber warfare threats. Since 1999, we have been focused on cyber and predecessor areas, such as information assurance. We are currently involved in important cyber-related initiatives for national defense, serving clients including the U.S. Cyber Command and defense, intelligence, and civil clients. Additionally, we are supporting commercial clients, especially those in the financial services industry, in their cyber-security initiatives. Our cyber professionals, many of whom have the highest security clearances to handle the most sensitive materials, assist clients in all phases of cyber-security operations and dynamic network defense. We develop cyber-security solutions utilizing a multi-dimensional approach including people, operations, technology, policy, and management. We have created an intelligence-driven dynamic defense framework for government and commercial networks and information assets, called CYBER4SIGHT™ services, based on the following four main platforms: threat intelligence, incident response, pre-emptive response, and integrated remediation. The Booz Allen Cyber Solutions Network ®, an integrated secure network of cyber centers, provides our clients with advanced analytics, cyber training, network defense, and cyber product/technology evaluation services.

As of March 31, 2014, over 3,800 employees hold over 7,100 certifications representing a variety of technical disciplines, including DoD 8570 specified certifications, from various certifying bodies, such as SANS, Comp TIA, Securible, Ultimate Knowledge, and Skillsoft. Additionally, to continue to position our company as a leader across the broad and growing range of areas requiring cyber-related services, we are focused on hiring new employees with cyber-related expertise and cross training existing employees through our Cyber University program.

We serve our clients by applying our expertise in technology and engineering in areas such as cyber technology and strategic technology and innovation to design, develop, and implement solutions for our clients. As a result, we are able to offer clients a range of technological solutions, such as micro-electronics, biomedical engineering and high-energy lasers, developing proof-of-concept designs, reverse engineering current products and systems, and building test prototypes. Additionally, we provide sophisticated systems engineering and integration, or SE&I, services to help clients manage every phase of the development and integration of increasingly sophisticated information technology, communications and mission system, including satellite and space systems, air traffic control, and naval systems.

Health Care. We believe health reform will continue to provide opportunities across our client base, including payment reform, care delivery transformation, analytics tools and platforms, integration of mobile computing in health care, and the use of social media. We are already involved in assisting our clients to solve complex and multi-disciplinary challenges in these areas, including the Department of Health and Human Services, the Centers for Disease Control and Prevention, National Institutes of Health, Food & Drug Administration, Department of Veterans Affairs, as well as major pharmaceutical companies, health care providers, and payers. For example, we are currently supporting the Centers for Medicare and Medicaid Services to implement policy and advanced analytics to reduce fraud, waste, and abuse; to reduce the wait time for hearing decisions; and increase use of online services, thus reducing improper payments. For the Department of Veterans Affairs, we are currently helping to develop strategies to address the backlog of claims that have become a national issue by applying design thinking and a program called "Connected Health," which brings mobile, advanced analytics, and process improvement capabilities to support increased veteran care.

Finance. We deliver the firm's capabilities and service offerings to clients in the federal financial community such as the U.S. Department of Treasury and its bureaus, the Securities and Exchange Commission, the Federal Reserve, and the Pension Benefit Guarantee Corporation. Additionally, we serve major commercial and investment banks, and financial exchanges. Our service offerings and capabilities include cyber technology solutions, program management, regulatory analysis, and systems development. Leveraging our highly-regarded cyber capabilities, we are working with commercial financial services companies to integrate information risk into their overall Enterprise Risk Management process. In the government sector, we have brought our expertise and specialized resources such as our CYBER4SIGHT™ services and Cyber Solutions Network to clients at the Federal Deposit Insurance Corporation, the Federal Reserve, and the Census Bureau. We are currently supporting the Internal

Revenue Service in compliance efforts and enterprise risk management and bringing capabilities in big data analytics to the Internal Revenue Service, the Census Bureau, the U.S. Department of Agriculture, and the National Science Foundation.

Invest in Innovation and Opportunities for Long-Term Growth

Innovation in Service Offerings. We have a track record of working in partnership with our clients to solve not only their current problems but also to address their emerging needs. We have continued this focus with the creation of, and major investment in, our Strategic Innovation Group. Our Strategic Innovation Group fosters, develops, and drives innovation initiatives across our entire firm. Currently, our Strategic Innovation Group is driving the following major initiatives to address our clients' critical needs:

- *Next-Generation Analytics* - creating analytic platforms designed to harness an organization's data to solve complex and pressing problems.
- *Predictive Intelligence* - creating solutions that help clients to anticipate and prevent increasingly sophisticated and dangerous cyber attacks.
- *Rapid Prototyping and Platform Integration* - creating prototypes to develop and deploy defense and intelligence technologies to enable clients to stay ahead of adversaries.
- *Digital Enterprise Integration* - modernizing mission and business execution through the integration of digital solutions and open platforms across the enterprise.

Innovation in our Business Model. We are looking beyond our traditional professional services business model to serve clients and capture opportunities in product development and delivery, including managed services such as our CYBER4SIGHT™ offering, specialized prototypes, packaged software and solutions and co-investing with incubators and new ventures. We believe this broader, differentiated business portfolio of closely aligned platforms, solutions, products and services will enable us to tap areas with strong potential for long term growth and more attractive margins. We have created partnerships and alliances with organizations such as 1776, Microsoft, and Amazon designed to foster innovation and entrepreneurship, create new and distinctive products and services, and provide market access to enable promising start-ups to achieve scalability and succeed.

Our Clients

We believe that the U.S. government is the world's largest consumer of management and technology consulting services. The U.S. government's budget for the fiscal year ended September 30, 2013 was close to $4 trillion, excluding authorizations from Overseas Contingency Operations and supplemental funding for the Department of Defense. Of this amount, approximately $1 trillion was for discretionary budget authority, including approximately $518 billion for the Department of Defense and U.S. Intelligence Community and approximately $484 billion for civil agencies. Based on data from the Federal Procurement Data System, approximately $460 billion of the U.S. government fiscal year 2013 discretionary outlays were for non- American Recovery and Reinvestment Act of 2009 and non-intelligence agency funding-related products and services procured from private contractors. We estimate that approximately $101 billion of the spending directed towards private contractors in U.S. government fiscal year 2013 was for management and technology consulting services, with approximately $60 billion spent by the Department of Defense and approximately $41 billion spent by civil agencies. The agencies of the U.S. Intelligence Community that we serve represent an additional market.

Across all of our markets, our century-long dedication to client service has built unusually strong customer relationships. Through our commitment to helping clients succeed, we have built a track record of results and trust among our client base, which in turn, provides a robust sales channel through which we can engage our current and prospective clients and deliver our services.

We have strong and longstanding relationships with a diverse group of clients at all levels of the U.S. government. During fiscal 2014, we derived 98% of our revenue from services under more than 5,300 contracts and task orders. The single largest entity that we served in fiscal 2014 was the U.S. Army, which represented approximately 16% of our revenue in that period. We derived 91% of our revenue in fiscal 2014 from engagements for which we acted as the prime contractor. Also during fiscal 2014, we achieved an overall win rate of 57% on new contracts and task orders for which we competed and a win rate of 90% on re-competed contracts and task orders for existing or related business. As of March 31, 2014, our total backlog, including funded, unfunded, and priced options, was $9.8 billion, a decrease of 15% in total backlog with a 9% decrease in funded backlog over March 31, 2013.

Selected Long-Term Client Relationships

Client (1)	Relationship Length (Years)
U.S. Navy	70+
U.S. Army	65+
U.S. Air Force	35+
Department of Energy	35+
National Security Agency	30+
Department of Homeland Security	30+
Federal Bureau of Investigation	20+
National Reconnaissance Office	15+
A U.S. intelligence agency	15+
Internal Revenue Service	15+

(1) Includes predecessor organizations.

Defense Clients

Our reputation and track record in serving the U.S. military and defense agencies spans more than 70 years, over which time we have provided a broad range of capabilities to our defense clients. Our revenue generated from defense clients was $2.7 billion, or approximately 49.4% in fiscal year 2014 as compared to $2.7 billion, or approximately 46.8% in fiscal year 2013. Our key defense clients include:

- *U.S. Army.* For over 65 years, we have addressed challenges for the U.S. Army at the strategic, operational, and tactical levels by bringing experienced people, high quality processes, and advanced technologies together. We work with our U.S. Army clients to help sustain their land combat capabilities while responding to current demands and preparing for future needs. Recent examples of the services that we have provided include enhancing field intelligence systems, delivering rapid response solutions to counter improvised explosive devices, infusing lifecycle sustainment capabilities to improve distribution and delivery of material, and employing systems and consulting methods to help expand care and support for soldiers and their families. Our clients include Army Headquarters, Army Materiel Command (AMC), Forces Command (FORSCOM), Training and Doctrine Command (TRADOC), and many Program Executive Offices, Direct Reporting Units and Army Service Component Commands.

- *U.S. Navy/Marine Corps.* Since 1940, we have partnered with the U.S. Navy and Marine Corps to help them achieve success. We offer a professional team of leaders and staff with deep mission understanding and functional expertise to help our clients achieve mission outcomes with agility, precision, and efficiency. By providing forward thinking solutions and aggressive strategies around such capabilities as readiness, integration and interoperability, mission engineering, cyber security, and strategy, we help our clients maintain maritime and information dominance. Our clients include the Office of the Secretary of the Navy, Headquarters Navy, the Office of Naval Intelligence, the Commandant of the Marine Corps, U.S. Navy/Marine Corps operating commands and systems commands (including Naval Air Systems Command (NAVAIR), Naval Seas Systems Command (NAVSEA), U.S. Marine Corps Systems Command, and Space and Naval Warfare Systems Command (SPAWAR)), as well as joint Program Executive Offices (PEO) and individual PEOs.

- *U.S. Air Force.* Our support to the Air Force spans more than 35 years and today we provide integrated strategy and technical services to a wide range of clients across the Air Force. Our skilled strategists and technology experts bring diverse capabilities to assignments that include weapons analysis, capability-based planning, and aircraft systems engineering. Our clients include: Headquarters U.S. Air Force, Air Combat Command, Air Force Space Command, Air Force Materiel Command, Air Mobility Command, Air Force Cyber Command, Global Strike Command, and Air Force Pacific Command.

- *Joint Staff and Combatant Commands.* We provide mission critical support and solutions to the Office of the Secretary of Defense, the Joint Staff, and the Unified Combatant Commands. Our services and solutions support a broad spectrum of business operations and warfighter missions across the Department of Defense. We provide strategy and technology expertise to clients in Systems Engineering; Supply Chain; Cyber; Personnel and Readiness; Research and Development; Countering Weapons of Mass Destruction; and Integrated Intelligence, Surveillance, Reconnaissance to space and global strike operations. We provide data collection management and analytical services including best practices and intellectual capital for intelligence activities. Our clients include the major organizations within the Office of the Secretary of Defense and all DoD Agencies, as well as the U.S. Pacific Command, Northern Command, Central Command, Southern Command, the Defense Information Systems Agency (DISA), European Command, U.S. Strategic Command, Special Operations Command, and Transportation Command.

- *Infrastructure & Military Health.* We support clients in defense agencies responsible for military and veterans' health as well as the transportation, energy, and environment sectors which have control over our national infrastructure. We support our clients' efforts to maintain and build infrastructure that is efficient, effective, and sustainable. Our services span all functional capabilities including management consulting, technology, engineering, and mission operations. Our clients include the Departments of Defense, Energy, Transportation, and Interior and their component agencies, the Environmental Protection Agency, and the Department of Defense Military Health System.

Intelligence Clients

We have provided the government agencies and organizations that carry out national security and intelligence activities for the U.S. government with a wide range of services and capabilities for over 30 years. This critical business area has strong barriers to entry for competitors because of the specialized expertise and high-level security clearances required. Our revenue generated with clients in the U.S. intelligence community was $1.4 billion, or approximately 25.5% in fiscal year 2014 as compared to $1.6 billion, or approximately 28.1% of our revenue in fiscal year 2013. Our major intelligence clients include:

- *U.S. Intelligence Agencies.* We provide critical support in strategic planning, policy development, program development and execution, and program management for research and development projects; consulting and technical services, integrated intelligence and information operations mission support, and a range of counterintelligence services; comprehensive intelligence analysis services includes all-source and open-source analysis conducted in high intensity environments; and technical services including engineering, systems development, information sharing, and information architecture. We also provide support to reform initiatives flowing from the Intelligence Reform and Terrorism Protection Act. Additionally, we help these clients improve the processes and substance of intelligence information provided to the executive and legislative branches of the U.S. government for policy development and operational decision making. Our clients include the National Security Agency, the National Geospatial-Intelligence Agency, the National Reconnaissance Office, and other classified clients.

- *Military Intelligence.* We are at the forefront of supporting warfighters, policymakers, and acquisition communities of the Military Intelligence commands, the Defense Intelligence Agency, Service Intelligence Centers, operational Intelligence Surveillance Reconnaissance units, and Combatant Command. We bring a unique mix of experienced people, high-quality processes, and advanced technologies to help our clients address their toughest challenges with agility, precision, and efficiency. We provide innovative approaches and superior program management with capabilities such as intelligence analysis and training, mission engineering, organizational change and strategy, and technology to support client missions at all levels. We have expertise in instructional design and delivery, workforce planning and talent management, all-source intelligence analysis, counterintelligence and human intelligence expertise, Intelligence Surveillance Reconnaissance planning and operations, targeting support, systems integration, multi-source collections management, and knowledge management.

Civil Clients

Support to civil government agencies of the U.S. government and U.S.-funded international development work is an important dimension of our overall business. Our revenue generated for civilian clients in the U.S. Government was $1.2 billion, or approximately 22.5% in fiscal year 2014 as compared to $1.3 billion, or approximately 23.0% in fiscal year 2013. Our civil government clients include:

- *Finance and Economic Development.* We provide support to all major U.S. government finance and treasury organizations charged with the collection, management, and protection of the U.S. financial system. We create innovative approaches to some of their most challenging problems, including bank receivership, payment channel modernization, cyber initiatives, and fraud detection. Additionally, we help agencies effectively and efficiently manage the business processes that support government in its provision of services to its citizens, spanning management, personnel, budget operations, information technology, telecommunications, and grant management. Our clients include the Department of the Treasury, Internal Revenue Service, and other agencies of the Department of the Treasury, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, Federal Reserve Board and Banks, the Securities and Exchange Commission (SEC), the Pension Benefit Guaranty Corporation, the General

Services Administration, Office of Management and Budget, Office of Personnel Management, the National Science Foundation, the Department of State, Congress, and Courts.

- *Health.* We support U.S. government clients on innovative projects that help achieve public health missions, including entitlement reform, developing a national health information network, mitigating risk to populations, improving government infrastructure, and facilitating an international public-private sector dialogue on global health issues. We also support the delivery of health care and benefits to veterans. Our clients include the Department of Health and Human Services and its agencies, including the U.S. Food and Drug Administration, National Institutes of Health, Centers for Disease Control and Prevention (CDC), the Centers for Medicare and Medicaid Services, and Department of Veterans Affairs.

- *Justice and Homeland Security.* We support the U.S. government's homeland security mission and operations in the areas of intelligence (analysis, information sharing, and risk assessment), operations (coordination, contingency planning, and decision support), strategy, technology and management (program management and information technology tools), emergency management and response planning, and border, cargo, and transportation security. We support law enforcement missions and operations in counterterrorism, intelligence and counterintelligence, and traditional criminal areas (narcotics, white collar crime, organized crime, and violent crime). Our clients include the U.S. Department of Justice, the Department of Homeland Security and its agencies, the Federal Bureau of Investigation, the National Aeronautics and Space Administration (NASA), and the Department of Transportation and its agencies.

Commercial and International Clients

Following the expiration of our non-competition agreement on July 31, 2011, we re-entered the commercial market and pursued growth in our international business. Our revenue generated with commercial and international clients, which includes work for private sector clients inside and outside of the U.S., foreign government entities, foreign military sales to non U.S. government clients, and work performed outside of the U.S. for the U.S. Agency for International Development, was $141.8 million, or approximately 2.6% in fiscal year 2014 as compared to $116.9 million, or approximately 2.1% in fiscal year 2013.

Commercial Clients. We continue to pursue opportunities in the U.S. commercial market by leveraging our cyber-related work and our core competencies in advanced analytics, regulatory compliance, and IT infrastructure with a focus on serving industries in which there is a strong intersection between government and commercial interests, such as financial services, healthcare, and energy. Our client base includes major pharmaceutical manufacturers, health care providers, large commercial and investment banks, utilities, and oil and gas companies.

International Clients. Our primary international activities are in the Middle East and North Africa region, where we currently see strong demand for our services, including data analytics, cyber defense diagnostics, mission assurance and risk management, strategy transformation and program management. Our primary client base is in the United Arab Emirates, Saudi Arabia, Qatar, Oman, and Kuwait. We have expanded our offices into Abu Dhabi, United Arab Emirates and Qatar and see growth opportunities in Saudi Arabia, Bahrain, and Turkey.

Contracts

Our portfolio of contracts is highly diversified consisting of a range of contract vehicles through which our clients may contract for our services, with no single contract accounting for more than 10% of our revenue, and no single task order under any contract accounting for more than 2.3% of our revenue in any of fiscal 2014, fiscal 2013, or fiscal 2012.

There are two predominant contracting methods by which the U.S. government procures services: definite contracts and indefinite contract vehicles. Each of these is described below:

- Definite contracts call for the performance of specified services or the delivery of specified products. The U.S. government procures services and solutions through single award, definite contracts that specify the scope of services that will be delivered and identify the contractor that will provide the specified services. When an agency recognizes a need for services or products, it develops an acquisition plan, which details the means by which it will procure those services or products. During the acquisition process, the agency may release a request for information to determine if qualified bidders exist, a draft request for a proposal to allow industry to comment on the scope of work and acquisition strategy, and finally a formal request for a proposal. Following the evaluation of submitted proposals, the agency will award the contract to the winning bidder.

- Indefinite contract vehicles provide for the issuance by the client of orders for services or products under the terms of the contract. Indefinite contracts are formally known as ID/IQ contracts and are often referred to as contract vehicles or ordering contracts. ID/IQ contracts may be awarded to one contractor (single award) or several contractors (multiple award). Under a multiple award ID/IQ contract, there is no guarantee of work as contract holders must compete for individual work orders. ID/IQ contracts will often include pre-established labor categories and rates, and the ordering process is streamlined (usually taking less than a month from recognition of a need to an established order with a contractor). ID/IQ contracts often have multi-year terms and unfunded ceiling amounts, thereby enabling but not committing the U.S. government to purchase substantial amounts of products and services from one or more contractors in a streamlined procurement process.

    - GWACs and GSA schedules are ID/IQ contracts that are open to all U.S. government agencies. Contract holders compete for individual task orders under both types of ID/IQ contract vehicles. Prices (labor rates) are pre-established under GSA schedules, while prices under GWACs may be pre-established or determined by task order proposal. Agencies may solicit companies directly under GSA schedules and, under GWACs, must work through the agency that operates the GWAC or receive a delegation of authority to use the GWAC. GSA schedules are administered by the General Services Administration and support a wide range of products and services. GWACs are used to procure IT products and services and are administered by the agency soliciting the services or products, with permission from the Office of Management and Budget.

Listed below are our top definite contract, our top five definite contracts and our top ten definite contracts for fiscal 2014 and revenue recognized under these contracts in fiscal 2014.

	Fiscal 2014	% of Total Revenue	Expiration Date
		(Revenue in millions)	
Top Definite Contract	$ 129.3	2%	12/31/2020
Top Five Definite Contracts	303.7	5%	
Top Ten Definite Contracts	414.7	7%	

Listed below are our top ID/IQ contract, our top five ID/IQ contracts and our top ten ID/IQ contracts for fiscal 2014, in each case excluding GSA schedules or GWACS, and revenue and the number of active task orders under these contracts as of March 31, 2014. The number of task orders for our top ten contracts does not include task orders under classified contracts due to the fact that information associated with those contracts is classified.

	Fiscal 2014	% of Total Revenue	Number of Task Orders as of March 31, 2014	Expiration Date
		(Revenue in millions)		
Top ID/IQ Contract	$ 652.3	12%	145	7/8/2015; 9/30/2016
Top Five ID/IQ Contracts	1,354.6	24%	242	
Top Ten ID/IQ Contracts	1,729.7	31%	317	

As of September 30, 2013, the end of the U.S. government's fiscal year, there were a total of 32 GSA schedules with over 18,000 schedule holders that generated more than $34.8 billion in annual sales in U.S. government fiscal year 2013. During the U.S government fiscal year 2013 our top three GSA Schedules in terms of sales were the Mission Oriented Business Integrated Services (MOBIS) Schedule, Information Technology (IT) Schedule 70, and the Professional Engineering Services (PES) Schedule. Overall, we were the number two provider under the GSA Federal Supply Schedule program based on total reported GSA contracts sales of $809 million during U.S. government fiscal year 2013.

Listed below are our top three GSA schedules and GWACs in fiscal 2014 and revenue for each of fiscal 2014, fiscal 2013, and fiscal 2012, the number of active task orders as of March 31, 2014 under each of our top three GSA schedules and GWACs and an aggregation of all other GSA schedules and GWACs. These contract vehicles are available to all U.S. government agencies and the revenue stated is the result of individually competed task orders.

	Fiscal 2014	% of Total Revenue	Fiscal 2013	% of Total Revenue	Fiscal 2012	% of Total Revenue	Number of Task Orders as of 31-Mar-14	Expiration Date
	(Revenue in millions)							
Mission Oriented Business Integrated Services (MOBIS) — #874	$ 274.9	5%	$ 318.4	5%	$ 413.0	7%	510	9/30/2017
Information Technology (IT) — #70	199.1	4%	186.8	3%	196.1	3%	259	9/17/2014
BES Alliant (1)	161.7	3%	31.8	1%	—	—%	19	4/30/2014
All Others	525.5	9%	553.8	10%	550.8	10%	536	
Total	$ 1,161.2	21%	$ 1,090.8	19%	$ 1,159.9	20%	1,324	

(1) The BES Alliant contract was acquired from DSES on November 30, 2012. As such, in fiscal 2013 there was only four months of revenue.

We derived approximately 79% of our revenue for fiscal 2014 from over 4,400 task orders under ID/IQ contracts (inclusive of GSA Schedules and GWACs). Listed below for each specified revenue band is the number of, revenue derived from, and average duration of our task orders as of March 31, 2014. The table includes revenue earned during fiscal 2014 under all task orders under these ID/IQ contracts and the number of task orders on which this revenue was earned. Average duration reflected in the table below is calculated based on the inception date of the task order, which may be prior to the beginning of fiscal 2014, and the completion date which may have been prior or subsequent to March 31, 2014. As a result, the actual average remaining duration for task orders included in this table may be less than the average duration shown in the table, and task orders included in the table may have been complete on March 31, 2014.

Segmentation of Task Order by Revenue Fiscal 2014	Number of Task Orders as of March 31, 2014	Fiscal 2014 Revenue	% of Total Fiscal 2014 Revenue	Average Duration (Years)
		(Revenue in millions)		
Less than $1 million	3,647	$ 622.6	11%	1.2
Between $1 million and $3 million	486	842.9	15%	1.3
Between $3 million and $5 million	144	543.4	10%	1.3
Between $5 million and $10 million	136	950.0	17%	1.2
Greater than $10 million	80	1,450.2	26%	1.2
Total	4,493	$ 4,409.1	79%	1.2

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 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.

Backlog does not include any task orders under ID/IQ contracts, including GWACs and GSA schedules, except to the extent that task orders have been awarded to us under those contracts.

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

	As of March 31,	
	2014	2013
	(In millions)	
Funded	$ 2,290	$ 2,509
Unfunded (1)	2,343	2,799
Priced options	5,205	6,227
Total backlog	$ 9,838	$ 11,535

(1) Reflects a reduction by management to the revenue value of orders for services under two existing single award ID/IQ contracts the Company has had for several years, based on an established pattern of funding under these contracts by the U.S. government.

We may never realize all of the revenue that is included in our total backlog, and there is a higher degree of risk in this regard with respect to unfunded backlog and priced options. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Results of Operations — Sources of Revenue — Contract Backlog” for additional disclosure regarding our backlog. See also “Item 1A. Risk Factors — Risks Related to Our Business — We may not realize the full value of our backlog, which may result in lower than expected revenue.”

Competition

Due to its size, the government services market is highly fragmented, and competition within the government professional services industry has intensified. In addition to professional service companies like our own that focus principally on the provision of services to the U.S. government, other companies active in our markets include large defense contractors, diversified consulting, technology, and outsourcing service providers, and small businesses. Changing government policies and market dynamics are also helping to reshape the competitive landscape. Some large prime contractors are beginning to divest their professional services business units due to the U.S. government’s increased sensitivity to organizational conflicts of interest and these divested companies will be free to compete with us without their former organizational conflicts of interest constraints. The formal adoption of the Federal Acquisition Regulation, or FAR, organizational conflicts of interest rules or additional more restrictive rules by U.S. government agencies could cause further such divestitures which could further increase competition in our markets. At the other end of the spectrum are small businesses. Small businesses are growing in the government services industry due in large part to a push by both the Obama and Bush administrations to bolster the economy by helping small business owners. Finally, due to the foregoing factors and the drive in our markets to quickly build competencies in growth areas and achieve economies of scale, we believe that consolidation activity among market participants will increase.

In the course of doing business, we compete and collaborate with companies of all types and sizes. We strive to maintain positive and productive relationships with these organizations. Some of them hire us as a subcontractor, and we hire some of them to work with us as our subcontractors. Our major competitors include: (i) contractors focused principally on the provision of services to the U.S. government, such as CACI International, Inc., L-3 Communications Holdings, Inc., ManTech International Corp., SRA International, Inc., and TASC Inc.; (ii) large defense contractors which provide both products and services to the U.S. government, such as General Dynamics Corp., Lockheed Martin Corp., Northrop Grumman Corp., and Raytheon Co.; and (iii) diversified service providers, such as Accenture, Computer Sciences Corp., Deloitte Consulting LLP, Leidos, and SAIC, Inc. We compete on the basis of our technical expertise and client knowledge, our ability to successfully recruit appropriately skilled and experienced talent, our ability to deliver cost-effective multi-faceted services in a timely manner, our reputation and relationship with our clients, past performance, security clearances, and the size and scale of our company. In addition, in order to maintain our competitive position, we routinely review our operating structure, capabilities and strategy to determine whether we are effectively meeting the needs of existing clients, effectively responding to developments in our markets, and successfully building a platform intended to provide the foundation for the future growth of our business.

Patents and Proprietary Information

Our management and technology consulting services and related products are not generally dependent upon patent protection. We claim a proprietary interest in certain of our service offerings and related products, methodologies, and know-how. We have a few patents but we do not consider our business to be materially dependent on the protection of such patents. Additionally, we have a number of trade secrets that contribute to our success and competitive position, and we endeavor to protect this proprietary information. While protecting trade secrets and proprietary information is important, we are not materially dependent on any specific trade secret or group of trade secrets. Other than licenses to commercially available third-party software, we have no licenses to intellectual property that are significant to our business.

We rely upon a combination of nondisclosure agreements and other contractual arrangements, as well as copyright, trademark, patent, and trade secret laws to protect our proprietary information. We also enter into proprietary information and intellectual property agreements with employees, which require them to disclose any inventions created during employment, to convey such rights to inventions to us, and to restrict any disclosure of proprietary information.

Our most important trademark is the “Booz Allen Hamilton” mark, registered in the United States and certain foreign countries. Generally, registered trademarks have perpetual life, provided that they are renewed on a timely basis and continue to be used properly as trademarks. We have four registered trademarks related to our name and logo with the earliest renewal in March 2020. Under a branding agreement entered in connection with the acquisition, Booz & Company was granted a perpetual, exclusive, worldwide, royalty-free license to use “Booz” as a name and mark other than with “Allen” or “Hamilton” and certain other words associated with our business in connection with certain activities. With the acquisition of Booz & Company by PricewaterhouseCoopers LLP, the license to "Booz" is terminated pursuant to the terms of the branding agreement, subject to certain transitional uses of the mark for a twelve month period.

For our work under U.S. government funded contracts and subcontracts, the U.S. government obtains certain rights to data, software, and related information developed under such contracts or subcontracts. These rights generally allow the U.S. government to disclose such data, software, and related information to third parties, which third parties may include our competitors in some instances. In the case of our work as a subcontractor, our prime contractor may also have certain rights to data, information, and products we develop under the subcontract.

Booz Allen Hamilton®, the Booz Allen Cyber Solutions Network®, the Booz Allen Hamilton logo, and other trademarks or service marks of Booz Allen Hamilton Inc. appearing in this Annual Report are property of Booz Allen Hamilton Inc. Trade names, trademarks, and service marks of other companies appearing in this Annual Report are the property of their respective owners.

Regulation

As a contractor to the U.S. government, as well as state and local governments, we are heavily regulated in most fields in which we operate. We deal with numerous U.S. government agencies and entities, and when working with these and other entities, we must comply with and are affected by unique laws and regulations relating to the formation, administration, and performance of U.S. government contracts. Some significant laws and regulations that affect us include:

- FAR, and agency regulations supplemental to the FAR, which regulate the formation, administration, and performance of U.S. government contracts. For example, FAR 52.203-13 requires contractors to establish a Code of Business Ethics and Conduct, implement a comprehensive internal control system, and report to the government when the contractor has credible evidence that a principal, employee, agent, or subcontractor, in connection with a government contract, has violated certain federal criminal laws, violated the civil False Claims Act, or has received a significant overpayment;

- the False Claims Act and False Statements Act, which impose civil and criminal liability for presenting false or fraudulent claims for payments or reimbursement, and making false statements to the U.S. government, respectively;

- the Truth in Negotiations Act, which requires certification and disclosure of cost and pricing data in connection with the negotiation of a contract, modification, or task order;

- the Procurement Integrity Act, which regulates access to competitor bid and proposal information and certain internal government procurement sensitive information, and our ability to provide compensation to certain former government procurement officials;

- post government employment laws and regulations, which restrict the ability of a contractor to recruit and hire current employees of the U.S. government and deploy former employees of the U.S. government;

- laws, regulations, and executive orders restricting the use and dissemination of information classified for national security purposes or determined to be “controlled unclassified information” or “for official use only” and the export of certain products, services, and technical data, including requirements regarding any applicable licensing of our employees involved in such work;

- laws, regulations, and executive orders regulating the handling, use, and dissemination of personally identifiable information in the course of performing a U.S. government contract;

- laws, regulations, and executive orders governing organizational conflicts of interest that may restrict our ability to compete for certain U.S. government contracts because of the work that we currently perform for the U.S. government or may require that we take measures such as firewalling off certain employees or restricting their future work activities due to the current work that they perform under a U.S. government contract;

- laws, regulations and executive orders that impose requirements on us to ensure compliance with requirements and protect the government from risk related to our supply chain;

- the Contractor Business Systems rule, which authorizes Department of Defense clients to withhold a portion of our payments if we are determined to have a significant deficiency in our accounting, cost estimating, purchasing, earned value management, material management and accounting, and/or property management system; and

- the Cost Accounting Standards and Cost Principles, which impose accounting requirements that govern our right to reimbursement under certain cost-based U.S. government contracts and require consistency of accounting practices over time.

Given the magnitude of our revenue derived from contracts with the Department of Defense, the Defense Contract Audit Agency, or DCAA, is our cognizant government audit agency. The DCAA audits the adequacy of our internal control systems and policies including, among other areas, compensation. As a result of its audits, the DCAA may determine that a portion of our employee compensation is unallowable. See "Item 1A. Risk Factors — Risk Related to Our Industry — Our contracts, performance and administrative processes and systems are subject to audits, reviews, investigations and cost adjustments by the U.S. government, which could reduce our revenue, disrupt our business or otherwise materially adversely affect our results of operations."

The U.S. government may revise its procurement practices or adopt new contract rules and regulations at any time. In order to help ensure compliance with these laws and regulations, all of our employees are required to attend ethics training at least annually, as well as other compliance training relevant to their position. Internationally, we are subject to special U.S. government laws and regulations (such as the Foreign Corrupt Practices Act), local government regulations and procurement policies and practices, including regulations relating to import-export control, investments, exchange controls, and repatriation of earnings, as well as varying currency, political, and economic risks.

U.S. government contracts are, by their terms, subject to termination by the U.S. government either for its convenience or default by the contractor. In addition, U.S. government contracts are conditioned upon the continuing availability of Congressional appropriations. Congress usually appropriates funds for a given program on a September 30 fiscal year basis, even though contract performance may take many years. As is common in the industry, our company is subject to business risks, including changes in governmental appropriations, national defense policies, service modernization plans, and availability of funds. Any of these factors could materially adversely affect our company's business with the U.S. government in the future.

The U.S. government has a broad range of actions that it can instigate in order to enforce its procurement policies. These include proposing a contractor or certain of its operations for debarment or suspending or debarring a contractor or certain of its operations from future government business. On February 6, 2012, our San Antonio office was proposed for debarment by the U.S. Air Force and listed on the government's Excluded Parties List System (EPLS) website. Although the government's action did not terminate ongoing work under existing contracts; it affected the ability of our San Antonio office to attain new government business. This matter arose from actions of a former government employee hired by us who inappropriately retained and shared sensitive information about a pending government procurement in violation of the Company's policies and high standards of ethical conduct. On April 13, 2012, our operating subsidiary, Booz Allen Hamilton Inc., entered in an Administrative Agreement with the U.S. Air Force, which lifted the proposed debarment and removed our San Antonio office from the U.S. government's Excluded Parties List System. As a result, our San Antonio office is now eligible to compete for new contracts with the U.S. federal government.

Pursuant to the Administrative Agreement, we accepted responsibility for the incident that gave rise to the proposed debarment and related matters. In addition, we agreed to implement firm-wide enhancements to our ethics and compliance program, including future improvements identified by external advisors, to significantly mitigate the possibility of a re-occurrence of such issues. During the three-year term of the Administrative Agreement, which began on April 13, 2012 (or, if the Air Force determines at any time during such three year period that the Company is not fully compliant with the Administrative Agreement, from the reestablishment of full compliance as determined by the Air Force), we have agreed, among other things, to file quarterly reports with the Air Force regarding the implementation of our remedial measures and adhere to a number of provisions relating to the disclosure of violations of the law or employee misconduct under our ethics and compliance program.

See "Item 1A. Risk Factors — Risks Related to Our Business — We are required to comply with numerous laws and regulations, some of which are highly complex, and our failure to comply could result in fines or civil or criminal penalties or suspension or debarment by the U.S. government that could result in our inability to continue to work on or receive U.S. government contracts, which could materially and adversely affect our results of operations."

Available Information

We file annual, quarterly, and current reports and other information with the SEC. You may read and copy any documents that we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 to obtain further information about the public reference room. In addition, the SEC maintains an Internet website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding registrants that file electronically with the SEC, including us. You may also access, free of charge, our reports filed with the SEC (for example, our Annual Report on Form 10-K, our Quarterly Reports on Form 10-Q, and our Current Reports on Form 8-K and any amendments to those forms) through the "Investors" portion of our Internet website (www.boozallen.com). Reports filed with or furnished to the SEC will be available as soon as reasonably practicable after they are filed with or furnished to the SEC. Our website is included in this Annual Report as an inactive textual reference only. The information found on our website is not part of this or any other report filed with or furnished to the SEC.

Item 1A. ***Risk Factors***

You should consider and read carefully all of the risks and uncertainties described below, as well as other information included in this Annual Report, including our consolidated financial statements and related notes. The risks described below are not the only ones facing us. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition, or results of operations. This Annual Report also contains forward-looking statements and estimates that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of specific factors, including the risks and uncertainties described below.

Risks Related to Our Business

We depend on contracts with U.S. government agencies for substantially all of our revenue. If our relationships with such agencies are harmed, our future revenue and operating profits would decline.

The U.S. government is our primary client, with revenue from contracts and task orders, either as a prime or a subcontractor, with U.S. government agencies accounting for 98% of our revenue for fiscal 2014. Our belief is that the successful future growth of our business will continue to depend primarily on our ability to be awarded work under U.S. government contracts, as we expect this will be the primary source of all of our revenue in the foreseeable future. For this reason, any issue that compromises our relationship with the U.S. government generally or any U.S. government agency that we serve would cause our revenue to decline. Among the key factors in maintaining our relationship with U.S. government agencies are our performance on contracts and task orders, the strength of our professional reputation, compliance with applicable laws and regulations, and the strength of our relationships with client personnel. In addition, the mishandling or the perception of mishandling of sensitive information, such as our failure to maintain the confidentiality of the existence of our business relationships with certain of our clients, including as a result of misconduct or other improper activities by our employees or subcontractors, or a failure to maintain adequate protection against security breaches, including those resulting from cyber attacks, could harm our relationship with U.S. government agencies. Our relationship with the U.S. government could also be damaged as a result of an agency's dissatisfaction with work performed by us, a subcontractor, or other third parties who provide services or products for a specific project for any reason, including due to perceived or actual deficiencies in the performance or quality of our work, and we may incur additional costs to address any such situation and the profitability of that work might be impaired. Further, negative publicity concerning government contractors in general or us in particular may harm our reputation with federal government contractors. To the extent our reputation or relationships with U.S. government agencies is impaired, our revenue and operating profits could materially decline.

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

Our business depends upon continued U.S. government expenditures on defense, intelligence, and civil programs for which we provide support. These expenditures have not remained constant over time, have been reduced in certain periods and, recently, have been affected by the U.S. government's efforts to improve efficiency and reduce costs affecting federal government programs generally. Our business, prospects, financial condition, or operating results could be materially harmed, among other causes, by the following:

- budgetary constraints, including Congressionally mandated automatic spending cuts, affecting U.S. government spending generally, or specific agencies in particular, and changes in available funding;
- a shift in expenditures away from agencies or programs that we support;
- reduced U.S. government outsourcing of functions that we are currently contracted to provide, including as a result of 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;
- further efforts to improve efficiency and reduce costs affecting federal government programs;
- changes in U.S. government programs that we support or related requirements;
- a continuation of recent efforts by the U.S. government to decrease spending for management support service contracts;
- U.S. government shutdowns due to a failure by elected officials to fund the government (such as that which occurred during government fiscal year 2014) or weather-related closures in the Washington, DC area (such as that which occurred in the winter of 2013) and other potential delays in the appropriations process;
- U.S. government agencies awarding contracts on a technically acceptable/lowest cost basis in order to reduce expenditures;
- delays in the payment of our invoices by government payment offices;
- an inability by the U.S. government to fund its operations as a result of a failure to increase the federal government's debt ceiling, a credit downgrade of U.S. government obligations or for any other reason; and
- changes in the political climate and general economic conditions, including a slowdown of the economy or unstable economic conditions and responses to conditions, such as emergency spending, that reduce funds available for other government priorities.

In addition, any disruption in the functioning of U.S. government agencies, including as a result of U.S. government closures and shutdowns, terrorism, war, natural disasters, destruction of U.S. government facilities, and other potential calamities could have a negative impact on our operations and cause us to lose revenue or incur additional costs due to, among other things, our inability to deploy our staff to client locations or facilities as a result of such disruptions.

The U.S. government budget deficits, the national debt, and the prevailing economic condition, and actions taken to address them, could continue to negatively affect the U.S. government expenditures on defense, intelligence, and civil programs for which we provide support. The Department of Defense is one of our significant clients and cost cutting, including through consolidation and elimination of duplicative organizations and insourcing, has become a major initiative for the Department of Defense. In particular, the Budget Control Act of 2011 (as amended by the American Taxpayer Relief Act of 2012 and the Consolidated Appropriations Act, 2014) requires a ten-year $487 billion reduction to baseline spending of the Department of Defense and provides for automatic spending cuts (referred to as sequestration) totaling approximately $1.2 trillion between 2013 and 2021, including an estimated $500 billion in federal defense spending cuts over this time period. The Consolidated Appropriations Act, 2014, which provides funding for federal government agencies through the end of the current U.S. government fiscal year ending September 30, 2014, implements the approximately $64 billion in mandated 2014 sequestration cuts, including approximately $30 billion in reduced funding to the Department of Defense. On March 4, 2014, President Obama released his U.S. government fiscal year 2015 budget proposal, which would increase federal spending by $56 billion above the total approved by the Bipartisan Budget Act, with $28 billion designated to defense programs. It is unclear, however, whether Congress will enact any of the President's proposed budget increases, and there remains uncertainty regarding how sequester cuts beyond government fiscal year 2015 will be applied to the Department of Defense and other agencies. While recent budget actions reflect a more measured and strategic approach to addressing the U.S. government's fiscal challenges, there remains uncertainty as to how exactly budget cuts, including sequestration, will impact us, and we are therefore unable to predict the extent of the impact of such cuts on our business and results of operations. However, a reduction in the amount of services that we are contracted to provide to the Department of Defense as a result of any of these related initiatives, legislation or otherwise could have a material adverse effect on our business and results of operations. In addition, in response to an Office of Management and Budget mandate, government agencies have reduced management support services spending in recent years. If federal awards for management support services continue to decline, our revenue and operating profits may materially decline and further efforts by the Office of Management and Budget to decrease federal awards for management support services could have a material and adverse effect on our business and results of operations.

These or other factors could cause our defense, intelligence, or civil clients to decrease the number of new contracts awarded generally and fail to award us new contracts, reduce their purchases under our existing contracts, exercise their right to terminate our contracts, or not exercise options to renew our contracts, any of which could cause a material decline in our revenue.

We are required to comply with numerous laws and regulations, some of which are highly complex, and our failure to comply could result in fines or civil or criminal penalties or suspension or debarment by the U.S. government that could result in our inability to continue to work on or receive U.S. government contracts, which could materially and adversely affect our results of operations.

As a U.S. government contractor, we must comply with laws and regulations relating to the formation, administration, and performance of U.S. government contracts, which affect how we do business with our clients. Such laws and regulations may potentially impose added costs on our business and our failure to comply with them may lead to civil or criminal penalties, termination of our U.S. government contracts, and/or suspension or debarment from contracting with federal agencies. Some significant laws and regulations that affect us include:

- FAR, and agency regulations supplemental to the FAR, which regulate the formation, administration, and performance of U.S. government contracts. For example, FAR 52.203-13 requires contractors to establish a Code of Business Ethics and Conduct, implement a comprehensive internal control system, and report to the government when the contractor has credible evidence that a principal, employee, agent, or subcontractor, in connection with a government contract, has violated certain federal criminal laws, violated the civil False Claims Act, or has received a significant overpayment;
- the False Claims Act and False Statements Act, which impose civil and criminal liability for presenting false or fraudulent claims for payments or reimbursement, and making false statements to the U.S. government, respectively;
- the Truth in Negotiations Act, which requires certification and disclosure of cost and pricing data in connection with the negotiation of a contract, modification, or task order;
- post government employment laws and regulations, which restrict the ability of a contractor to recruit, hire, and deploy former employees of the U.S. government;
- laws, regulations, and executive orders restricting the use and dissemination of information classified for national security purposes and the export of certain products, services, and technical data, including requirements regarding any applicable licensing of our employees involved in such work; and
- the FAR Cost Accounting Standards and Cost Principles, which impose accounting requirements that govern our right to reimbursement under certain cost-based U.S. government contracts and require consistency of accounting practices over time.

In addition, the U.S. government adopts new laws, rules, and regulations from time to time that could have a material impact on our results of operations.

Our performance under our U.S. government contracts and our compliance with the terms of those contracts and applicable laws and regulations are subject to periodic audit, review, and investigation by various agencies of the U.S. government and the current environment has led to increased regulatory scrutiny and sanctions for non-compliance by such agencies generally. In addition, from time to time we report potential or actual violations of applicable laws and regulations to the relevant governmental authority. Any such report of a potential or actual violation of applicable laws or regulations could lead to an audit, review, or investigation by the relevant agencies of the U.S. government. If such an audit, review, or investigation uncovers a violation of a law or regulation, or improper or illegal activities relating to our U.S. government contracts, we may be subject to civil or criminal penalties or administrative sanctions, including the termination of contracts, forfeiture of profits, the triggering of price reduction clauses, withholding of payments, suspension of payments, fines and suspension, or debarment from contracting with U.S. government agencies. Such penalties and sanctions are not uncommon in the industry and there is inherent uncertainty as to the outcome of any particular audit, review, or investigation. If we incur a material penalty or administrative sanction or otherwise suffer harm to our reputation, our profitability, cash position, and future prospects could be materially and adversely affected.

Further, if the U.S. government were to initiate suspension or debarment proceedings against us or if we are indicted for or convicted of illegal activities relating to our U.S. government contracts following an audit, review, or investigation, we may lose our ability to be awarded contracts in the future or receive renewals of existing contracts for a period of time which could materially and adversely affect our results of operations or financial condition. We could also suffer harm to our reputation if allegations of impropriety were made against us, which would impair our ability to win awards of contracts in the future or receive renewals of existing contracts. See “Item 1. Business — Regulation."

We derive a majority of our revenue from contracts awarded through a competitive bidding process, and our revenue and profitability may be adversely affected if we are unable to compete effectively in the process or if there are delays caused by our competitors protesting major contract awards received by us.

We derive a majority of our revenue from U.S. government contracts awarded through competitive bidding processes. We do not expect this to change for the foreseeable future. Our failure to compete effectively in this procurement environment would have a material adverse effect on our revenue and profitability.

The competitive bidding process involves risk and significant costs to businesses operating in this environment, including:

- the necessity to expend resources, make financial commitments (such as procuring leased premises) and bid on engagements in advance of the completion of their design, which may result in unforeseen difficulties in execution, cost overruns and, in the case of an unsuccessful competition, the loss of committed costs;
- the substantial cost and managerial time and effort spent to prepare bids and proposals for contracts that may not be awarded to us;
- the ability to accurately estimate the resources and costs that will be required to service any contract we are awarded;
- the expense and delay that may arise if our competitors protest or challenge contract awards made to us pursuant to competitive bidding, and the risk that any such protest or challenge could result in the resubmission of bids on modified specifications, or in termination, reduction, or modification of the awarded contract; and
- any opportunity cost of bidding and winning other contracts we might otherwise pursue.

In circumstances where contracts are held by other companies and are scheduled to expire, we still may not be provided the opportunity to bid on those contracts if the U.S. government determines to extend the existing contract. If we are unable to win particular contracts that are awarded through the competitive bidding process, we may not be able to operate in the market for services that are provided under those contracts for the duration of those contracts to the extent that there is no additional demand for such services. An inability to consistently win new contract awards over any extended period would have a material adverse effect on our business and results of operations.

The current competitive environment has resulted in an increase in the number of bid protests from unsuccessful bidders on new program awards. It can take many months for the relevant U.S. government agency to resolve protests by one or more of our competitors of contract awards we receive. Bid protests may result in significant expense to us, contract modification or loss of an awarded contract as a result of the award being overturned. Even where we do not lose the awarded contract, the resulting delay in the start up and funding of the work under these contracts may cause our actual results to differ materially and adversely from those anticipated.

We may lose GSA schedules or our position as a prime contractor on one or more of our GWACs.

We believe that one of the key elements of our success is our position as the holder of 15 GSA schedules, and as a prime contractor under three GWACs as of March 31, 2014. Our ability to maintain our existing business and win new business depends on our ability to maintain our position as a GSA schedule contractor and a prime contractor on GWACs. The loss of any of our GSA schedules or our prime contractor position on any of our contracts could have a material adverse effect on our ability to win new business and our operating results. In addition, if the U.S. government elects to use a contract vehicle that we do not hold, we will not be able to compete for work under that contract vehicle as a prime contractor.

We may earn less revenue than projected, or no revenue, under certain of our contracts.

Many of our contracts with our clients are ID/IQ contracts, including GSA schedules and GWACs. ID/IQ contracts provide for the issuance by the client of orders for services or products under the contract, and often contain multi-year terms and unfunded ceiling amounts, which allow but do not commit the U.S. government to purchase products and services from contractors. Our ability to generate revenue under each of these types of contracts depends upon our ability to be awarded task orders for specific services by the client. ID/IQ contracts may be awarded to one contractor (single award) or several contractors (multiple award). Multiple contractors must compete under multiple award ID/IQ contracts for task orders to provide particular services, and contractors earn revenue only to the extent that they successfully compete for these task orders. In fiscal 2014, fiscal 2013, and fiscal 2012, our revenue under our GSA schedules and GWACs accounted for 21%, 19% and 20%, respectively, of our total revenue. A failure to be awarded task orders under such contracts would have a material adverse effect on our results of operations and financial condition.

Our earnings and profitability may vary based on the mix of our contracts and may be adversely affected by our failure to accurately estimate or otherwise recover the expenses, time, and resources for our contracts.

We enter into three general types of U.S. government contracts for our services: cost-reimbursable, time-and-materials, and fixed-price. For fiscal 2014, we derived 55% of our revenue from cost-reimbursable contracts, 28% from time-and-materials contracts and 17% from fixed-price contracts.

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

Under cost-reimbursable contracts, we are reimbursed for allowable costs up to a ceiling and paid a fee, which may be fixed or performance-based. If our actual costs exceed the contract ceiling or are not allowable under the terms of the contract or applicable regulations, we may not be able to recover those costs. In particular, there is increasing focus by the U.S. government on the extent to which government contractors, including us, are able to receive reimbursement for employee compensation, including recent rules under the Bipartisan Budget Act of 2013 that expand the scope of existing reimbursement limitations by reducing allowable annual employee compensation to certain contractors. In addition, there is an increased risk of compensation being deemed unallowable or payments being withheld as a result of U.S. government audit, review or investigation.

Under time-and-materials contracts, we are reimbursed for labor at negotiated hourly billing rates and for certain allowable expenses. We assume financial risk on time-and-materials contracts because our costs of performance may exceed these negotiated hourly rates.

Under fixed-price contracts, we perform specific tasks for a pre-determined price. Compared to time-and-materials and cost-reimbursable contracts, fixed-price contracts generally offer higher margin opportunities because we receive the benefits of any cost savings, but involve greater financial risk because we bear the impact of any cost overruns. The U.S. government has generally indicated that it intends to increase its use of fixed price contract procurements. Because we assume the risk for cost overruns and contingent losses on fixed-price contracts, an increase in the percentage of fixed-price contracts in our contract mix would increase our risk of suffering losses.

Additionally, our profits could be adversely affected if our costs under any of these contracts exceed the assumptions we used in bidding for the contract. For example, we may miscalculate the costs, resources, or time needed to complete projects or meet contractual milestones as a result of delays on a particular project, including delays in designs, engineering information, or materials provided by the customer or a third party, delays or difficulties in equipment and material delivery, schedule changes, and other factors, some of which are beyond our control. We have recorded provisions in our consolidated financial statements for losses on our contracts, as required under U.S. Generally Accepted Accounting Principles, or GAAP, but our contract loss provisions may not be adequate to cover all actual losses that we may incur in the future.

Our professional reputation is critical to our business, and any harm to our reputation could decrease the amount of business the U.S. government does with us, which could have a material adverse effect on our future revenue and growth prospects.

We depend on our contracts with U.S. government agencies for substantially all of our revenue and if our reputation or relationships with these agencies were harmed, our future revenue and growth prospects would be materially and adversely affected. Our reputation and relationship with the U.S. government is a key factor in maintaining and growing revenue under contracts with the U.S. government. Negative press reports regarding poor contract performance, employee misconduct, information security breaches, or other aspects of our business, or regarding government contractors generally, could harm our reputation. In addition, to the extent our performance under a contract does not meet a U.S. government agency's expectations, the client might seek to terminate the contract prior to its scheduled expiration date, provide a negative assessment of our performance to government-maintained contractor past-performance data repositories, fail to award us additional business under existing contracts or otherwise, and direct future business to our competitors. If our reputation with these agencies is negatively affected, or if we are suspended or debarred from contracting with government agencies for any reason, such actions would decrease the amount of business that the U.S. government does with us, which would have a material adverse effect on our future revenue and growth prospects.

We use estimates in recognizing revenue and if we make changes to estimates used in recognizing revenue, our profitability may be adversely affected.

Revenue from our fixed-price contracts is primarily recognized using the percentage-of-completion method with progress toward completion of a particular contract based on actual costs incurred relative to total estimated costs to be incurred over the life of the contract. Revenue from our cost-plus-award-fee contracts are based on our estimation of award fees over the life of the contract. Estimating costs at completion and award fees on our long-term contracts is complex and involves significant judgment. Adjustments to original estimates are often required as work progresses, experience is gained, and additional information becomes known, even though the scope of the work required under the contract may not change. Any adjustment as a result of a change in estimate is recognized as events become known.

In the event updated estimates indicate that we will experience a loss on the contract, we recognize the estimated loss at the time it is determined. Additional information may subsequently indicate that the loss is more or less than initially recognized, which requires further adjustments in our consolidated financial statements. Changes in the underlying assumptions, circumstances, or estimates could result in adjustments that could have a material adverse effect on our future results of operations.

We may not realize the full value of our backlog, which may result in lower than expected revenue.

As of March 31, 2014, our total backlog was $9.8 billion, of which $2.3 billion was funded. 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 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.

Backlog does not include any task orders under ID/IQ contracts, including GWACs and GSA schedules, except to the extent that task orders have been awarded to us under those contracts.

We historically have not realized all of the revenue included in our total backlog, and we may not realize all of the revenue included in our total backlog in the future. There is a somewhat higher degree of risk in this regard with respect to unfunded backlog and priced options. In addition, there can be no assurance that our backlog will result in actual revenue in any particular period. This is because the actual receipt, timing, and amount of revenue under contracts included in backlog are subject to various contingencies, including congressional appropriations, many of which are beyond our control. In particular, delays in the completion of the U.S. government's budgeting process and the use of continuing resolutions could adversely affect our ability to timely recognize revenue under our contracts included in backlog. Furthermore, the actual receipt of revenue from contracts included in backlog may never occur or may be delayed because: a program schedule could change or the program could be canceled; a contract's funding or scope could be reduced, modified, delayed, or terminated early, including as a result of a lack of appropriated funds or as a result of cost cutting initiatives and other efforts to reduce U.S. government spending such as the initiatives announced by the Secretary of Defense in March 2011 and/or the automatic federal defense spending cuts required by sequestration; in the case of funded backlog, the period of performance for the contract has expired; in the case of unfunded backlog, funding may not be available; or, in the case of priced options, our clients may not exercise their options. In addition, consulting staff headcount growth is the primary means by which we are able to recognize revenue growth. Any inability to hire additional appropriately qualified personnel or failure to timely and effectively deploy such additional personnel against funded backlog could negatively affect our ability to grow our revenue. Furthermore, even if our backlog results in revenue, the contracts may not be profitable.

We may fail to attract, train and retain skilled and qualified employees with appropriate security clearances, which may impair our ability to generate revenue, effectively serve our clients, and execute our growth strategy.

Our business depends in large part upon our ability to attract and retain sufficient numbers of highly qualified individuals who may have advanced degrees in areas such as information technology as well as appropriate security clearances. We compete for such qualified personnel with other U.S. government contractors, the U.S. government, and private industry, and such competition is intense. Personnel with the requisite skills, qualifications, or security clearance may be in short supply or generally unavailable. In addition, our ability to recruit, hire, and internally deploy former employees of the U.S. government is subject to complex laws and regulations, which may serve as an impediment to our ability to attract such former employees, and failure to comply with these laws and regulations may expose us and our employees to civil or criminal penalties. If we are unable to recruit and retain a sufficient number of qualified employees, or fail to deploy such employees or obtain their appropriate security clearances in a timely manner, our ability to maintain and grow our business and to effectively serve our clients could be limited and our future revenue and results of operations could be materially and adversely affected. Furthermore, to the extent that we are unable to make necessary permanent hires to appropriately serve our clients, we could be required to engage larger numbers of contracted personnel, which could reduce our profit margins.

If we are able to attract sufficient numbers of qualified new hires, training and retention costs may place significant demands on our resources. In addition, to the extent that we experience attrition in our employee ranks, we may realize only a limited or no return on such invested resources, and we would have to expend additional resources to hire and train replacement employees. The loss of services of key personnel could also impair our ability to perform required services under some of our contracts and to retain such contracts, as well as our ability to win new business.

We may fail to obtain and maintain necessary security clearances which may adversely affect our ability to perform on certain contracts.

Many U.S. government programs require contractors to have security clearances. Depending on the level of required clearance, security clearances can be difficult and time-consuming to obtain. If we or our employees are unable to obtain or retain necessary security clearances, we may not be able to win new business, and our existing clients could terminate their contracts with us or decide not to renew them. To the extent we are not able to obtain and maintain facility security clearances or engage employees with the required security clearances for a particular contract, we may not be able to bid on or win new contracts, or effectively rebid on expiring contracts, as well as lose existing contracts, which may adversely affect our operating results and inhibit the execution of our growth strategy.

Our profitability could suffer if we are not able to timely and effectively utilize our employees or manage our cost structure.

The cost of providing our services, including the degree to which our employees are utilized, affects our profitability. The degree to which we are able to utilize our employees in a timely manner or at all is affected by a number of factors, including:

- our ability to transition employees from completed projects to new assignments and to hire, assimilate, and deploy new employees;
- our ability to forecast demand for our services and to maintain and deploy headcount that is aligned with demand, including employees with the right mix of skills and experience to support our projects;
- our employees’ inability to obtain or retain necessary security clearances;
- our ability to manage attrition; and
- our need to devote time and resources to training, business development, and other non-chargeable activities.

If our employees are under-utilized, our profit margin and profitability could suffer. Additionally, if our employees are over-utilized, it could have a material adverse effect on employee engagement and attrition, which would in turn have a material adverse impact on our business.

Our profitability is also affected by the extent to which we are able to effectively manage our overall cost structure for operating expenses, such as wages and benefits, overhead and capital and other investment-related expenditures. If we are unable to effectively manage our costs and expense and achieve efficiencies, our competitiveness and profitability may be adversely affected.

We may lose one or more members of our senior management team or fail to develop new leaders, which could cause the disruption of the management of our business.

We believe that the future success of our business and our ability to operate profitably depends on the continued contributions of the members of our senior management and the continued development of new members of senior management. We rely on our senior management to generate business and execute programs successfully. In addition, the relationships and reputation that many members of our senior management team have established and maintain with our clients are important to our business and our ability to identify new business opportunities. We only have employment agreements providing for a restricted stock grant vesting over four years for four of our senior executives. The loss of any member of our senior management or our failure to continue to develop new members could impair our ability to identify and secure new contracts, to maintain good client relations, and to otherwise manage our business.

Our employees or subcontractors may engage in misconduct or other improper activities, which could harm our ability to conduct business with the U.S. government.

We are exposed to the risk that employee or subcontractor fraud or other misconduct could occur. Misconduct by employees or subcontractors could include intentional or unintentional failures to comply with U.S. government procurement regulations, engaging in unauthorized activities, or falsifying time records. Employee or subcontractor misconduct could also involve the improper use of our clients' sensitive or classified information or the failure to comply with legislation or regulations regarding the protection of sensitive or classified information. It is not always possible to deter employee or subcontractor misconduct, and the precautions we take to prevent and detect this activity may not be effective in controlling unknown or unmanaged risks or losses, which could materially harm our business. As a result of such misconduct, our employees could lose their security clearance and we could face fines and civil or criminal penalties, loss of facility clearance accreditation, and suspension, proposed debarment or debarment from bidding for or performing under contracts with the U.S. government, as well as reputational harm, which would materially and adversely affect our results of operations and financial condition. See, for example, "Item 1. Business — Regulation" for a description of the recently resolved debarment proceedings against our San Antonio office.

We face intense competition from many competitors, which could cause us to lose business, lower prices and suffer employee departures.

Our business operates in a highly competitive industry, and we generally compete with a wide variety of U.S. government contractors, including large defense contractors, diversified service providers, and small businesses. We also face competition from entrants into our markets including companies divested by large prime contractors in response to increasing scrutiny of organizational conflicts of interest issues and from market participants formed by or benefiting from industry consolidation. Some of these companies possess greater financial resources and larger technical staffs, and others have smaller and more specialized staffs. These competitors could, among other things:

- divert sales from us by winning very large-scale government contracts, a risk that is enhanced by the recent trend in government procurement practices to bundle services into larger contracts;
- force us to charge lower prices in order to win or maintain contracts;
- seek to hire our employees; or
- adversely affect our relationships with current clients, including our ability to continue to win competitively awarded engagements where we are the incumbent.

If we lose business to our competitors or are forced to lower our prices or suffer employee departures, our revenue and our operating profits could decline. In addition, we may face competition from our subcontractors who, from time to time, seek to obtain prime contractor status on contracts for which they currently serve as a subcontractor to us. If one or more of our current subcontractors are awarded prime contractor status on such contracts in the future, it could divert sales from us and could force us to charge lower prices, which could have a material adverse effect on our revenue and profitability.

Our 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, could have a material adverse effect on our business and results of operations.

Maintaining strong relationships with other U.S. government contractors, who may also be our competitors, is important to our business and our failure to do so could have a material adverse effect on our business, prospects, financial condition, and operating results. To the extent that we fail to maintain good relations with our subcontractors or other prime contractors due to either perceived or actual performance failures or other conduct, they may refuse to hire us as a subcontractor in the future or to work with us as our subcontractor. In addition, other contractors may choose not to use us as a subcontractor or choose not to perform work for us as a subcontractor for any number of additional reasons, including because they choose to establish relationships with our competitors or because they choose to directly offer services that compete with our business.

As a prime contractor, we often rely on other companies to perform some of the work under a contract, and we expect to continue to depend on relationships with other contractors for portions of our delivery of services and revenue in the foreseeable future. If our subcontractors fail to perform their contractual obligations, our operating results and future growth prospects could be impaired. There is a risk that we may have disputes with our subcontractors arising from, among other things, the quality and timeliness of work performed by the subcontractor, client concerns about the subcontractor, our failure to extend existing task orders or issue new task orders under a subcontract, or our hiring of a subcontractor's personnel. In addition, if any of our subcontractors fail to deliver the agreed-upon supplies or perform the agreed-upon services on a timely basis, our ability to fulfill our obligations as a prime contractor may be jeopardized. Material losses could arise in future periods and subcontractor performance deficiencies could result in a client terminating a contract for default. A termination for default could expose us to liability and have an adverse effect on our ability to compete for future contracts and orders.

We estimate that revenue derived from contracts under which we acted as a subcontractor to other companies represented 9% of our revenue for fiscal 2014. As a subcontractor, we often lack control over fulfillment of a contract, and poor performance on the contract could tarnish our reputation, even when we perform as required, and could cause other contractors to choose not to hire us as a subcontractor in the future. If the U.S. government terminates or reduces other prime contractors' programs or does not award them new contracts, subcontracting opportunities available to us could decrease, which would have a material adverse effect on our financial condition and results of operations. In addition, as a subcontractor, we may be unable to collect payments owed to us by the prime contractor, even if we have performed our obligations under the contract, as a result of, among other things, the prime contractor's inability to fulfill the contact. Due to certain common provisions in subcontracts in certain countries, we could also experience delays in receiving payment if the prime contractor experiences payment delays, which could have an adverse effect on our financial condition and results of operations.

Adverse judgments or settlements in legal disputes could result in materially adverse monetary damages or injunctive relief and damage our reputation.

We are subject to, and may become a party to, a variety of litigation or other claims and suits that arise from time to time in the ordinary course of our business. For example, over time, we have had disputes with current and former employees involving alleged violations of civil rights, wage and hour, and worker's compensation laws. Further, as more fully described under "Item 3. Legal Proceedings," six former officers and stockholders who had departed the firm prior to the acquisition have filed suits against our company and certain of our current and former directors and officers. Each of the suits arises out of the acquisition and alleges that the former stockholders are entitled to certain payments that they would have received if they had held their stock at the time of acquisition. The results of litigation and other legal proceedings are inherently uncertain and adverse judgments or settlements in some or all of these legal disputes may result in materially adverse monetary damages or injunctive relief against us. Any claims or litigation, even if fully indemnified or insured, could damage our reputation and make it more difficult to compete effectively or obtain adequate insurance in the future. The litigation and other claims described under the "Item 3. Legal Proceedings" are subject to future developments and management's view of these matters may change in the future.

Systems that we develop, integrate, or maintain could experience security breaches which may damage our reputation with our clients and hinder future contract win rates.

Many of the systems we develop, integrate, or maintain involve managing and protecting information involved in intelligence, national security, and other sensitive or classified government functions. The cyber and security threats that our clients face have grown more frequent and sophisticated. A security breach in one of these systems could cause serious harm to our business, damage our reputation, and prevent us from being eligible for further work on sensitive or classified systems for U.S. government clients. Damage to our reputation or limitations on our eligibility for additional work or any liability resulting from a security breach in one of the systems we develop, install, or maintain could have a material adverse effect on our results of operations.

Internal system or service failures, including as a result of cyber or other security threats, could disrupt our business and impair our ability to effectively provide our services to our clients, which could damage our reputation and have a material adverse effect on our business and results of operations.

We create, implement, and maintain information technology and engineering systems, and provide services that are often critical to our clients' operations, some of which involve classified or other sensitive information and may be conducted in war zones or other hazardous environments. As a result, we are subject to systems or service failures, not only resulting from our own failures or the failures of third-party service providers, natural disasters, power shortages, or terrorist attacks, but also from continuous exposure to cyber and other security threats, including computer viruses, attacks by computer hackers or physical break-ins. There has been an increase in the frequency and sophistication of the cyber and security threats we face, with attacks ranging from those common to businesses generally to those that are more advanced and persistent, which may target us because, as a U.S. Government contractor, we hold classified or other sensitive information. As a result, we face a heightened risk of a security breach or disruption with respect to classified or other sensitive information resulting from an attack by computer hackers, foreign governments, and cyber terrorists. We have been the target of these types of attacks in the past and future attacks are likely to occur. If successful, these types of attacks on our network or other systems or service failures could have a material adverse effect on our business and results of operations, due to, among other things, the loss of client or proprietary data, interruptions or delays in our clients' businesses, and damage to our reputation. In addition, the failure or disruption of our systems, communications, or utilities could cause us to interrupt or suspend our operations, which could have a material adverse effect on our business and results of operations.

If our systems, services, or other applications have significant defects or errors, are successfully attacked by cyber and other security threats, suffer delivery delays, or otherwise fail to meet our clients' expectations, we may:

- lose revenue due to adverse client reaction;

- be required to provide additional services to a client at no charge;
- incur additional costs related to monitoring and increasing our cybersecurity;
- lose revenue due to the deployment of internal staff for remediation efforts instead of client assignments;
- receive negative publicity, which could damage our reputation and adversely affect our ability to attract or retain clients;
- be unable to successfully market services that are reliant on the creation and maintaining of secure information technology systems to U.S. government, international, and commercial clients;
- suffer claims for substantial damages, particularly as a result of any successful network or systems breach and exfiltration of client information; or
- incur significant costs complying with applicable federal or state law, including laws governing protection of personal information.

In addition to any costs resulting from contract performance or required corrective action, these failures may result in increased costs or loss of revenue if they result in clients postponing subsequently scheduled work or canceling or failing to renew contracts.

The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Additionally, some cyber technologies that we utilize or develop may raise potential liabilities related to intellectual property and civil liberties, including privacy concerns, which may not be fully insured or indemnified. Our errors and omissions insurance coverage may not continue to be available on reasonable terms or in sufficient amounts to cover one or more large claims, or the insurer may disclaim coverage as to some types of future claims. The successful assertion of any large claim against us could seriously harm our business. Even if not successful, these claims could result in significant legal and other costs, may be a distraction to our management, and may harm our client relationships. In certain new business areas, we may not be able to obtain sufficient insurance and may decide not to accept or solicit business in these areas.

Failure to adequately protect, maintain, or enforce our rights in our intellectual property may adversely limit our competitive position.

We rely upon a combination of nondisclosure agreements and other contractual arrangements, as well as copyright, trademark, patent, and trade secret laws to protect our proprietary information. We also enter into proprietary information and intellectual property agreements with employees, which require them to disclose any inventions created during employment, to convey such rights to inventions to us, and to restrict any disclosure of proprietary information. Trade secrets are generally difficult to protect. Although our employees are subject to confidentiality obligations, this protection may be inadequate to deter or prevent misappropriation of our confidential information and/or the infringement of our patents and copyrights. Further, we may be unable to detect unauthorized use of our intellectual property or otherwise take appropriate steps to enforce our rights. Failure to adequately protect, maintain, or enforce our intellectual property rights may adversely limit our competitive position.

Assertions by third parties of infringement, misappropriation or other violations by us of their intellectual property rights could result in significant costs and substantially harm our business and operating results.

In recent years, there has been significant litigation involving intellectual property rights in technology industries. We may face from time to time, allegations that we or a supplier or customer have violated the rights of third parties, including patent, trademark, and other intellectual property rights. If, with respect to any claim against us for violation of third-party intellectual property rights, we are unable to prevail in the litigation or retain or obtain sufficient rights or develop non-infringing intellectual property or otherwise alter our business practices on a timely or cost-efficient basis, our business and competitive position may be adversely affected.

Any infringement, misappropriation or related claims, whether or not meritorious, are time consuming, divert technical and management personnel, and are costly to resolve. As a result of any such dispute, we may have to develop non-infringing technology, pay damages, enter into royalty or licensing agreements, cease utilizing certain products or services, or take other actions to resolve the claims. These actions, if required, may be costly or unavailable on terms acceptable to us.

The growth of our U.S. and international business entails risks, including those associated with new relationships, clients, capabilities, service offerings, and maintaining our collaborative culture and core values.

We are focused on growing our presence in our addressable markets by: expanding our relationships with existing clients, developing new clients by leveraging our core competencies, further developing our existing capabilities and service offerings, and creating new capabilities and service offerings to address our clients' emerging needs, and undertaking business development efforts focused on identifying near-term developments and long-term trends that may pose significant challenges for our clients. These efforts entail inherent risks associated with innovation and competition from other participants in those areas, potential failure to help our clients respond to the challenges they face, our ability to comply with uncertain evolving legal standards applicable to certain of our service offerings, including those in the cybersecurity area, and, with respect to potential international growth, risks associated with operating in foreign jurisdictions, such as compliance with applicable foreign and U.S. laws and regulations that may impose different and, occasionally, conflicting or contradictory requirements, and the economic, legal, and political conditions in the foreign jurisdictions in which we operate. As we attempt to develop new relationships, clients, capabilities, and service offerings, these efforts could harm our results of operations due to, among other things, a diversion of our focus and resources and actual costs, opportunity costs of pursuing these opportunities in lieu of others and a failure to reach a profitable return on our investments in new technologies, capabilities, and businesses, including expenses on research and development investments, and these efforts could ultimately be unsuccessful.

In addition, our ability to grow our business by leveraging our operating model to efficiently and effectively deploy our people across our client base is largely dependent on our ability to maintain our collaborative culture. To the extent that we are unable to maintain our culture for any reason, we may be unable to grow our business. Any such failure could have a material adverse effect on our business and results of operations.

In addition, with the growth of our U.S. and international operations, we are now providing client services and undertaking business development efforts in numerous and disparate geographic locations both domestically and internationally. Our ability to effectively serve our clients is dependent upon our ability to successfully leverage our operating model across all of these and any future locations, maintain effective management controls over all of our locations to ensure, among other things, compliance with applicable laws, rules and regulations, and instill our core values in all of our personnel at each of these and any future locations. Any inability to ensure any of the foregoing could have a material adverse effect on our business and results of operations.

Our international operations are subject to U.S. government laws and regulations, such as the Foreign Corrupt Practices Act, and regulations and procurement policies and practices, including regulations to import-export control, which may expose us to liability or impair our ability to compete in international markets.

Our international operations are subject to the U.S. Foreign Corrupt Practices Act, or the FCPA, and other laws that prohibit improper payments or offers of payments to foreign governments and their officials and political parties by U.S. and other business entities for the purpose of obtaining or retaining business. We have operations and deal with governmental customers in countries known to experience corruption, including certain emerging countries in the Middle East. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees, consultants or contractors that could be in violation of various laws including the FCPA, even though these parties are not always subject to our control. We are also subject to import-export control regulations restricting the use and dissemination of information classified for national security purposes and the export of certain products, services, and technical data, including requirements regarding any applicable licensing of our employees involved in such work.

If we were to fail to comply with the FCPA or the applicable import-export control regulations, we could be subject to substantial civil and criminal penalties, including fines for our company and incarceration for responsible employees and managers, and the possible loss of export or import privileges which could have a material adverse effect on our business and results of operations.

Changes to our operating structure, capabilities or strategy intended to address our clients' needs, respond to developments in our markets and grow our business may not be successful.

We routinely review our operating structure, capabilities and strategy to determine whether we are effectively meeting the needs of existing clients, effectively responding to developments in our markets and successfully building a platform intended to provide the foundation for the future growth of our business. The outcome of any such review is difficult to predict and the extent of changes to our business following such a review, if any, are dependent in part upon the nature and extent of the review.

The implementation of these changes, and the implementation of other future changes to our operating structure, capabilities, strategy or any other aspect of our business following an internal review, may materially alter various aspects of our business or our business model as an entirety and there can be no assurance that any such changes will be successful or that they will not ultimately have a negative effect on our business and results of operations.

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

As of March 31, 2014, we had approximately $1.7 billion of debt outstanding. The instruments governing our indebtedness may not prevent us or our subsidiaries from incurring additional debt in the future or other obligations that do not constitute indebtedness, which could increase the risks described below and lead to other risks. In addition, with the closing of our refinancing on May 7, 2014, we may increase the borrowing capacity under our senior secured credit agreement without the consent of any person other than the institutions agreeing to provide all or any portion of such increase, to an amount which would not cause our net consolidated secured leverage ratio to exceed 3.50:1.00, subject to certain closing conditions including pro forma compliance with financial covenants. The amount of our debt or such other obligations could have important consequences, including, but not limited to:

- our ability to satisfy obligations to lenders may be impaired, resulting in possible defaults on and acceleration of our indebtedness;
- our ability to obtain additional financing for refinancing of existing indebtedness, working capital, capital expenditures, product and service development, acquisitions, general corporate purposes, and other purposes may be impaired;
- a substantial portion of our cash flow from operations could be dedicated to the payment of the principal and interest on our debt;
- we may be increasingly vulnerable to economic downturns and increases in interest rates;
- our flexibility in planning for and reacting to changes in our business and the industry may be limited; and
- we may be placed at a competitive disadvantage relative to other firms in our industry.

Our senior secured credit agreement contains financial and operating covenants that limit our operations and could lead to adverse consequences if we fail to comply with them.

Our senior secured credit agreement contains financial and operating covenants relating to, among other things, interest coverage and leverage ratios, as well as limitations on mergers, consolidations and dissolutions, sales of assets, investments and acquisitions, indebtedness and liens, dividends, repurchase of shares of capital stock and options to purchase shares of capital stock, transactions with affiliates, sale and leaseback transactions, and restricted payments. The revolving credit facility matures on May 31, 2019. The Term Loan A and Term Loan B facilities mature on May 31, 2019 and July 31, 2019, respectively. Failure to meet these financial and operating covenants could result from, among other things, changes in our results of operations, the incurrence of debt, or changes in general economic conditions, which may be beyond our control. These covenants may restrict our ability to engage in transactions that we believe would otherwise be in the best interests of our stockholders, which could harm our business and operations.

Many of our contracts with the U.S. government are classified or subject to other security restrictions, which may limit investor insight into portions of our business.

For fiscal 2014, we derived a substantial portion of our revenue from contracts with the U.S. government that are classified or subject to security restrictions that preclude the dissemination of certain information. In addition, a significant number of our employees have security clearances which preclude them from providing information regarding certain of our clients and services provided to such clients to other of our employees without security clearances and investors. Because we are limited in our ability to provide information about these contracts and services, the various risks associated with these contracts or services or any dispute or claims relating to such contracts or services, you may not have important information concerning our business, which will limit your insight into a substantial portion of our business and therefore may be less able to fully evaluate the risks related to that portion of our business.

If we cannot collect our receivables or if payment is delayed, our business may be adversely affected by our inability to generate cash flow, provide working capital, or continue our business operations.

We depend on the timely collection of our receivables to generate cash flow, provide working capital, and continue our business operations. If the U.S. government or any prime contractor for whom we are a subcontractor fails to pay or delays the payment of invoices for any reason, our business and financial condition may be materially and adversely affected. The U.S. government may delay or fail to pay invoices for a number of reasons, including lack of appropriated funds, lack of an approved budget, or as a result of audit findings by government regulatory agencies. Some prime contractors for whom we are a subcontractor have significantly fewer financial resources than we do, which may increase the risk that we may not be paid in full or that payment may be delayed.

Recent efforts by the U.S. government to revise its organizational conflict of interest rules could limit our ability to successfully compete for new contracts or task orders, which would adversely affect our results of operations.

Recent efforts by the U.S. government to reform its procurement practices have focused, among other areas, on the separation of certain types of work to facilitate objectivity and avoid or mitigate organizational conflicts of interest and the strengthening of regulations governing organizational conflicts of interest. Organizational conflicts of interest may arise from circumstances in which a contractor has:

- impaired objectivity during performance;
- unfair access to non-public information; or
- the ability to set the "ground rules" for another procurement for which the contractor competes.

A focus on organizational conflicts of interest issues has resulted in legislation and a proposed regulation aimed at increasing organizational conflicts of interest requirements, including, among other things, separating sellers of products and providers of advisory services in major defense acquisition programs. In addition, the U.S. government is working to adopt a FAR rule to address organizational conflicts of interest issues that will apply to all government contractors, including us, in Department of Defense and other procurements. A future FAR rule may also increase the restrictions in current organizational conflicts of interest regulations and rules. To the extent that proposed and future organizational conflicts of interest laws, regulations, and rules, limit our ability to successfully compete for new contracts or task orders with the U.S. government, either because of organizational conflicts of interest issues arising from our business, or because companies with which we are affiliated, including through Carlyle, or with which we otherwise conduct business, create organizational conflicts of interest issues for us, our results of operations could be materially and adversely affected.

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

As part of our operating strategy, we may continue to selectively pursue acquisitions. This could pose many risks, including:

- we may not be able to identify suitable acquisition candidates at prices we consider attractive;
- we may not be able to compete successfully for identified acquisition candidates, complete acquisitions, or accurately estimate the financial effect of acquisitions on our business;
- future acquisitions may require us to issue common stock or spend significant cash, resulting in dilution of ownership or additional debt leverage;
- we may have difficulty retaining an acquired company's key employees or clients;
- we may have difficulty integrating acquired businesses, resulting in unforeseen difficulties, such as incompatible accounting, information management, or other control systems, and greater expenses than expected;
- acquisitions may disrupt our business or distract our management from other responsibilities;
- as a result of an acquisition, we may incur additional debt and we may need to record write-downs from future impairments of intangible assets, each of which could reduce our future reported earnings; and
- we may have difficulty integrating personnel from the acquired company with our people and our core values.

In connection with any acquisition that we make, there may be liabilities that we fail to discover or that we inadequately assess, and we may fail to discover any failure of a target company to have fulfilled its contractual obligations to the U.S. government or other clients. Acquired entities may not operate profitably or result in improved operating performance. Additionally, we may not realize anticipated synergies, business growth opportunities, cost savings, and other benefits we anticipate, which could have a material adverse effect on our business and results of operations.

Risks Related to Our Industry

Our U.S. government contracts may be terminated by the government at any time and may contain other provisions permitting the government to discontinue contract performance, and if lost contracts are not replaced, our operating results may differ materially and adversely from those anticipated.

U.S. government contracts contain provisions and are subject to laws and regulations that provide government clients with rights and remedies not typically found in commercial contracts. These rights and remedies allow government clients, among other things, to:

- terminate existing contracts, with short notice, for convenience as well as for default;
- reduce orders under or otherwise modify contracts;
- for contracts subject to the Truth in Negotiations Act, reduce the contract price or cost where it was increased because a contractor or subcontractor furnished cost or pricing data during negotiations that was not complete, accurate, and current;
- for some contracts, (i) demand a refund, make a forward price adjustment, or terminate a contract for default if a contractor provided inaccurate or incomplete data during the contract negotiation process and (ii) reduce the contract

price under certain triggering circumstances, including the revision of price lists or other documents upon which the contract award was predicated;

- terminate our facility security clearances and thereby prevent us from receiving classified contracts;
- cancel multi-year contracts and related orders if funds for contract performance for any subsequent year become unavailable;
- decline to exercise an option to renew a multi-year contract or issue task orders in connection with ID/IQ contracts;
- claim rights in solutions, systems, and technology produced by us, appropriate such work-product for their continued use without continuing to contract for our services and disclose such work-product to third parties, including other U.S. government agencies and our competitors, which could harm our competitive position;
- prohibit future procurement awards with a particular agency due to a finding of organizational conflicts of interest based upon prior related work performed for the agency that would give a contractor an unfair advantage over competing contractors, or the existence of conflicting roles that might bias a contractor's judgment;
- subject the award of contracts to protest by competitors, which may require the contracting federal agency or department to suspend our performance pending the outcome of the protest and may also result in a requirement to resubmit offers for the contract or in the termination, reduction, or modification of the awarded contract;
- suspend or debar us from doing business with the U.S. government; and
- control or prohibit the export of our services.

Recent and potential future budget cuts, the impact of sequestration and recent efforts by the Office of Management and Budget to decrease federal awards for management support services, may cause agencies with which we currently have contracts to terminate, reduce the number of task orders under or fail to renew such contracts. If a U.S. government client were to unexpectedly terminate, cancel, or decline to exercise an option to renew with respect to one or more of our significant contracts, or suspend or debar us from doing business with the U.S. government, our revenue and operating results would be materially harmed.

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

The U.S. government may:

- revise its procurement practices or adopt new contract laws, rules, and regulations, such as cost accounting standards, organizational conflicts of interest, and other rules governing inherently governmental functions at any time;
- reduce, delay, or cancel procurement programs resulting from U.S. government efforts to improve procurement practices and efficiency;
- limit the creation of new government-wide or agency-specific multiple award contracts;
- face restrictions or pressure from government employees and their unions regarding the amount of services the U.S. government may obtain from private contractors;
- award contracts on a technically acceptable/lowest cost basis in order to reduce expenditures, and we may not be the lowest cost provider of services;
- adopt new socio-economic requirements, including setting aside funds to small, disadvantaged businesses;
- change the basis upon which it reimburses our compensation and other expenses or otherwise limit such reimbursements; and
- at its option, terminate or decline to renew our contracts.

In addition, any new contracting methods could be costly or administratively difficult for us to implement and could adversely affect our future revenue and profit margin. In addition, changes to the procurement system could cause delays in the procurement decision-making process. Any such changes to the U.S. government's procurement practices or the adoption of new contracting rules or practices could impair our ability to obtain new or re-compete contracts and any such changes or increased associated costs could materially and adversely affect our results of operations.

As part of its cost-cutting initiative, the Department of Defense has issued guidance regarding changes to the procurement process that is intended to control cost growth throughout the acquisition cycle by developing a competitive strategy for each program. Because this initiative may significantly change the way the U.S. government solicits, negotiates, and manages its contracts, it could result in an increase in competitive pressure and decreased profitability on contracts and have a material adverse effect on our results of operations.

The U.S. government may prefer minority-owned, small and small disadvantaged businesses; therefore, we may not win contracts we bid for.

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

Our contracts, performance, and administrative processes and systems are subject to audits, reviews, investigations, and cost adjustments by the U.S. government, which could reduce our revenue, disrupt our business or otherwise materially adversely affect our results of operation.

U.S. government agencies routinely audit, review, and investigate government contracts and government contractors' administrative processes and systems. These agencies review our performance on contracts, pricing practices, cost structure, and compliance with applicable laws, regulations and standards, including applicable government cost accounting standards. These agencies also review our compliance with government regulations and policies, and the DCAA audits, among other areas, the adequacy of our internal control systems and policies, including our purchasing, property, estimating, earned value and accounting systems. These internal control systems could focus on significant elements of costs, such as executive compensation. Determination of a significant internal control deficiency by a government agency could result in increased payment withholding that might materially increase our accounts receivable days sales outstanding and adversely affect our cash flow. In particular, over time the DCMA has increased and may continue to increase the proportion of executive compensation that it deems unallowable and the size of the executive population whose compensation is disallowed, which will continue to materially and adversely affect our results of operations or financial condition including the requirement to carry an increased level of reserves. We recognize as revenue, net of reserves, executive compensation that we determine, based on management's estimates, to be allowable; management's estimates in this regard are based on a number of factors that may change over time, including executive compensation survey data, our and other government contractors' experiences with the DCAA audit practices in our industry and relevant decisions of courts and boards of contract appeals. Any costs found to be unallowable under a contract will not be reimbursed, and any such costs already reimbursed must be refunded. Further, the amount of any such refund may exceed reserves established by management based on estimates and assumptions that are inherently uncertain. Moreover, if any of the administrative processes and systems are found not to comply with government imposed requirements, we may be subjected to increased government scrutiny and approval that could delay or otherwise adversely affect our ability to compete for or perform contracts. Unfavorable U.S. government audit, review, or investigation results could subject us to civil or criminal penalties or administrative sanctions, and could harm our reputation and relationships with our clients and impair our ability to be awarded new contracts. For example, if our invoicing system were found to be inadequate following an audit by the DCAA, our ability to directly invoice U.S. government payment offices could be eliminated. As a result, we would be required to submit each invoice to the DCAA for approval prior to payment, which could materially increase our accounts receivable days sales outstanding and adversely affect our cash flow. In addition, proposed regulatory changes, if adopted, would require the Department of Defense's contracting officers to impose contractual withholdings at no less than certain minimum levels based on assessments of a contractor's business systems. An unfavorable outcome to an audit, review, or investigation by any U.S. government agency could materially and adversely affect our relationship with the U.S. government. If a government investigation uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeitures of profits, withholding of payments, suspension of payments, fines, and suspension or debarment from doing business with the U.S. government. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us. Provisions that we have recorded in our financial statements as a compliance reserve may not cover actual losses. Furthermore, the disallowance of any costs previously charged could directly and negatively affect our current results of operations for the relevant prior fiscal periods, and we could be required to repay any such disallowed amounts. Each of these results could materially and adversely affect our results of operations or financial condition.

A delay in the completion of the U.S. government's budget process could result in a reduction in our backlog and have a material adverse effect on our revenue and operating results.

On an annual basis, the U.S. Congress must approve budgets that govern spending by each of the federal agencies we support. When the U.S. Congress is unable to agree on budget priorities, and thus is unable to pass the annual budget on a timely basis, the U.S. Congress typically enacts a continuing resolution. A continuing resolution allows government agencies to operate at spending levels approved in the previous budget cycle. Most recently, in the absence of an annual budget for the government's current fiscal year, a continuing resolution provided funding through the end of September 30, 2013 for certain government agencies and departments. Under a continuing resolution, funding may not be available for new projects. In addition, when government agencies operate on the basis of a continuing resolution, they may delay funding we expect to receive on contracts we are already performing. Any such delays would likely result in new business initiatives being delayed or cancelled and a reduction in our backlog, and could have a material adverse effect on our revenue and operating results. In addition, a failure to complete the budget process and fund government operations pursuant to a continuing resolution may result in a federal government shutdown (such as that which occurred during government fiscal year 2014). A shutdown may result in us incurring substantial costs without reimbursement under our contracts and the delay or cancellation of key programs, which could have a material adverse effect on our revenue and operating results.

Risks Related to Our Common Stock

Booz Allen Holding is a holding company with no operations of its own, and it depends on its subsidiaries for cash to fund all of its operations and expenses, including to make future dividend payments, if any.

The operations of Booz Allen Holding are conducted almost entirely through its subsidiaries and its ability to generate cash to meet its debt service obligations or to pay dividends is highly dependent on the earnings and the receipt of funds from its subsidiaries via dividends or intercompany loans. Further, our senior secured credit agreement significantly restricts the ability of our subsidiaries to pay dividends or otherwise transfer assets to us. In addition, Delaware law may impose requirements that may restrict our ability to pay dividends to holders of our common stock.

Our principal stockholder could exert significant influence over our company.

As of March 31, 2014, Carlyle, through Coinvest, owned shares of our common stock representing approximately 53% of our outstanding voting power (excluding shares of common stock with respect to which Carlyle has received a voting proxy pursuant to irrevocable proxy and tag-along agreements). Under the terms of the irrevocable proxy and tag-along agreements Carlyle is able to exercise voting power over shares of our common stock owned by a number of other stockholders, including our executive officers, with respect to the election and removal of directors and change of control transactions. As a result, Carlyle will have a controlling influence over all matters presented to our stockholders for approval, including election and removal of our directors and change of control transactions.

In addition, Coinvest is a party to the amended and restated stockholders agreement pursuant to which Carlyle has the right to nominate three members of our board of directors, and to exercise control over matters requiring stockholder approval and our policy and affairs. In addition, we are a “controlled company” within the meaning of the New York Stock Exchange rules and, as a result, currently intend to rely on exemptions from certain corporate governance requirements. The concentrated holdings of funds affiliated with Carlyle, certain provisions of the amended and restated stockholders agreement and the presence of Carlyle’s nominees on our Board may result in a delay or the deterrence of possible changes in control of our company, which may reduce the market price of our common stock. The interests of Carlyle may not always coincide with the interests of the other holders of our common stock.

Carlyle is in the business of making investments in companies, and may from time to time in the future acquire controlling interests in businesses engaged in management and technology consulting that complement or directly or indirectly compete with certain portions of our business. If Carlyle pursues such acquisitions in our industry, those acquisition opportunities may not be available to us. In addition, to the extent that Carlyle acquires a controlling interest in one or more companies that provide services or products to the U.S. government, our affiliation with any such company through Carlyle could create organizational conflicts of interest and similar issues for us under federal procurement laws and regulations. See “— Risks Related to Our Business — Recent efforts by the U.S. government to revise its organizational conflicts of interest rules could limit our ability to successfully compete for new contracts or task orders, which would adversely affect our results of operations.”

Our financial results may vary significantly from period to period as a result of a number of factors many of which are outside our control, which could cause the market price of our Class A Common Stock to fluctuate.

Our financial results may vary significantly from period to period in the future as a result of many external factors that are outside of our control. Factors that may affect our financial results and that could cause the market price of our outstanding securities, including our Class A Common Stock, to fluctuate include those listed in this “Risk Factors” section and others such as:

- any cause of reduction or delay in U.S. government funding;
- fluctuations in revenue earned on existing contracts;
- commencement, completion, or termination of contracts during a particular period;
- a potential decline in our overall profit margins if our other direct costs and subcontract revenue grow at a faster rate than labor-related revenue;
- strategic decisions by us or our competitors, such as changes to business strategy, strategic investments, acquisitions, divestitures, spin offs, and joint ventures;
- a change in our contract mix to less profitable contracts;
- changes in policy or budgetary measures that adversely affect U.S. government contracts in general;
- variable purchasing patterns under U.S. government GSA schedules, blanket purchase agreements, which are agreements that fulfill repetitive needs under GSA schedules, and ID/IQ contracts;

- changes in demand for our services and solutions;
- fluctuations in the degree to which we are able to utilize our professionals;
- seasonality associated with the U.S. government's fiscal year;
- an inability to utilize existing or future tax benefits for any reason, including a change in law;
- alterations to contract requirements; and
- adverse judgments or settlements in legal disputes.

We cannot assure you that we will pay special or regular dividends on our stock in the future.

The board of directors has authorized and declared a regular quarterly for each quarter in the last several years. The board of directors also authorized and declared a special cash dividend on May 29, 2012, July 30, 2012, October 29, 2013 and January 30, 2014. The declaration of any future dividends and the establishment of the per share amount, record dates and payment dates for any such future dividends are subject to the discretion of the board of directors taking into account future earnings, cash flows, financial requirements and other factors. There can be no assurance that the board of directors will declare any dividends in the future. To the extent that expectations by market participants regarding the potential payment, or amount, of any special or regular dividend prove to be incorrect, the price of our common stock may be materially and negatively affected and investors that bought shares of our common stock based on those expectations may suffer a loss on their investment. Further, to the extent that we declare a regular or special dividend at a time when market participants hold no such expectations or the amount of any such dividend exceeds current expectations, the price of our common stock may increase and investors that sold shares of our common stock prior to the record date for any such dividend may forego potential gains on their investment.

A majority of our outstanding indebtedness is secured by substantially all of our consolidated assets. As a result of these security interests, such assets would only be available to satisfy claims of our general creditors or to holders of our equity securities if we were to become insolvent to the extent the value of such assets exceeded the amount of our indebtedness and other obligations. In addition, the existence of these security interests may adversely affect our financial flexibility.

Indebtedness under our senior secured credit agreement is secured by a lien on substantially all of our assets. Accordingly, if an event of default were to occur under our senior secured credit agreement, the senior secured lenders under such facilities would have a prior right to our assets, to the exclusion of our general creditors in the event of our bankruptcy, insolvency, liquidation, or reorganization. In that event, our assets would first be used to repay in full all indebtedness and other obligations secured by them (including all amounts outstanding under our senior secured credit agreement), resulting in all or a portion of our assets being unavailable to satisfy the claims of our unsecured indebtedness. Only after satisfying the claims of our unsecured creditors and our subsidiaries' unsecured creditors would any amount be available for our equity holders. The pledge of these assets and other restrictions may limit our flexibility in raising capital for other purposes. Because substantially all of our assets are pledged under these financing arrangements, our ability to incur additional secured indebtedness or to sell or dispose of assets to raise capital may be impaired, which could have an adverse effect on our financial flexibility. As of March 31, 2014, we had $1.7 billion of indebtedness outstanding under our senior secured credit agreement and had $497.6 million of capacity available for additional borrowings under the revolving portion of our senior secured credit agreement. In addition, we may, increase the borrowing capacity under our senior secured credit agreement without the consent of any person other than the institutions agreeing to provide all or any portion of such increase, to an amount not to exceed $300 million, subject to certain closing conditions including pro forma compliance with financial covenants.

Fulfilling our obligations incident to being a public company, including with respect to the requirements of and related rules under the Sarbanes Oxley Act of 2002, is expensive and time consuming and any delays or difficulty in satisfying these obligations could have a material adverse effect on our future results of operations and our stock price.

As a public company, the Sarbanes-Oxley Act of 2002 and the Dodd-Frank Wall Street Reform and Consumer Protection Act, the related rules and regulations of the SEC, as well as the New York Stock Exchange rules, require us to implement various corporate governance practices and adhere to a variety of reporting requirements and complex accounting rules. Compliance with these public company obligations requires us to devote significant management time and place significant additional demands on our finance and accounting staff and on our financial, accounting, and information systems. We have hired additional accounting and financial staff with appropriate public company reporting experience and technical accounting knowledge. Other expenses associated with being a public company include increased auditing, accounting, and legal fees and expenses, investor relations expenses, increased directors' fees and director and officer liability insurance costs, registrar and transfer agent fees, listing fees, as well as other expenses.

In particular, the Sarbanes-Oxley Act of 2002 requires us to document and test the effectiveness of our internal control over financial reporting in accordance with an established internal control framework, and to report on our conclusions as to the effectiveness of our internal controls. It also requires an independent registered public accounting firm to test our internal control over financial reporting and report on the effectiveness of such controls. In addition, we are required under the Securities Exchange Act of 1934, as amended, or the Exchange Act, to maintain disclosure controls and procedures and internal control over financial reporting. Any failure to maintain effective controls or implement new or improved controls, or difficulties encountered in their implementation, could harm our operating results or cause us to fail to meet our reporting obligations. If we are unable to conclude that we have effective internal control over financial reporting, or if our independent registered public accounting firm is unable to provide us with an unqualified report regarding the effectiveness of our internal control over financial reporting, investors could lose confidence in the reliability of our financial statements. This could result in a decrease in the value of our common stock. Failure to comply with the Sarbanes-Oxley Act of 2002 could potentially subject us to sanctions or investigations by the SEC, the New York Stock Exchange, or other regulatory authorities.

Provisions in our organizational documents and in the Delaware General Corporation Law may prevent takeover attempts that could be beneficial to our stockholders.

Our amended and restated certificate of incorporation and amended and restated bylaws include a number of provisions that may have the effect of delaying, deterring, preventing, or rendering more difficult a change in control of Booz Allen Holding that our stockholders might consider in their best interests. These provisions include:

- establishment of a classified Board, with staggered terms;
- granting to the Board the sole power to set the number of directors and to fill any vacancy on the Board;
- limitations on the ability of stockholders to remove directors if a “group,” as defined under Section 13(d)(3) of the Exchange Act, ceases to own more than 50% of our voting common stock;
- granting to the Board the ability to designate and issue one or more series of preferred stock without stockholder approval, the terms of which may be determined at the sole discretion of the Board;
- a prohibition on stockholders from calling special meetings of stockholders;
- the establishment of advance notice requirements for stockholder proposals and nominations for election to the Board at stockholder meetings;
- requiring approval of two-thirds of stockholders to amend the bylaws; and
- prohibiting our stockholders from acting by written consent if a “group” ceases to own more than 50% of our voting common stock.

These provisions may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if the provisions are viewed as discouraging takeover attempts in the future. In addition, we have opted out of Section 203 of the Delaware General Corporation Law, which would have otherwise imposed additional requirements regarding mergers and other business combinations, until Carlyle and its affiliates no longer own more than 20% of our Class A Common Stock. After such time, we will be governed by Section 203.

Our amended and restated certificate of incorporation and amended and restated by-laws may also make it difficult for stockholders to replace or remove our management. These provisions may facilitate management entrenchment that may delay, deter, render more difficult, or prevent a change in our control, which may not be in the best interests of our stockholders.

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

As of March 31, 2014, Carlyle owned 75,660,000 shares of our Class A Common Stock, or approximately 53% of our outstanding Class A Common Stock (excluding shares of common stock with respect to which Carlyle has received a voting proxy pursuant to irrevocable proxy and tag-along agreements). If Carlyle sells, or the market perceives that Carlyle intends to sell, a substantial portion of its beneficial ownership interest in us in the public market, the market price of our Class A Common Stock could decline significantly. The sales also could make it more difficult for us to sell equity or equity-related securities at a time and price that we deem appropriate.

As of March 31, 2014 143,352,448 shares of our Class A Common Stock were outstanding. In addition to the shares owned by Carlyle, 3,636,110 shares of our Class A Common Stock which are held by directors, executive officers and other affiliates, are restricted securities within the meaning of Rule 144 under the Securities Act eligible for resale in the public market subject to volume, manner of sale and holding period limitations under Rule 144 under the Securities Act. 1,517,951 shares of our Class A Common Stock are issuable upon transfer of our Class B Non-Voting Common Stock and Class C Restricted Common Stock. In addition, (1) 4,424,653 shares of our Class A Common Stock are issuable upon the exercise of outstanding stock options granted under our Officers’ Rollover Stock Plan relating to our outstanding Class E Special Voting Common Stock and (2) 16,248,594 shares of our Class A Common Stock underlying options that are either subject to the terms of our Equity Incentive Plan or reserved for future issuance under our Equity Incentive Plan are eligible for sale in the public market to the extent permitted by the provisions of various option agreements and, to the extent held by affiliates, the volume and manner of sale restrictions of Rule 144. If these additional shares are sold, or if it is perceived that they will be sold, in the public market, the price of our Class A Common Stock could decline substantially.

Item 1B. *Unresolved Staff Comments*

None.

Item 2. *Properties*

We do not own any facilities or real estate. Our corporate headquarters are located at 8283 Greensboro Drive, McLean, Virginia 22102. We lease other operating offices and facilities throughout North America, and a limited number of overseas locations. Our principal offices outside of McLean, Virginia include: Annapolis Junction, Maryland; Rockville, Maryland; San Diego, California; Herndon, Virginia and Washington, D.C. We have a number of Sensitive Compartmented Information Facilities, which are enclosed areas within buildings that are used to perform classified work for the U.S. Intelligence Community. Many of our employees are located in facilities provided by the U.S. government. The total square footage of our leased offices and facilities is approximately 3.0 million square feet. We believe our facilities meet our current needs, and that additional facilities will be required and available as we expand in the future.

Item 3. *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. On April 13, 2012, we entered into an Administrative Agreement with the U.S. Air Force, which lifted the proposed debarment of our San Antonio office and removed it from the U.S. government’s Excluded Parties List System. See “Item 1. Business — Regulation” for additional information. 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 that currently range up to $40.0 million 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 March 31, 2014 and 2013, there are no material amounts accrued in the consolidated financial statements related to these proceedings.

Six former officers and stockholders who had departed the firm prior to the acquisition have filed a total of nine suits in various jurisdictions, with original filing dates ranging from July 3, 2008 through December 15, 2009 (three of which were amended on July 2, 2010 and then further amended into one consolidated complaint on September 7, 2010), against us and certain of our current and former directors and officers. Each of the suits arises out of the acquisition and alleges that the former stockholders are entitled to certain payments that they would have received if they had held their stock at the time of the acquisition. Some of the suits also allege that the acquisition price paid to stockholders was insufficient. The various suits assert claims for breach of contract, tortious interference with contract, breach of fiduciary duty, civil Racketeer Influenced and Corrupt Organizations Act, or RICO, violations, violations of the Employee Retirement Income Security Act, or ERISA, and/or securities and common law fraud. Three of these suits have been dismissed with all appeals exhausted. Five of the remaining suits are pending in the United States District Court for the Southern District of New York and the sixth is pending in the United States District Court for the Southern District of California. The aggregate alleged damages sought in these six remaining suits is approximately $348.7 million ($291.5 million of which is sought to be trebled pursuant to RICO), plus punitive damages, costs, and fees. Although the outcome of any of these cases is inherently uncertain and may be materially adverse, based on current information, we do not expect them to have a material adverse effect on our financial condition and results of operations.

Item 4. *Mine Safety Disclosures*

None.

Executive Officers of the Registrant

The following table sets forth information about our executive officers as of May 10, 2014:

Name	Age	Position
Ralph W. Shrader	69	Chairman of the Board and Chief Executive Officer
Horacio D. Rozanski	46	President and Chief Operating Officer
Samuel R. Strickland	63	Executive Vice President, Chief Financial Officer, Chief Administrative Officer and Director
Karen M. Dahut	50	Executive Vice President
Lloyd Howell, Jr.	47	Executive Vice President
Joseph Logue	48	Executive Vice President
John D. Mayer	68	Executive Vice President
John M. McConnell	68	Executive Vice President and Vice Chairman
Nancy J. Laben	52	Executive Vice President and General Counsel
Elizabeth M. Thompson	59	Executive Vice President and Chief Personnel Officer
Richard J. Wilhelm	68	Executive Vice President

Ralph W. Shrader is our Chairman and Chief Executive Officer and has served in these positions since 2008. From 2008 to 2014, he also served as our President. Dr. Shrader has served as Chairman and Chief Executive Officer of Booz Allen Hamilton Inc. since 1999. Dr. Shrader has been an employee of our company since 1974. He is the seventh chairman since our company's founding in 1914 and has led our company through a significant period of growth and strategic realignment. Dr. Shrader is active in professional and charitable organizations, and is past Chairman of the Armed Forces Communications and Electronics Association.

Horacio D. Rozanski is our President and Chief Operating Officer. Mr. Rozanski was appointed President in January 2014 and has served as our Chief Operating Officer since 2011. He served as the Chief Strategy and Talent Officer in 2010 and, prior to that, Chief Personnel Officer of our company from 2002 through 2010. Mr. Rozanski joined our company in 1992. He serves on the boards of advisors for the Wolf Trap Foundation for the Performing Arts and the Jewish Primary Day School of the Nation's Capital.

Samuel R. Strickland is an Executive Vice President of our company and our Chief Financial and Administrative Officer. He has served as our Chief Administrative Officer since 1999 and Chief Financial Officer since 2008. He joined our company in 1995. Mr. Strickland is a board member of our company. Externally, Mr. Strickland has served on the Board of Trustees at the George Mason University Foundation and Inova Health Services. Mr. Strickland has announced his intention to retire effective June 30, 2014.

Karen M. Dahut is an Executive Vice President and formerly the lead for the company's Analytics capability. Currently, Ms. Dahut is the Group Leader for the company's Strategic Innovation Group. Ms. Dahut joined our company in 2002. Previously, Ms. Dahut led the company's US Navy and Marine Corps business and its Economic and Business Analytics (EBA) capability. She is also a trustee of the Employee Capital Accumulation Plan (ECAP) Board of Trustees. Ms. Dahut is a Board Member of the Northern Virginia Technology Council and serves on the Board of Trustees for Stone Ridge School of the Sacred Heart in Bethesda, Maryland.

Lloyd Howell, Jr. is an Executive Vice President of our company and is the group leader for our Civil Market Group clients. Mr. Howell joined our company in 1988, left in 1991, rejoined in 1995. He is chairman of the Ethics & Compliance Committee. Mr. Howell serves on the boards of directors of Integra Life Sciences (IART), the United Negro College Fund, Partnership for Public Service, Capital Partners for Education, Committee for Economic Development, and Management Leadership for Tomorrow.

Joseph Logue is an Executive Vice President of our company and is the group leader for our Defense Intelligence Group clients. Mr. Logue joined our company in 1997. Previously, he led our former commercial Information Technology practice.

John D. Mayer is an Executive Vice President of our company and is the lead for the company's business with the Office of the Secretary of Defense and defense agencies, the Joint Staff, and the Combatant Commands. Mr. Mayer joined our company in 1997. He is the former chairman of the board of directors of the Homeland Security and Defense Business Council, a member of the board of the Washington Education and Tennis Foundation, and was a former member of the Corporate Advisory Board for the Darden School of Business at the University of Virginia.

John M. McConnell is Vice Chairman and an Executive Vice President of our company and leads the company's Cyber initiative firmwide. Previously, he was the company's market lead for the Intelligence business. Mr. McConnell previously served from 2007 through 2009 in the Cabinet-level position of U.S. Director of National Intelligence. From 1996 through 2007, Mr. McConnell served as an officer of our company. He served in the U.S. Navy for 29 years, achieving the rank of Vice Admiral. While on active duty, Mr. McConnell was Director of the National Security Agency. Mr. McConnell has announced his intention to retire effective June 30, 2014.

Nancy J. Laben is an Executive Vice President of our company and our General Counsel. Ms. Laben joined our company in September 2013. From June 2010 to August 2013, Ms. Laben served as General Counsel of AECOM Technology Corporation. Prior to June 2010, Ms. Laben served as Deputy General Counsel at Accenture plc beginning in 1989.

Elizabeth M. Thompson is an Executive Vice President of our company and serves as our Chief Personnel Officer. Ms. Thompson joined our company in 2008. Ms. Thompson served as Vice President of Human Resources for Fannie Mae from 2000 to 2008.

Richard J. Wilhelm is an Executive Vice President of the company and the group leader for our Intelligence Market Group clients. He previously served as the leader of the company's Analytics capability. He joined our company in 1998. He is a member of the Markle Foundation Task Force on National Security in the Age of Terrorism, and is on the Board of Advisors of the Maxwell School of Public Citizenship at Syracuse University. Mr. Wilhelm has announced his intention to retire effective June 30, 2014.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.*

Market Information

Our Class A Common Stock began trading on the New York Stock Exchange on November 17, 2010. There is no established trading market for each of our Class B Non-Voting Common Stock, Class C Restricted Common Stock or Class E Special Voting Common Stock. On May 8, 2014, there were 23,314, 18, 22 and 102 beneficial holders of our Class A Common Stock, Class B Non-Voting Common Stock, Class C Restricted Common Stock and Class E Special Voting Common Stock, respectively. The following table sets forth, for the periods indicated, the high and low sales price per share of our Class A Common Stock as reported by the New York Stock Exchange:

	High	Low
Fiscal 2014		
1st Quarter	$ 18.74	$ 12.66
2nd Quarter	22.27	17.33
3rd Quarter	20.55	16.61
4th Quarter	22.34	17.20
Fiscal 2013		
1st Quarter	$ 17.87	$ 14.29
2nd Quarter	19.23	11.85
3rd Quarter	14.77	12.12
4th Quarter	15.22	12.51

Dividends

On May 22, 2013, we announced a regular quarterly cash dividend in the amount of $0.10 per share. The quarterly dividend was paid on June 28, 2013 to stockholders of record on June 10, 2013.

On July 31, 2013, we announced a regular quarterly cash dividend in the amount of $0.10 per share. The quarterly dividend was paid on August 30, 2013 to stockholders of record on August 12, 2013.

On October 29, 2013, we announced a regular quarterly cash dividend in the amount of $0.10 per share and a special cash dividend of $1.00 per share, each paid on November 29, 2013, to stockholders of record on November 11, 2013. The Board of Directors, acting as the Administrator of the Officers' Rollover Stock Plan and the EIP made a determination to adjust the outstanding Rollover and EIP options for the special dividend to prevent the dilution of the benefit or potential benefit of the options. The adjustment was in the form of a $1.00 dividend equivalent. Holders of the Rollover Options will receive a cash payment equal to the amount of the special dividend on the exercise of the option during the options' mandatory exercise period. Holders of EIP options received or will receive a cash payment equal to the amount of the special dividend payable on November 29, 2013, or the vesting of the EIP option, whichever is later.

On January 31, 2014, we announced a regular quarterly cash dividend in the amount of $0.10 per share and a special cash dividend of $1.00 per share, each paid on February 28, 2014, to stockholders of record on February 10, 2014. The Board of Directors, acting as the Administrator of the Officers' Rollover Stock Plan and the EIP made a determination to adjust the outstanding Rollover and EIP options for the special dividend to prevent the dilution of the benefit or potential benefit of the options. The adjustment was in the form of a $1.00 dividend equivalent. Holders of the Rollover Options will receive a cash payment equal to the amount of the special dividend on the exercise of the option during the options' mandatory exercise period. Holders of EIP options received or will receive a cash payment equal to the amount of the special dividend payable on February 28, 2014, or the vesting of the EIP option, whichever is later.

Recent Sales of Unregistered Securities

None.

Use of Proceeds from Registered Securities

None.

Equity Compensation Plans

The following table presents information concerning the securities authorized for issuance pursuant to our equity compensation plans as of March 31, 2014:

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)		Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by securityholders	11,475,618	(1)	$ 5.77	9,197,629
Equity compensation plans not approved by securityholders	—		N/A	—
Total	11,475,618	(1)	$ 5.77	9,197,629

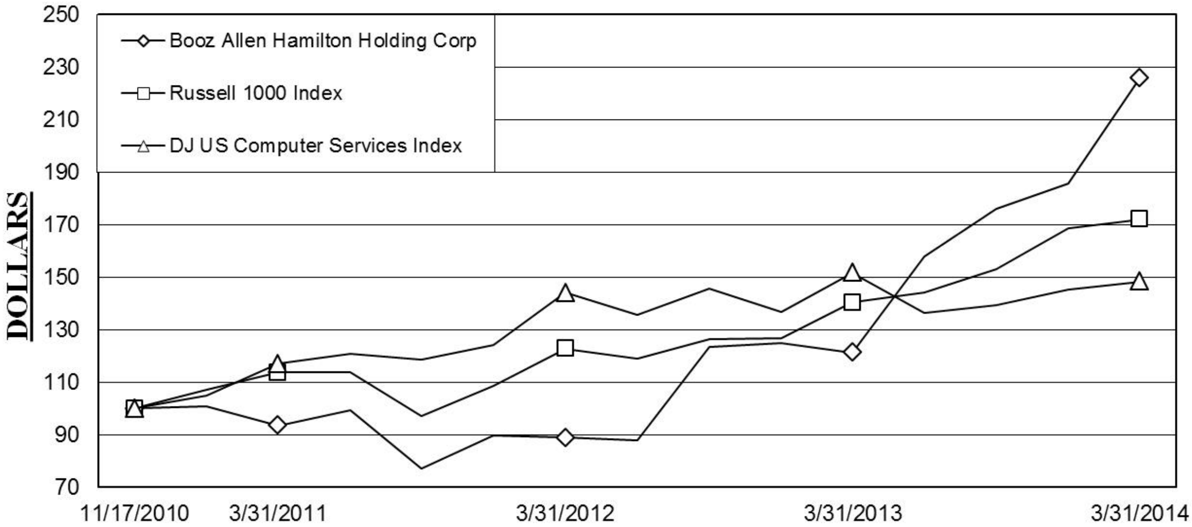
(1) Upon the exercise of all outstanding options, we will issue approximately 11,475,262 shares of Class A Common Stock and will redeem approximately 356 fractional shares for cash.

In addition, on May 22, 2014, upon recommendation of our Compensation Committee, our board of directors adopted the Second Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation, subject to the approval of our stockholders, and directed the plan be submitted to our stockholders for approval at our upcoming 2014 annual meeting of stockholders. The amendment of the Equity Incentive Plan will increase the number of shares issuable under the plan by 5,000,000 shares to a maximum of 33,000,000 shares. If the amendment of the Equity Incentive Plan is approved by our stockholders, 13,326,726 shares will be available for issuance under the plan, including as of May 16, 2014, 11,434,572 shares subject to outstanding options granted under the plan. The amendment will also make certain technical and administrative revisions as well as revise the clawback provisions to provide greater flexibility to adopt and enforce policies for recovery of compensation by the Company under certain circumstances.

Performance

The graph set forth below compares the cumulative shareholder return on our common stock between November 17, 2010 (the date our Class A common stock began trading on the New York Stock Exchange) and March 31, 2014, to the cumulative return of (i) the Russell 1000 Index and (ii) the Dow Jones US Computer Services Index over the same period. This graph assumes an initial investment of $100 on November 17, 2010 in our common stock, the Russell 1000 Index, and the Dow Jones US Computer Services Index and assumes the reinvestment of dividends, if any. The stock price performance included in this graph is not necessarily indicative of future stock price performance.

COMPARISON OF CUMULATIVE TOTAL RETURNS SINCE IPO



ASSUMES $100 INVESTED ON NOV. 17, 2010
ASSUMES DIVIDEND REINVESTED

Company/Market/Peer Group	11/17/2010*	3/31/2011	3/31/2012	3/31/2013	3/31/2014
Booz Allen Hamilton Holding Corp	$ 100.00	$ 93.56	$ 88.91	$ 121.27	$ 225.94
Russell 1000 Index	$ 100.00	$ 113.85	$ 122.85	$ 140.60	$ 172.00
DJ US Computer Services Index	$ 100.00	$ 117.02	$ 144.08	$ 151.73	$ 148.28

* Note: BAH base values reflect the closing price of $19.25 on the first day of trading and index base values are as of 11/17/2010 end of day.

Item 6. ***Selected Financial Data***

The selected consolidated statements of operations data for fiscal 2014, fiscal 2013, and fiscal 2012 and the selected consolidated balance sheet data as of March 31, 2014 and 2013 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report. The selected consolidated statement of operations data for fiscal 2011 and fiscal 2010, and the selected consolidated balance sheet data as of March 31, 2012, 2011 and 2010 have been derived from audited consolidated financial statements which are not included in this Annual Report. Our historical results are not necessarily indicative of the results that may be expected for any future period. The selected financial data should be read in conjunction with “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes included elsewhere in this Annual Report.

(In thousands, except share and per share data)	Fiscal Year Ended March 31, 2014	2013	2012	2011	2010
Consolidated Statements of Operations:					
Revenue	$ 5,478,693	$ 5,758,059	$ 5,859,218	$ 5,591,296	$ 5,122,633
Operating costs and expenses:					
Cost of revenue	2,716,113	2,871,240	2,934,378	2,836,955	2,654,143
Billable expenses	1,487,115	1,532,590	1,542,822	1,473,266	1,361,229
General and administrative expenses	742,527	833,986	903,721	881,028	811,944
Depreciation and amortization	72,327	74,009	75,205	80,603	95,763
Restructuring charge	—	—	15,660	—	—
Total operating costs and expenses	5,018,082	5,311,825	5,471,786	5,271,852	4,923,079
Operating income	460,611	446,234	387,432	319,444	199,554
Interest expense	(78,030)	(70,284)	(48,078)	(131,892)	(150,734)
Other, net	(1,794)	(7,639)	4,520	(59,488)	174
Income before income taxes	380,787	368,311	343,874	128,064	48,994
Income tax expense	148,599	149,253	103,919	43,370	23,575
Net income	$ 232,188	$ 219,058	$ 239,955	$ 84,694	$ 25,419
Earnings per common share (1)(2):					
Basic	$ 1.62	$ 1.56	$ 1.83	$ 0.74	$ 0.24
Diluted	$ 1.54	$ 1.45	$ 1.70	$ 0.66	$ 0.22
Weighted average common shares outstanding (1)(2):					
Basic	141,314,544	134,402,729	130,145,689	114,478,947	106,477,650
Diluted	148,681,074	144,854,724	140,812,012	127,448,700	116,228,380
Dividends declared per share	$ 2.40	$ 8.36	$ 0.09	$ —	$ 5.73

(In thousands)	As of March 31, 2014	2013	2012	2011	2010
Consolidated Balance Sheets:					
Cash and cash equivalents	$ 259,994	$ 350,384	$ 484,368	$ 192,631	$ 307,835
Working capital	338,873	459,706	739,211	494,308	584,248
Total assets	2,940,818	3,177,528	3,314,791	3,024,023	3,062,223
Long-term debt, net of current portion	1,585,231	1,659,611	922,925	964,328	1,546,782
Stockholders' equity	171,636	226,793	1,185,185	907,250	509,583

(1) Basic earnings per share for the Company has been computed using the weighted average number of shares of Class A Common Stock, Class B Non- Voting Common Stock, and Class C Restricted Common Stock outstanding during the period. The Company's diluted earnings per share has been computed using the weighted average number of shares of Class A Common Stock, Class B Non-Voting Common Stock, and Class C Restricted Common Stock including the dilutive effect of outstanding common stock options and other stock-based awards. For the purposes of calculating basic and diluted earnings per share, the Company has utilized the two class method, given non-forfeitable dividends declared on unvested Class A Restricted Common Stock. The weighted average number of Class E Special Voting Common Stock has not been included in the calculation of either basic earnings per share or diluted earnings per share due to the terms of such common stock.

(2) Amounts for the Company have been adjusted to reflect a 10-for-1 split of our common stock in connection with the initial public offering.

Item 7. *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 "Item 6. Selected Financial Data," and our consolidated financial statements and the related notes contained elsewhere in this Annual 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 "Item 1A. Risk Factors" and "Introductory Note — Cautionary Note Regarding Forward-Looking Statements". 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 consulting, technology, and engineering services to the U.S. government in the defense, intelligence, and civil markets. Additionally, we provide our management and technology consulting services to major corporations, institutions, and not-for-profit organizations. We are a well-known, trusted and long-term partner to our clients, who seek our expertise and objective advice to address their most important and complex problems. Leveraging our 100-year consulting heritage and a talent base of approximately 22,700 people, we deploy our deep domain knowledge, functional expertise, and experience to help our clients achieve their objectives. We have a collaborative culture, supported by our operating model, which helps our professionals identify and respond to emerging trends across the markets we serve and deliver enduring results for our clients. Today, we serve substantially all of the cabinet-level departments of the U.S. government. Our major clients include the Department of Defense, all branches of the U.S. military, the U.S. Intelligence Community, and civil agencies such as the Department of Homeland Security, the Department of Energy, the Department of Health and Human Services, the Department of the Treasury, and the Environmental Protection Agency. We support these clients in addressing complex and pressing challenges such as combating global terrorism, improving cyber capabilities, transforming the healthcare system, improving efficiency and managing change within the government, and protecting the environment. In the commercial sector, we serve U.S. clients primarily in the financial services, healthcare, and energy markets, and international clients, primarily in the Middle East.

Financial and Other Highlights

With continued uncertainty in the federal budget environment, the Company effectively managed indirect costs during the first half of fiscal 2014 to ensure financial strength and flexibility during the second half of fiscal 2014. This included a focus on management of our capacity, including balancing the supply of consulting staff with market demand, and the deployment and productivity of our consulting staff to minimize the amount of time consulting staff spent on non-revenue producing activities.

Revenue decreased 4.9% from fiscal 2013 to fiscal 2014 primarily driven by reductions in headcount due to lower demand in an uncertain federal budget environment and a reduction in billable expenses. Revenue in fiscal 2014 was additionally impacted by the October 2013 government shutdown and weather-related closures. While lower headcount led to fewer billable hours in total, we experienced continued improvement in productivity of consulting staff over the prior year which helped reduce the impact of such reduced billable hours. The decline in our revenue described above was partially offset by an increase in inorganic revenue during fiscal 2014 of $103 million from our acquisition of Booz Allen Engineering Services, or BES, that closed on November 30, 2012.

Operating income increased 3.2% to $460.6 million in fiscal 2014 from $446.2 million in fiscal 2013, which reflects a 70 basis point increase in operating margin to 8.4% from 7.7% in the comparable period. Due to our proactive planning and effective cost management during the first half of our fiscal 2014, we were able to mitigate the impact of the uncertainty in the federal government on our operating margin. The improvement in operating margin was due to increased contract profitability due to disciplined cost management of indirect spending and recovery of additional allowable expenses throughout the fiscal year. In addition, there were decreases in salaries and salary related benefits, and employer retirement plan contributions primarily due to the net decline in our headcount and, to a lesser extent, changes in our executives' compensation and our discretionary employer retirement plan contributions.

Cash provided by operations decreased $131.9 million to $332.7 million in fiscal 2014 from $464.7 million in fiscal 2013. The decrease in cash provided by operations was primarily due to an increase in cash paid for taxes due to a rise in expected taxable income as well as the timing of payments related to fiscal 2013.

Non-GAAP Measures

We publicly disclose certain non-GAAP financial measurements, including Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted Earnings Per Share, or 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 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. 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 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. Adjusted Operating Income, Adjusted EBITDA, 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 operating and net income to Adjusted Operating Income, Adjusted EBITDA and Adjusted Net Income, and net cash provided by operating activities to Free Cash Flows, and the explanatory footnotes regarding those adjustments, each as defined under GAAP, (ii) use Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted EPS in addition to, and not as an alternative to, operating income, net income or diluted EPS, as measures of operating results, and (iii) use Free Cash Flows 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:

- "Adjusted Operating Income" represents operating income before (i) certain stock option-based and other equity-based compensation expenses, (ii) adjustments related to the amortization of intangible assets, and (iii) any extraordinary, unusual, or non-recurring items. 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: (i) certain stock option-based and other equity-based compensation expenses, (ii) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments, and (iii) any extraordinary, unusual, or non-recurring items. We prepare Adjusted EBITDA 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 Net Income" represents net income before: (i) certain stock option-based and other equity-based compensation expenses, (ii) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments, (iii) adjustments related to the amortization of intangible assets, (iv) amortization or write-off of debt issuance costs and write-off of original issue discount, and (v) any extraordinary, unusual, or non-recurring items, in each case net of the tax effect calculated using an assumed effective tax rate. We prepare Adjusted Net Income to eliminate the impact of items, net of tax, we do not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary, or non-recurring nature or because they result from an event of a similar nature.

- "Adjusted Diluted EPS" represents diluted EPS calculated using Adjusted Net Income as opposed to net income. Additionally, Adjusted Diluted EPS does not contemplate any adjustments to net income as required under the two-class method as disclosed in the footnotes to the financial statements.

- "Free Cash Flow" represents the net cash generated from operating activities less the impact of purchases of property and equipment.

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

(Amounts in thousands, except share and per share data)	Fiscal Year Ended March 31, 2014	2013	2012
		(Unaudited)	
Adjusted Operating Income			
Operating Income	$ 460,611	$ 446,234	$ 387,432
Certain stock-based compensation expense (a)	1,094	5,868	14,241
Amortization of intangible assets (b)	8,450	12,510	16,364
Net restructuring charge (c)	—	—	11,182
Transaction expenses (d)	—	2,725	—
Adjusted Operating Income	$ 470,155	$ 467,337	$ 429,219
EBITDA & Adjusted EBITDA			
Net income	$ 232,188	$ 219,058	$ 239,955
Income tax expense	148,599	149,253	103,919
Interest and other, net	79,824	77,923	43,558
Depreciation and amortization	72,327	74,009	75,205
EBITDA	532,938	520,243	462,637
Certain stock-based compensation expense (a)	1,094	5,868	14,241
Net restructuring charge (c)	—	—	11,182
Transaction expenses (d)	—	2,725	—
Adjusted EBITDA	$ 534,032	$ 528,836	$ 488,060
Adjusted Net Income			
Net income	$ 232,188	$ 219,058	$ 239,955
Certain stock-based compensation expense (a)	1,094	5,868	14,241
Net restructuring charge (c)	—	—	11,182
Transaction expenses (d)	—	2,725	—
Amortization of intangible assets (b)	8,450	12,510	16,364
Amortization or write-off of debt issuance costs and write-off of original issue discount	6,719	13,018	4,783
Net gain on sale of state and local transportation business (e)	—	—	(5,681)
Release of income tax reserves (f)	—	—	(35,022)
Adjustments for tax effect (g)	(6,505)	(13,649)	(18,628)
Adjusted Net Income	$ 241,946	$ 239,530	$ 227,194
Adjusted Diluted Earnings Per Share			
Weighted-average number of diluted shares outstanding	148,681,074	144,854,724	140,812,012
Adjusted Net Income Per Diluted Share (h)	$ 1.63	$ 1.65	$ 1.61
Free Cash Flow			
Net cash provided by operating activities	$ 332,718	$ 464,654	$ 360,046
Less: Purchases of property and equipment	(20,905)	(33,113)	(76,925)
Free Cash Flow	$ 311,813	$ 431,541	$ 283,121

(a) Reflects stock-based compensation expense for options for Class A Common Stock and restricted shares, in each case, issued in connection with the Acquisition of our Company by The Carlyle Group (the Acquisition) under the Officers' Rollover Stock Plan. Also reflects stock-based compensation expense for Equity Incentive Plan Class A Common Stock options issued in connection with the Acquisition under the Equity Incentive Plan.

(b) Reflects amortization of intangible assets resulting from the Acquisition.

(c) Reflects restructuring charges of approximately $15.7 million incurred during the three months ended March 31, 2012, net of approximately $4.5 million of revenue recognized on recoverable expenses, associated with the cost of a restructuring plan to reduce certain personnel and infrastructure costs.

(d) Reflects debt refinancing costs incurred in connection with the recapitalization transaction consummated on July 31, 2012.

(e) Reflects the gain on sale of our state and local transportation business, net of the associated tax benefit of $1.6 million.
(f) Reflects the release of income tax reserves.
(g) Reflects tax effect of adjustments at an assumed marginal tax rate of 40%.
(h) Excludes an adjustment of approximately $3.1 million and $9.1 million of net earnings for fiscal 2014 and 2013, respectively, associated with the application of the two-class method for computing diluted earnings per share.

Recent Developments

The following recent development occurred after March 31, 2014, which may cause our future results of operations to differ from our historical results of operations discussed under "— Results of Operations."

On May 7, 2014 we entered into the Second Amendment to the Credit Agreement, dated as of July 31, 2012 (as previously amended by the First Agreement to the Credit Agreement, dated as of August 16, 2013). Prior to the Second Amendment, approximately $660 million of Term Loan A and $1,010 million of Term Loan B was outstanding. Pursuant to the Second Amendment, we borrowed additional Term Loan A of approximately $170 million, the proceeds of which were used to partially prepay outstanding principal on the Term Loan B. Following the Amendment, $830 million of Term Loan A and approximately $841 million of Term Loan B were outstanding under the Credit Agreement. The rates for Term Loan A and Term Loan B, as amended, remain unchanged. The amendment also extends the maturity date of Term Loan A and the revolving credit facility to May 31, 2019. The maturity date for Term Loan B remains unchanged. We also amended its existing debt covenants to provide for greater operational and financial flexibility.

In connection with the Second Amendment we expect to accelerate the amortization of ratable portions of the DIC and OID that do not qualify for deferral of approximately $1.0 million. These expenses will be reflected in other expense, net in the three months ended June 30, 2014. Furthermore, the Company expects to expense third party debt issuance costs of approximately $2.0 million that did not qualify for deferral and will be reflected in general and administrative costs in the three months ended June 30, 2014.

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:

- 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;
- changes in the relative mix of overall U.S. government spending and areas of spending growth, with lower spending on homeland security, intelligence and defense-related programs as overseas operations end, and continued increased spending on cyber-security, advanced analytics, technology integration and healthcare;
- cost cutting and efficiency initiatives, current and future budget reductions, continued implementation of Congressionally mandated automatic spending cuts, and other efforts to reduce U.S. government spending, which 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 uncertainty around Congressional efforts 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, 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;
- current and continued uncertainty around the timing, extent, nature and effect of Congressional and other U.S. government action to address budgetary constraints, the outcome of Congressional efforts to craft a

long-term agreement on the U.S. government's ability to incur indebtedness in excess of its current limits and the U.S. deficit, including, the required reductions under the Budget Control Act of 2011 (as amended by the American Taxpayer Relief Act of 2012 and the Consolidated Appropriations Act, 2014), which provides for automatic spending cuts totaling approximately $1.2 trillion between 2013 and 2021;

- delays in the completion of the U.S. government's budget process, which has in the past and could in the future delay procurement of the products, services, and solutions we provide;
- 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 implementation by U.S. government agencies of approximately $64 billion in mandated 2014 sequestration spending cuts, including an estimated $30 billion in cuts to the Department of Defense;
- 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;
- 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;
- 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;
- as a result of the U.S. governments efforts to reduce outlays for contractor costs, we may see a continuing shift toward placement of our consulting staff at client site locations instead of our facilities, which generally results in lower billing rates and could have a negative impact on our revenue;
- 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 cyber-security, 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;
- increased competition from other government contractors and market entrants seeking to take advantage of the trends identified above;
- legislative and regulatory changes to limitations on the amount of allowable executive compensation permitted under flexibly priced contracts following implementation of relevant rules expected in or after June 2014, which substantially further reduce the amount of allowable executive compensation under these contracts and extend these limitations to a larger segment of our executive corps and our entire contract base; and
- 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.

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 Budget Control Act of 2011 (as amended by the American Taxpayer Relief Act of 2012 and the Consolidated Appropriations Act, 2014), provides for automatic spending cuts totaling approximately $1.2 trillion between 2013 and 2021, and requires an estimated $500 billion in federal defense spending cuts over this time period. Under the Budget Control Act, as amended, approximately $64 billion in spending cuts are mandated for fiscal 2014, and the Department of Defense has estimated its share of these cuts at $30 billion. A reduction in the amount of services that we are contracted to provide to the Department of Defense could have a material adverse effect on our business and results of operations, and given the uncertainty of when and how these automatic reductions may 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 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 a time-and-materials contract, 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. 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 pre-determined 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 pre-determined 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. Over the last twelve months we have experienced a shift from from time-and-materials contracts and cost-reimbursable contracts to fixed-price contracts during the fiscal year, and we believe that the contract mix that we realized in the fourth quarter will remain relatively stable for fiscal 2015.

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

	Fiscal Year Ended March 31,		
	2014	2013	2012
Cost-reimbursable (1)	55%	57%	54%
Time-and-materials	28%	28%	31%
Fixed-price (2)	17%	15%	15%

(1) Includes both cost-plus-fixed-fee and cost-plus-award-fee contracts.
(2) Includes fixed-price level of effort contracts.

Contract Diversity and Revenue Mix

We provide services to our clients through a large number of single award contracts and contract vehicles and multiple award contract vehicles. Most of our revenue is generated under indefinite delivery/indefinite quantity, or ID/IQ, 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 compete under multiple award ID/IQ 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. In fiscal 2014, 2013, and 2012, our revenue under GWACs and GSA schedules collectively represented 21%, 19%, and 20% of our total revenue, respectively. No single task order under any contract represented more than 2.3% of our revenue in fiscal 2014, 2013, or 2012. No single contract accounted for more than 10% of our revenue in fiscal 2014, 2013, or 2012.

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. For fiscal 2014, 2013, and 2012, 91%, 91%, and 90%, respectively, of our revenue was generated by contracts and task orders for which we served as a prime contractor; 9%, 9%, and 10%, respectively, of our revenue was generated by contracts and task orders for which we served as a subcontractor; and 23%, 21%, and 21%, respectively, of our revenue was generated by services provided by our subcontractors. 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 March 31, 2014, 2013, and 2012 we employed approximately 22,700, 24,500 and 25,000 people, respectively, of which approximately 20,600, 22,000 and 22,500, 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 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.

Backlog does not include any task orders under ID/IQ contracts, including GWACs and GSA schedules, 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:

	Fiscal Year Ended March 31,		
	2014	**2013**	**2012**
		(In millions)	
Backlog:			
Funded	$ 2,290	$ 2,509	$ 2,898
Unfunded (1)	2,343	2,799	2,681
Priced options	5,205	6,227	5,225
Total backlog	$ 9,838	$ 11,535	$ 10,804

(1) Reflects a reduction by management to the revenue value of orders for services under two existing single award ID/IQ contracts the Company has had for several years, based on an established pattern of funding under these contracts by the U.S. government.

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. 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 recognize 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 decreased by 14.7% from March 31, 2013 to March 31, 2014 and increased 6.8% from March 31, 2012 to March 31, 2013. Additions to funded backlog, during fiscal 2014 and 2013 totaled $5.3 billion and $5.4 billion, respectively, with the decrease from 2013 to 2014 due to challenging and uncertain market conditions, which contributed to a lower conversion of unfunded backlog to funded backlog, the reduced award of new contracts and task orders under which funding was appropriated, and the decline in exercise and subsequent funding of priced options. With the passing of the $1.1 trillion Consolidated Appropriations Act in January 2014, we expect the pace of contract awards to increase throughout the remainder of the U.S. government's fiscal year ending September 30, 2014. 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. Funded 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 pre-determined expiration date such as the end of the U.S. government's fiscal year. The revenue value of orders included in funded backlog that has not been recognized as revenue due to period of performance expirations has not exceeded approximately 6.7% of funded backlog as of the end of any of the four fiscal quarters preceding the fiscal quarter ended March 31, 2014. 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.

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. 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 generally 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. 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. See "Item 1A. Risk Factors."

Critical Accounting Estimates and Policies

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. The preparation of these consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements as well as the reported amounts of revenue and expenses during the reporting period. Management evaluates these estimates and assumptions on an ongoing basis. Our estimates and assumptions have been prepared on the basis of the most current reasonably available information. Actual results may differ from these estimates under different assumptions or conditions.

Our significant accounting policies, including the critical policies and practices listed below, are more fully described and discussed in the notes to the consolidated financial statements. We consider the following accounting policies to be critical to an understanding of our financial condition and results of operations because these policies require the most difficult, subjective or complex judgments on the part of our management in their application, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Revenue Recognition and Cost Estimation

Substantially all of our revenue is derived from contracts to provide professional services to the U.S. government and its agencies. In most cases, we recognize revenue as work is performed. We recognize revenue for cost-plus-fixed-fee contracts with the U.S. government as hours are worked based on reimbursable and allowable costs, recoverable indirect costs and an accrual for the fixed fee component of these contracts. We recognize as revenue, net of reserves, executive compensation that we determine, based on management's estimates, to be allowable; management's estimates in this regard are based on a number of factors that may change over time, including executive compensation survey data, our and other government contractors' experiences with the DCAA audit practices in our industry and relevant decisions of courts and boards of contract appeals. Many of our U.S. government contracts include award fees, which are earned based on the client’s evaluation of our performance. We have significant history with the client for the majority of contracts on which we earn award fees. That history and management's evaluation and monitoring of performance form the basis for our ability to estimate such fees over the life of the contract. Based on these estimates, we recognize award fees as work on the contracts is performed. Revisions to these estimates may result in increases or decreases to revenue and income, and are reflected in the financial statements in periods in which they are identified.

Revenue earned under time-and-materials contracts is recognized as hours are worked based on contractually billable rates to the client. Costs on time-and-materials contracts are expensed as incurred.

For fixed-price contracts, we recognize revenue on the percentage-of-completion basis with progress toward completion of a particular contract based on actual costs incurred relative to total estimated costs to be incurred over the life of the contract. Profits on fixed-price contracts result from the difference between the incurred costs and the revenue earned. This method is followed where reasonably dependable estimates of revenue and costs under the contract can be made. Estimates of total contract revenue and costs are regularly reviewed and recorded revenue and costs are subject to revision as the contract progresses. Such revisions may result in increases or decreases to revenue and income, and are reflected in the financial statements in the periods in which they are first identified. If our estimates indicate that a contract loss will occur, a loss provision is recorded in the period in which the loss first becomes probable and reasonably estimable. Estimating costs under our long-term contracts is complex and involves significant judgment. Factors that must be considered in making estimates include labor productivity and availability, the nature and technical complexity of the work to be performed, potential performance delays, warranty obligations, availability and timing of funding from the client, progress toward completion, and recoverability of claims. Adjustments to original estimates are often required as work progresses and additional information becomes known, even though the scope of the work required under the contract may not change. Any adjustment as a result of a change in estimates is made when facts develop, events become known, or an adjustment is otherwise warranted, such as in the case of a contract modification. We have procedures and processes in place to monitor the actual progress of a project against estimates and our estimates are updated if circumstances are warranted.

Business Combinations

The Company has engaged in business combination activity. The accounting for business combinations requires management to make judgments and estimates of the fair value of assets acquired, including the identification and valuation of intangible assets, as well as liabilities and contingencies assumed. Such judgments and estimates directly impact the amount of goodwill recognized in connection with each acquisition, as goodwill presents the excess of the purchase price of an acquired business over the fair value of its net tangible and identifiable intangible assets. In our recent acquisitions, the valuation of the customer relationships required significant judgments related to the cash flows of the contract backlog that are expected to be recognized by the Company.

Goodwill and Intangible Assets Impairment

We test goodwill for impairment at the reporting unit level on an annual basis or if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. As the consolidated entity represents the only component that constitutes a business whereby discrete financial information is available, we concluded that we have one reporting unit, which is the same as our single operating segment. We test the trade name for impairment using the royalty relief method. We perform our annual testing for impairment of goodwill and the trade name as of January 1 of each year.

We performed an annual impairment test of goodwill and the trade name as of January 1, 2014 and 2013. As of January 1, 2014, we performed our annual impairment test of goodwill by comparing the fair value of the Company (primarily based on our market capitalization) to the carrying value of equity. Based on our analysis, we concluded the fair value of our reporting unit was greater than the carrying amount.

On December 31, 2011, we adopted new goodwill impairment guidance whereby we may perform a qualitative assessment of whether it is more likely than not the fair value of the reporting unit is less than the carrying value of equity. We preformed this qualitative assessment at January 1, 2013, and we believe that it was not more likely than not (i.e. a likelihood of more than 50 percent) that the fair value of our reporting unit was less than the carrying amount. In making this assessment we considered all relevant events and circumstances. These include, but are not limited to, macroeconomic conditions, industry and market considerations, and the reporting unit's overall financial performance.

During the fiscal years ended March 31, 2014 and 2013, we did not record any goodwill impairment or any impairment of our trade name or amortizable intangible assets. Further, we do not consider any of the goodwill, trade name or amortizable intangible assets at risk of impairment.

Share-Based Payments

We use the Black-Scholes option-pricing model to determine the estimated fair value for stock options. Critical inputs into the Black-Scholes option-pricing model include the following: option exercise price; fair value of the stock price; expected life of the option; annualized volatility of the stock; annual rate of quarterly dividends on the stock; and risk-free interest rate.

During fiscal year 2014, the Company's Board of Directors authorized and declared recurring cash dividends in the amount of $0.10 per share to holders of Booz Allen Holding's Class A Common Stock, and Class B Non-Voting Common Stock . Therefore, an annualized dividend yield between 1.92% and 2.26% was used in the Black-Scholes option-pricing model for all grants made during the fiscal year. Implied volatility is calculated as of each grant date based on our historical volatility along with an assessment of a peer group for future option grants. Other than the expected life of the option, volatility is the most sensitive input to our option grants. To be consistent with all other implied calculations, the same peer group used to calculate other implied metrics is also used to calculate implied volatility. While we are not aware of any news or disclosures by our peers that may impact their respective volatility, there is a risk that peer group volatility may increase, potentially increasing any prospective future compensation expense that will result from future option grants.

The risk-free interest rate used in the Black-Scholes option-pricing model is determined by referencing the U.S. Treasury yield curve rates with the remaining term equal to the expected life assumed at the date of grant.

Forfeitures are estimated based on our historical analysis of attrition levels. Forfeiture estimates are updated quarterly for actual forfeitures. We do not expect this assumption to change materially, as attrition levels associated with new option grants have not materially changed.

As a public company, we use the closing price of our Class A Common Stock on the grant date for valuation purposes.

Accounting for Income Taxes

Provisions for federal and state income taxes are calculated from the income reported on our financial statements based on current tax law and also include the cumulative effect of any changes in tax rates from those previously used in determining deferred tax assets and liabilities. Such provisions differ from the amounts currently receivable or payable because certain items of income and expense are recognized in different time periods for purposes of preparing financial statements than for income tax purposes.

Significant judgment is required in determining income tax provisions and evaluating tax positions. We establish reserves for uncertain tax positions when, despite the belief that our tax positions are supportable, there remains uncertainty in a tax position taken in our previously filed income tax returns. For tax positions where it is more likely than not that a tax benefit will be sustained, we record the largest amount of tax benefit with a greater than 50% likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. To the extent we prevail in matters for which accruals have been established or are required to pay amounts in excess of reserves, our effective tax rate in a given financial statement period may be materially impacted.

The carrying value of our net deferred tax assets assumes that we will be able to generate sufficient future taxable income in certain tax jurisdictions to realize the value of these assets. If we are unable to generate sufficient future taxable income in these jurisdictions, a valuation allowance is recorded when it is more likely than not that the value of the deferred tax assets is not realizable.

Recent Accounting Pronouncements

Recent accounting pronouncements issued by the FASB during fiscal 2014 and through the filing date did not and are not believed by management to have a material impact on the Company's present or historical consolidated financial statements.

Segment Reporting

We report operating results and financial data in one operating and reportable segment. We manage our business as a single profit center in order to promote collaboration, provide comprehensive functional service offerings across our entire client base, and provide incentives to employees based on the success of the organization as a whole. Although certain information regarding served markets and functional capabilities is discussed for purposes of promoting an understanding of our complex business, we manage our business and allocate resources at the consolidated level of a single operating segment.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, and have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. All intercompany balances and transactions have been eliminated in consolidation.

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 accompanying consolidated financial statements present the financial position of the Company as of March 31, 2014 and 2013 and the Company's results of operations for fiscal 2014, fiscal 2013, and fiscal 2012.

Results of Operations

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

	Fiscal Year Ended March 31,			Fiscal 2014 Versus Fiscal 2013	Fiscal 2013 Versus Fiscal 2012
	2014	2013	2012		
	(In thousands)				
Revenue	$ 5,478,693	$ 5,758,059	$ 5,859,218	(4.9)%	(1.7)%
Operating costs and expenses:					
Cost of revenue	2,716,113	2,871,240	2,934,378	(5.4)%	(2.2)%
Billable expenses	1,487,115	1,532,590	1,542,822	(3.0)%	(0.7)%
General and administrative expenses	742,527	833,986	903,721	(11.0)%	(7.7)%
Depreciation and amortization	72,327	74,009	75,205	(2.3)%	(1.6)%
Restructuring charge	—	—	15,660	—	—
Total operating costs and expenses	5,018,082	5,311,825	5,471,786	(5.5)%	(2.9)%
Operating income	460,611	446,234	387,432	3.2 %	15.2 %
Interest expense	(78,030)	(70,284)	(48,078)	11.0 %	46.2 %
Other, net	(1,794)	(7,639)	4,520	(76.5)%	(269.0)%
Income before income taxes	380,787	368,311	343,874	3.4 %	7.1 %
Income tax expense	148,599	149,253	103,919	(0.4)%	43.6 %
Net income	$ 232,188	$ 219,058	$ 239,955	6.0 %	(8.7)%

Fiscal 2014 Compared to Fiscal 2013

Revenue

Revenue decreased to $5,478.7 million from $5,758.1 million, or a 4.9% decrease. The decrease was primarily driven by reductions in headcount due to lower demand in an uncertain federal budget environment, and a reduction in billable expenses. Revenue in fiscal 2014 was additionally impacted by the October 2013 government shutdown and weather-related closures. While lower headcount led to fewer billable hours in total, we experienced a slight improvement in productivity of consulting staff over the prior year, which helped reduce the impact of such reduced billable hours. The decrease in revenue was partially offset by an increase in inorganic revenue of $103.0 million from the Company's acquisition of BES. Conversions to funded backlog during fiscal 2014 totaled $5.3 billion in comparison to $5.4 billion for the comparable period. The decrease in revenue conversion was due to challenging and uncertain market conditions which contributed to a lower conversion of unfunded backlog to funded backlog, the reduced award of new contracts and task orders under which funding was appropriated, and the decline in exercise and subsequent funding of priced options.

Cost of Revenue

Cost of revenue decreased to $2,716.1 million from $2,871.2 million, or a 5.4% decrease. This decrease was primarily due to a decrease in salaries and salary-related benefits of $97.3 million, a decrease in employer retirement plan contributions of $56.9 million, and a decrease in incentive compensation costs of $4.9 million. The decrease was partially offset by increases in other direct consulting staff expenses of $5.3 million. The decrease in salaries and salary-related benefits and incentive compensation was primarily due to reduced headcount in senior direct consulting staff. The decrease in employer retirement plan contributions was due to a decrease in the Company's expected discretionary employer contribution for fiscal 2014 as well as the reduced headcount noted above. Cost of revenue as a percentage of revenue was 49.6% and 49.9% in in fiscal 2014 and fiscal 2013, respectively.

Billable Expenses

Billable expenses decreased to $1,487.1 million from $1,532.6 million, or a 3.0% decrease. The overall decrease was primarily due to decreases in subcontractor-related expenses and other billable expenses of $51.9 million incurred to perform on contracts. Direct subcontractor related expenses decreased due to lower demand in an uncertain federal budget environment and a decline in contract related purchases for the government. Billable expenses as a percentage of revenue was 27.1% and 26.6% in fiscal 2014 and fiscal 2013, respectively.

General and Administrative Expenses

General and administrative expenses decreased to $742.5 million from $834.0 million, or a 11.0% decrease. This decrease was due to decreases in salaries and salary-related benefits of $45.4 million, a decrease of $16.5 million in employer retirement plan contributions, and a decrease in incentive compensation of $13.4 million. The decrease in salaries and salary-related expenses and incentive compensation was primarily driven by the net reduction in our headcount. The decrease in employer retirement plan contributions was due to a decrease in the Company's expected discretionary employer contribution percentage for fiscal 2014 as well as the reduced headcount noted above. The remaining decrease was due to decreases in stock based compensation of $3.4 million and decreases in business-related transaction expenses, such as expenses incurred in fiscal 2013 associated with the Company's July 2012 debt recapitalization and acquisitions and decreases in professional fees and other expenses due to the Company's continued focus on cost management. General and administrative expenses as a percentage of revenue were 13.6% and 14.5% for fiscal 2014 and fiscal 2013, respectively.

Depreciation and Amortization

Depreciation and amortization decreased to $72.3 million from $74.0 million, or a 2.3% decrease due to a decrease in capital expenditures during fiscal 2014.

Interest Expense

Interest expense increased to $78.0 million from $70.3 million, or an 11.0% increase primarily due to a full year of interest expense on additional principal incurred in connection with the Company's debt recapitalization consummated on July 31, 2012.

Income Tax Expense

Income tax expense decreased to $148.6 million from $149.3 million, or a 0.4% decrease primarily due to an increase in pre-tax income more than offset by a decrease in the effective tax rate in fiscal 2014 from 40.5% to 39.0%. The decrease in the effective tax rate primarily relates to federal and state income tax credits recognized in fiscal 2014, which reduced the effective tax rate by 1.5%.

Fiscal 2013 Compared to Fiscal 2012

Revenue

Revenue increased to $5,758.1 million from $5,859.2 million, or a 1.7% decrease. The decrease was primarily driven by a decrease in revenue attributable to billable expenses and a net decline in our headcount, which has led to declines in billable hours and therefore a decline in our direct labor. Each of these factors directly results in revenue declines. We also had a lower rate of indirect expenses period over period which has a direct correlation to the reduction of revenue on our large portfolio of cost reimbursable contracts. The decline in headcount and the lower rate of indirect expenses is primarily attributable to the cost reduction actions the Company implemented in late fiscal 2012 and continued focus on effective capacity and cost management. The decrease in revenue was also due to the sale of our state and local transportation business in July 2011; however this was more than offset by an increase in revenue of $100.1 million from the Company's acquisition of DSES. Conversions to funded backlog during fiscal 2013, totaled $5.4 billion in comparison to $6.4 billion for the comparable period, with the decrease due to challenging and uncertain market conditions which is contributing to a lower conversion of unfunded backlog to funded backlog, the reduced award of new contracts and task orders under which funding was appropriated, and the decline in exercise and subsequent funding of priced options.

Cost of Revenue

Cost of revenue increased to $2,871.2 million from $2,934.4 million, or a 2.2% decrease.This decrease was primarily due to a decrease in salaries and salary related benefits of $77.5 million, a decrease of $8.7 million in incentive compensation costs, and a decrease of $1.9 million in stock-based compensation expense, offset by an increase in other direct consulting staff expenses of $24.4 million. The decrease in salaries and salary related benefits and incentive compensation costs was primarily due to reduced headcount in the direct consulting staff senior ranks associated with the cost restructuring plan that was implemented during fiscal 2012. The decrease in stock-based compensation expense was primarily due to a decrease in expense recognition compared to the prior fiscal year due to the application of the accounting method for recognizing stock-based compensation, which requires higher expenses initially and declining expenses in subsequent years. Cost of revenue as a percentage of revenue was 49.9% and 50.1% in fiscal 2013 and fiscal 2012, respectively.

Billable Expenses

Billable expenses increased to $1,532.6 million from $1,542.8 million, or a 0.7% decrease. This decrease was primarily due to decreases in travel and material expenses of $54.6 million offset by increases in other billable expenses of $36.1 million incurred to perform on contracts and an increase in subcontractor-related expenses of $8.3 million. The increase in direct subcontractor expenses was in support of growth on existing and new contracts and task orders during fiscal 2013. Billable expenses as a percentage of revenue was 26.6% and 26.3% in fiscal 2013 and fiscal 2012, respectively.

General and Administrative Expenses

General and administrative expenses increased to $834.0 million from $903.7 million, or a 7.7% decrease. This decrease was primarily due to a decrease of $59.5 million in other business-related expenses and professional fees attributable to the Company's disciplined management of corporate-related expenditures, a decrease of $17.2 million in salaries and salary-related benefits, and a decrease in stock-based compensation of $4.7 million. The decrease in salaries and salary related expenses was primarily due to the net reduction in our headcount. The decrease in stock-based compensation expense was primarily due to a decrease in expense recognition compared to the prior fiscal year due to the application of the accounting method for recognizing stock-based compensation, which requires higher expenses initially and declining expenses in subsequent years.

The decrease in general and administrative expenses was partially offset by increases of $8.6 million in incentive compensation costs and $3.1 million in employer retirement plan contributions. The increase in incentive compensation costs was due to increased compensation under our annual performance bonus program for senior personnel. The increase in employer retirement plan contributions was due to the number of employees who completed one year of service and became eligible to participate in our defined contribution plan, the ECAP. General and administrative expenses as a percentage of revenue were 14.5% and 15.4% for fiscal 2013 and fiscal 2012, respectively.

Depreciation and Amortization

Depreciation and amortization decreased to $74.0 million from $75.2 million, or a 1.6% decrease. This decrease was primarily due to a decrease of $1.6 million in the amortization of our intangible assets, which includes below market rate leases and contract backlog that were recorded in connection with the acquisition and are amortized based on contractual lease terms and projected future cash flows, respectively, thereby reflecting higher amortization expense initially and declining expense in subsequent periods. Intangible asset amortization expense decreased to $14.8 million in fiscal 2013 compared to $16.4 million in fiscal 2012.

Interest Expense

Interest expense decreased to $70.3 million from $48.1 million, or a 46.2% increase. This increase was primarily due to debt incurred in connection with the Recapitalization Transaction consummated on July 31, 2012.

Interest is accrued on our $1,726.8 million outstanding debt principal balance as of March 31, 2013 at contractually specified rates ranging from 2.7% to 4.5%, and is generally required to be paid to our syndicate of lenders on a monthly or quarterly basis.

Income Tax Expense

Income tax expense increased to $149.3 million from $103.9 million, or a 43.6% increase. The effective tax rate increased to 40.5% from 30.2% primarily due to the release of uncertain tax position reserves in the prior year.

Liquidity and Capital Resources

We have historically been able to generate sufficient cash to fund our operations, debt payments, capital expenditures, and discretionary funding needs. We had $260.0 million and $350.4 million in cash and cash equivalents as of March 31, 2014 and 2013, respectively. 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 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 senior secured loan facilities to meet cash demands. We anticipate that cash provided by operating activities, existing cash and cash equivalents, and borrowing capacity under our 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;
- debt service requirements for borrowings under our senior secured loan facilities; and
- cash taxes to be paid.

From time to time we evaluate alternative uses for excess cash resources once our operating cash flow needs and required debt amortization have been met. Some of the possible uses of our remaining excess cash at any point in time may include funding acquisitions, further investment in our business and voluntary debt prepayments, as well as initiatives intended to return value to shareholders in the form of payment of special dividends and share repurchases. The Company is currently authorized by the Board of Directors to repurchase up to $30.0 million of our shares, of which no shares have been repurchased as of March 31, 2014. 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 senior secured credit agreement, as amended, and other factors deemed relevant by our Board of Directors.

Our debt totaled $1,658.9 million and $1,715.2 million as of March 31, 2014 and 2013, respectively. Our debt bears interest at specified rates and is held by a syndicate of lenders (see Note 10 in our consolidated financial statements).

Our senior secured loan facilities consist of a $725.0 million Tranche A term facility, or Term Loan A, and a $1,025.0 million Tranche B term facility, or Term Loan B. As of March 31, 2014 we had $661.6 million and $1,009.6 million principal outstanding under the Term Loan A facility and Term Loan B facility, respectively. As of March 31, 2013, we had $706.9 million and $1,019.9 million principal outstanding under the Term Loan A facility and Term Loan B facility, respectively of our prior credit facility.

On August 16, 2013, the Company consummated the First Amendment to its senior secured credit agreement, dated July 31, 2012, the interest rate applicable to the Term Loan B facility was reduced to LIBOR +3.0%, with a 0.75% LIBOR floor. On May 7, 2014, the Company consummated the Second Amendment to its senior secured credit agreement, whereby the maturities of the Term Loan A facility and the revolving credit facility were each extended to May 31, 2019 and the Term Loan A facility was upsized by $168 million, with such funds used to pay off a portion of the principal of the Term Loan B facility. See "-- Indebtedness."

The following table summarizes the cash distributions recognized in the consolidated statement of cash flows:

	Fiscal Year Ended March 31,		
	2014	2013	2012
Recurring dividends (1)	$ 57,063	$ 48,736	$ 11,906
Special dividends (2)	288,739	1,073,733	—
Dividend equivalents (3)	56,138	59,471	9,026
Total distributions	$ 401,940	$ 1,181,940	$ 20,932

(1) Amounts represent recurring dividends of $0.10 per share and $0.09 per share that were declared and paid for during each quarter of fiscal 2014, fiscal 2013, and fiscal 2012, respectively.
(2) Amounts represent aggregate special dividends of $2.00 per share ($1.00 paid November 29, 2013 and $1.00 paid February 28, 2014) and $8.00 per share ($1.50 paid June 29, 2012 and $6.50 paid August 31, 2012) that were declared and paid for during fiscal 2014 and 2013, respectively.
(3) Dividend equivalents are distributions made to option holders equal to the special dividends declared and paid.

On May 21, 2014, we announced a regular quarterly cash dividend in the amount of $0.11 per share. The quarterly dividend is payable on June 30, 2014 to stockholders of record on June 10, 2014.

For each special dividend declared, the Compensation Committee, as Administrator of the Officers' Rollover Stock Plan and the Equity Incentive Plan, as amended, is required to make a determination under the respective plan's antidilution provision to adjust the outstanding options. For the $1.50 special dividend announced May 29, 2012, the $6.50 dividend announced July 30, 2012, and the $1.00 special dividends announced October 29, 2013 and January 31, 2014, holders of the Rollover Options received a cash payment equal to the amount of the special dividend on the options' mandatory exercise date. For the $1.50 special dividend, holders of EIP options were granted a dividend equivalent equal to the special dividend payable on June 29, 2012 or the vesting of the EIP option, whichever is later. For the $6.50 special dividend, holders of EIP options with a pre-dividend exercise price less than $11.00 per share received a dividend equivalent equal to the amount of the special dividend payable on August 31, 2012 or the vesting of the EIP option, whichever is later. All other EIP options were adjusted by reducing the exercise price by $6.36 which is equal to the difference between the pre-dividend closing fair market value of our Class A Common Stock and the post-dividend opening fair market value of our Class A Common Stock as noted on the New York Stock Exchange. For the $1.00 special dividends, holders of EIP options received a cash payment equal to the amount of the special dividend paid on November 29, 2013 and February 28, 2014, respectively, or the vesting of the EIP option, whichever is later.

Associated with the payment of the dividends, and in connection with the authorization of the special dividends, the Company paid accrued interest on the DPO of $8.0 million and $7.4 million during fiscal 2014 and 2013, respectively.

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. We experienced a slight shift to fixed-price contracts year over year resulting in no material impact to operating cash flow. 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 reflect amounts billed to our clients as of each balance sheet date. Our clients generally pay our invoices within 30 days of the invoice date. At any month-end, we also include in accounts receivable the revenue that was recognized in the preceding month, which is generally billed early in 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- plus-award-fee contracts. The total amount of our accounts receivable can vary significantly over time, but is generally sensitive to revenue levels. Total accounts receivable (billed and unbilled combined, net of allowance for doubtful accounts) days sales outstanding, which we calculate by dividing total accounts receivable by revenue per day during the relevant fiscal quarter, was 60 and 61 as of March 31, 2014 and 2013, respectively.
The table below sets forth our net cash flows for the periods presented:

	Fiscal Year Ended March 31,		
	2014	2013	2012
	(In thousands)		
Net cash provided by operating activities	$ 332,718	$ 464,654	$ 360,046
Net cash used in investing activities	(13,556)	(190,452)	(53,593)
Net cash used in financing activities	(409,552)	(408,186)	(14,716)
Total increase / (decrease) in cash and cash equivalents	$ (90,390)	$ (133,984)	$ 291,737

Net Cash from Operating Activities

Net cash from operations is primarily affected by the overall profitability of our contracts, our ability to invoice and collect from clients in a timely manner, and our ability to manage our vendor payments. Net cash provided by operations was $332.7 million in fiscal 2014 compared to $464.7 million in the same prior year period, or a 28.4% decrease. The decrease in net cash provided by operations was primarily due to an increase in cash paid for taxes due to a rise in expected taxable income as well as the timing of payments related to fiscal 2013.

Net Cash from Investing Activities

Net cash used in investing activities was $13.6 million in fiscal 2014 compared to $190.5 million in the same prior year period, or a 92.9% decrease. The decrease in net cash used in investing activities was primarily due to the $155.1 million in cash paid to ARINC for the acquisition of BES during fiscal 2013. There was no similar transaction during fiscal 2014.

Net Cash from Financing Activities

Net cash used in financing activities was $409.6 million in fiscal 2014 compared to $408.2 million in the same prior year period, or a 0.3% increase. The increase in net cash used in financing activities was primarily due to the net proceeds from the July 31, 2012 Recapitalization Transaction in fiscal 2013, partially offset by a decrease in special cash dividends paid in fiscal 2014 as compared to fiscal 2013.

Indebtedness

On August 16, 2013, the Company consummated a repricing of its outstanding Term Loan B indebtedness by entering into the First Amendment to its Credit Agreement, whereby the interest rate applicable to the Term Loan B facility was reduced to LIBOR +3.0%, with a 0.75% LIBOR floor. As of March 31, 2014, the Credit Agreement provided the Company with a $725.0 million Term Loan A facility and a $1,025.0 million Term Loan B facility, and a $500.0 million revolving credit facility with a $100.0 million sublimit for letters of credit. On May 7, 2014, the Company consummated the Second Amendment to its senior secured credit agreement, whereby the maturities of the Term Loan A facility and the revolving credit facility were both extended to May 31, 2019 and the Term Loan A facility was upsized by $168 million, with such funds used to pay off a portion of the principal of the Term Loan B facility.

We occasionally borrow under our revolving credit facility in anticipation of cash demands. On October 15, 2013, the Company's wholly-owned subsidiary Booz Allen Hamilton Inc. accessed $250.0 million of its $500.0 million revolving credit facility to safeguard against the possible consequences of a failure by Congress to increase the U.S. government's ability to incur indebtedness in excess of its current limit. On October 18, 2013, following the increase of the debt limit by Congress, the Company repaid the $250.0 million borrowed from the revolving credit facility. On February 27, 2014, the Company's wholly-owned subsidiary Booz Allen Hamilton Inc. accessed $50.0 million of its $500.0 million revolving credit facility to provide sufficient available cash given the timing of certain cash payments. The Company repaid the $50.0 million borrowed from the revolving credit facility on March 6, 2014.

The Credit Agreement, as amended, requires quarterly principal payments of 1.25% of the stated principal amount of the Term Loan A facility, with annual incremental increases to 1.875%, 2.50%, 3.125%, and 13%, prior to Term Loan A facility's maturity date of May 31, 2019, and 0.25% of the stated principal amount of Term Loan B facility, with the remaining balance payable on Term Loan B facility's maturity date of July 31, 2019. The revolving credit facility matures on May 31, 2019, at which time any outstanding principal balance is due in full.

The interest rate on borrowings under Term Loan A facility is, at the Company's option, LIBOR + 2.50% or ABR (as defined in the Credit Agreement) + 1.50%. The spread ranges from 2.00% to 2.75% and 1.00% to 1.75%, respectively, based on the Company's total leverage ratio. The interest rate on borrowings under the Term Loan B facility is LIBOR + 3.0% with a 0.75% floor or ABR + 2.00%. The revolving credit facility margin and commitment fee are subject to the leveraged based pricing grid, as set forth in the Credit Agreement, as amended. As of March 31, 2014, we were contingently liable under open standby letters of credit and bank guarantees issued by our banks in favor of third parties that totaled $2.4 million. These letters of credit and bank guarantees primarily support insurance obligations. These instruments reduce our available borrowings under the revolving credit facility. As of March 31, 2014, we had $497.6 million of capacity available for additional borrowings under the revolving credit facility.

The loans under the Credit Agreement, as amended, are secured by substantially all of our assets and none of such assets will be available to satisfy the claims of our general creditors. The Credit Agreement, as amended, contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants are limited to the following, in each case subject to certain exceptions: a maximum net total leverage ratio; a minimum net interest coverage ratio; limitations on indebtedness and liens; mergers, consolidations or amalgamations, or liquidations, wind-ups or dissolutions; dispositions of property; restricted payments; investments; transactions with affiliates; sale and leaseback transactions; change in fiscal periods; negative pledges; restrictive agreements; limitations on line of business; limitations on speculative hedging and limitations on changes of names and jurisdictions. In addition, we are required to meet certain financial covenants at each quarter end, namely Consolidated Net Total Leverage and Consolidated Net Interest Coverage Ratios. As of March 31, 2014 we were compliant with these covenants.

During fiscal 2014, interest payments of $19.0 million and $41.9 million were made for the Term Loan A and Term Loan B facilities, respectively. During fiscal 2013, interest payments of $18.8 million and $40.0 million were made for the Term Loan A and Term Loan B facilities, respectively. As of March 31, 2014, no amounts were drawn on the revolving credit facility.

The total outstanding debt balance is recorded in the accompanying consolidated balance sheets net of unamortized discount of $12.3 million and $11.6 million as of March 31, 2014 and 2013, respectively.

Capital Structure and Resources

Our stockholders' equity amounted to $171.6 million as of March 31, 2014, a decrease of $55.2 million compared to stockholders' equity of $226.8 million as of March 31, 2013, primarily due to net income of $232.2 million in fiscal 2014, stock option exercises, common stock issuances, and stock-based compensation expense of $20.1 million, offset by dividends paid of $345.8 million.

Off-Balance Sheet Arrangements

As of March 31, 2014, we did not have any off-balance sheet arrangements.

Contractual Obligations

The following table summarizes our contractual obligations that require us to make future cash payments as of March 31, 2014. For contractual obligations, we included payments that we have an unconditional obligation to make.

	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 years
	(In thousands)				
Long-term debt (a)	$ 1,671,188	$ 73,688	$ 335,875	$ 303,250	$ 958,375
Operating lease obligations	237,505	79,586	93,639	35,965	28,315
Interest on indebtedness	248,518	55,469	103,309	77,569	12,171
Deferred payment obligation (b)	87,651	—	87,651	—	—
Liability to option holders (c)	73,065	39,922	31,834	1,309	—
Tax liabilities for uncertain tax positions (d)	57,406	254	57,139	13	—
Other	27,547	27,547	—	—	—
Total contractual obligations	$ 2,402,880	$ 276,466	$ 709,447	$ 418,106	$ 998,861

(a) See Note 10 to our consolidated financial statements for additional information regarding debt and related matters.
(b) Includes $60.4 million deferred payment obligation balance, plus current and future interest accruals.

(c) Reflects liabilities to holders of stock options issued under our Officers' Rollover Stock Plan and Equity Incentive Plan related to the reduction in the exercise price of such options as a result of special dividends issued in July 2009, December 2009, May 2012, August 2012, November 2013, and February 2014.
(d) Includes $19.6 million of tax liabilities offset by amounts owed under the deferred payment obligation. The remainder is related to other tax liabilities.

In the normal course of business, we enter into agreements with subcontractors and vendors to provide products and services that we consume in our operations or that are delivered to our clients. These products and services are not considered unconditional obligations until the products and services are actually delivered, at which time we record a liability for our obligation.

Capital Expenditures

Since we do not own any of our facilities, our capital expenditure requirements primarily relate to the purchase of computers, business systems, furniture, and leasehold improvements to support our operations. Direct facility and equipment costs billed to clients are not treated as capital expenses. Our capital expenditures for fiscal 2014 and 2013 were $20.9 million and $33.1 million, respectively, and the majority of such capital expenditures related to facilities infrastructure, equipment, and information technology. Expenditures for facilities infrastructure and equipment are generally incurred to support new and existing programs across our business. We also incur capital expenditures for information technology to support programs and general enterprise information technology infrastructure.

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 20 to our consolidated financial statements.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

Our exposure to market risk for changes in interest rates relates primarily to our outstanding debt and cash equivalents, which consist primarily of funds invested in U.S. government insured money-market accounts and prime money-market funds. As of March 31, 2014 and 2013, we had $260.0 million and $350.4 million, respectively, in cash and cash equivalents. The interest expense associated with our term loans and any loans under our revolving credit facility will vary with market rates.

Our exposure to market risk for changes in interest rates related to our outstanding debt will impact our senior secured loan facilities. A hypothetical 1% increase in interest rates would have increased interest expense related to the term facilities under our senior secured loan facilities by approximately $8.1 million in fiscal 2014 and $5.7 million in fiscal 2013, and likewise decreased our income and cash flows. A hypothetical increase of LIBOR to 4%, the average historical three-month LIBOR, would have increased interest expense related to all term facilities under our senior secured loan facilities by approximately $58.3 million in fiscal 2014 and $57.5 million in fiscal 2013, and likewise decreased our income and cash flows. The year over year increase in interest expense is primarily due to additional principal incurred in connection with the Company's debt recapitalization consummated on July 31, 2012.

The return on our cash and cash equivalents balance as of March 31, 2014 and 2013 was less than 1%. Therefore, although investment interest rates may continue to decrease in the future, the corresponding impact to our interest income, and likewise to our income and cash flow, would not be material.

We do not use derivative financial instruments in our investment portfolio and have not entered into any hedging transactions.

Item 8. ***Financial Statements and Supplementary Data***

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Report of Ernst & Young LLP,
Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of
Booz Allen Hamilton Holding Corporation

We have audited the accompanying consolidated balance sheets of Booz Allen Hamilton Holding Corporation as of March 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended March 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Booz Allen Hamilton Holding Corporation at March 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended March 31, 2014, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Booz Allen Hamilton Holding Corporation's internal control over financial reporting as of March 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated May 22, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

McLean, Virginia
May 22, 2014

BOOZ ALLEN HAMILTON HOLDING CORPORATION

CONSOLIDATED BALANCE SHEETS

	March 31, 2014	March 31, 2013
	(Amounts in thousands, except share and per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 259,994	$ 350,384
Accounts receivable, net of allowance	916,737	1,029,586
Deferred income taxes	29,687	—
Prepaid expenses and other current assets	49,559	44,382
Total current assets	1,255,977	1,424,352
Property and equipment, net of accumulated depreciation	129,427	166,570
Deferred income taxes	—	10,032
Intangible assets, net of accumulated amortization	220,887	236,220
Goodwill	1,273,789	1,277,369
Other long-term assets	60,738	62,985
Total assets	$ 2,940,818	$ 3,177,528
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 73,688	$ 55,562
Accounts payable and other accrued expenses	488,807	451,065
Accrued compensation and benefits	331,440	385,433
Deferred income taxes	—	10,286
Other current liabilities	23,169	62,300
Total current liabilities	917,104	964,646
Long-term debt, net of current portion	1,585,231	1,659,611
Income tax reserve	57,406	57,018
Deferred income taxes	8,231	—
Other long-term liabilities	201,210	269,460
Total liabilities	2,769,182	2,950,735
Commitments and contingencies (Note 20)		
Stockholders' equity:		
Common stock, Class A — $0.01 par value — authorized, 600,000,000 shares; issued, 143,962,073 shares at March 31, 2014 and 136,457,444 shares at March 31, 2013; outstanding, 143,352,448 shares at March 31, 2014 and 136,051,601 shares at March 31, 2013	1,440	1,364
Non-voting common stock, Class B — $0.01 par value — authorized, 16,000,000 shares; issued and outstanding, 582,080 shares at March 31, 2014 and 1,451,600 shares at March 31, 2013	6	15
Restricted common stock, Class C — $0.01 par value — authorized, 5,000,000 shares; issued and outstanding, 935,871 shares at March 31, 2014 and 1,224,319 shares at March 31, 2013	9	12
Special voting common stock, Class E — $0.003 par value — authorized, 25,000,000 shares; issued and outstanding, 4,424,814 shares at March 31, 2014 and 7,478,522 shares at March 31, 2013	13	22
Treasury stock, at cost — 609,625 shares at March 31, 2014 and 405,843 shares at March 31, 2013	(10,153)	(6,444)
Additional paid-in capital	144,269	120,836
Retained earnings	42,688	124,775
Accumulated other comprehensive loss	(6,636)	(13,787)
Total stockholders' equity	171,636	226,793
Total liabilities and stockholders' equity	$ 2,940,818	$ 3,177,528

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

BOOZ ALLEN HAMILTON HOLDING CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

	Fiscal Year Ended March 31,		
	2014	2013	2012
	(Amounts in thousands, except per share data)		
Revenue	$ 5,478,693	$ 5,758,059	$ 5,859,218
Operating costs and expenses:			
Cost of revenue	2,716,113	2,871,240	2,934,378
Billable expenses	1,487,115	1,532,590	1,542,822
General and administrative expenses	742,527	833,986	903,721
Depreciation and amortization	72,327	74,009	75,205
Restructuring charge	—	—	15,660
Total operating costs and expenses	5,018,082	5,311,825	5,471,786
Operating income	460,611	446,234	387,432
Interest expense	(78,030)	(70,284)	(48,078)
Other, net	(1,794)	(7,639)	4,520
Income before income taxes	380,787	368,311	343,874
Income tax expense	148,599	149,253	103,919
Net income	$ 232,188	$ 219,058	$ 239,955
Earnings per common share (Note 3):			
Basic	$ 1.62	$ 1.56	$ 1.83
Diluted	$ 1.54	$ 1.45	$ 1.70

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

BOOZ ALLEN HAMILTON HOLDING CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Fiscal Year Ended March 31,		
	2014	2013	2012
	(Amounts in thousands)		
Net income	$ 232,188	$ 219,058	$ 239,955
Change in postretirement plan costs, net of tax	7,151	(5,072)	(3,262)
Comprehensive income	$ 239,339	$ 213,986	$ 236,693

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

BOOZ ALLEN HAMILTON HOLDING CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal Year Ended March 31,		
	2014	**2013**	**2012**
	(Amounts in thousands)		
Cash flows from operating activities			
Net income	$ 232,188	$ 219,058	$ 239,955
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	72,327	74,009	75,205
Stock-based compensation expense	20,065	24,841	31,263
Deferred income taxes	(26,371)	(48,088)	74,785
Excess tax benefits from the exercise of stock options	(38,185)	(26,860)	(16,461)
Amortization of debt issuance costs and loss on extinguishment	11,682	17,224	5,880
Losses on dispositions and impairments	1,024	1,106	376
Gain on sales of businesses	—	(254)	(4,082)
Changes in assets and liabilities:			
Accounts receivable	110,308	125,125	25,275
Income taxes receivable / payable	(1,903)	104,877	(31,832)
Prepaid expenses and other current assets	(5,923)	10,006	7,622
Other long-term assets	(4,773)	2,723	(6,250)
Accrued compensation and benefits	(72,881)	(26,832)	(35,287)
Accounts payable and other accrued expenses	39,178	(23,760)	35,390
Accrued interest	—	(3,563)	(11,801)
Income tax reserves	388	1,736	(35,192)
Other current liabilities	(1,090)	11,367	(2,373)
Other long-term liabilities	(3,316)	1,939	7,573
Net cash provided by operating activities	332,718	464,654	360,046
Cash flows from investing activities			
Purchases of property and equipment	(20,905)	(33,113)	(76,925)
Cash paid for business acquisitions, net of cash acquired	3,563	(157,964)	—
Proceeds from sales of businesses	—	625	23,332
Escrow receipts	3,786	—	—
Net cash used in investing activities	(13,556)	(190,452)	(53,593)
Cash flows from financing activities			
Net proceeds from issuance of common stock	5,078	6,373	8,757
Stock option exercises	14,620	14,977	7,349
Excess tax benefits from the exercise of stock options	38,185	26,860	16,461
Repurchases of common stock	(3,709)	(1,067)	(5,377)
Cash dividends paid	(345,802)	(1,122,457)	(11,906)
Dividend equivalents paid to option holders	(56,138)	(49,765)	—
Debt issuance costs	(6,223)	(29,607)	—
Repayment of debt	(355,563)	(993,250)	(30,000)
Proceeds from debt issuance	300,000	1,739,750	—
Net cash used in financing activities	(409,552)	(408,186)	(14,716)
Net (decrease) increase in cash and cash equivalents	(90,390)	(133,984)	291,737
Cash and cash equivalents—beginning of year	350,384	484,368	192,631
Cash and cash equivalents—end of year	$ 259,994	$ 350,384	$ 484,368
Supplemental disclosures of cash flow information			
Cash paid during the period for:			
Interest	$ 61,050	$ 58,847	$ 53,993
Income taxes	$ 178,411	$ 90,146	$ 89,314

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

BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Amounts in thousands, except share data)	Class A Common Stock		Class B Non-Voting Common Stock		Class C Restricted Common Stock		Class E Special Voting Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at March 31, 2011	122,784,835	$ 1,227	3,053,130	$ 31	2,028,270	$ 20	12,348,860	$ 37	0	$ —	$ 840,058	$ 71,330	$ (5,453)	$ 907,250
Issuance of common stock	1,080,245	11	0	—	0	—	0	—	0	—	8,749	—	—	8,760
Stock options exercised	3,799,989	38	0	—	0	—	(2,208,793)	(7)	0	—	7,315	—	—	7,346
Excess tax benefits from the exercise of stock options	0	—	0	—	0	—	0	—	0	—	16,461	—	—	16,461
Share exchange	1,061,255	11	(566,005)	(6)	(495,250)	(5)	0	—	0	—	—	—	—	—
Repurchase of common stock	0	—	0	—	0	—	0	—	(333,775)	(5,377)	—	—	—	(5,377)
Recognition of liability related to future stock option exercises	0	—	0	—	0	—	0	—	0	—	(5,305)	—	—	(5,305)
Net income	0	—	0	—	0	—	0	—	0	—	—	239,955	—	239,955
Change in postretirement plan costs, net of tax	0	—	0	—	0	—	0	—	0	—	—	—	(3,262)	(3,262)
Comprehensive income														236,693
Dividends paid	0	—	0	—	0	—	0	—	0	—	—	(11,906)	—	(11,906)
Stock-based compensation expense	0	—	0	—	0	—	0	—	0	—	31,263	—	—	31,263
Balance at March 31, 2012	128,726,324	$ 1,287	2,487,125	$ 25	1,533,020	$ 15	10,140,067	$ 30	(333,775)	$ (5,377)	$ 898,541	$ 299,379	$ (8,715)	$ 1,185,185
Issuance of common stock	1,182,004	12	0	—	0	—	0	—	0	—	6,361	—	—	6,373
Stock options exercised	5,204,890	52	0	—	0	—	(2,661,545)	(8)	0	—	14,933	—	—	14,977
Excess tax benefits from the exercise of stock options	0	—	0	—	0	—	0	—	0	—	26,860	—	—	26,860
Share exchange	1,344,226	13	(1,035,525)	(10)	(308,701)	(3)	0	—	0	—	—	—	—	—
Repurchase of common stock	0	—	0	—	0	—	0	—	(72,068)	(1,067)	—	—	—	(1,067)
Recognition of liability related to future stock option exercises (Note 17)	0	—	0	—	0	—	0	—	0	—	(121,905)	—	—	(121,905)
Net income	0	—	0	—	0	—	0	—	0	—	—	219,058	—	219,058
Change in postretirement plan costs, net of tax	0	—	0	—	0	—	0	—	0	—	—	—	(5,072)	(5,072)
Comprehensive income														213,986
Dividends paid (Note 16)	0	—	0	—	0	—	0	—	0	—	(728,795)	(393,662)	—	(1,122,457)
Stock-based compensation expense	0	—	0	—	0	—	0	—	0	—	24,841	—	—	24,841
Balance at March 31, 2013	136,457,444	$ 1,364	1,451,600	$ 15	1,224,319	$ 12	7,478,522	$ 22	(405,843)	$ (6,444)	$ 120,836	$ 124,775	$ (13,787)	$ 226,793
Issuance of common stock	1,047,160	10	0	—	0	—	0	—	0	—	5,068	—	—	5,078
Stock options exercised	5,299,501	54	0	—	0	—	(3,053,708)	(9)	0	—	14,575	—	—	14,620
Excess tax benefits from the exercise of stock options	0	—	0	—	0	—	0	—	0	—	38,185	—	—	38,185
Share exchange	1,157,968	12	(869,520)	(9)	(288,448)	(3)	0	—	0	—	—	—	—	—
Repurchase of common stock	0	—	0	—	0	—	0	—	(203,782)	(3,709)	—	—	—	(3,709)
Recognition of liability related to future stock option exercises (Note 17)	0	—	0	—	0	—	0	—	0	—	(22,933)	—	—	(22,933)
Net income	0	—	0	—	0	—	0	—	0	—	—	232,188	—	232,188
Change in postretirement plan costs, net of tax	0	—	0	—	0	—	0	—	0	—	—	—	7,151	7,151
Comprehensive income														239,339
Dividends paid (Note 16)	0	—	0	—	0	—	0	—	0	—	(31,527)	(314,275)	—	(345,802)
Stock-based compensation expense	0	—	0	—	0	—	0	—	0	—	20,065	—	—	20,065
Balance at March 31, 2014	143,962,073	$ 1,440	582,080	$ 6	935,871	$ 9	4,424,814	$ 13	(609,625)	$ (10,153)	$ 144,269	$ 42,688	$ (6,636)	$ 171,636

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

1. BUSINESS OVERVIEW

Our Business

Booz Allen Hamilton Holding Corporation, including its wholly owned subsidiaries, or Holding or the Company, is an affiliate of The Carlyle Group, or Carlyle, and was incorporated in Delaware in May 2008. The Company provides management consulting, technology, and engineering services to the U.S. government in the defense, intelligence, and civil markets. Additionally, the Company provides its management and technology consulting services to major corporations, institutions, and not-for-profit organizations. The Company reports operating results and financial data in one operating segment. The Company is headquartered in McLean, Virginia, with approximately 22,700 employees as of March 31, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, and have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. All intercompany balances and transactions have been eliminated in consolidation.

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 accompanying consolidated financial statements present the financial position of the Company as of March 31, 2014 and 2013 and the Company’s results of operations for fiscal 2014, fiscal 2013, and fiscal 2012.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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 allowance for doubtful accounts, contractual and regulatory reserves, valuation and lives of tangible and intangible assets, impairment of long-lived assets, accrued liabilities, revenue recognition, bonus and other incentive compensation, stock-based compensation, realization of deferred tax assets, provisions for income taxes, and postretirement obligations. Actual results experienced by the Company may differ materially from management’s estimates.

Revenue Recognition

Substantially all of the Company’s revenue is derived from services and solutions provided to the U.S. government and its agencies, primarily by the Company’s consulting staff and, to a lesser extent, subcontractors. The Company generates its revenue from the following types of contractual arrangements: cost-reimbursable-plus-fee contracts, time-and-materials contracts, and fixed-price contracts.

Revenue on cost-reimbursable-plus-fee contracts is recognized as services are performed, generally based on the allowable costs incurred during the period plus any recognizable earned fee. The Company considers fixed fees under cost-reimbursable-plus-fee contracts to be earned in proportion to the allowable costs incurred in performance of the contract. For cost-reimbursable-plus-fee contracts that include performance-based fee incentives, which are principally award fee arrangements, the Company recognizes income when such fees are probable and estimable. Estimates of the total fee to be earned are made based on contract provisions, prior experience with similar contracts or clients, and management’s evaluation of the performance on such contracts. Contract costs, including indirect expenses, are subject to audit by the Defense Contract Audit Agency, or DCAA, and, accordingly, are subject to possible cost disallowances. We recognize as revenue, net of reserves, executive compensation that we determine, based on management's estimates, to be allowable; management's estimates in this regard are based on a number of factors that may change over time, including executive compensation survey data, our and other government contractors' experiences with the DCAA audit practices in our industry and relevant decisions of courts and boards of contract appeals.

Revenue for time-and-materials contracts is recognized as services are performed, generally on the basis of contract allowable labor hours worked multiplied by the contract-defined billing rates, plus allowable direct costs and indirect cost allocations associated with materials used and other direct expenses incurred in connection with the performance of the contract.

Revenue on fixed-price contracts is recognized using percentage-of-completion based on actual costs incurred relative to total estimated costs for the contract. These estimated costs are updated during the term of the contract, and may result in revision by the Company of recognized revenue and estimated costs in the period in which they are identified. Profits on fixed-price contracts result from the difference between incurred costs and revenue earned.

Contract accounting requires significant judgment relative to assessing risks, estimating contract revenue and costs, and making assumptions for schedule and technical issues. Due to the size and nature of many of the Company's contracts, developing total revenue and cost at completion estimates requires the use of significant judgment. Contract costs include direct labor and billable expenses, an allocation of allowable indirect costs, and warranty obligations. Billable expenses is comprised of subcontracting costs and other "out of pocket" costs that often include, but are not limited to, travel-related costs and telecommunications charges. The Company recognizes revenue and billable expenses from these transactions on a gross basis. Assumptions regarding the length of time to complete the contract also include expected increases in wages and prices for materials. Estimates of total contract revenue and costs are monitored during the term of the contract and are subject to revision as the contract progresses. Anticipated losses on contracts are recognized in the period they are deemed probable and can be reasonably estimated.

The Company's contracts may include the delivery of a combination of one or more of the Company's service offerings. In these situations, the Company determines whether such arrangements with multiple service offerings should be treated as separate units of accounting based on how the elements are bid or negotiated, whether the customer can accept separate elements of the arrangement, and the relationship between the pricing on the elements individually and combined.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and highly liquid investments having an original maturity of three months or less. The Company's investments consist primarily of institutional money market funds. The Company maintains its cash and cash equivalents in bank accounts that, at times, exceed the federally insured limits. The Company has not experienced any losses in such accounts.

Valuation of Accounts Receivable

The Company maintains allowances for doubtful accounts against certain billed receivables based upon the latest information regarding whether invoices are ultimately collectible. Assessing the collectability of customer receivables requires management judgment. The Company determines its allowance for doubtful accounts by specifically analyzing individual accounts receivable, historical bad debts, customer credit-worthiness, current economic conditions, and accounts receivable aging trends. Valuation reserves are periodically re-evaluated and adjusted as more information about the ultimate collectability of accounts receivable becomes available. Upon determination that a receivable is uncollectible, the receivable balance and any associated reserve are written off.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents and accounts receivable. The Company's cash equivalents are generally invested in Prime or U.S. government money market funds, which minimizes the credit risk. The Company believes that credit risk, with respect to accounts receivable, is limited as the receivables are primarily with the U.S. government.

Property and Equipment

Property and equipment are recorded at cost, and the balances are presented net of accumulated depreciation. The cost of software purchased or internally developed is capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Furniture and equipment is depreciated over five to ten years, computer equipment is depreciated over four years, and software purchased or developed for internal use is depreciated over three to five years. Leasehold improvements are amortized over the shorter of the useful life of the asset or the lease term. Maintenance and repairs are charged to expense as incurred.

Rent expense is recorded on a straight-line basis over the life of the respective lease. The difference between the cash payment and rent expense is recorded as deferred rent in either accounts payable and other accrued expenses or other long-term liabilities in the consolidated balance sheets, depending on when the amounts will be recognized. The Company receives incentives for tenant improvements on certain of its leases. The cash expended on such improvements is recorded as property and equipment and amortized over the life of the associated asset, or lease term, whichever is shorter. Incentives for tenant improvements are recorded as deferred rent in either accounts payable and other accrued expenses or other long-term liabilities in the consolidated balance sheets, and are amortized on a straight line basis over the lease term.

Business Combinations

The Company has engaged in business acquisition activity. The accounting for business combinations requires management to make judgments and estimates of the fair value of assets acquired, including the identification and valuation of intangible assets, as well as liabilities and contingencies assumed. Such judgments and estimates directly impact the amount of goodwill recognized in connection with each acquisition, as goodwill represents the excess of the purchase price of an acquired business over the fair value of its net tangible and identifiable intangible assets.

Goodwill

The Company assesses goodwill for impairment on at least an annual basis on January 1 unless interim indicators of impairment exist. Goodwill is considered to be impaired when the net book value of a reporting unit exceeds its estimated fair value. The Company operates as a single operating segment and as a single reporting unit for the purpose of evaluating goodwill. As of January 1, 2014, the Company performed its annual impairment test of goodwill by comparing the fair value of the Company (primarily based on market capitalization) to the carrying value of equity, and concluded that the fair value of the reporting unit was greater than the carrying amount. During the fiscal years ended March 31, 2014, 2013 and 2012 the Company did not record any goodwill impairment.

Intangible Assets

Intangible assets consist of trade name and customer relationships. Customer relationships are amortized on an accelerated basis over the expected backlog life based on projected future cash flows of approximately five to nine years. The trade name is not amortized, but is tested on at least an annual basis as of January 1 unless interim indicators of impairment exist. The trade name is considered to be impaired when the net book value exceeds its estimated fair value. As of January 1, 2014 the Company performed its annual impairment test of the trade name, and concluded that the fair value of the trade name was greater than the carrying amount. The Company used the relief from royalty method for valuation. The fair value of the asset is the present value of the license fees avoided by owning the asset, or the royalty savings.

Long-Lived Assets

The Company reviews its long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be fully recoverable. If the total of the expected undiscounted future net cash flows is less than the carrying amount of the asset, a loss is recognized for any excess of the carrying amount over the fair value of the asset. During the fiscal years ended March 31, 2014, 2013 and 2012 the Company did not record any impairment charges.

Income Taxes

The Company provides for income taxes as a “C” corporation on income earned from operations. The Company is subject to federal, state, and foreign taxation in various jurisdictions.

Deferred tax assets and liabilities are recorded to recognize the expected future tax benefits or costs of events that have been, or will be, reported in different years for financial statement purposes than for tax purposes. Deferred tax assets and liabilities are computed based on the difference between the financial statement carrying amount and tax basis of assets and liabilities using enacted tax rates and laws for the years in which these items are expected to reverse. If management determines that some portion or all of a deferred tax asset is not “more likely than not” to be realized, a valuation allowance is recorded as a component of the income tax provision to reduce the deferred tax asset to an appropriate level in that period. In determining the need for a valuation allowance, management considers all positive and negative evidence, including historical earnings, projected future taxable income, future reversals of existing taxable temporary differences, taxable income in prior carryback periods, and prudent, feasible tax-planning strategies.

The Company periodically assesses its tax positions for all periods open to examination by tax authorities based on the latest available information. Where it is not more likely that not that the Company’s tax position will be sustained, the Company records its best estimate of the resulting tax liability, penalties and interest in the consolidated financial statements. These uncertain tax positions are recorded as a component of income tax expense. As uncertain tax positions in periods open to examination are closed out, or as new information becomes available, the resulting change is reflected in the recorded liability and income tax expense. Penalties and interest recognized related to the reserves for uncertain tax positions are recorded as a component of income tax expense.

Comprehensive Income

Comprehensive income is the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources, and is presented in the consolidated statements of comprehensive income. Accumulated other comprehensive income (loss) as of March 31, 2014 and 2013 consisted of unrealized gains (losses) on the Company’s defined and postretirement benefit plans.

Share-Based Payments

Share-based payments to employees are recognized in the consolidated statements of operations based on their grant date fair values with the expense recognized on an accelerated basis over the vesting period. The Company uses the Black-Scholes option-pricing model to determine the fair value of its awards at the time of the grant.

Defined Benefit Plan and Other Postretirement Benefits

The Company recognizes the underfunded status of defined benefit plans on the consolidated balance sheets. Gains and losses and prior service costs and credits that have not yet been recognized through net periodic benefit cost are recognized in accumulated other comprehensive income, net of tax effects, and will be amortized as a component of net periodic cost in future periods. The measurement date, the date at which the benefit obligations and plan assets are measured, is the Company’s fiscal year end.

Self-Funded Medical Plans

The Company maintains self-funded medical insurance. Self-funded plans include a health maintenance organization, preferred provider organization, point of service, qualified point of service, and traditional choice. Further, self-funded plans also include prescription drug and dental benefits. The Company records an incurred but unreported claim liability in the accrued compensation and benefits line of the consolidated balance sheets for self-funded plans based on an actuarial valuation. Data that drives this estimate is primarily based on claims and enrollment data provided by a third party valuation firm for medical and pharmacy related costs.

Deferred Compensation Plan

The Company accounts for its deferred compensation plan in accordance with the terms of the underlying plan agreement. To the extent the terms of the contract attribute all or a portion of the expected future benefit to an individual year of the employee’s service, the cost of the benefits are recognized in that year. Therefore, the Company estimates the cost of future benefits that are expected to be paid and expenses the present value of those costs in the year as services are provided.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, we consider the principal or most advantageous market in which the asset or liability would transact, and if necessary, consider assumptions that market participants would use when pricing the asset or liability.

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).

The fair values of the Company’s cash and cash equivalents (including money market funds), trade accounts receivable and accounts payable, approximates their carrying values at March 31, 2014 and 2013 because of the short-term nature of these amounts. The fair values of the Company’s debt instruments approximates their carrying value at March 31, 2014 and 2013. The fair value of debt is determined based on interest rates available for debt with terms and maturities similar to the Company’s existing debt arrangements (Level 2 inputs).

Recent Accounting Pronouncements

Recent accounting pronouncements issued by the FASB during fiscal 2014 and through the filing date did not and are not believed by management to have a material impact on the Company's present or historical consolidated financial statements.

3. 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, Class B Non-Voting Common Stock, Class C Restricted Common Stock, and Class E Special Voting Common Stock. Class E Special Voting Common Stock shares are not included in the calculation of EPS as these shares represent voting rights only and are not entitled to participate in dividends or other distributions. Unvested Class A Restricted Common Stock holders are entitled to participate in non-forfeitable dividends or other distributions. These unvested shares participated in the Company's dividends declared and paid each quarter in fiscal 2014 and fiscal 2013, and the fourth quarter of fiscal 2012. 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:

	Fiscal Year Ended March 31,		
	2014	2013	2012
Earnings for basic computations (1)	$ 229,082	$ 209,994	$ 238,761
Weighted-average Class A Common Stock outstanding	139,275,596	131,068,847	125,894,644
Weighted-average Class B Non-Voting Common Stock outstanding	1,019,051	2,080,050	2,791,917
Weighted-average Class C Restricted Common Stock outstanding	1,019,897	1,253,832	1,459,128
Total weighted-average common shares outstanding for basic computations	141,314,544	134,402,729	130,145,689
Earnings for diluted computations (1)	$ 229,082	$ 209,994	$ 238,761
Dilutive stock options and restricted stock	7,366,530	10,451,995	10,666,323
Average number of common shares outstanding for diluted computations	148,681,074	144,854,724	140,812,012
Earnings per common share			
Basic	$ 1.62	$ 1.56	$ 1.83
Diluted	$ 1.54	$ 1.45	$ 1.70

(1) During fiscal 2014, 2013, and 2012 approximately 1.3 million, 1.2 million, and 787,000 shares of participating securities were paid dividends totaling $3.1 million, $9.1 million, and $71,000, respectively. Additionally, for fiscal 2012 there were undistributed earnings of $1.1 million allocated to the participating class of securities in basic and diluted earnings per share. The allocated earnings and the dividends paid for fiscal 2012 comprise the difference from net income presented on the consolidated statements of operations, while only dividends paid for fiscal 2014 and 2013 comprise the difference from net income presented on the consolidated statements of operations, as there were no excess undistributed earnings.

The EPS calculation for fiscal 2014, 2013, and 2012 excludes 1,072,000, 328,000 and 2,529,000 options as their impact was anti-dilutive.

4. GOODWILL AND INTANGIBLE ASSETS

Goodwill

As of March 31, 2014 and 2013, goodwill was $1,273.8 million and $1,277.4 million, respectively. The decrease in the carrying amount of goodwill is primarily attributable to the settlement of various FIN 48 tax contingencies indemnified by the DPO, as defined and explained in greater detail in Note 9. During the fiscal years ended March 31, 2014, 2013 and 2012, the Company did not record any goodwill impairment. Further, the Company does not consider any of the goodwill at risk of impairment.

Intangible Assets

Intangible assets consisted of the following:

	As of March 31, 2014			As of March 31, 2013		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Amortizable intangible assets						
Customer relationships	$ 187,758	$ 157,071	$ 30,687	$ 187,758	$ 141,738	$ 46,020
Total	$ 187,758	$ 157,071	$ 30,687	$ 187,758	$ 141,738	$ 46,020
Unamortizable intangible assets						
Trade name	$ 190,200	$ —	$ 190,200	$ 190,200	$ —	$ 190,200
Total	$ 377,958	$ 157,071	$ 220,887	$ 377,958	$ 141,738	$ 236,220

Intangible assets are primarily amortized on an accelerated basis over periods ranging from 7 years to 9 years. The weighted-average remaining period of amortization for all customer relationships is 4.6 years.

The Company performed an annual impairment test of the trade name as of January 1, 2014 and 2013, noting no impairment.

Amortization expense for fiscal 2014, 2013, and 2012 was $14.8 million, $14.8 million, and $16.4 million, respectively. The following table summarizes the estimated annual amortization expense for future periods indicated below:

For the Fiscal Year Ended March 31,	
2015	$ 9,617
2016	8,643
2017	7,696
2018	2,523
2019	1,577
Thereafter	631
Total amortization expense	$ 30,687

5. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following:

	March 31,	
	2014	2013
Current		
Accounts receivable–billed	$ 395,509	$ 431,770
Accounts receivable–unbilled	522,685	598,004
Allowance for doubtful accounts	(1,457)	(188)
Accounts receivable, net	916,737	1,029,586
Long-term		
Unbilled receivables	22,877	19,779
Total accounts receivable, net	$ 939,614	$ 1,049,365

Unbilled amounts represent sales for which billings have not been presented to customers at year-end. These amounts are usually billed and collected within one year. 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 as accounts receivable in the accompanying consolidated balance sheets. The Company recognized a provision for doubtful accounts (including certain unbilled reserves) of $1.3 million, $544,000, and $2.7 million for fiscal 2014, 2013 and 2012, respectively. Because the Company's accounts receivable are primarily with U.S. Government and its agencies, the Company does not have material exposure to accounts receivable credit risk.

6. PROPERTY AND EQUIPMENT, NET

The components of property and equipment, net were as follows:

	March 31,	
	2014	2013
Furniture and equipment	$ 104,463	$ 135,281
Computer equipment	49,469	46,872
Software	25,380	36,690
Leasehold improvements	201,166	154,167
Total	380,478	373,010
Less: Accumulated depreciation and amortization	(251,051)	(206,440)
Property and equipment, net	$ 129,427	$ 166,570

Property and equipment, net, includes $6.6 million, and $9.7 million of internally developed software, net of depreciation as of March 31, 2014 and 2013, respectively. Depreciation and amortization expense relating to property and equipment for fiscal 2014, 2013, and 2012 was $57.6 million, $59.5 million, and $58.8 million, respectively. During fiscal 2014 and 2013, the Company reduced the gross cost and accumulated depreciation and amortization by $17.3 million and $22.9 million, respectively, for zero net book value assets deemed no longer in service.

7. ACCOUNTS PAYABLE AND OTHER ACCRUED EXPENSES

Accounts payable and other accrued expenses consisted of the following:

	March 31,	
	2014	2013
Vendor payables	$ 265,079	$ 248,471
Accrued expenses	223,728	202,594
Total accounts payable and other accrued expenses	$ 488,807	$ 451,065

Accrued expenses consisted primarily of the Company’s reserve related to potential cost disallowance in conjunction with government audits. Refer to Note 20 for further discussion of this reserve.

8. ACCRUED COMPENSATION AND BENEFITS

Accrued compensation and benefits consisted of the following:

	March 31,	
	2014	2013
Bonus	$ 75,423	$ 89,389
Retirement	43,405	83,071
Vacation	117,626	136,528
Stock-based compensation liability (Note 17)	39,922	48,468
Deferred Compensation (1)	27,547	—
Other	27,517	27,977
Total accrued compensation and benefits	$ 331,440	$ 385,433

(1) The Company maintains a deferred compensation plan, or EPP, established in January 2009, for the benefit of certain employees. The EPP allows eligible participants to defer all or a portion of their annual performance bonus, reduced by amounts withheld for the payment of taxes or other deductions required by law. The Company makes no contributions to the

EPP, but maintains participant accounts for deferred amounts and interest earned. The deferred balance generally will be paid within 180 days of the final determination of the interest to be accrued for 2014, upon retirement, or termination. The deferred balance will be paid prior to December 31, 2014, and as such, the entire deferred compensation balance of $27.5 million as of March 31, 2014 is classified as a component of accrued compensation and benefits.

9. DEFERRED PAYMENT OBLIGATION

Pursuant to an Agreement and Plan of Merger, or the Merger Agreement, dated as of May 15, 2008, and subsequently amended, The Carlyle Group indirectly acquired all of the issued and outstanding stock of the Company. In connection with this transaction, on July 31, 2008 the Company established a Deferred Payment Obligation, or DPO, of $158.0 million, payable 8.5 years after the Closing Date, less any settled claims. Pursuant to the Merger Agreement, $78.0 million of the $158.0 million DPO was required to be paid in full to the selling shareholders. On December 11, 2009, in connection with a recapitalization transaction, $100.4 million was paid to the selling shareholders, of which $78.0 million was the repayment of that portion of the DPO, with approximately $22.4 million representing accrued interest.

The remaining $80.0 million is available to indemnify the Company for certain pre-acquisition tax contingencies, related interest and penalties, and other matters pursuant to the Merger Agreement. Any amounts remaining after the settlement of claims will be paid out to the selling shareholders. As of March 31, 2014 and 2013, the Company has recorded $56.8 million and $55.8 million, respectively, for pre-acquisition uncertain tax positions, of which approximately $19.6 million and $18.5 million, respectively, may be indemnified under the remaining available DPO. During fiscal 2014, the Company accrued additional interest for certain pre-acquisition uncertain tax positions, thereby increasing the estimated amount to be indemnified under the remaining available DPO and decreasing the DPO amount to be paid to the selling shareholders. Offsetting this decrease in the DPO amount is interest accrued at a rate of 5% per six-month period on the unpaid DPO balance, net of any settled claims or payments, which was $80.0 million as of March 31, 2014 and 2013. Accordingly, the $61.7 million and $62.8 million DPO balance recorded as of March 31, 2014 and 2013, respectively, within other long-term liabilities, except the current portion of accrued interest expense which is recorded within short-term liabilities, represents the residual balance estimated to be paid to the selling shareholders based on consideration of contingent tax claims, accrued interest and other matters.

A reconciliation of the principal balance of the DPO to the amount recorded in the consolidated balance sheets for the periods presented are as follows:

	March 31, 2014	March 31, 2013
Deferred payment obligation	$ 80,000	$ 80,000
Indemnified pre-acquisition uncertain tax positions	(19,556)	(18,527)
Accrued interest	1,304	1,304
Amount recorded in the consolidated balance sheets	$ 61,748	$ 62,777

During fiscal 2014 and 2013, the Company paid $8.0 million and $7.4 million, respectively, of accrued interest to the selling shareholders.

10. DEBT

Debt consisted of the following:

	March 31, 2014		March 31, 2013	
	Interest Rate	Outstanding Balance	Interest Rate	Outstanding Balance
Term Loan A	2.65%	$ 660,317	2.70%	$ 706,134
Term Loan B	3.75%	998,602	4.50%	1,009,039
Total		1,658,919		1,715,173
Less: Current portion of long-term debt		(73,688)		(55,562)
Long-term debt, net of current portion		$ 1,585,231		$ 1,659,611

On August 16, 2013, the Company consummated a repricing of its outstanding Term Loan B indebtedness, or repricing transaction, by entering into the First Amendment to its senior secured credit agreement, effective July 31, 2012, or Credit Agreement. On July 31, 2012, the Company consummated the Recapitalization Transaction which included the refinancing and termination of the Company's existing senior secured credit agreement with the proceeds of the borrowings under the Company's new Credit Agreement. The Credit Agreement provided the Company with a $725.0 million Term Loan A and a $1,025.0 million Term Loan B, and a $500.0 million revolving credit facility, with a sublimit for letters of credit of $100.0 million. The outstanding obligations under the Credit Agreement are secured by a security interest in substantially all of the assets of the Company, subject to certain exceptions set forth in the Credit Agreement and related documentation. With no increase in borrowing, the First Amendment reduced the interest rate applicable to Term Loan B. The rates for Term Loan A loans outstanding under the Company's Credit Agreement, as amended, remain unchanged.

In connection with the August 16, 2013 Repricing Transaction, the Company accelerated the amortization of ratable portions of the DIC and Original Issue Discount, or OID, associated with the prior senior secured term loan facilities of $1.2 million. These amounts are reflected in other expense, net in the consolidated statements of operations. Furthermore, the Company expensed third party debt issuance costs of $1.6 million that did not qualify for deferral, which are reflected in general and administrative costs in the consolidated statements of operations.

We occasionally borrow under our revolving credit facility in anticipation of cash demands. On October 15, 2013, the Company's wholly-owned subsidiary Booz Allen Hamilton Inc. accessed $250.0 million of its $500.0 million revolving credit facility to safeguard against the possible consequences of a failure by Congress to increase the U.S. government's ability to incur indebtedness in excess of its current limit. On October 18, 2013, following the increase of the debt limit by Congress, the Company repaid the $250.0 million borrowed from the revolving credit facility. On February 27, 2014, the Company's wholly-owned subsidiary Booz Allen Hamilton Inc. accessed $50.0 million of its $500.0 million revolving credit facility to provide sufficient available cash given the timing of certain cash payments. The Company repaid the $50.0 million borrowed from the revolving credit facility on March 6, 2014.

The Credit Agreement requires quarterly principal payments of 1.25% of the stated principal amount of Term Loan A, with annual incremental increases to 1.875%, 2.50%, 3.125%, and 13.0%, prior to the Term Loan A's maturity date of December 31, 2017, and 0.25% of the stated principal amount of Term Loan B, with the remaining balance payable on the Term Loan B's maturity date of July 31, 2019. Both these stated principal repayment schedules are reflected in the table below. The revolving credit facility matures on December 31, 2017, at which time any outstanding principal balance is due in full.

The following table summarizes required future debt principal repayments:

	Payments Due By March 31,						
	Total	**2015**	**2016**	**2017**	**2018**	**2019**	**Thereafter**
Term Loan A	$ 661,563	$ 63,438	$ 81,563	$ 233,812	$ 282,750	$ —	$ —
Term Loan B	1,009,625	10,250	10,250	10,250	10,250	10,250	958,375
Total	$ 1,671,188	$ 73,688	$ 91,813	$ 244,062	$ 293,000	$ 10,250	$ 958,375

The interest rate on borrowings under Term Loan A is LIBOR plus 2.50% spread. The spread ranges from 2.00% to 2.75% based on the Company's total leverage ratio. The interest rate on borrowings under Term Loan B is LIBOR plus 3.0% spread with a 0.75% floor. The spread ranges from 2.00% to 3.00% based upon either an ABR or LIBOR borrowing. The revolving credit facility margin and commitment fee are subject to the leveraged based pricing grid, as set forth in the Credit Agreement, as amended.

During fiscal 2014, interest payments of $19.0 million and $41.9 million were made for Term Loan A and Term Loan B, respectively. During fiscal 2013, interest payments of $18.8 million and $40.0 million were made for Term Loan A and Term Loan B, respectively. As of March 31, 2014 and 2013, no amounts were outstanding on the revolving credit facility.

The total outstanding debt balance was recorded in the accompanying consolidated balance sheets, net of unamortized discount of $12.3 million and $11.6 million as of March 31, 2014 and 2013, respectively. As of March 31, 2014 and 2013, the Company was in compliance with all of the Credit Agreement's debt covenants.

11. DEFERRED FINANCING COSTS

A reconciliation of the beginning and ending amount of Debt Issuance Costs, or DIC, for the periods presented are as follows:

	March 31, 2014	March 31, 2013
Beginning of year	$ 31,820	$ 16,190
Amortization	(6,719)	(5,865)
Accelerated amortization of DIC related to August 2013 Repricing Transaction and July 2012 Recapitalization Transaction	(610)	(5,386)
Additional DIC related to August 2013 Repricing Transaction and July 2012 Recapitalization Transaction[1]	1,179	26,881
End of year	$ 25,670	$ 31,820

[1] Included in "Debt issuance costs" in the consolidated statement of cash flows.

Costs incurred in connection with the August 16, 2013 Repricing Transaction were $2.8 million, of which $1.2 million was recorded as other long-term assets and will be amortized and reflected in interest expense in the consolidated statements of operations over the term of the loans. Amortization of these costs will be accelerated to the extent that any prepayment is made on the Credit Agreement. The remaining amount of $1.6 million, which was not deferred, was recorded as general and administrative expenses in the consolidated statements of operations in fiscal 2014.

Costs incurred in connection with the July 31, 2012 Recapitalization Transaction were $29.6 million, of which $26.9 million was recorded as other long-term assets and will be amortized and reflected in interest expense in the consolidated statements of operations over the term of the loans. Amortization of these costs will be accelerated to the extent that any prepayment is made on the Credit Agreement. The remaining amount of $2.7 million, which was not deferred, was recorded as general and administrative expenses in the consolidated statements of operations in fiscal 2013.

Absent any prepayment accelerations of DIC or the effect of changes in interest rates, the following table summarizes the estimated annual amortization expense of DIC using the effective interest rate method, as a component of interest expense, for the future fiscal periods indicated below:

	DIC Amortization Expense						
	Total	2015	2016	2017	2018	2019	Thereafter
Term Loan A	$ 8,325	$ 2,855	$ 2,614	$ 2,181	$ 675	$ —	$ —
Term Loan B	9,033	1,583	1,636	1,681	1,734	1,789	610
Revolver	8,312	2,213	2,219	2,213	1,667	—	—
Total	$ 25,670	$ 6,651	$ 6,469	$ 6,075	$ 4,076	$ 1,789	$ 610

12. INCOME TAXES

The components of income tax expense were as follows:

	Fiscal Year Ended March 31,		
	2014	2013	2012
Current			
U.S. Federal	$ 148,908	$ 161,838	$ 11,893
State and local	26,062	35,503	17,241
Total current	174,970	197,341	29,134
Deferred			
U.S. Federal	(22,540)	(40,652)	71,683
State and local	(3,831)	(7,436)	3,102
Total deferred	(26,371)	(48,088)	74,785
Total	$ 148,599	$ 149,253	$ 103,919

A reconciliation of the provision for income tax to the amount computed by applying the statutory federal income tax rate to income from continuing operations before income taxes for each of the three years ended March 31 is as follows:

	Fiscal Year Ended March 31,		
	2014	2013	2012
Income tax expense computed at U.S. federal statutory rate (35%)	$ 133,275	$ 128,909	$ 120,356
Increases (reductions) resulting from:			
Changes in uncertain tax positions	1,838	1,477	(32,528)
State income taxes, net of the federal tax benefit	13,847	17,039	13,431
Meals and entertainment	1,135	1,365	2,177
Release of Valuation Allowance	—	—	(5,211)
Gain on sale of state and local transportation business	—	—	3,772
Other	(1,496)	463	1,922
Income tax expense from operations	$ 148,599	$ 149,253	$ 103,919

Significant components of the Company’s net deferred income tax (liability) asset were as follows:

	March 31,	
	2014	2013
Deferred income tax assets:		
Accrued expenses	$ 96,554	$ 78,563
Accrued compensation	40,198	45,031
Stock-based compensation	34,532	46,735
Pension and postretirement insurance	31,776	33,009
Property and equipment	7,753	4,086
Net operating loss & Capital loss carryforwards	532	721
Deferred rent and tenant allowance	11,256	15,979
Other	6,974	5,412
Total gross deferred income tax assets	229,575	229,536
Less: Valuation allowance	—	—
Total net deferred income tax assets	229,575	229,536
Deferred income tax liabilities:		
Accrued compensation-IRC Section 481(a)	(20,086)	(30,090)
Unbilled receivables	(98,129)	(112,876)
Intangible assets	(80,054)	(83,279)
Debt issuance costs	(6,650)	(1,449)
Other	(3,200)	(2,096)
Total deferred income tax liabilities	(208,119)	(229,790)
Net deferred income tax (liability) asset	$ 21,456	$ (254)

Deferred tax balances arise from temporary differences between the carrying amount of assets and liabilities and their tax basis and are stated at the enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is provided against deferred tax assets when it is more likely than not that some or all of the deferred tax asset will not be realized. In determining if the Company's deferred tax assets are realizable, management considers all positive and negative evidence, including the history of generating book earnings, future reversals of existing taxable temporary differences, projected future taxable income, as well as any tax planning strategies. The Company believes it is more likely than not that the results of future operations will generate sufficient taxable income to realize the net deferred tax assets.

As of March 31, 2014, the Company has approximately $0.4 million of State net operating loss, or NOL, carryforwards. The State NOL carryforwards expires in 2028. The Company believes that it is more likely than not that the Company will generate sufficient taxable income to fully realize the tax benefit of our State NOL carryforwards.

Uncertain Tax Positions

The Company maintains reserves for uncertain tax positions related to income tax benefits recognized. These reserves involve considerable judgment and estimation and are evaluated by management based on the best information available including changes in tax laws and other information. As of March 31, 2014, 2013 and 2012 the Company has recorded $57.4 million, $57.0 million and $55.3 million respectively, of reserves for uncertain tax positions which includes potential tax benefits of $55.0 million, $55.7 million and $54.9 million respectively, that, if recognized, would impact the effective tax rate. Of the $57.4 million, $57.0 million and $55.3 million of reserves for uncertain tax positions as of March 31, 2014, 2013 and 2012 respectively, approximately $19.6 million , $18.5 million and $17.5 million respectively, may be indemnified under the remaining available DPO.

A reconciliation of the beginning and ending amount of potential tax benefits for the periods presented are as follows:

	March 31,		
	2014	2013	2012
Beginning of year	$ 55,679	$ 54,895	$ 77,304
Federal benefit from change in reserve	—	—	1,036
Increases in prior year position	364	1,074	—
Settlements with taxing authorities	(1,074)	(11)	(14,399)
Lapse of statute of limitations	(3)	(279)	(9,046)
End of year	$ 54,966	$ 55,679	$ 54,895

The Company recognized accrued interest and penalties of approximately $1.1 million, $952,000 and $362,000 for fiscal 2014, 2013, and 2012, respectively, related to the reserves for uncertain tax positions in the income tax provision. Included in the total reserve for uncertain tax positions are accrued penalties and interest of approximately $2.4 million, $1.3 million and $387,000 at March 31, 2014, 2013 and 2012 respectively.

The Company did not have any material settlements or lapse of statute of limitations during fiscal year 2014. The Company is subject to taxation in the United States and various state and foreign jurisdictions. As of March 31, 2014, the Company's tax years ended July 31, 2008 and forward are open and subject to examination by the tax authorities. The jurisdictions currently under examination are not considered to be material. Additionally, no significant increases or decreases for uncertain tax positions are reasonably possible within the next twelve months.

13. EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

The Company sponsors the Employees’ Capital Accumulation Plan, or ECAP, which is a qualified defined contribution plan that covers eligible U.S. and international employees. ECAP provides for distributions, subject to certain vesting provisions, to participants by reason of retirement, death, disability, or termination of employment. Effective April 1, 2013 the Company reduced its discretionary contribution percentage for the ECAP. Total expense recognized under ECAP for fiscal 2014, 2013, and 2012 was $165.6 million, $237.1 million, and $235.4 million, respectively, and the Company-paid contributions were $205.2 million, $242.6 million, and $242.5 million, respectively.

Defined Benefit Plan and Other Postretirement Benefit Plans

The Company maintains and administers a postretirement medical plan and a defined benefit retirement plan for current, retired, and resigned officers.

The Company established a non-qualified defined benefit plan for all Officers in May 1995, or the Retired Officers' Bonus Plan, which pays a lump-sum amount of $10,000 per year of service as an Officer, provided the Officer meets retirement vesting requirements. The Company also provides a fixed annual allowance after retirement to cover financial counseling and other expenses. The Retired Officers' Bonus Plan is not salary related, but rather is based primarily on years of service.

In addition, the Company provides postretirement healthcare benefits to former Officers under a medical indemnity insurance plan, with premiums paid by the Company. This plan is referred to as the Officer Medical Plan.

The Company recognizes a liability for the defined benefit plans' underfunded status, measures the defined benefit plans' obligations that determine its funded status as of the end of the fiscal year, and recognizes as a component of accumulated other comprehensive income the changes in the defined benefit plans' funded status that are not recognized as components of net periodic benefit cost.

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

	Fiscal Year Ended March 31,		
	2014	2013	2012
Service cost	$ 4,745	$ 3,892	$ 3,912
Interest cost	3,660	3,147	2,987
Net actuarial loss	2,728	1,537	818
Total postretirement medical expense	$ 11,133	$ 8,576	$ 7,717

The weighted-average discount rate used to determine the year-end benefit obligations were as follows:

	Fiscal Year Ended March 31,		
	2014	2013	2012
Officer Medical Plan	4.75%	4.75%	5.00%
Retired Officers’ Bonus Plan	4.75%	4.75%	5.00%

Assumed healthcare cost trend rates for the Officer Medical Plan at March 31, 2014 and 2013 were as follows:

Pre-65 initial rate	2014	2013
Healthcare cost trend rate assumed for next year	7.25%	7.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2023	2023

Post-65 initial rate	2014	2013
Healthcare cost trend rate assumed for next year	7.00%	7.25%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2022	2022

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage-point change in assumed healthcare cost trend rates calculated as of March 31, 2014 would have the following effects:

	1% Increase	1% Decrease
Effect on total of service and interest cost	$ 1,676	$ (1,325)
Effect on postretirement benefit obligation	12,634	(10,202)

Total defined benefit plan expense, consisting of service and interest, associated with the Retired Officers' Bonus Plan was $768,000, $743,000, and $868,000 for fiscal 2014, fiscal 2013, and fiscal 2012, respectively. Benefits paid associated with the Retired Officers’ Bonus Plan were $1.1 million, $361,000, and $1.2 million for fiscal 2014, fiscal 2013, and fiscal 2012, respectively. The end-of-period benefit obligation of $4.7 million and $5.0 million as of March 31, 2014 and 2013, respectively, is included in postretirement obligations within other long-term liabilities in the accompanying consolidated balance sheets.

Accumulated other comprehensive loss as of March 31, 2014 includes unrecognized actuarial gain of $6.7 million, net of taxes of $4.4 million, that has not yet been recognized in net periodic pension cost for the Retired Officers’ Bonus Plan and the Officer Medical Plan. Accumulated other comprehensive loss as of March 31, 2013, includes unrecognized net actuarial loss of $8.1 million, net of taxes of $3.3 million, that has not yet been recognized in net periodic pension cost for the Retired Officers’ Bonus Plan and the Officer Medical Plan.

The amounts in accumulated other comprehensive income expected to be recognized as components of net periodic cost in fiscal 2015 are $582,000 of net actuarial gain (loss), $0 of net prior service cost (credit), and $0 of net transition (asset) obligation.

The changes in the benefit obligation, plan assets, and funded status of the Officer Medical Plan were as follows:

	Fiscal Year Ended March 31,		
	2014	2013	2012
Benefit obligation, beginning of the year	$ 78,735	$ 63,585	$ 52,753
Service cost	4,745	3,892	3,912
Interest cost	3,660	3,147	2,987
Net actuarial (gain) loss	(9,436)	9,891	5,666
Benefits paid	(1,802)	(1,780)	(1,733)
Benefit obligation, end of the year	$ 75,902	$ 78,735	$ 63,585
Changes in plan assets			
Fair value of plan assets, beginning of the year	$ —	$ —	$ —
Employer contributions	1,802	1,780	1,733
Benefits paid	(1,802)	(1,780)	(1,733)
Fair value of plan assets, end of the year	$ —	$ —	$ —

As of March 31, 2014 and 2013, the unfunded status of the Officer Medical Plan was $75.9 million and $78.7 million, respectively, which is included in other long-term liabilities in the accompanying consolidated balance sheets.

Funded Status for Defined Benefit Plans

Generally, annual contributions are made at such times and in amounts as required by law and may, from time to time, exceed minimum funding requirements. The Retired Officers’ Bonus Plan is an unfunded plan and contributions are made as benefits are paid. As of March 31, 2014 and 2013, there were no plan assets for the Retired Officers’ Bonus Plan and therefore, the accumulated liability of $4.7 million and $5.0 million, respectively, is unfunded. The liability will be distributed in a lump-sum payment as each Officer retires.

The expected future medical benefit payments and related contributions are as follows:

For the Fiscal Year Ending March 31,	
2015	$ 2,182
2016	2,378
2017	2,683
2018	2,969
2019	3,656
2020-2024	23,107

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

All amounts recorded in other comprehensive loss are related to the Company's pension plan. The following table represents a rollforward of amounts recognized in accumulated other comprehensive loss, net of tax:

	March 31,		
	2014	2013	2012
Beginning of year	$ (13,787)	$ (8,715)	$ (5,453)
Other comprehensive income (loss) before reclassifications	5,499	(5,996)	(3,681)
Amounts reclassified from accumulated other comprehensive loss	1,652	924	419
Net current-period other comprehensive income (loss)	7,151	(5,072)	(3,262)
End of year	$ (6,636)	$ (13,787)	$ (8,715)

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

	March 31, 2014	March 31, 2013	March 31, 2012
Amortization of net actuarial loss included in net periodic benefit cost (See Note 13)			
Total before tax	$ 2,728	$ 1,524	$ 706
Tax benefit	(1,076)	(600)	(287)
Net of tax	$ 1,652	$ 924	$ 419

15. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consisted of the following:

	March 31, 2014	March 31, 2013
Deferred rent	$ 28,527	$ 40,548
Deferred compensation (1)	—	26,443
Stock-based compensation	25,966	50,625
Deferred payment obligation	60,444	61,473
Postretirement benefit obligation	80,527	83,761
Other	5,746	6,610
Total other long-term liabilities	$ 201,210	$ 269,460

(1) As disclosed in Note 8, the Company anticipates paying the entire deferred compensation balance of the EPP prior to December 31, 2014, and as such, the entire deferred compensation balance was reclassified from other long-term liabilities as of March 31, 2013 to accrued compensation and benefits as of March 31, 2014.

In fiscal 2014 and 2013, the Company recorded a stock-based compensation liability of $65.9 million and $99.1 million, respectively, including $39.9 million and $48.5 million, respectively, expected to be paid within one year, related to special dividends paid in July and December 2009, June 2012, August 2012, November 2013, and February 2014. Rollover options vested and not yet exercised that would have had an exercise price below zero as a result of the dividend were reduced to one cent, with the remaining reduction to be paid in cash upon exercise of the options. Payments of the special dividends to EIP option holders is linked to vesting. Refer to Note 17 for further discussion of the special dividends.

16. STOCKHOLDERS' EQUITY

Common Stock

Holders of Class A Common Stock, Class C Restricted Common Stock, and Class E Special Voting Common Stock are entitled to one vote for each share as a holder. The holders of the Voting Common Stock shall vote together as a single class. The holders of Class B Non-Voting Common Stock have no voting rights.

When shares of Class B Non-Voting Common Stock or Class C Restricted Common Stock are sold on the open market, they become Class A Common Stock shares. During fiscal 2014, 869,520 and 288,448 shares of Class B Non-Voting Common Stock and Class C Restricted Common stock, respectively, were sold and converted to Class A Common Stock shares.

Class C Restricted Common Stock is restricted in that a holder's shares vest as set forth in the Rollover Plan. Refer to Note 17 for further discussion of the Rollover Plan.

Class E Special Voting Common Stock represents the voting rights that accompany the Rollover Options. Rollover Options have a fixed vesting and exercise schedule to comply with IRS section 409A. Upon exercise, the option will convert to Class A Common Stock, and the corresponding Class E Special Voting Common Stock will be repurchased by the Company and retired. Refer to Note 17 for further discussion of the Rollover Options.

Each share of common stock, except for Class E Special Voting Common Stock, is entitled to participate equally in dividends, when and if declared by the Board of Directors from time to time, such dividends and other distributions in cash, stock, or property from the Company's assets or funds become legally available for such purposes subject to any dividend preferences that may be attributable to preferred stock that may be authorized. The Company's ability to pay dividends to stockholders is limited as a practical matter by restrictions in the credit agreements governing the Senior Credit Facilities.

The authorized and unissued Class A Common Stock shares are available for future issuance upon share option exercises, without additional stockholder approval.

Employee Stock Purchase Plan

In connection with the Company's initial public offering in November 2010, the Company established a tax qualified Employee Stock Purchase Plan, or ESPP, which is designed to enable eligible employees to periodically purchase shares of the Company's Class A Common Stock up to an aggregate of 10,000,000 shares at a five percent discount from the fair market value of the Company's common stock. The ESPP provides for quarterly offering periods, the first of which commenced on April 1, 2011. For the year ended March 31, 2014, 276,529 Class A Common Stock shares were purchased by employees under the ESPP. As of the program's inception, 1,295,070 shares have been purchased by employees.

Share Repurchase Program

On December 12, 2011, the Board of Directors approved a $30.0 million share repurchase program, to be funded from cash on hand. 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. As of March 31, 2014 no shares have been repurchased under the program.

Dividends

The following table summarizes the cash distributions recognized in the consolidated statement of cash flows:

	Fiscal Year Ended March 31,		
	2014	2013	2012
Recurring dividends (1)	$ 57,063	$ 48,736	$ 11,906
Special dividends (2)	288,739	1,073,733	—
Dividend equivalents (3)	56,138	59,471	9,026
Total distributions	$ 401,940	$ 1,181,940	$ 20,932

(1) Amounts represent recurring dividends of $0.10 per share and $0.09 per share that were declared and paid for during each quarter of fiscal 2014, fiscal 2013, and fiscal 2012, respectively.
(2) Amounts represent aggregate special dividends of $2.00 per share ($1.00 paid November 29, 2013 and $1.00 paid February 28, 2014) and $8.00 per share ($1.50 paid June 29, 2012 and $6.50 paid August 31, 2012) that were declared and paid for during fiscal 2014 and 2013, respectively.
(3) Dividend equivalents are distributions made to option holders equal to the special dividends declared and paid.

On May 21, 2014, the Company announced a regular quarterly cash dividend in the amount of $0.11 per share. The quarterly dividend is payable on June 30, 2014 to stockholders of record on June 10, 2014.

For each special dividend declared, the Compensation Committee, as Administrator of the Officers' Rollover Stock Plan and the Equity Incentive Plan, as amended, is required to make a determination under the respective plan's antidilution provision to adjust the outstanding options. For the $1.50 special dividend announced May 29, 2012, the $6.50 dividend announced July 30, 2012, and the $1.00 special dividends announced October 29, 2013 and January 31, 2014, holders of the Rollover Options received a cash payment equal to the amount of the special dividend on the options' mandatory exercise date. For the $1.50 special dividend, holders of EIP options were granted a dividend equivalent equal to the special dividend payable on June 29, 2012 or the vesting of the EIP option, whichever is later. For the $6.50 special dividend, holders of EIP options with a pre-dividend exercise price less than $11.00 per share received a dividend equivalent equal to the amount of the special dividend payable on August 31, 2012 or the vesting of the EIP option, whichever is later. All other EIP options were adjusted by reducing the exercise price by $6.36 which is equal to the difference between the pre-dividend closing fair market value of our Class A Common Stock and the post-dividend opening fair market value of our Class A Common Stock as noted on the New York Stock Exchange. For the $1.00 special dividends, holders of EIP options received a cash payment equal to the amount of the special dividend paid on November 29, 2013 and February 28, 2014, respectively, or the vesting of the EIP option, whichever is later.

The total payout of the dividend and the dividend equivalents have been presented as a financing activity within the consolidated statement of cash flows.

17. STOCK-BASED COMPENSATION

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

	Fiscal Year Ended March 31,		
	2014	2013	2012
Cost of revenue	$ 5,672	$ 7,061	$ 9,095
General and administrative expenses	14,393	17,780	22,168
Total	$ 20,065	$ 24,841	$ 31,263

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

	Fiscal Year Ended March 31,		
	2014	2013	2012
Equity Incentive Plan Options	$ 7,257	$ 13,148	$ 13,068
Class A Restricted Common Stock	12,171	8,412	5,963
Rollover Options	578	2,970	11,176
Class C Restricted Stock	59	311	1,056
Total	$ 20,065	$ 24,841	$ 31,263

As of March 31, 2014 and 2013, there was $16.4 million and $19.5 million of total unrecognized compensation cost related to unvested stock-based compensation agreements. The unrecognized compensation cost as of March 31, 2014 is expected to be fully amortized over the next 5 years. Absent the effect of accelerating stock compensation cost for any departures of employees who may continue to vest in their equity awards, the following tables summarize the unrecognized compensation cost, the weighted average period the cost is expected to be amortized, and the estimated annual compensation cost for the future periods indicated below (excludes any future awards):

	Unrecognized Compensation Cost		Weighted Average Remaining Period to be Recognized	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Equity Incentive Plan Options	$ 8,249	$ 12,161	3.10	2.77
Class A Restricted Common Stock	8,157	6,709	2.02	2.03
Rollover Options	—	578	—	0.25
Class C Restricted Stock	—	59	—	0.25
Total	$ 16,406	$ 19,507		

	Total Unrecognized Compensation Cost						
	Total	2015	2016	2017	2018	2019	Thereafter
Equity Incentive Plan Options	$ 8,249	$ 4,455	$ 2,360	$ 1,037	$ 347	$ 50	$ —
Class A Restricted Common Stock	8,157	5,773	2,051	333	—	—	—
Total	$ 16,406	$ 10,228	$ 4,411	$ 1,370	$ 347	$ 50	$ —

Equity Incentive Plan

The EIP was created in connection with the Merger Transaction for employees and directors of Holding. The Company created a pool of options, or EIP Options, to draw upon for future grants that would be governed by the EIP. All options under the EIP are exercisable, upon vesting, for shares of common stock of Holding.

Stock options are granted at the discretion of the Board of Directors or its Compensation Committee and expire ten years from the grant date. Options generally vest over a five-year period based upon required service and performance conditions. Starting on February 1, 2012, the Board of Directors or its Compensation Committee updated vesting conditions for stock options, whereby stock options only vest upon a required service condition. The Company calculates the pool of additional paid-in capital associated with excess tax benefits using the "simplified method."

The aggregate grant date fair value of the EIP Options issued during fiscal 2014, fiscal 2013, and fiscal 2012, was $4.9 million, $4.2 million, and $18.5 million, respectively, and is being recorded as expense over the vesting period. The total fair value of EIP Options vested during fiscal 2014 and 2013 was $17.5 million and $18.2 million, respectively. As of March 31, 2014 and 2013, there were 9,197,629 and 10,319,906 options, respectively, available for future grant under the EIP.

Adoption of Annual Incentive Plan

On October 1, 2010, the Board of Directors adopted a new compensation plan in connection with the initial public offering to more appropriately align the Company's compensation programs with those of similarly situated companies. The amount of the annual incentive payment will be determined based on performance targets established by the Board of Directors and a portion of the bonus may be paid in the form of equity (including stock and other awards under the EIP). If the Board of Directors elects to make payments in equity, the value of the overall award will be increased by 20%, related to the portion paid in equity. Equity awards will vest based on the passage of time, subject to the officer's continued employment by the Company. The portion to be paid in the form of equity will be recognized in the accompanying consolidated statements of operations based on grant date fair value over the vesting period of three years. The portion to be paid in cash is accrued ratably during the fiscal year in which the employees provide service and paid out during the first quarter of the subsequent fiscal year.

Grants of Class A Restricted Common Stock

On July 1, 2013, the Board of Directors granted 744,926 shares of Class A Restricted Stock in conjunction with the Annual Incentive Plan adopted on October 1, 2010. The amount of the annual incentive payment was determined based on performance targets established by the Compensation Committee and a portion of the bonus was paid in the form of Class A Restricted Stock. The aggregate value was estimated at $13.1 million based on the stock price of $17.57 on the grant date. On August 21, 2013, the Board of Directors granted 25,705 shares of Class A Restricted Stock to certain members of the Board of Directors.

As permitted under the terms of the Equity Incentive Plan, the Compensation Committee as Administrator of the Plan, authorized the withholding of taxes not to exceed the minimum statutory withholding amount, through the surrender of shares of Class A common stock issuable upon the vesting or accelerated vesting of Restricted Stock. For those holders who elected to participate, the trade dates were as follows for the vesting or accelerated vesting of Restricted Stock. As a result of these transactions, the Company repurchased a total of 203,782 shares and recorded them as treasury shares at a cost of $3.7 million, detailed as follows:

Total Shares Withheld to Cover Taxes

Trade Date	Shares	Cost	Total	
April 1, 2013	10,219	$13.45	$	137,446
June 30, 2013	137,111	$17.38		2,382,989
July 15, 2013	3,959	$18.40		72,846
July 31, 2013	5,844	$21.38		124,945
September 13, 2013	7,309	$19.19		140,260
October 7, 2013	4,162	$18.59		77,372
March 31, 2014	35,178	$22.00		773,916
Total	203,782		$	3,709,774

Officers' Rollover Stock Plan

The Rollover Plan was adopted as a mechanism to enable Company Officers to exchange a portion of their previous equity interests in the pre-acquisition Company for equity interests in the Company. Among the equity interests that were eligible for exchange were common stock and stock rights, both vested and unvested.

Unvested stock rights that would have vested in 2008 were exchanged for 2,028,270 shares of new Class C Restricted Stock issued by the Company at an estimated fair value of $10.00 at August 1, 2008. The aggregate grant date fair value of the Class C Restricted Stock issued of $20.3 million was recorded as expense over the vesting period. For the fiscal years ended March 31, 2014 and 2013, 136,200 cumulative shares of Class C Restricted Stock vested for each year. At March 31, 2014 and 2013, 3,971,730 shares of Class C Restricted Stock were authorized but unissued under the Plan. Notwithstanding the foregoing, Class C Restricted Stock was intended to be issued only in connection with the exchange process described above.

In addition to the conversion of the stock rights that would have vested in 2008 to Class C Restricted Stock, Options were issued in exchange for old stock rights held by the U.S. government consulting partners of the pre-acquisition Company. The Rollover Options were granted based on the retirement eligibility of the Officer. For the purposes of these options, there were two categories of Officers — retirement eligible and non-retirement eligible. Rollover Options granted to retirement eligible Officers vested in equal annual installments on June 30, 2009, 2010, and 2011.

The following table summarizes the exercise schedule for Officers who were deemed retirement eligible. Exercise schedules are based on original vesting dates applicable to the stock rights surrendered:

	Percentage of Rollover Options to be Exercised As of June 30,					
	2009	**2010**	**2011**	**2012**	**2013**	**2014**
Retirement Eligible						
Original vesting date of June 30, 2009	60%	20%	20%	—	—	—
Original vesting date of June 30, 2010	—	50%	20%	20%	10%	—
Original vesting date of June 30, 2011	—	—	20%	20%	30%	30%

Those individuals who were considered retirement eligible also were given the opportunity to make a one-time election to be treated as non-retirement eligible. The determination of retirement eligibility was made as of a set point in time and could not be changed at a future date.

Rollover Options granted to Officers who were categorized as non-retirement eligible vested 50% on June 30, 2011, 25% on June 30, 2012, and 25% on June 30, 2013.

The following table summarizes the exercise schedule for Officers who were deemed non-retirement eligible. Exercise schedules are based on original vesting dates applicable to the stock rights surrendered:

	Percentage of Rollover Options to be Exercised As of June 30,				
	2011	**2012**	**2013**	**2014**	**2015**
Non-Retirement Eligible					
Original vesting date of June 30, 2011	20%	20%	20%	20%	20%
Original vesting date of June 30, 2012	—	25%	25%	25%	25%
Original vesting date of June 30, 2013	—	—	33%	33%	34%

The aggregate grant date fair value of the Rollover Options issued of $127.1 million was recorded as compensation expense over the vesting period. The total grant date fair value of Rollover Options vested during fiscal 2014 and 2013 was $16.2 million for each year.

Methodology

The Company uses the Black-Scholes option-pricing model to determine the estimated fair value for stock-based awards. The fair value of the Company's stock is based on the closing price on the New York Stock Exchange.

During fiscal year 2014, the Company’s Board of Directors authorized and declared four regular quarterly cash dividends of $0.10 per share. Therefore, an annualized dividend yield between 1.92% and 2.26% was used in the Black-Scholes option-pricing model for all grants issued during the fiscal year. The Company has excluded any special dividends from the annualized dividend yield because of their classification as special dividends and their non-recurring nature. The Company plans to continue paying recurring dividends in the near term and assessing its excess cash resources to determine the best way to utilize its excess cash flow in order to meet its objectives. One way the Company may utilize excess cash includes the payment of special dividends. The Company does not anticipate or forecast the payment of special dividends and therefore does not include special dividends in the annual dividend yield which the company uses to calculate the fair value of stock options, as the Company does not pay these special dividends on a regular basis.

Implied volatility is calculated as of each grant date based on our historical volatility along with an assessment of a peer group for future option grants. Other than the expected life of the option, volatility is the most sensitive input to our option grants. To be consistent with all other implied calculations, the same peer group used to calculate other implied metrics is also used to calculate implied volatility.

The risk-free interest rate is determined by reference to the U.S. Treasury yield curve rates with the remaining term equal to the expected life assumed at the date of grant. The average expected life is calculated based on the Company's historical experience with respect to its stock plan activity in combination with an estimate of when vested and unexercised option shares will be exercised. Forfeitures were estimated based on the Company’s historical analysis of Officer and Vice-President attrition levels and actual forfeiture rates by grant date.

The weighted average assumptions used in the Black-Scholes option-pricing model for stock option awards were as follows:

	Through Fiscal Year Ended March 31,		
	2014	**2013**	**2012**
Dividend yield	2.19%	2.07%	0.28%
Expected volatility	30.97%	33.12%	36.80%
Risk-free interest rate	1.36%	1.44%	2.35%
Expected life (in years)	6.64	7.00	7.00
Weighted-average grant date fair value	$4.59	$4.69	$7.56

Special Dividends

The Board of Directors, as the Administrator of the Officers' Rollover Stock Plan and the Amended and Restated Equity Incentive Plan have discretion in how to effect the required adjustment to keep option holders whole in the event of a distribution of dividends that trigger certain anti-dilution clauses within the respective plans. In the event the Board of Directors elect to grant option holders a cash payment equal to the amount of the special dividend, the Company accrues a stock-based compensation liability as the respective option's stock compensation expense is recorded in the statement of operations. This obligation will be settled on the options' mandatory exercise date for Rollover Options and on the later of the date the dividend is paid or vesting for the EIP options. The stock-based compensation liability includes all special dividends declared.

On May 29, 2012, our Board of Directors declared a special cash dividend of $1.50 per share that was paid on June 29, 2012 to stockholders of record on June 11, 2012. The Compensation Committee, as the Administrator of the Officers' Rollover Stock Plan and the EIP, made a required adjustment to the outstanding options under each plan by granting holders of the Rollover Options a cash payment equal to the amount of the special dividend on the options' mandatory exercise date and by granting the holders of EIP options a dividend equivalent equal to the special dividend and payable on June 29, 2012 or the vesting of the EIP option, whichever is later.

On July 30, 2012, our Board of Directors authorized and declared a special cash dividend of $6.50 per share. The dividend was accounted for on July 31, 2012, the declaration date, by reducing retained earnings to zero with the remainder being recorded as a reduction to additional paid-in capital. The dividend was paid on August 31, 2012 to stockholders of record on August 13, 2012. The Board of Directors, as the Administrator of the Officers' Rollover Stock Plan and the EIP, made a determination to adjust the outstanding options under each plan.

On October 29, 2013, our Board of Directors authorized and declared a special cash dividend of $1.00 per share. The dividend was paid on November 29, 2013 to stockholders of record on November 11, 2013. The Compensation Committee, as the Administrator of the Officers' Rollover Stock Plan and the EIP, made a required adjustment to the outstanding options under each plan by granting holders of the Rollover options a cash payment equal to the amount of the special dividend on the options' mandatory exercise date and by granting the holders of EIP options a dividend equivalent equal to the special dividend and payable on November 29, 2013 or the vesting of the EIP option, whichever is later.

On January 31, 2014, our Board of Directors authorized and declared a special cash dividend of $1.00 per share. The dividend was paid on February 28, 2014 to stockholders of record on February 10, 2014. The Board of Directors, acting as the Administrator of the Officers' Rollover Stock Plan and the Amended and Restated Equity Incentive Plan, made a determination to adjust the outstanding Rollover and EIP options for the special dividend to prevent the dilution of the benefit or potential benefit of the options. The adjustment is in the form of a $1.00 dividend equivalent. Holders of the Rollover Options will receive a cash payment equal to the amount of the special dividend on the exercise of the option during the options' mandatory exercise period. Holders of EIP options received or will receive a cash payment equal to the amount of the special dividend payable on February 28, 2014 or the vesting of the EIP option, whichever is later.

On September 30, 2013, Rollover Options holders received a dividend equivalent payment of $34.0 million related to special dividends declared in fiscal years 2010 and 2013. On June 28, 2013 vested outstanding EIP option holders received a dividend equivalent payment of $13.9 million related to the special dividends declared in fiscal year 2013. On November 29, 2013 vested EIP option holders received a payment of $4.2 million related to the special dividend declared in October 2013. On February 28, 2014 and March 31, 2014 vested EIP option holders received a total payment of $4.1 million, related to the special dividend declared in January 2014. Payment of the dividend equivalents were accounted for as modifications resulting in incremental benefit to the option holders resulting in additional compensation expense of $1.6 million. Total compensation expense recorded in conjunction with the payment of all dividend equivalent to holders of unvested EIP options for the fiscal year ended March 31, 2014 was $2.1 million. Future compensation cost related to payment of the dividend equivalents to holders of EIP options not yet recognized in the statement of operations is $1.0 million and is expected to be recognized over 3.25 years.

As of March 31, 2014 and March 31, 2013, the Company calculated a total recorded and unrecorded stock-based compensation liability of $73.1 million and $106.4 million, respectively, related to the special dividends paid in July 2009, December 2009, June 2012, August 2012, November 2013 and February 2014, as follows:

	March 31, 2014			March 31, 2013		
	EIP Options	Rollover Options	Total	EIP Options	Rollover Options	Total
Current portion of liability[1]	$ 3,675	$ 36,247	$ 39,922	$ 14,429	$ 34,039	$ 48,468
Long-term portion of liability[2]	—	25,966	25,966	—	50,625	50,625
	$ 3,675	$ 62,213	$ 65,888	$ 14,429	$ 84,664	$ 99,093

[1] Included in accrued compensation and benefits (Note 8).

[2] Included in other long-term liabilities.

As of March 31, 2014, $7.2 million related to EIP Options will be recorded as liabilities as the options vest over the next 5 years. There is no unrecorded liability related to Rollover options as of March 31, 2014, as the Rollover options are fully vested. As of March 31, 2013, there were unrecognized liabilities of $2.8 million related to Rollover Options and $4.5 million related to EIP options.

The following table summarizes stock option activity for the periods presented:

	Number of Options		Weighted Average Exercise Price	
Officers' Rollover Stock Plan Options				
Retirement Eligible:				
Options outstanding at March 31, 2013	1,699,939	$	0.01	*
Granted	—		—	
Forfeited	—		—	
Expired	—		—	
Exercised	971,389		0.01	*
Options outstanding at March 31, 2014	728,550	$	0.01	*
Non-Retirement Eligible:				
Options outstanding at March 31, 2013	5,544,156	$	0.01	*
Granted	—		—	
Forfeited	—		—	
Expired	—		—	
Exercised	1,848,053		0.01	*
Options outstanding at March 31, 2014	3,696,103	$	0.01	*
Equity Incentive Plan Options				
Options outstanding at March 31, 2013	8,975,830	$	7.41	
Granted	1,071,738		18.26	
Forfeited	514,310		10.21	
Expired	2,000		14.21	
Exercised	2,480,293		5.90	
Options outstanding at March 31, 2014	7,050,965	$	9.39	**

* Amount reduced for $4.642 dividend issued December 11, 2009, $1.087 dividend issued July 27, 2009, $1.50 dividend issued May 29, 2012, and the $6.50 dividend issued July 30, 2012.

** Reflects exercise price adjustment of $6.36 per grant for the $6.50 dividend per share issued July 30, 2012.

The following table summarizes unvested stock options for the periods presented:

	Number of Options	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value on Grant Date
Officers' Rollover Stock Plan Options			
Non-Retirement Eligible:			
Unvested at March 31, 2013	1,879,375	$ 8.62	$ 18,775
Granted	—	—	—
Vested	1,879,375	8.62	18,775
Forfeited	—	—	—
Unvested at March 31, 2014	—		$ —
Equity Incentive Plan Options			
Unvested at March 31, 2013	5,486,060	$ 5.91	$ —
Granted	1,071,738	4.59	—
Vested	2,640,429	5.47	—
Forfeited	514,310	6.27	—
Unvested at March 31, 2014	3,403,059	$ 5.78	$ —

The following table summarizes stock options outstanding at March 31, 2014:

Range of exercise prices	Stock Options Outstanding	Weighted Average Exercise Price		Weighted Average Remaining Contractual Life (In years)	Stock Options Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (In years)
Officers' Rollover Stock Plan							
$0.01	4,424,653	$0.01	*	0.67	4,424,653	$0.01	0.67
Equity Incentive Plan							
$4.27 - $20.85	7,050,965	$9.39	**	6.58	3,647,906	$6.48	5.51

* Amount reduced for $ 4.642 dividend issued December 11, 2009, $1.087 dividend issued July 27, 2009, $1.50 dividend issued May 29, 2012 and the $6.50 dividend issued July 30, 2012.

** Reflects exercise price adjustment of $6.36 per grant for the $6.50 dividend per share issued July 30, 2012.

18. FINANCIAL INSTRUMENTS

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 following table set forth by levels represents the fair value of the Company's cash and cash equivalents as of March 31, 2014.

	Fair Value of Cash and Cash Equivalents as of March 31, 2014			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 37,886	$ —	$ —	$ 37,886
Money market funds (1)	—	222,108	—	222,108
Total cash and cash equivalents	$ 37,886	$ 222,108	$ —	$ 259,994

The following table set forth by levels represents the fair value of the Company's cash and cash equivalents as of March 31, 2013.

	Fair Value of Cash and Cash Equivalents as of March 31, 2013			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 111,805	$ —	$ —	$ 111,805
Money market funds (1)	—	238,579	—	238,579
Total cash and cash equivalents	$ 111,805	$ 238,579	$ —	$ 350,384

(1) Level two cash and cash equivalents are invested in money market funds that are intended to maintain a stable net asset value of $1.00 per share by investing in liquid, high quality U.S. dollar-denominated money market instruments. Depending on our short-term liquidity needs, we make regular transfers between money market funds and other cash equivalents.

The fair value of the Company's trade accounts receivable and accounts payable approximates its carrying value at March 31, 2014 and March 31, 2013 because of the short-term nature of these instruments. The fair value of the Company's debt instruments approximates its carrying value at March 31, 2014 and March 31, 2013. The fair value of debt is determined based on interest rates available for debt with terms and maturities similar to the Company's existing debt arrangements (Level 2 inputs).

19. RELATED-PARTY TRANSACTIONS

The Carlyle Group is the majority shareholder of the Company. From time to time, and in the ordinary course of business: (1) other Carlyle portfolio companies engage the Company as a subcontractor or service provider, and (2) the Company engages other Carlyle portfolio companies as subcontractors or service providers. Revenue and cost associated with these related parties for fiscal 2014 were $444,000 and $368,000, respectively. Revenue and cost associated with these related parties for fiscal 2013 were $739,000 and $657,000, respectively. Revenue and cost associated with these related party transactions for fiscal 2012 were $1.5 million and $1.4 million, respectively.

In addition, investment vehicles affiliated with The Carlyle Group participated in a lender syndicate in the Company’s outstanding debt in the amounts of $55.5 million and $58.3 million at March 31, 2014 and 2013, respectively. The participation by such investment vehicles in the syndication of the Company's debt during fiscal 2014 and fiscal 2013 was done on an arm’s length basis.

On July 31, 2008, the Company entered into a management agreement, or Management Agreement, with TC Group V US, L.L.C., or TC Group, a company affiliated with Carlyle. In accordance with the Management Agreement, TC Group provides the Company with advisory, consulting and other services and the Company pays TC Group an aggregate annual fee of $1.0 million plus expenses. In addition, the Company made a one-time payment to TC Group of $20.0 million for investment banking, financial advisory and other services provided to the Company in connection with the acquisition of Booz Allen Hamilton, Inc. in 2008 by The Carlyle Group, or acquisition. For fiscal 2014, fiscal 2013, and fiscal 2012, the Company incurred $1.0 million per year in advisory fees.

20. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases office space under noncancelable operating leases that expire at various dates through 2022. The terms for the facility leases generally provide for rental payments on a graduated scale, which are recognized on a straight-line basis over the terms of the leases, including reasonably assured renewal periods, from the time the Company controls the leased property. Lease incentives are recorded as a deferred credit and recognized as a reduction to rent expense on a straight-line basis over the lease term. Rent expense was approximately $103.5 million, net of $2.5 million of sublease income, $105.9

million, net of $5.5 million of sublease income, and $113.9 million, net of $5.7 million of sublease income, for fiscal 2014, fiscal 2013, and fiscal 2012, respectively.

Future minimum operating lease payments for noncancelable operating leases and future minimum noncancelable sublease rentals are summarized as follows:

For the Fiscal Year Ending March 31,	Operating Lease Payments	Operating Sublease Income
2015	$ 79,586	$ 223
2016	61,182	63
2017	32,457	39
2018	19,744	13
2019	16,221	—
Thereafter	28,315	—
	$ 237,505	$ 338

Rent expense is included in occupancy costs, a component of general and administrative expenses, as shown on the consolidated statements of operations, and includes rent, sublease income from third parties, real estate taxes, utilities, parking, security, repairs and maintenance, and storage costs.

As a result of the Merger Transaction, the Company assigned a total of nine leases to Booz & Co. The facilities are located in New York, New York; Troy, Michigan; Florham Park, New Jersey; Parsippany, New Jersey; Houston, Texas; Chicago, Illinois; Cleveland, Ohio; Dallas, Texas; and London, England. Except for the Florham Park, Parsippany, Troy, Houston, Cleveland and Dallas leases, which expired, the Company remains liable under the terms of the original leases should Booz & Co. default on its obligations. There were no events of default under these leases as of March 31, 2014 or March 31, 2013. The maximum potential amount of undiscounted future payments is $14.9 million, and the leases expire at different dates between April 2014 and March 2017. Based on the Company's assessment of the likelihood of future payment, no amounts have been recorded related to the Company's contingent liability on such leases.

Government Contracting Matters

For fiscal 2014, fiscal 2013, and fiscal 2012, approximately 98%, 99%, and 98%, respectively, of the Company's revenue was generated from contracts with U.S. government agencies or other U.S. government contractors. Contracts with the U.S. government are subject to extensive legal and regulatory requirements and, from time to time and in the ordinary course of business, agencies of the U.S. government investigate whether the Company's operations are conducted in accordance with these requirements and the terms of the relevant contracts by using investigative techniques such as subpoenas or civil investigative demands. U.S. government investigations of the Company, whether related to the Company's U.S. government contracts or conducted for other reasons, could result in administrative, civil, or criminal liabilities, including repayments, fines, or penalties being imposed upon the Company, or could lead to suspension or debarment from future U.S. government contracting. Management believes it has adequately reserved for any losses that may be experienced from any investigation of which it is aware. The Defense Contract Management Agency Administrative Contracting Officer has negotiated annual final indirect cost rates through fiscal year 2007. Audits of subsequent years may result in cost reductions and/or penalties. Management believes it has adequately reserved for any losses that may be experienced from any such reductions and/or penalties. As of March 31, 2014 and 2013, the Company has recorded a liability of approximately $189.8 million and $156.2 million, respectively, for its current best estimate of amounts to be refunded to customers for potential adjustments from such audits or reviews of contract costs incurred subsequent to fiscal year 2007.

Litigation

The Company is 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 that currently range up to $40 million 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, management does not expect any of the currently ongoing audits, reviews, investigations, or litigation to have a material adverse effect on the Company's financial condition and results of operations. As of March 31, 2014 and 2013, there are no material amounts accrued in the consolidated financial statements related to these proceedings.

Six former officers and stockholders who had departed the firm prior to the acquisition have filed a total of nine suits in various jurisdictions, with original filing dates ranging from July 3, 2008 through December 15, 2009 (three of which were amended on July 2, 2010 and then further amended into one consolidated complaint on September 7, 2010) against the Company and certain of the Company's current and former directors and officers. Each of the suits arises out of the acquisition and alleges that the former stockholders are entitled to certain payments that they would have received if they had held their stock at the time of the acquisition. Some of the suits also allege that the acquisition price paid to stockholders was insufficient. The various suits assert claims for breach of contract, tortious interference with contract, breach of fiduciary duty, civil Racketeer Influenced and Corrupt Organizations Act, or RICO, violations, violations of the Employee Retirement Income Security Act, and/or securities and common law fraud. Three of these suits have been dismissed with all appeals exhausted. Five of the remaining suits are pending in the United States District Court for the Southern District of New York, and the sixth is pending in the United States District Court for the Southern District of California. As of March 31, 2014 and 2013, the aggregate alleged damages sought was approximately $348.7 million ($291.5 million of which is sought to be trebled pursuant to RICO) plus punitive damages, costs, and fees. Although the outcome of any of these cases is inherently uncertain and may be materially adverse, based on current information, management does not expect them to have a material adverse effect on our financial condition and results of operations.

21. BUSINESS SEGMENT INFORMATION

The Company reports operating results and financial data in one operating and reportable segment. The Company manages its business as a single profit center in order to promote collaboration, provide comprehensive functional service offerings across its entire client base, and provide incentives to employees based on the success of the organization as a whole. Although certain information regarding served markets and functional capabilities is discussed for purposes of promoting an understanding of the Company's complex business, the Company manages its business and allocates resources at the consolidated level of a single operating segment.

22. UNAUDITED QUARTERLY FINANCIAL DATA

	2014 Quarters			
	First	Second	Third	Fourth
Revenue	$ 1,427,691	$ 1,378,020	$ 1,273,150	$ 1,399,832
Operating income	138,673	135,667	97,034	89,237
Income before income taxes	118,015	113,798	78,181	70,793
Net income	70,313	67,813	47,167	46,895
Earnings per common share:				
Basic (1)	$ 0.51	$ 0.48	$ 0.32	$ 0.32
Diluted (1)	$ 0.48	$ 0.45	$ 0.31	$ 0.30

	2013 Quarters			
	First	Second	Third	Fourth
Revenue	$ 1,432,424	$ 1,387,650	$ 1,392,695	$ 1,545,290
Operating income	114,736	102,029	116,596	112,873
Income before income taxes	103,007	76,875	94,999	93,430
Net income	61,945	46,116	56,184	54,813
Earnings per common share:				
Basic (1)	$ 0.46	$ 0.29	$ 0.41	$ 0.40
Diluted (1)	$ 0.43	$ 0.27	$ 0.38	$ 0.37

Change in estimate adjustment - During the fourth quarter of fiscal 2013, the Company recorded a change in estimate to revenue associated with the recovery of allowable indirect expenses that in the aggregate increased both quarter and year-to-date revenue and operating income by approximately $29.5 million ($17.5 million net of taxes). The change in estimate reflects managements' revised best estimate of allowable indirect expenses using new information received in the fourth quarter of fiscal 2013. This change in estimate excludes the effects of an offsetting decrease to operating income associated with a discretionary increase to incentive compensation recorded during the fourth quarter of fiscal 2013.

(1) Earnings per share are computed independently for each of the quarters presented and therefore may not sum to the total for the fiscal year.

23. SUBSEQUENT EVENT

On May 7, 2014 the Company entered into the Second Amendment to the Credit Agreement, dated as of July 31, 2012 (as previously amended by the First Agreement to the Credit Agreement, dated as of August 16, 2013). Prior to the Second Amendment, approximately $660 million of Term Loan A and $1,010 million of Term Loan B was outstanding. Pursuant to the Second Amendment, the Company borrowed additional Term Loan A of approximately $170 million, the proceeds of which were used to partially prepay outstanding principal on the Term Loan B. Following the Amendment, $830 million of Term Loan A and approximately $841 million of Term Loan B were outstanding under the Credit Agreement. The rates for Term Loan A and Term Loan B, as amended, remain unchanged. The amendment also extends the maturity date of Term Loan A and the revolving credit facility to May 31, 2019. The maturity date for Term Loan B remains unchanged. The Company also amended its existing debt covenants to provide for greater operational and financial flexibility.

In connection with the Second Amendment the Company expects to accelerate the amortization of ratable portions of the DIC and OID that do not qualify for deferral of approximately $1.0 million. These expenses will be reflected in other expense, net in the three months ended June 30, 2014. Furthermore, the Company expects to expense third party debt issuance costs of approximately $2.0 million that did not qualify for deferral and will be reflected in general and administrative costs in the three months ended June 30, 2014.

24. SUPPLEMENTAL FINANCIAL INFORMATION

The following schedule summarizes valuation and qualifying accounts for the periods presented:

	Fiscal Year Ended March 31,		
	2014	2013	2012
Allowance for doubtful accounts:			
Beginning balance	$ 188	$ 799	$ 1,348
Provision for doubtful accounts	1,621	397	1,502
Allowance for doubtful accounts from acquisitions	—	32	—
Charges against allowance	(352)	(1,040)	(2,051)
Ending balance	$ 1,457	$ 188	$ 799
Tax valuation allowance:			
Beginning balance	$ —	$ 36,335	$ 42,379
Deductions and other adjustments	—	(36,335)	—
Sale of capital assets	—	—	(6,044)
Ending balance	$ —	$ —	$ 36,335

Item 9. ***Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.***

None.

Item 9A. ***Controls and Procedures***

Disclosure Controls and Procedures

The Company's 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 of the end of the period covered by this Annual 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 Annual Report, our disclosure controls and procedures were effective as of March 31, 2014.

Management's Annual Report on Internal Control over Financial Reporting and Attestation Report of the Registered Public Accounting Firm

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system was designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

Our management conducted an assessment of the effectiveness of our internal control over financial reporting as of March 31, 2014. This assessment was based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework (1992 framework)*. Based on this assessment, management has concluded that, as of March 31, 2014, our internal control over financial reporting was effective.

Our independent registered public accounting firm has issued a report on the effectiveness of our internal control over financial reporting, which is below.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Securities Exchange Act of 1934, that occurred in the fourth fiscal quarter of the period covered by this Annual Report that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Ernst & Young LLP,
Independent Registered Public Accounting Firm,
Regarding Internal Control over Financial Reporting

The Board of Directors and Shareholders of
Booz Allen Hamilton Holding Corporation

We have audited Booz Allen Hamilton Holding Corporation’s internal control over financial reporting as of March 31, 2014, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). Booz Allen Hamilton Holding Corporation’s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Booz Allen Hamilton Holding Corporation maintained, in all material respects, effective internal control over financial reporting as of March 31, 2014 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Booz Allen Hamilton Holding Corporation as of March 31, 2014 and March 31, 2013 and the related consolidated statements of operations, comprehensive income, stockholders’ equity, and cash flows for each of the three years in the period ended March 31, 2014 of Booz Allen Hamilton Holding Corporation and our report dated May 22, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

McLean, Virginia
May 22, 2014

Item 9B. ***Other Information.***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance.***

Information related to our directors is set forth under the caption “Election of Directors” of our Proxy Statement for our Annual Meeting of Stockholders scheduled for July 31, 2014. Such information is incorporated herein by reference.

Information relating to our Executive Officers is included in Part I of this Annual Report under the caption “Executive Officers of the Registrant.”

Information relating to compliance with Section 16(a) of the Exchange Act is set forth under the caption “Section 16(a) Beneficial Ownership Reporting Compliance” of our 2014 Proxy Statement. Such information is incorporated herein by reference.

Information related to our code of ethics is set forth under the caption “Corporate Governance and General Information Concerning the Board of Directors and its Committees” of our 2014 Proxy Statement. Such information is incorporated herein by reference.

Information relating to the Audit Committee and Board of Directors determinations concerning whether a member of the Audit Committee is a “financial expert” as that term is defined under Item 407(d)(5) of Regulation S-K is set forth under the caption “Corporate Governance and General Information Concerning the Board of Directors and its Committees” of our 2014 Proxy Statement. Such information is incorporated herein by reference.

Item 11. ***Executive Compensation.***

Information relating to this item is set forth under the captions “Compensation Discussion and Analysis,” “Director Compensation,” “Compensation Committee Interlocks and Insider Participation” and “Compensation Committee Report on Executive Compensation” of our 2014 Proxy Statement. Such information is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

Information relating to this item is set forth in this Annual Report under the caption “Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Equity Compensation Plan Information” and under the caption “Security Ownership of Certain Beneficial Owners and Management” of our 2014 Proxy Statement. Such information is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

Information relating to this item is set forth under the captions “Certain Relationships and Related Party Transactions” and “Corporate Governance and General Information Concerning the Board of Directors and its Committees” of our 2014 Proxy Statement. Such information is incorporated herein by reference.

Item 14. ***Principal Accounting Fees and Services***

Information relating to this item is set forth under the caption “Independent Registered Public Accounting Firm Fees” of our 2014 Proxy Statement. Such information is incorporated herein by reference.

Item 15. ***Exhibits, Financial Statement Schedules.***

(a) The following documents are filed as part of this Annual Report:

(1) Our financial statements filed herewith are set forth in Item 8 of this Annual Report.

(2) Financial statement schedules have been omitted because either they are not applicable or the required information is included in the financial statements or the notes thereto.

(3) The attached list of exhibits in the “Exhibit Index” immediately following the signature pages to this Annual Report is filed as part of this Annual Report and is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Washington, DC, on this 22nd day of May, 2014.

BOOZ ALLEN HAMILTON HOLDING CORPORATION
(Registrant)

By: /s/ Ralph W. Shrader
Name: Ralph W. Shrader
Title: Chief Executive Officer and Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Ralph W. Shrader Ralph W. Shrader	Chief Executive Officer and Director (Principal Executive Officer)	May 22, 2014
/s/ Samuel R. Strickland Samuel R. Strickland	Executive Vice President, Chief Financial Officer Chief Administrative Officer and Director (Principal Financial and Accounting Officer)	May 22, 2014
/s/ Joan Lordi C. Amble Joan Lordi C. Amble	Director	May 22, 2014
/s/ Peter Clare Peter Clare	Director	May 22, 2014
/s/ Ian Fujiyama Ian Fujiyama	Director	May 22, 2014
/s/ Mark Gaumond Mark Gaumond	Director	May 22, 2014
Allan M. Holt	Director	May 22, 2014
/s/ Arthur E. Johnson Arthur E. Johnson	Director	May 22, 2014
/s/ Philip A. Odeen Philip A. Odeen	Director	May 22, 2014
/s/ Charles O. Rossotti Charles O. Rossotti	Director	May 22, 2014

Exhibit Index

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of May 15, 2008, by and among Booz Allen Hamilton Inc., Booz Allen Hamilton Holding Corporation (formerly known as Explorer Holding Corporation), Booz Allen Hamilton Investor Corporation (formerly known as Explorer Investor Corporation), Explorer Merger Sub Corporation and Booz & Company Inc. (Incorporated by reference to Exhibit 2.1 to the Company's Registration Statement on Form S-1 (File No. 333- 167645))
2.2	Spin Off Agreement, dated as of May 15, 2008, by and among Booz Allen Hamilton Inc., Booz & Company Holdings, LLC, Booz & Company Inc., Booz & Company Intermediate I Inc. and Booz & Company Intermediate II Inc. (Incorporated by reference to Exhibit 2.2 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
2.3	Amendment to the Agreement and Plan of Merger and the Spin Off Agreement, dated as of July 30, 2008, by and among Booz Allen Hamilton Inc., Booz Allen Hamilton Investor Corporation (formerly known as Explorer Investor Corporation), Explorer Merger Sub Corporation, Booz & Company Holdings, LLC, Booz & Company Inc., Booz & Company Intermediate I Inc. and Booz & Company Intermediate II Inc. (Incorporated by reference to Exhibit 2.3 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
3.1	Second Amended and Restated Certificate of Incorporation of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report for the period ended December 31, 2010 on Form 10-Q (File No. 001-34972))
3.2	Second Amended and Restated Bylaws of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report for the period ended December 31, 2010 on Form 10-Q (File No. 001-34972))
4.1	Amended and Restated Stockholders Agreement (Incorporated by reference to Exhibit 4.3 to the Company's Quarterly Report for the period ended December 31, 2010 on Form 10-Q (File No. 001-34972))
4.2	Irrevocable Proxy and Tag-Along Agreement (Incorporated by reference to Exhibit 4.4 to the Company's Quarterly Report for the period ended December 31, 2010 on Form 10-Q (File No. 001-34972))
4.3	Form of Stock Certificate (Incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.1	Management Agreement, among Booz Allen Hamilton Holding Corporation (formerly known as Explorer Holding Corporation), Booz Allen Hamilton Inc., and TC Group V US, LLC, dated as of July 31, 2008 (Incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.2	Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.3	Booz Allen Hamilton Holding Corporation Officers' Rollover Stock Plan (Incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.4	Form of Booz Allen Hamilton Holding Corporation Rollover Stock Option Agreement (Incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.5	Form of Stock Option Agreement under the Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.6	Form of Stock Option Agreement under the Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.7	Form of Subscription Agreement (Incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1 (File No. 333-167645))
10.8	Form of Restricted Stock Agreement for Directors under the Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-1 (File No. 333-167645))

10.9	Form of Restricted Stock Agreement for Employees under the Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.14 to the Company’s Registration Statement on Form S-1 (File No. 333-167645))
10.10	Booz Allen Hamilton Holding Corporation Annual Incentive Plan (Incorporated by reference to Exhibit 10.15 to the Company’s Registration Statement on Form S-1 (File No. 333-167645))
10.11	Booz Allen Hamilton Holding Corporation Officers’ Retirement Plan (Incorporated by reference to Exhibit 10.16 to the Company’s Registration Statement on Form S-1 (File No. 333-167645))
10.12	Officer’s Comprehensive Medical and Dental Plans (Incorporated by reference to Exhibit 10.17 to the Company’s Registration Statement on Form S-1 (File No. 333-167645))
10.13	Retired Officer’s Comprehensive Medical and Dental Plans (Incorporated by reference to Exhibit 10.18 to the Company’s Registration Statement on Form S-1 (File No. 333-167645))
10.14	Excess ECAP Payment Program (Incorporated by reference to Exhibit 10.19 to the Company’s Registration Statement on Form S-1 (File No. 333-167645))
10.15	Group Variable Universal Life Insurance (Incorporated by reference to Exhibit 10.20 to the Company’s Registration Statement on Form S-1 (File No. 333-167645))
10.16	Group Personal Excess Liability Insurance (Incorporated by reference to Exhibit 10.21 to the Company’s Registration Statement on Form S-1 (File No. 333-167645))
10.17	Annual Performance Program (Incorporated by reference to Exhibit 10.22 to the Company’s Registration Statement on Form S-1 (File No. 333-167645))
10.18	Form of Booz Allen Hamilton Holding Corporation Director and Officer Indemnification Agreement (Incorporated by reference to Exhibit 10.23 to the Company’s Registration Statement on Form S-1 (File No. 333-167645))
10.19	Form of Stock Option Agreement under the Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.23 to the Company’s Annual Report for the year ended March 31, 2011 on Form 10-K (File No. 001-34972))
10.20	Officer Transition Policy (Incorporated by reference to Exhibit 10.24 to the Company’s Annual Report for the year ended March 31, 2011 on Form 10-K (File No. 001-34972))
10.21	Form of Stock Option Agreement under the Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.25 to the Company’s Quarterly Report for the period ended December 31, 2011 on Form 10-Q (File No. 001-34972))
10.22	Administrative Agreement, dated as of April 13, 2012, between Booz Allen Hamilton Inc. and the United States Department of the Air Force (Incorporated by reference to Exhibit 10.1 to the Company’s Periodic Report on Form 8-K filed on April 13, 2012 (File No. 001-34972))
10.23	Amendment No. 1 to the Amended and Restated Stockholders Agreement (Incorporated by reference to Exhibit 10.1 to the Company's Periodic Report on Form 8-K filed on June 14, 2012 (File No. 001-34972))
10.24	Credit Agreement among Booz Allen Hamilton Inc., as the Borrower, the several lenders from time to time parties thereto, Bank of America, N.A., as Administrative Agent, Collateral Agent and Issuing Lender, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Credit Suisse Securities (USA) LLC, as Joint Lead Arrangers, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse Securities (USA) LLC, Barclays Bank PLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Morgan Stanley Senior Funding, Inc. and Sumimoto Mitsui Banking Corporation, as Joint Bookrunners, Credit Suisse Securities (USA) LLC, as Syndication Agent, Barclays Bank PLC, Citigroup Global Markets Inc., HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Morgan Stanley Senior Funding, Inc., Sumimoto Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Co-Documentation Agents, dated as of July 31, 2012 (Incorporated by reference to Exhibit 10.1 to the Company’s Periodic Report on Form 8-K filed on August 1, 2012 (File No. 001-34972))
10.25	Guarantee and Collateral Agreement, among Booz Allen Hamilton Investor Corporation, Booz Allen Hamilton Inc., and the Subsidiary Guarantors party thereto, in favor of Bank of America, N.A., as Collateral Agent, dated as of July 31, 2012 (Incorporated by reference to Exhibit 10.2 to the Company’s Periodic Report on Form 8-K filed on August 1, 2012 (File No. 001-34972))

10.26	First Amendment to Credit Agreement, dated as of August 16, 2013, among Booz Allen Hamilton Inc., as Borrower, Booz Allen Hamilton Investor Corporation, Booz Allen Hamilton Engineering Holding Co., LLC, Booz Allen Hamilton Engineering Services, LLC, SDI Technology Corporation, ASE, Inc. and , Booz Allen Hamilton International, Inc., as Guarantors,, Bank of America, N.A., as Administrative Agent, Collateral Agent and New Refinancing Tranche B Term Lender, and the other Lenders and financial institutions from time to time party thereto. (Incorporated by reference to Exhibit 10.1 to the Company's Periodic Report on Form 8-K filed on August 20 2013 (File No. 001-34972))
10.27	Form of Employment Agreement*
10.28	Form of Restricted Stock Agreement under the Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation*
10.29	Form of Restricted Stock Unit Agreement under the Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation*
10.30	Second Amendment to Credit Agreement, dated as of May 7, 2014, among Booz Allen Hamilton Inc., as Borrower, Booz Allen Hamilton Investor Corporation, Booz Allen Hamilton Engineering Holding Co., LLC, Booz Allen Hamilton Engineering Services, LLC, SDI Technology Corporation, ASE, Inc. and Booz Allen Hamilton International, Inc., as Guarantors, Bank of America, N.A., as Administrative Agent, Collateral Agent and Issuing Lender, and the other Lenders and financial institutions from time to time party thereto. (Incorporated by reference to Exhibit 10.1 to the Company's Periodic Report on Form 8-K filed on May 13, 2014 (File No. 001-34972))
23	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm*
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 Annual Report on Form 10-K for the fiscal year ended March 31, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of March 31, 2014 and 2013; (ii) Consolidated Statements of Operations for the fiscal years ended March 31, 2014, 2013 and 2012; (iii) Consolidated Statements of Comprehensive Income for the fiscal years ended March 31, 2014, 2013 and 2012; (iv) Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2014, 2012 and 2013; (v) Consolidated Statements of Stockholders' Equity for the fiscal years ended March 31, 2014, 2013 and 2012; and (vi) Notes to Consolidated Financial Statements.**

* Filed electronically herewith.

** Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files on Exhibit 101 hereto are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections

April 24, 2014

STRICTLY CONFIDENTIAL

[Name and Address]

Dear [Name],

We are pleased to confirm the terms of your continued employment with Booz Allen Hamilton, Inc., a Delaware corporation (the "Booz Allen"). As of April 1, 2014 (the "Effective Date"), your employment with the Company will continue on the terms set forth in this letter agreement ("Agreement"). For purposes of this Agreement, "Firm" "Booz Allen" or "We" shall mean, individually and collectively, Booz Allen Hamilton Holding Company (the "Company"), Booz Allen and their respective subsidiaries and affiliates.

You understand and agree that the Firm would not enter into this Agreement or provide the additional compensation and benefits to you outlined in this Agreement in the absence of your agreement to fulfill your obligations contained in this Agreement. These obligations include but are not limited to your compliance with the restrictive covenants set forth in Section 6. Entering into this Agreement is to our mutual benefit.

1. Employment. You shall continue to be employed by Booz Allen on an at-will basis, subject to the terms and provisions of this Agreement.

2. Duties; Exclusive Service. You shall serve as a senior officer of the Firm and shall perform such duties as shall be reasonably assigned to you. You shall devote your full business time, attention and skill to the performance of such duties, services and responsibilities, shall use your best efforts to promote and act in the best interests of the Firm at all times and shall comply at all times with all applicable Firm policies as amended and in effect from time to time.

3. Compensation and Benefits.

(a) Compensation. You shall be compensated consistent with Booz Allen's compensation program for officers based on the number of points assigned to you and the per point value determined by the Firm. You shall receive a base draw, payable monthly. In addition, you shall be eligible to participate in Booz Allen's annual incentive compensation program under the Firm's Annual Incentive Plan. Your initial compensation under this Agreement shall be based on the compensation value of an Officer with not less than the number of points currently assigned to you. The number of points, base draw point value and annual incentive compensation is subject to adjustment from time to time as determined by the Firm in its sole discretion. There is no guarantee of any bonus or other incentive compensation in any given year. All bonus payments or other incentive compensation are subject to approval of the Firm in its sole discretion. Bonuses are not earned or accrued by you until so approved. In the event that the system of points is changed during the course of this agreement, the number of points assigned to you shall be among one of the top three point values and within one of the top two levels, exclusive of the point value and level assigned to the CEO.

(b) Award of Points. The award of points by the Firm does not in any way constitute or imply any guarantee or commitment to pay to you any amounts beyond those paid prior to an actual date of termination of employment.

(c) Benefits. You shall be entitled to participate in employee benefit plans, policies, programs and arrangements (including, without limitation, paid vacation and holidays, and sick leave), as they may be amended from time to time, on the same terms as similarly situated officers of the Firm to the extent you meet the eligibility requirements for any such plan, policy, program or arrangement.

(d) Special Cash Bonus. In addition to any annual incentive you may earn for the 2015 fiscal year as provided in Section 3(a), you shall be entitled to receive a special cash bonus under the Firm's Annual Incentive Plan in the amount of $[XXX,XXX] ("Special Cash Bonus") subject to (i) your continuous employment with the Firm through March 31, 2015, (ii) your continued compliance with this Agreement, (iii) the terms and provisions of the Annual Incentive Plan, and (iv) the approval of the grant of the Special Cash Bonus and the performance goals for 2015 applicable to such grant by a special compensation committee of the Company's Board of Directors consisting solely of "outside directors", as defined under Section 162(m) of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations and IRS guidance thereunder (the "Outside Director Committee"), by June 29, 2014 and the Outside Director Committee's written certification of the achievement of such performance goals. Subject to the foregoing and to Section 4, the Special Cash Bonus will be paid no later than June 15, 2015.

(e) Special Equity Grant. You shall be entitled to receive a special award under the Company's Equity Incentive Plan of shares of restricted Common Stock of the Company with an initial value of $[X,XXX,XXX] as of the Effective Date, subject to approval by the Board or a duly authorized committee thereof. The number of shares of restricted stock you receive will be determined based on the closing price of the Company's Common Stock on the New York Stock Exchange on the Effective Date. The restricted stock will vest as follows: 33% will vest on March 31, 2016, 34% will vest on March 31, 2017, and the remaining 33% will vest on March 31, 2018, subject to your continued employment through such vesting dates, your continued compliance with this Agreement and the terms and conditions of the Equity Incentive Plan and the related restricted stock award agreement. Notwithstanding the preceding, in the event you are terminated by the Company not for Cause and are therefore not employed through the vesting dates, the Company shall accelerate the vesting of the remaining equity to the effective date of your termination.

4. Taxes. You shall be solely responsible for taxes imposed on you by reason of any compensation and benefits provided under this Agreement. Booz Allen or another member of the Firm shall deduct from any payments to be made by it to or on your behalf under this Agreement any amounts required to be withheld in respect of any federal, state or local income or other taxes.

5. Termination of Employment.

(a) Your employment will terminate upon occurrence of any of the following events (the date of termination of employment, the "Termination Date"):

(i) The termination of employment by reason of your death.

(ii) The termination of your employment by the Firm at any time, with or without notice, for any reason whatsoever or for no reason, with or without Cause. Termination of employment for "Cause" shall have the same definition as that in the Equity Incentive Plan. Upon notice of termination for Cause, you shall have ten (10) days to cure should the action be curable.

The Board, acting in good faith, shall make the determination as to whether "Cause" has occurred. In the event you are terminated not for Cause, we shall, in good faith, upon your request, consider a request to the Board to allow you to retire, with all benefits that are then in effect for a retiring partner, regardless of your length of service at that time.

(iii) The termination of employment as a result of your retirement, provided that you comply with all applicable notice and other conditions contained in the Booz Allen Officer Retirement Policy, as amended from time to time.

(iv) The termination of employment by you or the Firm as a result of your Disability (as defined in (*A*) the long-term disability plan of the Firm as in effect from time to time or (*B*) if no such plan is in effect, Section 22(e)(3) of the Internal Revenue Code).

(v) Your resignation of employment at any time or for any reason other than retirement or Disability by providing the Firm with ninety (90) days' advance written notice of your intention to terminate your employment or such longer period specified in the applicable Officer or Firm policy. Upon receipt of your written notice of termination, the Firm may in its sole and absolute discretion (*i*) accept the resignation on the terms indicated in the notice or upon a mutually agreeable basis, (*ii*) accept your resignation as effective immediately or any other date prior to the end of the notice period, or (*iii*) require you not to perform any duties at all, or to perform only such duties it may allocate to you during such period.

(b) Benefits upon Termination. In the event of termination of your employment by the Firm other than for Cause or your termination for retirement or Disability, subject to meeting the applicable eligibility criteria, you shall receive separation benefits, transition benefits, Disability benefits and/or retirement benefits under the Booz Allen Officer Retirement Policy, Officer Transition Policy, Disability plan or policy and/or other severance policy, as applicable, as amended from the time to time.

(c) Notice/Transition. If you accept an offer to provide services to any third party during your employment with the Firm or during the Restricted Period (as defined in Section 6), you shall immediately (i) provide a copy of the restrictions contained in Section 6 to such third party, (ii) notify the Firm or the appropriate member of the Firm of such offer, the name of the company, and such other details relating to the role that the Firm may request in order to ascertain its rights under the terms of this Agreement, and (iii) comply with any directions given by the Firm so as to enable the Firm to take steps to arrange the proper hand over of your duties (including customers and business) to another employee. The obligation set out in this Section is not intended to detract from your general obligation to immediately disclose any conflict of interest to the Firm.

(d) Post-Termination Activities. After the cessation of your employment for any reason, neither party shall (a) represent itself as having any on-going relationship with the other, (b) make or cause to be made (whether directly or indirectly) any derogatory comments or statements about the you or the Firm or its officers or employees, as applicable and (c) make, or cause to be made (whether directly or indirectly), any statement or comment to the press or other media concerning your employment or termination of employment with the Firm or your termination or resignation from any directorships or other offices with the Firm, without the prior written consent of the other party except in the case of the Company as necessary to comply with applicable law or the rules of the New York Stock Exchange or any other stock exchange on which the Company's stock may be traded (and any public statements made in good faith by the Company in connection therewith).

6. Restrictive Covenants.

(a) Employment and Retention. The following statements shall be taken into account in construing and enforcing the provisions of this Section 6:

(i) The Firm provides management consulting services to diverse government and private clients throughout the world. The Firm's intellectual capital is its most valued asset and critical to its ability to compete in an increasingly competitive global economy.

(ii) By conscious design to enable its officers to provide management consulting services to diverse government and private clients throughout the world, the Firm exposes its officers to its trade secrets, confidential information, market strategies, and clients. Such exposure and related training or opportunities for professional development provide the Firm's officers with invaluable expertise and intimate knowledge of, and familiarity with, the Firm's operations, strategic plans, and clients. You acknowledge and agree that given this expertise and knowledge, your competition with the Firm would provide you with an unfair advantage and would cause the Firm to suffer irreparable harm.

(b) Protection of Confidential and Proprietary Information. In addition to your obligations under the Agreement Concerning Proprietary Information and Intellectual Property, any Officer Non Competition Agreement, and any other restrictive covenant agreement with Booz Allen or any other member of the Firm to which you are subject, the obligations under which are made in addition to, not in lieu of, this Agreement, you acknowledge that as a result of your position with the Firm, you will have access to the Firm's confidential affairs and proprietary information ("Confidential Information") which is not available to the public and is of critical importance and value to the Firm. To ensure the protection of such Confidential Information, you agree that (i) all Confidential Information is owned by the Firm and is to be held in trust and solely for the benefit of the Firm both during and after your employment; (ii) you shall not disclose or otherwise reveal such Confidential Information to any person or entity without the prior written consent of the Firm, except as necessary for the performance of your services for the Firm; (iii) you shall not use such Confidential Information for your own personal gain or advantage, the gain or advantage of others, or to the detriment of any member or client of the Firm; and (iv) upon the cessation of your employment for any reason, you shall promptly return to the Firm all such Confidential Information (in paper, electronic, or other form, and wherever stored) and shall continue to abide by the confidentiality provisions of this Agreement.

For purposes of this Agreement, "Confidential Information" includes three different categories of information: (1) confidential proprietary information about the Firm's business including, but not limited to, information that is not readily available to the public, and which concerns the Firm's operations, financial results, plans and compensation structure, strategies, knowledge on-line database, clients, trade secrets, or any other proprietary information; (2) confidential information entrusted to the Firm by third parties such as clients (including the U.S. government and its agencies) or vendors ("Third Party Information"); and (3) personally identifiable information received from employees, clients, or third parties (including, but not limited to, names, addresses, Social Security Numbers, background information, credit card or bank information, telephone or facsimile numbers, e-mail addresses and health information) ("Personal Information") which if misused could result in identity theft, credit card fraud or other serious harm.

(c) Non-Solicitation of Clients or Customers. You agree that throughout the period of your employment and for a period of one (1) year following the cessation of your employment (regardless of the reason) or a period starting on the date of the cessation of your employment (regardless of the reason) and ending one (1) year after the date of issuance of a court order enforcing this Section 6(c), whichever is longer, that you shall not, without the Firm's prior written consent, solicit or attempt to secure business, either directly or indirectly, other than for the Firm's sole benefit, from any of the Firm's clients for whom you rendered consulting services during your employment with Booz Allen, or from any potential or actual clients of Booz Allen whom you, either directly or indirectly, individually or together with other Company employees, actively solicited for business within one (1) year of the cessation of your employment.

(d) Non-Recruitment of Employees. You agree that throughout the period of your employment and for a period of one (1) year following the cessation of your employment (regardless of the reason) or a period starting on the date of the cessation of your employment (regardless of the reason) and ending one (1) year after the date of issuance of a court order enforcing this Section 6(d), whichever is longer, that you shall not, without Booz Allen's prior written consent, directly or indirectly solicit for employment, recruit for employment with any entity, or hire or cause to be hired, any employee of the Firm, former employee of the Firm, or independent contractor to the Firm employed by the Firm or who left the Firm or discontinued providing services to any member of the Firm within one (1) year of the cessation of your employment.

(e) Non-Competition. You agree that throughout the duration of your employment with Booz Allen and for a period of one (1) year following cessation of your employment (regardless of the reason) or a period starting on the date of cessation of your employment (regardless of the reason) and ending one (1) year after the date of issuance of a court order enforcing this Section 6(e), whichever is longer, you shall not, without the prior written consent of Booz Allen, serve in any capacity, job or function (including, but not limited to, as a proprietor, partner, member, executive, officer, director, employee, consultant, independent contractor, or agent) that is the same or similar to the capacities, jobs or functions in which you served any member of the Firm for the two (2) years immediately prior to the cessation of your employment with Booz Allen, when in such capacity, job or function, you could or would assist, support or further an entity or organization in competing with any member of the Firm in a business substantially similar to, or competitive with, the present business of any member of the Firm or such other business activity in which any member of the Firm may substantially engage during your term of employment with Booz Allen.

(f) Consideration. You acknowledge and agree that the covenants and restrictions delineated in this Section 6 are supported by sufficient and valuable consideration including, but not limited to, the payments, compensation and benefits provided under this Agreement, your continued employment with Booz Allen, continued access to the Confidential Information, or continued access to training and opportunities for professional development.

(g) Survival. For the avoidance of doubt, the provisions of this Section 6 shall survive any termination of your employment.

7. Employee Representation. You represent to Booz Allen that your execution and performance of this Agreement does not violate any agreement or obligation (whether or not written) that you have with or to any person or entity.

8. Non-Waiver of Rights. The failure to enforce or exercise at any time the provisions of this Agreement in whole or in part or to require at any time performance by any other party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement or any part hereof, or the right of any party to enforce each and every provision in accordance with its terms. No single or partial exercise of any right, remedy, or power under

this Agreement shall preclude any other or further exercise thereof, or the exercise of any other right, remedy, or power provided herein or by law or in equity.

9. Notices. Every notice relating to this Agreement shall be in writing and shall be given by personal delivery, by a reputable same-day or overnight courier service (charges prepaid), by registered or certified mail, postage prepaid, return receipt requested or by facsimile or electronic mail to the recipient with a confirmation copy to follow the next day to be delivered by personal delivery or by a reputable same-day or overnight courier service to the appropriate party's address or fax number or email address below (or such other address and fax number or email address as a party may designate by notice to the other parties):

If to Booz Allen: Booz Allen Hamilton, Inc.
8283 Greensboro Drive
McLean, Virginia 22102
Fax Number: (703) 902-3580
email address: Laben_Nancy@bah.com
Attn: General Counsel

If to you: __
__
__
Fax Number: __
email address:

10. Binding Effect/Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, personal representatives, estates, successors (including, without limitation, by way of merger) and assigns. Notwithstanding the provisions of the immediately preceding sentence, you shall not assign all or any portion of this Agreement without the prior written consent of Booz Allen.

11. Entire Agreement. Subject to the last sentence of this Section 11, this Agreement sets forth the entire understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements, written or oral, between them as to such subject matter. You and Booz Allen agree that this Agreement shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial, administrative, or other legal proceeding involving this Agreement. You and Booz Allen further acknowledge that this Agreement is not intended to supersede your obligations under the Agreement Concerning Proprietary Information and Intellectual Property, any Officer Non-Competition Agreement or any other restricted covenant agreement with Booz Allen to which you are subject, the obligations under which are made in addition to, not in lieu of, this Agreement. You and Booz Allen acknowledge and agree that you shall continue to be subject to all Officer and Firm Policies that may be applicable to you at any time.

12. Severability. The provisions of this Agreement are severable. Should any provision of this Agreement be found by a court of competent jurisdiction to be invalid or inoperative, the other portions of this Agreement shall be deemed valid and operative, and so far as it is reasonable and possible, effect shall be given to the intent manifested by the portion held invalid or inoperative so as to render such portion valid and enforceable to the maximum extent permissible. It is the intent and understanding of the parties hereto that if, in any action before a court of competent jurisdiction, any term, restriction, covenant, or promise in this Agreement is found to be unreasonable, overbroad or otherwise unenforceable, then such term, restriction, covenant, or promise shall be deemed modified to the extent

necessary to make it enforceable by such court.

13. Governing Law. You acknowledge that Booz Allen is organized under the laws of the State of Delaware, U.S.A. Therefore, you and Booz Allen agree that the validity, interpretation and performance of this Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, U.S.A., without giving effect to any conflict of law principles that would apply the laws of any other jurisdiction.

14. Forum Selection. You acknowledge that Booz Allen's principal place of business is in, and a substantial portion of Booz Allen's business is based out of, the Commonwealth of Virginia, U.S.A. You also acknowledge that, as such, during the course of your employment with the Firm you will have substantial contacts with the Commonwealth of Virginia, U.S.A. Therefore, you and Booz Allen 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. You and Booz Allen hereby consent to the personal jurisdiction of such courts over the parties to this Agreement. You and Booz Allen 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.

15. Enforcement. You and Booz Allen agree (a) that the restrictions and covenants in this Agreement constitute consideration for inducing the Firm to continue to employ you and to provide you with the compensation, payments and benefits received in connection with entering into this Agreement; (b) that such restrictions and covenants are reasonable and necessary to protect the business and property interests of the Firm; (c) that such restrictions and covenants will not cause you any undue hardship and will not prevent you from earning a living; and (d) that any violation of such restrictions and covenants will cause the Firm substantial and irreparable injury for which the Firm would have no adequate remedy at law. You agree that the Firm shall be entitled, in addition to any other remedy, to specific enforcement, and to temporary, preliminary and permanent injunctive relief, to enjoin or remedy any breach or threatened or contemplated breach of this Agreement, without the necessity of proving actual damages or of posting an injunction bond or other security. The terms of this paragraph shall not prevent Booz Allen from pursuing any other available remedies for any breach or threatened breach hereof, including, but not limited to, the recovery of damages from you. The existence of any claim or cause of action by you against any member of the Firm, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by Booz Allen of this Agreement or the covenants contained in Section 6.

16. Amendments. This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by you and by a duly authorized representative of Booz Allen other than you.

17. Headings. The headings contained herein are solely for the purposes of reference, are not part of this Agreement and shall not in any way affect the meaning or interpretation of this Agreement.

18. Applicability of Section 409A. It is intended that this Agreement comply with Section 409A of the Internal Revenue Code and the Treasury Regulations and IRS guidance thereunder (collectively referred to as "Section 409A"), and that the compensation and benefits provided hereunder shall be exempt from or compliant with Section 409A. Notwithstanding anything to the contrary, this Agreement shall, to the maximum extent possible, be administered, interpreted and construed in a manner consistent with such intent. If and to the extent required to comply with Section 409A, no payment or benefit required to be paid under this Agreement on account of termination of your employment shall be made unless and until you incur a "separation from service" within the meaning of Section 409A. If any

provision of this Agreement provides for payment within a time period, the determination of when such payment shall be made shall be solely in the discretion of Booz Allen. You acknowledge that payments under this Agreement may be subject to Booz Allen's Section 409A Specified Employee Policy, as amended from time to time. Each payment payable hereunder or otherwise by the Company to you shall be a separate payment in a series of separate payments for purposes of Code Section 409A.

19. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

20. Attorney Review. You agree that you have been given the opportunity to have this agreement reviewed by counsel of your choice. We shall reimburse you for reasonable attorneys fees for such review upon presentation of a copy of an invoice from such counsel.

If the foregoing accurately sets forth our mutual understanding, please so indicate by signing below and returning one signed copy of this Agreement to me.

Sincerely,

BOOZ ALLEN HAMILTON, INC.

By___________________________
Name: Elizabeth M. Thompson
Title: Executive Vice President and Chief Personnel Officer

ACCEPTED AND AGREED

____
Name:
Date:____________________

FORM OF RESTRICTED STOCK AGREEMENT

EQUITY INCENTIVE PLAN OF

BOOZ ALLEN HAMILTON HOLDING CORPORATION

RESTRICTED STOCK AGREEMENT

GRANT NOTICE

Unless otherwise defined herein, the terms defined in the Amended and Restated Equity Incentive Plan of Booz Allen Holding Corporation (the "Plan") shall have the same defined meanings in this Restricted Stock Agreement, which includes the terms in this Grant Notice (the "Grant Notice") and Appendix A attached hereto (collectively, the "Agreement").

You have been granted shares of restricted Company Common Stock, subject to the terms and conditions of the Plan and this Agreement, in the amounts and vesting schedule set forth in Appendix A attached hereto and on the Morgan Stanley Smith Barney Benefit Access system at www.benefitaccess.com. This grant is being made pursuant to Section 3(e) of your employment letter, dated April 1, 2014. By accepting this grant, you are hereby agreeing that this grant satisfies the obligations of the Company and its subsidiaries under said Section 3(e).

Your acceptance of this grant indicates your agreement and understanding that the Restricted Stock granted herein is 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, WHICH CONTAIN THE SPECIFIC TERMS AND CONDITIONS OF THE RESTRICTED STOCK.**

In order to accept this grant, please go to the Morgan Stanley Smith Barney Benefit Access system at www.benefitaccess.com and follow the instructions regarding this grant. You must accept your grant by May 16, 2014.

APPENDIX A TO RESTRICTED STOCK AGREEMENT

1. Grant of Restricted Stock. Subject to the terms, conditions, and restrictions set forth in this Agreement (including the Grant Notice and the Morgan Stanley Smith Barney Benefit Access system at www.benefitaccess.com) and in the Plan, the Company hereby evidences and confirms its grant to the Participant, effective as of the Grant Date set forth in the Grant Notice of the number of shares of Restricted Stock set forth on the Morgan Stanley Smith Barney Benefit Access system (the "Restricted Shares"). Upon grant, the Company shall record the Restricted Shares in the books and records of the Company or a certificate of Shares will be issued, which entry or certificate shall bear the legends set forth in Section 5(b). Any certificate issued in respect of the Restricted Shares will be delivered on behalf of the Participant to the Secretary of the Company, to be held in custody until the later of the date (i) they become vested in accordance with Section 3 and (ii) the Participant requests such instrument from the Company.

2. Forfeiture Risk. The Participant hereby (i) appoints the Company as the limited attorney-in-fact of the Participant to take such actions as may be necessary or appropriate solely to effectuate a transfer of the record ownership of any such shares that are unvested and forfeited hereunder and (ii) agrees to sign such stock powers and take such other actions as the Company may reasonably request to accomplish the transfer of any unvested Restricted Shares that are forfeited hereunder. The Company does hereby indemnify and hold harmless the Participant from any wrongful use of the power of attorney granted above.

3. Vesting and Forfeiture of Restricted Shares.

(b) Restricted Period for Restricted Shares. Subject to earlier forfeiture as provided in this Agreement and in the Plan and subject to Section 3(f), the Restricted Shares shall become vested, and the Restricted Period with respect thereto shall lapse, so long as the Participant remains continuously in service as a Service Provider and subject to the Participant's continued compliance with the terms and conditions contained in the Employment Letter dated April 1, 2014 with Booz Allen Hamilton Inc. (the "Employment Letter Agreement"), from the date hereof through each relevant date set forth below, as follows:

(i) 33% of the Restricted Shares shall become vested and the Restricted Period with respect thereto shall lapse on March 31, 2016;

(ii) 34% of the Restricted Shares shall become vested and the Restricted Period with respect thereto shall lapse e on March 31, 2017; and

(iii) 33% of the Restricted Shares shall become vested and the Restricted Period with respect thereto shall lapse on March 31, 2018.

(c) Termination Due to Death. If a Participant's employment or service terminates due to the Participant's death, all unvested Restricted Shares shall immediately vest.

(d) Termination Due to Disability. If a Participant's employment or service terminates due to Disability, all unvested Restricted Shares shall not be forfeited upon such termination and shall continue to vest as provided in Section 3(a).

(e) Termination by the Company other than for Cause. If a Participant's employment or service is terminated by the Company other than for Cause, all unvested Restricted Shares shall immediately vest.

(f) Termination for Cause. Upon notice of a termination for Cause, the Participant shall have ten (10) days to cure should the action be curable. In the event the action is not cured or cannot be cured, all unvested Restricted Shares shall be immediately forfeited and canceled, effective as of the date of the Participant's termination of service. In addition, any Restricted Shares that vested during the twelve months prior to or any time after the Participant engaged in the conduct that gave rise to the termination for Cause 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 such vested Restricted Shares.

(g) Termination for Any Other Reason. If a Participant's employment terminates for any reason other as specified above in Section 3(b), (c), (d) or (e), all unvested Restricted Shares shall immediately be forfeited.

(h) Change in Control. In the event of a Change in Control, any unvested Restricted Shares shall vest, continue, or have such other treatment as provided in the Plan.

(i) Employment Letter Agreement. In the event of the Participant's breach of any of the provisions contained in the Employment Letter Agreement, all unvested Restricted Shares shall immediately be forfeited.

(j) Other Forfeiture Provisions. The Restricted Shares shall also be subject to forfeiture, disgorgement and/or repayment to the Company in the event the Participant engages in financial or other misconduct (including but not limited to engaging in Competitive Activity) or as required by Applicable Law, as provided in the Plan.

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

5. Participant's Representations, Warranties and Covenants.

(b) No Conflicts; No Consents. The execution and delivery by Participant of this Agreement, the consummation of the transactions contemplated hereby and the performance of Participant's obligations hereunder do not and will not (i) materially conflict with or result in a material violation or breach of any term or provision of any Law applicable to either Participant or the Restricted Shares or (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 Participant to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, any contract, agreement, instrument, commitment, arrangement or understanding to which Participant is a party.

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

"THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AND CERTAIN OTHER AGREEMENTS SET FORTH IN THE AMENDED AND RESTATED EQUITY INCENTIVE PLAN OF BOOZ ALLEN HAMILTON HOLDING CORPORATION AND A

RESTRICTED STOCK AGREEMENT BETWEEN THE ISSUER AND THE HOLDER OF THIS CERTIFICATE DATED AS OF ___________. A COPY OF SUCH PLAN AND AGREEMENT SHALL BE FURNISHED WITHOUT CHARGE BY THE ISSUER TO THE HOLDER HEREOF UPON WRITTEN REQUEST.”

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

(e) 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.

(f) Section 83(b) Election. The Participant agrees that, if the Participant makes an election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, with respect to the Restricted Shares acquired hereunder (an “83(b) election”), then the Participant shall give notice to the Company of such 83(b) election within 30 days of the date of this Agreement. Any such 83(b) election shall use as the value of the Restricted Shares the Fair Market Value of the Restricted Shares on the Grant Date determined as provided in the Plan, and the Participant shall take a consistent position on the Participant’s tax returns.

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

7. Miscellaneous.

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

(c) No Guarantee of Employment. Nothing in the Plan or this Agreement shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, or confer upon any Participant any right to continue in the employ or retention of the Company.

(d) 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.

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

(f) 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.

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

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

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

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

(k) Notices. All notices 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.

(l) 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.

(m) Interpretation. 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.

Restricted Stock Unit Agreement

EQUITY INCENTIVE PLAN OF

BOOZ ALLEN HAMILTON HOLDING CORPORATION

RESTRICTED STOCK UNIT AGREEMENT

GRANT NOTICE

Unless otherwise defined herein, the terms defined in the Amended and Restated Equity Incentive Plan of Booz Allen Holding Corporation (the "Plan") shall have the same defined meanings in this Restricted Stock Unit Agreement, which includes the terms in this Grant Notice (the "Grant Notice") and Appendix A attached hereto (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 and vesting schedule, and subject to satisfaction of the performance goals, set forth on the Morgan Stanley Smith Barney Benefit Access system at www.benefitaccess.com.

Your acceptance of this grant indicates your agreement and understanding that the 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, WHICH CONTAIN THE SPECIFIC TERMS AND CONDITIONS OF THE RESTRICTED STOCK UNITS.**

In order to accept this grant, please go to the Morgan Stanley Smith Barney Benefit Access system at www.benefitaccess.com and follow the instructions regarding this grant.

APPENDIX A TO 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 the Morgan Stanley Smith Barney Benefit Access System at www.benefitaccess.com) and in the Plan, the Company hereby evidences and confirms its grant to the Participant, effective as of the Grant Date, of the number of restricted stock units specified in the Grant Notice set forth on the Morgan Stanley Smith Barney Benefit Access System, which shall be subject to the satisfaction of certain performance goals as set forth below (the "Restricted Stock Units"). 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.

2. Vesting of Restricted Stock Units.

(a) Vesting. Except as otherwise provided in this Section 2, the Restricted Stock Units shall become vested, in the amount(s), and on the vesting date(s) set forth on the Morgan Stanley Smith Barney Benefit Access System (each, a "Vesting Date"), subject to the continued employment of the Participant by the Company or any Subsidiary thereof through such date and to the satisfaction of the applicable Performance Goal.

(b) Performance Based Vesting. Except as otherwise provided in this Section 2, the Restricted Stock Units shall only become vested on the applicable Vesting Date if, on or prior to such date (or, if the audited financial statements for the Company have not been finalized by such date, within 30 days thereafter), the Administrator determines that the Performance Goals for the applicable Fiscal Year as set forth on the Morgan Stanley Smith Barney Benefit Access System have been satisfied.

(c) Termination of Employment.

(i) Termination Due to Death. If a Participant's employment or service terminates due to the Participant's death, all unvested Restricted Stock Units shall immediately vest.

(ii) Termination Due to Disability. If a Participant's employment or service terminates due to Disability, all unvested Restricted Stock Units shall not be forfeited upon such termination and shall continue to vest in accordance with the schedule provided in Section 2(a) and (b).

(iii) Termination by Reason of a Company Approved Departure; Termination by the Company Other than for Cause. If a Participant's employment or service (i) terminates in a Company Approved Departure (as defined below) or (ii) is terminated by the Company for a reason other than for Cause, then, in each case, all unvested Restricted Stock Units shall not be forfeited upon such termination and shall continue to vest in accordance with the schedule, and shall continue to be subject to the achievement of the Performance Goals, as provided on the Morgan Stanley Smith Barney Benefit Access System. "Company Approved Departure" shall mean a termination of employment that the Company (through the members of its senior management), in its sole discretion, determines to be in the best interest of the Company and the Company's approval of such termination as a Company Approved Departure is approved or ratified by the Board or the Administrator.

(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 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 is terminated for any reason other than death, Disability, Company Approved Departure, Cause or by the Company without Cause, all unvested Restricted Stock Units shall immediately be forfeited.

(d) Change in Control. In the event of a Change in Control, then the Restricted Stock Units shall vest or continue and shall have such treatment, as set forth in the Plan.

(e) 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) 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.

(f) Committee Discretion. Notwithstanding anything contained in this Agreement to the contrary, subject to Article XIII of the Plan, the Committee, 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 Committee 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; and provided, further, that the Administrator shall not waive satisfaction of the Performance Goals with respect to a Participant who is a "covered employee" as defined in Section 162(m)(3) of the Code.

3. Settlement of Restricted Stock Units. Subject to Section 8(d), the Company shall deliver to the Participant one share of Stock (or the value thereof) in settlement of each outstanding Restricted Stock Unit that has vested as provided in Section 2(a) on the first to occur of (i) the Vesting Date (or within 30 days thereafter) or (ii) a Change in Control in which the Restricted Stock Units do not continue, in each case (A) in Stock by either, (x) issuing one or more certificates evidencing the Stock to the Participant or (y) registering the issuance of the 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 Stock shall be issued in settlement of Restricted Stock Units. Fractional Restricted Stock Units shall be settled through a cash payment equal to the Fair Market Value of the Stock on the settlement date.

4. Securities Law Compliance. Notwithstanding any other provision of this Agreement, the Participant may not sell the shares of 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 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 Stock corresponding to the Restricted Stock Units granted hereby unless and until shares of Stock are issued to the Participant in respect thereof.

(c) Dividend Equivalents. The Participant shall be credited with Dividend Equivalents in the form of a right to a cash payment when cash dividends are paid on the Stock. Such cash payment shall equal the amount obtained by multiplying the amount of the dividend declared and paid for each share of Stock by the number of Restricted Stock Units held by the Participant on the record date. Any cash amounts credited to the Participant's account shall be paid to the Participant on the applicable Payment Date for the related cash dividends.

6. Participant's Representations, Warranties and Covenants.

(a) No Conflicts; No Consents. The execution and delivery by Participant of this Agreement, the consummation of the transactions contemplated hereby and the performance of Participant's obligations hereunder do not and will not (i) materially conflict with or result in a material violation or breach of any term or provision of any Law applicable to either Participant or the Restricted 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 Participant to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, any contract, agreement, instrument, commitment, arrangement or understanding to which Participant is a party.

(b) Compliance with Rule 144. If any shares of 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 Stock in such manner as it determines in its sole discretion.

8. 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 Right to Continued Employment. Nothing in the Plan or this Agreement shall interfere with or limit in any way the right of the Company or any of its Subsidiaries to terminate the Participant's employment at any time, or confer upon the Participant any right to continue in the employ of the Company or any of its Subsidiaries.

(c) Interpretation. 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) Tax Withholding. Whenever any cash or other payment is to be made hereunder or with respect to the Restricted Stock Units, the Company or any Subsidiary shall have the power to withhold an amount (in cash, Restricted Stock Units or in Stock issuable upon settlement of Restricted Stock Units or from other amounts paid to the Participant in cash (whether under the Plan or otherwise)) sufficient to satisfy federal, state, and local withholding tax requirements relating to such transaction; provided, however, that in the event that the Company withholds shares issuable to the Participant (or any portion thereof) to satisfy any applicable withholding taxes, the Company shall only withhold a number of whole shares having a Fair Market Value, determined as of the date of vesting, not in excess of the minimum of tax required to be withheld by law (or such lower amount as may be necessary to avoid liability award accounting). The Company may require the recipient of shares of Stock to remit to the Company an amount in cash sufficient to satisfy the amount of taxes required to be withheld as a condition to the issuance of shares in settlement of the Restricted Stock Units. The Committee may, in its discretion, require the Participant, or permit the Participant to elect, subject to such conditions as the Committee shall impose, to meet such obligations by having the Company withhold or sell the least number of whole shares of Stock having a Fair Market Value sufficient to satisfy all or part of the amount required to be withheld. The Company or such Subsidiary 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. The Participant shall be responsible for all withholding taxes and other tax consequences of this award of Restricted Stock Units.

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

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

(g) 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.

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

(i) Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation. By entering into this Agreement and accepting the Restricted Stock Units evidenced hereby, the Participant acknowledges: (a) that the Plan is discretionary in nature and may be suspended or terminated by the Company at any time; (b) that the Award does not create any contractual or other right to receive future grants of Awards; (c) that participation in the Plan is voluntary; (d) that the value of the Restricted Stock Units is not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments; and (e) that the future value of the Stock is unknown and cannot be predicted with certainty.

(j) Employee Data Privacy. By accepting the grant evidenced hereby, the Participant: (a) authorizes the Company and the Participant's employer, if different, any agent of the Company administering the Plan or providing Plan recordkeeping services, to disclose to the Company or any of its affiliates any information and data the Company requests in order to facilitate the grant of the Award and the administration of the Plan; (b) waives any data privacy rights the Participant may have with respect to such information; and (c) authorizes the Company and its agents to store and transmit such information in electronic form.

(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 Morgan Stanley Smith Barney Benefit Access System, email or other electronic delivery.

(l) Specified Employee Delay. If the Participant is deemed a "specified employee" within the meaning of Section 409A of the Code, 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 of the Code, then to the extent necessary to prevent any accelerated or additional tax under Section 409A of the Code, 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 of the Code, 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).

(m) 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.

(n) 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.

(o) 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.

Consent of Ernst & Young LLP,
Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No 333-171286) pertaining to the:

- Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation
- Booz Allen Hamilton Holding Corporation Officers’ Rollover Stock Plan, and
- Booz Allen Hamilton Holding Corporation Employee Stock Purchase Plan

of our reports dated May 22, 2014, with respect to the consolidated financial statements of Booz Allen Hamilton Holding Corporation and the effectiveness of internal control over financial reporting of Booz Allen Hamilton Holding Corporation, included in this Annual Report (Form 10-K) of Booz Allen Hamilton Holding Corporation for the year ended March 31, 2014.

/s/ Ernst & Young LLP

McLean, Virginia
May 22, 2014

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, Ralph W. Shrader, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: May 22, 2014	By:	/s/ Ralph W. Shrader
		Ralph W. Shrader Chairman of the Board 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, Samuel R. Strickland, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: May 22, 2014	By:	/s/ Samuel R. Strickland
		Samuel R. Strickland Executive Vice President Chief Financial Officer, Chief Administrative Officer and Director (Principal Financial and Accounting 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-K of Booz Allen Hamilton Holding Corporation (the "Company") for the fiscal year ended March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chairman of the Board 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: May 22, 2014	By: /s/ Ralph W. Shrader
	Ralph W. Shrader Chairman of the Board and Chief Executive Officer (Principal Executive Officer)

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

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-K of Booz Allen Hamilton Holding Corporation (the “Company”) for the fiscal year ended March 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned Executive Vice President and Chief Financial Officer, Chief Administrative Officer and Director 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: May 22, 2014

By: /s/ Samuel R. Strickland

Samuel R. Strickland
Executive Vice President
Chief Financial Officer, Chief Administrative Officer
and Director
(Principal Financial and Accounting Officer)

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