

**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, 2024

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

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

**Booz Allen Hamilton Holding Corporation**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

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

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

22102  
(Zip Code)

(703) 902-5000

Registrant's telephone number, including area code

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

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

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

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

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

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

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

[Table of Contents](#)

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. Yes  No

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). Yes  No

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, 2023, the last business day of the registrant's most recently completed second quarter, the aggregate market value of the registrant's voting and non-voting common stock held by non-affiliates was \$14,260,987,781.

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

	<b>Shares Outstanding as of May 20, 2024</b>
Class A Common Stock	129,320,488

---

---

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's Proxy Statement for its Annual Meeting of Stockholders scheduled for July 24, 2024 are incorporated by reference into Part III.

---

TABLE OF CONTENTS

<b>INTRODUCTORY NOTE</b>		<b>1</b>
<b>PART I</b>		<b>3</b>
Item 1.	Business	3
Item 1A.	Risk Factors	15
Item 1B.	Unresolved Staff Comments	43
Item 1C.	Cybersecurity	43
Item 2.	Properties	45
Item 3.	Legal Proceedings	45
Item 4.	Mine Safety Disclosures	46
Information on Our	Executive Officers	46
<b>PART II</b>		<b>48</b>
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	48
Item 6.	Reserved	49
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	50
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	71
Item 8.	Financial Statements and Supplementary Data	F-1
Item 9.	Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	72
Item 9A.	Controls and Procedures	72
Item 9B.	Other Information	74
Item 9C.	Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	74
<b>PART III</b>		<b>74</b>
Item 10.	Directors, Executive Officers and Corporate Governance	74
Item 11.	Executive Compensation	75
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	75
Item 13.	Certain Relationships and Related Transactions, and Director Independence	75
Item 14.	Principal Accounting Fees and Services	75
Item 15.	Exhibits, Financial Statement Schedules	75
Item 16.	Form 10-K Summary	81

---

## 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, 2024, 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” and “Booz Allen” refer 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, 2024. 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:

- any issue that compromises our relationships with the U.S. government or damages our professional reputation, including negative publicity concerning government contractors in general or us in particular;
- changes in U.S. government spending, including a continuation of efforts by the U.S. government to decrease spending for management support service contracts, and mission priorities that shift expenditures away from agencies or programs that we support, or as a result of U.S. administration transitions;
- efforts by Congress and other U.S. government bodies to reduce U.S. government spending and address budgetary constraints and the U.S. deficit, as well as associated uncertainty around the timing, extent, nature, and effect of such efforts;
- delayed long-term funding of our contracts, including uncertainty relating to funding the U.S. government and increasing the debt ceiling;
- U.S. government shutdowns as a result of the failure by elected officials to fund the government;
- failure to comply with numerous laws and regulations, including, but not limited to, the Federal Acquisition Regulation (“FAR”), the False Claims Act, the Defense Federal Acquisition Regulation Supplement (“DFARS”), and FAR Cost Accounting Standards and Cost Principles;
- the effects of disease outbreaks, pandemics, or widespread health epidemics, including disruptions to our workforce and the impact on government spending and demand for our solutions;
- our ability to compete effectively in the competitive bidding process and delays or losses of contract awards caused by competitors’ protests of major contract awards received by us;
- variable purchasing patterns under U.S. government General Services Administration Multiple Award schedule contracts, or General Services Administration (“GSA”) schedules, blanket purchase agreements, and indefinite delivery/indefinite quantity (“IDIQ”) contracts;
- the loss of GSA schedules or our position as prime contractor on government-wide acquisition contract vehicles (“GWACs”);
- changes in the mix of our contracts and our ability to accurately estimate or otherwise recover expenses, time, and resources for our contracts;
- changes in estimates used in recognizing revenue;
- our ability to realize the full value of and replenish our backlog, generate revenue under certain of our contracts, and the timing of our receipt of revenue under contracts included in backlog;
- internal system or service failures and security breaches, including, but not limited to, those resulting from external or internal threats, including cyber attacks on our network and internal systems;
- risks related to the operations of financial management systems;
- an inability to attract, train, or retain employees with the requisite skills and experience;

- an inability to timely hire, assimilate, and effectively utilize our employees, ensure that employees obtain and maintain necessary security clearances, and/or effectively manage our cost structure;
- risks related to inflation that could impact the cost of doing business and/or reduce customer buying power;
- the loss of members of senior management or failure to develop new leaders;
- misconduct or other improper activities from our employees, subcontractors, or suppliers, including the improper access, use or release of our or our clients' sensitive or classified information;
- increased competition from other companies in our industry;
- failure to maintain strong relationships with other contractors, or the failure of contractors with which we have entered into a sub- or prime-contractor relationship to meet their obligations to us or our clients;
- inherent uncertainties and potential adverse developments in legal or regulatory proceedings, including litigation, audits, reviews, and investigations, which may result in materially adverse judgments, settlements, withheld payments, penalties, or other unfavorable outcomes including debarment, as well as disputes over the availability of insurance or indemnification;
- failure to comply with special U.S. government laws and regulations relating to our international operations;
- risks associated with increased competition, new relationships, clients, capabilities, and service offerings in our U.S. and international businesses;
- risks related to changes to our operating structure, capabilities, or strategy intended to address client needs, grow our business, or respond to market developments;
- the adoption by the U.S. government of new laws, rules, and regulations, such as those relating to organizational conflicts of interest issues or limits;
- risks related to a possible recession and volatility or instability of the global financial system, including the failures of financial institutions and the resulting impact on counterparties and business conditions generally;
- risks related to a deterioration of economic conditions or weakening in credit or capital markets;
- risks related to pending, completed, and future acquisitions and dispositions, including the ability to satisfy specified closing conditions for pending transactions, such as those related to receipt of regulatory approval or lack of regulatory intervention, and to realize the expected benefits from completed acquisitions and dispositions;
- the incurrence of additional tax liabilities, including as a result of changes in tax laws or management judgments involving complex tax matters;
- risks inherent in the government contracting environment;
- continued efforts to change how the U.S. government reimburses compensation related costs and other expenses or otherwise limits such reimbursements, and an increased risk of compensation being deemed unreasonable and unallowable or payments being withheld as a result of U.S. government audit, review, or investigation;
- increased insourcing by various U.S. government agencies due to changes in the definition of "inherently governmental" work, including proposals to limit contractor access to sensitive or classified information and work assignments;
- the size of our addressable markets and the amount of U.S. government spending on private contractors;
- risks related to our indebtedness and credit facilities which contain financial and operating covenants;
- the impact of changes in accounting rules and regulations, or interpretations thereof, that may affect the way we recognize and report our financial results, including changes in accounting rules governing recognition of revenue;
- the impact of ESG-related risks and climate change generally on our and our clients' businesses and operations; 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

For 110 years, business, government, and military leaders have turned to Booz Allen Hamilton to solve their most complex problems. A values-driven organization with a guiding purpose to empower people to change the world, we remain focused on providing long-term solutions to our clients' emerging and ever-changing challenges. Our people are passionate about their service to our clients and their missions and supporting the communities in which we live and work. This is our heritage, and it is as true today as when the Company was founded in 1914.

A collaborative culture is an integral part of our unique operating model and encourages our people to bring a diversity of ideas and talent to every client engagement. We combine our in-depth expertise in artificial intelligence and cybersecurity with leading-edge technology and engineering practices to deliver powerful solutions. Leveraging 110 years of strategic consulting expertise with the perspectives of diverse talent, we strive for results by integrating technology with an enduring focus on our clients. By investing in markets, capabilities, and talent, and building new business models, including ventures, partnerships, and product offerings, we believe we are creating sustainable quality growth for the Company.

Through our dedication to our clients' missions, and a commitment to evolving our business to address their needs, we have longstanding relationships with our clients, the longest of which is more than 80 years. We support critical missions for a diverse base of federal government clients, including nearly all of the U.S. government's cabinet-level departments, as well as for commercial clients, both domestically and internationally. We support our federal government clients by helping them tackle their most complex and pressing challenges, such as protecting soldiers in combat and supporting their families, advancing cyber capabilities, securing our national infrastructure, enabling and enhancing digital services, transforming the healthcare system, and improving governmental efficiency to achieve better outcomes. Drawing on our deep understanding and leading position in cybersecurity, we serve commercial clients across industries, including financial services, health and life sciences, energy, and technology.

#### History and Corporate Structure

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 the fields of analytics, digital solutions, engineering, cyber and artificial intelligence.

We are organized and operate as a corporation, but sometimes use the term "partner" to refer to our Chief Executive Officer and our Executive and Senior Vice Presidents. The use of the term "partner" reflects our collaborative culture and is not meant to imply 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, and the sale of 100% of its outstanding common stock to Booz Allen Holding, or the Carlyle Acquisition, 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 U.S. government consulting business of Booz Allen Hamilton following the separation. Between 2013 and 2016, we registered the offering and sale of common stock by Carlyle, and on December 6, 2016, Carlyle disposed of its remaining shares of the Company's Class A Common Stock in a registered secondary offering.

#### Our Institution and Operating Model

We operate as a single profit/loss center with a single bonus pool for leadership. Our operating model encourages collaboration allowing us to bring a mix of the best talent to every client engagement. Our partnership-style culture provides the operational flexibility necessary to quickly mobilize people and capabilities to react to market changes faster than our competitors. As a result, we can go to market as a whole company rather than as a collection of individual competing business units or profit centers. Our operating model also encourages and enables continuous investment in the right markets, capabilities, and talent to position the Company for further growth by anticipating what government and commercial clients will need next.

Across all markets, we address our clients' complex and evolving needs by deploying multifaceted teams with a combination of deep mission understanding, market-leading functional capabilities, consulting talent, and true technical and engineering expertise. These client-facing teams, which are fundamental to our differentiated value proposition, better position us to create market-relevant growth strategies and plan for and meet current, future, and prospective market needs. They also help us identify and deliver against diverse client needs in a more agile manner. Our significant win rates during fiscal 2024 on new and re-competed contracts of 63% and 92%, respectively, as compared to 66% and 88%, respectively, in fiscal 2023, demonstrate the strength of this approach.

## Human Capital Management

As we embrace new and future-focused ways of working, we remain true to what has always defined who we are: our commitments to our purpose and values, our clients and their missions, and our people. At Booz Allen, we strive to create an environment where all of our 34,200 employees feel a sense of belonging and feel empowered to bring their diverse skills, perspectives, and talents to bear on our clients' biggest challenges and to create careers that are meaningful to them.

### ***Booz Allen is a place where you can be you.***

**Culture.** Our VoLT (Velocity, Leadership, and Technology) strategy and the modern workplace have created the opportunity for us to invigorate our culture to propel us into the next era. As we navigate a hybrid work environment and seek to perform on an exceptional level, culture is more important than ever. Intentionally building, modeling, and driving a culture that reinforces our strategic objectives, propels our connectedness, and solidifies our purpose is key to unleashing our potential.

Our cultural aspirations are to:

- Cultivate a culture where everyone can thrive and belong
- Preserve our cornerstone of strong relationships and collaboration
- Embrace a flexible work environment
- Empower our people to be successful at work and in life

These aspirations drive our performance by building off our strengths. By committing to practice an evolved way of "how we do things," we can amplify the positive impact we have on our people, our clients, and the world.

**Diversity, Equity, and Inclusion ("DEI").** Empowering our people includes our commitment to making Booz Allen a more diverse, equitable, and inclusive workplace, enabling the execution of our strategy and enabling our people to achieve their full potential. This is aligned with our strong value proposition and assists in attracting and retaining the highest caliber employees. We celebrate diversity in all forms, fostering a sense of belonging for our workforce across all ethnicities, religions, genders, sexual orientations, ages, and disabilities. Our VoLT strategy and programs are designed to recruit, incentivize, and retain top talent based on merit and contributions to our company and culture.

- VoLT requires us to lead and compete differently to achieve velocity, agility and scale. Our DEI strategy focuses on leading by example through transparency and modeling inclusion; empowering potential by driving equitable access and outcomes, inspiring belonging, and being a force for advancing equity. As we look to the near future, we intend to evolve our DEI strategy to further cultivate culture, preserve relationships, embrace flexibility, and empower potential.
- Nearly a quarter of our employees are members of at least one of our company-sponsored Employee Communities, which any employee can join. These groups support our people at every stage of the employment lifecycle by cultivating meaningful networks and development opportunities across locations, job roles, levels, and functional expertise. They are a facet of our devotion to inspiring belonging.
- "Unstoppable Together" is our global, employee-led, DEI movement. Through the power of storytelling, it strives to humanize the complex issues facing the modern workforce. Its assets, all of which are available to employees and non-employees alike, include an annual summit, syndicated podcast, digital quarterly magazine, video library, and discussion guides and conversation cards. Through our people-first perspective, our integrated wellbeing strategy supports all aspects of our people's lives and empowers them to thrive.

As of March 31, 2024, based upon voluntary self-reporting:

- 36% of our global workforce identified as female, including 37% of senior management.
- 35% of our U.S. workforce identified as a person of color, including 12% Asian, 12% Black or African American, and 7% Hispanic or Latino, and 4% two or more races; 21% of senior management identified as a person of color.
- Nearly 28% of our employees identified as a veteran or an individual with military experience.
- 12% of our employees identified as an individual with a disability.
- 3% of our U.S. workforce identified as LGBTQIA+.
- Approximately 87% of our employees hold a bachelor's degree or higher; of that 87%, approximately 40% hold master's degrees and 4% hold doctoral degrees.
- Approximately 65% hold one or more professional certifications, including certifications on over 10 topics such as Artificial Intelligence, Cyber and IT, Project Management, and Agile.
- Approximately 65% of our employees hold security clearances.
- Of new employee hires, 32% globally identified as female and 40% in the U.S. identified as people of color.
- Of employee departures, 29% globally identified as female and 36% in the U.S. identified as people of color.

**Employee Engagement.** We conduct an annual Employee Experience Survey. The survey results provide insights into our employees' experience. Eighty-three percent of our employees reported having a favorable experience, with higher results than competitors against whom we benchmark our performance.

***Booz Allen is a place where you are part of something bigger than yourself.***

We look out for one another, solve the world's toughest problems, and do what's right. With our purpose and values as our North Star, our unique culture provides us with a platform to set ourselves apart from our competitors.

***Purpose and values.*** Our purpose—to empower people to change the world—is an expression of our values. Together, they form the foundation of everything at Booz Allen. Our values are:

- **Ferocious Integrity:** Do right, and hold yourself and each other accountable.
- **Unflinching Courage:** Bring bold thinking and speak truth to power. Maintain conviction no matter the circumstances.
- **Passionate Service:** Listen and act with empathy as you make meaningful connections. Build community through generosity, and above all, embrace the mission.
- **Champion's Heart:** Bring joy to the pursuit and learn from failure. Compete with passion and crave being the best.
- **Collective Ingenuity:** Be resourceful and creative, seek to make the biggest difference in every problem you solve. Be devoted to the team and harness the power of diversity.

***Ethics & Compliance.*** As one of the first organizations in the United States to adopt a formal code of business ethics, we believe that doing right and holding ourselves and others accountable is the only way to do business. Our Code of Business Ethics and Conduct represents our values in action and serves as a guide for all Booz Allen people on how they should operate on behalf of the Company, day in and day out. It outlines what is expected of us and how we meet those expectations.

- In March 2024, the Ethisphere Institute named Booz Allen among the World's Most Ethical Companies for the fifth consecutive year. The annual list recognizes global companies dedicated to integrity, sustainability, governance, and community with a commitment to ethical behavior, accountability, and driving positive change.

***Community Impact.*** To create a more secure, resilient, and equitable future for all, we support and partner with charitable organizations. For fiscal 2024, Booz Allen donated \$5.4 million to nonprofit organizations. Through Booz Allen initiatives, our employees donated \$1.7 million to more than 2,200 nonprofit organizations and engaged in more than 68,000 hours of volunteer service to more than 760 nonprofit organizations. Some of our calendar year 2023 highlights include:

- Launched a national movement for equitable access to responsible AI education with the AI Education Project, including thought leadership, convenings, and teacher workshops, including the training of more than 1,000 educators in Hawaii and Maryland.
- Recognized in 2023 by the San Diego Business Journal for "Outstanding Collaboration between a Business & Nonprofit," Booz Allen's partnership with Girl Scouts San Diego includes sponsorship of the annual 'Incredible Race' STEM scavenger hunt and educational Cybersecurity Workshops led by Booz Allen volunteers.
- Supported Thurgood Marshall College Fund's Teacher Retention and Quality Program to recruit and retain more black teachers, and to provide them with technology, resources, and training to be leaders in their schools. Our funding supported 83 teachers who were able to affect 10,000 students, 90 percent from Title 1 schools.
- Established the multi-year Booz Allen Scholarship for Intelligence Studies at University of Hawai'i at Manoa.
- Empowered 400 students and 40 teachers through sponsorship of Wolf Trap Institute's Early STEM/Arts Program which provides professional development for educators in techniques and strategies that offer opportunities for arts integration which can lead to higher levels of learning in STEM subjects.

***Booz Allen is a place where you are empowered with knowledge and support to change the world.***

Our "think global, act local" approach to total rewards aims to provide our people with access to meaningful benefits and programs across a spectrum of life and career stages regardless of where they are based.

***Learning without Limits.*** From in-house, award-winning training and badging programs to external tuition reimbursement and more, we strive to provide our employees with limitless opportunities to enhance and broaden their skill set—anytime, anywhere. In support of our VoLT growth strategy and its reliance on a highly skilled, technical workforce, we launched Technical Experience Groups ("TXGs") to help attract, engage, and retain technically focused employees. Through TXGs, all Booz Allen employees can build technical acumen, unlock career opportunities, build connections through technical mentorships, and access and create technical thought leadership and intellectual property.

***Owning the Experience.*** Our Talent Mobility and Performance programs move employees from where they are now to where they want to be. Our programs emphasize the importance of goal setting, regular touchpoints to share feedback and aspirations, and career profiles that display and unlock experiences—all with the support system of trained managers and leaders who help build and guide personalized career journeys.

***Enjoying the Pursuit.*** Appreciation is personal for us. Our Total Rewards program supports a resilient, high-performing workforce by investing in the financial, emotional, and physical well-being of our employees and the people they care most about.



*Pay Practices & Pay Equity.* Our commitment to provide a fair and equitable workplace for employees, including through our pay practices, is woven into our Code of Business Ethics and Conduct, other policies, and practices, with support and oversight from the Compensation, Culture and People Committee of the Company's board of directors (the "Board"). We have designed our compensation structure to pay our people competitively in the market and equitably based on their skills, qualifications, roles, and abilities.

As part of our commitment to pay equity, we have processes in place to monitor our compensation practices, and we conduct a pay equity analysis on an annual basis in the U.S. to examine differences in pay between employees of different genders, races and ethnicities.

***Booz Allen is a place that is recognized for providing an exceptional experience.***

We are proud of the recognition we continue to receive for empowering great talent, exhibiting a spirit of corporate citizenship, and achieving excellence. Some of our recent awards and recognitions include:

- *Black Engineer of the Year Award:* 100+ employees recognized since 2005
- *Bloomberg Government's* BGOV200 Federal Industry Leaders Report
- *Business Group on Health's* Best Employers: Excellence in Health & Well-Being
- *DefenseNews'* Top 100 Defense Companies
- *Disability Equality Index's* Best Places to Work
- *Diversity First's* Top 50 Companies for Diversity
- *Ethisphere's* World's Most Ethical Companies
- *Forbes'* America's Best Employers for Veterans
- *Forbes'* America's Best Large Employers and America's Best Employers for Diversity
- *Fortune's* America's Most Innovative Companies: This award recognizes a company's entrepreneurial innovation based on product innovation, process innovation, innovation culture, and revenue growth
- *Fortune's* Fortune 500
- *Fortune's* World's Most Admired Companies
- *Glassdoor's* Best 100 Places to Work
- *Investor's Business Daily's* Best ESG Companies
- *Newsweek's:* America's Greatest Workplaces for Parents and Families
- *Newsweek's:* America's Greatest Workplaces for Remote Work
- *Newsweek's:* Most Loved Workplaces in America
- *Seramount's* 100 Best Companies for Working Parents
- *TIME's* World's Best Companies of 2023
- *U.S. Department of Labor's* 2023 HIRE Vets Platinum Medallion Award
- *U.S. News & World Report's* Best Companies to Work For
- *Washington Technology* Top 100
- *Women of Color in STEM:* 250+ employees recognized since 2004

**Innovation and Solutions**

Our company's innovation engine is focused on harnessing our ability to identify and ride successive waves of emerging technologies, with the goal to amass a portfolio of differentiated and mission-centric technology businesses.

We identify, assess, build, and deploy emerging technology solutions, while ensuring that our technical expertise is closely integrated with mission insight from across the business. Within the larger innovation ecosystem, we cultivate relationships through technology scouting, partnerships, and venturing to identify emerging technology with applicability to our clients' missions. We then incubate and prototype that technology against mission use cases to assess market readiness. Once proven, we focus on building capacity in emerging technology capabilities and solutions, such as AI, Cyber, and 5G, in partnership with our business sectors. Throughout this innovation lifecycle, we are focused on advancing our solution engineering standards, the creation of reusable Intellectual Property/Intellectual Capital, and the application of new business and delivery models.

To complement our innovation engine, we are deeply invested in cultivating and inspiring our technical talent. We lead programs to grow our Company's capacity in emerging technology skills and cultivate a vibrant technical community that fuels innovation for our client missions. We also maintain an active network of innovation centers, labs, and studios that serve clients with some of the best technologies, talent, and research that our industry has to offer. Beyond The Helix—our innovation center in Washington, DC—Booz Allen's regional research-and-development labs are stationed close to critical missions, providing clients with access to on-demand innovation and the latest in experimentation, from 5G to the metaverse.

### Empowering Our Technical Communities

Booz Allen is intentional about building a culture of empowerment where we can grow today's talent and future leaders from within. Our Technical Experience Groups are open to all employees and are designed to build technical affiliation and skills, generate opportunities for career growth, and advance our technical capabilities and solutions around the following eight functional areas that are important to the Company's growth:

- **Artificial Intelligence:** The Artificial Intelligence ("AI") TXG's computer programmers, mathematicians, and scientists harness computer learning to tackle complex decision-making with speed and precision. The group focuses on current and emerging AI capability areas, including machine learning ("ML"), predictive modeling, automation and decision analytics, and quantum computing.
- **Cyber:** The Cyber TXG's threat hunters, intelligence analysts, and ethical hackers utilize cybersecurity expertise to protect and defend computer networks, cyber physical systems, and infrastructure. The group prioritizes cyber capability areas, including strategy and policy, risk management, architecture and engineering, defense operations, analytics and AI/ML, and computer network operations.
- **Data Science & Data Engineering:** The Data Science & Data Engineering TXG's data scientists, analysts, and engineers transform data into insights to inform decisions. The group emphasizes data science and data engineering capability areas, such as data science, engineering, visualization, strategy, and analysis.
- **Experience & Immersive:** The Experience & Immersive TXG's artists, engineers, strategists, and storytellers combine human-centered design, digital, and data expertise to create meaningful customer experiences that improve how people interact with their environments. The group highlights experience and immersive capability areas, including User Experience ("UX"/User Interface ("UI")), design thinking, sketching, graphic design, web design, and digital product design.
- **Cloud & Infrastructure:** The Platform & Infrastructure TXG's architects and engineers help accelerate, scale, secure, and transform mission and business outcomes using the latest technologies and partner offerings. The group advances platform and infrastructure capabilities, including hybrid and multi-cloud deployment, edge cloud, cloud migration and modernization, DevSecOps, and enterprise mobility, security, and infrastructure modernization.
- **Software Engineering:** The Software Engineering TXG's front end, back end, and full stack developers, architects, designers, testers, and UX resources apply engineering methods and principles to the design, development, testing, and maintenance of software. The group harnesses modern software and systems development capability areas, in particular agile practices, DevSecOps, automation and Cloud, and Low/No Code Platform engineering.
- **Systems & Digital Engineering:** The Systems & Digital Engineering TXG's engineers, system architects, computer programmers, and digital analysts combine traditional engineering with modern digital tools and practices to more efficiently and effectively conceptualize, design, develop, and deploy integrated services and solutions. The group focuses on systems and digital engineering capability areas, like engineering and science, data and ML, cloud automation, Digital Twin, and 5G.
- **Tech Strategy & Product Management:** The Tech Strategy & Product Management TXG's agile practitioners, operational specialists, and product and project managers manage the strategic, operational, and management functions that enable digital execution and IT transformation. The group prioritizes tech strategy and product management capability areas, including corporate venture capital, digital transformation, emerging tech, partnerships, product management, strategic assessments and technology adoption, and tech scouting.

### Our Long-Term Growth Strategy

Fiscal year 2024 was the second year of our VoLT strategy, which acknowledges that continued growth requires us to operate with increased speed, agility, and scale in a rapidly changing, highly competitive, and increasingly technical environment. The competitive landscape is changing, and investments in technology from both public and private sectors are gaining momentum. The need for highly qualified technical professionals greatly exceeds availability. In this context, our clients are increasingly reliant on technology as their missions grow in size, complexity, and digital focus. We must continually adapt to keep pace with these shifts and guide our clients towards a future of digital missions. Our ability to embrace and drive change is crucial to our success, which is why we are using our VoLT strategy and its framework to rapidly innovate and scale solutions to transform missions and address our clients' complex challenges.

VoLT is the next era of Booz Allen and is accelerating our growth by focusing on the powerful convergence of Velocity, Leadership, and Technology—the blueprint for transforming our Company.

**Velocity: Get There First**

*Leverage our mission knowledge to get to the future at speed and scale*

- Double-down on innovation
- Strategically use mergers and acquisitions and partnerships to build market positions
- Make decisions closer to the needs of clients

**Leadership: Transform with Conviction**

*Redefine mission leadership to stand apart in this new era*

- Identify client needs ripe for hyper-growth
- Scale businesses at the nexus of mission and technology

**Technology: Differentiate to Win**

*Put technology at the heart of the client mission to define the next generation of impact*

- Use mission insights to develop solutions
- Identify, build, and scale next generation technology to transform mission

With VoLT as the catalyst, our ambition is that by 2030 Booz Allen will be a market-leading mission partner for the U.S. government in the new digital environment, highly differentiated across a portfolio of scaled mission and technology businesses, and recognized for integrating, applying, and scaling technologies in the service of national mission priorities.

**Our Clients**

Booz Allen is committed to solving our clients' toughest challenges, and we work with a diverse base of public and private sector clients across a number of industries in the U.S. and internationally, operating at the intersection of technology and mission understanding.

Our clients call us to work on their hardest problems, such as delivering effective healthcare, protecting soldiers in combat and their families, and keeping our national infrastructure secure. We are investing in markets, capabilities, and talent and are building new business models through strategic ventures, partnerships, and product offerings.

Our government clients include nearly all of the cabinet-level departments of the U.S. government. We also serve large commercial clients across industries, including financial services, health and life sciences, energy, and technology to solve their hardest and most sophisticated cyber challenges. Internationally, we also serve a portfolio of U.S. and non-U.S. government and commercial clients.

**A Large Addressable Market**

We believe that the U.S. government is the world's largest consumer of management consulting and technology services. According to the Congressional Budget Office and the U.S. Department of the Treasury, the U.S. government's total spending for its fiscal year ended September 30, 2023 was \$6.1 trillion. Memorandum baseline estimates for fiscal year 2023 indicate approximately \$1.7 trillion was for discretionary budget authority, including \$806 billion for the Department of Defense and intelligence community and \$912 billion for civil agencies. Based on data from the Federal Procurement Data System, approximately \$775.9 billion of the U.S. government's fiscal year 2023 discretionary outlays were non-intelligence agency funding-related products and services procured from private contractors. We estimate that \$172.8 billion of the spending directed toward private contractors in U.S. government fiscal year 2023 was for management, technology, and engineering services, with \$89.0 billion spent by the Department of Defense and \$83.8 billion spent by civil agencies. The agencies of the U.S. intelligence community that we serve represent an additional addressable market that is classified and, therefore, excluded from these numbers. These numbers also exclude a large addressable market for our services and capabilities in the global commercial markets where we have a modest footprint.

Highlights of Booz Allen's fiscal 2024 are as follows:

- We derived 98% of our revenue from contracts where the end client was an agency or department of the U.S. government.
- We delivered services under 4,755 contracts and task orders.
- We derived 95% of our revenue in fiscal 2024 from engagements for which we acted as the prime contractor.
- We derived 13% of our revenue in fiscal 2024 from the Department of Veterans Affairs, which was the single largest client that we served in that year.

**Selected Long-Term Client Relationships**

<b>Client <sup>(1)</sup></b>	<b>Relationship Length (Years)</b>
U.S. Navy	80+
U.S. Army	75+
Department of Veterans Affairs	70+
Department of Energy	45+
U.S. Air Force	45+
National Security Agency	40+
Department of Homeland Security	40+
Federal Bureau of Investigation	30+
Internal Revenue Service	25+
Department of Health and Human Services	25+
National Reconnaissance Office	25+
A U.S. intelligence agency	25+

<sup>(1)</sup> Includes predecessor organizations.

**Defense Clients**

We are a preferred partner to the Department of Defense in the generation and sustainment of differentiated mission outcomes. We blend decades of mission experience with state-of-the-art AI/ML, next-generation data solutions, resilient communications, cyber, and advanced software development. As we operate in an environment where our adversaries are deeply investing in technology, we design open architectures to lower lifecycle cost and maintain a technical edge to modernize, achieve interoperability, and win. Our technologists partner with our mission experts to build solutions that deliver mission technologies for today’s digital battlespace, the fully networked conflict space extending across all warfighting domains.

Our core defense clients include all six branches of the U.S. military, the Office of the Secretary of Defense, NASA and the Joint Staff. Our key defense clients include the Army, Navy/Marine Corps, Air Force, Space Force, Coast Guard, and Joint Combatant Commands.

Revenue generated from defense clients was \$5.1 billion, or approximately 47.1% of our revenue, in fiscal 2024, as compared to \$4.2 billion, or approximately 45.2% of our revenue, in fiscal 2023. Revenue generated from defense clients also includes foreign military sales and work performed under status of forces agreements to U.S. and non-U.S. government clients.

**Intelligence Clients**

We deliver innovative, high-value services, capabilities, and solutions that directly impact core national security missions across the Intelligence Community and national cyber mission providers. We leverage our knowledge of the mission and tailor our capabilities for our clients—our biggest driver is the demand for innovation, requiring us to be ahead of the pace of technology adoption. Technology is at the center of our clients’ missions and ours—we are investing in emerging technologies like AI, zero trust cyber solutions, multi-cloud, and 5G to adapt ahead of adversaries. The national security workforce remains focused on what’s next, blending cleared and uncleared talent across dispersed geographies, ensuring mission impact. Our combination of technology, innovation, and talent is helping to shape the future of our national security ecosystem.

Our intelligence clients are the 18 organizations of the U.S. Intelligence Community, which includes independent agencies, the Department of Defense elements, such as the National Security Agency and Defense Intelligence Agency, and other departments or agencies.

Revenue generated from intelligence clients was \$1.8 billion, or approximately 16.6% of our revenue, in fiscal 2024, as compared to \$1.7 billion, or approximately 18.2% of our revenue, in fiscal 2023.

**Civil Clients**

Our civil work centers on the federal missions that are the highest priority to the domestic agenda, and we excel at helping our clients innovate their most critical missions. From healthcare, homeland security, and financial services to justice, law enforcement, immigration, energy, transportation, and labor, we work at the core of the mission to address our clients’ most pressing needs.

Our major civil government clients include the Departments of Veterans Affairs, Health and Human Services, Treasury, Labor, Homeland Security, Justice, Energy, Commerce, and Transportation. Modernization and transformation are key needs of our clients, and we offer the technical expertise and mission understanding required to deliver innovative solutions to all our clients' needs across the civil portfolio.

Revenue generated from civil clients was \$3.7 billion, or approximately 34.3% of our revenue, in fiscal 2024, as compared to \$3.1 billion, or approximately 33.6% of our revenue, in fiscal 2023.

#### **Global Commercial Clients**

The Global Commercial business partners with clients, from sophisticated multinational organizations to small-to-medium sized organizations, to transform cybersecurity into a sustainable, competitive advantage to drive their businesses forward. We deliver advanced cyber defense solutions across two industry leading lines of business: enterprise consulting and incident response. Our team is led by practitioners with decades of cyber operational, strategic consulting, incident response, commercial, and federal experience. Our extensive industry expertise is earned through years of working with market leading clients in financial services, health and life sciences, software and technology, manufacturing, logistics, and energy.

Revenue generated from global commercial clients was \$173.2 million, or approximately 1.6% of our revenue, in fiscal 2024, as compared to \$231.6 million, or approximately 2.5% of our revenue, in fiscal 2023.

#### **Contracts**

Booz Allen's approach has long been to ensure that we have prime or subcontractor positions on a wide range of contracts that allow clients maximum opportunity to access our services. Our diverse contract base provides stability to our business. This diversity shows that more than 85% of our revenue for fiscal 2024 was derived from 2,650 active task orders under IDIQ contract vehicles. Our top IDIQ contract vehicle represented approximately 15.2% of our revenue in fiscal 2024. Our largest task order under an IDIQ contract vehicle accounted for approximately 4.5% of our revenue in fiscal 2024. Our largest definite contract represented approximately 0.7% of our revenue in fiscal 2024. For risks related to our contracts, see "Item 1A. Risk Factors—Industry and Economic Risks."

The U.S. government procures services through two predominant contracting methods: indefinite contract vehicles and definite contracts. Each of these is described below:

- 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 often referred to as contract vehicles or ordering contracts. IDIQ contracts may be awarded to one contractor (single award) or several contractors (multiple award). Under a multiple award IDIQ contract, there is no guarantee of work as contract holders must compete for individual work orders. IDIQ 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). IDIQ contracts often have multiyear 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.
- 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 how 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 the 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.

Listed below are our top IDIQ contracts for fiscal 2024 and the number of active task orders under these contracts as of March 31, 2024.

	Fiscal 2024 Revenue <small>(in millions)</small>	% of Total Revenue	Number of Task Orders as of March 31, 2024	Expiration Date <sup>(1)</sup>
GSA Alliant 2	\$1,625.5	15.2%	83	6/30/2028
(OASIS) One Acquisition Solution for Integrated Services	1,225.2	11.5%	98	3/1/2025
VA Transformation Twenty-One Total Technology Next Generation (T4NG) IDIQ	765.9	7.2%	12	3/6/2026
Liberty IT - VA T4NG IDIQ	585.9	5.5%	19	3/6/2026
DTIC Information Analysis Center Multiple Award Contract (IAC MAC) IDIQ	571.8	5.4%	59	9/29/2027
SeaPort Next Generation (SeaPort NxG) IDIQ	558.9	5.2%	37	1/1/2029
Alliant	375.0	3.5%	24	4/30/2019
Multiple Award Schedule (MAS) - Formerly known as Information Technology (IT) Schedule 70 (New)	197.1	1.8%	27	6/28/2036
CIOSP3	170.2	1.6%	23	4/29/2024
Solutions for Intelligence Analysis 3 IDIQ	165.5	1.6%	7	8/4/2029

<sup>(1)</sup> Expiration date applies to the IDIQ vehicle. Task orders awarded under the IDIQ can run past the expiration of the IDIQ itself.

Listed below for each specified revenue band is the number of task orders, revenue derived from the task orders, and average duration of the task orders as of March 31, 2024. The table includes revenue earned during fiscal 2024 under all task orders that were active during fiscal 2024 under these IDIQ contracts and the number of active 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 2024, and the completion date which may have been prior or subsequent to March 31, 2024. 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, 2024.

Segmentation of Task Order by Revenue Fiscal 2024	Number of Task Orders Active During Fiscal 2024	Fiscal 2024 Revenue <small>(in millions)</small>	% of Total Revenue	Average Duration <small>(Years)</small>
Less than \$1 million	1,891	\$357.2	3%	2.3
Between \$1 million and \$3 million	341	603.9	6%	3.6
Between \$3 million and \$5 million	142	542.2	5%	4.0
Between \$5 million and \$10 million	122	862.8	8%	4.5
Greater than \$10 million	154	6,758.5	63%	4.8
Total	2,650	\$9,124.6	85%	2.8

Listed below are our top definite contracts for fiscal 2024 and revenue recognized under these contracts. Classified contracts that cannot be named are noted generically in the table:

	Fiscal 2024 Revenue <small>(in millions)</small>	% of Total Revenue	Expiration Date
Classified Contract	\$ 72.5	0.7%	6/30/2025
Classified Contract	69.0	0.6%	12/29/2023
USDA FOREST SERVICES R1S	46.6	0.4%	9/30/2028
Classified Contract	46.5	0.4%	3/31/2025
Classified Contract	38.2	0.4%	4/18/2028
Classified Contract	33.2	0.3%	9/16/2024
ARPA-E SETA BRIDGE V	32.8	0.3%	4/30/2024
Classified Contract	30.8	0.3%	1/18/2029
Classified Contract	29.6	0.3%	1/7/2024
Classified Contract	27.2	0.3%	7/31/2024

**Backlog**

We define backlog to include the following three components:

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

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

The following table summarizes the value of our contract backlog as of the respective periods shown:

	As of March 31,	
	2024	2023
	(in millions)	
Funded	\$ 4,822	\$ 4,619
Unfunded	9,463	9,519
Priced options	19,533	17,064
Total backlog	\$ 33,818	\$ 31,202

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 and Trends Affecting Our Results of Operations—Sources of Revenue—Contract Backlog” for additional disclosure regarding our backlog. See also “Item 1A. Risk Factors—Industry and Economic Risks—We may not realize the full value of our backlog, which may result in lower than expected revenue.”

**Competition**

The government services market is highly fragmented and competition within the government professional services industry has intensified as a result of market pressure and consolidation activity. In addition to professional service companies like ours 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 impacting the competitive landscape. In the past, the government’s focus on organizational conflicts of interest has driven divestitures, which have changed the competitive landscape. There has been increasing pressure from government clients to utilize small businesses, in large part because of a push by both past and present administrations to bolster the economy by helping small business owners. Finally, as a result of 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 continue.

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: (1) contractors focused principally on the provision of services to the U.S. government, (2) large defense contractors that provide both products and services to the U.S. government, and (3) diversified service providers. We compete based on our technical expertise and client knowledge, our ability to successfully recruit and retain appropriately skilled and experienced talent, our ability to deliver cost-effective multifaceted services in a timely manner, our reputation and relationship with our clients, our past performance, security clearances, and the size and scale of our Company. In addition, 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 business utilizes a variety of proprietary rights in delivering products and services to our clients. We claim a proprietary interest in certain service offerings, products, software tools, methodologies, and know-how, and also have certain licenses to third-party intellectual property that may be significant to our business. While we have several patents issued and pending in the United States and in certain foreign countries, we do not consider our overall business to be materially dependent on the protection of such patents. In addition, 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.

We rely on 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. We have a variety of trademarks registered in the United States and certain foreign countries, including “Booz Allen Hamilton” and “Booz Allen.” 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 registered trademarks related to our name and logo in the United States, with the earliest renewal in November 2032, while the earliest renewal for our trademarks outside of the United States is October 2024.

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 may allow the U.S. government to disclose such data, software, and related information to third parties, which 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 and other trademarks or service marks of Booz Allen Hamilton Inc. appearing in this Annual Report are the trademarks or registered trademarks 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 public government contracts. Some significant laws and regulations that affect us include the following:

- the 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, which imposes civil and criminal liability for violations, including substantial monetary penalties, for, among other things, presenting false or fraudulent claims for payments or approval;
- the False Statements Act, which imposes civil and criminal liability for making false statements to the U.S. government;
- the Truthful Cost or Pricing Data Statute (formerly known as the Truth in Negotiations Act), which requires certification and disclosure of cost and pricing data in connection with the negotiation of certain contracts, modifications, or task orders;
- 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;
- laws and regulations restricting the ability of a contractor to provide gifts or gratuities to employees of the U.S. government;
- 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 handling, 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;
- international trade compliance laws, regulations, and executive orders that prohibit business with certain sanctioned entities and require authorization for certain exports or imports in order to protect national security and global stability;
- 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 risks related to our supply chain;
- laws, regulations, and mandatory contract provisions providing protections to employees or subcontractors seeking to report alleged fraud, waste, and abuse related to a government contract;
- the Contractor Business Systems rule, which authorizes Department of Defense agencies 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 and allowability 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 (“DCAA”) is our cognizant government audit agency. The DCAA audits the adequacy of our internal control systems and policies including, among other areas, compensation. The Defense Contract Management Agency (“DCMA”), as our cognizant government contract management agency, may determine that a portion of our employee compensation is unallowable based on the findings and recommendations in the DCAA’s audits. In addition, the DCMA directly reviews the adequacy of certain of our business systems, such as our purchasing system. See “Item 1A. Risk Factors—Legal and Regulatory Risks—Our work with government clients exposes us to additional risks inherent in the government contracting environment, which could reduce our revenue, disrupt our business, or otherwise materially adversely affect our results of operations.” We are also subject to audit by Inspectors General of other U.S. government agencies.

The U.S. government may revise its procurement practices or adopt new contract rules and regulations at any time. To help ensure compliance with these laws and regulations, all of our employees are required to attend ethics training at least annually, and to participate in 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 could 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 to enforce its procurement law and policies. These include proposing a contractor, certain of its operations or individual employees for debarment or suspending or debaring a contractor, certain of its operations or individual employees from future government business. In addition to criminal, civil, and administrative actions by the U.S. government, under the False Claims Act, an individual alleging fraud related to payments under a U.S. government contract or program may file a qui tam lawsuit on behalf of the government against us; if successful in obtaining a judgment or settlement, the individual filing the suit may receive up to 30% of the amount recovered by the government.

See “Item 1A. Risk Factors—Legal and Regulatory Risks—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 Securities and Exchange Commission (the “SEC”). The SEC maintains a 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, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K, and any amendments to those forms) through the “Investors” portion of our 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, and 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.*

This risk factor summary contains a high-level summary of risks associated with our business. It does not contain all of the information that may be important to you, and you should read this risk factor summary together with the more detailed discussion of risks and uncertainties set forth following this summary. A summary of our risks includes, but is not limited to, the following:

### Industry and Economic Risks

- risks relating to our relationships with the U.S. government;
- changes in U.S. government spending and mission priorities, including due to uncertainty relating to funding of the U.S. government and increasing the debt ceiling;
- the effects of disease outbreaks, pandemics, or widespread health epidemics, including disruptions to our workforce and the impact on government spending and demand for our solutions;
- our ability to compete effectively in the competitive bidding and re-competing processes and delays or losses of contract awards caused by competitors’ protests of major contract awards received by us;
- the loss of GSA schedules, or our position as prime contractor on GWACs;
- variable purchasing patterns under GSA schedules, blanket purchase agreements, and IDIQ contracts;
- changes in the mix of our contracts and our ability to accurately estimate or otherwise recover expenses, time, and resources for our contracts;
- changes in estimates used in recognizing revenue;
- our ability to realize the full value of and replenish our backlog, generate revenue under certain of our contracts, and the timing of our receipt of revenue under contracts included in backlog;
- risks related to inflation that could impact the cost of doing business and/or reduce customer buying power;
- risks related to the deterioration of economic conditions or weakening in the credit or capital markets;
- internal system or service failures and security breaches, including, but not limited to, those resulting from external or internal threats, including cyber attacks on our network and internal systems;
- risks related to the use of artificial intelligence, which include potential liability as well as regulatory, competition, reputational and other risks;
- risks related to the operation of financial management systems;
- our ability to attract, train, or retain employees with the requisite skills and experience and ensure that employees obtain and maintain necessary security clearances and effectively manage our cost structure;
- the loss of members of senior management or failure to develop new leaders;
- misconduct or other improper activities from our employees, subcontractors, or suppliers, including the improper access, use, or release of our or our clients’ sensitive or classified information;
- the impact of increased competition from other companies in our industry;
- failure to maintain strong relationships with other contractors, or the failure of contractors with which we have entered into a sub- or prime-contractor relationship to meet their obligations to us or our clients;

- risks related to changes to our operating structure, capabilities, or strategy intended to address client needs, grow our business, or respond to market developments; and
- risks related to completed and future acquisitions, including our ability to realize the expected benefits from such acquisitions.

#### **Legal and Regulatory Risks**

- failure to comply with numerous laws and regulations, including the FAR, False Claims Act, DFARS, and FAR Cost Accounting Standards and Cost Principles;
- risks related to our international operations;
- 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;
- the incurrence of additional tax liabilities, including as a result of changes in tax laws or management judgments involving complex tax matters;
- continued efforts to change how the U.S. government reimburses compensation related costs and other expenses or otherwise limit such reimbursements and an increased risk of compensation being deemed unreasonable and unallowable or payments being withheld as a result of U.S. government audit, review, or investigation;
- inherent uncertainties and potential adverse developments in legal or regulatory proceedings;
- the impact of changes in accounting rules and regulations, or interpretations thereof, that may affect the way we recognize and report our financial results, including changes in accounting rules governing recognition of revenue; and
- the impact of ESG-related risks and climate change generally on our and our clients' businesses and operations.

#### **Risks Related to Our Indebtedness**

- the impact of our substantial indebtedness and our ability to service and refinance such indebtedness; and
- the restrictions and limitations in the agreements and instruments governing our indebtedness.

#### **Risks Related to Our Common Stock**

- the volatility of the market price of our Class A common stock;
- the timing and amount of our dividends, if any; and
- the impact of fulfilling our obligations incident to being a public company.

#### **Industry and Economic Risks**

*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 year 2024. 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 substantially 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 is 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, subcontractors, or suppliers, 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. See “—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.” 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, regardless of accuracy, may harm our reputation among federal agencies and federal government contractors. Due to the sensitive nature of our work and our confidentiality obligations to our customers, we may be unable or limited in our ability to respond to such negative publicity, which could also harm our reputation and business. 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 levels 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 have been affected by the U.S. government's efforts to improve efficiency and reduce costs affecting U.S. government programs generally. Our business, prospects, financial condition, or operating results could be materially harmed by, among other causes, the following:

- budgetary constraints, including mandated automatic spending cuts, affecting U.S. government spending generally, or specific agencies in particular, and changes in available funding;
- a shift in the permissible federal debt limit;
- 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;
- changes or delays in U.S. government programs that we support or related requirements;
- U.S. government shutdowns due to, among other reasons, a failure to fund the government 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 U.S. government's debt ceiling, the exhaustion of "extraordinary measures" to borrow additional funds without breaching the 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 political changes from successive presidential administrations, a slowdown of the economy or unstable economic conditions and other 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, international conflicts (including the ongoing conflict between Russia and Ukraine and the ongoing conflict between Israel and Hamas), natural disasters, public health crises, 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 prevailing economic conditions, and actions taken to address them, could negatively affect 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. A reduction in the amount of, or delays or cancellations of funding for, services that we are contracted to provide 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, 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 could have a material and adverse effect on our business and results of operations.

Considerable uncertainty exists regarding how future budget and program decisions will unfold, including the spending priorities of the U.S. government. In January 2025, the U.S. Congress may have to contend with the legal limit on U.S. debt commonly known as the debt ceiling. If the debt ceiling is not raised, the U.S. government may not be able to fulfill its funding obligations and there could be significant disruption to all discretionary programs, which would have corresponding impacts on us and our industry.

If government funding relating to our contracts with the U.S. government or Department of Defense becomes unavailable, or is reduced or delayed, or planned orders are reduced, our contract or subcontract under such programs may be terminated or adjusted by the U.S. government or the prime contractor, if applicable. Our operating results could also be adversely affected by spending caps or changes in the budgetary priorities of the U.S. government or Department of Defense, as well as delays in program starts or the award of contracts or task orders under contracts.

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.

***The effects of a disease outbreak, pandemic or widespread health epidemic could have a material adverse effect on our business and results of operations.***

Disease outbreaks, pandemics or similar widespread health epidemics and attempts to contain and reduce their spread may adversely affect U.S. and global economies, including impacts to supply chains, customer demand, international trade, and capital markets. These effects may adversely affect certain of our business operations and may materially and adversely affect our financial condition, results of operations, cash flows, and equity.

We have taken precautionary measures intended to minimize the risk of disease outbreaks, pandemics or similar widespread health epidemics, to our employees, our clients, and the communities in which we operate, as well as remedial measures to address residual, lasting issues, including increased medical costs and a rise in mental health issues, which could negatively impact our business. In addition, some of our employees, clients, and subcontractors are located in foreign countries, which may be impacted differently from the United States depending on their circumstances. Although the Company has business continuity plans and other safeguards in place, there is no assurance that such plans and safeguards will be effective or that such measures will not adversely affect our operations or long-term plans. In addition, as local conditions and regulations respond to the risks of disease outbreaks, pandemics or similar widespread health epidemics regarding the return of employees to offices generally, our workforce may not be able to return to work in person immediately, if at all, or may instead choose to pursue competing employment opportunities, including as a result of transportation, childcare, and ongoing health issues, which could negatively affect our business.

In addition, disease outbreaks, pandemics or widespread health epidemics may disrupt the operations of our clients, suppliers, vendors, service providers, and subcontractors, including as a result of travel restrictions, business shutdowns, key material shortages, or lack of access to financial markets, all of which could negatively impact our business and results of operations. Any inability to develop alternative sources of supply on a cost-effective and timely basis could materially impair our ability to provide products, systems, and services to our clients.

***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 or re-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 and re-competing 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 and re-competing processes involve 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 not bidding and winning other contracts we might have otherwise pursued.

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 and re-competing processes, 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.

We have seen our current competitive environment result 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 startup and funding of the work under these contracts may cause our actual results to differ materially and adversely from those anticipated.

***A significant majority of our revenue is derived from task orders under indefinite delivery/indefinite quantity, or IDIQ, contract vehicles where we perform in either a prime or subcontractor position.***

We believe that one of the key elements of our success is our position as the holder of 2,650 active task orders under IDIQ contract vehicles as of March 31, 2024.

IDIQ 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. IDIQ contracts may be awarded to one contractor (single award) or several contractors (multiple award). Multiple contractors must compete under multiple award IDIQ contracts for task orders to provide particular services, and contractors earn revenue only to the extent that they successfully compete for these task orders. A failure to be awarded task orders under such contracts would have a material adverse effect on our results of operations and financial condition.

In addition, our ability to maintain our existing business and win new business depends on our ability to maintain our prime and subcontractor positions on these contracts. The loss, without replacement, of certain of these contract vehicles could have a material adverse effect on our ability to win new business and our operating results. 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.

***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. 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 ongoing focus by the U.S. government on the extent to which government contractors, including us, are able to receive reimbursement for employee compensation, including the adoption of interim rules by federal agencies implementing a section of the Bipartisan Budget Act of 2013, as amended, that substantially decreased the level of allowable compensation cost for executive-level employees and further applied the newly reduced limitation to all employees. 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 predetermined 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 such contract 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 record provisions in our consolidated financial statements for losses on our contracts when necessary, as required under accounting principles generally accepted in the United States, 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 and relationships with U.S. government agencies are critical to our business, and any harm to our reputation or relationships 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. In addition, a significant portion of our business relates to designing, developing, and implementing advanced defense and technology systems and products, including cybersecurity products and services. Negative press reports regarding poor contract performance, employee misconduct, information security breaches, engagements in or perceived connections to politically or socially sensitive activities, 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 or relationships with these agencies are 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-reimbursable-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 a 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.***

Our backlog does not include contracts that have been awarded but are currently under protest and also does not include any task orders under IDIQ contracts, except to the extent that task orders have been awarded to us under those contracts. For additional disclosure regarding our backlog, please see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors and Trends Affecting Our Results of Operations—Sources of Revenue—Contract Backlog."

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 current or future total backlog. There is a 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. 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, de-obligated, or terminated early, including as a result of a lack of appropriated funds or cost cutting initiatives and other efforts to reduce U.S. government spending 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 or the U.S. government has exercised its unilateral right to cancel multi-year contracts and related orders or terminate existing contracts for convenience or default; 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, client 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. We may also not recognize revenue on funded backlog due to, among other reasons, the tardy submissions of invoices by our subcontractors and the expiration of the relevant appropriated funding in accordance with a predetermined expiration date such as the end of the U.S. government's fiscal year. The amount of our funded backlog is also subject to change, due to, among other factors: changes in congressional appropriations that reflect changes in U.S. government policies or priorities resulting from various military, political, economic, or international developments; changes in the use of U.S. government contracting vehicles, and the provisions therein used to procure our services; and adjustments to the scope of services under, or cancellation of contracts, by the U.S. government at any time. Furthermore, even if our backlog results in revenue, the contracts may not be profitable.

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

We develop, integrate, maintain, or otherwise support systems and provide services that include managing and protecting information involved in intelligence, national security, and other sensitive government functions. Our systems also store and process sensitive Company and commercial client information, including personally identifiable, health and financial information. The cybersecurity threats we and our clients face have grown more frequent and sophisticated, including but not limited to bad actors looking to augment traditional cyber tools and tradecraft with artificial intelligence capabilities that increase the speed, scale, and intricacy of threats. A security breach, including from insider threats, could result in the exfiltration of our or our clients' data and has the potential to do serious harm to our business, damage our reputation, prevent us from executing further work on sensitive systems for U.S. government or commercial clients, and/or hinder future contract win rates. 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, maintain, or otherwise support could have a material adverse effect on our results of operations.

***Certain services we provide and technologies we develop are designed to detect and monitor threats to our clients and may expose our staff to financial loss or physical or reputational harm.***

We help our clients detect, monitor and mitigate threats to their people, information, and facilities. These threats may originate from nation states, terrorists or criminal actors, activist hackers or others who seek to harm our clients. Successful attacks on our clients may cause reputational harm to us and our clients, as well as liability to our clients or third parties. In addition, if we are associated with our clients in this regard, our staff, systems, information, and facilities may be targeted by a similar group of threat actors and may be at risk for financial loss, or physical or reputational harm.

***Internal system or service failures, or those of our vendors, 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, integrate, and maintain information technology ("IT") systems that (a) are often mission critical, (b) regularly involve sensitive information, (c) may be deployed within war zones or other hazardous environments, and/or (d) can include information whose confidentiality is protected by law or contract. Additionally, we maintain internal systems housing sensitive employee and confidential company data. As a result, our systems and IT work products are susceptible to systems or service failures resulting from technical complexity, failures of third-party service providers, natural disasters, power shortages, insider threats (including improper access to the Company's, clients' or third parties' information or resources, employee error, or malfeasance), terrorist attacks, physical or electronic security breaches, cyber attacks, computer viruses, or similar events or disruptions. Our systems and IT work product are the target of constantly evolving cyber attack vectors, including malware, social engineering, denial-of-service attacks, malicious software programs, phishing, account takeovers, and other cyber attacks fueled by emerging technologies, such as artificial intelligence. We have noticed an increase in the frequency and sophistication of the cyber and security threats these systems face, with attacks that are more advanced and persistent, targeting us because, as a defense services contractor, we hold classified, controlled unclassified, and other sensitive information. As a result, we and our vendors face a heightened risk of a security breach or disruption resulting from an attack by computer hackers, persons with access to systems inside our organization, foreign governments, and cyber terrorists.

We have put in place policies, controls, and technologies to help detect and protect against such attacks, but we cannot guarantee that future incidents will not occur. If an incident occurs, we may not be able to successfully mitigate the impact. We have been the target of these types of attacks in the past, and attempted attacks are likely to continue. Due to the ongoing geopolitical conflicts in Europe and the Middle East, and increased tensions in Asia, state-sponsored parties or their supporters may launch retaliatory cyber attacks, and may attempt to conduct other geopolitically motivated retaliatory actions. Those same parties may also attempt to fraudulently induce employees or authorized third parties, including contractors, to disclose sensitive information in order to gain access to our systems or data, or that of our clients, customers, or service providers. 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, or damage to our reputation. In addition, the failure or disruption of our systems, communications, vendors, 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 employees, contractors, suppliers or other authorized third parties do not adhere (whether inadvertently or intentionally) to appropriate information security protocols, our protocols are inadequate, or our or our clients' sensitive information is released and/or compromised, we may experience significant negative impacts to our reputation and expose us or our clients to liability. We are not immune from the possibility of a malicious insider compromising our information systems and infrastructure, including but not limited to insiders exfiltrating the personal data of employees and clients, stealing corporate trade secrets and key financial metrics, and illegally diverting funds. No series of measures can fully safeguard against every insider threat. Refer to "Item 1C. Cybersecurity" for additional information about our cybersecurity risk management program.



If our or our vendors' systems, services, or other applications have significant defects, errors, or vulnerabilities, 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 remediation, monitoring, and enhancing our cybersecurity;
- lose revenue due to the deployment of employees for remediation efforts instead of client assignments;
- receive negative publicity, which could damage our reputation and credibility of our brand and adversely affect our ability to attract or retain clients or talent;
- be unable to successfully market services that are reliant on the creation and maintenance of secure information technology systems to U.S. government, international, and commercial clients;
- suffer claims by clients, employees, or impacted third parties for substantial damages, particularly as a result of any successful network or systems breach and exfiltration of client and/or third-party information; or
- incur significant costs, including fines from government regulators, related to complying with applicable federal or state laws, including laws pertaining to the security and 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 and techniques that we utilize or develop may raise potential liabilities related to legal compliance, intellectual property, and civil liberties, including privacy concerns, which may not be fully insured or indemnified. We may not be able to obtain and maintain insurance coverage 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, may harm our client relationships, and may adversely affect our ability to attract or retain talent. 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.

***Implementation of and compliance with various data privacy and cybersecurity laws, regulations and standards could require significant investment into ongoing compliance activities, trigger potential liability, and limit our ability to use personal data.***

Any failure by us, our vendors or other business partners to comply with international, U.S. federal, state or local laws and regulations regarding data privacy or cybersecurity could result in regulatory actions or lawsuits against us, legal liability, injunctions, fines, damages or other costs. We may also incur substantial expenses in implementing and maintaining compliance with such laws and regulations, including those that require certain types of data to be retained on servers within these jurisdictions. In addition, enactment or expansion of laws related to the use of artificial intelligence in our operations could increase the cost of doing business, subject us to potential liability, regulatory risk or reputational harm. Our failure to comply with applicable laws and regulations may result in privacy claims or enforcement actions against us, including liabilities, fines and damage to our reputation, any of which may have a material adverse effect on our results of operations.

For example, the European Union’s General Data Protection Regulation (the “GDPR”), and the United Kingdom’s GDPR impose compliance obligations on companies that process personal data of people in the European Union and United Kingdom, respectively. Compliance with these laws requires investment into ongoing data protection activities and documentation requirements, and creates the potential for fines and liabilities for noncompliance. In addition, California, Colorado, Connecticut, Iowa, Virginia, Utah, and other states have enacted comprehensive privacy laws that restrict the collection, use, and processing of personal information, provide rights to residents of those respective states, and create corresponding compliance obligations and litigation risks. For example, the California Consumer Privacy Act (the “CCPA”, as amended by the California Privacy Rights Act, the “CPRA”), the Virginia Consumer Data Protection Act (the “VCDPA”), and the Colorado Privacy Act (the “CPA”), provide for consumer rights for residents of those respective states and create corresponding compliance obligations and litigation risks. The impact from the VCDPA and the CPA to Booz Allen is currently low because most of our personal information is client- or employee-related and therefore not defined as consumer-related. However, the CCPA now covers personal information collected from California residents in the context of recruitment and employment, as well as business-to-business arrangements, and therefore imposes additional compliance obligations on Booz Allen with respect to such personal information. These comprehensive state privacy laws, or other emerging U.S. state or global privacy laws, may require additional investment in compliance programs and potential modifications to business processes, and could result in fines, individual claims, and liabilities for certain compliance failures, particularly in the event of a data breach. As other states follow this trend, laws of this nature could be deemed applicable to some aspects of our business. This will impose new compliance obligations and require additional investment into data protection activities. Any obligations that may be imposed on us under CCPA, CPRA, VCDPA, CPA or similar laws may increase our compliance costs and potential liability, particularly in the event of a data breach, and could have a material adverse effect on our business, including how we use personal information or our results of operations.

The U.S. Congress is considering federal privacy, cybersecurity and AI legislation that would create requirements similar to or possibly exceeding these comprehensive U.S. state privacy laws on a 50-state basis. Any federal legislation may or may not preempt the comprehensive U.S. state privacy laws, creating the possibility of different compliance measures or enforcement risks nationally or on a per-state basis. Any obligations that may be imposed on us under any of the comprehensive U.S. state privacy laws or similar laws may be different from or in addition to those required by the EU GDPR, UK GDPR, and any other applicable international laws, which may cause additional expense for compliance across jurisdictions. The EU GDPR, UK GDPR, other international laws, and the laws of U.S. states also impose obligations to maintain and implement an information security program that includes administrative, technical, physical, or organizational safeguards, as well as obligations to give notice to affected individuals and to certain regulators in the event of a data breach. We may be required to spend significant resources to comply with these information security and data breach legal requirements. A significant data breach (including various forms of external attack, such as ransomware, as well as data incidents resulting from internal actions or omissions) could have negative consequences for our business and future prospects, including possible penalties, fines, damages, reduced customer demand, legal claims against and by clients, personnel, business partners or other persons claiming to be affected, harm to our systems and operations and harm to our reputation and brand.

In addition, as a contractor supporting defense and national security clients, we are subject to certain additional regulatory compliance requirements relating to data privacy and cybersecurity. Under DFARS and other federal regulations, our networks and IT systems are required to comply with the security and privacy controls in certain National Institute of Standards and Technology Special Publications (“NIST SP”). To the extent that we do not comply with the applicable security and control requirements, unauthorized access or disclosure of sensitive information could result in a contract termination, which could have a material adverse effect on our business and financial results and lead to reputational harm. We are also subject to the Department of Defense Cybersecurity Maturity Model Certification (“CMMC”), requirements, which will require all contractors to receive specific third-party certifications relating to specified cybersecurity standards in order to be eligible for contract awards. Under “CMMC 1.0”, released in January 2020, there were 5 maturity levels, comprised of 171 requirements and 14 required processes. In March 2021, the Department of Defense initiated an interim review of CMMC’s implementation, which led to a refinement of the overall program and implementation strategy. In November 2021, the Department of Defense announced “CMMC 2.0”, which included updated program structure and requirements. These refinements included a reduction in levels from 5 to 3, which includes the removal of CMMC-unique practices and reliance on the practices set forth in NIST SP 800-171(r2). The Department of Defense announced that CMMC 2.0 will become a contract requirement, likely to appear in contracts within one year of the rule going into effect, and is expected to appear in all defense contracts within two years of the rule going into effect. On December 26, 2023, the Department of Defense published a proposed rule for the CMMC 2.0 program requirements, and may face delays with uncertainties regarding final details and timing of the final requirements. To the extent we are unable to achieve certification in advance of applicable contract awards that specify the requirement, we will be unable to bid on such contract awards or on follow-on awards for existing work with the Department of Defense, depending on the level of standard as required for each solicitation, which could adversely impact our revenue and profitability. In addition, our subcontractors, and in some cases our vendors, may also be required to adhere to the CMMC program requirements and potentially to achieve certification. Should our supply chain fail to meet compliance requirements or achieve certification, this may adversely affect our ability to receive award or execute on relevant government programs. In addition, any obligations that may be imposed on us under the CMMC may be different from or in addition to those otherwise required by applicable laws and regulations, which may cause additional expense for compliance.

***We utilize artificial intelligence, which could expose us to risks including potential liability as well as regulatory, competition, reputational and other risks.***

We utilize artificial intelligence, including generative artificial intelligence, machine learning, and similar tools and technologies that collect, aggregate, analyze, or generate data or other materials (collectively, “AI”) in connection with our business. The development, deployment and oversight of the use of AI by us, either directly or by engaging third-party AI developers, as well as the use of AI by competitors, is expected to require us to invest substantially in AI technology resources and related governance. There are significant risks involved in using AI and no assurance can be provided that our use of AI will enhance our products or services, produce the intended results, or keep pace with the use of AI by our competitors. For example, AI algorithms may produce incomplete, insufficient, biased or otherwise flawed results or rely upon biased or inaccurate data, and any of these deficiencies may not be easily detectable despite internal policies and diligence efforts in place to mitigate such deficiencies. The degraded or flawed performance could also result from adversarial attacks that include data poisoning, malware risks, and evasion techniques. If the AI that we use produces deficient, inaccurate, or controversial results, or if public opinion of AI is adversely affected due to actual or perceived risks regarding the usage of AI, we could incur operational inefficiencies, competitive harm, legal liability, brand or reputational harm, or other adverse impacts on our business and results of operations. If we, or the third-party AI developers on which we rely, do not have sufficient rights to use the data or other material relied upon by such AI technologies, we also may incur liability through the alleged violation of applicable laws and regulations, third-party intellectual property, data privacy, or other rights, or contractual obligations. Although we conduct diligence on third-party AI developers, we will not be able to control the manner in which third-party AI technologies are developed or maintained.

Legal and regulatory frameworks related to the use of AI are evolving, including due to the perceived or actual risks of bias, unfair discrimination, transparency, and information security. The technologies underlying AI and its uses are subject to a variety of laws and regulations, including intellectual property, data privacy and security, consumer protection, competition, and equal opportunity laws, and may be subject to new laws and regulations or new interpretations of existing laws and regulations. AI is the subject of ongoing review by various U.S. and foreign governmental and regulatory agencies. For example, in October 2023, the Biden Administration signed an executive order on Safe, Secure, and Trustworthy Artificial Intelligence which charges various Federal agencies to establish standards for AI safety and security. In addition, in March 2024, the EU enacted a new regulation applicable to certain AI technologies and the data used to train, test and deploy them. The enactment or expansion of laws and regulations related to the use of AI in our operations could result in increased compliance costs related to our use of AI. Furthermore, it is not possible to predict all the legal, operational or technological risks that may arise relating to the use of AI, any of which may materially and adversely affect our business and results of operations.

***The operation of financial management systems may have an adverse effect on our business and results of operations.***

From time to time, we modernize and upgrade our management systems. For example, in fiscal 2022, we launched new financial management systems designed to modernize and enhance our financial systems infrastructure and cost accounting practices through minimizing manual processes, increasing automation, and providing enhanced business analytics. Operation of these kinds of new systems requires significant investment of human and financial resources. With the operation of these new systems, we have incurred additional expenses and experienced certain one-time impacts to profitability related to the roll-out and operation of the financial systems. In addition, any significant difficulties in the operation could have a material adverse effect on our ability to fulfill and invoice customer orders, apply cash receipts, place purchase orders with suppliers, and make cash disbursements, and could negatively impact data processing and electronic communications among business locations, which may have a material adverse effect on our business, consolidated financial condition, or results of operations. We also face the challenge of supporting our legacy systems and implementing necessary upgrades to those systems to support routine government and financial audits while operating our new systems.

***We may fail to attract, train, and retain skilled and qualified employees, 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 and/or 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. The government and industry have recognized that the current process for obtaining security clearances is time-consuming, sometimes taking years to complete, and can present a risk to customer mission. See “—We may fail to obtain and maintain necessary security clearances which may adversely affect our ability to perform on certain contracts.”

Our ability to attract and retain skilled and qualified employees may also be impacted by our engagements in, or perceived connections to, politically or socially sensitive activities. 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. Additionally, our ability to attract, hire, and retain skilled and qualified employees may be impacted by disease outbreaks, pandemics, or widespread health epidemics.

Adverse labor and economic market conditions and intense competition for skilled personnel may inhibit our ability to recruit new employees, including any necessary actions in response to any disease outbreaks, pandemics, or widespread health epidemics. If we are unable to recruit and retain a sufficient number of qualified employees, or cannot obtain their appropriate security clearances in a timely manner, or fail to deploy such employees, 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 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 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 contractor employees and facilities 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 in a timely manner, 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, effectively rebid on expiring contracts, or retain 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 expenses and achieve efficiencies, our competitiveness and profitability may be adversely affected.

***Global inflationary pressures have increased the prices of goods and services, which could raise the costs associated with providing our services, diminish our ability to compete for new contracts or task orders, and/or reduce customer buying power.***

For a variety of reasons, including geopolitical factors, the global economy in which we operate has faced, and may continue to face, heightened inflationary pressure, impacting the cost of doing business (in both supply and labor markets). These inflationary pressures have been and could continue to be exacerbated by geopolitical turmoil and economic policy actions, and the duration of such pressures is uncertain. We generate revenue through various fixed price and multi-year government contracts, our primary customer being the U.S. government, which has traditionally been viewed as less affected by inflationary pressures. However, our approach to include modest annual price escalations in our bids for multi-year work may be insufficient to counter inflationary cost pressures, which may result in significant cost overruns on each contract. This could result in reduced profits, or even losses, as inflation increases, particularly for fixed priced contracts, and our longer-term multi-year contracts as contractual prices become less favorable to us over time. In the competitive environment in which we operate as a government contractor, the lack of pricing leverage and power to renegotiate long-term, multi-year contracts, coupled with reduced customer buying power as a result of inflation, could reduce our profits, disrupt our business, or otherwise materially adversely affect our results of operations.

***Deterioration of economic conditions or weakening in credit or capital markets may have a material adverse effect on our business, results of operations and financial condition.***

Volatile, negative, or uncertain economic conditions, an increase in the likelihood of a recession, or concerns about these or other similar risks may negatively impact our clients' ability and willingness to fund their projects. For example, declines in state and local tax revenues as well as other economic declines may result in lower state and local government spending. Our clients reducing, postponing or cancelling spending on projects in respect of which we provide services may reduce demand for our services quickly and with little warning, which could have a material adverse effect on our business, results of operations and financial condition.

Moreover, instability in the credit or capital markets in the U.S., including as a result of failures of financial institutions and any related market-wide reduction in liquidity, or concerns or rumors about events of these kinds or similar risks, could affect the availability of credit, making it relatively difficult or expensive to obtain additional capital at competitive rates, on commercially reasonable terms or in sufficient amounts, or at all, thus making it more difficult or expensive for us to access funds or refinance our existing indebtedness, or obtain financing for acquisitions. Such instability could also cause counterparties, including vendors, suppliers and subcontractors, to be unable to perform their obligations, or to breach their obligations, to us under our contracts with them. In addition, instability in the credit or capital markets could negatively impact our clients' ability to fund their project and, therefore, utilize our services, which could have a material adverse effect on our business, results of operations and financial condition.

***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. 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 fraud or other misconduct by employees, subcontractors, suppliers or other third parties with which we do business could occur. Misconduct by employees, subcontractors or suppliers could include intentional or unintentional failures to comply with U.S. government procurement regulations, engaging in other unauthorized activities, misusing authorized access, or falsifying time records. Misconduct could also involve the improper use of our clients' sensitive or classified information, or the inadvertent or intentional disclosure of our or our clients' sensitive information in violation of our contractual, statutory, or regulatory obligations. It is not always possible to deter employee, subcontractor, or supplier 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 clearances 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.

***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. There is also a significant industry trend towards consolidation, which may result in the emergence of companies that are better able to compete against us. 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:

- make acquisitions of businesses, or establish teaming or other agreements among themselves or third parties, that allow them to offer more competitive and comprehensive solutions;
- 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 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, or increased regulatory scrutiny or regulations governing information sharing and related practices, 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.

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 contract. 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.

***A delay in the completion of the U.S. government's budget process, including as a result of a failure to raise the debt ceiling, could result in a reduction in our backlog and have a material adverse effect on our revenue and operating results.***

To the extent the U.S. Congress is unable to approve the annual federal budget or raise the debt ceiling on a timely basis, and enacts a continuing resolution, funding for new projects may not be available and funding on contracts we are already performing may be delayed. If Congressional efforts to approve such funding fail, and Congress is unable to craft a long-term agreement on the U.S. government's ability to incur indebtedness in excess of its current limits, the U.S. government may not be able to fulfill its current funding obligations and there could be significant disruption to all discretionary programs, which would have corresponding impacts on us and our industry. Any such delays would likely result in new business initiatives being delayed or canceled 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 U.S. government shutdown, which could result in us incurring substantial costs without reimbursement under our contracts. The delay or cancellation of key programs or the delay of contract payments may have a material adverse effect on our revenue and operating results. In addition, when supplemental appropriations are required to operate the U.S. government or fund specific programs and the passage of legislation needed to approve any supplemental appropriation bill is delayed, the overall funding environment for our business could be adversely affected.

***We face certain significant risk exposures and potential liabilities that may not be adequately covered by indemnity or insurance.***

A significant portion of our business relates to designing, developing, and implementing advanced defense and technology systems and products, including cybersecurity products and services. New technologies may be untested or unproven, and insurance may not be available. We maintain insurance policies that mitigate against risk and potential liabilities related to our operations, including data breaches. This insurance is maintained in amounts that we believe are reasonable. However, our insurance coverage may not be adequate to cover those claims or liabilities, and we may be forced to bear significant costs from an accident or incident. The amount of the insurance coverage we maintain or indemnification to which we may be contractually or otherwise entitled may not be adequate to cover all claims or liabilities. Accordingly, we may be forced to bear substantial costs resulting from risks and uncertainties of our business which would negatively impact our results of operations, financial condition, or liquidity.

***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, licenses, and other contractual arrangements, as well as employment, 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 prior to and during employment. Inventions created during employment require inventors 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 trade secrets, trademarks, 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. We will also need to continue to respond to and anticipate changes resulting from disruptive technologies, including from AI. If we are not successful in protecting and preserving our intellectual property rights and licenses, including trade secrets, or in staying ahead of developing AI technologies and strategically incorporating them into our business, our business and financial performance could be materially and adversely affected.

***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, copyright, trademark, trade secret, 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.

***Our focus on new growth areas for our business entails risks, including those associated with new relationships, clients, talent needs, 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, 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 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, including the GDPR. See “—Implementation of and compliance with various data privacy and cybersecurity laws, regulations and standards could require significant investment into ongoing compliance activities, trigger potential liability, and limit our ability to use personal data.” 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.

The needs of our customers change and evolve regularly due to complex and rapidly changing technologies. Our success depends upon our ability to identify emerging technological trends; develop technologically advanced, innovative, and cost-effective products and services; and market these products and services to our customers. Our success also depends on our continued access to suppliers of important technologies and components. The possibility exists that our competitors might develop new capabilities or service offerings that might cause our existing capabilities and service offerings to become obsolete. If we fail in our new capabilities development efforts or our capabilities or services fail to achieve market acceptance more rapidly than our competitors, our ability to procure new contracts could be negatively impacted, which would negatively impact our results of operations and financial condition.



Our ability to grow our business by leveraging our operating model to efficiently and effectively deploy our people across our client base is also largely dependent on our ability to maintain our collaborative culture. To the extent that we are unable to maintain our culture for any reason, including our effort to focus on new growth areas or acquire new businesses with different corporate cultures, 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 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.

***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 clients, effectively responding to developments in our markets and successfully building platforms intended to provide the foundation to support 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 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.

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

We derive 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 general, access to classified information, technology, facilities, or programs requires appropriate personnel security clearances, is subject to additional contract oversight and potential liability, and may also require appropriate facility clearances and other specialized infrastructure. A significant number of our employees have security clearances which preclude them from providing information regarding certain clients and services provided to such clients to other employees (or members of our board of directors) 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, important information concerning our business may not be available, which may limit insight into a substantial portion of our business and reduce the ability 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. or any other 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. or any other government may delay or fail to pay invoices for a number of reasons, including lack of appropriated funds, lack of an approved budget, lack of revised or final settled billing rates as a result of open audit years 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.

***We may consummate acquisitions, investments, joint ventures and divestitures, which involve numerous risks and uncertainties.***

As part of our operating strategy, we continually monitor U.S. government spending and budgetary priorities to align our investments in new capabilities to drive organic growth, and selectively pursue acquisitions, investments, partnerships, and joint ventures that broaden our domain expertise and service offerings, and/or establish relationships with new customers. These transactions pose many risks, including:

- we may not be able to identify suitable acquisition and investment candidates at prices we consider attractive;
- as a result of continued uncertainties in economic conditions, acquisition and investment candidates may choose to delay entering into acquisition or investment transactions;

- we may not be able to compete successfully for identified acquisition and investment candidates, complete acquisitions and investments on intended terms and timeline (including, without limitation, by failing to obtain required regulatory or other approvals or the benefit of safe harbors in a timely manner, or required financing on acceptable terms), or accurately estimate the financial effect of acquisitions and investments on our business;
- as a result of increased scrutiny by antitrust authorities and anticipated changes to mandatory filing requirements, we may announce acquisition or investment transactions that require significant time and resources to complete, are challenged by such authorities or are ultimately not completed due to a failure to obtain antitrust or other related regulatory approvals;
- future acquisitions and investments 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 personnel from the acquired company with our people, our culture of integrity, and our core values;
- we may have difficulty integrating acquired businesses and investments, resulting in diminished strategic value of a potential transaction and unforeseen difficulties, such as incompatible accounting, information management, or other control systems, and greater expenses than expected;
- acquisitions and investments may disrupt our business or distract our management from other responsibilities;
- as a result of an acquisition or investment, 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 not be able to effectively influence the operations of our joint ventures or partnerships, or we may be exposed to certain liabilities if our partners do not fulfill their obligations.

In connection with any acquisition or investment 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 and investments 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, which could have a material adverse effect on our business and results of operations.

In addition, we may divest businesses, including businesses that are no longer a part of our ongoing strategic plan. These divestitures similarly require significant investment of time and resources, may disrupt our business, distract management from other responsibilities and may result in losses on disposal or continued financial involvement in the divested business, including through indemnification, guarantees or other financial arrangements, which could adversely affect our financial results. In addition, we may be unable to complete strategic divestitures on satisfactory terms and conditions, including non-competition arrangements, within expected time frames or due to a failure of a prospective purchaser to obtain financing or a failure to obtain antitrust or other related regulatory approvals.

***Goodwill represents a significant asset on our balance sheet, and changes in future business conditions could cause these investments to become impaired, requiring substantial write-downs that would reduce our operating income.***

As of March 31, 2024, the value of our goodwill was \$2.3 billion. The amount of our recorded goodwill may substantially increase in the future as a result of any acquisitions that we make. We evaluate the recoverability of recorded goodwill amounts annually, or when evidence of potential impairment exists. Impairment analysis is based on several factors requiring judgment and the use of estimates, which are inherently uncertain and based on assumptions that may prove to be inaccurate. Additionally, material changes in our financial outlook, as well as events outside of our control, such as deteriorating market conditions for companies in our industry, may indicate a potential impairment. When there is an impairment, we are required to write down the recorded amount of goodwill, which is reflected as a charge against operating income. Such non-cash impairment charges could have a material adverse effect on our results of operations in the period in which they are recognized.

#### **Legal and Regulatory Risks**

***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:

- the FAR, and agency regulations supplemental to the FAR, which regulate the formation, administration, and performance of U.S. government contracts. For example, the 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, which imposes civil and criminal liability for violations, including substantial monetary penalties, for, among other things, presenting false or fraudulent claims for payments or approval;
- the False Statements Act, which imposes civil and criminal liability for making false statements to the U.S. government;
- the Truthful Cost or Pricing Data Statute (formerly known as the Truth in Negotiations Act), which requires certification and disclosure of cost and pricing data in connection with the negotiation of certain contracts, modifications, or task orders;
- 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;
- laws and regulations restricting the ability of a contractor to provide gifts or gratuities to employees of the U.S. government;
- 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, contract requirements and executive orders, including those related to cybersecurity, restricting the handling, 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;
- international trade compliance laws, regulations and executive orders that prohibit business with certain sanctioned entities and require authorization for certain exports or imports in order to protect national security and global stability;
- 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 risks related to our supply chain;
- laws, regulations and mandatory contract provisions providing protections to employees or subcontractors seeking to report alleged fraud, waste, and abuse related to a government contract;
- the Contractor Business Systems rule, which authorizes Department of Defense agencies 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 FAR Cost Accounting Standards and Cost Principles, which impose accounting and allowability 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, U.S. states and other jurisdictions in which we do business adopt new laws, rules, and regulations from time to time that could have a material impact on our results of operations. Adverse developments in legal or regulatory proceedings on matters relating to, among other things, cost accounting practices and compliance, contract interpretations and statutes of limitations, could also result in materially adverse judgments, settlements, withheld payments, penalties, or other unfavorable outcomes.

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, triggering of price reduction clauses, withholding or 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.”

***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, 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. 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 (such as matters involving alleged violations of civil rights, wage and hour, and worker’s compensation laws), relationships with clients and contractors, intellectual property disputes, and other business matters. Any such claims, proceedings or investigations may be time-consuming, costly, divert management resources, or otherwise have a material adverse effect on our result of operations.

The results of litigation and other legal proceedings, including the other claims described under “Item 3. 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 coverage in the future. The litigation and other legal proceedings described under “Item 3. Legal Proceedings” are subject to future developments and management’s view of these matters may change in the future.

***We cannot predict the consequences of future geopolitical events, but they may adversely affect the markets in which we operate and our results of operations.***

Ongoing instability and current conflicts in global markets, including in Eastern Europe, the Middle East and Asia, and the potential for other conflicts and future terrorist activities and other recent geopolitical events throughout the world, including the ongoing conflict between Russia and Ukraine, the ongoing conflict between Israel and Hamas, and increased tensions in Asia, have created and may continue to create economic and political uncertainties and impacts that could have a material adverse effect on our business, operations and profitability. These types of matters cause uncertainty in financial markets and may significantly increase the political, economic and social instability in the geographic areas in which we operate.

In addition, in connection with the current status of international relations with Russia, particularly in light of the conflict between Russia and Ukraine, the U.S. government has imposed enhanced export controls on certain products and sanctions on certain industry sectors and parties in Russia. The governments of other jurisdictions in which we operate, such as the European Union and Canada, may also implement sanctions or other restrictive measures. These potential sanctions and export controls, as well as any responses from Russia, could adversely affect the Company and/or our supply chain, business partners, or customers.

***We are subject to risks associated with operating internationally.***

Our business operations are subject to a variety of risks associated with conducting business internationally, including:

- Changes in or interpretations of laws or policies that may adversely affect the performance of our services;

- Political instability in foreign countries and international security concerns, such as those relating to the geopolitical conflict, including the ongoing conflict between Russia and Ukraine, the ongoing conflict between Israel and Hamas, and increased tensions in Asia, and potential actions or retaliatory measures taken in respect thereof;
- Imposition of inconsistent or conflicting laws or regulations;
- Reliance on the U.S. or other governments to authorize us to export products, technology, and services to clients and other business partners;
- Reliance on foreign countries for critical parts in order to meet our technical delivery requirements;
- Conducting business in places where laws, business practices, and customs are unfamiliar or unknown;
- Failure to comply with U.S. government and foreign laws and regulations applicable to international business, sanctions, employment, privacy, data protection, information security, or data transfer could have an adverse impact on our business with the U.S. government and could expose us to risks and costs of non-compliance with such laws and regulations, in addition to administrative, civil, or criminal penalties;
- Failure by third parties that we work with, including suppliers, subcontractors, and vendors, to comply with U.S. government and foreign laws and regulations applicable to international business, sanctions, employment, privacy, data protection, information security, or data transfer could expose Booz Allen to risks and costs of non-compliance with such laws and regulations, in addition to administrative, civil, or criminal penalties;
- U.S. and foreign government import and export control requirements and regulations, including International Traffic in Arms Regulations and the anti-boycott provisions of the U.S. Export Administration Act, technology transfer restrictions and other administrative, legislative, or regulatory actions that could materially interfere with our ability to offer our products or services in certain countries;
- Imposition of limitations on or increase of withholding and other taxes on payments by foreign subsidiaries or joint ventures;
- Changes in state and federal regulations in state money transmission regulations, anti-money laundering regulations, economic and trade sanctions administered by the U.S. Treasury Department's Office of Foreign Asset Control;
- Volatility resulting from the United Kingdom's withdrawal from the European Union in January 2020, particularly in countries where the Company has substantial activities; and
- Imposition of tariffs or embargoes, export controls, and other trade restrictions.

In addition, we are subject to the U.S. Foreign Corrupt Practices Act (the "FCPA") and other laws that prohibit improper payments or offers of payments to foreign government officials, political parties and commercial entities for the purpose of obtaining or retaining business. We have operations and deal with governmental clients and regulators in countries known to create heightened corruption risk, including certain developing countries. Our activities in these countries create the risk of unauthorized payments or offers of payments by one of our employees or third parties that we work with that could implicate Booz Allen for violations of various laws including the FCPA and other anti-corruption laws, even though these parties are not always subject to our control. Likewise, we are impacted by the recent passage of the U.S. Foreign Extortion Prevention Act (the "FEPA") that criminalizes a foreign government official's solicitation of improper payments from U.S. companies or individuals in exchange for conferring an improper advantage. While this law targets improper demands by foreign officials and, therefore, does not directly impact our employees or third parties that we work with, it may increase enforcement of the FCPA other applicable anti-corruption laws and amplify exposure for U.S. companies. Our international operations also involve activities involving the transmittal of information, which may include personal data, which may expose us to data privacy laws in the jurisdictions in which we operate. If our data protection practices become subject to new or different restrictions, and to the extent such practices are not compliant with the laws of the countries in which we process data, we could face increased compliance expenses and face penalties for violating such laws or be excluded from those markets altogether, in which case our operations could be adversely affected. 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. We are also subject to applicable sanctions laws, regulations, embargoes, or restrictive measures intended to prevent unauthorized transactions with prohibited persons, entities, and countries, including, those administered and enforced by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"), the Office of Financial Sanctions Implementation ("OFSI") in the UK, and the competent authorities responsible for the administration and enforcement of Sanctions in individual EU Member States.

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

***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.***

Efforts by the U.S. government to reform its procurement practices have focused on, among other areas, 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. The passage of a new federal law in December 2022 requires the FAR council within eighteen months to provide and update definitions of each of the above types of conflicts of interest and provide illustrative examples of various relationships that contractors could have that would give rise to potential conflicts of interest. The passage of this legislation comes as this topic continues to garner increased scrutiny of such alleged conflicts among federal contractors. The resulting rule making process, as well as continuing reform initiatives in procurement practices may however result in future amendments to the FAR, increasing the restrictions in current organizational conflicts of interest regulations and rules. Similarly, organizational conflicts of interest remain an active area of bid protest litigation, increasing the likelihood that competitors may leverage such arguments in an attempt to overturn agency award decisions. To the extent that proposed and future organizational conflicts of interest laws, regulations, and rules or interpretations thereof 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, 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.

***Changes in tax law or judgments by management related to complex tax matters could adversely impact our results of operations.***

We are subject to taxation in the U.S. and certain other foreign jurisdictions. Any future changes in applicable federal, state and local, or foreign tax laws and regulations or their interpretation or application, including those that could have a retroactive effect, could result in the Company incurring additional tax liabilities in the future. In particular, effective starting in fiscal year 2023, the Tax Cuts and Jobs Act requires the capitalization of research and development costs for tax purposes, which can then be amortized over five or fifteen years. We generally expect to amortize these costs over five years. While the most significant impact of this provision was to cash tax liability for fiscal year 2023, the tax year in which the provision took effect, the impact is expected to decline annually over the five-year amortization period to an immaterial amount in the sixth year. The actual impact will depend on a number of factors, including the amount of research and development costs incurred by the Company, whether Congress modifies or repeals the provision requiring such capitalization, and whether new guidance and interpretive rules are issued by the U.S. Treasury, among other factors. For additional information, see “Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations”.

Additionally, we recognize liabilities for uncertainty in income taxes when it is more likely than not that a tax position will not be sustained on examination and settlement with various taxing authorities. We regularly assess the adequacy of our uncertain tax positions and other reserves, which requires a significant amount of judgment. Although we accrue for uncertain tax positions and other reserves, the results of regulatory audits and negotiations with taxing and customs authorities may be in excess of our accruals, resulting in the payment of additional taxes, duties, penalties and interest. As a result, any final determination of tax audits or related litigation may be materially different than our current provisional amounts, which could materially affect our tax obligations and effective tax rate. For example, during fiscal year 2024, we recorded additional uncertain tax positions of approximately \$15.1 million related to research and development credits that we have claimed, or will soon claim. Any increase to the liability we established as of March 31, 2024 for these uncertain tax positions as a result of audits by taxing authorities, changes in tax laws and regulations or otherwise relating to this, or any other, tax matter could have a material effect on our results of operations. For a description of our related accounting policies, refer to Note 2, “Summary of Significant Accounting Policies,” and Note 13, “Income Taxes,” to the consolidated financial statements.

***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 Truthful Cost or Pricing Data Statute, 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 or 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 IDIQ 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 and recent efforts 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.

***Our work with government clients exposes us to additional risks inherent in the government contracting environment, which could reduce our revenue, disrupt our business, or otherwise materially adversely affect our results of operations.***

U.S. government contractors (including their subcontractors and others with whom they do business) operate in a highly regulated environment and are routinely audited and reviewed by the U.S. government and its agencies, including the DCAA, DCMA, Department of Defense Inspector General, and others. These agencies review our performance on contracts, pricing practices, cost accounting practices, and compliance with applicable policies, laws, regulations, and standards, including applicable government cost accounting standards, as well as our contract costs, including allocated indirect costs. The DCAA audits and the DCMA reviews, among other areas, the adequacy of our internal control systems and policies, including our DFARS required business systems, which are comprised of our purchasing, property, estimating, earned value, accounting and material management 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 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 the provision for claimed indirect costs, which is based on management's estimates and assumptions that are inherently uncertain and may not cover actual losses. For example, DCAA audits may result in, and have historically resulted in, the Company's inability to retain certain claimed indirect costs, including executive and employee compensation, due to differing views of the allowability and reasonableness of such costs. As of March 31, 2024, years subsequent to the Company's fiscal year 2011 remained subject to audit and/or final resolution. As of March 31, 2024, the Company recognized a liability of \$363.7 million for estimated adjustments to claimed indirect costs based on its historical DCAA audit results, including the final resolution of such audits with the DCMA. Determining the provision for claimed indirect costs is complex and subject to management's estimate of adjustments to claimed indirect costs based on the number of years that remain open to audit and expected final resolution by U.S. government agencies. As a result, significant changes in estimates could have a material effect on the Company's results of operations. 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.

Moreover, if any of the administrative processes and business systems, some of which are currently certified as effective, 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 or to be paid timely. Unfavorable U.S. government audit, review, or investigation results could subject us to civil or criminal penalties or administrative sanctions, require us to retroactively and prospectively adjust previously agreed to billing or pricing rates for our work, and could harm our reputation and relationships with our clients and impair our ability to be awarded new contracts, which could affect our future sales and profitability by preventing us, by operation of law or in practice, from receiving new government contracts for some period of time. In addition, 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 withholding at no less than certain minimum levels based on assessments of a contractor's business systems. 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. We could also suffer serious reputational harm if allegations of impropriety were made against us.

In addition, operation of our financial management systems and certain changes to our cost accounting practices that we have adopted may negatively impact our profitability. In particular, the changes to our cost accounting practices required us to estimate changes in costs for certain contracts and make payments in connection with such estimates. The changes are subject to audit by the DCAA and negotiation with the DCMA, which could result in additional payments that may be material and not recoverable. To the extent we are unable to fully mitigate the costs associated with changes to our cost accounting practices as we implement the new systems, our business and financial results may be adversely affected.



***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 procurement opportunities to small, disadvantaged businesses;
- change the basis upon which it reimburses our compensation and other expenses or otherwise limits 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.

***The U.S. government may prefer minority-owned, small and small disadvantaged businesses; therefore, we may have fewer opportunities to 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 re-compete on incumbent work that is placed in the set-aside program.

***Increasing scrutiny and changing expectations from governmental organizations, clients and our employees with respect to our ESG related practices may impose additional costs on us or expose us to new or additional risks.***

There is increased scrutiny from governmental organizations, clients, employees, investors, and other stakeholders on environmental, social and governance ("ESG") issues such as diversity, equity and inclusion, workplace culture, community investment, environmental management, climate impact and information security. We have expended and may further expend resources to monitor, report on and adopt policies and practices that we believe will improve alignment with our evolving ESG strategy and goals, as well as ESG-related standards and expectations of legal regimes and stakeholders such as clients, investors, stockholders, raters, employees, and business partners. If our ESG practices, including our goals for diversity, equity and inclusion, environmental sustainability and information security, do not meet evolving rules and regulations or stakeholder expectations and standards (or if we are viewed negatively based on positions we do or do not take or work we do or do not perform or cannot publicly disclose for certain clients and industries), then our reputation, our ability to attract or retain leading experts, employees and other professionals and our ability to attract new business and clients could be negatively impacted, as could our attractiveness as an investment, service provider, employer, or business partner. Similarly, our failure or perceived failure in our efforts to execute our ESG strategy and achieve our current or future ESG-related goals, targets and objectives, or to satisfy various reporting standards within the timelines expected by stakeholders, or at all, could also result in similar negative impacts. Organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ESG matters, and unfavorable ratings of our ESG efforts may lead to negative investor sentiment, diversion of investment to other companies, and difficulty in hiring skilled employees. In addition, complying or failing to comply with existing or future federal, state, local, and foreign ESG legislation and regulations applicable to our business and operations, including related to greenhouse gas emissions, climate change, or other matters could cause us to incur additional compliance and operational costs or actions and suffer reputational harm, which could adversely affect our business.

***We are exposed to certain physical and regulatory risks, and could incur additional costs, related to climate change and other natural disasters.***

Due to the global nature of our business, we are exposed to a variety of physical risks related to climate change, including rising temperatures and sea levels, extreme heat, and other extreme weather events. Our worldwide operations and the operations of our customers could be subject to natural disasters (including those from climate change) such as hurricanes, typhoons, tsunamis, floods, earthquakes, fires, water shortages and prolonged drought. Such events could disrupt our operations or those of our customers and suppliers, including the inability of employees to work, destruction of facilities, loss of life, and adverse effects on supply chains, power, infrastructure, and the integrity of information technology systems, all of which could materially increase our costs and expenses, delay or decrease revenue from our customers, and disrupt our ability to maintain business continuity. We could incur significant costs to improve the climate-related resiliency of our infrastructure and otherwise prepare for, respond to, and mitigate the effects of climate change. Additionally, if insurance or other risk transfer mechanisms are unavailable or insufficient to recover all costs or if we experience a significant disruption to our business due to a natural disaster, our results of operations could be adversely affected.

We may also face operational costs and transition risks due to decisions we make to conduct or change our activities in response to considerations relating to climate change, such as our goal to eventually reach net-zero greenhouse gas emissions. In addition, complying or failing to comply with existing or future federal, state, local, and foreign legislation and regulations applicable to our business and operations related to greenhouse gas emissions and climate change could cause us to incur additional compliance and operational costs.

**Risks Related to Our Indebtedness**

***We have substantial indebtedness and may incur substantial additional indebtedness, which could adversely affect our financial health and our ability to obtain financing in the future as well as to react to changes in our business.***

As of March 31, 2024, we had total indebtedness of approximately \$3.4 billion and \$998.7 million of availability under our revolving credit facility (the “Revolving Credit Facility”). We are able to, and may, incur additional indebtedness in the future, subject to the limitations contained in the agreements governing our indebtedness. Our substantial indebtedness could have important consequences to holders of our common stock, including:

- making it more difficult for us to satisfy our obligations with respect to our Senior Credit Facility, consisting of a \$1.6 billion term loan facility (“Term Loan A”), a \$1.0 billion Revolving Credit Facility, with a sublimit for letters of credit of \$200.0 million, our \$700.0 million in aggregate principal amount of 3.875% Senior Notes due 2028 (the “Senior Notes due 2028”), our \$500.0 million in aggregate principal amount of 4.000% Senior Notes due 2029 (the “Senior Notes due 2029”), our \$650.0 million in aggregate principal amount of 5.950% Senior Notes due 2033 (the “Senior Notes due 2033”, and together with the Senior Notes due 2028 and the Senior Notes due 2029, the “Senior Notes”) and our other debt;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates as certain of our borrowings, including under the Senior Credit Facility, are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors or competitors with comparable debt and more favorable terms and thereby affecting our ability to compete; and
- increasing our cost of borrowing.

Although the Senior Credit Facility and the indentures governing the Senior Notes contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness. In addition, the Revolving Credit Facility provides for commitments of \$1.0 billion, which as of March 31, 2024, had availability of \$998.7 million. Additionally, the used portion as it pertains to open standby letters of credit and bank guarantees totaled \$1.3 million. Furthermore, subject to specified conditions, without the consent of the then-existing lenders (but subject to the receipt of commitments), the indebtedness under the Senior Credit Facility may be increased by up to \$500.0 million. If new debt is added to our current debt levels, the related risks that we and the guarantors now face would increase and we may not be able to meet all our debt obligations, including the repayment of the Senior Notes.

***We may not be able to generate sufficient cash to service our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.***

Our ability to make scheduled payments on or refinance our debt obligations will depend on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to financial, business, legislative, regulatory and other factors beyond our control. We might not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. For information regarding the risks to our business that could impair our ability to satisfy our obligations under our indebtedness, see “— Risks Related to Our Indebtedness.”

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations.

The agreements governing our indebtedness restrict our ability to dispose of assets and use the proceeds from those dispositions and also restrict our ability to raise debt to be used to repay other indebtedness when it becomes due.

We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. In addition, under the Senior Credit Facility, we are subject to mandatory prepayments of our Term Loans from a portion of our excess cash flows, which may be stepped down upon the achievement of specified first lien leverage ratios. To the extent that we are required to prepay any amounts under our Term Loans, we may have insufficient cash to make required principal and interest payments on other indebtedness.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial condition and results of operations and our ability to satisfy our obligations under our indebtedness.

If we cannot make scheduled payments on our debt, we would be in default and the following events could occur: lenders under our Senior Credit Facility and holders of the Senior Notes could declare all outstanding principal and interest to be due and payable; and lenders under the Revolving Credit Facility could terminate their commitments to provide loans. All of these events could force us into bankruptcy or liquidation and result in investors' losing some or all of the value of their investment.

***The terms of the agreements governing our indebtedness restrict our current and future operations, particularly our ability to respond to changes or to take certain actions, which could harm our long-term interests.***

The Senior Credit Facility and the indentures governing the Senior Notes contain covenants that, among other things, impose significant operating and financial restrictions on us and limit our ability to engage in actions that may be in our long-term best interest, including restrictions on our ability to:

- incur additional indebtedness, guarantee indebtedness, or issue disqualified stock or preferred stock;
- pay dividends on or make other distributions in respect of, or repurchase or redeem, our capital stock;
- enter into sale-leaseback transactions;
- incur liens;
- consolidate, merge or sell all or substantially all of our and our subsidiaries' assets;
- enter into hedging transactions; and
- enter into certain lines of business.

These covenants are subject to a number of important exceptions and qualifications. In addition, the restrictive covenants in the Senior Credit Facility require us to maintain a consolidated net total leverage ratio that will be tested at the end of each fiscal quarter. Our ability to satisfy such financial ratio test may be affected by events beyond our control.

A breach of the covenants under the agreements governing our indebtedness could result in an event of default under those agreements. Such a default may allow certain creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the Senior Credit Facility would also permit the lenders under the Revolving Credit Facility to terminate all other commitments to extend further credit under that facility. In the event the lenders accelerate the repayment of our borrowings, we may not have sufficient assets to repay that indebtedness.

As a result of these restrictions, we may be:

- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions might hinder our ability to grow in accordance with our strategy.

***Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.***

Borrowings under the Senior Credit Facility are at variable rates of interest and expose us to interest rate risk. During 2022 and 2023, interest rates increased significantly and interest rates may continue to increase or remain at higher than recent historical levels. With an increase in interest rates, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease.

Based on Term Loan A outstanding as of March 31, 2024 and assuming all revolving loans are fully drawn, and after considering interest rate swaps that fix the interest rate on \$550.0 million of principal of our variable-rate debt each quarter point change in interest rates would result in a \$2.6 million change in our projected annual interest expense on our indebtedness under the Senior Credit Facility. We have entered into interest rate swaps and may in the future enter into additional interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce future interest rate volatility of our variable rate indebtedness. However, due to risks for hedging gains and losses and cash settlement costs, we may not elect to maintain such interest rate swaps, and any swaps may not fully mitigate our interest rate risk.

***A downgrade, suspension or withdrawal of the rating assigned by a rating agency to us or our indebtedness could make it more difficult for us to obtain additional debt financing in the future.***

We and our indebtedness have been rated by nationally recognized rating agencies and may in the future be rated by additional rating agencies. We cannot assure you that any rating assigned to us or our indebtedness will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, circumstances relating to the basis of the rating, such as adverse changes in our business, so warrant. Any downgrade, suspension or withdrawal of a rating by a rating agency (or any anticipated downgrade, suspension or withdrawal) could make it more difficult or more expensive for us to obtain additional debt financing in the future.

**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 receipt of funds from its subsidiaries via dividends or intercompany loans. Further, the Senior Credit Facility and indentures governing the Senior Notes significantly restrict 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 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 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 IDIQ 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 has authorized and declared a regular quarterly dividend for each quarter in the last several years. The Board has also authorized and declared special cash dividends from time to time. 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 taking into account future earnings, cash flows, financial requirements and other factors. There can be no assurance that the Board 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.

***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 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, accounting, and legal staff and on our management systems, including our financial, accounting, and information systems. 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 Exchange Act to maintain disclosure controls and procedures and internal control over financial reporting. Because of inherent limitations in any internal control environment, there can be no assurance that all control issues and instances of fraud, errors or misstatements, if any, within our Company have been or will be detected on a timely basis. Such deficiencies could result in the correction or restatement of financial statements of one or more periods. 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. We also rely on third parties for certain calculations and other information that support our accounting and financial reporting, which includes reports from such organizations on their controls and systems that are used to generate this data and information. Any failure by such third parties to provide us with accurate or timely information or implement and maintain effective controls may cause us to fail to meet our reporting obligations as a publicly traded company. In addition, as we operate our financial management systems, we could experience deficiencies in their operation that could have an adverse effect on the effectiveness of our internal control over financial reporting.

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 consolidated financial statements, which 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:

- granting to the Board the sole power to set the number of directors and to fill any vacancy on the Board;
- 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;
- the establishment of advance notice requirements for stockholder proposals and nominations for election to the Board at stockholder meetings; and

- prohibiting our stockholders from acting by written consent.

In addition, we are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which imposes additional requirements regarding mergers and other business combinations. 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.

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.

***The market for our Class A Common Stock may be adversely affected by the performance of other companies in the government services market.***

In addition to factors that may affect our financial results and operations, the price of our Class A Common Stock may be impacted by the financial performance and outlook of other companies in the government services market. While certain factors may affect all participants in the markets in which we operate, such as U.S. government spending conditions and changes in rules and regulations applicable to government contractors, the market for our Class A Common Stock may be adversely affected by financial results or negative events only affecting other market participants or financial results of such participants. While such events or results may not impact or be indicative of our current or future performance, the price of our securities may nonetheless be adversely affected as a result thereof.

***Our amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain litigation that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our current or former directors, officers, or stockholders.***

Our seventh amended and restated certificate of incorporation requires that the Court of Chancery of the State of Delaware be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee of the Company to the Company or the Company's stockholders, (iii) any action asserting a claim against the Company arising pursuant to any provision of the Delaware General Corporation Law, the Company's seventh amended and restated certificate of incorporation or the Company's bylaws, or (iv) any action asserting a claim against the Company governed by the internal affairs doctrine. Because the applicability of the exclusive forum provision is limited to the extent permitted by applicable law, we do not intend that the exclusive forum provision would apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction, and acknowledge that federal courts have concurrent jurisdiction over all suits brought to enforce any duty or liability created by the Securities Act. We note that there is uncertainty as to whether a court would enforce the provision and that investors cannot waive compliance with federal securities laws and the rules and regulations thereunder. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

**Item 1B. Unresolved Staff Comments.**

None.

**Item 1C. Cybersecurity.**

As one of the world's largest cybersecurity solution providers, we routinely defend against advanced persistent threats both internally and for our clients. Our cybersecurity risk management program is an integral part of our overall enterprise risk management program, and is designed to assess, identify, manage and mitigate internal and external cybersecurity risks, threats and incidents.

**Risk Management and Strategy**

Our Board and its committees oversee the Company's risk management processes, including but not limited to those relevant to cybersecurity risks, and are regularly briefed by management on risk management considerations. One of the primary tools that facilitates the Board's oversight and mitigation of risk is the Company's Enterprise Risk Management ("ERM") Program, which is designed to look holistically at risks which may cause a material, adverse impact to the Company's operations, reputation, or value. As part of the ERM Program, our Chief Operating Officer directs and chairs the ERM Steering Committee, which is comprised of members of senior management, including our Chief Financial Officer, General Counsel, Chief Information Officer, Chief Information Security Officer, Chief Administrative Officer, and Chief Ethics and Compliance Officer.

Under the ERM Program, our Chief Operating Officer prepares for the Board a quarterly update of our enterprise risks, including but not limited to enterprise cybersecurity risks, and conducts with the Board an annual risk identification and mitigation analysis.

In addition to updates provided through the ERM Program, the Board is regularly updated by members of management, including the Chief Accounting Officer, Chief Legal Officer, and members of the ERM Steering Committee concerning significant risks facing the Company and processes that have been implemented to mitigate these risks, including but not limited to cybersecurity risks. Additionally, throughout the year, each of our sector presidents who leads one of our major market units provides a comprehensive overview of their market, including risks and challenges. See “Item 1C. Cybersecurity—Governance—Management’s Responsibilities” below for additional information regarding our cybersecurity risk management program.

We also conduct periodic internal and third-party assessments, threat simulations, and exercises to test the effectiveness of our cybersecurity defenses and controls, including associated policies and procedures. We undertake efforts to address and mitigate risks from vulnerabilities identified during such assessments, simulations, and exercises.

## **Governance**

### ***Management's Responsibilities***

Our cybersecurity risk management program is led by our Chief Information Officer (“CIO”) and our Chief Information Security Officer (“CISO”), who are responsible for our information security strategy, policies, security architecture and engineering, security operations, and cybersecurity threat detection and response. Our CIO has over 25 years of information technology and program management experience, addressing complex information technology and cybersecurity challenges for large-scale enterprises in the U.S. Department of Defense, U.S. federal agencies, and commercial organizations. Our CISO, a Certified Information Systems Security Professional (“CISSP”), has over 20 years of information security and program management experience and has served as the CISO for several large-scale enterprises in the U.S. government services industry, commercial organizations, and not-for-profit organizations.

As a government contractor, we are required to comply with extensive regulations and standards, including but not limited to cybersecurity regulations and standards and the requirements of the DFARS. Additionally, our cybersecurity risk management program is guided by the National Institute of Standards and Technology (“NIST”) Cybersecurity Framework. Our policies and implemented controls have been assessed by external organizations, including industry partners and the federal government. We work closely with our subcontractors and suppliers to identify and manage cybersecurity risks and, as appropriate, require them to comply with applicable laws and regulations. These contractual requirements include the requirement that our subcontractors implement certain security controls, and that our subcontractors self-report the status of their implementation of these controls to the U.S. government.

To manage cybersecurity risk introduced from our supply chain, depending on the nature of a supplier’s work and the sensitivity of the Booz Allen and client information provided to the supplier, we also require suppliers to complete our security questionnaires (based on data categorization) and provide evidence of security accreditations, and we evaluate supplier compliance with security requirements using internal and third-party resources.

Our CIO and CISO also lead our Cyber Fusion Center (“CFC”), whose function is, pursuant to our Cyber Incident Response Plan, to stay apprised of existing and emerging cybersecurity threats and monitor our information systems to proactively identify, protect against, and mitigate cybersecurity threats. The CFC uses intelligence collected from various sources, fused with intelligence collected from analysis and response actions, to proactively search for and address adversary activity against our information systems. The CFC possesses in-depth knowledge of network, endpoint, perimeter security systems, identity-based vulnerabilities, data protection, threat intelligence, forensics, penetration testing, and malware reverse engineering, as well as the functioning of specific applications or underlying information systems infrastructure.

The Cyber Incident Response Team (“CIRT”) is responsible for the incident response process and provides direction and guidance to users of Booz Allen information systems when responding to cybersecurity incidents. The CIRT also provides intrusion monitoring of networks and information systems, and performs triage and analysis of events to identify potential incidents, including potential incidents occurring on third-party systems. The CIRT categorizes anomalous cybersecurity events into discrete levels in which cybersecurity events are escalated to appropriate levels of management, as well as our Cyber Incident Materiality Committee, Audit Committee, and Board, based on the severity of the incident. While typical cybersecurity management and incident response is provided by internal resources, we have arrangements with certain third parties whom we can engage if additional support and resources are required.

### **Board of Directors' Roles and Responsibilities**

The Audit Committee is responsible for oversight of the Company's risk management and mitigation, including but not limited to the Company's cybersecurity risks, and is regularly briefed by our CIO and CISO regarding the Company's cybersecurity risk management program, cybersecurity incidents involving the Company, vendors, suppliers, subcontractors and other third parties, as well as associated mitigation actions taken, in order to assess and manage associated risks and potential harm and damages. The Audit Committee reports to the Board on cybersecurity risks to the Company on a periodic basis.

### **Cybersecurity Threats**

Even with our extensive and systematic approach to cybersecurity, we may not be successful in preventing or mitigating a cybersecurity incident that could have a material adverse effect on us. While we maintain cybersecurity insurance, the cost related to cybersecurity threats or disruptions may not be fully insured.

During the period covered by this Annual Report, we have not experienced any cybersecurity incidents that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or our financial condition. Future cybersecurity incidents could, however, materially affect our business strategy, results of operations, reputation, or financial condition.

See Item 1A, "Risk Factors," for a discussion on cybersecurity risks and how they could materially affect the Company.

### **Item 2. Properties.**

We do not own any facilities or real estate. Our corporate headquarters is 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; Washington, D.C.; Chantilly, Virginia; Laurel, Maryland; Arlington, Virginia; Panama City Beach, Florida; Charleston, South Carolina; Bethesda, Maryland; and Alexandria, Virginia. 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 2.24 million square feet. We believe our facilities meet our current needs.

### **Item 3. Legal Proceedings.**

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, compliance with various laws and regulations, and other business matters. We have provided information about these legal proceedings and investigations in Note 20, "Commitments and Contingencies," to the consolidated financial statements contained within this Annual Report on Form 10-K. These legal proceedings seek various remedies, including claims for monetary damages in varying amounts, none of which are considered material, or are unspecified as to amount. Although the outcome of any such matter is inherently uncertain and may be materially adverse, based on current information, we do not expect any of the currently ongoing audits, reviews, investigations, or litigation to have a material adverse effect on our financial condition and results of operations. As of March 31, 2024, there were no material amounts accrued in the consolidated financial statements related to these proceedings. See Note 20, "Commitments and Contingencies," to the consolidated financial statements contained within this Annual Report on Form 10-K for amounts accrued in the consolidated financial statements related to legal proceedings as of March 31, 2023.

On June 19, 2017, a purported stockholder of the Company filed a putative class action lawsuit in the United States District Court for the Eastern District of Virginia styled *Langley v. Booz Allen Hamilton Holding Corp.*, No. 17-cv-00696 ("Langley") naming the Company, its Chief Executive Officer, and its former Chief Financial Officer as defendants purportedly on behalf of all purchasers of the Company's securities from May 19, 2016 through June 15, 2017. On September 5, 2017, the court named two lead plaintiffs, and on October 20, 2017, the lead plaintiffs filed a consolidated amended complaint. The complaint asserted claims under Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5 promulgated thereunder, alleging misrepresentations or omissions by the Company purporting to relate to matters that were the subject of the investigation of the Company by the U.S. Department of Justice ("DOJ"), which has been closed or settled. See Note 20, "Commitments and Contingencies," to the consolidated financial statements contained within this Annual Report on Form 10-K. Motions to dismiss were argued on January 12, 2018, and on February 8, 2018, the court dismissed the amended complaint in its entirety without prejudice. On September 22, 2023, plaintiffs filed a motion for leave to amend the dismissed amended complaint or, in the alternative, for relief from the court's prior dismissal order, and on October 16, 2023, the court denied plaintiffs' motion. On November 15, 2023, plaintiffs filed with the United States Court of Appeals for the Fourth Circuit a notice of appeal from the district court's denial of plaintiffs' motion. On April 22, 2024, plaintiffs filed a motion for the voluntary dismissal with prejudice of the appeal, and on April 23, 2024, the court granted plaintiffs' motion.



On November 13, 2017, a Verified Shareholder Derivative Complaint was filed in the United States District Court for the District of Delaware styled Celine Thum v. Rozanski et al., C.A. No. 17-cv-01638, naming the Company as a nominal defendant and numerous current and former officers and directors as defendants. The complaint asserted claims for breach of fiduciary duties, unjust enrichment, waste of corporate assets, abuse of control, gross mismanagement, and violations of Sections 14(a), 10(b), and 20(a) of the Exchange Act, purportedly relating to matters that were the subject of the investigation of the Company by the DOJ, which has been closed or settled. See Note 20, “Commitments and Contingencies,” to the consolidated financial statements contained within this Annual Report on Form 10-K. The parties stipulated to a stay of proceedings pending the outcome of Langley, which the court so ordered on January 24, 2018. On December 12, 2019, the court ordered that the stay remain in effect and ordered the parties to submit periodic status reports. Starting on May 27, 2020, the parties submitted periodic status reports as ordered by the court stating that the plaintiff believed the stay should remain in effect and the defendants did not object to the stay remaining in effect. On May 20, 2024, the parties filed a joint stipulation for the voluntary dismissal without prejudice of the action, and the court so ordered the joint stipulation.

**Item 4. Mine Safety Disclosures.**

None.

**Information about our Executive Officers.**

The following table sets forth information about our executive officers as of the date hereof:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Horacio D. Rozanski	56	President and Chief Executive Officer
Matthew A. Calderone	52	Executive Vice President and Chief Financial Officer
Kristine Martin Anderson	55	Executive Vice President and Chief Operating Officer
Richard Crowe	56	Executive Vice President
Judith Dotson	60	Executive Vice President
Thomas Pfeifer	64	Executive Vice President
Nancy J. Laben	62	Executive Vice President and Chief Legal Officer
Susan L. Penfield	62	Executive Vice President and Chief Technology Officer

*Horacio D. Rozanski* is our President and Chief Executive Officer. A respected authority and leader in the consulting industry, Mr. Rozanski has expertise in business strategy, technology and operations, talent and diversity, and the future of consulting. He joined Booz Allen in 1992 as a consultant to commercial clients, was elected Vice President in 1999, and served as our Chief Personnel Officer, Chief Strategy and Talent Officer, Chief Operating Officer, and President before becoming Chief Executive Officer in 2015. He also is a member of our Board. Mr. Rozanski currently serves as Chairman of the board of directors for Children’s National Hospital and is a member of the board of directors at Marriott International, Inc. (NASDAQ: MAR), CARE USA, and the Economic Club of Washington, D.C. He is also a member of the Business Roundtable, the United States Holocaust Memorial Museum’s Committee on Conscience, Defense Advisory Committee on Diversity and Inclusion, and Vice Chair of the Kennedy Center Corporate Fund Board.

*Matthew A. Calderone* is an Executive Vice President at Booz Allen and our Chief Financial Officer. Mr. Calderone joined Booz Allen in 1999, and has held a variety of leadership roles in finance and strategy over the last decade. Prior to becoming Chief Financial Officer in October 2022, Mr. Calderone served as our Chief Strategy Officer, during which he led M&A activity, long-term financial strategy, and the development and rollout of VoLT, Booz Allen’s growth strategy. From 2016 to 2020, Mr. Calderone led the Company’s strategic finance and Forecasting, Planning and Analysis (FP&A) functions. In addition, in 2014, Mr. Calderone built the Company’s corporate development team. Mr. Calderone holds a B.A. in economics from the University of Maryland and an M.B.A. from the Yale School of Management.

*Kristine Martin Anderson* is an Executive Vice President and Chief Operating Officer. Ms. Anderson joined Booz Allen in 2006, and has held a variety of leadership roles. Prior to becoming Chief Operating Officer in May 2022, Ms. Anderson served as President for the Company’s Civil sector from April 2018 to May 2022, and led the Company’s civil health business from 2015 to 2018. Under Ms. Anderson’s leadership, the Civil Sector and health business were the highest performing businesses in Booz Allen. Prior to joining Booz Allen, Ms. Anderson was Vice President for Operations and Strategy at CareScience, a health care software solutions company. Ms. Anderson holds a B.A. in neurobiology from the University of Pennsylvania and an M.B.A. from The Wharton School of Business.

*Richard Crowe* is an Executive Vice President and President for the Company’s Civil sector. Mr. Crowe joined Booz Allen in 2004 and previously was the Company’s Chief Growth Officer from April 2021 to May 2022, where he built a best-in-class business development organization aligned to the Company’s business strategy and growth. Prior to that role, Mr. Crowe led the Company’s Health business from 2018 to 2021. Mr. Crowe has more than 30 years of strategy development and technology delivery experience. Prior to joining Booz Allen, Mr. Crowe was the chief technical officer at PlasmaSol Corp.

*Judith Dotson* is an Executive Vice President at Booz Allen and President for the Company's Global Defense sector. Ms. Dotson joined Booz Allen in 1989 and became a Senior Vice President in 2004. Prior to assuming her current role in August 2022, Ms. Dotson led the Company's Finance, Economic Development, and Energy business from 2014 to 2017, the Joint Combatant Command business from 2017 to 2020, and she served as President for the Company's National Security sector from 2020 to July 2022. Previously, she led the Company's Enterprise Integration Capability Development Team, the Defense System Development Capability Team, and the Environment & Energy Technology Team. Ms. Dotson previously served on the board of directors for the Nature Generation, a not-for-profit that inspires and empowers environmental stewardship in youth.

*Thomas Pfeifer* is an Executive Vice President at Booz Allen and President for the Company's National Security sector since August 2022. Mr. Pfeifer joined our Company in 1989 and has over 40 years of industry experience. Prior to his current role, Mr. Pfeifer led several business units focused on defense military intelligence, space, national agencies, the Air Force, and NASA, where he focused on evolving the businesses closer to the mission. Mr. Pfeifer holds a master's degree in computer systems management and a bachelor's degree in economics, both from the University of Maryland. He is a member of the Institute of Navigation (ION), the Institute of Electrical and Electronic Engineering (IEEE) Computer Society, the American Society for Quality (ASQ), and the Armed Forces Communications and Electronics Association (AFCEA).

*Nancy J. Laben* is an Executive Vice President at Booz Allen and our Chief Legal Officer. She also served as the Secretary of the Company until August 2019. Ms. Laben joined Booz Allen in September 2013. She oversees the Legal functions, Ethics & Compliance, and Corporate Affairs. Before joining our Company, Ms. Laben served as General Counsel of AECOM Technology Corporation from 2010 to 2013, where she was responsible for all legal support. Prior to joining AECOM Technology Corporation, Ms. Laben served as Deputy General Counsel at Accenture plc beginning in 1989. Prior to joining Accenture, Ms. Laben served in the law department at IBM Corporation.

*Susan L. Penfield* is an Executive Vice President at Booz Allen and our Chief Technology Officer, and leads our Strategic Innovation Group. Prior to her role as Chief Technology Officer, she served as our Chief Innovation Officer. Ms. Penfield joined Booz Allen in 1994. She has over 25 years of strategy, technology, marketing, and solutions delivery experience. Prior to joining the Strategic Innovation Group, Ms. Penfield led the Company's Health business, where she drove technology and transformation initiatives across the federal, commercial, and non-profit health space. She serves as Chair of the board of directors of the Children's Inn at the National Institutes of Health, and also on the boards of directors of Seed Spot Inc., the Northern Virginia Technology Council, and the American Cancer Society Cancer Action Network. Ms. Penfield is a member of the National Association for Female Executives (NAFE), and was recognized by NAFE as its 2015 Digital Trailblazer.

**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. On May 14, 2024, there were 434,838 beneficial holders of our Class A Common Stock. Our Class A Common Stock is listed on the New York Stock Exchange under the ticker symbol "BAH".

**Dividends**

The Company plans to continue paying recurring dividends in the future and assessing its excess cash resources to determine the best way to utilize its excess cash flow to meet its objectives. Any future dividends declared will be at the discretion of the Board and will depend, among other factors, upon our earnings, liquidity, financial condition, alternate capital allocation opportunities, or any other factors the Board deems relevant. On May 24, 2024, the Company announced that the Board had declared a quarterly cash dividend of \$0.51 per share. Payment of the dividend will be made on June 28, 2024 to stockholders of record at the close of business on June 13, 2024.

**Recent Sales of Unregistered Securities**

None.

**Issuer Purchases of Equity Securities**

The following table presents the share repurchase activity for each of the three months in the quarter ended March 31, 2024:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
January 2024	197,225	\$126.76	197,225	\$ 558,173,062
February 2024	348,126	\$143.63	348,126	\$ 508,173,151
March 2024	169,454	\$147.45	169,454	\$ 483,187,683
Total	714,805		714,805	

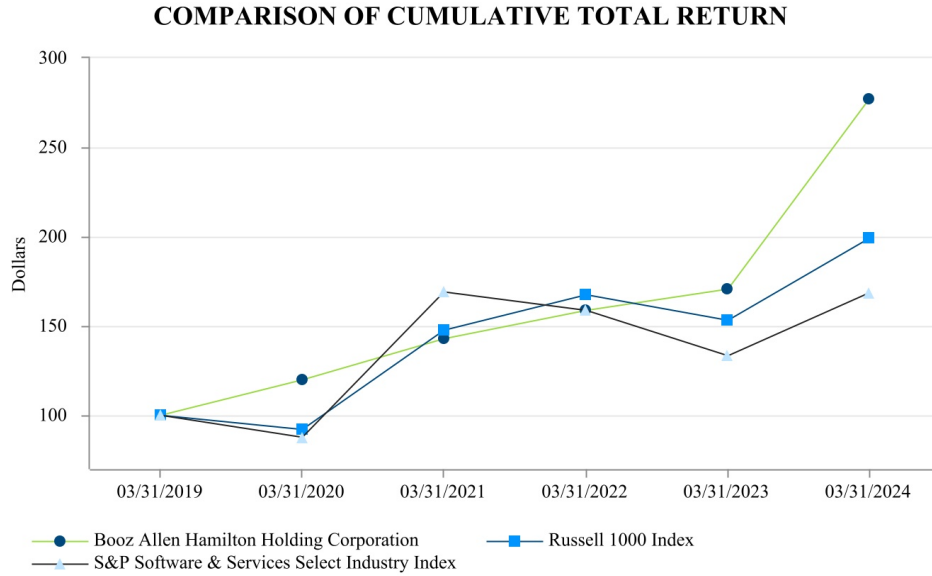
- (1) On December 12, 2011, the Board approved a share repurchase program, which was most recently increased by \$525.0 million to \$3,085.0 million on May 22, 2024. As of March 31, 2024, the Company had approximately \$483.2 million remaining under the repurchase program. A special committee of the Board 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.

**Use of Proceeds from Registered Securities**

None.

**Performance**

The graph set forth below compares the cumulative shareholder return on our Class A Common Stock between March 31, 2019 and March 31, 2024, to the cumulative return of (i) the Russell 1000 Index and (ii) S&P Software & Services Select Industry Index over the same period. The Russell 1000 and S&P Software & Services Select Industry Indices represent comparator groups for relative cumulative return performance to Booz Allen Hamilton. This graph assumes an initial investment of \$100 on March 31, 2019 in our Class A Common Stock, the Russell 1000 Index, and the S&P Software & Services Select Industry 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.



**ASSUMES \$100 INVESTED ON MARCH 31, 2019  
ASSUMES DIVIDEND REINVESTED**

Company/Market/Peer Group	3/31/2019	3/31/2020	3/31/2021	3/31/2022	3/31/2023	3/31/2024
Booz Allen Hamilton Holding Corp.	\$ 100.00	\$ 119.77	\$ 142.70	\$ 158.56	\$ 170.45	\$ 277.16
Russell 1000 Index	\$ 100.00	\$ 91.97	\$ 147.70	\$ 167.30	\$ 153.26	\$ 199.03
S&P Software & Services Select Industry Index	\$ 100.00	\$ 87.72	\$ 168.81	\$ 158.61	\$ 133.10	\$ 168.69

This performance graph and other information furnished under this Part II Item 5 of this Annual Report shall not be deemed to be “soliciting material” or to be “filed” with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act.

**Item 6. Reserved.**

**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 our consolidated financial statements and the related notes contained elsewhere in this Annual Report, and Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Form 10-K for the fiscal year ended March 31, 2023, which provides additional information on comparisons of fiscal 2023 and 2022.*

*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**

Trusted to transform missions with the power of tomorrow's technologies, Booz Allen advances the nation's most critical civil, defense, and national security priorities. Our ability to deliver value to our clients has always been, and continues to be, a product of the strong character, expertise and tremendous passion of our people. Our approximately 34,200 employees work to solve hard problems by making clients' missions their own, combining decades of consulting and domain expertise with functional expertise in areas such as analytics, digital solutions, engineering, and cyber, all fostered by a culture of innovation that extends to all reaches of the Company.

Through our dedication to our clients' missions, and a commitment to evolving our business to address their needs, we have longstanding relationships with our clients, the longest of which is more than 80 years. We support critical missions for a diverse base of federal government clients, including nearly all of the U.S. government's cabinet-level departments, as well as for commercial clients, both domestically and internationally. We support our federal government clients by helping them tackle their most complex and pressing challenges such as protecting soldiers in combat and supporting their families, advancing cyber capabilities, securing our national infrastructure, enabling and enhancing digital services, transforming the healthcare system, and improving government efficiency to achieve better outcomes. Drawing on deep understanding and leading positions in cybersecurity, we serve commercial clients across industries including financial services, health and life sciences, energy, and technology.

**Financial and Other Highlights**

During fiscal 2024, the Company generated year over year revenue growth and increased client staff headcount. Revenue increased 15.2% from fiscal 2023 to fiscal 2024 primarily driven by strong demand for our services and solutions and an increase in headcount to meet that demand.

Operating income increased 126.8% to \$1,013.4 million in fiscal 2024 from \$446.8 million in fiscal 2023, which reflects an increase in operating margin to 9.5% from 4.8% in the comparable year. Operating income was driven by the same drivers benefiting revenue growth, as well as strong contract-level performance coupled with ongoing cost management efforts. Margins in the prior year were impacted by a \$350.0 million reserve associated with the Department of Justice's investigation of the Company (see Note 20, "Commitments and Contingencies," to the consolidated financial statements for further information), as compared to a \$27.5 million reserve in the current year.

## Non-GAAP Measures

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

- “Revenue, Excluding Billable Expenses” represents revenue less billable expenses. We use Revenue, Excluding Billable Expenses because it provides management useful information about the Company's operating performance by excluding the impact of costs that are not indicative of the level of productivity of our client staff headcount and our overall direct labor, which management believes provides useful information to our investors about our core operations.
- “Adjusted Operating Income” represents operating income before the change in provision for claimed indirect costs, acquisition and divestiture costs, financing transaction costs, significant acquisition amortization, DC tax assessment adjustment, the reserve associated with the U.S. Department of Justice investigation disclosed in Note 20, “Commitments and Contingencies,” to the consolidated financial statements in the Company's annual report on Form 10-K, and restructuring costs. 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 attributable to common stockholders before income taxes, net interest and other expense and depreciation and amortization and before certain other items, including the change in provision for claimed indirect costs, acquisition and divestiture costs, acquisition and divestiture costs, financing transaction costs, DC tax assessment adjustment, the reserve associated with the U.S. Department of Justice investigation disclosed in Note 20, “Commitments and Contingencies,” to the consolidated statements, and restructuring costs. “Adjusted EBITDA Margin on Revenue” is calculated as Adjusted EBITDA divided by revenue. “Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses” is calculated as Adjusted EBITDA divided by Revenue, Excluding Billable Expenses. The Company prepares Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, and Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses to eliminate the impact of items it does not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary or non-recurring nature or because they result from an event of a similar nature.

- “Adjusted Net Income” represents net income attributable to common stockholders before: (i) the change in provision for claimed indirect costs, (ii) acquisition and divestiture costs, (iii) financing transaction costs, (iv) significant acquisition amortization, (v) DC tax assessment adjustment, (vi) the reserve associated with the U.S. Department of Justice investigation disclosed in Note 20, “Commitments and Contingencies,” to the consolidated financial statements in the Company’s annual report on Form 10-K, (vii) restructuring costs, (viii) valuation adjustments to cost method investments, (ix) gains associated with equity method investment activity, (x) gains associated with divestitures or deconsolidation, and (xi) amortization or write-off of debt issuance costs and debt discount, in each case net of the tax effect where appropriate calculated using an assumed effective tax rate. We prepare Adjusted Net Income to eliminate the impact of items, net of tax, we do not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary, or non-recurring nature or because they result from an event of a similar nature. We view net income excluding the impact of the re-measurement of the Company’s deferred tax assets and liabilities as an important indicator of performance consistent with the manner in which management measures and forecasts the Company’s performance and the way in which management is incentivized to perform.
- “Adjusted Diluted EPS” represents diluted EPS calculated using Adjusted Net Income as opposed to net income. Additionally, Adjusted Diluted EPS does not contemplate any adjustments to net income as required under the two-class method as disclosed in the footnotes to the consolidated financial statements.
- “Free Cash Flow” represents the net cash generated from operating activities less the impact of purchases of property, equipment, and software.

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

(Amounts in thousands, except share and per share data)	Fiscal Year Ended March 31,		
	2024	2023	2022
	(Unaudited)		
<b>Revenue, Excluding Billable Expenses</b>			
Revenue	\$ 10,661,896	\$ 9,258,911	\$ 8,363,700
Less: Billable expenses	3,281,776	2,808,857	2,474,163
Revenue, Excluding Billable Expenses*	<u>\$ 7,380,120</u>	<u>\$ 6,450,054</u>	<u>\$ 5,889,537</u>
<b>Adjusted Operating Income</b>			
Operating Income	\$ 1,013,403	\$ 446,848	\$ 685,181
Change in provision for claimed indirect costs (a)	(18,345)	—	—
Acquisition and divestiture costs (b)	7,580	44,269	97,485
Financing transaction costs (c)	820	6,888	2,348
Significant acquisition amortization (d)	53,897	51,553	38,295
DC tax assessment adjustment (e)	(20,050)	—	—
Legal matter reserve (f)	27,453	350,000	—
Restructuring costs (g)	—	—	4,164
Adjusted Operating Income	<u>\$ 1,064,758</u>	<u>\$ 899,558</u>	<u>\$ 827,473</u>
<b>EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue &amp; Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses</b>			
Net income attributable to common stockholders	\$ 605,706	\$ 271,791	\$ 466,740
Income tax expense	247,614	96,734	137,466
Interest and other, net (h)	160,083	78,899	81,138
Depreciation and amortization	164,203	165,484	145,747
EBITDA	1,177,606	612,908	831,091
Change in provision for claimed indirect costs (a)	(18,345)	—	—
Acquisition and divestiture costs (b)	7,580	44,269	97,485
Financing transaction costs (c)	820	6,888	2,348
DC tax assessment adjustment (e)	(20,050)	—	—
Legal matter reserve (f)	27,453	350,000	—
Restructuring costs (g)	—	—	4,164
Adjusted EBITDA	<u>\$ 1,175,064</u>	<u>\$ 1,014,065</u>	<u>\$ 935,088</u>
Net income margin attributable to common stockholders	5.7 %	2.9 %	5.6 %
Adjusted EBITDA Margin on Revenue	11.0 %	11.0 %	11.2 %
Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses	15.9 %	15.7 %	15.9 %



(Amounts in thousands, except share and per share data)	Fiscal Year Ended March 31,		
	2024	2023	2022
	(Unaudited)		
<b>Adjusted Net Income</b>			
Net income attributable to common stockholders	\$ 605,706	\$ 271,791	\$ 466,740
Change in provision for claimed indirect costs (a)	(18,345)	—	—
Acquisition and divestiture costs (b)	7,580	44,269	97,485
Financing transaction costs (c)	820	6,888	2,348
Significant acquisition amortization (d)	53,897	51,553	38,295
DC tax assessment adjustment (e)	(20,050)	—	—
Legal matter reserve (f)	27,453	350,000	—
Restructuring costs (g)	—	—	4,164
Valuation adjustments to cost method investments (i)	5,669	—	—
Gains associated with equity method investment activity (j)	—	—	(12,761)
Gains associated with divestitures or deconsolidation (k)	—	(44,632)	—
Amortization or write-off of debt issuance costs and debt discount	4,017	6,554	3,340
Adjustments for tax effect (l)	52,218	(81,389)	(31,399)
Adjusted Net Income	<u>\$ 718,965</u>	<u>\$ 605,034</u>	<u>\$ 568,212</u>
<b>Adjusted Diluted Earnings Per Share</b>			
Weighted-average number of diluted shares outstanding	130,815,903	132,716,436	134,850,808
Diluted earnings per share	<u>\$ 4.59</u>	<u>\$ 2.03</u>	<u>\$ 3.44</u>
Adjusted Net Income Per Diluted Share (m)	<u>\$ 5.50</u>	<u>\$ 4.56</u>	<u>\$ 4.21</u>
<b>Free Cash Flow</b>			
Net cash provided by operating activities	\$ 258,838	\$ 602,822	\$ 736,526
Less: Purchases of property, equipment and software	(66,699)	(76,130)	(79,964)
Free Cash Flow	<u>\$ 192,139</u>	<u>\$ 526,692</u>	<u>\$ 656,562</u>
Operating cash flow conversion	43 %	222 %	158 %
Free cash flow conversion	27 %	87 %	116 %

\* Revenue, Excluding Billable Expenses includes \$18.3 million of revenue resulting from the reduction to our provision for claimed indirect costs (see note (a) below), and \$20.1 million of revenue resulting from the impact of the Company's unfavorable ruling from the District of Columbia Court of Appeals (see note (e) below).

- (a) Represents the reduction to our provision for claimed indirect costs recorded during the second quarter of fiscal 2024, which resulted in a corresponding increase to revenue, as a result of the Defense Contract Audit Agency's findings related to its audit of our claimed indirect costs for fiscal 2022. See Note 20, "Commitments and Contingencies," to the consolidated financial statements for further information.
- (b) Represents costs associated with the acquisition efforts of the Company related to transactions for which the Company has entered into a letter of intent to acquire a controlling financial interest in the target entity, as well as the divestiture costs incurred in divesting a portion of our business. Acquisition and divestiture costs primarily include costs associated with (i) buy-side and sell-side due diligence activities, (ii) compensation expenses associated with employee retention, and (iii) legal and advisory fees, primarily associated with the acquisitions of Liberty IT Solutions, LLC ("Liberty") and Tracepoint Holdings, LLC ("Tracepoint") in fiscal 2022, and the acquisition of EverWatch Corp. ("EverWatch") and the divestitures of our management consulting business serving the Middle East and North Africa ("MENA") and our Managed Threat Services business ("MTS") in fiscal 2023. See Note 5, "Acquisition and Divestitures," to the consolidated financial statements for further information.
- (c) Reflects expenses associated with debt financing activities incurred during the second quarters of fiscal 2024 and 2023.
- (d) Amortization expense associated with acquired intangibles from significant acquisitions. Significant acquisitions include acquisitions which the Company considers to be beyond the scope of our normal operations. Significant acquisition amortization includes amortization expense associated with the acquisition of Liberty in the second quarter of fiscal 2022 and EverWatch in the third quarter of fiscal 2023.

- (e) Reflects the impact (specifically the revenue from recoverable expenses) of the Company's unfavorable ruling from the District of Columbia Court of Appeals related to contested tax assessments from the District of Columbia Office of Tax and Revenue ("DC OTR"). See Note 13, "Income Taxes," to the consolidated financial statements for further information.
- (f) Reserve associated with the U.S. Department of Justice's investigation of the Company. See Note 20, "Commitments and Contingencies," to the consolidated financial statements for further information.
- (g) Represents restructuring charges of \$8.3 million incurred during the fourth quarter of fiscal 2022, net of approximately \$4.2 million of revenue recognized on recoverable expenses, associated with severance costs of a restructuring plan to reduce certain executive administrative personnel costs.
- (h) Reflects the combination of Interest expense and Other income, net from the consolidated statement of operations.
- (i) Represents non-recurring valuation adjustments to the Company's cost method investments, primarily the write-off of one of its investments.
- (j) Represents (i) a gain in the second quarter of fiscal 2022 associated with the Company's previously held equity method investment in Tracepoint and (ii) a gain in the third quarter of fiscal 2022 associated with the divestiture of a controlling financial interest in SnapAttack.
- (k) Represents the gain recognized on the divestitures of the Company's MENA business in the second quarter of fiscal 2023, its MTS business in the third quarter of fiscal 2023, and the gain on the deconsolidation of an artificial intelligence software platform business in the third quarter of fiscal 2023.
- (l) Reflects the tax effect of adjustments at an assumed effective tax rate of 26%, which approximates the blended federal and state tax rates, and consistently excludes the impact of other tax credits and incentive benefits realized. The tax effect of certain discrete items is calculated specifically and may vary from the general 26% rate. The tax effect also includes the indirect effects of uncertainty around the application of Section 174 of the Tax Cuts and Jobs Act of 2017 (\$22.0 million for fiscal 2024, and \$22.0 million for fiscal 2023), and the impact of the Company's unfavorable ruling from the District of Columbia Court of Appeals related to contested tax assessments from the DC OTR (\$42.7 million for the three and twelve months ended March 31, 2024, respectively). See Note 13, "Income Taxes," to the consolidated financial statements for further information.
- (m) Excludes adjustments of approximately \$5.0 million, \$2.1 million, and \$3.1 million of net earnings for fiscal 2024, 2023, and 2022, respectively, associated with the application of the two-class method for computing diluted earnings per share.

#### **Factors and Trends Affecting Our Results of Operations**

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

#### **Business Environment and Key Trends in Our Markets**

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

- uncertainty around the timing, extent, nature and effect of Congressional and other U.S. government actions to approve funding of the U.S. government, address budgetary constraints, including caps on the discretionary budget for defense and non-defense departments and agencies, as established by the Bipartisan Budget Control Act of 2011 ("BCA") and subsequently adjusted by the American Taxpayer Relief Act of 2012, the Bipartisan Budget Act of 2013, the Bipartisan Budget Act of 2015, the Bipartisan Budget Act of 2018, and the Bipartisan Budget Act of 2019, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), and the Consolidated Appropriations Act of 2021, and address the ability of Congress to determine how to allocate the available budget authority and pass appropriations bills to fund both U.S. government departments and agencies that are, and those that are not, subject to the caps;
- budget deficits and the growing U.S. national debt increasing pressure on the U.S. government to reduce federal spending across all federal agencies together with associated uncertainty about the size and timing of those reductions;

- cost-cutting and efficiency initiatives, current and future budget restrictions, continued implementation of Congressionally mandated automatic spending cuts, and other efforts to reduce U.S. government spending could cause clients to reduce or delay funding for orders for services or invest appropriated funds on a less consistent or rapid basis or not at all, particularly when considering long-term initiatives and in light of current uncertainty around Congressional efforts to craft a long-term agreement on the U.S. government's ability to incur indebtedness in excess of its current limits, and generally in the current political environment, there is a risk that clients will not issue task orders in sufficient volume to reach current contract ceilings, alter historical patterns of contract awards, including the typical increase in the award of task orders or completion of other contract actions by the U.S. government in the period before the end of the U.S. government's fiscal year on September 30, delay requests for new proposals and contract awards, rely on short-term extensions and funding of current contracts, or reduce staffing levels and hours of operation;
- delays in the completion of future U.S. government's budget processes, which have in the past and could in the future delay procurement of the products, services, and solutions we provide;
- changes in the relative mix of overall U.S. government spending and areas of spending growth, with lower spending on homeland security, intelligence, defense-related programs as certain overseas operations end, and continued increased spending on cybersecurity, Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR), advanced analytics, technology integration, and healthcare, including as a result of the presidential and administration transition;
- the extent, nature and effect of disease outbreaks, pandemics and widespread health epidemics, such as COVID-19, including the impact on federal budgets, current and pending procurements, supply chains, demand for services, deployment and productivity of our employees and the economic and societal impact of a pandemic, and the expected continued volatility in billable expenses;
- increased inflationary pressure that could impact the cost of doing business and/or reduce customer buying power;
- risks related to a possible recession and volatility or instability of the global financial system, including bank failures and the resulting impact on counterparties and business conditions generally;
- legislative and regulatory changes, or shifts in regulatory priorities as a result of U.S. administration transitions, including limitations on the amount of allowable executive compensation permitted under flexibly priced contracts following implementation of interim rules adopted by federal agencies pursuant to the Bipartisan Budget Act of 2013, which substantially further reduce the amount of allowable executive compensation under these contracts and extend these limitations to a larger segment of our executives and our entire contract base;
- efforts by the U.S. government to address organizational conflicts of interest and related issues and the impact of those efforts on us and our competitors;
- increased audit, review, investigation, and general scrutiny by U.S. government agencies of government contractors' performance under U.S. government contracts and compliance with the terms of those contracts and applicable laws;
- the federal focus on refining the definition of "inherently governmental" work, including proposals to limit contractor access to sensitive or classified information and work assignments, which will continue to drive pockets of insourcing in various agencies, particularly in the intelligence market;
- negative publicity and increased scrutiny of government contractors in general, including us, relating to U.S. government expenditures for contractor services and incidents involving the mishandling of sensitive or classified information;
- U.S. government agencies awarding contracts on a technically acceptable/lowest cost basis, which could have a negative impact on our ability to win certain contracts;
- increased competition from other government contractors and market entrants seeking to take advantage of certain of the trends identified above, and an industry trend towards consolidation, which may result in the emergence of companies that are better able to compete against us;
- cost cutting and efficiency and effectiveness efforts by U.S. civilian agencies with a focus on increased use of performance measurement, "program integrity" efforts to reduce waste, fraud and abuse in entitlement programs, and renewed focus on improving procurement practices for and interagency use of IT services, including through the use of cloud based options and data center consolidation;
- restrictions by the U.S. government on the ability of federal agencies to use lead system integrators, in response to cost, schedule, and performance problems with large defense acquisition programs where contractors were performing the lead system integrator role;

- increasingly complex requirements and enforcement and reporting landscapes of the Department of Defense and the U.S. intelligence community, including cybersecurity, managing federal health care cost growth, competition, and focus on reforming existing government regulation of various sectors of the economy, such as financial regulation and healthcare; and
- increasing small business regulations across the Department of Defense and civilian agency clients continue to gain traction, agencies are required to meet high small business set aside targets, and large business prime contractors are required to subcontract in accordance with considerable small business participation goals necessary for contract award.

### **Sources of Revenue**

Substantially all of our revenue is derived from services provided under contracts and task orders with the U.S. government, primarily by our client staff and, to a lesser extent, our subcontractors. Funding for our contracts and task orders is generally linked to trends in budgets and spending across various U.S. government agencies and departments. We provide services under a large portfolio of contracts and contract vehicles to a broad client base, and we believe that our diversified contract and client base lessens potential volatility in our business; however, a reduction in the amount of services that we are contracted to provide to the U.S. government or any of our significant U.S. government clients could have a material adverse effect on our business and results of operations. In particular, the Department of Defense is one of our significant clients, and the BCA originally required nine automatic spending cuts (referred to as “sequestration”) of \$109 billion annually from 2013 to 2021, half of which was intended to come from defense programs, though less than \$1 billion has been cut for defense programs per year under the BCA. Mandatory sequestrations under the BCA were subsequently extended by the Bipartisan Budget Acts of 2013, 2015, 2018 and 2019, the Military Retired Pay Restoration Act, the CARES Act and the Infrastructure Investment and Jobs Act. The extension of the mandatory sequestration applies an 8.3% reduction in defense spending in each year from 2021 through 2031. This could result in a commensurate reduction in the amount of services that we are contracted to provide to the Department of Defense and could have a material adverse effect on our business and results of operations, and given the uncertainty of when and how these automatic reductions required by the BCA may return and/or be applied, we are unable to predict the nature or magnitude of the potential adverse effect.

### **Contract Types**

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

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

The amount of risk and potential reward varies under each type of contract. Under cost-reimbursable contracts, there is limited financial risk, because we are reimbursed for all allowable costs up to a ceiling. However, profit margins on this type of contract tend to be lower than on time-and-materials and fixed-price contracts. Under time-and-materials contracts, we are reimbursed for the hours worked using the predetermined hourly rates for each labor category. In addition, we are typically reimbursed for other contract direct costs and expenses at cost. We assume financial risk on time-and-materials contracts because our labor costs may exceed the negotiated billing rates. Profit margins on well-managed time-and-materials contracts tend to be higher than profit margins on cost-reimbursable contracts as long as we are able to staff those contracts with people who have an appropriate skill set. Under fixed-price contracts, we are required to deliver the objectives under the contract for a predetermined price. Compared to time-and-materials and cost-reimbursable contracts, fixed-price contracts generally offer higher profit margin opportunities because we receive the full benefit of any cost savings but generally involve greater financial risk because we bear the impact of any cost overruns. In the aggregate, the contract type mix in our revenue for any given period will affect that period's profitability. Changes in contract type as a result of re-competes and new business could influence the percentage/mix in unanticipated ways. See "Item 1A. Risk Factors—Industry and Economic Risks."

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

	Fiscal Year Ended March 31,		
	2024	2023	2022
Cost-reimbursable	55%	53%	54%
Time-and-materials	24%	25%	24%
Fixed-price	21%	22%	22%

*Contract Diversity and Revenue Mix*

We provide services to our clients through a large number of single award contracts, contract vehicles, and multiple award contract vehicles. Most of our revenue is generated under indefinite delivery/indefinite quantity, or IDIQ, contract vehicles, which include multiple award government wide acquisition contract vehicles, or GWACs, and General Services Administration Multiple Award Schedule Contracts, or GSA schedules, and certain single award contracts. GWACs and GSA schedules are available to all U.S. government agencies. Any number of contractors typically competes under multiple award IDIQ contract vehicles for task orders to provide particular services, and we earn revenue under these contract vehicles only to the extent that we are successful in the bidding process for task orders. No single task order under any IDIQ contract represented more than 4.5% of our revenue in fiscal 2024. No single definite contract accounted for more than 0.7% of our revenue in fiscal 2024.

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 2024, 2023, and 2022, 95%, 95%, and 94%, respectively, of our revenue was generated by contracts and task orders for which we served as a prime contractor; 5%, 5%, and 6%, respectively, of our revenue was generated by contracts and task orders for which we served as a subcontractor; and 25%, 25%, and 24%, 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 client 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 client staff labor as the primary driver of earnings growth. Direct client staff labor growth is driven by client staff headcount growth, after attrition, and total backlog growth.

*Our People*

Revenue from our contracts is derived from services delivered by client 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, 2024, 2023, and 2022, we employed approximately 34,200, 31,900, and 29,300 people, respectively, of which approximately 31,200, 29,100, and 26,300, respectively, were client staff.

*Contract Backlog*

We define backlog to include the following three components:

- *Funded Backlog.* Funded backlog represents the revenue value of orders for services under existing contracts for which funding is appropriated or otherwise authorized less revenue previously recognized on these contracts.
- *Unfunded Backlog.* Unfunded backlog represents the revenue value of orders (including optional orders) for services under existing contracts for which funding has not been appropriated or otherwise authorized.

- **Priced Options.** Priced contract options represent 100% of the revenue value of all future contract option periods under existing contracts that may be exercised at our clients' option and for which funding has not been appropriated or otherwise authorized.

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

The following table summarizes the value of our contract backlog as of the respective periods shown:

	Fiscal Year Ended March 31,		
	2024	2023	2022
	(In millions)		
Backlog: <sup>(1)</sup>			
Funded	\$ 4,822	\$ 4,619	\$ 3,710
Unfunded	9,463	9,519	9,925
Priced options	19,533	17,064	15,612
Total backlog	<u>\$ 33,818</u>	<u>\$ 31,202</u>	<u>\$ 29,247</u>

<sup>(1)</sup> Backlog presented as of March 31, 2023 includes \$282 million of backlog for EverWatch Corp., which was acquired during fiscal 2023. Original backlog value at acquisition was \$292 million.

Our total backlog consists of remaining performance obligations, certain orders under contracts for which the period of performance has expired, and unexercised option period and other unexercised optional orders. As of March 31, 2024 and March 31, 2023, the Company had \$8.7 billion and \$7.9 billion of remaining performance obligations, respectively, and we expect to recognize approximately 70% of the remaining performance obligations as of March 31, 2024 as revenue over the next 12 months, and approximately 80% over the next 24 months. The remainder is expected to be recognized thereafter. However, given the uncertainties discussed below, as well as the risks described in "Item 1A. Risk Factors," we can give no assurance that we will be able to convert our backlog into revenue in any particular period, if at all. Our backlog includes orders under contracts that in some cases extend for several years. The U.S. Congress generally appropriates funds for our clients on a yearly basis, even though their contracts with us may call for performance that is expected to take a number of years to complete. As a result, contracts typically are only partially funded at any point during their term and all or some of the work to be performed under the contracts may remain unfunded unless and until the U.S. Congress makes subsequent appropriations and the procuring agency allocates funding to the contract.

We view growth in total backlog and client staff headcount as the two key measures of our potential business growth. Growing and deploying client staff is the primary means by which we are able to achieve profitable revenue growth. To the extent that we are able to hire additional client staff and deploy them against funded backlog, we generally recognize increased revenue. Total backlog increased by 8.4% from March 31, 2023 to March 31, 2024 and increased by 6.7% from March 31, 2022 to March 31, 2023. Additions to funded backlog during fiscal 2024 and 2023 totaled \$10.9 billion and \$10.2 billion respectively, as a result of the conversion of unfunded backlog to funded backlog, the award of new contracts and task orders under which funding was appropriated, and the exercise and subsequent funding of priced options. We report internally on our backlog on a monthly basis and review backlog upon occurrence of certain events to determine if any adjustments are necessary.

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

In addition, contract backlog includes orders under contracts for which the period of performance has expired, and we may not recognize revenue on the funded backlog that includes such orders due to, among other reasons, the tardy submission of invoices by our subcontractors and the expiration of the relevant appropriated funding in accordance with a predetermined expiration date such as the end of the U.S. government's fiscal year. The revenue value of orders included in contract backlog that has not been recognized as revenue due to period of performance expirations has not exceeded approximately 4.8% of total backlog as of March 31, 2024 or for any of the three preceding fiscal quarters.

We expect to recognize revenue from a substantial portion of funded backlog as of March 31, 2024 within the next twelve months. However, given the uncertainties discussed above, as well as the risks described in "Item 1A. Risk Factors," we can give no assurance that we will be able to convert our backlog into revenue in any particular period, if at all.

#### **Operating Costs and Expenses**

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

Our most significant operating costs and expenses are described below.

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

#### **Seasonality**

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

Seasonality is just one of a number of factors, many of which are outside of our control, which may affect our results in any period. See "Item 1A. Risk Factors."

#### **Government Audit Impact on Operating Income**

As noted in the section on regulation in Item 1, "Business," of this Annual Report on Form 10-K, in the ordinary course of business, agencies of the U.S. government for which the Company is engaged as a prime contractor or a subcontractor, including the Defense Contract Audit Agency, audit the Company's claimed indirect costs and conduct inquiries and investigations of our business practices with respect to government contracts. Such audits may result in, and have historically resulted in, the Company's inability to retain certain claimed indirect costs, including executive and employee compensation, due to differing views of the allowability and reasonableness of such costs.

Due to the previously disclosed investigation of the Company by the DOJ, years subsequent to the Company's fiscal year 2011 remain subject to audit and/or final resolution. As discussed in Note 20, "Commitments and Contingencies," to the consolidated financial statements within this Annual Report on Form 10-K, the Company recognized a reserve for estimated adjustments to historical claimed indirect costs in respect of the years subsequent to fiscal 2011, based primarily on historical audit results for periods prior to 2011. Following the settlement and closure of the civil and criminal investigation, respectively, of the Company by the DOJ, as discussed in Note 20, "Commitments and Contingencies," to the consolidated financial statements contained within this Annual Report on Form 10-K, audits for years subsequent to fiscal 2011 have resumed. As audits of the periods subsequent to 2011 are completed, our estimates of adjustment to claimed indirect costs for these periods could change. Any such change could materially impact our reported revenue, operating income, net income and basic and diluted earnings per common share.

### **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 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 consolidated 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***

Our revenues from contracts with customers (clients) are derived from offerings that include consulting, analytics, digital solutions, engineering, and cyber services, substantially with the U.S. government and its agencies, and to a lesser extent, subcontractors. We also serve foreign governments, as well as domestic and international commercial clients. We perform under various types of contracts, which include cost-reimbursable-plus-fee contracts, time-and-materials contracts, and fixed-price contracts.

We consider a contract with a customer to exist under Topic 606 when there is approval and commitment from us and the customer, the rights of the parties and payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. We will also consider whether two or more contracts entered into with the same customer should be combined and accounted for as a single contract. Furthermore, in certain transactions with commercial clients and with the U.S. government, we may commence providing services prior to receiving a formal approval from the customer. In these situations, we will consider the factors noted above, the risks associated with commencing the work, and legal enforceability in determining whether a contract with the customer exists under Topic 606.

Customer contracts are often modified to change the scope, price, specifications or other terms within the existing arrangement. Contract modifications are evaluated by management to determine whether the modification should be accounted for as part of the original performance obligation(s) or as a separate contract. If the modification adds distinct goods or services and increases the contract value proportionate to the stand-alone selling price of the additional goods or services, it will be accounted for as a separate contract. Generally, our contract modifications do not include goods or services which are distinct, and therefore are accounted for as part of the original performance obligation(s) with any impact on transaction price or estimated costs at completion being recorded through a cumulative catch-up adjustment to revenue.

We evaluate each service deliverable contracted with the customer to determine whether it represents promises to transfer distinct goods or services. Under Topic 606, these are referred to as performance obligations. One or more service deliverables often represent a single performance obligation. This evaluation requires significant judgment and the impact of combining or separating performance obligations may change the time over which revenue from the contract is recognized. Our contracts generally provide a set of integrated or highly interrelated tasks or services and are therefore accounted for as a single performance obligation. However, in cases where we provide more than one distinct good or service within a customer contract, the contract is separated into individual performance obligations which are accounted for discretely.



Contracts with the U.S. government are generally subject to the FAR and are priced based on estimated or actual costs of providing the goods or services. We derive a majority of our revenue from contracts awarded through a competitive bidding process. Pricing for non-U.S. government agencies and commercial customers is based on discrete negotiations with each customer. Certain of our contracts contain award fees, incentive fees or other provisions that may increase or decrease the transaction price. These variable amounts generally are awarded upon achievement of certain performance metrics, program milestones or cost targets and may be based upon customer discretion. Management estimates variable consideration as the most likely amount that we expect to achieve based on our assessment of the variable fee provisions within the contract, prior experience with similar contracts or clients, and management's evaluation of the performance on such contracts. We may perform work under a contract that has not been fully funded if the work has been authorized by the management and the customer to proceed. We evaluate unfunded amounts as variable consideration in estimating the transaction price. We include the estimated variable consideration in our transaction price to the extent that it is probable that a significant reversal of revenue will not occur upon the ultimate settlement of the variable fee provision. In the limited number of situations where our contracts with customers contain more than one performance obligation, we allocate the transaction price of a contract between the performance obligations in the proportion to their respective stand-alone selling prices. We generally estimate the stand-alone selling price of performance obligations based on an expected cost-plus margin approach as allowed under Topic 606. Our U.S. government contracts generally contain FAR provisions that enable the customer to terminate a contract for default or for the convenience of the U.S. government.

We recognize revenue for each performance obligation identified within our customer contracts when, or as, the performance obligation is satisfied by transferring the promised goods or services. Revenue may either be recognized over time or at a point in time. We generally recognize revenue over time as our contracts typically involve a continuous transfer of control to the customer. A continuous transfer of control under contracts with the U.S. government and its agencies is evidenced by clauses which require us to be paid for costs incurred plus a reasonable margin in the event that the customer unilaterally terminates the contract for convenience. For contracts where we recognize revenue over time, a contract cost-based input method is generally used to measure progress towards satisfaction of the underlying performance obligation(s). Contract costs include direct costs such as materials, labor and subcontract costs, as well as indirect costs identifiable with, or allocable to, a specific contract that are expensed as incurred. We do not incur material incremental costs to acquire or fulfill contracts. Under a contract cost-based input method, revenue is recognized based on the proportion of contract costs incurred to the total estimated costs expected to be incurred upon completion of the underlying performance obligation. We generally include both funded and unfunded portions of customer contracts in this estimation process.

For interim financial reporting periods, contract revenue attributable to indirect costs is recognized based upon agreed-upon annual forward-pricing rates established with the U.S. government at the start of each fiscal year. Forward pricing rates are estimated and agreed upon between us and the U.S. government and represent indirect contract costs required to execute and administer contract obligations. The impact of any agreed-upon changes, or changes in the estimated annual forward-pricing rates, are recorded in the interim financial reporting period when such changes are identified. These changes relate to the interim financial reporting period differences between the actual indirect costs incurred and allocated to customer contracts compared to the estimated amounts allocated to contracts using the estimated annual forward-pricing rates established with the U.S. government.

On certain contracts, principally time-and-materials and cost-reimbursable-plus-fee contracts, revenue is recognized using the right-to-invoice practical expedient as we are contractually able to invoice the customer based on the control transferred. However, we did not elect to use the practical expedient which would allow us to exclude contracts recognized using the right-to-invoice practical expedient from the remaining performance obligations disclosed below. Additionally, for stand-ready performance obligations to provide services under fixed-price contracts, revenue is recognized over time using a straight-line measure of progress as the control of the services is provided to the customer ratably over the term of the contract. If a contract does not meet the criteria for recognition of revenue over time, we recognize revenue at the point in time when control of the good or service is transferred to the customer. Determining a measure of progress towards the satisfaction of performance obligations requires management to make judgments that may affect the timing of revenue recognition.

Many of our contracts recognize revenue under a contract cost-based input method and require an Estimate-at-Completion ("EAC") process, which management uses to review and monitor the progress towards the completion of our performance obligations. Under this process, management considers various inputs and assumptions related to the EAC, including, but not limited to, progress towards completion, labor costs and productivity, material and subcontractor costs, and identified risks. Estimating the total cost at completion of performance obligations is subjective and requires management to make assumptions about future activity and cost drivers under the contract. Changes in these estimates can occur for a variety of reasons and, if significant, may impact the profitability of our contracts. Changes in estimates related to contracts accounted for under the EAC process are recognized in the period when such changes are made on a cumulative catch-up basis. If the estimate of contract profitability indicates an anticipated loss on a contract, we recognize the total loss at the time it is identified. For fiscal 2024, 2023, and 2022, the aggregate impact of adjustments in contract estimates was not material.

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

***Business Combinations***

The accounting for the Company's business combinations consists of allocating the purchase price to tangible and intangible assets acquired and liabilities assumed based on their fair values, with the excess recorded as goodwill. Certain fair value measurements include inputs that are unobservable, requiring management to make judgments and estimates that can be affected by contract performance and other factors that may cause final amounts to differ materially from original estimates. We have up to one year from the acquisition date to use additional information obtained to adjust the fair value of the acquired assets and liabilities which may result in changes to the recorded values with an offsetting adjustment to goodwill.

***Goodwill and Intangible Assets Impairment***

We test goodwill and the Company's trade name for impairment at least annually as of January 1 of each year and more frequently if interim indicators of impairment exist. We perform our impairment testing of goodwill at the reporting unit level. As our business is highly integrated and all of our components have similar economic characteristics, we conclude that we have one reporting unit at the consolidated entity level, which is the same as our single operating segment. We test goodwill for impairment using the quantitative test (primarily based on market capitalization). We test the trade name for impairment using the relief from royalty method that requires management to make a significant number of judgments and estimates in the valuation. We do not consider goodwill, trade name, or any other amortizable intangible assets at risk of impairment. A 10% change in our enterprise value would not result in a goodwill or trade name impairment.

Amortizable intangible assets are tested for impairment when an event occurs or circumstances change indicating that the carrying amount of the asset may not be recoverable. A significant amount of management judgment is required to determine if an event representing an impairment indicator has occurred during the year for programs and contract assets, channel relationships, and other amortizable intangible assets, including but not limited to: a decline in forecasted cash flows; a sustained, material decline in the stock price and market capitalization; a significant adverse change in the business climate or economy; or unanticipated competition. An adverse change in any of these factors could have a significant impact on the recoverability of other intangible assets.

During the fiscal years ended March 31, 2024, 2023, and 2022, the Company did not record any impairment of goodwill or intangible assets.

***Accounting for Income Taxes***

Provisions for federal, state, and foreign income taxes are calculated from the income reported on our consolidated 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 consolidated 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 consolidated 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***

See Note 2, "Summary of Significant Accounting Policies," to our accompanying audited consolidated financial statements for information related to our adoption of new accounting standards and for information on our anticipated adoption of recently issued accounting standards.

**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 GAAP, and the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). All intercompany balances and transactions have been eliminated in consolidation.

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

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, 2024 and 2023 and the Company's results of operations for fiscal 2024, fiscal 2023, and fiscal 2022.

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

**Results of Operations**

The following table presents items from our consolidated statements of operations for the respective periods shown:

	Fiscal Year Ended March 31,			Fiscal 2024 Versus Fiscal 2023	Fiscal 2023 Versus Fiscal 2022
	2024	2023	2022		
	(In thousands)				
Revenue	\$ 10,661,896	\$ 9,258,911	\$ 8,363,700	15.2 %	10.7 %
Operating costs and expenses:					
Cost of revenue	4,921,071	4,304,810	3,899,622	14.3 %	10.4 %
Billable expenses	3,281,776	2,808,857	2,474,163	16.8 %	13.5 %
General and administrative expenses	1,281,443	1,532,912	1,158,987	(16.4)%	32.3 %
Depreciation and amortization	164,203	165,484	145,747	(0.8)%	13.5 %
Total operating costs and expenses	9,648,493	8,812,063	7,678,519	9.5 %	14.8 %
Operating income	1,013,403	446,848	685,181	126.8 %	(34.8)%
Interest expense	(172,901)	(119,850)	(92,352)	44.3 %	29.8 %
Other income, net	12,818	40,951	11,214	(68.7)%	NM
Income before income taxes	853,320	367,949	604,043	131.9 %	(39.1)%
Income tax expense	247,614	96,734	137,466	156.0 %	(29.6)%
Net income	\$ 605,706	\$ 271,215	\$ 466,577	123.3 %	(41.9)%
Net loss attributable to non-controlling interest	—	576	163	NM	NM
Net income attributable to common stockholders	\$ 605,706	\$ 271,791	\$ 466,740	122.9 %	(41.8)%

NM - Not meaningful

**Fiscal 2024 Compared to Fiscal 2023**

*Revenue*

Revenue increased 15.2% to \$10,661.9 million, primarily driven by strong demand for our services and solutions and an increase in headcount to meet that demand.

*Cost of Revenue*

Cost of revenue increased 14.3% to \$4,921.1 million, and declined as a percentage of revenue to 46.2% from 46.5%. This increase was primarily due to an increase in salaries and salary-related benefits of \$593.2 million, driven by increased headcount and annual base salary increases. Incentive and stock-based compensation also increased \$10.9 million over the prior year. Other business expenses and professional fees increased \$5.3 million over the prior year.

*Billable Expenses*

Billable expenses increased 16.8% to \$3,281.8 million, and increased as a percentage of revenue to 30.8% from 30.3%. This increase was primarily attributable to an increase in the use of subcontractors driven by client demand and timing of client needs as well as increases in expenses from contracts that require the Company to incur other direct expenses and travel on behalf of clients as compared to the prior year.

*General and Administrative Expenses*

General and administrative expenses decreased 16.4% to \$1,281.4 million, and decreased as a percentage of revenue to 12.0% from 16.6%. For fiscal 2023, general and administrative expenses were impacted by a \$350.0 million reserve associated with the U.S. Department of Justice's investigation of the Company (see Note 20, "Commitments and Contingencies," to the consolidated financial statements for further information), as compared to a \$27.5 million reserve for fiscal 2024. Partially offsetting the above was an increase in salaries and salary related benefits of \$39.0 million, driven by annual base salary increases, and increases in incentive and stock-based compensation of \$24.5 million over the prior year.

*Depreciation and Amortization*

Depreciation and amortization expense decreased 0.8% to \$164.2 million, primarily driven by intangible amortization related to acquisitions.

*Interest Expense*

Interest expense increased 44.3% to \$172.9 million, primarily due to an overall increase in interest rates, as well as an increase of approximately \$25.6 million related to the \$650.0 million Senior Notes due 2033, issued by the Company in August of fiscal 2024.

*Other Income, net*

Other income, net decreased to \$12.8 million from \$41.0 million in the prior year period primarily due to the following:

- Pre-tax gains in fiscal 2023 associated with divestiture related activity that were not present in fiscal 2024, specifically, \$31.2 million associated with the divestiture of the Company's MENA business, \$4.6 million associated with the divestiture of the Company's MTS business, and \$8.9 million recognized from the de-consolidation of a business;
- An increase of \$16.1 million in interest income primarily due to an overall increase in interest rates as well as a greater percentage of the average cash balances invested in interest bearing accounts; and
- \$5.7 million in non-recurring valuation adjustments to the Company's cost method investments, primarily from the write-off of one of its investments.

*Income Tax Expense*

Income tax expense increased to \$247.6 million from \$96.7 million. The effective tax rate increased to 29.0% in fiscal 2024 from 26.3% in fiscal 2023. The increase in the effective tax rate was primarily a result of increases in state taxes related to an unfavorable ruling received from the District of Columbia Court of Appeals related to contested tax assessments from the District of Columbia Office of Tax and Revenue ("DC OTR") and the reversal of prior period indirect effects of underlying prior period uncertain tax positions that were reversed in the current period, partially offset by a decrease in nondeductible expenses.

**Liquidity and Capital Resources**

As of March 31, 2024, our total liquidity was \$1.6 billion, consisting of \$554.3 million of cash and cash equivalents and \$998.7 million available under the Revolving Credit Facility. In the opinion of management, we will be able to meet our liquidity and cash needs through a combination of cash flows from operating activities, available cash balances, and available borrowing under the Revolving Credit Facility. If these resources need to be augmented, additional cash requirements would likely be financed through the issuance of debt or equity securities.

The following table presents selected financial information for the respective periods shown:

	Fiscal Year Ended March 31,		
	2024	2023	2022
	(In thousands)		
Cash and cash equivalents	\$ 554,257	\$ 404,862	\$ 695,910
Total debt	\$ 3,411,816	\$ 2,812,145	\$ 2,800,072
Net cash provided by operating activities	\$ 258,838	\$ 602,822	\$ 736,526
Net cash used in investing activities	\$ (90,640)	\$ (468,016)	\$ (867,725)
Net cash used in financing activities	(18,803)	(425,854)	(163,846)
Total increase (decrease) in cash and cash equivalents	\$ 149,395	\$ (291,048)	\$ (295,045)

From time to time we evaluate alternative uses for excess cash resources once our operating cash flow and required debt servicing needs have been met. Some of the possible uses of our remaining excess cash at any point in time may include funding strategic acquisitions, further investment in our business, and returning value to shareholders through share repurchases, quarterly dividends, and special dividends.

Historically, we have been able to generate sufficient cash to fund our operations, mandatory debt and interest payments, capital expenditures, and discretionary funding needs. However, due to fluctuations in cash flows, including as a result of the trends and developments described above under “—Factors and Trends Affecting Our Results of Operations” relating to U.S. government shutdowns, U.S. government cost-cutting, reductions or delays in the U.S. government appropriations and spending process and other budgetary matters, it may be necessary from time-to-time in the future to borrow under our Senior Credit Facility to meet cash demands. While the timing and financial magnitude of these possible actions are currently indeterminable, we expect to be able to manage and adjust our capital structure to meet our liquidity needs. Our expected liquidity and capital structure may also be impacted by discretionary investments and acquisitions that we could pursue. We anticipate that cash provided by operating activities, existing cash and cash equivalents, and borrowing capacity under 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 both organic and inorganic growth of our business;
- capital expenditures which primarily relate to the purchase of computers, business systems, furniture and leasehold improvements to support our operations;
- the on-going maintenance around all financial management systems;
- commitments and other discretionary investments;
- debt service requirements for borrowings under our Senior Credit Facility and interest payments for the Senior Notes due 2028, Senior Notes due 2029 and Senior Notes due 2033; and
- cash taxes to be paid.

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

On October 14, 2022, the Company acquired EverWatch Corp. (“EverWatch”) for approximately \$445.1 million, net of post-closing adjustments, and also incurred transaction costs as part of the acquisition. As a result of the transaction, EverWatch became a wholly owned subsidiary of Booz Allen Hamilton Inc. EverWatch is a leading provider of advanced solutions to the defense and intelligence communities. See Note 5, “Acquisition and Divestitures,” to our consolidated financial statements for additional information related to the acquisition of EverWatch.

During fiscal 2024, we borrowed \$500.0 million on our Revolving Credit Facility for our working capital needs, which was subsequently repaid as of March 31, 2024.

On July 21, 2023, the Company entered into a Settlement Agreement (the “Settlement Agreement”) with the United States of America, acting through the U.S. Department of Justice and on behalf of the Department of Defense and Defense Contract Management Agency (collectively the “United States”), and Relator Sarah A. Feinberg, to resolve the civil investigation related to certain elements of the Company’s cost accounting and indirect cost charging practices from April 1, 2011 through March 31, 2021. Under the terms of the Settlement Agreement, the Company agreed to pay to the United States \$377.5 million, which the Company paid in the second quarter of fiscal 2024 with cash on hand and by drawing on its revolving credit facility. See Note 20, “Commitments and Contingencies,” to our consolidated financial statements for additional information related to the Settlement Agreement.

### **Cash Flows**

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

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

*Operating Cash Flow*

Net cash provided by operations is primarily affected by the overall profitability of our contracts, our ability to invoice and collect cash from clients in a timely manner, our ability to manage our vendor payments, and the timing of cash paid for income taxes. Continued uncertainty in global economic conditions, including any potential impact of the U.S. government's failure to raise the debt ceiling, may also affect our business as customers and suppliers may decide to downsize, defer, or cancel contracts, which could negatively affect the operating cash flows. Net cash provided by operations was \$258.8 million in fiscal 2024 compared to \$602.8 million in fiscal 2023, a 57.1% decrease. Fiscal 2024 operating cash was aided by strong collection performance and overall revenue growth but was impacted by the \$377.5 million outflow related to the U.S. Department of Justice matter noted above.

Beginning in fiscal 2023, the Tax Cuts and Jobs Act of 2017 eliminated the option to deduct research and development expenditures immediately in the year incurred and requires taxpayers to amortize such expenditures over five years for U.S. based research and development. This provision negatively impacted our fiscal 2023 cash from operations, but had an offsetting impact on the deferred tax asset. There was a similar impact to the Company in fiscal 2024, although the impact to cash and deferred taxes was smaller than in fiscal 2023. Prospectively, the future impact of this provision will depend on if and when this provision is deferred, modified, or repealed by Congress, including if retroactively, any guidance issued by the Treasury Department regarding the identification of appropriate costs for capitalization, and the amount of future research and development expenses paid or incurred (among other factors). While the largest impact was to fiscal 2023 cash from operations, the impact will continue over the five year amortization period, but will decrease over the period and is expected to be immaterial in year six.

*Investing Cash Flow*

Net cash used in investing activities was \$90.6 million in fiscal 2024 compared to \$468.0 million in the prior year. The decrease in net cash used over the prior year was primarily due to the Company's acquisition of Everwatch in fiscal 2023, partially offset by the divestitures of its MENA strategy consulting and MTS businesses in fiscal 2023, as well as increases in cost method investments made by the Company in the current year.

*Financing Cash Flow*

Net cash used in financing activities was \$18.8 million in fiscal 2024 compared to \$425.9 million in the prior year. The decrease in net cash used over the prior year was primarily due to the following:

- A decrease in net proceeds associated with the Company's debt refinancing transactions year over year:
  - Fiscal 2024 - \$637.4 million was received from the issuance of the 5.95% Senior Notes due 2033
  - Fiscal 2023 - \$414.8 million was received from the Company's September 2022 debt refinancing, partially offset by a \$379.3 million repayment
- An increase in share repurchases of \$180.3 million,
- An increase in dividends paid of \$17.7 million as compared to the prior year

**Dividends and Share Repurchases**

The Company paid \$1.92 in dividends per share to shareholders of record in fiscal 2024. On May 24, 2024, the Company announced a regular quarterly cash dividend in the amount of \$0.51 per share. The quarterly dividend is payable on June 28, 2024 to stockholders of record on June 13, 2024.

The following table summarizes the cash distributions recognized in the consolidated statement of cash flows for the respective periods shown:

	<b>Fiscal Year Ended March 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>(In thousands)</b>		
Recurring dividends <sup>(1)</sup>	\$ 253,413	\$ 235,726	\$ 209,057

<sup>(1)</sup> Amounts represent recurring dividends that were declared and paid for during each quarter of fiscal 2024, 2023, and 2022, respectively.

On December 12, 2011, the Board approved a share repurchase program, which was most recently increased by \$525.0 million to \$3,085.0 million on May 22, 2024. The Company may repurchase shares pursuant to the program by means of open market repurchases, directly negotiated repurchases or through agents acting pursuant to negotiated repurchase agreements. During fiscal 2024 and 2023, the Company purchased 3.2 million and 2.1 million shares of the Company's Class A Common Stock, respectively, for an aggregate of \$372.8 million and \$196.2 million, respectively. As of March 31, 2024, the Company had approximately \$483.2 million remaining under the repurchase program.

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

#### **Indebtedness**

Our debt totaled \$3.4 billion and 2.8 billion as of March 31, 2024 and 2023, respectively. The total outstanding debt balance is recorded in the accompanying consolidated balance sheets net of unamortized discount and debt issuance costs of \$26.3 million and \$17.2 million, respectively, as of March 31, 2024 and 2023. Our debt bears interest at specified rates (see Note 10, "Debt," to our consolidated financial statements).

#### **Credit Agreement**

On July 27, 2023 (the "Tenth Amendment Effective Date"), Booz Allen Hamilton entered into a Tenth Amendment (the "Amendment") to the Credit Agreement (as amended prior to the Tenth Amendment Effective Date, the "Existing Credit Agreement" and, as amended by the Amendment, the "Amended Credit Agreement") with Bank of America, N.A., as administrative agent (in such capacity, the "Administrative Agent"), and the lenders and other financial institutions party thereto, in order to make permanent certain changes to the Existing Credit Agreement in connection with Booz Allen Hamilton obtaining investment grade ratings from both Moody's and S&P and prepaying the Term Loan B loans in full and to make certain additional changes in connection therewith, including, among other things, (i) removing the requirements for the obligations under the Amended Credit Agreement to be secured, (ii) removing the requirement for any subsidiary or other affiliate of Booz Allen Hamilton (other than the Company) to provide any guarantee of the obligations under the Amended Credit Agreement, and (iii) removing or modifying certain covenants applicable to Booz Allen Hamilton. Pursuant to the Amendment, all guarantees in respect of the Existing Credit Agreement have been released. The Amendment did not impact any of the terms of the Credit Agreement related to amortization or payments.

On the Tenth Amendment Effective Date in connection with the Amendment, the Company entered into a Guarantee Agreement (the "Guarantee Agreement") in favor of the Administrative Agent, pursuant to which the Company guarantees on an unsecured basis the obligations of Booz Allen Hamilton under the Amended Credit Agreement subject to certain conditions. Pursuant to the Amended Credit Agreement Booz Allen Hamilton has the option, though not any obligation, to join one or more of its domestic subsidiaries as a guarantor under the Guarantee Agreement.

Term Loan A amortizes in consecutive quarterly installments in an amount equal to (i) on the last business day of each full fiscal quarter that begins after the Ninth Amendment Effective Date but on or before the two year anniversary of the Ninth Amendment Effective Date, 0.625% of the stated principal amount of Term Loan A and (ii) on the last business day of each full fiscal quarter that begins after the two year anniversary of the Ninth Amendment Effective Date but before the five year anniversary of the Ninth Amendment Effective Date, 1.25% of the stated principal amount of Term Loan A. The remaining balance of Term Loan A will be payable upon maturity.

The rate at which the Term Loan A and the Revolving Loans bear interest will be based either on Term Secured Overnight Financing Rate ("SOFR" subject to a 0.10% adjustment and a floor of zero) for the applicable interest period or a base rate (equal to the highest of (i) the administrative agent's prime corporate rate, (ii) the overnight federal funds rate plus 0.50% and (iii) three-month Term SOFR (subject to a 0.10% adjustment and a floor of zero) plus 1.00%), in each case plus an applicable margin, payable at the end of the applicable interest period and in any event at least quarterly. The applicable margin for the Term Loan A and the Revolving Loans ranges from 1.00% to 2.00% for Term SOFR loans and zero to 1.00% for base rate loans, in each case based on the lower of (i) the applicable rate per annum determined pursuant to a consolidated total net leverage ratio grid and (ii) the applicable rate per annum determined pursuant to a ratings grid. Unused New Revolving Commitments are subject to a quarterly fee ranging from 0.10% to 0.35% based on the lower of (i) the applicable fee rate per annum determined pursuant to a consolidated total net leverage ratio grid and (ii) the applicable fee rate per annum determined pursuant to a ratings grid. Booz Allen Hamilton also has agreed to pay customary letter of credit and agency fees.

As of March 31, 2024 and 2023, Booz Allen Hamilton was contingently liable under open standby letters of credit and bank guarantees issued by its banks in favor of third parties that totaled \$4.4 million and \$6.1 million, respectively. These letters of credit and bank guarantees primarily support insurance and bid and performance obligations. As of both March 31, 2024 and 2023, approximately \$1.3 million of these instruments reduced our available borrowings under the Revolving Credit Facility. The remainder is guaranteed under a separate \$7.5 million facility of which \$4.4 million and \$2.7 million were available to the Company at March 31, 2024 and March 31, 2023, respectively.

The Company occasionally borrows under the Revolving Credit Facility for our working capital needs. During fiscal 2024, we borrowed \$500.0 million on our Revolving Credit Facility for our working capital needs, which was subsequently repaid as of March 31, 2024. As of March 31, 2024 and 2023, respectively, there was no outstanding balance on the Revolving Credit Facility and we had \$998.7 million of capacity available for borrowings under the Revolving Credit Facility.

Borrowings under the Term Loan A, and if used, the Revolving Credit Facility, incur interest at a variable rate. As of March 31, 2024, Booz Allen Hamilton had interest rate swaps with an aggregate notional amount of \$550.0 million. These instruments hedge the variability of cash outflows for interest payments on the Term Loan A and the Revolving Credit Facility. The Company's objectives in using cash flow hedges are to reduce volatility due to interest rate movements and to add stability to interest expense (see Note 11, "Derivatives," to the consolidated financial statements).

The following table summarizes interest payments made on the Company's term loans:

	Three Months Ended March 31,		Fiscal Year Ended March 31,	
	2024	2023	2024	2023
Term Loan A	\$ 27,027	\$ 24,233	\$ 107,286	\$ 63,244
Term Loan B	—	—	—	5,209
Total	\$ 27,027	\$ 24,233	\$ 107,286	\$ 68,453

The Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants. In connection with Booz Allen Hamilton obtaining investment grade ratings from both Moody's and S&P, certain activities previously restricted by certain negative covenants are permitted subject to pro forma compliance with the financial covenants and no events of default having occurred or are continuing. The remaining negative covenants include limitations on activity related to the following, in each case subject to certain exceptions: (i) indebtedness and liens; (ii) mergers, consolidations or amalgamations, liquidations, wind-ups or dissolutions, (iii) restricted payments; (iv) line of business; and (v) speculative hedging. The events of default include the following, in each case subject to certain exceptions: (a) failure to make required payments under the Senior Credit Facility; (b) material breaches of representations or warranties under the Senior Credit Facility; (c) failure to observe covenants or agreements under the Senior Credit Facility; (d) failure to pay or default under certain other material indebtedness; (e) bankruptcy or insolvency; (f) certain Employee Retirement Income Security Act, or ERISA, events; (g) certain material judgments; (h) actual or asserted invalidity of the Guarantee and Collateral Agreements or the other security documents or failure of the guarantees or perfected liens thereunder; and (i) a change of control. In addition, 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, 2024 and 2023, Booz Allen Hamilton was in compliance with all financial covenants associated with its debt and debt-like instruments.

*Senior Notes*

On August 4, 2023, Booz Allen Hamilton issued \$650.0 million aggregate principal amount of its 5.950% Senior Notes due August 4, 2033 (the "Senior Notes due 2033") under an Indenture and First Supplemental Indenture, both dated as of August 4, 2023 (the "Indenture"), among Booz Allen Hamilton, Booz Allen Hamilton Holding Corporation, as parent guarantor, and U.S. Bank Trust Company, National Association, as trustee. The Senior Notes due 2033 are unsecured senior indebtedness of Booz Allen Hamilton and are fully and unconditionally guaranteed on an unsecured and unsubordinated basis by Booz Allen Hamilton Holding Corporation, and rank equally and ratably in right of payment with all of Booz Allen Hamilton's and Booz Allen Hamilton Holding Corporation's other unsecured and unsubordinated indebtedness outstanding from time to time, pursuant to the Indenture.

On June 17, 2021, Booz Allen Hamilton issued \$500.0 million aggregate principal amount of its 4.000% Senior Notes due July 1, 2029 (the "Senior Notes due 2029") under an Indenture and First Supplement Indenture, both dated as of June 17, 2021, among Booz Allen Hamilton, certain subsidiaries of Booz Allen Hamilton, as guarantors (the "2029 Subsidiary Guarantors"), and Wilmington Trust, National Association, as trustee. The Senior Notes due 2029 are Booz Allen Hamilton's senior unsecured obligations and rank equally in right of payment with all of Booz Allen Hamilton's and the 2029 Subsidiary Guarantors' existing and future senior indebtedness and rank senior in right of payment to any of Booz Allen Hamilton's future subordinated indebtedness. The net proceeds from the sale of the Senior Notes due 2029 were used to fund the acquisition of Liberty and to pay related fees and expenses.



On August 24, 2020, Booz Allen Hamilton issued \$700.0 million aggregate principal amount of its 3.875% Senior Notes due September 1, 2028 (the “Senior Notes due 2028”, and, together with the Senior Notes due 2029 and the Senior Notes due 2033, the “Senior Notes”) under an Indenture and First Supplemental Indenture, both dated as of August 24, 2020, among Booz Allen Hamilton, certain subsidiaries of Booz Allen Hamilton, as guarantors (the “2028 Subsidiary Guarantors”), and Wilmington Trust, National Association, as trustee. The Senior Notes due 2028 are Booz Allen Hamilton’s senior unsecured obligations and rank equally in right of payment with all of Booz Allen Hamilton’s and the 2028 Subsidiary Guarantors’ existing and future senior indebtedness and rank senior in right of payment to any of Booz Allen Hamilton’s future subordinated indebtedness.

All the Senior Notes’ Indentures contain certain covenants, events of default, and other customary provisions. In connection with the Senior Notes obtaining investment grade ratings from Moody’s and S&P, in January 2023, certain negative covenants in the indentures governing the Senior Notes 2028 and Senior Notes 2029 were suspended, and the related guarantees were released.

**Summarized Financial Information**

The Senior Notes due 2033 were issued by Booz Allen Hamilton pursuant to the Indenture, among Booz Allen Hamilton, Booz Allen Holding and U.S. Bank Trust Company, National Association, as trustee, as supplemented by the Supplemental Indenture and are fully and unconditionally guaranteed on an unsecured and unsubordinated basis by Booz Allen Holding pursuant to the Indenture.

The tables below present the summarized financial information as combined for Booz Allen Hamilton and Booz Allen Holding as of March 31, 2024, after the elimination of intercompany transactions and balances between Booz Allen Hamilton and Booz Allen Holding and excluding the subsidiaries of both entities that are not issuers or guarantors of the Senior Notes due 2033, including earnings from and investments in these entities. The summarized financial information is provided in accordance with the reporting requirements of Rule 13-01 under Regulation S-X and is not intended to present our financial position or results of operations in accordance with GAAP.

**Summarized Statements of Financial Condition**

<i>(in thousands)</i>	<b>March 31, 2024</b>
Intercompany receivables from non-guarantor subsidiaries	\$ 62,012
Total other current assets	\$ 2,618,239
Goodwill and intangible assets, net of accumulated amortization	\$ 1,499,616
Total other non-current assets	\$ 853,623
Intercompany payables to non-guarantor subsidiaries	\$ 13,408
Total other current liabilities	\$ 1,641,369
Long-term debt, net of current portion	\$ 3,349,941
Total other non-current liabilities	\$ 457,290

**Summarized Statement of Operations**

<i>(in thousands)</i>	<b>Fiscal Year Ended March 31, 2024</b>
Revenue	\$ 9,882,750
Revenue from non-guarantor subsidiaries	\$ 540,089
Operating income	\$ 504,679
Operating income from non-guarantor subsidiaries	\$ 512,925
Net income	\$ 606,711
Net income attributable to the Obligor Group	\$ 606,711

**Capital Structure and Resources**

Our stockholders’ equity amounted to \$1,046.6 million as of March 31, 2024, an increase of \$54.6 million compared to stockholders’ equity of \$992.0 million as of March 31, 2023. The increase was primarily due to \$417.6 million in treasury stock resulting from the repurchase of shares of our Class A Common Stock and \$253.1 million in aggregate quarterly dividend payments, partially offset by net income of \$605.7 million and stock-based compensation expense of \$95.0 million.

## Capital Expenditures

Since we do not own any of our facilities, our capital expenditure requirements primarily relate to the purchase of computers, management systems, furniture, and leasehold improvements to support our operations. Direct facility and equipment costs billed to clients are not treated as capital expenses. Our capital expenditures for fiscal 2024 and 2023 were \$82.8 million and \$76.1 million, respectively, of which \$16.1 million were unpaid at fiscal 2024 year end.

## 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, "Commitments and Contingencies," to our consolidated financial statements.

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

Market risk is the potential loss arising from adverse changes in market rates and market prices such as those related to interest rates. Due to the wide-ranging adverse impacts on global financial markets, we may be exposed to greater interest rate volatility and market risk in the near future. We actively monitor these exposures and manage such risks through our regular financing activities and through the use of derivative financial instruments.

Our exposure to market risk for changes in interest rates relates primarily to our outstanding debt, cash equivalents, which consist primarily of funds invested in U.S. government money-market funds, our cash flow hedges and our Rabbi trust.

Our exposure to market risk for changes in interest rates related to our outstanding debt will impact our Senior Credit Facility. The interest expense associated with our term loans and any loans under our Revolving Credit Facility will vary with market rates. A hypothetical interest rate increase of 25 basis points would have increased interest expense related to the term facilities under our Senior Credit Facility by approximately \$2.6 million in fiscal 2024 and \$2.7 million in fiscal 2023, and likewise decreased our income and cash flows.

As of March 31, 2024 and 2023, we had \$554.3 million and \$404.9 million, respectively, in cash and cash equivalents. As of March 31, 2024 and 2023 the interest income as a percentage of average monthly balance sheet cash was approximately 6% and 2%, respectively. A hypothetical decrease in market interest rates of 25 basis points would have decreased interest income on our cash and cash equivalents of approximately \$1.1 million in fiscal 2024 and \$1.2 million in fiscal 2023, and likewise decreased our income and cash flows.

Pursuant to our interest rate risk management strategies, we use interest rate cash flow hedges to add stability to our incurrence of interest rate expense and to manage our exposure to related interest rate movement. During the first quarter of fiscal 2024, we modified our existing interest rate swap agreements to transition from LIBOR indexed to Term SOFR-indexed periodic swap payments to align with interest payments in connection with our Term SOFR indexed debt. As of March 31, 2024, we had effective interest rate swaps with an aggregate notional amount of \$550.0 million. These derivative instruments hedge the variability of cash outflows for interest payments on our variable rate debt and are recorded at fair value on our consolidated balance sheet. See Note 11, "Derivatives," to our consolidated financial statements for further discussion. As of March 31, 2024, a 25 basis point increase in interest rates would increase the fair value of our interest rate swaps by approximately \$1.4 million and a 25 basis point decrease in interest rates would decrease the fair value of our interest rate swaps by approximately \$1.4 million.

We maintain a Rabbi trust to provide for the payment of benefits under our non-qualified deferred compensation plan. As of March 31, 2024, fund assets totaled \$29.0 million which include mutual fund investments that are subject to fluctuations in market prices and interest rates. Cash distributions made to plan participants are recognized as operating cash flows in the consolidated statement of cash flows and have the effect of lowering both fund assets and the corresponding fund liabilities on a one-for-one basis. Changes in fair value on fund liabilities offset the changes in fair value of fund assets, and changes in fair value on both fund assets and fund liabilities are recognized in earnings on our consolidated statements of operations. See Note 18, "Fair Value Measurements," to our consolidated financial statements for further discussion.

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

**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Page</b>
Report of Independent Registered Public Accounting Firm (PCAOB ID#00042)	F-2
Consolidated Balance Sheets as of March 31, 2024 and 2023	F-5
Consolidated Statements of Operations for the Fiscal Years Ended March 31, 2024, 2023 and 2022	F-6
Consolidated Statements of Comprehensive Income for the Fiscal Years Ended March 31, 2024, 2023 and 2022	F-7
Consolidated Statements of Cash Flows for the Fiscal Years Ended March 31, 2024, 2023 and 2022	F-8
Consolidated Statements of Stockholders' Equity for the Fiscal Years Ended March 31, 2024, 2023 and 2022	F-9
Notes to Consolidated Financial Statements	F-10

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of  
Booz Allen Hamilton Holding Corporation

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Booz Allen Hamilton Holding Corporation (the Company) as of March 31, 2024 and 2023, 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, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at March 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 2024, 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) (PCAOB), the Company's internal control over financial reporting as of March 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated May 24, 2024 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

**Revenue recognition based on certain contracts using a cost input measure of progress**

*Description of the Matter* As described in Notes 2 and 3 to the consolidated financial statements, the Company generally recognizes revenue over time as services are provided, as most of its contracts involve a continuous transfer of control to the customer. For certain of these contracts, revenue is recognized under a cost-based input method that requires an estimate of total costs of the performance obligation at completion (EAC). Estimates of costs at completion are highly subjective to develop and can change over the contract performance period for a variety of reasons and, if significant, these changes could have a material effect on the Company's results of operations.

Auditing revenue recognition based on the cost-based input method involved subjective auditor judgment because the Company's estimates include costs at completion. The estimates of costs at completion are based on management's assessment of the stage of completion of the performance obligations and the time and materials necessary to fulfill its performance obligations under the contracts.

*How We Addressed the Matter in Our Audit* We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over revenue recognition under the cost-based input method. For example, we tested controls over the determination of significant assumptions regarding the estimation of costs to be incurred for the performance obligations and controls evaluating the appropriateness of changes in estimated future costs.

To test the accuracy of the Company's estimated costs at completion, our audit procedures included, among others, comparing estimates of labor costs, subcontractor costs, and materials to prior estimates, comparing margin to historical results of similar performance obligations, and agreeing the key terms to contract documentation and management's estimates. Our audit procedures also included, among others, validating the nature, timing and extent of the amounts of revenue and costs recorded to date, including any changes in transaction price or estimated costs at completion from the prior period, where applicable. For example, to test a change in estimated costs at completion, we inspected underlying evidence for the reason for the change in estimate and the timing of such change. We also evaluated whether a lack of change in estimate was appropriate by obtaining an understanding of the stage of completion through discussion with program teams and comparing actual results to prior management estimates.

**Government Contracting Matters - Provision for Claimed Indirect Costs**

*Description of the Matter* As discussed in Note 20 to the consolidated financial statements, in the ordinary course of business, agencies of the U.S. government, including the Defense Contract Audit Agency (DCAA), routinely audit the Company's indirect costs and business practices for compliance with the Cost Accounting Standards and the Federal Acquisition Regulation. Such audits may result in, and have historically resulted in, the Company's inability to retain certain claimed indirect costs, including executive and employee compensation, due to differing views of the allowability and reasonableness of such costs. As of March 31, 2024, years subsequent to the Company's fiscal year 2011 remained subject to audit (with the exception of 2022), and final resolution. The Company recognized a liability of \$363.7 million for estimated adjustments to claimed indirect costs based on its historical DCAA audit results, including the final resolution of such audits with the Defense Contract Management Agency (DCMA) (the provision for claimed indirect costs).

Auditing the provision for claimed indirect costs was complex due to the inherently judgmental nature of management's estimate of adjustments to claimed indirect costs based on the number of years that remain open to audit and expected final resolution by agencies of the U.S. government. Significant changes in management's estimate could have a material effect on the Company's results of operations.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's determination of its provision for claimed indirect costs. For example, we tested controls over the application of the available historical information from resolution of audits and communications from agencies of the U.S. government utilized in the determination of the estimate. We also tested management's controls over the completeness and accuracy of the data used.

To test the provision for claimed indirect costs, we performed audit procedures that included, among others, testing the clerical accuracy of the estimates and the completeness and accuracy of the data utilized in determining the provision, and performing analytical procedures over incremental reserves recorded for the current year. We inspected communications with the DCAA or DCMA including current and prior audit reports and final resolutions. We also engaged our government contracting specialists to assist in identifying trends and recent experience in DCAA audits to evaluate the data the Company used to estimate the provision for claimed indirect costs.

***Certain unrecognized tax benefits that, if recognized, would affect the effective income tax rate***

*Description of the Matter*

As discussed in Notes 2 and 13 to the consolidated financial statements, the Company is subject to federal, state and foreign taxation in various jurisdictions. The Company reserves for uncertain tax positions related to unrecognized income tax benefits where it is not more likely than not that the Company's tax position will be sustained. As of March 31, 2024, the Company has recorded \$104.2 million of reserves for uncertain tax positions that, if recognized, would affect the effective income tax rate. These reserves involve considerable judgment and estimation and are evaluated by management based on available information.

Auditing the unrecognized tax benefits was complex due to the significant judgment in applying the tax law and inherent uncertainty involved in predicting the ultimate resolution of the matter with the taxing authority.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the Company's accounting for uncertain tax positions. For example, we tested controls over management's review of the application of the tax law and the analysis performed to determine the unrecognized tax benefits. We also tested management's controls over the completeness and accuracy of the data used in the calculation of the liabilities recorded.

To test the unrecognized tax benefits, we performed audit procedures that included, among others, understanding the application of the tax law and rationale used by management and evaluating whether the uncertain tax position met the "more likely than not" recognition threshold. For example, we verified our understanding of the relevant facts by reading the Company's analysis of the application of the tax law. We involved our tax subject matter resources in the assessment of the technical merits of the Company's tax positions, considering the applicable tax laws, and the methodology applied. We assessed the mathematical accuracy of management's calculations, reviewed contracts and other source documents, and performed sensitivity analyses related to management's estimate, as appropriate.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2006  
Tysons, Virginia  
May 24, 2024

**BOOZ ALLEN HAMILTON HOLDING CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

	March 31, 2024	March 31, 2023
	(Amounts in thousands, except share and per share data)	
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 554,257	\$ 404,862
Accounts receivable, net	2,047,342	1,774,830
Prepaid expenses and other current assets	137,310	108,366
<b>Total current assets</b>	<b>2,738,909</b>	<b>2,288,058</b>
Property and equipment, net of accumulated depreciation	188,279	195,186
Operating lease right-of-use assets	174,345	187,798
Intangible assets, net of accumulated amortization	601,043	685,615
Goodwill	2,343,789	2,338,399
Deferred tax assets	227,171	573,780
Other long-term assets	290,152	281,816
<b>Total assets</b>	<b>\$ 6,563,688</b>	<b>\$ 6,550,652</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 61,875	\$ 41,250
Accounts payable and other accrued expenses	1,050,670	1,316,640
Accrued compensation and benefits	506,130	445,205
Operating lease liabilities	43,187	51,238
Other current liabilities	30,328	42,721
<b>Total current liabilities</b>	<b>1,692,190</b>	<b>1,897,054</b>
Long-term debt, net of current portion	3,349,941	2,770,895
Operating lease liabilities, net of current portion	182,134	198,144
Income tax reserves	120,237	552,623
Other long-term liabilities	172,624	139,934
<b>Total liabilities</b>	<b>5,517,126</b>	<b>5,558,650</b>
Commitments and contingencies (Note 20)		
<b>Stockholders' equity:</b>		
Common stock, Class A - \$0.01 par value - 600,000,000 shares authorized; 167,402,268 shares and 165,872,332 shares issued at March 31, 2024 and March 31, 2023, respectively; 129,643,123 shares and 131,637,588 shares outstanding at March 31, 2024 and March 31, 2023, respectively	1,674	1,659
Treasury stock, at cost - 37,759,145 and 34,234,744 shares at March 31, 2024 and March 31, 2023, respectively	(2,277,546)	(1,859,905)
Additional paid-in capital	908,837	769,460
Retained earnings	2,404,065	2,051,455
Accumulated other comprehensive income	9,532	29,333
<b>Total stockholders' equity</b>	<b>1,046,562</b>	<b>992,002</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 6,563,688</b>	<b>\$ 6,550,652</b>

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,		
	2024	2023	2022
	(Amounts in thousands, except per share data)		
Revenue	\$ 10,661,896	\$ 9,258,911	\$ 8,363,700
Operating costs and expenses:			
Cost of revenue	4,921,071	4,304,810	3,899,622
Billable expenses	3,281,776	2,808,857	2,474,163
General and administrative expenses	1,281,443	1,532,912	1,158,987
Depreciation and amortization	164,203	165,484	145,747
Total operating costs and expenses	<u>9,648,493</u>	<u>8,812,063</u>	<u>7,678,519</u>
Operating income	1,013,403	446,848	685,181
Interest expense	(172,901)	(119,850)	(92,352)
Other income, net	12,818	40,951	11,214
Income before income taxes	<u>853,320</u>	<u>367,949</u>	<u>604,043</u>
Income tax expense	<u>247,614</u>	<u>96,734</u>	<u>137,466</u>
Net income	605,706	271,215	466,577
Net loss attributable to non-controlling interest	—	576	163
Net income attributable to common stockholders	<u>\$ 605,706</u>	<u>\$ 271,791</u>	<u>\$ 466,740</u>
Earnings per share of common stock (Note 4):			
Basic	<u>\$ 4.61</u>	<u>\$ 2.04</u>	<u>\$ 3.46</u>
Diluted	<u>\$ 4.59</u>	<u>\$ 2.03</u>	<u>\$ 3.44</u>

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,		
	2024	2023	2022
	(Amounts in thousands)		
Net income	\$ 605,706	\$ 271,215	\$ 466,577
Other comprehensive income, net of tax:			
Change in unrealized (loss) gain on derivatives designated as cash flow hedges	(2,327)	10,109	27,983
Change in postretirement plan costs	(17,474)	10,639	10,373
Total other comprehensive (loss) income, net of tax	(19,801)	20,748	38,356
Comprehensive income	585,905	291,963	504,933
Comprehensive loss attributable to non-controlling interest	—	576	163
Comprehensive income attributable to common stockholders	\$ 585,905	\$ 292,539	\$ 505,096

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,		
	2024	2023	2022
(Amounts in thousands)			
<b>Cash flows from operating activities</b>			
Net income	\$ 605,706	\$ 271,215	\$ 466,577
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	164,203	165,484	145,747
Noncash lease expense	53,604	55,950	55,881
Stock-based compensation expense	94,982	80,272	69,784
Deferred income taxes	(101,006)	(353,902)	(130,197)
Amortization of debt issuance costs	4,920	4,350	4,619
Loss on debt extinguishment	965	10,251	2,515
Net loss (gains) on dispositions, impairments and other	8,461	(45,754)	(3,388)
Net loss (gains) associated with equity method investment activities	421	2,116	(12,759)
Changes in assets and liabilities:			
Accounts receivable, net	(269,639)	(130,187)	(154,652)
Income taxes receivable / payable	(11,370)	3,708	132,029
Prepaid expenses and other current and long-term assets	(10,367)	181,907	(19,489)
Accrued compensation and benefits	47,741	1,332	12,620
Accounts payable and other accrued expenses	(282,072)	409,516	194,827
Other current and long-term liabilities	(47,711)	(53,436)	(27,588)
Net cash provided by operating activities	258,838	602,822	736,526
<b>Cash flows from investing activities</b>			
Purchases of property, equipment, and software	(66,699)	(76,130)	(79,964)
Payments for business acquisitions, net of cash acquired	(406)	(440,295)	(780,334)
Payments for cost method investments	(23,535)	(5,000)	(7,000)
Proceeds from sale of businesses	—	53,409	—
Other investing activities	—	—	(427)
Net cash used in investing activities	(90,640)	(468,016)	(867,725)
<b>Cash flows from financing activities</b>			
Proceeds from issuance of common stock	28,665	24,663	23,371
Stock option exercises	15,745	11,384	5,929
Repurchases of common stock	(404,141)	(223,858)	(418,859)
Cash dividends paid	(253,413)	(235,726)	(209,057)
Proceeds from revolving credit facility	500,000	—	60,000
Repayments on revolving credit facility, term loans, and Senior Notes	(541,250)	(417,068)	(112,257)
Net proceeds from debt issuance	635,591	414,751	487,027
Net cash used in financing activities	(18,803)	(425,854)	(163,846)
Net increase (decrease) in cash and cash equivalents	149,395	(291,048)	(295,045)
Cash and cash equivalents—beginning of year	404,862	695,910	990,955
Cash and cash equivalents—end of year	\$ 554,257	\$ 404,862	\$ 695,910
<b>Supplemental disclosures of cash flow information</b>			
Net cash paid during the period for:			
Interest	\$ 155,848	\$ 115,578	\$ 64,699
Income taxes	\$ 335,911	\$ 256,394	\$ 127,069
Supplemental disclosures of non-cash investing and financing activities			
Share repurchases transacted but not settled and paid	\$ 29,445	\$ 16,432	\$ 15,839
Unpaid property, equipment and software purchases	\$ 16,117	\$ —	\$ —

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		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interest	Total Stockholders' Equity
	Shares	Amount	Shares	Amount					
<b>Balance at March 31, 2021</b>	162,950,606	\$ 1,629	(26,704,577)	\$ (1,216,163)	\$ 557,957	\$ 1,757,524	\$ (29,771)	\$ —	\$ 1,071,176
Issuance of common stock	1,224,207	15	—	—	22,155	—	—	—	22,170
Stock options exercised	197,732	2	—	—	5,927	—	—	—	5,929
Repurchase of common stock	—	—	(5,083,620)	(419,291)	—	—	—	—	(419,291)
Recognition of liability related to future restricted stock units vesting	—	—	—	—	1,213	—	—	—	1,213
Net income	—	—	—	—	—	466,740	—	(163)	466,577
Other comprehensive income, net of tax	—	—	—	—	—	—	38,356	—	38,356
Dividends paid of \$1.54 per share of common stock	—	—	—	—	—	(209,193)	—	—	(209,193)
Stock-based compensation expense	—	—	—	—	69,784	—	—	—	69,784
Contribution to non-controlling interest	—	—	—	—	(814)	—	—	814	—
<b>Balance at March 31, 2022</b>	164,372,545	\$ 1,646	(31,788,197)	\$ (1,635,454)	\$ 656,222	\$ 2,015,071	\$ 8,585	\$ 651	\$ 1,046,721
Issuance of common stock	1,170,726	10	—	—	24,653	—	—	—	24,663
Stock options exercised	329,061	3	—	—	11,381	—	—	—	11,384
Repurchase of common stock	—	—	(2,446,547)	(224,451)	—	—	—	—	(224,451)
Net income	—	—	—	—	—	271,791	—	(576)	271,215
Other comprehensive income, net of tax	—	—	—	—	—	—	20,748	—	20,748
Dividends paid of \$1.76 per share of common stock	—	—	—	—	—	(235,407)	—	—	(235,407)
Stock-based compensation expense	—	—	—	—	80,272	—	—	—	80,272
Contribution to non-controlling interest	—	—	—	—	(3,068)	—	—	3,068	—
De-Consolidation of non-controlling interest	—	—	—	—	—	—	—	(3,143)	(3,143)
<b>Balance at March 31, 2023</b>	165,872,332	\$ 1,659	(34,234,744)	\$ (1,859,905)	\$ 769,460	\$ 2,051,455	\$ 29,333	\$ —	\$ 992,002
Issuance of common stock	1,194,324	12	—	—	28,653	—	—	—	28,665
Stock options exercised	335,612	3	—	—	15,742	—	—	—	15,745
Repurchase of common stock	—	—	(3,524,401)	(417,641)	—	—	—	—	(417,641)
Net income	—	—	—	—	—	605,706	—	—	605,706
Other comprehensive income, net of tax	—	—	—	—	—	—	(19,801)	—	(19,801)
Dividends paid of \$1.92 per share of common stock	—	—	—	—	—	(253,096)	—	—	(253,096)
Stock-based compensation expense	—	—	—	—	94,982	—	—	—	94,982
<b>Balance at March 31, 2024</b>	167,402,268	\$ 1,674	(37,759,145)	\$ (2,277,546)	\$ 908,837	\$ 2,404,065	\$ 9,532	\$ —	\$ 1,046,562

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

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

## 1. Business Overview

### *Our Business*

Booz Allen Hamilton Holding Corporation, including its wholly owned subsidiaries, or the Company, we, us, and our, was incorporated in Delaware in May 2008. The Company provides management and technology consulting, analytics, engineering, digital solutions, mission operations, and cyber services to U.S. and international governments, major corporations, and not-for-profit organizations. The Company reports operating results and financial data in one reportable segment. The Company is headquartered in McLean, Virginia, with approximately 34,200 employees as of March 31, 2024.

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation*

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries that are majority-owned or otherwise controlled by the Company and have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"), and the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"). All intercompany balances and transactions have been eliminated in consolidation.

The consolidated financial statements and notes of the Company include its subsidiaries and other entities over which the Company has a controlling financial interest or where the Company is a primary beneficiary. The Company uses the equity method to account for investments in entities that it does not control if it is otherwise able to exert significant influence over the entities' operating and financial policies. Equity investments in entities over which the Company does not have the ability to exercise significant influence and whose securities do not have a readily determinable fair value are carried at cost (measurement alternative).

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, 2024 and 2023 and the Company's results of operations for fiscal 2024, 2023, and 2022.

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

### *Accounting Estimates*

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

### *Revenue Recognition*

The Company's revenues from contracts with customers (clients) are derived from offerings that include management and technology consulting services, analytics, digital solutions, engineering, mission operations and cyber services, substantially all with the U.S. government and its agencies, and to a lesser extent, subcontractors. The Company also serves foreign governments, as well as domestic and international commercial clients. The Company performs and generates revenue under three basic types of contracts, as described below:

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

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

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

The Company considers a contract with a customer to exist under Accounting Standards Codification (“ASC”) No. 606, Revenue from Contracts with Customers (“Topic 606”), when there is approval and commitment from both the Company and the customer, the rights of the parties and payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. The Company also will consider whether two or more contracts entered into with the same customer should be combined and accounted for as a single contract. Furthermore, in certain transactions with commercial clients and with the U.S. government, the Company may commence providing services prior to receiving a formal approval from the customer. In these situations, the Company will consider the factors noted above, the risks associated with commencing the work and legal enforceability in determining whether a contract with the customer exists under Topic 606.

Customer contracts are often modified to change the scope, price, specifications or other terms within the existing arrangement. Contract modifications are evaluated by management to determine whether the modification should be accounted for as part of the original performance obligation(s) or as a separate contract. If the modification adds distinct goods or services and increases the contract value proportionate to the stand-alone selling price of the additional goods or services, it will be accounted for as a separate contract. Generally, the Company’s contract modifications do not include goods or services which are distinct, and therefore are accounted for as part of the original performance obligation(s) with any impact on transaction price or estimated costs at completion being recorded as through a cumulative catch-up adjustment to revenue.

The Company evaluates each service deliverable contracted with the customer to determine whether it represents promises to transfer distinct goods or services. Under Topic 606, these are referred to as performance obligations. One or more service deliverables often represent a single performance obligation. This evaluation requires significant judgment and the impact of combining or separating performance obligations may change the time over which revenue from the contract is recognized. The Company’s contracts generally provide a set of integrated or highly interrelated tasks or services and are therefore accounted for as a single performance obligation. However, in cases where we provide more than one distinct good or service within a customer contract, the contract is separated into individual performance obligations which are accounted for discretely.

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

Contract assets primarily consist of unbilled receivables typically resulting from revenue recognized exceeding the amount billed to the customer and right to payment is not just subject to the passage of time. Unbilled amounts represent revenues for which billings have not yet been presented to customers. These amounts are generally billed and collected within one year subject to various conditions including, without limitation, appropriated and available funding. Long-term unbilled receivables not anticipated to be billed and collected within one year, which are primarily related to retainage, holdbacks, and long-term rate settlements to be billed at contract closeout, are included in other long-term assets in the accompanying consolidated balance sheets. Contract liabilities primarily consist of advance payments, billings in excess of costs incurred and deferred revenue. Contract assets and liabilities are reported on a net contract basis at the end of each reporting period. The Company maintains an allowance for credit losses to provide for an estimate of uncollectible receivables.

Changes in contract assets and contract liabilities are primarily due to the timing difference between the Company’s performance of services and payments from customers. To determine revenue recognized from contract liabilities during the reporting periods, the Company allocates revenue to individual contract liability balances and applies revenue recognized during the reporting periods first to the beginning balances of contract liabilities until the revenue exceeds the balances.

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

Contracts with the U.S. government are generally subject to the Federal Acquisition Regulation (the "FAR") and are priced based on estimated or actual costs of providing the goods or services. The Company derives a majority of its revenue from contracts awarded through a competitive bidding process. Pricing for non-U.S. government agencies and commercial customers is based on discrete negotiations with each customer. Certain of the Company's contracts contain award fees, incentive fees or other provisions that may increase or decrease the transaction price. These variable amounts generally are awarded upon achievement of certain performance metrics, program milestones or cost targets and may be based upon customer discretion. Management estimates variable consideration as the most likely amount that we expect to achieve based on our assessment of the variable fee provisions within the contract, prior experience with similar contracts or clients, and management's evaluation of the performance on such contracts. The Company may perform work under a contract that has not been fully funded if the work has been authorized by management and the customer to proceed. The Company evaluates unfunded amounts as variable consideration in estimating the transaction price. We include the estimated variable consideration in our transaction price to the extent that it is probable that a significant reversal of revenue will not occur upon the ultimate settlement of the variable fee provision. Our U.S. government contracts generally contain FAR provisions that enable the customer to terminate a contract for default or for the convenience of the U.S. government.

The Company recognizes revenue for each performance obligation identified within our customer contracts when, or as, the performance obligation is satisfied by transferring the promised goods or services. Revenue may either be recognized over time or at a point in time. The Company generally recognizes revenue over time as our contracts typically involve a continuous transfer of control to the customer. A continuous transfer of control under contracts with the U.S. government and its agencies is evidenced by clauses which require the Company to be paid for costs incurred plus a reasonable margin in the event that the customer unilaterally terminates the contract for convenience. For contracts where the Company recognizes revenue over time, a contract cost-based input method is generally used to measure progress towards satisfaction of the underlying performance obligation(s). Contract costs include direct costs such as materials, labor and subcontract costs, as well as indirect costs identifiable with, or allocable to, a specific contract that are expensed as incurred. The Company does not incur material incremental costs to acquire or fulfill contracts. Under a contract cost-based input method, revenue is recognized based on the proportion of contract costs incurred to the total estimated costs expected to be incurred upon completion of the underlying performance obligation. The Company generally includes both funded and unfunded portions of customer contracts in this estimation process.

For interim financial reporting periods, contract revenue attributable to indirect costs is recognized based upon agreed-upon annual forward-pricing rates established with the U.S. government at the start of each fiscal year. Forward pricing rates are estimated and agreed upon between the Company and the U.S. government and represent indirect contract costs required to execute and administer contract obligations. The impact of any agreed-upon changes, or changes in the estimated annual forward-pricing rates, are recorded in the interim financial reporting period when such changes are identified. These changes relate to the interim financial reporting period differences between the actual indirect costs incurred and allocated to customer contracts compared to the estimated amounts allocated to contracts using the estimated annual forward-pricing rates established with the U.S. government. At the end of each fiscal year, estimated annual forward-pricing rates are adjusted to reported actual rates, with contract revenue attributable to indirect costs adjusted accordingly. These preliminary actual rates and their ultimate impact on contract revenue are subject to final audit and negotiation with the U.S. government, which may take place several years in the future.

On certain contracts, principally time-and-materials and cost-reimbursable-plus-fee contracts, revenue is recognized using the right-to-invoice practical expedient as the Company is contractually able to invoice the customer based on the control transferred. However, we did not elect to use the practical expedient which would allow the Company to exclude contracts recognized using the right-to-invoice practical expedient from the remaining performance obligations disclosed below. Additionally, for stand-ready performance obligations to provide services under fixed-price contracts, revenue is recognized over time using a straight-line measure of progress as the control of the services is provided to the customer ratably over the term of the contract. If a contract does not meet the criteria for recognition of revenue over time, we recognize revenue at the point in time when control of the good or service is transferred to the customer. Determining a measure of progress towards the satisfaction of performance obligations requires management to make judgments that may affect the timing of revenue recognition.

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

Many of our contracts recognize revenue under a contract cost-based input method and require an Estimate-at-Completion (“EAC”) process, which management uses to review and monitor the progress towards the completion of our performance obligations. Under this process, management considers various inputs and assumptions related to the EAC, including, but not limited to, progress towards completion, labor costs and productivity, material and subcontractor costs, and identified risks. Estimating the total cost at completion of performance obligations is subjective and requires management to make assumptions about future activity and cost drivers under the contract. Changes in these estimates can occur for a variety of reasons and, if significant, may impact the profitability of the Company’s contracts. Changes in estimates related to contracts accounted for under the EAC process are recognized in the period when such changes are made on a cumulative catch-up basis. If the estimate of contract profitability indicates an anticipated loss on a contract, the Company recognizes the total loss at the time it is identified. For fiscal 2024, 2023 and 2022, the aggregate impact of adjustments in contract estimates was not material.

Remaining performance obligations represent the transaction price of exercised contracts for which work has not yet been performed, irrespective of whether funding has or has not been authorized and appropriated as of the date of exercise. Remaining performance obligations exclude negotiated but unexercised options, the unfunded value of expired contracts, and certain variable consideration which the Company does not expect to recognize as revenue.

***Cash and Cash Equivalents***

Cash and cash equivalents include unrestricted cash accounts and highly liquid investments that have a maturity of three months or less at the date of purchase. The Company’s cash equivalents consist primarily of government money market funds and money market deposit accounts. The Company maintains its cash and cash equivalents in bank accounts that, at times, exceed the federally insured FDIC limits. The Company has not experienced any losses in such accounts.

***Valuation of Accounts Receivable***

The Company maintains allowances for doubtful accounts against certain accounts receivables based upon the latest information regarding whether specific charges are recoverable or invoices are ultimately collectible. Assessing the recoverability of charges and 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, accounts receivable aging trends for billed receivables, availability of funding, compliance with contractual terms and conditions, client satisfaction with work performed, and other factors impacting accounts receivables. Valuation reserves are periodically re-evaluated and adjusted as more information about the ultimate recoverability and 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 U.S. government money market funds and money market deposit accounts. The Company believes that credit risk for 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. 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, and computer equipment is depreciated over four years. Leasehold improvements are amortized over the shorter of the useful life of the asset or lease term. Maintenance and repairs are charged to expense as incurred.

***Business Combinations***

The accounting for the Company’s business combinations consists of allocating the purchase price to tangible and intangible assets acquired and liabilities assumed based on their estimated fair values, with the excess recorded as goodwill. The Company has up to one year from the acquisition date to use information as of each acquisition date to adjust the fair value of the acquired assets and liabilities which may result in material changes to their recorded values with an offsetting adjustment to goodwill.

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

**Intangible Assets**

Intangible assets primarily consist of programs and contracts assets, channel relationships, the Company's trade name, customer relationships, software and other amortizable intangible assets. The Company capitalizes the following costs associated with developing internal-use computer software pertaining to upgrades in our business and financial systems: (i) external direct costs of materials and services consumed in developing or obtaining internal-use computer software and (ii) certain payroll and payroll-related costs for Company employees who are directly associated with the development of internal-use software, to the extent of the time spent directly on the project. Programs and contract assets, channel relationships, and other amortizable intangible assets are generally amortized on an accelerated basis over the expected life based on projected future cash flows of approximately two to fourteen years. Software purchased or developed for internal use is amortized over one to ten years. The Company's trade name intangible asset is not amortized, but is tested for impairment on at least an annual basis as of January 1 and more frequently if interim indicators of impairment exist. The trade name is considered to be impaired if the carrying value exceeds its estimated fair value. The Company uses the relief from royalty method to estimate the fair value. The fair value of the asset is the present value of the license fees avoided by owning the asset, or the royalty savings. During the fiscal years ended March 31, 2024, 2023, and 2022, the Company did not record any impairment of 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, 2024, the Company performed its annual impairment test of goodwill by comparing the fair value of the Company (based on market capitalization) to the carrying value of the Company's net equity, and concluded that the fair value of the reporting unit was significantly greater than the carrying amount. During the fiscal years ended March 31, 2024, 2023, and 2022, the Company did not record any impairment of goodwill.

**Long-Lived Assets**

The Company reviews its long-lived assets, including property and equipment, amortizable intangible assets, and right-of-use ("ROU") 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, 2024, 2023, and 2022, the Company did not record any material impairment charges.

**Leases**

At contract inception, the Company determines whether the contract is, or contains, a lease, which exists when the contract conveys the right to control the use of identified property or equipment for a period of time in exchange for consideration. Operating lease balances are included in operating lease ROU assets, operating lease liabilities, and operating lease liabilities, net of current portion in our consolidated balance sheet. Cash payments arising from operating leases are classified within operating activities in the consolidated statement of cash flows. As of March 31, 2024, the Company had no finance leases.

The Company's leases are generally for facilities and office space and the Company recognizes ROU assets and lease liabilities at the lease commencement date for those arrangements. The initial lease liability is equal to the present value of the future minimum lease payments over the lease term. The initial measurement of the ROU asset is equal to the initial lease liability plus any initial direct costs and prepaid lease payments, less any lease incentives. At the lease commencement date, the Company estimates its collateralized incremental borrowing rate based on publicly available yields adjusted for Company-specific considerations and the Company's varying lease terms in determining the present value of future payments. Certain of the Company's leases contain options to renew or to terminate the lease which are included in the determination of the ROU assets and lease liabilities when it is reasonably certain that the Company will exercise the option. The Company's leases may also include variable lease payments, such as an escalation clause based on consumer price index rates, maintenance costs, and utilities. Variable lease payments that depend on an index or a rate are included in the determination of ROU assets and lease liabilities using the index or rate at the lease commencement date, whereas variable lease-related payments that do not depend on an index or rate are recorded as lease expense in the period incurred. ROU assets are evaluated for impairment in a manner consistent with the treatment of other long-lived assets.



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

As permitted under Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)* (“Topic 842”), the Company elected the short-term lease policy election not to recognize ROU assets and lease liabilities for leases with an initial term of 12 months or less; lease expense from these leases is recognized on a straight-line basis over the lease term. As further permitted under Topic 842, for all material classes of leased assets, the Company elected to apply the practical expedient to not separate lease components from non-lease components, and instead account for both components as a single lease component. As of March 31, 2024, the Company did not have any lease agreements with residual value guarantees or material restrictions or covenants.

**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 consolidated 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. Those positions are evaluated to determine whether they will more likely than not be sustained upon examination by the Internal Revenue Service (“IRS”) or other taxing authorities. The Company reserves for these uncertain tax positions related to unrecognized income tax benefits where it is not more likely than not that the Company’s tax position will be sustained on examination and settlement with the various taxing authorities. Liabilities for unrecognized tax benefits are measured based on the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. These unrecognized tax benefits 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 non-owner sources, and is presented in the consolidated statements of comprehensive income. Accumulated other comprehensive income as of March 31, 2024 and 2023 consisted of net unrealized gains or losses on the Company’s defined and postretirement benefit plans and unrealized gains or losses on interest rate swaps designated as cash flow hedges.

**Stock-Based Compensation**

Stock-based compensation to employees is recognized in the consolidated statements of operations based on the grant date fair values with the expense for time vested awards recognized on an accelerated basis over the vesting period. The Company estimates forfeitures anticipated to occur during the vesting period for the purposes of recognizing costs associated with stock-based compensation. The expense for performance awards is estimated at each reporting date using management’s expectation of the probable achievement of the specified performance criteria and is recognized straight line over the vesting period. The Company uses the Black-Scholes option-pricing model to determine the fair value of its option awards at the time of grant.

**Defined Contribution Plan and Other Post-Retirement Benefits**

The Company recognizes the underfunded status of defined contribution plans and other post-retirement benefits on the consolidated balance sheets within other long-term liabilities. 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 loss, 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 are measured, is the Company’s fiscal year-end.

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

**Self-Funded Medical Plans**

The Company maintains self-funded medical insurance. Self-funded plans include Consumer Driven Health Plans with a Health Savings Account option and traditional choice plans. 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. The estimate of the incurred but unreported claim liability was provided by a third-party valuation firm, primarily based on claims and participant data for the medical, dental, and pharmacy related costs.

**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, the Company considers the principal or most advantageous market in which the asset or liability would transact, and if necessary, considers 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”). 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.

**Investments in Variable Interest Entities and Other Investments**

The Company invests in certain companies that advance or develop new technologies applicable to its business. Each investment is evaluated for consolidation under the variable interest entities model and/or the voting interest model. The results of these investments are not material to the consolidated financial statements for the periods presented. The Company uses the equity method to account for investments in entities that it does not control if it is otherwise able to exert significant influence over the entities’ operating and financial policies. Equity investments in entities over which the Company does not have the ability to exercise significant influence and whose securities do not have a readily determinable fair value are Level 3 inputs and are accounted for under the measurement alternative. As of March 31, 2024 and March 31, 2023, respectively, the total of equity and other investments related to unconsolidated entities included in other long term assets of the Company’s consolidated balance sheet were \$42.0 million and \$23.1 million.

**Recently Adopted Accounting Pronouncements**

In October 2021, the Financial Accounting Standards Board (“FASB”) issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* (“Topic 805”), which amends the accounting for acquired revenue contracts with customers in a business combination to address recognition of an acquired contract liability and payment terms, and their effect on subsequent revenue recognized by the acquirer. Topic 805 is effective for annual periods beginning after December 15, 2022 on a prospective basis. Early adoption is permitted. The Company early adopted the requirements of Topic 805 to apply the amendments prospectively to all business combinations that occurred on or after April 1, 2022.

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

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* (“Topic 848”). The guidance is intended to provide relief for entities impacted by reference rate reform. Topic 848 contains provisions and optional accounting expedients designed to simplify requirements around the designation of hedging relationships, probability assessments of hedged forecasted transactions, and accounting for modifications of contracts that refer to the London Interbank Offered Rate (“LIBOR”) or other rates affected by reference rate reform. The guidance is elective and is effective on the date of issuance. Topic 848 is applied prospectively to contract modifications and as of the effective date for existing and new eligible hedging relationships. During the first quarter of fiscal 2024, the Company modified its interest rate swap agreements to transition from LIBOR-indexed to Term Secured Overnight Financing Rate (“SOFR”) indexed periodic swap payments to align with interest payments in connection with its Term SOFR-indexed debt. As such, the Company elected the optional expedients under Topic 848 which allows the cash flow hedge to continue being recognized under hedge accounting without de-designation upon a change in critical terms affected by the reference rate reform. The adoption of this guidance did not have a material impact on the consolidated financial statements and disclosures. The Company has elected to apply the hedge accounting practical expedient related to the probability of hedged future LIBOR-indexed cash flows and continued its quantitative method of assessing subsequent hedge effectiveness in the fourth quarter of fiscal 2020. Further, during the second quarter of fiscal year 2023, the Company transitioned its term loans from LIBOR-indexed interest payments to Term SOFR-indexed interest payments in connection with the Ninth Amendment of the Credit Agreement. For its interest rate swaps designated as cash flow hedges, the Company elected to apply certain of the accounting expedients to assume that the reference rates, which hedged forecasted transactions will be based on, match the LIBOR-indexed rates used in the Company's interest rate swaps consistent with past presentation. The Company continues to evaluate the impact of Topic 848 and may apply other elections, as applicable. The adoption of this guidance did not have a material impact on the consolidated financial statements and disclosures.

**Recent Accounting Pronouncements Not Yet Adopted**

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280)*, which enhances reportable segment disclosure requirements, including significant segment expenses and interim disclosures (“Topic 280”). The guidance allows for disclosure of multiple measures of a segment’s profit or loss, and it requires that public entities with a single reportable segment provide all disclosures required by the ASU and all existing disclosures in Topic 280. ASU 2023-07 is effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The amendments are to be applied retrospectively, and early adoption is permitted. The Company is currently assessing the impact of this update and does not expect this update to have a material impact on its present or historical consolidated financial statements.

Other recent accounting pronouncements issued during fiscal 2024 and through the filing date are not expected to have a material impact on the Company's present or historical consolidated financial statements.

**3. Revenue**

**Disaggregation of Revenue**

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

Revenue by Contract Type:

	<b>Fiscal Year Ended March 31,</b>					
	<b>2024</b>		<b>2023</b>		<b>2022</b>	
Cost-reimbursable	\$ 5,873,045	55%	\$ 4,908,451	53%	\$ 4,514,262	54%
Time-and-materials	2,530,366	24%	2,296,965	25%	2,017,094	24%
Fixed-price	2,258,485	21%	2,053,495	22%	1,832,344	22%
Total Revenue	<u>\$ 10,661,896</u>	<u>100%</u>	<u>\$ 9,258,911</u>	<u>100%</u>	<u>\$ 8,363,700</u>	<u>100%</u>

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

<i>Revenue by Customer Type:</i>	<b>Fiscal Year Ended March 31,</b>								
	<b>2024</b>		<b>2023</b>		<b>2022</b>				
U.S. government <sup>(1)</sup> :									
Defense Clients	\$	5,055,779	47%	\$	4,228,110	45%	\$	3,965,590	47%
Intelligence Clients		1,774,405	17%		1,686,622	18%		1,573,216	19%
Civil Clients		3,658,465	34%		3,112,537	34%		2,608,618	31%
Total U.S. government		10,488,649	98%		9,027,269	97%		8,147,424	97%
Global Commercial Clients		173,247	2%		231,642	3%		216,276	3%
Total Revenue	\$	10,661,896	100%	\$	9,258,911	100%	\$	8,363,700	100%

<sup>(1)</sup> Certain contracts were reassigned between the various verticals of our U.S. government business shown in the table above to better align our operations to the customers we serve within each market. Comparative periods revenue by customer type has been recast to reflect the changes.

<i>Revenue by Whether the Company Acts as a Prime Contractor or a Sub-Contractor:</i>	<b>Fiscal Year Ended March 31,</b>								
	<b>2024</b>		<b>2023</b>		<b>2022</b>				
Prime Contractor	\$	10,143,192	95%	\$	8,755,628	95%	\$	7,864,273	94%
Sub-contractor		518,704	5%		503,283	5%		499,427	6%
Total Revenue	\$	10,661,896	100%	\$	9,258,911	100%	\$	8,363,700	100%

#### **Performance Obligations**

As of March 31, 2024 and 2023, the Company had \$8.7 billion and \$7.9 billion of remaining performance obligations, respectively. We expect to recognize approximately 70% of the remaining performance obligations as of March 31, 2024 as revenue over the next 12 months, and approximately 80% over the next 24 months. The remainder is expected to be recognized thereafter.

#### **Contract Balances**

The following table summarizes the contract assets and liabilities, and accounts receivable, net of allowance recognized on the Company's consolidated balance sheets:

	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Current assets:</b>		
Accounts receivable–billed	\$ 700,066	\$ 551,666
Accounts receivable–unbilled (contract assets)	1,347,577	1,223,482
Allowance for credit losses	(301)	(318)
Accounts receivable, net	2,047,342	1,774,830
<b>Other long-term assets:</b>		
Accounts receivable–unbilled (contract assets)	57,355	59,455
Total accounts receivable, net	\$ 2,104,697	\$ 1,834,285
<b>Other current liabilities</b>		
Advance payments, billings in excess of costs incurred and deferred revenue (contract liabilities)	\$ 15,527	\$ 18,995

For fiscal 2024, 2023 and 2022, we recognized revenue of \$17.2 million, \$24.4 million and \$14.9 million, respectively, related to our contract liabilities on April 1, 2023, 2022 and 2021, respectively.

Benefit for credit losses recognized were \$(0.3) million, \$(2.0) million, and \$(1.5) million for fiscal 2024, 2023, and 2022, respectively.

#### **4. Earnings Per Share**

The Company computes basic and diluted earnings per share amounts based on net income attributable to common stockholders for the periods presented. The Company uses the weighted average number of shares of common stock outstanding during the period to calculate basic earnings per share ("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.

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

The Company currently has outstanding shares of Class A Common Stock. Holders of unvested Class A Restricted Common Stock are entitled to participate in non-forfeitable dividends or other distributions (“participating securities”). These unvested restricted shares participated in the Company’s dividends declared and paid in each quarter of fiscal 2024, 2023, and 2022. 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 these 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,		
	2024	2023	2022
<b>Numerator: <sup>(1)</sup></b>			
Earnings for basic computations	\$ 600,740	\$ 269,656	\$ 463,626
Earnings for diluted computations	\$ 600,750	\$ 269,657	\$ 463,635
<b>Denominator:</b>			
Weighted-average common stock shares outstanding, basic	130,366,501	132,161,646	134,134,034
Dilutive stock options and restricted stock	449,402	554,790	716,774
Weighted-average common stock shares outstanding, diluted <sup>(2)</sup>	130,815,903	132,716,436	134,850,808
<b>Earnings per share of common share:</b>			
Basic	<u>\$ 4.61</u>	<u>\$ 2.04</u>	<u>\$ 3.46</u>
Diluted <sup>(2)</sup>	<u>\$ 4.59</u>	<u>\$ 2.03</u>	<u>\$ 3.44</u>

<sup>(1)</sup> The difference between earnings for basic and diluted computations and net income presented on the consolidated statements of operations is due to undistributed earnings and dividends allocated to the participating securities. During fiscal 2024, 2023, and 2022, respectively, approximately 1.1 million, 1.1 million, and 0.9 million shares of participating securities were paid dividends totaling \$2.1 million, \$1.8 million, and \$1.4 million, respectively. There were undistributed earnings of \$2.9 million, \$0.3 million, and \$1.7 million allocated to the participating class of securities in both basic and diluted earnings per share of common stock for fiscal 2024, 2023, and 2022, respectively.

<sup>(2)</sup> The impact of anti-dilutive options excluded from the calculation of diluted EPS was not material during the periods presented.

## 5. Acquisition and Divestitures

### Acquisition

On October 14, 2022, the Company completed the acquisition of EverWatch Corp. (“EverWatch”), a leading provider of advanced solutions to the defense and intelligence communities for approximately \$445.1 million, net of post-closing adjustments and also incurred transaction costs as part of the acquisition. The acquisition was funded with cash on hand. As a result of the transaction, EverWatch became a wholly owned subsidiary of Booz Allen Hamilton Inc.

The Company recognized \$108.6 million of intangible assets which consists primarily of contract assets and were valued using the excess earnings method discounted cash flow approach, incorporating Level 3 inputs as described under the fair value hierarchy of Topic 820. These unobservable inputs reflect the Company’s own judgment about which assumptions market participants would use in pricing an asset on a non-recurring basis. The intangible assets will be amortized over the estimated useful life of fourteen years. The goodwill of \$330.9 million is primarily attributable to EverWatch’s specialized workforce and the expected synergies between the Company and EverWatch, and is non-deductible for tax purposes.

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

The following table summarizes the consideration and the allocation of the purchase price paid for EverWatch:

Cash consideration (gross of cash acquired)	\$	445,074
<b>Purchase price allocation:</b>		
Cash		4,779
Current assets		27,725
Operating lease right-of-use asset		7,894
Other long-term assets		5,078
Intangible assets		108,600
Deferred tax liabilities		(20,394)
Current liabilities		(11,612)
Operating lease liabilities - short-term		(1,362)
Operating lease liabilities - long-term		(6,532)
<b>Total fair value of identifiable net assets acquired</b>	<b>\$</b>	<b>114,176</b>
<b>Goodwill</b>	<b>\$</b>	<b>330,898</b>

The acquisition was accounted for under the acquisition method of accounting, which requires the total acquisition consideration to be allocated to the assets acquired and liabilities assumed based on an estimate of the acquisition date fair value, with the difference reflected in goodwill. During the first quarter of fiscal 2024, the Company completed the determination of fair values of the acquired assets and liabilities assumed. See note 6, "Goodwill and Intangible Assets," for additional information. Pro forma results of operations for this acquisition are not presented because the acquisition is not material to the Company's consolidated results of operations.

#### **Divestitures**

##### *Middle East and North Africa Management Consulting Business*

On September 1, 2022, the Company completed the divestiture of its management consulting business serving the Middle East and North Africa ("MENA") region to Oliver Wyman, a global management consulting firm and a business of Marsh McLennan. The divestiture was substantially comprised of the contracts associated with the MENA business, the assets and liabilities associated with those contracts, and the workforce that provides services under those contracts.

As a result of this transaction, the Company de-recognized the assets and liabilities associated with the MENA business and recognized a pre-tax gain of \$31.2 million in the second quarter of fiscal 2023, which is reflected in other income, net, on the consolidated statement of operations.

##### *Managed Threat Services Business*

On December 5, 2022, the Company completed the divestiture of its commercial Managed Threat Services ("MTS") business to Security On-Demand. The divestiture was substantially comprised of the contracts associated with the MTS business, the assets and liabilities associated with those contracts, and the workforce that provides services under those contracts.

As a result of this transaction, the Company de-recognized the assets and liabilities associated with the MTS business and recognized a pre-tax gain of \$4.6 million during the third quarter of fiscal 2023, which is reflected in other income, net, on the consolidated statement of operations.

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

**Business Deconsolidation**

In fiscal 2023, the Company forfeited certain participating rights of a consolidated artificial intelligence software platform business which has unrelated third-party interest holders and is classified as a variable interest entity (“VIE”). As a result of this transaction, the Company determined that it is not the primary beneficiary of the VIE and thus de-recognized the assets, liabilities and non-controlling interest of this business. The Company recorded the fair value of its retained equity investment of \$7.6 million which was accounted for under the measurement alternative. The resulting pre-tax gain, calculated as the investment value less the net de-recognized balances, was \$8.9 million and was reflected in other income, net, on the fiscal 2023 consolidated statement of operations. In the last quarter of fiscal 2024, it was determined that the investment was impaired and it was written off, with the resulting pre-tax loss of \$7.6 million reflected in other income, net, on the fiscal 2024 consolidated statement of operations.

**6. Goodwill and Intangible Assets**

**Goodwill**

Goodwill was \$2,343.8 million and \$2,338.4 million as of March 31, 2024 and March 31, 2023, respectively. The \$5.4 million increase in the carrying amount of goodwill was attributable to the Company’s finalization of the accounting for the acquisition of EverWatch. The Company performed an annual impairment test of the goodwill as of January 1, 2024 and 2023, and did not identify any impairment.

**Intangible Assets**

Intangible assets consisted of the following:

	March 31, 2024			March 31, 2023		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
<b>Amortizable intangible assets:</b>						
Programs and contract assets, channel relationships, and other amortizable intangible assets	\$ 591,895	\$ 237,764	\$ 354,131	\$ 599,794	\$ 169,316	\$ 430,478
Software	146,284	89,572	56,712	134,152	69,215	64,937
Total amortizable intangible assets	\$ 738,179	\$ 327,336	\$ 410,843	\$ 733,946	\$ 238,531	\$ 495,415
<b>Unamortizable intangible assets:</b>						
Trade name	\$ 190,200	—	\$ 190,200	\$ 190,200	\$ —	\$ 190,200
Total	\$ 928,379	\$ 327,336	\$ 601,043	\$ 924,146	\$ 238,531	\$ 685,615

The decrease in the gross carrying value of amortizable intangible assets (excluding software) was primarily attributable to a \$7.9 million adjustment related to the Company’s finalization of the accounting for the acquisition of EverWatch in the first quarter of fiscal 2024.

Programs and contract assets, channel relationships, and other amortizable intangible assets are generally amortized on an accelerated basis over periods ranging from two to fourteen years, and those related to software are generally amortized on a straight line basis over periods ranging from one to ten years.

The Company performed an annual impairment test of the trade name as of January 1, 2024 and 2023, and did not identify any impairment.

Amortization expense for fiscal 2024, 2023, and 2022 was \$93.3 million, \$94.3 million, and \$76.2 million, respectively.

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

The following table summarizes the estimated annual amortization expense for future periods, which does not reflect amortization expense for certain intangible assets that are not yet placed in service:

<b>For the Fiscal Year Ended March 31,</b>	
2025	\$ 82,085
2026	70,883
2027	58,885
2028	50,833
2029	43,315
Thereafter	104,842
<b>Total estimated amortization expense</b>	<b>\$ 410,843</b>

**7. Property and Equipment, Net**

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

	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Furniture and equipment	\$ 121,544	\$ 119,316
Computer equipment	107,902	111,538
Leasehold improvements	269,964	258,258
Total	499,410	489,112
Less: Accumulated depreciation and amortization	(311,131)	(293,926)
Property and equipment, net	<u>\$ 188,279</u>	<u>\$ 195,186</u>

Depreciation and amortization expense relating to property and equipment for fiscal 2024, 2023, and 2022 was \$70.9 million, \$71.2 million, and \$69.5 million, respectively. During fiscal 2024 and 2023, the Company reduced the gross cost and accumulated depreciation and amortization by \$36.3 million and \$24.7 million, respectively, for zero net book value assets deemed no longer in service.

**8. Accounts Payable and Other Accrued Expenses**

Accounts payable and other accrued expenses consisted of the following:

	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Vendor payables	\$ 653,131	\$ 597,808
Accrued expenses	397,539	718,832
Total accounts payable and other accrued expenses	<u>\$ 1,050,670</u>	<u>\$ 1,316,640</u>

Accrued expenses consisted primarily of the Company's provision for claimed indirect costs, (approximately \$363.7 million and \$326.7 million as of March 31, 2024 and 2023, respectively). Accrued expenses at March 31, 2023 also included a \$350.0 million reserve associated with the settlement of the U.S. Department of Justice's investigation of the Company which was subsequently settled and paid in the second quarter of fiscal 2024. Refer to Note 20, "Commitments and Contingencies," to the consolidated financial statements for further discussion of these items.

**9. Accrued Compensation and Benefits**

Accrued compensation and benefits consisted of the following:

	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Bonus	\$ 151,063	\$ 120,023
Retirement	57,465	52,480
Vacation	223,385	203,627
Other	74,217	69,075
Total accrued compensation and benefits	<u>\$ 506,130</u>	<u>\$ 445,205</u>



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

**10. Debt**

Debt consisted of the following on the dates below:

	March 31, 2024		March 31, 2023	
	Interest Rate	Outstanding Balance	Interest Rate	Outstanding Balance
Term Loan A	6.677 %	\$ 1,588,125	5.970 %	\$ 1,629,375
Senior Notes due 2028	3.875 %	700,000	3.875 %	700,000
Senior Notes due 2029	4.000 %	500,000	4.000 %	500,000
Senior Notes due 2033	5.950 %	650,000	— %	—
Less: Unamortized debt issuance costs and discount on debt		(26,309)		(17,230)
Total		3,411,816		2,812,145
Less: Current portion of long-term debt		(61,875)		(41,250)
Long-term debt, net of current portion		\$ 3,349,941		\$ 2,770,895

**Credit Agreement**

Booz Allen Hamilton Inc. (“Booz Allen Hamilton”), Booz Allen Hamilton Investor Corporation (“Investor”), and certain wholly owned subsidiaries of Booz Allen Hamilton are parties to a Credit Agreement dated as of July 31, 2012, as amended (the “Credit Agreement”), with certain institutional lenders and Bank of America, N.A., as Administrative Agent, Collateral Agent and Issuing Lender. As of March 31, 2024, the Credit Agreement provided Booz Allen Hamilton with a \$1,588.1 million Term Loan A (“Term Loan A”) and a \$1.0 billion revolving credit facility (the “Revolving Credit Facility”), with a sub-limit for letters of credit of \$200.0 million. As of March 31, 2024, the maturity date of the Term Loan A and the Revolving Commitments is September 7, 2027. Voluntary prepayments of the Term Loan A and the Revolving Loans are permitted at any time, in minimum principal amounts, without premium or penalty. Booz Allen Hamilton’s obligations and the guarantors’ guarantees under the Credit Agreement were secured by a first priority lien on substantially all of the assets (including capital stock of subsidiaries) of Booz Allen Hamilton, Investor and the subsidiary guarantors, subject to certain exceptions set forth in the Credit Agreement and related documentation; such security was released in connection with Booz Allen Hamilton obtaining investment grade ratings from both Moody’s and S&P. On September 7, 2022 (the “Ninth Amendment Effective Date”), the previously outstanding Term Loan B loans under the Credit Agreement were prepaid in full.

On July 27, 2023 (the “Tenth Amendment Effective Date”), Booz Allen Hamilton entered into a Tenth Amendment (the “Amendment”) to the Credit Agreement (as amended prior to the Tenth Amendment Effective Date, the “Existing Credit Agreement” and, as amended by the Amendment, the “Amended Credit Agreement”) with Bank of America, N.A., as administrative agent (in such capacity, the “Administrative Agent”), and the lenders and other financial institutions party thereto, in order to make permanent certain changes to the Existing Credit Agreement in connection with Booz Allen Hamilton obtaining investment grade ratings from both Moody’s and S&P and prepaying the Term Loan B loans in full and to make certain additional changes in connection therewith, including, among other things, (i) removing the requirements for the obligations under the Amended Credit Agreement to be secured, (ii) removing the requirement for any subsidiary or other affiliate of Booz Allen Hamilton (other than the Company) to provide any guarantee of the obligations under the Amended Credit Agreement, and (iii) removing or modifying certain covenants applicable to Booz Allen Hamilton. Pursuant to the Amendment, all guarantees in respect of the Existing Credit Agreement have been released. The Amendment did not impact any of the terms of the Credit Agreement related to amortization or payments.

On the Tenth Amendment Effective Date in connection with the Amendment, the Company entered into a Guarantee Agreement (the “Guarantee Agreement”) in favor of the Administrative Agent, pursuant to which the Company guarantees on an unsecured basis the obligations of Booz Allen Hamilton under the Amended Credit Agreement subject to certain conditions. Pursuant to the Amended Credit Agreement Booz Allen Hamilton has the option, though not any obligation, to join one or more of its domestic subsidiaries as a guarantor under the Guarantee Agreement.

Term Loan A amortizes in consecutive quarterly installments in an amount equal to (i) on the last business day of each full fiscal quarter that begins after the Ninth Amendment Effective Date but on or before the two year anniversary of the Ninth Amendment Effective Date, 0.625% of the stated principal amount of Term Loan A and (ii) on the last business day of each full fiscal quarter that begins after the two year anniversary of the Ninth Amendment Effective Date but before the five year anniversary of the Ninth Amendment Effective Date, 1.25% of the stated principal amount of Term Loan A. The remaining balance of Term Loan A will be payable upon maturity.

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

The rate at which Term Loan A and the Revolving Loans bear interest will be based either on Term SOFR (subject to a 0.10% adjustment and a floor of zero) for the applicable interest period or a base rate (equal to the highest of (i) the administrative agent's prime corporate rate, (ii) the overnight federal funds rate plus 0.50% and (iii) three-month Term SOFR (subject to a 0.10% adjustment and a floor of zero) plus 1.00%), in each case plus an applicable margin, payable at the end of the applicable interest period and in any event at least quarterly. The applicable margin for Term Loan A and the Revolving Loans ranges from 1.00% to 2.00% for Term SOFR loans and zero to 1.00% for base rate loans, in each case based on the lower of (i) the applicable rate per annum determined pursuant to a consolidated total net leverage ratio grid and (ii) the applicable rate per annum determined pursuant to a ratings grid. Unused New Revolving Commitments are subject to a quarterly fee ranging from 0.10% to 0.35% based on the lower of (i) the applicable fee rate per annum determined pursuant to a consolidated total net leverage ratio grid and (ii) the applicable fee rate per annum determined pursuant to a ratings grid. Booz Allen Hamilton has also agreed to pay customary letter of credit and agency fees.

The Company occasionally borrows under the Revolving Credit Facility for our working capital needs. During fiscal 2024, the Company borrowed \$500.0 million on its Revolving Credit Facility for working capital needs, which was subsequently repaid as of March 31, 2024. As of March 31, 2024 and March 31, 2023, respectively, there was no outstanding balance on the Revolving Credit Facility.

Borrowings under Term Loan A, and if used, the Revolving Credit Facility, incur interest at a variable rate. As of March 31, 2024, Booz Allen Hamilton had interest rate swaps with an aggregate notional amount of \$550.0 million. These instruments hedge the variability of cash outflows for interest payments on Term Loan A and the Revolving Credit Facility. The Company's objectives in using cash flow hedges are to reduce volatility due to interest rate movements and to add stability to interest expense (see Note 11, "Derivatives," to the consolidated financial statements).

The following table summarizes interest payments made on the Company's term loans:

	Three Months Ended March 31,		Fiscal Year Ended March 31,	
	2024	2023	2024	2023
Term Loan A	27,027	24,233	107,286	63,244
Term Loan B	—	—	—	5,209
<b>Total</b>	<b>\$ 27,027</b>	<b>\$ 24,233</b>	<b>\$ 107,286</b>	<b>\$ 68,453</b>

The Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants. In connection with Booz Allen Hamilton obtaining investment grade ratings from both Moody's and S&P, certain activities previously restricted by certain negative covenants are permitted subject to pro forma compliance with the financial covenants and no events of default having occurred or are continuing. In addition, Booz Allen Hamilton is required to meet certain financial covenants at each quarter end, namely Consolidated Net Total Leverage and Consolidated Net Interest Coverage Ratios. As of March 31, 2024 and March 31, 2023, Booz Allen Hamilton was in compliance with all financial covenants associated with its debt and debt-like instruments.

#### Senior Notes

On August 4, 2023, Booz Allen Hamilton issued \$650.0 million aggregate principal amount of its 5.950% Senior Notes due August 4, 2033 (the "Senior Notes due 2033") under an Indenture and First Supplemental Indenture, both dated as of August 4, 2023 (the "Indenture"), among Booz Allen Hamilton, Booz Allen Hamilton Holding Corporation, as parent guarantor, and U.S. Bank Trust Company, National Association, as trustee. The Senior Notes due 2033 are unsecured senior indebtedness of Booz Allen Hamilton and are fully and unconditionally guaranteed on an unsecured and unsubordinated basis by Booz Allen Hamilton Holding Corporation, and rank equally and ratably in right of payment with all of Booz Allen Hamilton's and Booz Allen Hamilton Holding Corporation's other unsecured and unsubordinated indebtedness outstanding from time to time, pursuant to the Indenture.

On June 17, 2021, Booz Allen Hamilton issued \$500.0 million aggregate principal amount of its 4.000% Senior Notes due July 1, 2029 (the "Senior Notes due 2029") under an Indenture and First Supplemental Indenture, both dated as of June 17, 2021, among Booz Allen Hamilton, certain subsidiaries of Booz Allen Hamilton, as guarantors (the "2029 Subsidiary Guarantors"), and Wilmington Trust, National Association, as trustee. The Senior Notes due 2029 are Booz Allen Hamilton's senior unsecured obligations and rank equally in right of payment with all of Booz Allen Hamilton's and the 2029 Subsidiary Guarantors' existing and future senior indebtedness and rank senior in right of payment to any of Booz Allen Hamilton's future subordinated indebtedness. The net proceeds from the sale of the Senior Notes due 2029 were used to fund the acquisition of Liberty and to pay related fees and expenses.

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

On August 24, 2020, Booz Allen Hamilton issued \$700.0 million aggregate principal amount of its 3.875% Senior Notes due September 1, 2028 (the “Senior Notes due 2028”, and, together with the Senior Notes due 2029 and Senior Notes due 2033, the “Senior Notes”) under an Indenture and First Supplemental Indenture, both dated as of August 24, 2020, among Booz Allen Hamilton, certain subsidiaries of Booz Allen Hamilton, as guarantors (the “2028 Subsidiary Guarantors”), and Wilmington Trust, National Association, as trustee. The Senior Notes due 2028 are Booz Allen Hamilton’s senior unsecured obligations and rank equally in right of payment with all of Booz Allen Hamilton’s and the 2028 Subsidiary Guarantors’ existing and future senior indebtedness and rank senior in right of payment to any of Booz Allen Hamilton’s future subordinated indebtedness.

The following table summarizes the material terms of the Company’s Senior Notes as of March 31, 2024:

	<b>Indenture Date</b>	<b>Principal</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Interest Payable</b>	<b>Issuance Costs</b>
Senior Notes due 2033	8/4/2023	\$650.0 million	5.950%	8/4/2033	February and August 4	\$12.4 million
Senior Notes due 2029	6/17/2021	\$500.0 million	4.000%	7/1/2029	July and January 1	\$6.5 million
Senior Notes due 2028	8/24/2020	\$700.0 million	3.875%	9/1/2028	March and September 1	\$9.2 million

Interest is payable semi-annually in cash in arrears, with the principal due at maturity. Issuance Costs were recorded as an offset against the carrying value of respective debt and are being amortized to interest expense over the term of the respective debt.

All the Senior Notes’ Indentures contain certain covenants, events of default, and other customary provisions. In connection with the Senior Notes obtaining investment grade ratings from Moody’s and S&P, in January 2023, certain negative covenants in the indentures governing the Senior Notes 2028 and Senior Notes 2029 were suspended, and the related guarantees were released.

*Senior Notes Redemption Options*

Booz Allen Hamilton may redeem some or all of the Senior Notes due 2033 prior to May 4, 2033 at its option, in whole or in part, at any time and from time to time, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of: (1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the Senior Notes 2033 matured on May 4, 2033) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in the Supplemental Indenture) plus 35 basis points less (b) interest accrued to, but excluding, the redemption date, and (2) 100.00% of the principal amount of the Senior Notes 2033 to be redeemed, plus, in either case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, the redemption date. On or after May 4, 2033, Booz Allen Hamilton may redeem the Senior Notes 2033, in whole or in part, at any time and from time to time, at a redemption price equal to 100.00% of the principal amount of the Senior Notes 2033 being redeemed plus accrued and unpaid interest on the principal amount being redeemed, but excluding, to the redemption date.

Booz Allen Hamilton may redeem some or all of the Senior Notes due 2029 at any time prior to July 1, 2024, at a price equal to 100.00% of the principal amount of the Senior Notes due 2029 redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, plus an applicable “make-whole premium.” Booz Allen Hamilton may redeem the Senior Notes due 2029 at its option, in whole at any time or in part from time to time, upon certain required notice, (i) on and after July 1, 2024, at a price equal to 102.00% of the principal amount of the Senior Notes due 2029 redeemed, (ii) on or after July 1, 2025, at a price equal to 101.00% of the principal amount of the Senior Notes due 2029 redeemed, and (iii) on July 1, 2026 and thereafter, at a price equal to 100.00% of the principal amount of the Senior Notes due 2029 redeemed, in each case, plus accrued and unpaid interest, if any, to (but not including) the applicable redemption date. In addition, at any time on or prior to July 1, 2024, Booz Allen Hamilton may redeem up to 40.00% of the original aggregate principal amount of the Senior Notes due 2029 with an amount equal to the net cash proceeds of certain equity offerings at a redemption price equal to 104.00% of the principal amount of the Senior Notes due 2029, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 50.00% of the original aggregate principal amount of the Senior Notes due 2029 remains outstanding after each such redemption; and provided, further, that such redemption occurs within 180 days after the date on which any such equity offering is consummated.

Booz Allen Hamilton has the ability to redeem the Senior Notes due 2028 at its option, in whole at any time or in part from time to time, upon certain required notice, (i) on and after September 1, 2023, at a price equal to 101.938% of the principal amount of the Senior Notes due 2028 redeemed, (ii) on or after September 1, 2024, at a price equal to 100.969% of the principal amount of the Senior Notes due 2028 redeemed, and (iii) on September 1, 2025 and thereafter, at a price equal to 100.00% of the principal amount of the Senior Notes due 2028 redeemed, in each case, plus accrued and unpaid interest, if any, to (but not including) the applicable redemption date.

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

**Scheduled Maturities and Interest Expense**

The following table summarizes required future debt repayments:

	Payments Due By March 31,							
	Total	2025	2026	2027	2028	2029	Thereafter	
Term Loan A	\$ 1,588,125	\$ 61,875	\$ 82,500	\$ 82,500	\$ 1,361,250	\$ —	\$ —	\$ —
Senior Notes due 2028	700,000	—	—	—	—	700,000	—	—
Senior Notes due 2029	500,000	—	—	—	—	—	500,000	—
Senior Notes due 2033	650,000	—	—	—	—	—	650,000	—
Interest on indebtedness	942,804	192,101	187,040	181,454	125,934	72,237	184,038	—
Total	<u>\$ 4,380,929</u>	<u>\$ 253,976</u>	<u>\$ 269,540</u>	<u>\$ 263,954</u>	<u>\$ 1,487,184</u>	<u>\$ 772,237</u>	<u>\$ 1,334,038</u>	<u>\$ —</u>

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

	Fiscal Year Ended March 31,		
	2024	2023	2022
Term Loan A	\$ 107,891	\$ 63,463	\$ 19,570
Term Loan B	—	5,186	7,207
Revolving Credit Facility	1,438	—	25
Senior Notes	72,693	47,125	42,902
Amortization of Debt Issuance Cost (DIC) and Original Issue Discount (OID) <sup>(1)</sup>	4,920	4,350	4,619
Interest Rate Swaps	(14,932)	(1,237)	17,535
Other	891	963	494
Total Interest Expense	<u>\$ 172,901</u>	<u>\$ 119,850</u>	<u>\$ 92,352</u>

<sup>(1)</sup> DIC and OID on the Term Loans and Senior Notes are recorded as a reduction of long-term debt in the consolidated balance sheet and are amortized ratably over the life of the related debt using the effective rate method. DIC on the Company's Revolving Credit Facility is recorded as a long-term asset on the consolidated balance sheet and amortized ratably over the term of the Revolving Credit Facility.

**11. Derivatives**

The Company utilizes derivative financial instruments to manage interest rate risk related to its variable rate debt. The Company's objectives in using these interest rate derivatives, which were designated as cash flow hedges, are to manage its exposure to interest rate movements and reduce volatility of interest expense.

The following table summarizes the material terms of the Company's outstanding interest rate swap derivative contracts as of March 31, 2024:

Effective Date	Maturity Date	Terms	Notional Amount
April 28, 2023 <sup>(1)</sup>	June 30, 2024	Variable to Fixed	\$ 200,000
April 28, 2023 <sup>(1)</sup>	June 30, 2025	Variable to Fixed	200,000
June 30, 2023	June 30, 2026	Variable to Fixed	150,000
Total			<u>\$ 550,000</u>

<sup>(1)</sup> Swap agreement was originally effective on April 30, 2019 and were amended during the first quarter of fiscal 2024 to transition from LIBOR-indexed to Term SOFR-indexed periodic swap payments to align with interest payments in connection with its Term SOFR-indexed debt. See Note 2, "Summary of Significant Accounting Policies," to the consolidated financial statements for further information on the transition.

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

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

Derivative instruments are recorded in the consolidated balance sheet on a gross basis at estimated fair value. As of March 31, 2024, \$8.7 million and \$1.6 million were classified as other current assets and other long-term assets, respectively, on the consolidated balance sheet. As of March 31, 2023, \$11.2 million, \$3.5 million and \$1.4 million were classified as other current assets, other long term assets and other long-term liabilities, respectively, on the consolidated balance sheet. See Note 18, "Fair Value Measurements," to the consolidated financial statements for additional information on the fair values and location of our derivative instruments on the consolidated balance sheet.

For interest rate swaps designated as cash flow hedges, the changes in the fair value of derivatives is recorded in Accumulated Other Comprehensive Income ("AOCI"), net of taxes, and is subsequently reclassified into interest expense, net in the period that the hedged forecasted interest payments are made on the Company's variable-rate debt. See Note 15, "Accumulated Other Comprehensive Income," and Note 10, "Debt," to the consolidated financial statements for additional information on reclassifications from AOCI and interest payments related to the derivatives. The effect of derivative instruments on the accompanying consolidated financial statements is as follows:

Derivatives in Cash Flow Hedging Relationships	Location of Gain or Loss Recognized in Income on Derivatives	Amount of Gain Recognized in AOCI on Derivatives			Amount of Gain (Loss) Reclassified from AOCI into Income <sup>(1)</sup>		
		Fiscal year ended March 31,			Fiscal year ended March 31,		
		2024	2023	2022	2024	2023	2022
Interest rate swaps	Interest expense	\$ 11,794	\$ 14,919	\$ 20,352	\$ 14,932	\$ 1,237	\$ (17,535)

<sup>(1)</sup> The reclassifications from accumulated other comprehensive gain (loss) to net income was reduced by taxes of \$4.0 million, \$0.3 million and \$4.6 million, respectively, for fiscal 2024, 2023 and 2022.

Over the next 12 months, the Company estimates that \$8.7 million will be reclassified as a decrease to interest expense. Cash flows associated with periodic settlements of interest rate swaps will be classified as operating activities in the consolidated statement of cash flows.

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

## 12. Leases

The Company's leases are generally for facilities and office space.

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

	Fiscal Year Ended March 31,		
	2024	2023	2022
Operating lease cost	\$ 63,575	\$ 68,620	\$ 69,831
Short-term lease cost	1,211	455	585
Variable lease cost	12,911	11,237	11,641
Total operating lease costs	\$ 77,697	\$ 80,312	\$ 82,057

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

Future minimum operating lease payments for noncancelable operating leases as of March 31, 2024 are as follows:

<b>For the Fiscal Year Ending March 31,</b>	<b>Operating Lease Payments</b>	
2025	\$	54,337
2026		61,710
2027		49,558
2028		41,357
2029		18,929
Thereafter		29,948
Total future lease payments		255,839
Less: imputed interest		(30,518)
Total lease liabilities	\$	225,321

Supplemental cash flow information related to leases was as follows:

	<b>Fiscal Year Ended</b>		
	<b>March 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Cash paid for amounts included in the measurement of lease liabilities	\$ 75,633	\$ 66,529	\$ 76,100
Operating lease liabilities arising from obtaining ROU assets <sup>(1)</sup>	\$ 40,151	\$ 16,517	\$ 41,206

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

Other information related to leases was as follows:

	<b>March 31,</b>	
	<b>2024</b>	<b>2023</b>
Weighted average remaining lease term (in years)	4.5	4.6
Weighted average discount rate	4.9 %	4.7 %

### 13. Income Taxes

The components of income tax expense were as follows:

	<b>Fiscal Year Ended March 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Current</b>			
U.S. Federal	\$ 229,234	\$ 354,569	\$ 232,844
State and local	116,751	86,947	26,333
Foreign	2,635	9,120	8,486
Total current	348,620	450,636	267,663
<b>Deferred</b>			
U.S. Federal	(94,321)	(300,494)	(146,581)
State and local	(5,990)	(50,318)	11,781
Foreign	(695)	(3,090)	4,603
Total deferred	(101,006)	(353,902)	(130,197)
Total	\$ 247,614	\$ 96,734	\$ 137,466

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

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,		
	2024	2023	2022
Income tax expense computed at U.S. federal statutory rate	\$ 179,197	\$ 77,269	\$ 126,981
Increases (reductions) resulting from:			
State and local income taxes, net of federal tax	85,486	32,599	28,762
Foreign income taxes, net of federal tax	(7,932)	4,765	9,243
Non-deductible expenses, including non-deductible penalties	4,867	34,825	859
Excess tax benefits from stock-based compensation	(10,091)	(5,247)	(4,227)
Research and development and other federal credits	(31,289)	(33,159)	(34,080)
Executive compensation -162(m)	6,307	4,295	3,614
Foreign-Derived Intangible Income (FDII)	(13,971)	(15,869)	(9,115)
Changes in uncertain tax positions (including indirect effects)	37,592	(6,498)	16,938
Other	(2,552)	3,754	(1,509)
Income tax expense from operations	\$ 247,614	\$ 96,734	\$ 137,466

**Tax Receivables and Payables**

The Company has both income tax receivables and income tax payable on its consolidated balance sheet as follows:

	March 31,	
	2024	2023
Current income tax receivable	\$ 47,158	\$ 23,633
Long term income tax receivable	\$ 152,474	\$ 167,821
Current income tax payable	\$ 11,331	\$ 14,523

Current income tax receivable represents previously made estimated payments that will be applied to the Company's future U.S. federal and state tax returns. This amount is classified as prepaid expenses and other current assets on the consolidated balance sheet. Current income tax payable represents current liabilities associated with the Company's current tax returns that the Company intends to file in fiscal 2025. This amount is classified as other current liabilities on the consolidated balance sheet.

The long-term income tax receivable represents the amended U.S. federal return refund claims for research and development tax credits and the carryback claim for the fiscal 2021 net operating loss which is classified as other long-term assets on the consolidated balance sheet. The Company is currently under federal audit by the IRS for fiscal years 2016, 2017 and 2019-2021 and the receipt of our U.S. federal return refund claims is contingent upon the completion of the ongoing IRS audits.

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

**Deferred Taxes**

The significant components of the Company's deferred income tax assets and liabilities were as follows:

	March 31,	
	2024	2023
<b>Deferred income tax assets:</b>		
Accrued expenses	\$ 102,618	\$ 146,945
Deferred compensation	54,314	47,931
Stock-based compensation	11,107	11,628
Pension and postretirement benefits	34,895	28,585
Net operating loss and other carryforwards	9,621	16,984
Research and development expenditures and indirect effects	248,147	599,381
State tax credits	108	11,516
Operating lease liabilities	63,781	69,604
Other	10,261	9,100
<b>Total gross deferred income tax assets</b>	<b>534,852</b>	<b>941,674</b>
Less: Valuation allowance	(8,078)	(11,788)
<b>Total net deferred income tax assets</b>	<b>526,774</b>	<b>929,886</b>
<b>Deferred income tax liabilities:</b>		
Unbilled receivables	(131,919)	(177,321)
Intangible assets	(93,207)	(88,858)
Property and equipment	(25,725)	(34,905)
Operating lease right-of-use assets	(45,022)	(48,939)
Other	(3,730)	(6,083)
<b>Total deferred income tax liabilities</b>	<b>(299,603)</b>	<b>(356,106)</b>
<b>Net deferred income tax asset</b>	<b>\$ 227,171</b>	<b>\$ 573,780</b>

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 financial reporting earnings, future reversals of existing taxable temporary differences, projected future taxable income, as well as any tax planning strategies.

As of March 31, 2024 and 2023, the Company had available federal, state, and foreign net operating loss ("NOL carryforwards") of \$9.2 million and \$13.7 million, respectively, that may be applied against future taxable income. The federal net operating loss of \$1.2 million is primarily attributable to an acquisition and will begin to expire in fiscal 2037. The state net operating loss of \$3.1 million is primarily attributable to losses in jurisdictions in which the Company does not file a consolidated return. The foreign net operating loss of \$4.9 million is primarily attributable to operations in jurisdictions where the Company has not historically been profitable. The Company recorded a partial valuation allowance against those federal, state and foreign net operating losses it believes will expire prior to utilization.

**Uncertain Tax Positions**

The Company maintains reserves for uncertain tax positions related to unrecognized income tax benefits. 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, 2024, 2023, and 2022, the Company has recorded \$115.4 million, \$552.3 million, and \$79.9 million, respectively, of reserves for uncertain tax positions which include potential tax benefits of \$104.2 million, \$91.1 million, and \$78.5 million, respectively, that, when recognized, impact the effective tax rate. As of March 31, 2024 and 2023, \$1.4 million and \$3.0 million, respectively, of the reserve is reflected as a reduction to deferred taxes and the remaining balance is recorded as a component of other long-term liabilities in the consolidated balance sheet.



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

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

	March 31,		
	2024	2023	2022
Beginning of year	\$ 547,885	\$ 78,519	\$ 62,742
Increases in prior year position	40,704	—	2,620
Increases in current year position	13,352	470,881	13,530
Decreases in prior year position	(473,848)	(1,328)	(373)
Settlements with taxing authorities	(23,696)	—	—
Lapse of statute of limitations	(234)	(187)	—
End of year	<u>\$ 104,163</u>	<u>\$ 547,885</u>	<u>\$ 78,519</u>

The Company recognized accrued interest and penalties of \$7.4 million, \$2.9 million and \$1.7 million for fiscal 2024, 2023, and 2022, 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 \$13.2 million, \$5.8 million and \$2.9 million at March 31, 2024, 2023, and 2022, respectively.

The Company is subject to taxation in the United States and various state and foreign jurisdictions. As of March 31, 2024, the Company's tax years ended March 31, 2016 and forward are open and subject to examination by the federal tax authorities. The other jurisdictions currently open or under examination are not considered to be material.

During fiscal 2023, the Company recognized an increase in reserves for uncertain tax positions related to an increase in research and development tax credits available, as in prior years, and the required capitalization of research and development expenditures, which became effective in fiscal 2023. The uncertain tax positions related to the capitalization of research and development expenditures were offset by a deferred tax asset.

During fiscal 2024, the Company completed a detailed study of its research and development expenditures and confirmed management's position that only certain contracts and activities are required to be capitalized and amortized under the rules enacted as part of the Tax Cuts and Jobs Act of 2017, specifically Section 174. This was further supported by guidance issued by the Internal Revenue Service in September and December 2023. As a result, the Company reversed its uncertain tax position reserve related to Section 174 with a corresponding decrease to deferred tax assets. During fiscal 2024, the Company also recognized an increase in reserves for uncertain tax position reserve related to research and development tax credits, as in prior years.

In the fourth quarter of fiscal 2024, the Company received an unfavorable ruling from the District of Columbia Court of Appeals related to contested tax assessments from the District of Columbia Office of Tax and Revenue ("DC OTR") for fiscal years 2013 through 2015. As previously disclosed, no reserves had previously been accrued related to this matter and as such, \$42.7 million of income tax expense has been recorded in the fiscal 2024 consolidated statement of operations, which reflects the tax liability including interest and penalties, net of federal benefit. This expense is related to the years at issue in the litigation, which were previously paid under protest, and the subsequent periods in which the position had been taken. The Company has filed amended tax returns related to these subsequent periods and paid \$13.2 million of incremental cash taxes in the fourth quarter of fiscal 2024. The remaining \$10.5 million of settlements with taxing authorities was previously paid.

#### 14. Employee Benefit Plans

##### *Defined Contribution Plan*

The Company sponsors the Employees' Capital Accumulation Plan (the "ECAP"), which is a qualified defined contribution plan that covers eligible U.S. and certain international employees. ECAP provides for distributions to participants by reason of retirement, death, disability, or termination of employment. The Company provides an annual matching contribution of up to 6% of eligible annual compensation. Total expense recognized under ECAP for fiscal 2024, 2023, and 2022 was \$218.4 million, \$190.5 million, and \$176.8 million, respectively, and the Company-paid contributions were \$213.3 million, \$185.7 million, and \$171.6 million, respectively.

##### *Post Retirement Benefits*

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. See Note 15, "Accumulated Other Comprehensive Income," to our consolidated financial statements.

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

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

	Fiscal Year Ended March 31,					
	2024		2023		2022	
Service cost	\$	5,100	\$	6,117	\$	6,505
Interest cost		5,067		4,182		4,063
Total postretirement medical expense	\$	10,167	\$	10,299	\$	10,568

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

The weighted-average discount rate used to determine the year-end benefit obligation for the Officer Medical Plan were 5.20%, 4.90% and 3.75% for fiscal 2024, 2023, and 2022, respectively.

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

	2024	2023
<b>Pre-65 initial rate</b>		
Healthcare cost trend rate assumed for next year	7.25 %	6.6
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50 %	4.5
Year that the rate reaches the ultimate trend rate	2033	2
<b>Post-65 initial rate</b>		
Healthcare cost trend rate assumed for next year	7.50 %	6.8
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50 %	4.5
Year that the rate reaches the ultimate trend rate	2033	2

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

	Fiscal Year Ended March 31,					
	2024		2023		2022	
Benefit obligation, beginning of the year	\$	105,585	\$	113,505	\$	121,518
Service cost		5,100		6,117		6,505
Interest cost		5,067		4,182		4,063
Net actuarial loss (gain)		17,163		(14,288)		(13,563)
Benefits paid		(5,927)		(3,931)		(5,018)
Benefit obligation, end of the year	\$	126,988	\$	105,585	\$	113,505

The net actuarial loss related to the benefit obligation in fiscal 2024 was primarily due to unfavorable updates in estimated medical claims, medical inflation, and demographic assumptions, partially offset by increases in discount rates. The net actuarial gain related to the benefit obligation in fiscal 2023 was primarily due to a favorable change from using an amounts-weighted to a headcount-weighted mortality table and increases in discount rates, partially offset by updates to estimated medical costs and the outlook of higher future medical inflation. The net actuarial gain related to the benefit obligation in fiscal 2022 was primarily due to favorable changes in estimated medical costs and increases in discount rates, partially offset by updates to demographic assumptions and outlook of higher future medical inflation.

	Fiscal Year Ended March 31,					
	2024		2023		2022	
<b>Changes in plan assets</b>						
Fair value of plan assets, beginning of the year	\$	—	\$	—	\$	—
Employer contributions		5,927		3,931		5,018
Benefits paid		(5,927)		(3,931)		(5,018)
Fair value of plan assets, end of the year	\$	—	\$	—	\$	—

As of March 31, 2024 and 2023, the unfunded status of the Officer Medical Plan was \$127.0 million and \$105.6 million, respectively, which is included in other long-term liabilities in the accompanying consolidated balance sheets.

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

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

<b>For the Fiscal Year Ending March 31,</b>	
2025	\$ 5,142
2026	5,677
2027	6,117
2028	6,658
2029	7,173
2030 - 2034	42,398
<b>Total</b>	<b>\$ 73,165</b>

### 15. Accumulated Other Comprehensive Income

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

	<b>Fiscal Year Ended March 31, 2024</b>		
	<b>Post-retirement plans</b>	<b>Derivatives designated as cash flow hedges</b>	<b>Total</b>
Beginning of year	\$ 19,450	\$ 9,883	\$ 29,333
Other comprehensive (loss) income before reclassifications <sup>(1)</sup>	(15,989)	8,643	(7,346)
Amounts reclassified from accumulated other comprehensive income	(1,485)	(10,970)	(12,455)
Net current-period other comprehensive income	(17,474)	(2,327)	(19,801)
End of year	<u>\$ 1,976</u>	<u>\$ 7,556</u>	<u>\$ 9,532</u>

<sup>(1)</sup> Changes in other comprehensive income before reclassification for post-retirement plans and derivatives designated as cash flow hedges are recorded net of tax benefit (expense) of \$5.5 million and \$(3.2) million, respectively, for the fiscal year ended March 31, 2024.

	<b>Fiscal Year Ended March 31, 2023</b>		
	<b>Post-retirement plans</b>	<b>Derivatives designated as cash flow hedges</b>	<b>Total</b>
Beginning of year	\$ 8,811	\$ (226)	\$ 8,585
Other comprehensive income before reclassifications <sup>(2)</sup>	10,644	11,021	21,665
Amounts reclassified from accumulated other comprehensive income	(5)	(912)	(917)
Net current-period other comprehensive income	10,639	10,109	20,748
End of year	<u>\$ 19,450</u>	<u>\$ 9,883</u>	<u>\$ 29,333</u>

<sup>(2)</sup> Changes in other comprehensive income (loss) before reclassification for post-retirement plans and derivatives designated as cash flow hedges are recorded net of tax benefit of \$3.8 million and \$3.9 million, respectively, for the fiscal year ended March 31, 2023.

	<b>Fiscal Year Ended March 31, 2022</b>		
	<b>Post-retirement plans</b>	<b>Derivatives designated as cash flow hedges</b>	<b>Total</b>
Beginning of year	\$ (1,562)	\$ (28,209)	\$ (29,771)
Other comprehensive income before reclassifications <sup>(3)</sup>	10,294	15,032	25,326
Amounts reclassified from accumulated other comprehensive income	79	12,951	13,030
Net current-period other comprehensive income	10,373	27,983	38,356
End of year	<u>\$ 8,811</u>	<u>\$ (226)</u>	<u>\$ 8,585</u>

<sup>(3)</sup> Changes in other comprehensive income (loss) before reclassification for post-retirement plans and derivatives designated as cash flow hedges are recorded net of tax benefit of \$3.6 million and \$5.3 million, respectively, for the fiscal year ended March 31, 2022.

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

## 16. Stockholders' Equity

### Common Stock

Holders of Class A Common Stock are entitled to one vote for each share. Each share of Class A Common is entitled to participate equally in all dividends and other distributions declared on and payable with respect to the Class A Common Stock, subject to the preferences and rights of any preferred stock and the General Corporation Law of the State of Delaware. The Company's ability to pay dividends to stockholders is limited as a practical matter by restrictions in the agreements governing the Company's indebtedness.

The authorized and unissued shares of Class A Common Stock are available for future issuance upon stock option exercises and vesting of restricted stock units without additional stockholder approval.

### Share Repurchase Program

On December 21, 2011, the Board of Directors adopted a share repurchase program, which was most recently increased by \$525.0 million to \$3,085.0 million on May 22, 2024. A special committee of the Board evaluates market conditions and other relevant factors and initiates 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. During fiscal 2024, the Company purchased 3.2 million shares of Class A Common Stock in a series of open market transactions for \$372.8 million. During fiscal 2023, the Company purchased 2.1 million shares of Class A Common Stock in a series of open market transactions for \$196.2 million. As of March 31, 2024, the Company had \$483.2 million remaining under the share repurchase program.

### Dividends

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

	Fiscal Year Ended March 31,		
	2024	2023	2022
Recurring dividends <sup>(1)</sup>	\$ 253,413	\$ 235,726	\$ 209,057

<sup>(1)</sup> Amounts represent recurring quarterly dividends that were declared and paid for during each quarter of fiscal 2024, 2023, and 2022.

## 17. Stock-based Compensation

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

	Fiscal Year Ended March 31,		
	2024	2023	2022
Cost of revenue	\$ 43,995	\$ 43,378	\$ 36,836
General and administrative expenses	50,987	36,894	32,948
Total	\$ 94,982	\$ 80,272	\$ 69,784

The following table summarizes the total stock-based compensation expense recognized in the consolidated statements of operations by the following types of equity awards, including stock options, time-based and performance-based restricted stock awards. Compensation expense for performance-based awards is estimated at each reporting date using management's expectation of the probable achievement of the specified performance criteria of each tranche during the respective performance periods:

	Fiscal Year Ended March 31,		
	2024	2023	2022
Equity Incentive Plan Options	\$ 1,319	\$ 2,550	\$ 1,793
Restricted Stock and Other Awards	93,663	77,722	67,991
Total	\$ 94,982	\$ 80,272	\$ 69,784

As of March 31, 2024 and 2023, there was \$62.3 million and \$50.9 million, respectively, of total unrecognized compensation cost related to unvested stock-based compensation agreements. The unrecognized compensation cost as of March 31, 2024 is expected to be fully amortized over the next five years. Absent the effect of forfeiture or acceleration of stock compensation cost for departures of employees, the following tables summarize the unrecognized compensation cost and the weighted average period the cost is expected to be amortized (excludes any future award):

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

	Unrecognized Compensation Cost		Weighted Average Remaining Period to be Recognized	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Equity Incentive Plan Options	\$ 2,592	\$ 3,495	3.6	3.7
Restricted Stock and Other Awards	59,706	47,451	1.7	1.8
Total	\$ 62,298	\$ 50,946		

**Equity Incentive Plan**

Awards under the Company's Equity Incentive Plan (the "EIP") may be made in the form of stock options; stock purchase rights; restricted stock; restricted stock units; performance shares; performance units; stock appreciation rights; deferred share units; dividend equivalents; and other stock-based awards. As of March 31, 2024 and 2023, there were 6.0 million and 7.7 million shares, respectively, available for future grant under the EIP.

**Stock Options**

Stock options under the EIP are granted at the discretion of the Board of Directors or its Compensation, Culture and People Committee and expire ten years from the grant date. Stock options generally vest in equal installments over a five-year period subject to the grantee's continued service on each applicable vesting. All options under the EIP are exercisable, upon vesting, for shares of Class A Common Stock of Holding.

As of March 31, 2024 and 2023, 0.2 million and 0.4 million options were unvested under the EIP, with a weighted average grant date fair value of \$18.45 and \$15.61, respectively. There were 0.8 million and 1.1 million EIP options outstanding as of March 31, 2024 and 2023, with a weighted average exercise price of \$67.98 and \$60.55, respectively.

**Annual Incentive Plans**

On October 1, 2010, the Board of Directors adopted an Annual Incentive Plan, or AIP, 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 is determined based on performance targets established by the Board and a portion of the bonus may be paid in the form of equity (including stock and other awards under the EIP). Such equity awards vest over a three-year period subject to the employee's continued service to the Company. The related expense is recognized in the accompanying consolidated statements of operations based on grant date fair value over the vesting period of three years.

The Company maintains annual incentive programs for officers and key employees. The equity compensation would be issued in the form of restricted stock units of which a portion would vest based on the passage of time, and the other portion would vest based on specified performance conditions to be achieved over a specified time period. A restricted stock unit represents a contingent right to receive one share of Class A Common Stock upon vesting. Service-based restricted stock units vest in equal installments over a three-year period subject to the grantee's continued service on each applicable vesting date and are settled for shares of Class A Common Stock. Dividend equivalents are paid in respect of the service-based restricted stock units when dividends are paid on the Company's Class A Common Stock. The related expense is recognized in the accompanying consolidated statements of operations based on grant date fair value over the vesting period.

Performance-based awards vest at the end of a three-year period, subject to certain specified financial performance criteria, the grantee's continued service through the period, and certification of final performance by the Compensation, Culture and People Committee of the Board of Directors. The performance-based awards granted during fiscal 2024 included additional market conditions related to the Company's total shareholder return relative to its peer group over the three-year performance period. The Company recognizes compensation expense for these performance-based awards with market conditions based on the grant-date fair value calculated using a Monte Carlo model. These awards are settled for Class A Common Stock and dividend equivalents. Compensation expense for performance-based awards during the performance period is estimated at each reporting date using management's expectation of the probable achievement of the specified performance criteria.

The Company also issues equity awards under other programs in the form of restricted stock units that would vest immediately after issuance or over an applicable vesting period subject to the employee's continued service for the Company. The associated expenses are recognized in the accompanying consolidated statements of operations based on grant date fair value.

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

*Grants of Class A Restricted Common Stock and Restricted Stock Units*

During fiscal 2024, the Board of Directors granted an aggregate of 1.0 million Restricted Stock Units with service-based and performance-based vesting conditions to existing officers, vice presidents, and other employees and non-employees of the Company, as well as to newly promoted and hired partners and vice presidents. The awards will vest based on the applicable vesting period for the specific award subject to the employees' continued employment with the Company. The Board also granted Class A Restricted Common Stock to members of the Board during fiscal 2024. These awards generally vest over one year.

The aggregate fair value of all awards issued during fiscal 2024 was \$97.2 million and will be recognized in the accompanying consolidated statements of operations over the applicable vesting period of the awards. The total fair value of restricted stock shares vested during fiscal 2024 and 2023 was \$86.2 million and \$70.2 million, respectively.

As permitted under the terms of the EIP, the Compensation, Culture and People 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. As a result of these transactions, the Company repurchased 0.3 million shares and recorded them as treasury shares at a total cost of \$42.3 million in fiscal 2024.

The following table summarizes unvested restricted stock activity for the periods presented:

	Number of Shares	Weighted Average Grant Date Fair Value
<b><i>Unvested Restricted Stock Awards</i></b>		
Unvested at March 31, 2023	1,184,587	\$ 87.08
Granted	982,447	98.94
Vested	949,651	90.79
Forfeited	106,720	96.81
Unvested at March 31, 2024 <sup>(1)</sup>	1,110,663	\$ 93.46

<sup>(1)</sup> Unvested restricted stock includes 0.1 million shares of performance-based awards that completed the three-year performance period but remained unsettled at March 31, 2024, subject to the certification of final performance by the Compensation, Culture and People Committee of the Board of Directors.

***Employee Stock Purchase Plan***

The Company offers a tax qualified Employee Stock Purchase Plan, or ESPP, which is designed to enable eligible employees to periodically purchase shares of the Class A Common Stock at a five percent discount from the fair market value of the Class A Common Stock. The ESPP provides for quarterly offering periods. For the year ended March 31, 2024, 0.2 million shares of Class A Common Stock were purchased by employees under the ESPP. Since the program's inception, 3.7 million shares have been purchased by employees of the total 10.0 million shares available.

**18. Fair Value Measurements**

The financial instruments measured at fair value on a recurring basis in the accompanying consolidated balance sheets consist of the following:

	Recurring Fair Value Measurements as of March 31, 2024			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Current derivative instruments <sup>(1)</sup>	\$ —	\$ 8,713	\$ —	\$ 8,713
Long-term derivative instruments <sup>(1)</sup>	—	1,556	—	1,556
Long term deferred compensation plan asset <sup>(2)</sup>	28,957	—	—	28,957
<b>Total Assets</b>	\$ 28,957	\$ 10,269	\$ —	\$ 39,226
<b>Liabilities:</b>				
Long term deferred compensation plan liability <sup>(2)</sup>	28,957	—	—	28,957
<b>Total Liabilities</b>	\$ 28,957	\$ —	\$ —	\$ 28,957

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

	Recurring Fair Value Measurements as of March 31, 2023			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Current derivative instruments <sup>(1)</sup>	\$ —	\$ 11,245	\$ —	\$ 11,245
Long-term derivative instruments <sup>(1)</sup>	—	3,530	—	3,530
Long term deferred compensation plan asset <sup>(2)</sup>	\$ 20,090	\$ —	\$ —	\$ 20,090
<b>Total Assets</b>	<b>\$ 20,090</b>	<b>\$ 14,775</b>	<b>\$ —</b>	<b>\$ 34,865</b>
<b>Liabilities:</b>				
Long-term derivative instruments <sup>(1)</sup>	—	1,369	—	1,369
Long term deferred compensation plan liability <sup>(2)</sup>	20,090	—	—	20,090
<b>Total liabilities</b>	<b>\$ 20,090</b>	<b>\$ 1,369</b>	<b>\$ —</b>	<b>\$ 21,459</b>

<sup>(1)</sup> The Company's interest rate swaps are considered over-the-counter derivatives and fair value is estimated based on the present value of future cash flows using a model-derived valuation that uses Level 2 observable inputs such as interest rate yield curves. See Note 11, "Derivatives," to the consolidated financial statements for further discussion on the Company's derivative instruments designated as cash flow hedges.

<sup>(2)</sup> Investments in this category consist primarily of mutual funds whose fair values are determined by reference to the quoted market price per unit in active markets multiplied by the number of units held without consideration of transaction costs. These assets represent investments held in a consolidated trust to fund the Company's non-qualified deferred compensation plan and are recorded in other long-term assets and other long-term liabilities on our consolidated balance sheets.

The fair value of the Company's cash and cash equivalents, which are Level 1 inputs, approximated its carrying values at March 31, 2024 and 2023. The Company's cash and cash equivalent balances presented on the accompanying consolidated balance sheets include \$192.7 million and \$237.8 million of marketable securities in money market funds as of March 31, 2024 and 2023, respectively.

The Company's long-term debt is carried at amortized cost and is measured at fair value quarterly for disclosure purposes. The estimated fair values of debt are determined using quoted prices or other market information obtained from recent trading activity of the debt in markets that are not active (Level 2 inputs). The fair value is corroborated by prices derived from the interest rate spreads of recently completed leveraged loan transactions of a similar credit profile, industry, and terms to that of the Company. The fair value of the Senior Notes are determined using quoted prices or other market information obtained from recent trading activity in the high-yield bond market (Level 2 inputs). The carrying amount and estimated fair value of debt consists of the following:

	March 31, 2024		March 31, 2023	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Term Loan A	\$ 1,588,125	\$ 1,582,170	\$ 1,629,375	\$ 1,600,861
3.875% Senior Notes due 2028	700,000	656,677	700,000	638,540
4.000% Senior Notes due 2029	500,000	465,470	500,000	451,930
5.950% Senior Notes due 2033	650,000	672,815	—	—

For our investments that are measured at fair value on a non-recurring basis, we did not have any material measurement adjustments during fiscal 2024. See Note 5, "Acquisition and Divestitures," to the consolidated financial statements for details on non-recurring fair value measurement adjustments related to the assets and liabilities acquired through our acquisitions.

#### 19. Related Party Transactions

Two of our directors served on the board of directors of a subcontractor to which the Company subcontracted \$70.0 million of services for fiscal 2022. The subcontractor was acquired by another company in August 2021, at which point the two directors ceased to serve on the board of directors. Other than the fiscal 2022 subcontractor fees noted, we did not have any other material related party transactions in fiscal 2024, 2023 or 2022.

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

## 20. Commitments and Contingencies

### *Letters of Credit and Third-Party Guarantees*

As of March 31, 2024 and 2023, the Company was contingently liable under open standby letters of credit and bank guarantees issued by our banks in favor of third parties that totaled \$4.4 million and \$6.1 million, respectively. These letters of credit and bank guarantees primarily support insurance and bid and performance obligations. At both March 31, 2024 and 2023, approximately \$1.3 million of these instruments reduce the available borrowings under the Revolving Credit Facility. The remainder is guaranteed under a separate \$7.5 million facility of which \$4.4 million and \$2.7 million were available to the Company at March 31, 2024 and March 31, 2023, respectively.

### *Government Contracting Matters - Provision for Claimed Indirect Costs*

For each of the fiscal years 2024, 2023, and 2022, approximately 98%, 97%, and 97%, respectively, of the Company's revenue was generated from contracts where the end user was an agency or department of the U.S. government, including contracts where the Company performed either as a prime contractor or subcontractor, and regardless of the geographic location in which the work was performed. U.S. government contracts and subcontracts are subject to extensive legal and regulatory requirements. From time to time and in the ordinary course of business, agencies of the U.S. government, including the Defense Contract Audit Agency ("DCAA"), audit the Company's claimed indirect costs and conduct inquiries and investigations of our business practices with respect to government contracts to determine whether the Company's operations are conducted in accordance with these requirements and the terms of the relevant contracts. Based upon DCAA's recent audit findings, the Company reduced a portion of its provision for claimed indirect costs related to fiscal 2022 by approximately \$18.3 million during the second quarter of fiscal 2024, which resulted in a corresponding increase to revenue, to reflect our best estimate of the final indirect cost rates for fiscal 2022. Operating income for the fiscal year ended March 31, 2024 was accordingly increased by \$18.3 million and net income was increased by \$13.5 million (or \$0.10 of basic and diluted earnings per common share for the fiscal year ended March 31, 2024). Our final indirect cost rates for fiscal 2022 remain subject to negotiation with the Defense Contract Management Agency ("DCMA") Administrative Contracting Officer. Management believes it has recorded the appropriate provision for claimed indirect costs for any audit, inquiry, or investigation of which it is aware that may be subject to any reductions and/or penalties. As of March 31, 2024 and 2023, the Company had recorded liabilities of approximately \$363.7 million and \$326.7 million, respectively, for estimated adjustments to claimed indirect costs based on its historical DCAA audit results, including the final resolution of such audits with the Defense Contract Management Agency, for claimed indirect costs incurred subsequent to fiscal 2011, and for contracts not yet closed that are subject to audit and final resolution.

### *Litigation*

Our performance under U.S. government contracts and compliance with the terms of those contracts and applicable laws and regulations are subject to continuous audit, review, and investigation by the U.S. government, which may include such investigative techniques as subpoenas or civil investigative demands. Given the nature of our business, these audits, reviews, and investigations may focus, among other areas, on various aspects of procurement integrity, labor time reporting, sensitive and/or classified information access and control, executive compensation, and post government employment restrictions. We are not always aware of our status in such matters, but we are currently aware of certain pending audits and investigations involving labor time reporting, procurement integrity, and classified information access. In addition, from time to time, we are also involved in legal proceedings and investigations arising in the ordinary course of business, including those relating to employment matters, relationships with clients and contractors, intellectual property disputes, and other business matters. These legal proceedings seek various remedies, including claims for monetary damages in varying amounts, none of which are considered material, or are unspecified as to amount. Although the outcome of any such matter is inherently uncertain and may be materially adverse, based on current information, we do not expect any of the currently ongoing audits, reviews, investigations, or litigation to have a material adverse effect on our financial condition and results of operations. As of March 31, 2024 and 2023, there were no material amounts accrued in the consolidated financial statements related to these proceedings.



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

On June 7, 2017, Booz Allen Hamilton was informed that the U.S. Department of Justice (“DOJ”) was conducting a civil and criminal investigation of the Company. In connection with the investigation, the DOJ requested information from the Company relating to certain elements of the Company’s cost accounting and indirect cost charging practices with the U.S. government. The investigation resulted from a *qui tam* lawsuit filed on or about September 26, 2016 in the United States District Court for the District of Columbia pursuant to the *qui tam* provisions of the civil False Claims Act (the “Civil Action”), which lawsuit was under judicial seal until July 21, 2023. After learning of the investigation, the Company engaged a law firm experienced in these matters to represent the Company in connection with this matter and respond to the government’s requests. As is commonly the case with this type of matter, the Company was also contacted by other regulatory agencies and bodies, including the SEC, which notified the Company that it was conducting an investigation that the Company believes related to the matters that were also the subject of the DOJ’s investigation.

On May 12, 2021, the Company was informed that the DOJ closed its criminal investigation.

On July 21, 2023, the Company entered into a Settlement Agreement (the “Settlement Agreement”) with the United States of America, acting through the DOJ and on behalf of the Department of Defense and Defense Contract Management Agency (collectively the “United States”), and Relator Sarah A. Feinberg, to resolve the DOJ’s civil investigation and the Civil Action. The Company entered into the Settlement Agreement to avoid the delay, uncertainty and expense of protracted litigation. The Settlement Agreement contains no admission of liability by the Company.

Under the terms of the Settlement Agreement, the Company agreed to pay to the United States \$377.5 million (the “Settlement Amount”). The Company paid the Settlement Amount with cash on hand and by drawing on its revolving credit facility. As of June 30, 2023, the Company had recorded a \$377.5 million reserve relating to this investigation and had previously disclosed that it believed the range of reasonably possible loss in connection with the investigation to be between \$350 million and \$378 million. Following the United States’ receipt of the Settlement Amount, the Company was released from any civil or administrative monetary claims under the civil False Claims Act and other specified civil statutes and common law theories of liability for certain elements of the Company’s cost accounting and indirect cost charging practices from April 1, 2011 through March 31, 2021, and the claim brought in the Civil Action was dismissed with prejudice.

On July 27, 2023, the Company was informed that the SEC concluded its investigation without recommending an enforcement action.

## **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. Subsequent Events**

On May 24, 2024, the Company announced that its Board of Directors had declared a quarterly cash dividend of \$0.51 per share. Payment of the dividend will be made on June 28, 2024 to stockholders of record at the close of business on June 13, 2024.

**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, 2024.

**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 the Board regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes.

Our management conducted an assessment of the effectiveness of our internal control over financial reporting as of March 31, 2024. This assessment was based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework (2013 framework)*. Based on this assessment, management has concluded that, as of March 31, 2024, 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 Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of  
Booz Allen Hamilton Holding Corporation

### Opinion on Internal Control Over Financial Reporting

We have audited Booz Allen Hamilton Holding Corporation's internal control over financial reporting as of March 31, 2024, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Booz Allen Hamilton Holding Corporation (the Company) maintained, in all material respects, effective internal control over financial reporting as of March 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of March 31, 2024 and 2023, 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, 2024, and the related notes and our report dated May 24, 2024 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company'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 are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. 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.

### Definition and Limitations of Internal Control Over Financial Reporting

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.

/s/ Ernst & Young LLP

Tysons, Virginia  
May 24, 2024

**Item 9B. Other Information.****Retirement of Dr. Shrader and Chair Transition**

On May 21, 2024, Dr. Ralph W. Shrader, Chair of the Board of Directors (the “Board”) of the Company informed the Board of his intention to not stand for re-election and to retire as Chair and as a member of the Board, effective as of the Company’s annual meeting of stockholders to be held on July 24, 2024 (the “Annual Meeting”). Additionally, on May 22, 2024, the Board elected President and Chief Executive Officer, Horacio D. Rozanski, to serve as Chair, President and Chief Executive Officer, effective as of the Annual Meeting, and appointed Mark Gaumond, the Company’s Audit Committee Chair, to serve as Lead Independent Director, effective as of the Annual Meeting.

**Fiscal Year 2025 Compensation Adjustments**

On May 21, 2024, the Compensation, Culture and People Committee (the “Committee”) of the Board approved for fiscal year 2025 certain changes to the target total direct compensation of certain named executive officers of the Company.

The target total direct compensation for Matthew A. Calderone, Executive Vice President and Chief Financial Officer of the Company, was increased to \$3,200,000, which reflects an increase of \$100,000 in his base salary, an increase of \$100,000 in his target cash bonus, and an increase of \$300,000 in his long-term equity incentive.

The target total direct compensation for Kristine M. Anderson, Executive Vice President and Chief Operating Officer of the Company, was increased to \$3,675,000, which reflects an increase of \$125,000 in her target cash bonus and an increase of \$250,000 in her long-term equity incentive.

Additionally, on May 21, 2024, in connection with the approval of the foregoing compensation changes and the annual equity grants for our named executive officers, the Committee approved special one-time equity grants for each of Mr. Calderone and Mses. Anderson and Nancy J. Laben, Executive Vice President and Chief Legal Officer of the Company, in the amounts of \$3,000,000, \$3,000,000 and \$1,000,000, respectively. Mr. Calderone’s and Ms. Anderson’s grants are comprised of 50% time-based restricted stock units and 50% performance-based restricted stock units, and Ms. Laben’s grant is comprised of 100% time-based restricted stock units.

**Disclosure of Trading Arrangements**

Item 408(a) of Regulation S-K requires the Company to disclose whether any director or officer of the Company has adopted or terminated (i) any trading arrangement that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) (a “Rule 10b5-1 trading arrangement”); and/or (ii) any written trading arrangement that meets the requirements of a “non-Rule 10b5-1 trading arrangement” as defined in Item 408(c) of Regulation S-K.

During the quarter ended March 31, 2024, the following activity occurred requiring disclosure under Item 408(a) of Regulation S-K:

Melody Barnes, a member of the Board of Directors, adopted a new Rule 10b5-1 trading arrangement on March 14, 2024 that will terminate on March 14, 2025. Under the trading arrangement, up to an aggregate of 1,041 shares of common stock are available to be sold by the broker upon reaching pricing targets defined in the trading arrangement.

Richard Crowe, an Executive Vice President and President for the Company’s Civil sector, adopted a new Rule 10b5-1 trading arrangement on March 4, 2024 that will terminate on February 28, 2025. Under the trading arrangement, up to an aggregate of 5,249 shares of common stock are available to be sold by the broker upon reaching pricing targets defined in the trading arrangement.

Susan Penfield, our Chief Technology Officer, adopted a new Rule 10b5-1 trading arrangement on February 8, 2024 that will terminate on June 7, 2024. Under the trading arrangement, up to an aggregate of 30,161 shares of common stock issuable upon the exercise of options are available to be sold by the broker upon reaching pricing targets defined in the trading arrangement.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

None.

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

Information related to our directors is set forth under the caption “Proposal 1: Election of Directors” of our Proxy Statement for our Annual Meeting of Stockholders scheduled for July 24, 2024 (the “2024 Proxy Statement”). 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 “Information about our Executive Officers.”

Information relating to compliance with Section 16(a) of the Exchange Act, to the extent required, is set forth in our 2024 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 2024 Proxy Statement. Such information is incorporated herein by reference.

Information related to our insider trading policy is set forth under the caption “Insider Trading Policy and Policy on Hedging, Short Sales, and Speculative Transactions” of our 2024 Proxy Statement. Such information is incorporated herein by reference.

Information relating to the Audit Committee required by Item 407(d)(4) of Regulation S-K and relating to 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 2024 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” of our 2024 Proxy Statement. Such information is incorporated herein by reference.

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

**Equity Compensation Plans**

The following table presents information concerning the securities authorized for issuance pursuant to our equity compensation plans as of March 31, 2024:

Plan Category	(a) Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by securityholders	1,897,986 <sup>(1)</sup>	\$ 67.98	5,963,821
Equity compensation plans not approved by securityholders	—	N/A	—
<b>Total</b>	<b>1,897,986 <sup>(1)</sup></b>	<b>\$ 67.98</b>	<b>5,963,821</b>

<sup>(1)</sup> Column (a) includes: 1,100,508 shares that have been granted as restricted stock units (RSUs) and 797,478 shares granted as options under our equity compensation plans. The weighted average price in column (b) does not take into account shares issued pursuant to RSUs.

Information relating to the security ownership of certain beneficial owners and management is included in our 2024 Proxy Statement under the caption “Security Ownership of Certain Beneficial Owners and Management” and 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 2024 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 2024 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) Financial Statements

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

(2) Financial Statement Schedules

Consolidated financial statement schedules have been omitted because either they are not applicable or the required information is included in the consolidated financial statements or the notes thereto.

(3) Exhibits

## Exhibit Index

Exhibit Number	Description
2.1	<a href="#">Membership Interest Purchase Agreement, dated May 3, 2021, among (i) Booz Allen Hamilton Inc., (ii) Liberty IT Solutions, LLC, (iii) William Greene, Christopher Bickell, and Jeff Denniston, and (iv) Southpaw Representative, LLC, in its capacity as Members' Representative (Incorporated by reference to Exhibit 2.1 to the Company's Form 8-K filed on May 4, 2021 (File No. 001-34972))</a>
3.1	<a href="#">Seventh Amended and Restated Certificate of Incorporation of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on July 28, 2023 (File No. 001-34972))</a>
3.2	<a href="#">Amended and Restated Bylaws of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on July 28, 2023 (File No. 001-34972))</a>
4.1	<a href="#">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))</a>
4.2	<a href="#">Indenture, dated August 24, 2020, among Booz Allen Hamilton Inc., the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 24, 2020 (File No. 001-34972))</a>
4.3	<a href="#">First Supplemental Indenture, dated August 24, 2020, among Booz Allen Hamilton Inc., the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on August 24, 2020 (File No. 001-34972))</a>
4.4	<a href="#">Second Supplemental Indenture, dated as of November 5, 2021, among Booz Allen Hamilton Inc., the New Subsidiary Guarantors party thereto and Wilmington Trust, National Association (Incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report for the period ended December 31, 2021 on Form 10-Q (File No. 001-34972))</a>
4.5	<a href="#">Indenture, dated June 17, 2021, among Booz Allen Hamilton Inc., the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on June 17, 2021 (File No. 001-34972))</a>
4.6	<a href="#">First Supplemental Indenture, dated June 17, 2021, among Booz Allen Hamilton Inc., the Subsidiary Guarantors party thereto and Wilmington Trust, National Association (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on June 17, 2021 (File No. 001-34972))</a>
4.7	<a href="#">Second Supplemental Indenture, dated as of November 5, 2021, among Booz Allen Hamilton Inc., the New Subsidiary Guarantors party thereto and Wilmington Trust, National Association (Incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report for the period ended December 31, 2021 on Form 10-Q (File No. 001-34972))</a>
4.8	<a href="#">Indenture dated as of August 4, 2023, among Booz Allen Hamilton Inc., Booz Allen Hamilton Holding Corporation, as parent guarantor, and U.S. Bank Trust Company, National Association, as trustee (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on August 4, 2023 (File No. 001-34972))</a>
4.9	<a href="#">First Supplemental Indenture (including the form of 5.950% Senior Notes due 2033), dated as of August 4, 2023, among Booz Allen Hamilton Inc., Booz Allen Hamilton Holding Corporation, as parent guarantor, and U.S. Bank Trust Company, National Association, as trustee (Incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on August 4, 2023 (File No. 001-34972))</a>
4.10	<a href="#">Form of 5.950% Senior Note due 2033 (included as Exhibit A to Exhibit 4.9 hereof)</a>
4.11	<a href="#">Form of 4.000% Senior Note due 2029 (included as Exhibit A to Exhibit 4.5 hereof)</a>
4.12	<a href="#">Form of 3.875% Senior Note due 2028 (included as Exhibit A to Exhibit 4.2 hereof)</a>
4.13	<a href="#">Description of Capital Stock*</a>
10.1†	<a href="#">2023 Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Appendix C to the Company's Definitive Proxy Statement on Schedule 14A, filed with the Commission on June 15, 2023 (File No. 001-34972))</a>
10.2‡	<a href="#">Third Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation (Incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report for the period ended December 31, 2019 on Form 10-Q (File No. 001-34972))</a>

- 10.3† [Second Amended and Restated Booz Allen Hamilton Holding Corporation Annual Incentive Plan \(Incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report for the period ended December 31, 2019 on Form 10-Q \(File No. 001-34972\)\)](#)
- 10.4† [Booz Allen Hamilton Holding Corporation Officers' Retirement Policy\\*](#)
- 10.5† [Form of Booz Allen Hamilton Inc. Named Executive Officer Retirement Letter\\*](#)
- 10.6† [Officer's Comprehensive Medical and Dental Choice Plans \(Incorporated by reference to Exhibit 10.7 to the Company's Annual Report for the year ended March 31, 2018 on Form 10-K \(File No. 001-34972\)\)](#)
- 10.7† [Retired Officer Medical Plan\\*](#)
- 10.8† [Retired Officer's Comprehensive Medical and Dental Choice Plans\\*](#)
- 10.9† [Group Variable Universal Life Insurance \(Incorporated by reference to Exhibit 10.14 to the Company's Annual Report for the year ended March 31, 2015 on Form 10-K \(File No. 001-34972\)\)](#)
- 10.10† [Group Personal Excess Liability Insurance\\*](#)
- 10.11† [Officer Annual Performance Bonus Policy \(Incorporated by reference to Exhibit 10.11 to the Company's Annual Report for the year ended March 31, 2018 on Form 10-K \(File No. 001-34972\)\)](#)
- 10.12† [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 \(File No. 333-167645\)\)](#)
- 10.13† [Officer Transition Policy\\*](#)
- 10.14 [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 Current Report on Form 8-K filed on August 1, 2012 \(File No. 001-34972\)\)](#)
- 10.15 [Guarantee and Collateral Agreement, among Booz Allen Hamilton Investor Corporation, Booz Allen Hamilton Inc., ASE, Inc. and Booz Allen Hamilton International, Inc., 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 Current Report on Form 8-K filed on August 1, 2012 \(File No. 001-34972\)\)](#)
- 10.16 [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, 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 Current Report on Form 8-K filed on August 20, 2013 \(File No. 001-34972\)\)](#)
- 10.17 [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 Current Report on Form 8-K filed on May 13, 2014 \(File No. 001-34972\)\)](#)
- 10.18 [Third Amendment to Credit Agreement, dated as of July 13, 2016, 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 Current Report on Form 8-K filed on July 18, 2016 \(File No. 001-34972\)\)](#)



- 10.19 [Fourth Amendment to Credit Agreement, dated as of February 6, 2017, 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 and SDI Technology Corporation, 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 Current Report on Form 8-K filed on February 7, 2017 \(File No. 001-34972\)\)](#)
- 10.20 [Fifth Amendment to Credit Agreement, dated as of March 7, 2018, 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, eGov Holdings, Inc. and Aquilent, Inc., as Guarantors, Bank of America, N.A., as Administrative Agent, Collateral Agent, Exchanging Lender 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 Current Report on Form 8-K filed on March 7, 2018 \(File No. 001-34972\)\)](#)
- 10.21 [Sixth Amendment to Credit Agreement, dated as of July 23, 2018, 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, eGov Holdings, Inc. and Aquilent, Inc., as Guarantors, Bank of America, N.A., as Administrative Agent and Collateral Agent and the other Lenders and financial institutions from time to time party thereto \(Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 24, 2018 \(File No. 001-34972\)\)](#)
- 10.22 [Seventh Amendment to the Credit Agreement, dated as of November 26, 2019, 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, eGov Holdings, Inc. and Aquilent, Inc., as Guarantors, Bank of America, N.A., as Administrative Agent, Collateral Agent, Exchanging Lender 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 Current Report on Form 8-K filed on November 26, 2019 \(File No. 001-34972\)\)](#)
- 10.23 [Eighth Amendment to Credit Agreement, dated as of June 24, 2021, among Booz Allen Hamilton Inc., as Borrower, Booz Allen Hamilton Investor Corporation, eGov Holdings, Inc. and Aquilent, Inc., as Guarantors, Bank of America, N.A., as Administrative Agent and Collateral Agent and the other Lenders and financial institutions from time to time party thereto \(Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 25, 2021 \(File No. 001-34972\)\)](#)
- 10.24 [Ninth Amendment to Credit Agreement, dated as of September 7, 2022, among Booz Allen Hamilton Inc., as Borrower, Booz Allen Hamilton Investor Corporation, eGov Holdings, Inc., Aquilent, Inc. and Liberty IT Solutions, LLC, as Guarantors, Bank of America, N.A., as Administrative Agent and Collateral Agent and the other Lenders and financial institutions from time to time party thereto \(Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 7, 2022 \(File No. 001-34972\)\)](#)
- 10.25 [Tenth Amendment to Credit Agreement, dated as of July 27, 2023, among Booz Allen Hamilton Inc., as borrower, Bank of America, N.A., as administrative agent and the other lenders and financial institutions party thereto. \(Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report for the period ended June 30, 2023 on Form 10-Q \(File No. 001-34972\)\)](#)
- 10.26 [Assumption Agreement, dated as of April 14, 2017, by eGov Holdings, Inc. and Aquilent, Inc. in favor of Bank of America, N.A., as collateral agent for the banks and other financial institutions or entities party to the Credit Agreement, as amended \(Incorporated by reference to Exhibit 10.10 to the Company's Quarterly Report for the period ended June 30, 2017 on Form 10-Q \(File No. 001-34972\)\)](#)
- 10.27 [Assumption Agreement, dated as of November 5, 2021, by Liberty IT Solutions, LLC, in favor of Bank of America, N.A., as collateral agent for the banks and other financial institutions or entities party to the Credit Agreement, as amended \(Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report for the period ended December 31, 2021 on Form 10-Q \(File No. 001-34972\)\)](#)
- 10.28† [Booz Allen Hamilton Inc. Nonqualified Deferred Compensation Plan \(Incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report for the period ended December 31, 2018 on Form 10-Q \(File No. 001-34972\)\)](#)
- 10.29† [First Amendment to the Nonqualified Deferred Compensation Plan \(Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report for the period ended September 30, 2019 on Form 10-Q \(File No. 001-34972\)\)](#)
- 10.30† [Form of Stock Option Agreement under the Second Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation \(Incorporated by reference to Exhibit 10.36 to the Company's Annual Report for the year ended March 31, 2017 on Form 10-K \(File No. 001-34972\)\)](#)
- 10.31† [Form of Stock Option Agreement under the Second Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation \(Incorporated by reference to Exhibit 10.59 to the Company's Annual Report for the year ended March 31, 2019 on Form 10-K \(File No. 001-34972\)\)](#)

- 10.32† [Form of Stock Option Agreement under the Third Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation \(Incorporated by reference to Exhibit 10.61 to the Company's Annual Report for the year ended March 31, 2020 on Form 10-K \(file No. 001-34972\)\)](#)
- 10.33† [Officer Perquisites Policy \(Incorporated by reference to Exhibit 10.45 to the Company's Annual Report for the year ended March 31, 2018 on Form 10-K \(File No. 001-34972\)\)](#)
- 10.34† [Form of Stock Option Agreement under the Third Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation \(Incorporated by reference to Exhibit 10.65 to the Company's Annual Report for the period ended March 31, 2022 on Form 10-K \(File No. 001-34972\)\)](#)
- 10.35† [Form of Restricted Stock Unit Agreement under the Third Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation \(Incorporated by reference to Exhibit 10.66 to the Company's Annual Report for the period ended March 31, 2022 on Form 10-K \(File No. 001-34972\)\)](#)
- 10.36† [Form of Performance Restricted Stock Unit Agreement under the Third Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation \(Incorporated by reference to Exhibit 10.67 to the Company's Annual Report for the period ended March 31, 2022 on Form 10-K \(File No. 001-34972\)\)](#)
- 10.37† [Form of Stock Option Agreement under the Third Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation \(Incorporated by reference to Exhibit 10.39 to the Company's Annual Report for the period ended March 31, 2023 on Form 10-K \(File No. 001-34972\)\)](#)
- 10.38† [Form of Restricted Stock Unit Agreement under the Third Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation \(Incorporated by reference to Exhibit 10.38 to the Company's Annual Report for the period ended March 31, 2023 on Form 10-K \(File No. 001-34972\)\)](#)
- 10.39† [Form of Performance Restricted Stock Unit Agreement under the Third Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation \(Incorporated by reference to Exhibit 10.40 to the Company's Annual Report for the period ended March 31, 2023 on Form 10-K \(File No. 001-34972\)\)](#)
- 10.40† [Form of Stock Option Agreement under the 2023 Equity Incentive Plan of Booz Allen Hamilton Holding Corporation \(Incorporated by reference to Exhibit 10.8 to the Company's Quarterly Report for the period ended September 30, 2023 on Form 10-Q \(File No. 001-34972\)\)](#)
- 10.41† [Form of Restricted Stock Unit Agreement under the 2023 Equity Incentive Plan of Booz Allen Hamilton Holding Corporation \(Incorporated by reference to Exhibit 10.5 to the Company's Quarterly Report for the period ended September 30, 2023 on Form 10-Q \(File No. 001-34972\)\)](#)
- 10.42† [Form of Performance Restricted Stock Unit Agreement under the 2023 Equity Incentive Plan of Booz Allen Hamilton Holding Corporation \(Incorporated by reference to Exhibit 10.7 to the Company's Quarterly Report for the period ended September 30, 2023 on Form 10-Q \(File No. 001-34972\)\)](#)
- 10.43† [Form of Restricted Stock Agreement for Directors under the 2023 Equity Incentive Plan of Booz Allen Hamilton Holding Corporation \(Incorporated by reference to Exhibit 10.6 to the Company's Quarterly Report for the period ended September 30, 2023 on Form 10-Q \(File No. 001-34972\)\)](#)
- 10.44† [Form of Stock Option Agreement under the 2023 Equity Incentive Plan of Booz Allen Hamilton Holding Corporation\\*](#)
- 10.45† [Form of Restricted Stock Unit Agreement under the 2023 Equity Incentive Plan of Booz Allen Hamilton Holding Corporation\\*](#)
- 10.46† [Form of Performance Restricted Stock Unit Agreement under the 2023 Equity Incentive Plan of Booz Allen Hamilton Holding Corporation\\*](#)
- 10.47† [Form of Special Performance Restricted Stock Unit Agreement under the 2023 Equity Incentive Plan of Booz Allen Hamilton Holding Corporation\\*](#)
- 10.48 [Booz Allen Hamilton Holding Corporation Insider Trading Policy\\*](#)
- 21 [Subsidiaries of the registrant\\*](#)
- 22 [List of Guarantors and Subsidiary Issuers of Guaranteed Securities\\*](#)
- 23 [Consent of 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	<a href="#">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)*</a>
97	<a href="#">Booz Allen Hamilton Holding Corporation Rule 10D-1 Clawback Policy*</a>
101	The following materials from Booz Allen Hamilton Holding Corporation's Annual Report on Form 10-K for the fiscal year ended March 31, 2024, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of March 31, 2024 and 2023; (ii) Consolidated Statements of Operations for the fiscal years ended March 31, 2024, 2023 and 2022; (iii) Consolidated Statements of Comprehensive Income for the fiscal years ended March 31, 2024, 2023 and 2022; (iv) Consolidated Statements of Cash Flows for the fiscal years ended March 31, 2024, 2023 and 2022; (v) Consolidated Statements of Stockholders' Equity for the fiscal years ended March 31, 2024, 2023 and 2022; and (vi) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

---

\* Filed electronically herewith.

† Management contract or compensatory arrangement.

**Item 16. Form 10-K Summary.**

None.

## 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 on this 24th day of May, 2024.

BOOZ ALLEN HAMILTON HOLDING CORPORATION  
(Registrant)

By: /s/ Horacio D. Rozanski  
Name: Horacio D. Rozanski  
Title: President and Chief Executive Officer

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

Signature	Title	Date
<u>/s/ Horacio D. Rozanski</u> Horacio D. Rozanski	President, Chief Executive Officer and Director (Principal Executive Officer)	May 24, 2024
<u>/s/ Matthew A. Calderone</u> Matthew A. Calderone	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	May 24, 2024
<u>/s/ Ralph W. Shrader</u> Ralph W. Shrader	Chairman of the Board	May 24, 2024
<u>/s/ Joan Lordi C. Amble</u> Joan Lordi C. Amble	Director	May 24, 2024
<u>/s/ Melody C. Barnes</u> Melody C. Barnes	Director	May 24, 2024
<u>/s/ Michèle A. Flournoy</u> Michèle A. Flournoy	Director	May 24, 2024
<u>/s/ Mark E. Gaumont</u> Mark E. Gaumont	Director	May 24, 2024
<u>/s/ Ellen Jewett</u> Ellen Jewett	Director	May 24, 2024
<u>/s/ Arthur E. Johnson</u> Arthur E. Johnson	Director	May 24, 2024
<u>/s/ Gretchen W. McClain</u> Gretchen W. McClain	Director	May 24, 2024
<u>/s/ Rory P. Read</u> Rory P. Read	Director	May 24, 2024
<u>/s/ Charles O. Rossotti</u> Charles O. Rossotti	Director	May 24, 2024
<u>/s/ William M. Thornberry</u> William M. Thornberry	Director	May 24, 2024

**DESCRIPTION OF CAPITAL STOCK**

The following descriptions of our capital stock and provisions of our seventh amended and restated certificate of incorporation, which we refer to as our amended and restated certificate of incorporation, and amended and restated bylaws, are summaries of their material terms and provisions. For a complete description of our capital stock, amended and restated certificate of incorporation and amended and restated bylaws, please refer to our amended and restated certificate of incorporation, amended and restated bylaws and the applicable provisions of the General Corporation Law of the State of Delaware (the "DGCL").

All references to "Company", "we", "us", and "our" refer to Booz Allen Hamilton Holding Corporation.

**Common Stock**

Our amended and restated certificate of incorporation authorizes the issuance of 600,000,000 shares of Class A common stock, par value \$0.01 per share. The rights and privileges of holders of our Class A common stock are subject to any series of preferred stock that we may issue in the future. Our Class A common stock is registered on the New York Stock Exchange under the symbol "BAH".

**Voting Rights.** Holders of Class A common stock are entitled to one vote for each share on all matters to be voted on by stockholders. Except as otherwise provided by the DGCL, the entire voting power of the shares of the Company for the election of directors and for all other purposes is vested exclusively in the Class A common stock.

**Election of Directors.** Directors are elected by the vote of the majority of the votes cast (as defined in Section 2.02 of the amended and restated bylaws) with respect to such director's election; unless the director has been duly nominated by a stockholder in accordance with the amended and restated bylaws. Where a director has been duly nominated by a stockholder in accordance with the amended and restated bylaws, such director shall be elected by the vote of a plurality of votes cast in connection with the election of directors at any meeting of stockholders. Any nominee who is an incumbent director and does not receive a majority of the votes cast in an election where the director was not duly nominated by a stockholder in accordance with the amended and restated bylaws must promptly tender his or her resignation contingent on the acceptance of that resignation by the Board of Directors (the "Board") pursuant to the procedure established in the amended and restated bylaws.

**Dividend Rights.** Each share of Class A common stock is entitled to participate equally, when and if declared by the Board from time to time, in such dividends and other distributions in cash, stock, or property from the Company's assets or funds as may become legally available for such purposes subject to any dividend preferences that may be attributable to preferred stock that may be authorized and outstanding.

**Right to Receive Liquidation Distributions.** In the event of our liquidation, dissolution or winding up, holders of our Class A common stock will be entitled to receive proportionately any of our assets remaining after the payment of liabilities and subject to the prior rights of any outstanding preferred stock. Because we are a holding company, our ability to pay dividends is subject to our subsidiaries' ability to pay dividends to us, which is in turn subject to the restrictions set forth in our debt agreements.

**Other Rights.** Holders of Class A common stock have no preemptive, subscription, redemption, sinking fund, or conversion rights. All outstanding shares of Class A common stock are fully paid and non-assessable.

**Preferred Stock**

Our amended and restated certificate of incorporation authorizes the issuance of 54,000,000 shares of preferred stock, par value \$0.01 per share, the terms and conditions of which are determined by the Board upon issuance. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the

rights of holders of any shares of preferred stock that we may designate and issue in the future. As of May 17, 2024, there were no shares of preferred stock outstanding. We have no present plans to issue any shares of preferred stock.

#### **Change of Control Related Provisions of Our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and Delaware Law**

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws, and in the DGCL, may make it difficult, expensive, and time-consuming for a third party to pursue a takeover attempt even if a change in control of the Company would be beneficial to the interests of our stockholders. Any provision of our amended and restated certificate of incorporation or amended and restated bylaws or Delaware law that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock. These provisions are intended to:

- enhance the likelihood of continuity and stability in the composition of our Board;
- discourage some types of transactions that may involve an actual or threatened change in control of the Company;
- discourage certain tactics that may be used in proxy fights;
- ensure that our Board will have sufficient time to act in what our Board believes to be the best interests of us and our stockholders; and
- encourage persons seeking to acquire control of our company to first consult with our Board to negotiate the terms of any proposed business combination or offer.

#### ***Unissued Shares of Capital Stock***

As of May 17, 2024, 129,320,488 shares of our Class A common stock were issued and outstanding. The remaining shares of authorized and unissued Class A common stock are available for future issuance without additional stockholder approval, subject to the requirements of applicable law or regulation, including any listing requirement of the principal stock exchange on which our Class A common stock is then listed. While the additional shares are not designed to deter or prevent a change of control, under some circumstances we could use the additional shares to create voting impediments or to frustrate persons seeking to effect a takeover or otherwise gain control by, for example, issuing those shares in private placements to purchasers who might side with our Board in opposing a hostile takeover bid.

In addition, our amended and restated certificate of incorporation provides our Board with the authority, without any further vote or action by our stockholders, to designate and issue one or more series of preferred stock at their sole discretion and to fix the number of shares and the preferences, limitations and relative rights of the shares constituting any series. This provision makes it possible for our Board to issue preferred stock with super voting, special approval, dividend or other rights or preferences which could impede any attempt to acquire us. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers or changes in control or management of our company, discouraging bids for the Class A common stock at a premium over the market price of the common stock and may adversely affect the market price of, and the voting and other rights of the holder of, Class A common stock.

#### ***Vacancies and Removal of Directors***

Directors are elected for one-year terms expiring at the next succeeding annual meeting of stockholders. Each director shall hold office until his or her term expires and his or her successor is duly elected and qualified, or until such director's earlier death, resignation, retirement, disqualification or removal.

Our amended and restated certificate of incorporation and amended and restated bylaws provide that a director may be removed from office at any time, either for or without cause, by the affirmative vote of holders of at least a majority of the votes to which all the stockholders of the Company would be entitled to cast in any election of directors. Our amended and restated certificate of incorporation and amended and restated bylaws also provide that vacancies in our Board may be filled only by our Board.

Any director elected to fill a vacancy will hold office until the next succeeding annual meeting of stockholders (including a vacancy created by increasing the size of the Board) and until such director's successor shall have been duly elected and qualified.

No decrease in the number of directors will shorten the term of any incumbent director. The number of directors shall be fixed and modified, but not reduced to less than three, from time to time by resolution of our Board.

#### ***Advance Notice Provisions for Stockholder Nominations of Directors and Stockholder Proposals***

Our amended and restated bylaws establish an advance notice procedure for stockholders to make nominations of candidates for election as director or to bring other business before an annual meeting of our stockholders. This procedure provides that, except as otherwise required by applicable law, only persons who are nominated by the Board, a committee appointed by the Board, or by a stockholder who (i) is entitled to vote at the meeting, (ii) has given timely written notice to our secretary prior to the meeting and (iii) is a stockholder of record when the required notice is delivered and at the date of the meeting, will be eligible for election as directors, and only business that has been brought before an annual meeting by the Board, any committee appointed by the Board, or by a stockholder who has given timely written notice to our secretary prior to the meeting, may be conducted. Under the procedure, to be timely, notice must be received by the secretary at our principal executive offices not less than 90 days and not more than 120 days prior to the first anniversary date of the annual meeting of the preceding year. In addition, a stockholder's notice proposing to nominate a person for election as director must, among other things, contain specific information about the nominating stockholder and the proposed nominee as well as the proposed nominee's written consent to be named in the proxy statement as a nominee and to serving as a director if elected. A stockholder's notice relating to the conduct of business other than the nomination of directors must contain, among other things, specific information about the proposing stockholder, the text of the proposal, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and beneficial owner, if any, on whose behalf the proposal is made.

Requiring advance notice of nominations by stockholders allows our Board an opportunity to consider the qualifications of the proposed nominees and also provides a more orderly procedure for conducting annual meetings of stockholders. It also provides the Board with the opportunity to inform stockholders of proposed business prior to the meeting, so that stockholders can better decide whether to attend the meeting or to grant a proxy regarding the disposition of the business. These provisions may also have the effect of precluding a contest for the election of directors or the consideration of stockholder proposals and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its own proposal without regard to whether consideration of the nominees or proposals might be harmful or beneficial to us or our stockholders.

#### **Limitation of Liability of Directors and Officers; Indemnification of Directors and Officers**

Our amended and restated certificate of incorporation contains provisions permitted under the DGCL relating to the liability of directors. These provisions eliminate a director's or officer's personal liability for monetary damages resulting from a breach of fiduciary duty, except in circumstances involving or related to:

- any breach of the director's or officer's duty of loyalty;
- acts or omissions by a director or officer not in good faith or which involve intentional misconduct or a knowing violation of the law;

- any violation of a director of Section 174 of the DGCL (including, among other things, unlawful payment of dividends);
- any transaction from which the director or officer derives an improper personal benefit; or
- liability of an officer in any action by or in right of the Company.

The principal effect of the limitation on liability provision is that a stockholder will be unable to prosecute an action for monetary damages against a director or officer unless the stockholder can demonstrate a basis for liability for which indemnification is not available under the DGCL. These provisions, however, should not limit or eliminate our rights or any stockholder's rights to seek non-monetary relief, such as an injunction or rescission, in the event of a breach of a director's or officer's fiduciary duty. These provisions will not alter a director's or officer's liability under federal securities laws. The inclusion of this provision in our certificate of incorporation may discourage or deter stockholders or management from bringing a lawsuit against directors for a breach of their fiduciary duties, even though such an action, if successful, might otherwise have benefited us and our stockholders.

Our amended and restated bylaws require us to indemnify and advance expenses to our directors and officers to the fullest extent not prohibited by the DGCL and other applicable law, except in the case of a proceeding instituted by the director without the approval of our Board. Our amended and restated bylaws also provide that we are required to indemnify our directors and officers, to the fullest extent permitted by law, for all judgments, fines, settlements, legal fees and other expenses incurred in connection with pending or threatened legal proceedings because of the director's or officer's positions with us or another entity that the director or officer serves at our request, subject to various conditions, and to advance funds to our directors and officers to enable them to defend against such proceedings. To receive indemnification, the director or officer must have been successful in the legal proceeding or have acted in good faith and in what was reasonably believed to be a lawful manner in our best interest and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful.

We have entered into an indemnification agreement with each of our directors and certain of our officers. The indemnification agreements provide our directors and certain of our officers with contractual rights to the indemnification and expense advancement rights provided under our amended and restated bylaws, as well as contractual rights to additional indemnification as provided in the indemnification agreement.

#### **Transfer Agent and Registrar**

Computershare serves as transfer agent and registrar for our Class A common stock.



## Officer Retirement

### SPONSORING ORGANIZATION: People Services

---

#### PURPOSE

Retirement for an Officer implies significant change in a relationship and a career milestone. To be most effective, the retirement process should be characterized by openness, honesty, clarity, and equitability. Both the process and post-retirement programs should help prepare the Officer and foster close continuing relations between the retired Officer and the firm.

#### SCOPE

This policy applies to all Senior Vice Presidents and above ("Officers") of the firm.

#### POLICY

##### Eligibility

An Officer may be eligible to retire, with full retirement benefits, if such retirement occurs on or after either:

- Seven (7) years of service as an Officer and upon reaching age 60;

or

- Ten (10) years of service as an Officer and upon reaching age 55

or

##### **Special Eligibility Rules for existing active Officers as of January 1, 2024**

*Individuals who were hired or promoted to Officer prior to January 1, 2024 (the "Grandfathered Officers") may continue to be eligible to retire, with retirement benefits as outlined in this policy, if such individual remains continuously employed with the firm from the date the individual became an Officer through the date of retirement and such retirement occurs on or after either:*

- *five (5) years of service as an Officer and upon reaching age 60; or*
- *ten (10) years of service as an Officer and upon reaching age 50.*

*This special eligibility rule shall not apply to any Officers who are reemployed following a termination of employment with the firm if such reemployment occurs after January 1, 2024*

If an Officer terminates employment with the firm but is rehired within five (5) years following the date of such termination, the Officer will be granted credit for any prior years of employment with the firm in determining whether the seven or ten years of service requirement described above is satisfied. Officers re-hired more than a five (5) years after the date of retirement will not be given credit for prior years of service.

For retirement benefit eligibility, business continuity, and succession planning, an Officer is required to provide written notification of intention to retire at least three (3) months prior to the Officer's anticipated retirement date to the Chief People Officer (CPO). For notice periods less than three (3) months, approval by the CPO is required. for eligibility to the benefits described in this Policy. During this notification period, the Officer shall retain the Officer's current benefits and compensation.

U.S. Officers departing the firm who do not meet the eligibility criteria to retire as an Officer but have at least 25 years of service with the firm, in either an Officer or staff position, may be offered continued health and dental coverage under a firm group health plan following retirement in the firm's sole discretion. This offer must be made in writing and approved by the CPO.

#### **Compensation and Retirement Payments**

##### **Annual Bonus**

Upon recommendation of management, and with the approval of the Compensation, Culture and People Committee of the Board of Directors in the case of retiring Section 16 Officers, a prorated annual bonus payment for the fiscal year in which retirement occurs may be awarded to a retiring Officer based on the Officer's performance and time in level during the fiscal year in which the retirement occurred. Retiring Officers who qualify for bonuses during any fiscal year will receive any such bonus payment when that fiscal year's bonuses are paid to active Officers within two-and-one-half months from fiscal year end; provided, however, that a Retiring Officer who previously elected to defer a portion of such bonus under the Booz Allen Hamilton Inc. the Nonqualified Deferred Compensation Plan will receive payment in accordance with the terms of such plan.

##### **Equity**

Matters related to equity in Booz Allen Hamilton Holding Corporation shall be governed by the Equity Incentive Plan (EIP) as may be amended from time to time, and the applicable Award Agreement(s).

##### **Retirement Payment**

An Officer may be eligible to receive a gross lump sum cash retirement payment equal to \$20,000 USD (or equivalent) for each year of service as an Officer (pro-rated as appropriate for partial years of service). This retirement payment is subject to applicable taxes and withholdings and will be paid within 90 days following the Officer's last day of employment. This payment is based on current economics and subject to change. Income taxes payable with respect to payments made under this policy are subject to determination based on the tax residence of the retired Officer.

##### **Health Insurance**

U.S.-based/U.S. Citizen Officers retiring Officers (and any dependents of the Officer who are covered under the Firm's medical plan for active employees on the date of retirement) are eligible for comprehensive health insurance coverage under the U.S. Retired Officer Medical and Dental Insurance Plan or a successor plan (the "Retired Officer Medical Plan"); premiums are paid by the firm. Neither dependents who are not covered under the Firm's medical plan for active employees on the date of the Officer's retirement nor dependents acquired by an Officer following the date of an Officer's retirement are eligible for such coverage. If a retired Officer pre-deceases his/her spouse or domestic partner, the spouse/domestic partner may remain in the Retired Officer Medical Plan. Officers based outside the U. S. will be provided comparable coverage, as available. In the event of a conflict between the terms of the Retired Officer Medical Plan and this policy, the terms of the Retired Officer Medical Plan will govern.

Should a retired Officer become employed by a new employer following retirement from Booz Allen, they must enroll in the medical/dental plan at their new employer at which point coverage under the Booz Allen Officer Medical Plan will be secondary to the new employer plan.

If during the five-year period after a "change in control" (as defined in the Equity Incentive Plan, as may be amended from time to time) the Retired Officer Medical Plan is terminated or modified in a manner that is materially adverse to Officers who have met the requirements to receive retirement benefits under this policy on the date of the change in control or retired Officers who are covered by the Retired Officer Medical Plan, such Officers (and their eligible spouses/domestic partners) will be guaranteed continued benefits under the Retired Officer Medical Plan through the fifth anniversary of the change in control. In addition, each such Officer (or their eligible spouse/domestic partner) shall be paid, during the 90-day period following the fifth anniversary of the change in control, an amount equal to the excess of the actuarial cost of such Officer's (and their eligible spouse's/domestic partner's) benefits under the Retired Officer Medical Plan that would be accrued on the firm's financial

Version No. 3.0 | Effective Date: 01.01.2024

statements on the fifth anniversary of the change in control in the absence of such termination or modification of the Retired Officer Medical Plan over the amount that is accrued on the firm's financial statements on the fifth anniversary of the change in control giving effect to the termination or modification (but excluding any accrual for the payment itself). The actuarial and other assumptions used in calculating the accruals will be the same assumptions as those used to calculate the accrual immediately prior to the change in control, with such changes as are required under generally accepted accounting principles or as otherwise approved by a majority of the members of the firm's leadership team, as constituted immediately prior to the change in control (the "CIC Team").

The firm will notify such Officers of any termination or modification that will result in a payment under this policy within 30 days after a decision to terminate or modify the Retired Officer Medical Plan is approved and, in any event, no later than 90 days prior to the fifth anniversary of the change in control. Within 30 days after the fifth anniversary of the change in control, the firm will prepare and deliver to the CIC Team a statement setting forth the calculation of the aggregate payments to such Officers. The CIC Team, acting by majority vote, will have 30 days following receipt of the calculation to deliver a written notice that the CIC Team disputes the calculation of the payments, which notice will set forth in reasonable detail the basis for the dispute (e.g., mathematical errors or a change in assumptions other than as required by generally accepted accounting principles). If the CIC Team does not submit a notice of dispute prior to the end of the 30-day period, the calculation will be deemed final and binding. The firm and the CIC Team will work in good faith to resolve any dispute as promptly as possible. Any portion of the accruals that are not in dispute (i.e., the payment as originally calculated by the firm) will be paid to the Officers on or before the 90th day following the fifth anniversary of the change in control.

If the firm and the CIC Team are unable to resolve a dispute on or before the 30th day following receipt by the firm of the notice of dispute, the firm will retain a nationally recognized independent public accounting firm (the "Accounting Firm") selected by the CIC Team to resolve any remaining disputes contained in the notice of dispute. The Accounting Firm will return a determination to the firm and the CIC Team as soon as practicable and no later than 60 days after being engaged to resolve the disputes. The determination of the Accounting Firm will be final and binding with respect to all disputes presented to it. The firm will pay any remaining amount within 30 days of the resolution of the dispute and, in any event, no later than December 31 of the year in which the Accounting Firm delivers its final determination.

For purposes of the benefits described in this Health Insurance section, including the change in control benefit but excluding for the avoidance of doubt, all of the other benefits described in this policy (i.e., Performance Bonus, Equity and Retirement Payment), "Officer" shall include those Vice Presidents of the firm who were Senior Directors as of 10/1/2009.

#### **Release of Claims**

Retirement payments and benefits shall be contingent upon the Officer's execution and non-revocation of a release of claims in the form provided by the firm, as well as any subsequent reaffirmation, as applicable. Any payment that would otherwise have been made during such execution and revocation period shall be paid in a lump sum on the first applicable payment date to occur after the release becomes irrevocable, provided that, if such execution and revocation period spans more than one calendar year, no such payments shall be made until the first payroll date in the second calendar year. Failure by an Officer to execute an irrevocable release of claims within the time frame established by the firm will result in the Officer's forfeiture of all payments and benefits otherwise due under this Policy.

#### **Existing Agreements**

An Officer's retirement does not waive obligations under the existing Agreement concerning Proprietary Information and Intellectual Property, Non-Solicit, Non-Recruitment and Non-Competition and the Equity Incentive Plan (EIP) as may be amended from time to time. These terms and conditions contain information relative to potential restrictions on future employment opportunities.

Version No. 3.0 | Effective Date: 01.01.2024

The Benefits Plan Committee (“BPC”), or its delegate, is responsible for administering the benefits described in this policy to the extent such benefits are subject to ERISA, including the lump sum retirement payment payable to each Officer. The lump sum retirement payment described in this policy is unfunded and provided by the firm primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. The lump sum retirement payment shall be made to an Officer only if the BPC, in its sole discretion, decides that the Officer is entitled to it. Officers who are denied a lump sum retirement payment, in part or in full, to which they believe they are entitled may file a written request for such payment with the BPC, or its delegate, and such request will be reviewed in accordance with applicable law, including the claims procedures under ERISA.

#### RELATED POLICIES

- Officer Transition Policy
- Officer Annual Bonus Policy
- Officer Perquisites
- Officer Hire/Re-Hire Policy

#### REPORTING CONCERNS

We expect Booz Allen people to comply with our policies and Code of Ethics and Business Conduct. As outlined in the Mandatory Reporting and Non-Retaliation Policy, if you observe or have reasonable suspicion that a Booz Allen policy or the Code has been violated, you have a responsibility as part of your employment to promptly report your concerns via one of our official firm reporting channels:

- Your Job Leader or Career Manager
- An Ethics Advisor
- Employee Relations
- The firm’s Ethics & Compliance Team ([ethics@bah.com](mailto:ethics@bah.com))
- The firm’s Chief Ethics and Compliance Officer
- The firm’s Ethics Hotline (at +1-800-501-8755 (US) or +1-888-475-0009 (international) or (<http://speakup.bah.com>), Concerns may be raised anonymously

We take all allegations of misconduct seriously, investigate them promptly and strictly prohibit retaliation against any person who raises a good faith ethical or legal concern.

#### POINTS OF CONTACT AND ADDITIONAL RESOURCES

General questions or exceptions regarding this policy can be directed to the Chief People Officer or Talent Strategy Officer.

Version No. 3.0 | Effective Date: 01.01.2024

Booz Allen Hamilton Inc.  
8283 Greensboro Drive  
McLean, VA 22102

+1 703 902 5000 (tel)  
+1 703 902 3333 (fax)

DATE

NAME  
ADDRESS

Dear NAME,

On behalf of the Leadership Team, all the partners and employees at Booz Allen Hamilton, thank you for your extensive contributions to our firm for over the last **XX** years. The number of individuals that you have influenced during your tenure, including clients, employees, and other leaders, is an accomplishment and one that we will remember.

As you've decided to retire from the firm effective **DATE** (your "Retirement Date"), this letter outlines your benefits and other arrangements related to your retirement. In accordance with the Partner Retirement Policy, certain payments and benefits referenced in this letter are contingent upon your execution, non-revocation, and adherence to the terms and conditions of the Agreement and General Release included with this letter as Attachment A. Please sign and return this agreement to **NAME** by **DATE**.

**Through your Retirement Date:**

- You will continue to receive your current base compensation on the standard payroll cycles through your Retirement Date.
- You will continue to be eligible for and covered by the firm's medical and other insurance programs in which you are enrolled as of the date of this letter as well as the firm's ECAP retirement funding programs.
- [You will remain eligible for reimbursement of approved perquisites such as financial and estate planning.]<sup>1</sup>
- [You will be eligible to receive a [prorated] **FYXX** bonus for the period **DATE**, to **DATE**. This bonus will be paid on the normal payment date for **FYXX** bonuses, within two-and-one half months

---

<sup>1</sup> Provided pursuant to the Officer Perquisites Policy, filed as Exhibit 10.45 to Booz Allen Hamilton's Annual Report on Form 10-K for the year ended March 31, 2018.

from fiscal year end. All bonus payments are based on firm performance as approved by the Compensation, Culture and People Committee of the Board of Directors.]<sup>2</sup>

**After your Retirement Date:**<sup>3</sup>

- [Performance RSUs that were granted on **DATE** will continue to vest on schedule as permitted under the “Qualifying Permanent Retirement” provision of the applicable Award Agreement. If a Qualified Permanent Retirement, as defined in your applicable Performance RSU Award Agreement, shall cease to exist prior to the vesting of your Performance RSUs, the unvested Performance RSUs will be forfeited. All other unvested Performance RSUs will forfeit upon your Retirement Date.
- Any stock, units, or stock options granted or issued to you pursuant to the Company’s Equity Incentive Plan, as amended (“EIP”) shall be governed by, as applicable, the terms of the EIP and any applicable Award Agreement.
- Any vested stock options that you do not exercise within 90 days following your Retirement Date shall be forfeited.]

Provided you execute and return the Agreement and General Release included with this letter as Attachment A by **DATE**, do not revoke such Agreement and General Release, and otherwise comply with the requirements of that Agreement and this letter, the following arrangements will apply:

- The firm will provide you with continued eligibility to receive health and dental insurance coverage under the US Retired Officer Medical and Dental Plan and such continuation/conversion rights as are provided under the terms of the Booz Allen sponsored welfare benefit plans. Only dependents of a retired Officer on the date of retirement are eligible for coverage under the Retired Officer Medical Plan. Should you become employed at a new employer following retirement from Booz Allen, you must enroll in their medical/dental plan at which point coverage under the Booz Allen Medical Plan will be secondary to the plan in which you participate as an active employee.
- The firm will provide you with a one-time, lump sum Retirement Payment for each year of service as an Officer since **DATE**, prorated accordingly. This gross payment will be made in the applicable payroll cycle following your Retirement Date.
- You will not be eligible for any new equity grants as of the date of this letter; however, [Senior management will propose that the Compensation, Culture and People Committee of the Board of Directors of Booz Allen Hamilton Holding Corporation waive the forfeiture provisions of certain outstanding time-vested Restricted Stock Unit Agreements under the terms of the EIP,

---

<sup>2</sup> Provided in the discretion of the Compensation, Culture and People Committee of the Board of Directors pursuant to the Bonus Awards for Departing Officers Policy.

<sup>3</sup> Unless otherwise stated herein, all payments and benefits set forth in this section are provided pursuant to the Officer’s Retirement Policy, filed as Exhibit 10.4 to Booz Allen Hamilton’s Annual Report on Form 10-K for the year ended March 31, 2024.

which provide for forfeiture and/or disgorgement in certain circumstances. This waiver will permit your time-vested Restricted Stock Units (RSUs) that are outstanding as of the date of this letter in which you have worked at least one year of the vesting period to continue to vest after your retirement so long as you do not engage in "Competitive Activity" or take certain other actions described in the EIP. All other unvested Time RSUs will forfeit upon your Retirement Date.]<sup>4</sup>

Please review the terms and conditions of the Non-Solicit, Non-Recruitment, and Non-Competition Agreement and the EIP, as applicable, both of which contain information relative to potential restrictions on your future employment opportunities. This can include, but is not limited to, potential forfeiture, disgorgement, and clawback of vested shares or proceeds in the event you engage in a "Competitive Activity" as defined in the EIP, and in certain other circumstances described in the EIP. Additionally, the Non-Solicit, Non-Recruitment, and Non-Competition Agreement includes a requirement to provide written notice to the firm at least ten (10) business days prior to commencing employment at a Restricted Competitor, as such term is defined in the Non-Solicit, Non-Recruitment, and Non-Competition Agreement.

Please note that the reimbursement of any expense referenced in this letter must be submitted prior to your Retirement Date. Each payment made pursuant to this letter agreement shall be considered a separate payment within the meaning of Treas. Reg. Section 1.409A2(b)(2)(iii).

Once your employment with the Firm ends, please be aware that you will still be subject to the federal insider trading laws and regulations. These laws and regulations prohibit your trading in the Firm's stock while in possession of material non-public information. I encourage you to carefully consider the material non-public information that you possess at the time you wish to trade in the Firm's stock and review the Firm's public filings to determine when material non-public information has been publicly disclosed. In addition, due to your senior position in the Firm, it is important to note that a transaction following retirement is reportable to the SEC if it is subject to Section 16(b) and takes place within six months of a pre-retirement opposite-way transaction that is also subject to Section 16(b). For example, if you sold Booz Allen securities within six months before your retirement, and then purchased Booz Allen securities within six months following such transaction and vice versa, you could be subject to Form 4 reporting obligations and short-swing profit recovery.

**NAME**, thank you again for your many contributions to the firm and congratulations on your retirement. Please don't hesitate to reach to me if you have any questions or need any assistance.

Sincerely,

BOOZ ALLEN HAMILTON INC.

---

<sup>4</sup> Provided in the discretion of the Compensation, Culture and People Committee of the Board of Directors pursuant to the EIP.

**ATTACHMENT A**

**CONFIDENTIAL SEPARATION AGREEMENT AND GENERAL RELEASE**

Booz Allen Hamilton Inc., 8283 Greensboro Drive, McLean, VA 22102, its parent corporation, affiliates, subsidiaries, divisions, successors and assigns and the employees, officers, directors, and agents thereof (collectively "Booz Allen" or the "Firm"), and **NAME** ("Mr./Ms. **NAME** " or "I" ) agree as follows:

**Retirement.** **NAME** will retire from Booz Allen on **DATE** (referred to throughout this Agreement as "Retirement Date"), as described in the **DATE** Retirement Letter from Chief People Officer, **NAME**, to **NAME**.

I acknowledge that Booz Allen advised me to read this Confidential Separation Agreement and General Release (the "Agreement") and carefully consider all its terms before signing it. Booz Allen has given me 21 calendar days to consider this Agreement. I further acknowledge that:

I carefully read this Agreement, fully understand it, and am entering into it knowingly and voluntarily;

to the extent I decide to sign and return this Agreement to Booz Allen prior to the 21 days that I have been provided to consider it; I acknowledge that I have done so voluntarily;

I have seven days after signing to revoke my agreement ("Revocation Period") by providing written notice to Booz Allen's Chief People Officer; this Agreement will not be effective until the Revocation Period has expired without my revoking (the "Effective Date");

in the event Booz Allen makes changes to the consideration in this Agreement, whether material or immaterial, I understand that any such changes will not restart the 21-day consideration period provided above;

Booz Allen advised me to discuss this Agreement with an attorney (at my own expense) before signing it and I decided to seek legal advice or not seek legal advice to the extent I deemed appropriate, and;

I understand that the waivers and releases contained in this Agreement do not apply to any rights or claims that may arise after the date that I execute the Agreement.

**Consideration.** As consideration for my agreement to the terms herein, Booz Allen will continue my employment with my current salary and benefits until the Retirement Date, as well as provide the additional consideration outlined in the letter dated **DATE** from **NAME**, Chief People Officer, to which I would not otherwise be entitled upon separation of employment.

Nothing in this Agreement shall be construed to modify the "at-will" nature of my employment with Booz Allen, whereby either Booz Allen or I may terminate my employment at any time.

**Acknowledgments.** I: (a) would not receive the monies and benefits specified in Section 3 above, except for the execution of this Agreement, and the fulfillment of the promises contained herein; (b) acknowledge receipt of all compensation and benefits due as a result of services performed for Booz Allen except as provided in this Agreement; (c) have reported to Booz Allen any and all work-related injuries incurred during employment; (d) have had the opportunity to provide Booz Allen with written notice of any and all concerns regarding suspected ethical and compliance issues or violations on the part of Booz Allen or any other released party; and (e) have not raised a claim, including but not limited to, unlawful discrimination, harassment, sexual harassment, abuse, assault, other criminal conduct, or



retaliation in a court or government agency proceeding, involving Booz Allen or any other released party.

General Release of Claims. I knowingly and voluntarily release and forever discharge Booz Allen of and from any and all claims, whether now known or not known, against Booz Allen, which includes my heirs, executors, administrators, successors, and assigns (referred to collectively throughout this Agreement as "NAME" or "I") that I have or may have arising out of or in any way connected to my employment with Booz Allen as of the date I sign this Agreement. My release of claims includes, but is not limited to any alleged violation of: the Civil Rights Act of 1964; the Civil Rights Act of 1866, 42 USC § 1981; the Americans with Disabilities Act; the Equal Pay Act; the Age Discrimination in Employment Act ("ADEA"); the Employee Retirement Income Security Act ("ERISA"); the National Labor Relations Act ("NLRA"), any amendments to the foregoing, any other federal, state or local civil or human rights law or any other local, state or federal law, regulation or ordinance, any public policy, contract, tort, or common law, and any claim for back pay, front pay, compensatory damages for medical expenses, pain and suffering, emotional distress, or mental anguish, punitive damages, interest, tax, costs, fees, or other expenses including attorneys' fees incurred in these matters.

Cooperation. I agree to assist and cooperate in the transition of any and all client and/or Booz Allen work. In addition, I agree to cooperate fully with the Firm in any government and/or Firm-directed investigations, as well as in the defense or prosecution of any claims or actions now in existence or that may be brought or threatened in the future against or on behalf of the Firm. I also agree that if contacted (directly or indirectly) by any individual or entity, other than by law enforcement or regulatory authorities, about matters that may be related to the Firm's business interests, I will promptly (within 48 hours) notify the Firm of such contact(s) and provide information including, but not limited to, identification of the contacting entity and the substance of any such (or related) communications.

Confidentiality. I understand and agree that the terms and conditions of this Agreement are confidential. I will not disclose the existence or substance of this Agreement to anyone except my spouse, financial advisor, law enforcement or regulatory authorities and any attorney with whom I may choose to consult regarding consideration of this Agreement, except as agreed to in writing by Booz Allen or as required by law or pursuant to Court Order. I agree to advise any person(s) permitted to receive information about this Agreement of the Confidentiality terms and that such person(s) must maintain the strict confidentiality of such information and must not disclose it unless otherwise required by law.

Venue, Governing Law, and Interpretation. I acknowledge that a substantial portion of Booz Allen's business is based out of and directed from the Commonwealth of Virginia. I also acknowledge that during my employment, I have had substantial contacts with the Commonwealth of Virginia. Therefore, Booz Allen and I 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. Booz Allen and I consent that such courts shall have personal jurisdiction over the parties to this Agreement. This Agreement should be governed and conformed in accordance with the laws of the Commonwealth of Virginia without regard to its conflict of laws provision. Should any provision of this Agreement be declared illegal or unenforceable by any court of competent jurisdiction and cannot be modified to be enforceable, excluding the General Release of Claims, such provision shall immediately become null and void, leaving the remainder of this Agreement in full force and effect.

Proprietary Information. I agree not to directly or indirectly use, disclose, or reproduce, other than to law enforcement or regulatory authorities, Booz Allen "Proprietary Information," which includes, but is not limited to proprietary know-how; operational, competitive, financial, technical, and personnel information; inventions; techniques; computer software; and related documentation and materials and that I shall otherwise comply with the Agreement Concerning Proprietary Information and Intellectual Property that I executed upon hire with the Firm, other than as required by law or pursuant to Court Order.

Nonadmission of Wrongdoing and No Negative Statements. I understand and agree that this Agreement is not an admission of guilt or wrongdoing by Booz Allen, and I acknowledge that Booz Allen does not believe or admit that it has done anything wrong. I will not represent that this Agreement is an admission of guilt or wrongdoing by Booz Allen and also will not do anything to criticize, denigrate, or disparage Booz Allen

Compliance with Section 409A. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and will be interpreted in a manner intended to comply with Section 409A of the Code. Notwithstanding anything herein to the contrary, (i) if at the time of my termination of employment with the Firm, I am a "specified employee" as defined in Section 409A of the Code (and any related regulations or other pronouncements thereunder) and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the Firm will defer the commencement of the payment of any such payments or benefits under the Agreement (without any reduction in such payments or benefits ultimately paid or provided to me) until the date that is six months following my termination of employment with the Firm (or the earliest date as is permitted under Section 409A of the Code) and (ii) if any other payments of money or other benefits due hereunder could cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Firm, that does not cause such an accelerated or additional tax. To the extent any reimbursements or in-kind benefits due to me under the Agreement constitute "deferred compensation" under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv). Each payment made under the Agreement shall be designated as a "separate payment" within the meaning of Section 409A of the Code. All payments to be made upon a termination of employment under the Agreement may only be made upon a "separation from service" within the meaning of such term under Section 409A of the Code.

Entire Agreement. This Agreement sets forth the entire agreement between me and Booz Allen, and fully supersedes any prior agreements or understandings between the parties on the matters set forth herein. However, this Agreement is not intended to supersede obligations under the Agreement Concerning Proprietary Information and Intellectual Property, the Non-Recruitment, Non-Solicitation and Non-Competition Agreement, the **DATE** Letter Agreement, the Director and Officer Indemnification Agreement, or any other agreements related to inventions, business ideas, confidentiality of corporate information, unfair competition, or dispute resolution, the obligations under which are made in addition to, not in lieu of, this Agreement. I have not relied on any representations, promises, or agreements of any kind, except for those set forth in this Agreement. This Agreement may not be modified, amended, or otherwise changed except with express written consent of both parties with specific reference made to this Agreement. The headings in this Agreement are provided for reference only and shall not affect the substance of this Agreement.

Exceptions and No Interference with Rights. **Nothing in this Agreement is intended to waive claims that may arise after I sign this Agreement, or which cannot be released by private agreement. In addition, nothing in this Agreement including but not limited to the acknowledgments, general release of claims, cooperation, confidentiality, no negative statements, and proprietary information, limits or affects my right to challenge the validity of this Agreement under the ADEA or the OWBPA, prevents me from communicating with, filing a charge or complaint with; providing documents or information voluntarily or in response to a subpoena or other information request to; or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission, National Labor Relations Board, the Securities and Exchange Commission, law enforcement, or any other any**

**federal, state or local agency charged with the enforcement of any laws, or from responding to a subpoena or discovery request in court litigation or arbitration, although by signing this Agreement I am waiving rights to individual relief (including backpay, frontpay, reinstatement or other legal or equitable relief) in any charge, complaint, or lawsuit or other proceeding brought by me or on my behalf by any third party, except for any right I may have to receive a payment or award from a government agency (and not Booz Allen) for information provided to the government agency or otherwise where prohibited.**

In exchange for the consideration in Section 3 and other promises contained in this Agreement, I am entering into this Agreement voluntarily, deliberately, and with all information needed to make an informed decision to enter this Agreement. I have been given the opportunity to ask any questions regarding this Agreement and have been given notice of and an opportunity to retain an attorney or already am represented by an attorney.

\_\_\_\_\_  
Signature – **NAME**

Date: \_\_\_\_\_

In exchange for the promises contained in this Agreement, Booz Allen promises to provide the benefits set forth in this Agreement.

BOOZ ALLEN HAMILTON INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**BOOZ ALLEN HAMILTON  
RETIRED OFFICERS MEDICAL PLAN**

**Effective as of January 1, 2024**

<b>CONTENTS</b>	
PREAMBLE	1
ARTICLE I – DEFINITIONS	2
ARTICLE II – ELIGIBILITY AND PARTICIPATION	5
ARTICLE III – BENEFITS	12
ARTICLE IV – ADMINISTRATION	14
ARTICLE V – CLAIMS PROCEDURES	17
ARTICLE VI – FIDUCIARY PROVISIONS	18
ARTICLE VII – PLAN AMENDMENT AND TERMINATION	19
ARTICLE VIII – FUNDING	20
ARTICLE IX – RECOVERY OF PLAN BENEFITS	21
ARTICLE X – GENERAL PROVISIONS	25
ARTICLE XI – PROVISION OF PROTECTED HEALTH INFORMATION TO PLAN SPONSOR	29
ARTICLE XII: CERTAIN LEGAL RIGHTS	32
APPENDIX A: WELFARE BENEFIT PROGRAMS	35

## **PREAMBLE**

Booz Allen Hamilton Inc. (the "Company") hereby establishes the Booz Allen Hamilton Retired Officers Medical Plan (hereinafter referred to as the "Plan") effective as of January 1, 2024. The purpose of the Plan is to provide Eligible Retirees and Eligible Dependents with certain welfare benefits described in the applicable Plan Documentation governing such welfare benefits. The Plan is intended to provide benefits to Eligible Retirees and their Eligible Dependents who were enrolled in the Executive Aetna Medical and Dental Indemnity Program under the Booz Allen Hamilton Inc. Welfare Benefits Plan (the "Active Plan") as of December 31, 2023, and other Eligible Retirees who were covered under the Active Plan upon their retirement on or after January 1, 2024. The Plan is not intended to provide benefits to active employees, their dependents, or any other individuals.

The Plan is intended to be a "welfare benefit plan" within the meaning of section 3(1) of ERISA. Nothing in this Plan shall be construed as requiring compliance with Code or ERISA provisions to the extent not otherwise applicable. The Plan is maintained for the exclusive benefit of the participants and their covered dependents under the terms and conditions provided herein.

The Company reserves the right to change or terminate the Plan or any benefit under the Plan from time to time and at any time in its sole discretion.

## ARTICLE I – DEFINITIONS

When used herein, the following terms shall have the meanings set forth below, unless a contrary meaning is clearly intended by the context. All terms not defined herein shall have the meaning set forth in the applicable Plan Documentation. Words in the masculine gender shall be deemed to include the feminine gender, and words in the feminine gender shall be deemed to include the masculine gender; and unless the context otherwise requires, the singular shall include the plural and the plural the singular.

- 11 Beneficiary means the individual or trust identified as a Participant's Beneficiary pursuant to the provisions of any Welfare Benefit Program maintained under this Plan.
- 12 Benefit means any benefit provided pursuant to any Welfare Benefit Program.
- 13 Claims Administrator means the entity designated by the Plan Administrator to determine the validity of claims and administer benefit payments under any Welfare Benefit Program, or in the absence of such designation, the Plan Administrator. For any insured Welfare Benefit Program, the Claims Administrator means the insurance company, health maintenance organization or similar entity issuing the associated Insurance Contract.
- 14 COBRA means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended from time to time and any regulations and rulings promulgated thereunder.
- 15 Code means the Internal Revenue Code of 1986, as amended from time to time and the regulations promulgated thereunder. Reference to any section or subsection of the Code includes references to any comparable or successor provisions of any legislation that amends, supplements, or replaces such section or subsection.
- 16 Company means Booz Allen Hamilton Inc.
- 17 Covered Expenses means expenses for which Benefits are provided under the Plan.
- 18 Covered Individual means a Participant or Eligible Dependent covered under a Welfare Benefit Program.
- 19 Domestic Partner means an individual who is recognized as an Eligible Retiree's domestic partner under the Company's policy regarding domestic partners as in effect for the applicable Plan Year.
- 20 Effective Date means January 1, 2024, the date the Plan was established.
- 21 Eligible Dependent means any individual who is eligible for coverage as a dependent of an Eligible Retiree under a Welfare Benefit Program as described in Section 2.01.
- 22 Eligible Retiree means a retired executive or retired officer who was enrolled in the Executive Aetna Medical and Dental Indemnity Program under the Active Plan on the day immediately preceding the date of his or her retirement and meets the retirement requirements set by the Plan Sponsor and otherwise satisfies the requirements of Section 2.01.

- 3 Employer means the Company or one of its affiliates that participate in the Plan with the permission of the Company with whom the Eligible Retiree was employed immediately prior to such Eligible Retiree's retirement.
- 4 ERISA means the Employee Retirement Income Security Act of 1974, as amended from time to time and any regulations promulgated thereunder. Reference to any section or subsection of ERISA includes references to any comparable or successor provisions of any legislation that amends, supplements or replaces such section or subsection.
- 5 Health Benefit Option means any option providing medical, dental, vision, prescription drug, or employee assistance program benefits offered under a Welfare Benefit Program.
- 6 Insurance Contract means any contract, policy or agreement, including without limitation, any document setting forth a schedule of benefits, pursuant to which any Welfare Benefit Program is funded, and under which part or all of the direct obligation to provide Benefits is transferred to any insurance company, health maintenance organization or similar entity; provided, however, that a contract under which an insurance company is obligated to make payments in the event that Benefits payable under a self-funded Welfare Benefit Program exceed the amount specified therein, commonly known as a stop-loss policy, shall not be treated as an Insurance Contract for purposes of this Plan.
- 7 Participant means any Retiree who is validly enrolled for coverage under any Welfare Benefit Program and who has not for any reason become ineligible to further participate in the Plan. "Participant" also means a Qualified Beneficiary who is enrolled for health coverage pursuant to COBRA.
- 8 Plan means the Booz Allen Hamilton Retiree Benefit Plan. Solely for purposes of Section 105(h) of the Code, each Welfare Benefit Program shall be treated as a separate plan, and any two or more Welfare Benefit Programs may be aggregated for purposes of Section 105(h) of the Code to the extent permitted thereunder.
- 9 Plan Administrator means the Company or any person or committee that the Company may appoint to administer the Plan or any Welfare Benefit Program maintained under the Plan.
- 10 Plan Documentation means, with respect to a Welfare Benefit Program, each plan document applicable to such Welfare Benefit Program (including this Plan document), Summary Plan Descriptions, Summaries of Material Modifications, benefit booklets, Officer Retirement Policy, evidence of coverage or group application which sets forth the annual deductible, co-insurance, out-of-pocket maximum or other information relating to such Welfare Benefit Program, as well as any Insurance Contracts and collective bargaining agreements governing such Welfare Benefit Program. Any subsequent changes to any of the Plan Documentation shall be automatically incorporated herein by reference without necessity of Plan amendment.
- 11 Plan Sponsor means Booz Allen Hamilton Inc.
- 12 Plan Year means the reporting year used by the Plan and shall be the calendar year.
- 13 Qualified Beneficiary means an individual described in Section 2.03(b)(3).



- !4 Retiree means a former employee who retired from the Employer. In this case, an “employee” shall not include any person who was classified in the Employer’s records as an independent contractor, agent, leased employee, contract employee, temporary employee or in any other classification other than employee, regardless of any determination by a governmental agency or court that any such person is or was a common law employee of the Employer.
- !5 Summary of Material Modifications means the document that describes changes to information set out in the Summary Plan Description.
- !6 Summary Plan Description means, with respect to a Welfare Benefit Program, the formal summary plan description required under section 102 of ERISA and any Summaries of Material Modifications under such Welfare Benefit Program.
- !7 Welfare Benefit Program means any program of benefits maintained under the Plan including, but not limited to, those programs set forth in Appendix A to this Plan. The term “Welfare Benefit Program” shall not include any voluntary group insurance program described in section 2510.3-1(j) of ERISA that is made available through the Employer (but that is not endorsed by the Employer).

## ARTICLE II – ELIGIBILITY AND PARTICIPATION

### 01 Eligibility

- (a) In general. The classifications of Eligible Retirees and Eligible Dependents, the requirements for participation in the Plan for a Plan Year, the requirements regarding elections of coverage under a Welfare Benefit Program and continued participation and the events giving rise to termination of participation in a Welfare Benefit Program shall be as provided for in the Plan Documentation applicable to a Covered Individual.
- (b) Retirees. The Retiree must have been enrolled in coverage under the Active Plan (or other Employer group health plan, as applicable) as an active employee on his or her last day of employment with the Employer.

Without limiting the foregoing, Eligible Retirees and their Eligible Dependents who were enrolled in the retiree benefits portion of the Executive Aetna Medical and Dental Indemnity Program under the Active Plan as of December 31, 2023, became covered under the Plan as of the Effective Date. If Eligible Retirees waive enrollment in the Plan for any reason when they are first eligible, they may not enroll in the Plan at a later date.

- (c) Dependents. A Retiree's spouse or Domestic Partner and children shall be eligible for Plan benefits, provided they were enrolled for coverage under the Active Plan (or other Employer group health plan, as applicable) as the Retiree's dependents on the Retiree's last day of active employment with the Employer. If Eligible Dependents waive enrollment in the Plan for any reason when they are first eligible, they may not enroll in the Plan at a later date.

Except as otherwise provided in the Plan Documentation applicable to the Covered Individual, children may be covered:

- (1) Through the date on which they reach age 26,
- (2) If they are incapable of self-sustaining employment due to a mental or physical disability (as determined by the Plan Administrator) and are over age 26, provided (A) such incapacity of self-sustaining employment occurred before age 26, and (B) the child had creditable coverage immediately prior to coverage under a Booz Allen-sponsored benefits program.

If both the Covered Individual and his or her spouse / Domestic Partner are Retirees, only one may elect to cover their Eligible Dependents.

Coverage for an Eligible Dependent shall be effective on the date that the Retiree's coverage is effective if such Eligible Dependent is enrolled when the Retiree enrolls in the Plan.

### 02 Enrollment and Disenrollment

- (a) Existing Covered Individuals. An individual who was covered under the Active Plan on December 31, 2023, and who is otherwise an Eligible Retiree or Eligible Dependent

under this Plan shall automatically become a Covered Individual in this Plan on January 1, 2024.

(b) New Enrollment. Except as otherwise prescribed by the Plan Administrator, an Eligible Retiree must complete an enrollment form, including via electronic means, within the time specified by the Plan Administrator following the Eligible Retiree's date of retirement. Coverage will be effective on the first day following the date of retirement. A Retiree who does not enroll for benefits when first eligible will not be permitted to enroll in the Plan at a later date. An Eligible Retiree who does not enroll his or her Eligible Dependent for benefits when first eligible will not be permitted to enroll his or her Eligible Dependent in the Plan at a later date. In addition, if an Eligible Retiree, subsequent to the date he or she is first eligible for the Plan, remarries, begins a Domestic Partnership, or has children, the Eligible Retiree may not enroll his or her new spouse, Domestic Partner, or child in the Plan at that later date.

(c) Disenrollment.

(1) Retiree coverage. An Eligible Retiree shall be permitted to drop Plan coverage at any time by submitting a written request to the Plan Administrator. Coverage for an Eligible Retiree and his or her Eligible Dependents shall terminate on the effective date on which the written request is received. In the event an Eligible Retiree drops coverage, such Eligible Retiree shall not be permitted to subsequently re-enroll in Plan coverage.

(2) Dependent coverage. A Participant shall be permitted to drop coverage for his or her Eligible Dependent at any time by submitting a written request to the Plan Administrator. Dependent coverage shall end on the effective date on which the written request is received. In the event an Eligible Dependent is dropped from coverage, the Participant or Eligible Dependent shall not be permitted to subsequently re-enroll such Eligible Dependent in Plan coverage.

In the event a dependent is no longer eligible for Plan coverage, such dependent shall be automatically dropped from coverage. In that event, coverage shall end on the effective date on which such dependent no longer meets the Plan's eligibility requirements.

In the event of an Eligible Retiree's death, if an Eligible Retiree's legally-married spouse was a Covered Individual at the time of such Eligible Retiree's death, his or her legally-married spouse may continue retiree coverage (including coverage for any covered children) under the Plan, provided that such Covered Individuals remain eligible under the terms of the Plan. The specific conditions for continuing coverage under the Plan shall depend on the terms of the Plan Documentation applicable to the Eligible Retiree's former Employer.

### 13 Continuation of Coverage under COBRA

(a) A Covered Individual may elect to continue coverage under a Health Benefit Option to the extent such continuation is required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, ("COBRA"), and in accordance with the terms and conditions of

benefit coverage continuation provided by COBRA and this Section 2.03. If there is any change in the law governing the continuation coverage required by COBRA that would render any provision of this Section 2.03 inconsistent with such law, the provisions of the law shall supersede these provisions.

(b) For purposes of this Section 2.03, the following terms shall have the meaning set forth below unless a contrary meaning is clearly indicated:

- (1) "Covered Retiree" means a Retiree who is or had been enrolled in a Health Benefit Option."
- (2) "Election Period" means the period beginning on the date a Qualified Beneficiary's coverage under a Health Benefit Option terminates due to a Qualifying Event and ending 60 days after the later of such date or the date the Qualified Beneficiary is notified of his or her rights under this Section 2.03 regarding the Qualifying Event.
- (3) "Qualified Beneficiary" means any individual who is covered under a Health Benefit Option on the day before a Qualifying Event as the:
  - (A) Covered Retiree;
  - (B) Spouse of a Covered Retiree;
  - (C) Dependent child of the Covered Retiree; or
  - (D) Surviving Spouse of the Covered Retiree for purposes of Section 2.03(b)(4)(E) only.

Qualified Beneficiary also includes any child who is born to, or who is adopted by or placed for adoption with the Covered Retiree while the Covered Retiree has COBRA continuation coverage and who has been Enrolled for coverage while that coverage is in effect.

Solely for purposes of this Section 2.03, the term "Spouse" shall include a Covered Retiree's legally married spouse and Domestic Partner and the dependent child of a Covered Retiree shall include the dependent child of the Covered Retiree's Domestic Partner.

- (4) "Qualifying Event" means any of the following events which results in a Qualified Beneficiary losing coverage under a Health Benefit Option:
  - (A) With respect to a Qualified Beneficiary who is the spouse or dependent of a Covered Retiree, the death of the Covered Retiree, but only to the extent such spouse or dependent loses coverage under the terms of the Health Benefit Option;
  - (B) With respect to a Qualified Beneficiary who is the Spouse or dependent child of a Participant, the divorce or legal separation of the Covered Retiree and

his or her spouse or the dissolution of the domestic partnership between the Covered Retiree and his or her Domestic Partner;

- (C) With respect to a Qualified Beneficiary who is the Spouse or dependent child of a Covered Retiree, the Covered Retiree becoming entitled to benefits under Title XVIII of the Social Security Act (Medicare);
  - (D) With respect to a Qualified Beneficiary who is the dependent child of a Covered Retiree, such dependent child ceasing to qualify as an Eligible Dependent under the terms of the Plan; or
  - (E) The Company's commencing bankruptcy proceedings under Title 11, United States Code.
- (c) A Qualified Beneficiary who would lose coverage under a Health Benefit Option due to a Qualifying Event may elect continuation coverage under such Health Benefit Option during the Election Period from the date of the Qualifying Event to the earliest of:
- (1) With respect to a Qualified Beneficiary who is not the Covered Retiree, the date which is 36 months after the date of the Qualifying Event except an event described in Section 2.03(b)(4)(E);
  - (2) In the case of a Qualifying Event described in Section 2.03(b)(4)(E), the date of death of the Covered Retiree or Qualified Beneficiary, or, in the case of the Eligible Dependent child of a Covered Retiree or a covered surviving Spouse, the date which is 36 months after the Covered Retiree's death;
  - (3) -The date the Company ceases to provide health coverage under the Plan;
  - (4) The date on which coverage ceases due to failure of the Qualified Beneficiary to make timely premium payments;
  - (5) The date, after the Qualified Beneficiary's election of COBRA continuation coverage, the Qualified Beneficiary first becomes entitled to benefits under Title XVIII of the Social Security Act; or
  - (6) The date, after the Qualified Beneficiary's election of COBRA continuation coverage, the Qualified Beneficiary first becomes covered under any other group health plan which does not contain any exclusion or limitation with respect to pre-existing condition of such Qualified Beneficiary.
- (d) Notice Obligations of Plan Administrator
- (1) The Plan Administrator shall provide a Covered Retiree and the Covered Retiree's covered Spouse with the notice described in 29 CFR Section 2590.606-1 not later than the earlier of: (a) the date that is 90 days after the date on which such individual's coverage under the Plan commences or (b) the first date on which the Plan Administrator is required to furnish the Covered Retiree,

Spouse or dependent child of such Covered Retiree with the notice described in Section 2.03(d)(4) below.

- (2) Within 44 days following the date that a Qualifying Event described in Sections 2.03(b)(4)(C) or (E) occurs, the Plan Administrator shall notify the Participant and each Eligible Dependent of the Participant of the right to continue coverage under Section 2.03.
- (3) The Plan Administrator shall notify each Eligible Dependent of the right to continue coverage within 14 days following receipt of a timely notice of a Qualifying Event described in Section 2.03(b)(4)(B) and (D) respectively. Notification to the Spouse of the Participant shall be deemed notification to all other Eligible Dependents of the Participant.
- (4) In the event the Plan Administrator receives a notice described in Section 2.03(e) relating to a Qualifying Event or second Qualifying Event but determines that the individual is not entitled to the continuation coverage described in this Section, the Plan Administrator shall provide such individual with a written explanation as to why such determination was made. The explanation shall be provided within 14 days of the date such notice was provided.
- (5) The Plan Administrator shall notify each Qualified Beneficiary of any termination of continuation coverage that takes effect earlier than the end of the applicable maximum coverage period as described in Section 2.03(c)(1) or (2) above. Such notice shall be provided in writing as soon as reasonably possible. For this purpose, the single notice rules of 29 CFR Section 2590.606-4(e) shall apply.

(e) Notice Obligations of Qualified Beneficiaries

- (1) Each Participant or Eligible Dependent is responsible for notifying the Plan Administrator of the divorce of the Participant and his or her Spouse, and of the loss of status as a dependent child, as described in Sections 2.03(b)(4)(B) and (D), respectively. Such notification must be made in writing within 60 days following the later of: (i) the date on which the relevant Qualifying Event occurs and (ii) the date on which the Qualified Beneficiary loses (or would lose) coverage under the Plan due to the Qualifying Event.
- (2) The Plan Administrator shall establish reasonable procedures regarding provision of the above notices. If a Qualified Beneficiary fails to comply with any of the notification requirements set out in these procedures within the time specified above, such individual's right to elect continuation coverage under the Plan will terminate, and the Plan will not have any further obligation to provide continuation coverage under this Section 2.03.

(f) Election Procedures

- (1) An individual who becomes eligible for continued coverage under this Section 2.03 may elect such coverage by filing the prescribed form with the Plan

Administrator at any time during the Election Period. Any election for continued coverage that is not made during the Election Period shall be void.

- (2) An election by the Participant or by the surviving Spouse or former Spouse of a Participant shall be deemed an election of continued coverage on behalf of any Eligible Dependent child affected by the same Qualifying Event as the parent making the election of continued coverage; provided, however, that an Eligible Dependent (other than a minor child) may elect continued coverage for himself if the Participant or the Spouse or former Spouse of the Participant does not elect continued coverage on behalf of the Eligible Dependent. The election shall be effective on the first day that the individual otherwise would lose coverage under the affected Health Plan Option. Any Qualified Beneficiary who individually elects continued coverage under a Health Plan Option shall be treated as a Participant of that Plan, as applicable, for all purposes, except that such Qualified Beneficiary shall be required to make contributions in accordance with Section 2.03(g).
- (3) If a Qualified Beneficiary fails to comply with any of the election requirements within the time periods specified above, such individual's right to elect continuation coverage under the Plan will terminate, and the Plan will not have any further obligation to provide continuation coverage under this Section 2.03.

(g) Premiums

- (1) A Qualified Beneficiary who elects continuation coverage under this Section 2.03 shall pay 102% of the "applicable premium" as defined in Section 604 of ERISA.
- (2) Payment shall be due monthly on the first of the month (or any other time(s) as may be established by the Plan Administrator and so communicated in advance to the Qualified Beneficiary). The first payment shall include all past due payments for continuation coverage during the Election Period. Payment shall be deemed late if made more than 30 days after the payment due date, except that the first payment shall be considered late if made more than 45 days after the election date. In the event payment is not made when due, coverage shall end as of the last day of the period for which a premium was paid.
- (3) A Qualified Beneficiary who remits a payment for a coverage period that is less than the full required premium amount will be deemed to have failed to make a timely payment with respect to such period if he or she does not remit the full required amount within 30 days after the payment due date. Notwithstanding the previous sentence, if the amount of the shortfall does not exceed the lesser of the amounts specified in Treasury Regulation §54.4980B-8 Q&A-5(d), the Plan Administrator shall have the option of accepting the amount as payment in full or of requiring payment in full by the Qualified Beneficiary. The Plan Administrator may require payment in full under such circumstances only if it notifies the Qualified Beneficiary of such deficiency and provides the Qualified Beneficiary with a reasonable period in which to remit the full amount of premium due.

- (4) If a Qualified Beneficiary fails to comply with any of the premium payment requirements within the time periods specified above, such individual's right to elect continuation coverage under the Plan will terminate, and the Plan will not have any further obligation to provide continuation coverage under this Section 2.03.
- (5) A Qualified Beneficiary whose COBRA continuation coverage terminates for failure to make timely payment of premiums when due may submit a request for reconsideration of such termination to the Plan Administrator. The request for reconsideration must be in writing and must be received by the Plan Administrator no more than 30 days after the date the Qualified Beneficiary is notified of the termination of coverage. The Plan Administrator shall respond within 14 days of the date such request for reconsideration is received. Coverage that is reinstated shall commence on the first day of the period that immediately follows the last period preceding the termination of coverage for which a timely premium payment had been received.
- (h) The Plan Administrator reserves the right to terminate an individual's COBRA continuation coverage retroactively if it is subsequently determined that such individual was ineligible for such coverage. The Plan Administrator reserves the right to adjust the premiums payable by the Qualified Beneficiary within the confines of Section 2.03.

**2.04 Continuation of Coverage under State Law**

A Participant shall be offered the opportunity to continue coverage under an insured Welfare Benefit Program to the extent required by State law applicable to such Welfare Benefit Program.



## ARTICLE III – BENEFITS

### 3.01 Description of Benefits

Detailed descriptions of the Benefits provided under a Welfare Benefit Program generally are contained in the Plan Documentation for such Welfare Benefit Program.

No Benefits shall violate, either in design or operation, the discrimination standards described in Section 3.03.

### 12 Changes in Benefits

In the event a Welfare Benefit Program is modified or amended, such modification or amendment shall be automatically incorporated in and made part of this Plan document.

### 13 Limitation on Benefits

(a) No Participant, Eligible Dependent, Beneficiary, or other individual shall have the right, privilege, or option to receive instead of the Benefits provided by the Plan:

- (1) any part of the contributions made to the Plan by the Company or any Participants;
- (2) a cash contribution either upon termination of Benefits provided by the Plan or upon severance of employment or otherwise; or
- (3) the cash surrender value of an insurance policy, if any, in lieu of the Benefits provided thereunder.

(b) Unless otherwise provided for in the Plan, the Company's direct reimbursement or payment of any Benefit shall be limited to the cost of the Benefits which the Participant or relevant Beneficiary has become entitled to during the Participant's employment.

(c) The Plan Administrator may decline payment of Benefits to, and may rescind the eligibility for Benefits of, any highly compensated individual or key employee (as defined in Code Sections 79(d)(6), 105(h)(5) and 416(i), respectively), to the extent required to satisfy nondiscrimination requirements of applicable Federal law.

### 14 Coordination of Benefits

Benefits payable under a Welfare Benefit Program may be subject to coordination of benefits provisions which shall be as provided for in the Plan Documentation governing such Welfare Benefit Program.

(a) Nonduplication or Coordination of Benefits

If a Covered Individual is eligible for benefits under more than one group health plan, the medical and dental benefits available under the Plan will be coordinated in the manner described in the applicable summary plan description or certificate of coverage.

(b) Medicaid

If a Covered Individual is covered by the Plan and is also covered under Medicaid, the Plan will pay before Medicaid. The Plan will not take the Medicaid coverage into account for purposes of enrollment or payment of benefits. If a Covered Individual is covered under Medicaid and benefits are required to be paid by the Plan, but benefits are first paid by the Medicaid plan, payment by the Plan to the state will be made as required by any applicable state law.

(c) Medicare

In general, the Social Security Act provides that the Plan shall be the secondary payer if a Covered Individual is eligible for and enrolled in Medicare and meets certain requirements. To the extent required by law, in certain limited circumstances the Plan shall pay benefits primary to Medicare.

## ARTICLE IV – ADMINISTRATION

### 01 Authority

The Plan Administrator shall have overall responsibility for administration and operation of the Plan. Responsibilities of the Plan Administrator under the Plan shall be carried out by the carriers under any Insurance Contracts, the Company, and any persons or committees appointed by Company, all as provided for in the Plan Documentation governing each Welfare Benefit Program. In the case of any insured Welfare Benefit Program, the carrier under the Insurance Contract shall have sole and exclusive responsibility for determining Benefits payable thereunder.

### 02 Rights and Duties

The Plan Administrator shall administer the Plan in accordance with the Plan Documentation governing each Welfare Benefit Program, and shall have all discretionary powers necessary to accomplish that purpose, including without limitation the following:

- (a) to issue rules and policies necessary for the proper conduct and administration of the Plan and to change, alter or amend such rules and regulations;
- (b) to interpret the Plan and determine all questions arising in the administration, interpretation, and application of the Plan, and to construe any ambiguity, supply any omission and reconcile any inconsistency in such manner and to such extent as the Plan Administrator deems appropriate and proper. Any interpretation or construction placed upon any term or provision of the Plan by the Plan Administrator, any decisions and determinations of the Plan Administrator arising under the Plan, including without limiting the generality of the foregoing:
  - (1) the eligibility of any individual to become or remain a Covered Individual, a Covered Individual's status as such and the eligibility of a Covered Individual's dependents under the Plan;
  - (2) the time, method, and amount of payment of Benefits payable under the Plan;
  - (3) the rights of Covered Individuals; and
  - (4) any other action or determination or decision whatsoever taken or made by the Plan Administrator in good faith,shall be conclusive and binding upon all persons concerned, including but not limited to the Company and all Covered Individuals;
- (c) to employ and suitably compensate such third-party administrators, consultants, accountants, attorneys (who may be accountants or attorneys for the Company), and other persons to render advice and other services in connection with the Plan as it may deem necessary to the performance of its duties;

- (d) to delegate specific duties and responsibilities to any person, partnership, corporation or committee to carry out any of its responsibilities with respect to the Plan. Each person or entity to whom a duty or responsibility has been delegated shall be responsible for the exercise of those duties or responsibilities and shall not be responsible for any act or failure to act of any other individual or entity;
- (e) to enter into, amend, modify or terminate any Insurance Contract maintained under the Plan;
- (f) to provide Covered Individuals with all notices and documents required by law;
- (g) to keep or cause to be kept records of all their proceedings and actions; and
- (h) to maintain all books of account, records, and other data as may be necessary or advisable in its judgment for the proper administration of the Plan other than the books of account, records and other information relating to the services provided by the Claims Administrators.

In the case of any inconsistency between the provisions of this Plan and the provisions of any Plan Documentation governing the Welfare Benefit Programs maintained under this Plan, the provisions of this Plan shall govern.

### **13 Standard of Review**

The Plan Administrator shall administer and interpret the Plan and shall have the sole and absolute discretionary power to take all action and to make all decisions necessary or proper to carry out the terms of the Plan. The interpretation of all Plan provisions, and the determination of whether a Covered Individual or Beneficiary is entitled to any Benefit pursuant to the terms of the Plan, shall be exercised by the Plan Administrator in its sole discretion, and Benefits will be paid only if the Plan Administrator decides in its discretion that the applicant is entitled to them. Any construction of the terms of the Plan for which there is a rational basis that is adopted by the Plan Administrator shall be final and legally binding on all parties.

Any interpretation of the Plan or other action of the Plan Administrator made in good faith in its sole discretion shall be subject to review only if such an interpretation or other action is without a rational basis. Any review of a final decision or action of the Plan Administrator shall be based only on such evidence presented to or considered by the Plan Administrator at the time it made the decision that is the subject of the review. Any Employee who performs services for the Company that are or may be compensated for in part by Benefits payable pursuant to the Plan, and any Covered Individual hereby consent to actions of the Plan Administrator made in its sole discretion and agrees to the narrow standard of review prescribed in this section.

### **14 Reliance on Advisors**

Except as otherwise provided under ERISA, the Plan Administrator, any person to whom it may delegate any duty, responsibility or power in connection with administering this Plan, any Employer, and the Company and the officers, directors, and employees thereof, shall be entitled to rely conclusively upon, and shall be fully protected in any action taken or suffered by them in good faith in reliance upon any actuary, accountant, consultant, counsel, specialist, or other

person/entity selected by the Plan Administrator to advise the Plan Administrator with respect to its duties in connection with the Plan. Except as otherwise provided under ERISA, the Plan Administrator, any Employer, the Company, and the officers, or directors thereof, shall not be liable for any neglect, omission or wrongdoing of a trustee or insurer.

#### **15 Administration Expenses**

At the discretion of the Company, all expenses incurred prior to termination of the Plan in connection with its administration, including, but not limited to, administrative expenses, compensation and other expenses and charges of any actuary, accountant, counsel, specialist, or other person who shall be employed by the Plan Administrator in connection with the administration thereof, shall be paid by the Plan to the extent permitted by ERISA. The method of allocating such expenses shall be established and determined by the Company.

#### **16 Indemnification**

The Company shall indemnify and hold harmless all employees of the Company, regardless of fiduciary status, from all liability, loss, or cost such employees may incur in the exercise of their duties and powers (or their failure to do so) under the Plan, except as such liabilities, losses, or costs result from:

- (a) their own gross negligence or willful misconduct; or
- (b) any settlement, without the Company's prior approval, of an action, suit, or proceeding.

The Company shall also assume the defense of, or reimburse the expenses reasonably incurred in the defense of, whichever it may choose, any actions, suits, or proceedings arising under the Plan and brought and advanced by any person, other than the Company, against such employee. However, this indemnification shall not act to relieve any such individual/entity and/or third-party administrator from a responsibility or liability for any fiduciary responsibility, obligation, or duty under Title I, Part 4 of ERISA.

#### **17 Missing Participant**

Any Benefit payable under this Plan shall be forfeited if the Plan Administrator, after a reasonable effort, is unable to locate the Participant, Eligible Dependent or other individual to whom payment is due on a benefit claim timely filed with the Plan Administrator. However, any such forfeited payment shall be reinstated if a claim for such payment is made by such individual, his or her estate or other legal representative within the applicable period described in Article V.

#### **18 Qualified Medical Child Support Orders**

The Plan shall permit coverage of the Participant's dependent children who are designated as an alternate recipient(s) under a medical child support order which the Plan Administrator has determined to be a qualified medical child support order ("QMCSO") under Section 609 of ERISA.

Nothing in this Section 4.08 shall permit such an individual so designated as an alternate recipient under a QMCSO to receive Plan benefits that are not available under the Plan.

## ARTICLE V – CLAIMS PROCEDURES

### 01 Claims for Benefits

A Participant or duly authorized representative must file a claim for Benefits hereunder to which such claimant believes he or she is entitled. All claims must be filed in accordance with the procedures described in the Plan Documentation for the respective Welfare Benefit Program and the rules, if any, developed by the Plan Administrator.

### 02 Claims and Review Procedure

- (a) Any claim for Benefits under a Welfare Benefit Program shall be made as specified in the Plan Documentation for such Welfare Benefit Program.
- (b) The Plan Administrator shall establish such rules and procedures, consistent with the Plan and with ERISA, as it may deem necessary or appropriate in carrying out its responsibilities under this Section 5.02.

### 03 Named Fiduciary for Claim Determination and Review

If the Plan Documentation governing a Welfare Benefit Program provides that an insurance company, third party administrator or other entity that is not related to the Company by common ownership has responsibility for determining claims or for reviewing appeals from claims denied in whole or in part, the entity so designated shall be the sole Named Fiduciary under the applicable Welfare Benefit Program to the extent of any such responsibilities.

## ARTICLE VI – FIDUCIARY PROVISIONS

### 01 **Named Fiduciary**

- (a) Except as provided in Section 5.03, the Plan Administrator shall be the Named Fiduciary of the Plan.
- (b) Notwithstanding the above, the Plan Sponsor may designate a third-party administrator or any other person as a Named Fiduciary by a written instrument executed by the Plan Sponsor and delivered to such designated named fiduciary. Any such designation may be modified or amended by written statement executed by the Plan Sponsor and may be revoked by the Plan Sponsor by written notice delivered to the other party.

### 02 **Allocation and Delegation of Fiduciary Duties**

Any fiduciary who has joint and several powers, duties, and responsibilities under the Plan may allocate such powers, duties, and responsibilities (other than a duty to invest all or a portion of plan assets in any trust) to any one or more other fiduciary, as applicable. Any such allocation or delegation shall be made by written agreement between or among the parties, may be amended or modified by written agreement between or among such parties, and may be revoked by either party by written notice delivered to the other party.

### 03 **Multi-Fiduciary Status**

Any fiduciary may serve in more than one capacity with respect to the Plan.

### 04 **Scope of Responsibility of Fiduciary**

Each named fiduciary and each fiduciary shall have only those specific powers, duties, and responsibilities specified in the Plan Documentation.

### 05 **Immunities**

To the extent permitted by ERISA:

- (a) No fiduciary or other person shall be personally liable for any contract or other instrument that is made or executed by him or her, or made or executed on his or her behalf, in the administration of the Plan or any trust.
- (b) No fiduciary or other person shall be personally liable for the neglect, omission or wrongdoing of another fiduciary, agent, counsel, auditor, or other person who has duties or responsibilities under the Plan or any trust agreement.
- (c) No fiduciary or other person shall be personally liable for relying upon information or advice provided by a fiduciary, agent, counsel, auditor, consultant, Covered Individual, Eligible Retiree, or other interested party.

## ARTICLE VII – PLAN AMENDMENT AND TERMINATION

### 01 Amendment or Termination by the Company

The Company expressly reserves the unilateral right to, at any time and from time to time, and retroactively if deemed necessary or appropriate, amend, suspend or terminate the Plan and/or applicable contract for any reason, in whole or in part, and to adopt any amendment or modification thereto, through written action of the Company's Board of Directors or its duly authorized delegate, all without the consent of any Participant, Eligible Dependent, Beneficiary, Eligible Retiree, or other person.

### 02 No Diversion of Assets

Except as otherwise provided in Section 8.03 and Article IV, no amendment or suspension of the Plan shall be made which would cause or permit the assets of the Plan:

- (a) to be used for or diverted to any purpose other than for the exclusive benefit of persons entitled to benefits under the Plan, before satisfaction of all liabilities with respect to them; or
- (b) to inure (other than through payments made pursuant to the Plan) to the benefit of any private shareholder or individual.

### 03 Termination of Plan

Upon termination of the Plan, the Company's Board of Directors (or its delegate) shall, after the payment or provision for the payment of benefits to each Participant to whom benefits are payable on the date of termination and otherwise permitted in accordance with Plan terms, direct that all remaining assets held with respect to the Plan shall revert to the Company.



## ARTICLE VIII – FUNDING

### 01 Establishment of Funding Policy

The Plan Sponsor shall establish, carry out and revise, from time to time, the funding policy and method for each Welfare Benefit Program, which shall be consistent with the objectives of the Plan, including without limitation, the allocation of costs between the Company and Participants.

### 02 Participant Contributions

Each Participant in a Welfare Benefit Program shall make such contributions as the Plan Administrator or its delegate may require.

### 03 Priority of Contributions and Reserves

Participant contributions shall be applied to fund Benefits, insurance premiums, administrative expenses and other costs of the Plan first, and Company contributions shall be required only to the extent that total Benefits, insurance premiums, administrative expenses and other costs of the Plan exceed the amount of such Participant contributions. Any reserves or other assets accumulated under the Plan from time to time pursuant to any Insurance Contract shall be deemed Company contributions to the extent that such reserves or assets do not exceed the Company's aggregate contributions during the period in which the reserves or assets are accumulated.

### 04 Return of Company Funding

In the event any funding is made by the Company by a mistake of fact, the Plan Administrator shall, at the direction of the Company, return such funds to the Company within one year after the date of payment of the Benefit or premium.

### 05 Payment of Benefits

- (a) Benefits shall be paid subject to the conditions and limitations of the applicable Welfare Benefit Program and this Plan.
- (b) In no event will Benefits be paid prior to the date an Eligible Retiree submits an enrollment form which is acceptable to the Plan Administrator.
- (c) Benefits funded pursuant to Insurance Contracts shall be paid solely by the respective carriers thereunder. Benefits payable under any self-funded Welfare Benefit Program shall be paid by the Company or such entity as the Company shall determine.

## ARTICLE IX – RECOVERY OF PLAN BENEFITS

By enrolling in a Welfare Benefit Program, Covered Individuals agree to the provisions of this Article IX as a condition precedent to receiving Benefits under this Plan. Failure of a Covered Individual to comply with the requirements of this section may result in the Plan pending the payment of benefits.

### 9.01 In General

- (a) The Plan is not required to pay any claim where there is evidence of liability of a third party unless the Covered Individual signs the Plan's third-party reimbursement agreement and follows the requirements of this section. However, the Plan, in its discretion, may pay benefits while the liability of a party other than the Covered Individual is being legally determined. If a repayment agreement is requested to be signed, the Plan's right of recovery through reimbursement and/or subrogation remains in effect regardless of whether the repayment agreement is signed.
- (b) If the Plan makes a payment for benefits which the Covered Individual, or any other party on the Covered Individual's behalf, is or may be entitled to recover against any third party responsible for an accident, injury, condition or illness, this Plan has a right of recovery, through reimbursement or subrogation or both, to the extent of its payment. The Covered Individual receiving payment from this Plan must execute and deliver instruments and papers and do whatever else is necessary to secure and preserve the Plan's right of recovery.
- (c) The Covered Individual must cooperate fully with the Plan Administrator, its agents, attorneys and assigns, regarding the recovery of any monies paid by the Plan from any party other than the Covered Individual who is liable. This cooperation includes, but is not limited to, providing full and complete disclosure and information to the Plan Administrator, upon request and in a timely manner, of all material facts regarding the accident, injury, condition or illness; all efforts by any person to recover any such monies; providing the Plan Administrator with any and all documents, papers, reports and the like regarding demands, litigation or settlements involving recovery of monies paid by the Plan; and notifying the Plan Administrator of the amount and source of any monies received from third parties as compensation or damages for any event from which the Plan may have a reimbursement or subrogation claim.
- (d) Covered Individuals must respond within ten (10) business days to all inquiries of the Plan regarding the status of any claim they may have against any third parties or insurers, including, but not limited to, liability, no-fault, uninsured and underinsured insurance coverage. The Covered Individual must notify the Plan immediately of the name and address of any attorney whom the Covered Individual engages to pursue any personal injury claim on his or her/her behalf.
- (e) The Covered Individual must not act, fail to act or engage in any conduct directly, indirectly, personally or through third parties, either before or after payment by the Plan, the result of which may prejudice or interfere with the Plan's rights to recovery hereunder. The Covered Individual must not conceal or attempt to conceal the fact that recovery has occurred or will occur.

- (f) The Plan will not pay or be responsible, without its written consent, for any fees or costs associated with a Covered Individual pursuing a claim against any third party or coverage, including, but not limited to, attorney fees or costs of litigation. The Covered Individual shall repay any amounts paid by the Plan in full, in first priority.

## **12 Right to Reimbursement**

- (a) The Plan has a right to be reimbursed by the Covered Individual the amount of benefits that the Plan paid for Covered Expenses on a Covered Individual's behalf if another party is responsible or liable to pay those Covered Expenses.
- (b) If a Covered Individual, or anyone on his or her/her behalf, settles, is reimbursed or recovers money from any person, corporation, entity, liability coverage, no-fault coverage, uninsured coverage, underinsured coverage or other insurance policies or funds for any accident, injury, condition or illness for which benefits were provided by the Plan, the Covered Individual agrees:
  - (1) To hold the money received in trust for the benefit of the Plan.
  - (2) To reimburse the Plan, in first priority, from any money recovered from a liable third party, the amount of all money paid by the Plan to the Covered Individual or on his or her/her behalf or that will be paid as a result of said accident, injury, condition or illness.
  - (3) That reimbursement to the Plan will be paid first, in its entirety, even if the Covered Individual's claim for damages is not paid in full and regardless of whether the settlement, judgment or payment he or she receives is for or specifically designates the recovery, or a portion thereof, as including health care, medical, disability or other expenses or damages.
- (c) The Plan's right to reimbursement is separate from and in addition to the Plan's right of subrogation.

## **13 Right of Subrogation**

- (a) If another person or entity is, or may be, liable to pay for medical bills or expenses related to the Covered Individual's accident, injury, condition, or illness, which the Plan paid, then the Plan is entitled to recover, by legal action, equitable remedy or otherwise, the money or benefit paid.
- (b) The Covered Individual agrees to subrogate to the Plan any and all claims, causes of action or rights that he or she has or that may arise against any entity who has or may have caused, contributed to or aggravated the accident, injury, condition or illness for which the Plan has paid benefits, and to subrogate any claims, causes of action or rights the Covered Individual may have against any other coverage, including, but not limited to, liability coverage, no-fault coverage, uninsured motorist coverage, underinsured motorist coverage or other insurance policies, coverage or funds.

- (c) The Covered Individual acknowledges and agrees that the Plan's right of subrogation extends to the full amount of benefit that the Plan has paid (or is obligated to pay) without reduction for attorneys' fees, costs, comparative negligence, limits on collectability or responsibility, or otherwise and without regard to whether such recovery has made the Covered Individual whole for the accident, injury, condition, or illness suffered. The Covered Individual receiving benefits further acknowledges and agrees that any funds received by him or her, his or her attorney, and/or any other person or entity on behalf of, or for the benefit of, the Covered Individual, from any source for any purpose shall be held in constructive trust by such person or entity for the benefit of the Plan until the obligation under this Section 9.03 is fully satisfied.
- (d) If a Covered Individual decides not to pursue a claim against any third party or insurer, the Covered Individual will notify the Plan, and specifically authorize the Plan, in its sole discretion, to sue for, compromise or settle any such claims in the Covered Individual's name, to cooperate fully with the Plan in the prosecution of the claims and to execute all documents necessary to pursue those claims.
- (e) The Plan's right to subrogation is separate from and in addition to the Plan's right to reimbursement.

#### 14 **Right of Off-Set**

The Plan has a right of off-set to satisfy reimbursement claims and/or subrogation claims against Covered Individuals for money paid by a third party, including any insurer, that is received by, or held in constructive trust for, the Covered Individual. If the Covered Individual fails or refuses to reimburse the Plan for funds paid for claims, the Plan may deny payment of future claims of the Covered Individual, up to the full amount paid by the Plan and subject to reimbursement for such claims. This right of off-set applies to all reimbursement claims owing to the Plan regardless of whether formal demand is made by the Plan, and notwithstanding any anti-subrogation, "common fund," "made whole," or similar statutes, regulations, prior court decisions or common law theories.

#### 15 **Right to Recover Benefits Paid in Error**

- (a) If the Plan makes a payment in error to or on behalf of a Covered Individual or an assignee of a Covered Individual to which that Covered Individual is not entitled, or if the Plan pays a claim that is not covered, the Plan has the right to recover the payment from the person paid or anyone else who benefited from the payment. The Plan can deduct the amount paid from the Covered Individual's future benefits, or from the benefits for any covered family member even if the erroneous payment was not made on that family member's behalf.
- (b) Payment of benefits by the Plan for Participants' spouses, ex-spouses or children, domestic partners or the children of domestic partners who are not eligible for coverage under this Plan, but for whom benefits were paid based upon inaccurate, erroneous, false information or omissions of information provided or omitted by the Participant, will be reimbursed to the Plan by the Participant. The Participant's failure to reimburse the Plan after demand is made may result in an interruption in or loss of benefits to the Participant and could be reported to the appropriate governmental authorities for investigation of criminal fraud and abuse.

- (c) The Plan may recover such amount by any appropriate method that the Plan Administrator, in its sole discretion, will determine. By receipt of benefits under this Plan, each Covered Individual authorizes the deduction of any excess payment from such benefits or other present or future compensation payments. The determination of the Plan Administrator made pursuant to this Section 9.05 shall be final, conclusive and binding on all parties, subject to any applicable claims procedures, and shall not be overturned unless such determinations are arbitrary and capricious.
- (d) The provisions of this subsection apply to any provider who receives an assignment of benefits or payment of benefits under this Plan. If a provider refuses to refund improperly paid claims, the Plan may refuse to recognize future assignments of benefits to that provider.

## ARTICLE X – GENERAL PROVISIONS

### .01 Physical or Other Disability

If the Plan Administrator determines that any person to whom an amount is payable under the Plan is unable to care for his or her affairs because of illness or accident, or is a minor, or has died, then any payment due him or his or her estate (unless a prior claim therefore has been made by a duly appointed legal representative) may be paid to his or her spouse, his or her child, his or her relative, an institution maintaining or having custody of such person, or any other person deemed by the Plan Administrator to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Employer, Company, Plan Administrator, and the Plan.

### .02 Transmittal of Notices

All notices, statements, reports and other communications from the Plan Administrator required or permitted under the Plan shall be deemed to have been duly given when delivered to such Eligible Retiree or other person or mailed to such individual at the address last appearing on the records of the Plan Administrator.

### .03 Rules of Construction

Whenever used in the Plan, the masculine gender shall include the feminine, and the singular shall include the plural, as the context shall require.

### 10.04 Controlling Law

To the extent not preempted by federal law and regulation, this Plan and all rights thereunder shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to principles of conflicts of law unless any Insurance Contract provides for another governing law.

### .05 Forum Selection

Any action arising under or in connection with the Plan (legal or equitable) that is brought by any person shall be litigated in the federal courts sitting in the Eastern District of Virginia and no other federal or state court unless otherwise provided by an applicable Insurance Contract.

### .06 Limitations on Actions

No action shall be brought against the Plan in any court unless the claims and appeals procedures set out in Article V and the applicable Plan Documentation have been fully exhausted. Except as otherwise specified in applicable Plan Documentation or prescribed by section 413 of ERISA, a Covered Individual, Beneficiary or claimant asserting any action under 29 U.S.C. §1132, 29 U.S.C. §1140 or any other provision of ERISA, shall do so, if at all, within two years after the earlier of (i) the date the Covered Individual, Beneficiary or claimant received a final denial of the claim, and (ii) the date on which the Covered Individual, Beneficiary or claimant first knew or should have known of the action allegedly violating 29 U.S.C. §1140. Failure to bring an action

in court within this time frame shall preclude a Covered Individual, Beneficiary or claimant from bringing any action in court.

**.07 Text Prevails Over Captions**

The headings and subheadings of the Articles and Sections of the Plan are included herein solely for the convenience of reference and if there is any conflict between such headings and subdivisions and the text of this Plan, the text shall control.

**.08 Counterparts**

This Plan may be executed in several counterparts, each of which shall be deemed an original, and said counterparts shall constitute but one and the same instrument which may be sufficiently evidenced by any one counterpart.

**.09 Provider Selection**

The choice of provider of the services and supplies covered under a Health Benefit Option is that of the Covered Individual. The Plan only provides for payment of Covered Expenses.

**.10 Vested Rights**

No person, Eligible Retiree, Participant, Eligible Dependent or Beneficiary shall have any vested rights under the Plan.

**.11 Spendthrift**

No rights, claims, causes of action or benefits under, or any interest in, the Plan shall be assignable or transferable to any person or entity (including but not limited to any provider) in whole or in part, either directly or by operation of law or otherwise, including by contract, execution, levy, garnishment, attachment, pledge or bankruptcy, other than as required by law or permitted under the Plan. The Plan shall not be liable for any obligation or liability of any Covered Individual under the Plan, including with respect to claims for alimony or the support of a spouse, other than as provided under Section 4.07. Any attempt to assign or transfer a right or interest in the Plan shall be void and of no effect. Notwithstanding the foregoing, the Plan Administrator shall have the right, in its sole discretion, to accept a purported assignment for payment of Plan benefits made by a Covered Individual under the Plan to a hospital, doctor, dentist or other provider.

**.12 Information from Participants**

Each Participant, Eligible Retiree, Eligible Dependent, or Beneficiary shall furnish the Plan Administrator in the form prescribed by it and at its request, such personal data, affidavits, consents, authorizations to obtain information, or other information as the Plan Administrator deems necessary or desirable for the administration of the Plan.

**.13 Controlling Provisions**

In the event of any inconsistency, conflict, or ambiguity between this Plan document and the provisions relating to eligibility, Benefit commencement and termination, and the type, form, and amount of Benefits provided under the provisions of the other Plan Documentation applicable to a Welfare Benefit Program, the provisions of the other Plan Documentation shall control; otherwise, the provisions of this Plan document shall control in the event of any inconsistency, conflict, or ambiguity among such documents.

**.14 Successor and Assigns**

In the event the Company shall at any time become insolvent, or in the event of the dissolution of the Company, or a merger or consolidation involving the Company, without any provision being made for the continuance of the Plan, the Plan shall terminate, and the Plan Administrator shall proceed in the manner provided herein in the event of a termination of the Plan. In the event of a dissolution, merger or consolidation involving the Company, provisions may be made by the Company's successor, if any, for the continuance of the Plan. In such event, said successor shall be substituted hereunder in place of the Company by proper corporate action of such successor.

**.15 No Guarantee of Tax Consequences**

Neither the Company nor the Employer makes a commitment or guarantee that any amounts paid to or for the benefit of a Covered Individual will be excludable from such Covered Individual's gross income for federal, state, or local tax purposes or that any other favorable federal tax treatment will apply to or be available to any Covered Individual with respect to such amounts or Plan coverage. It shall be the obligation of each Covered Individual to determine whether each payment under the Plan is excludable from his or her gross income for federal, state, and local tax purposes and to notify the Employer if he or she has reason to believe that any such payment is intended to be but is not so excludable.

**.16 Payment of Benefits**

The Plan reserves the unilateral right and discretion to pay a provider (or any other designated person or entity) directly for covered benefits under the Plan, with any such payment being made on a Covered Individual's behalf (and not to such payment recipient in its, his or her own right). The Plan Administrator and/or Claims Administrator may, in its sole discretion, interact directly with a provider (or other designated person or entity). If the Plan makes a payment to a person or entity other than the Covered Individual, or if the Plan Administrator and/or Claims Administrator interacts directly with any such person or entity, such payment or interaction shall not constitute a waiver of any provision of Section 10.11 above or a consent to any assignment or transfer of any rights, claims, causes of action or benefits under, or any interest in, the Plan (unless otherwise provided by the Plan Administrator in its sole discretion). Any payment made under this Plan to any such person or entity discharges the Plan's responsibility to the Covered Individual for benefits under the Plan to which such payment relates. Payment of benefits under the Plan, if any, may be made to a Covered Individual upon presentation of itemized "paid" bills.

**.17 Insurance Contracts**

The Company does not guarantee benefits payable under any Insurance Contracts and any benefits payable thereunder shall be the exclusive responsibility of the insurer or health



maintenance organization that is obligated under such Insurance Contract. The benefits payable under the Plan shall be limited to the benefits as may be paid under such contract.

**10.18 Liability Disclaimer**

The Plan does not determine what medical services and supplies you should receive under a Health Benefit Option. Rather, it only determines what services and supplies will be paid or reimbursed in whole or in part. The fact that a Health Benefit Option does not cover a given service or supply, or that you have been advised that a Health Benefit Option does not cover a given service or supply, does not constitute medical advice that you should not receive such service or supply. The decision as to whether a Covered Individual should receive a given service or supply is a decision which must be made solely by the Covered Individual, taking into consideration the medical advice which the Covered Individual is receiving from the treating provider. Neither the Plan, the Employer, the Company nor the Plan Administrator is liable for any decision not to obtain any service or supply regardless of whether or not the service or supply will be paid or reimbursed under a Health Benefit Option.

**10.19 Legal Fees**

Any award of legal fees in connection with an action involving the Plan shall be calculated pursuant to the method that results in the lowest amount of fees being paid, which amount shall be no more than an amount that is reasonable. In no event shall legal fees be awarded for work related to (a) administrative proceedings under the Plan, (b) unsuccessful claims brought by a Participant, Eligible Dependent, Beneficiary or any other person, or (c) actions that are not brought under ERISA. In calculating any award of legal fees, there shall be no enhancement for the risk of contingency, nonpayment or any other risk nor shall there be applied a contingency multiplier or any other multiplier. In any action brought by a Participant, Eligible Dependent, Beneficiary or any other person against the Plan, the Plan Administrator, any Plan fiduciary, any claims administrator, the Company or their respective affiliates or their or their affiliates' respective officers, directors, trustees, employees, or agents (collectively, the "Plan Parties"), legal fees of the Plan Parties in connection with such action shall be paid by the Participant, Eligible Dependent, beneficiary or other person bringing the action, unless the court specifically finds that there was a reasonable basis for the action.

## ARTICLE XI – PROVISION OF PROTECTED HEALTH INFORMATION TO PLAN SPONSOR

### 11.01 Permitted Disclosures of Protected Health Information

Unless otherwise permitted or required by law, and subject to obtaining written certification pursuant to Section 11.04, a Welfare Benefit Program that is a Health Plan as defined in 45 CFR §160.103, (or a health insurance issuer or HMO with respect to such Health Plan) may disclose Protected Health Information (as defined in 45 CFR §160.103) to the Plan Sponsor only for the purpose of enabling the Plan Sponsor to perform administrative functions related to the treatment, payment and health care operations of such Health Plan as defined in 45 CFR §164.501.

In no event shall the Plan Sponsor be permitted to use or disclose Protected Health Information in a manner that is inconsistent with 45 CFR §164.504(f).

### .02 Conditions of Disclosure

The Plan Sponsor agrees that with respect to any Protected Health Information disclosed to it by a Health Plan (or a health insurance issuer or HMO with respect to the Plan) that it shall:

- (a) Not use or further disclose the Protected Health Information other than as permitted or required by the Health Plan or as required by law.
- (b) Ensure that any agents, including a subcontractor, to whom it provides Protected Health Information received from a Health Plan, agree to the same restrictions and conditions that apply to the Plan Sponsor with respect to Protected Health Information.
- (c) Not use or disclose the Protected Health Information for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Plan Sponsor.
- (d) Report to a Health Plan any use or disclosure of the information that is inconsistent with the uses or disclosures provided for of which it becomes aware.
- (e) Make available Protected Health Information in accordance with 45 CFR §164.524.
- (f) Make available Protected Health Information for amendment and incorporate any amendments to Protected Health Information in accordance with 45 CFR §164.526.
- (g) Make available the information required to provide an accounting of disclosures in accordance with 45 CFR §164.528.
- (h) Make its internal practices, books, and records relating to the use and disclosure of Protected Health Information received from a Health Plan (or a health insurance issuer or HMO with respect to such Health Plan) available to the Secretary of Health and Human Services for purposes of determining compliance by the Health Plan with subpart E of 45 CFR §164.

- (i) If feasible, return or destroy all Protected Health Information received from a Health Plan that the Plan Sponsor still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.
- (j) Ensure that the adequate separation between a Health Plan and Plan Sponsor, required in 45 CFR §164.504(f)(2)(iii), is satisfied.
- (k) If the Plan Sponsor receives electronic protected health information, as defined in 45 CFR §160.103, it shall:
  - (1) Implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of electronic PHI that it creates, receives, maintains or transmits on behalf of the Plan;
  - (2) Ensure that the adequate separation between the Plan and the Plan Sponsor with respect to electronic protected health information is supported by reasonable and appropriate security measures;
  - (3) Ensure that any agent, including a subcontractor, to whom it provides electronic protected health information to implement reasonable and appropriate security measures to protect the electronic protected health information; and
  - (4) Report to the Plan any security incidents of which it becomes aware concerning electronic protected health information.
- (l) Notwithstanding the foregoing, the terms of this provision shall not apply to enrollment, disenrollment, and summary health information provided to the Plan pursuant to 45 CFR §164.504(f)(1)(ii) or (iii); of Protected Health Information released pursuant to an Authorization that complies with 45 CFR §164.508; or in other circumstances as permitted by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) regulations.

**.03 Separation Between Health Plan and Plan Sponsor**

To satisfy the requirements of Section 11.02(j) above, the following conditions shall apply:

- (a) The Plan may use and/or disclose Protected Health Information only to Plan Sponsor employees in the human resources department, information services, help desk, and legal department and in the health and productivity consulting group who are engaged in activities related to plan administration or have oversight responsibility for the Plan.
- (b) The access to and use of Protected Health Information by the individuals described in Section 11.03(a) above shall be restricted to the Plan administration functions that the Plan Sponsor performs for a Health Plan.
- (c) An individual described in Section 11.03(a) above who fails to comply with the provisions of the Plan document relating to the use and disclosure of Protected Health

Information shall be subject to disciplinary action under the Plan Sponsor's established policies and procedures.

**.04 Certification by Plan Sponsor**

A Health Plan (or a health insurance issuer or HMO with respect to such Health Plan) shall disclose Protected Health Information to the Plan Sponsor only upon the receipt of a certification by the Plan Sponsor that the plan document has been amended to incorporate the provisions of 45 CFR §164.504(f)(2)(ii), and that the Plan Sponsor agrees to the conditions of disclosure set forth in Section 11.02. A Health Plan shall not disclose and may not permit a health insurance issuer or HMO to disclose Protected Health Information to the Plan Sponsor as otherwise permitted herein unless the statement required by 45 CFR §164.520(b)(1)(iii)(C) is included in the appropriate notice.

## ARTICLE XII: CERTAIN LEGAL RIGHTS

### .01 **Creditable Coverage for Purposes of Medicare Part D**

The Plan Administrator has determined that the prescription drug coverage under the Plan is expected to provide benefits, on average, as much as the standard Medicare prescription drug coverage; thus, prescription drug coverage under the Plan is “creditable coverage” with respect to Covered Individuals. This means that a Medicare-eligible Covered Individual will be entitled to enroll in Medicare Part D when he or she drops Plan coverage without being required to pay a penalty for late enrollment.

### .02 **Newborns’ and Mothers’ Health Protection Act**

To the extent required under applicable U.S. federal law, group health plans shall not restrict benefits for a hospital stay for a Covered Individual who is a mother, or for her newborn child, in connection with the birth of the child, to less than 48 hours following a vaginal delivery or 96 hours following a delivery by cesarean section. However, U.S. federal law generally does not prohibit the mother’s or newborn child’s attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or, if applicable, 96 hours).

### .03 **Women’s Health and Cancer Rights Act**

To the extent required under applicable law, if a Covered Individual elects breast reconstruction in connection with a mastectomy, then the Plan shall provide coverage for reconstruction of the breast on which the mastectomy was performed and for the surgery and reconstruction of the other breast to produce a symmetrical appearance. To the extent required, the Plan shall also provide coverage for breast prosthesis and for treatment of physical complications resulting from a mastectomy, including lymphedemas (swelling associated with the removal of lymph nodes). These benefits are subject to the same deductibles, copayments and coinsurance amounts that apply to other Plan benefits.

### .04 **Mental Health Parity Act and Mental Health Parity and Addiction Equity Act**

To the extent required under applicable law, the Plan shall comply with the Mental Health Parity Act and the Mental Health Parity and Addiction Equity Act of 2008, as amended from time to time, and the rulings and regulations under such Acts.

### .05 **Genetic Information Nondiscrimination Act of 2008**

To the extent required under applicable law, the Plan shall comply with the Genetic Information Nondiscrimination Act of 2008 and the rulings and regulations issued thereunder.

### 12.06 **Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act**

To the extent required under applicable law, the Plan shall comply with the applicable provisions of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act.

**.07 No Surprises Act**

To the extent required under applicable law, the Plan shall comply with the applicable provisions of the No Surprises Act, part of the Consolidated Appropriations Act, 2021 and the rulings and regulations issued thereunder.

**.08 Transgender Services and Gender Reassignment**

The Plan provides coverage for certain transgender services and gender reassignment surgeries to the extent provided by, and in accordance with, the terms of the Plan and each applicable Health Benefit Option.

IN WITNESS HEREOF, Booz Allen Hamilton Inc. has caused this instrument to be executed by its duly authorized officer effective as of January 1, 2024.

BOOZ ALLEN HAMILTON INC.

By: /s/ Betty Thompson

Title: Betty Thompson / EVP & CPO

Date: March 28, 2024

**APPENDIX A: WELFARE BENEFIT PROGRAMS**

<b>Benefit</b>
Executive Aetna Medical and Dental Indemnity Plan (and including the “change in control” provisions of the Officer Retirement Policy)





## Grandfathered Health Plan Notice

**Plan Sponsor Name:** Booz Allen Hamilton

Plan Sponsor believes your plan is a “grandfathered health plan” under the Patient Protection and Affordable Care Act (the Affordable Care Act). As permitted by the Affordable Care Act, a grandfathered health plan can preserve certain basic health coverage that was already in effect when that law was enacted. Being a grandfathered health plan means that your plan may not include certain consumer protections of the Affordable Care Act that apply to other plans, for example, the requirement for the provision of preventive health services without any cost sharing. However, grandfathered health plans must comply with certain other consumer protections in the Affordable Care Act, for example, the elimination of lifetime limits on benefits.

Questions regarding which protections apply and which protections do not apply to a grandfathered health plan and what might cause a plan to change from grandfathered health plan status can be directed to your employer or Aetna member services using the phone number on your member id card.

If your plan is governed by ERISA, you may also contact the Employee Benefits Security Administration, U.S. Department of Labor at 1-866-444-3272 or [United States Department of Labor](#). This website has a table summarizing which protections do and do not apply to grandfathered health plans. If your plan is a nonfederal governmental plan, you may also contact the U.S. Department of Health and Human Services at [U.S. Department of Health and Human Services](#).

Aetna complies with applicable Federal civil rights laws and does not unlawfully discriminate, exclude or treat people differently based on their race, color, national origin, sex, age, or disability.

We provide free aids/services to people with disabilities and to people who need language assistance.

If you need a qualified interpreter, written information in other formats, translation or other services, call the number on your ID card.

If you believe we have failed to provide these services or otherwise discriminated based on a protected class noted above, you can also file a grievance with the Civil Rights Coordinator by contacting:

Civil Rights Coordinator,

P.O. Box 14462, Lexington, KY 40512 (CA HMO customers: PO Box 24030 Fresno, CA 93779),  
1-800-648-7817, TTY: 711,

Fax: 859-425-3379 (CA HMO customers: 860-262-7705), CRCoordinator@aetna.com.

You can also file a civil rights complaint with the U.S. Department of Health and Human Services, Office for Civil Rights Complaint Portal, available at [U.S. Department of Health and Human Services](https://www.hhs.gov/oc/portal), or at: U.S. Department of Health and Human Services, 200 Independence Avenue SW., Room 509F, HHH Building, Washington, DC 20201, or at 1-800-368-1019, 800-537-7697 (TDD).

TTY:711

English	To access language services at no cost to you, call the number on your ID card.
Albanian	Për shërbime përkthimi falas për ju, telefononi në numrin që gjendet në kartën tuaj të identitetit.
Amharic	የ ቋንቋ አገልግሎቶችን ያለከፍያ ለማግኘት፣ በመታወቂያዎት ላይ ያለውን ቁጥር ይደውሉ፡ ፡
Arabic	للحصول على الخدمات اللغوية دون أي تكلفة، الرجاء الاتصال على الرقم الموجود على بطاقة اشتراكك.
Armenian	Ձեր նախընտրած լեզվով ավվճար խորհրդատվությունն ստանալու համար զանգահարեք ձեր բժշկական ակադեմիական քարտի վրա նշված հեռախոսահամարով
Bantu-Kirundi	Kugira uronke serivisi z’indimi ata kiguzi, hamagara inomeru iri ku karangamuntu kawe
Bengali	আপনাকে বিনামূল্যে ভাষা পরিষেবা পেতে হলে আপনার পরিচয়পত্রে দেওয়া নম্বরে টেলিফোন করুন।
Burmese	သင့်အနေဖြင့် အခကြေးငွေ မပေးရဘဲ ဘာသာစကားဝန်ဆောင်မှုများ ရရှိနိုင်ရန်၊ သင့် ID ကတ်ပေါ်တွင်ရှိသော ဖုန်းနံပါတ်အား ခေါ်ဆိုပါ။
Catalan	Per accedir a serveis lingüístics sense cap cost per a vostè, telefoni al número indicat a la seva targeta d’identificació.
Cebuano	Aron maakses ang mga serbisyo sa lengguwahe nga wala kay bayran, tawagi ang numero nga anaa sa imong kard sa ID.
Chamorro	Para un hago' i setbision lengguähi ni dibätde para hägu, ägang i numiru gi iyo-mu kard aidentifikasion.
Cherokee	ᄒᄄᄇᄂ ᄂᄇᄈᄇᄂ ᄂᄂᄂᄂᄂᄂ ᄂᄂᄂᄂ ᄂᄂᄂᄂᄂᄂ ᄂᄂᄂᄂ ᄂᄂᄂᄂᄂᄂ ᄂᄂᄂᄂ ᄂᄂᄂᄂᄂᄂ ᄂᄂᄂᄂ ᄂᄂᄂᄂᄂᄂ ᄂᄂᄂᄂᄂᄂ ᄂᄂᄂᄂᄂᄂ ᄂᄂᄂᄂᄂᄂ.
Chinese Traditional	如欲使用免費語言服務，請撥打您健康保險卡上所列的電話號碼
Choctaw	Anumpa tosholi i toksvli ya peh pilla ho ish i payahinla kvt chi holisso kallo iskitini holhtena takanli ma i payah
Chuukese	Ren omw kopwe aneigi aninisin eman chon awewei (ese kamé), kopwe kéeri ewe nampa mei mak won noum ena katen ID
Cushitic-Oromo	Tajaajiloota afaanii gatii bilisaa ati argaa chuuf, lakkoofsa fuula waraaqaa eenyummaa (ID) kee irraa jiruun bilbili.
Dutch	Voor gratis taaldiensten, bel het nummer op uw ziekteverzekeringskaart.
French	Pour accéder gratuitement aux services linguistiques, veuillez composer le numéro indiqué sur votre carte d'assurance santé.
French Creole (Haitian)	Pou ou jwenn sèvis gratis nan lang ou, rele nimewo telefòn ki sou kat idantifikasyon asirans sante ou.
German	Um auf den für Sie kostenlosen Sprachservice auf Deutsch zuzugreifen, rufen Sie die Nummer auf Ihrer ID-Karte an.
Greek	Για πρόσβαση στις υπηρεσίες γλώσσας χωρίς χρέωση, καλέστε τον αριθμό στην κάρτα ασφάλισής σας.
Gujarati	તમારે કોઇ પણ જાતના ખર્ચ વિના ભાષા સેવાઓ મેળવવા માટે, તમારા આઈડી કાર્ડ પર રહેલ નંબર પર કોલ કરવો.

Hawaiian	No ka wala'au 'ana me ka lawelawe 'olelo e kahea aku i ka helu kelepona ma kāu kāleka ID. Kāki 'ole 'ia kēia kōkua nei.
Hindi	बिना किसी कीमत के भाषा सेवाओं का उपयोग करने के लिए, अपने आईडी कार्ड पर दिए नंबर पर कॉल करें।
Hmong	Yuav kom tau kev pab txhais lus tsis muaj nqi them rau koj, hu tus naj npawb ntawm koj daim npav ID.
Igbo	Inweta enyemaka asụsụ na akwughị ugwo obụla, kpọọ nọmba nọ na kaadi njirimara gị
Ilocano	Tapno maakses dagiti serbisio ti pagsasao nga awanan ti bayadna, awagan ti numero nga adda ayan ti ID kardmo.
Indonesian	Untuk mengakses layanan bahasa tanpa dikenakan biaya, silakan hubungi nomor telepon di kartu asuransi Anda.
Italian	Per accedere ai servizi linguistici senza alcun costo per lei, chiami il numero sulla tessera identificativa.
Japanese	無料の言語サービスは、IDカードにある番号にお電話ください。
Karen	လၢတၢ်ကၢမၤန့ၢ်တၢ်မၤအၢတၢ်ဒီးတၢ်မၤတၢ်ဒုတိယ လၢတၢ်ဒုတိယဒီးအၢပုၤလၢနကတၢ်တၢ်ပုၤဒုတိယဒီးအၢတၢ်ဒုတိယ,တၢ်ဒုတိယတၢ်တၢ်ဒုတိယဒီးအၢတၢ်ဒုတိယလၢနနီၣ်တၢ်ဒုတိယ (ID) အလံၤန့ၢ်တၢ်ကၢမၤ
Korean	무료 다국어 서비스를 이용하려면 보험 ID 카드에 수록된 번호로 전화해 주십시오.
Kru-Bassa	I nyuu kosna mahola ni language services ngui nsaa wogui wo, sebel i nsinga i ye ntilga i kat yong matibla
Kurdish	بۆ دەستگیرکردن بە خزمەتگوزاری زمان بەجێ تێچوون بۆ تۆ، پەیوەندی بکە بە ژمارەی سەر نای دی (ID) کارتی خۆت.
Lao	ເພື່ອເຂົ້າໃຊ້ບໍລິການພາສາທີ່ບໍ່ເສຍຄ່າ, ໃຫ້ໃບທາດປີໃຫຍ່ໃນບັດປະຈຳຕົວຂອງທ່ານ.
Marathi	आपल्याला कोणत्याही शुल्काशिवाय भाषा सेवांपर्यंत पोहोचण्यासाठी, आपल्या ID कार्डावरील क्रमांकावर फोन करा.
Marshallese	Ñan bōk jipañ kōn kajin ilo an ejje ok wōṇean ñan kwe, kwōn kallok nōmba eo ilo kaat in ID eo am.
Micronesian-Ponapean	Pwehn alehdi sawas en lokaia kan ni sohte pweipwei, koahlih nempe nan amhw doaropwe en ID.
Mon-Khmer, Cambodian	ដើម្បីទទួលបានសេវាភាសាសេរីដោយឥតគិតថ្លៃសម្រាប់លោកអ្នក សូមហៅទូរសព្ទទៅកាន់លេខដែលមាននៅលើប័ណ្ណសម្គាល់ខ្លួនរបស់លោកអ្នក។
Navajo	T'áá ni nizaad k'ehji bee níká a'doowol doo búáh ílínígóó naaltsoos bee atah nííígo nanítíníígií bee néého'dólzínígií béésh bee hane'i biká'ígíí áají' hólne'.
Nepali	भाषासम्बन्धी सेवाहरूमाथि निःशुल्क पहुँच राख्न आफ्नो कार्डमा रहेको नम्बरमा कल गर्नुहोस्।
Nilotic-Dinka	Tē koor yīn ran de wēēr de thokic ke cīn wēu kor keek tēncōj yīn. Ke yīn col ran ye koc kuony nē namba de abac tō nē ID kard duōn de tīit de nyin de panakim kōu.
Norwegian	For tilgang til kostnadsfri språktjenester, ring nummeret på ID-kortet ditt.
Pennsylvanian-Dutch	Um Schprooch Services zu griege mitaus Koscht, ruff die Nummer uff dei ID Kaart.

Persian Farsi	برای دسترسی به خدمات زبان به طور رایگان، با شماره قید شده روی کارت شناسایی خود تماس بگیرید.
Polish	Aby uzyskać dostęp do bezpłatnych usług językowych, należy zadzwonić pod numer podany na karcie identyfikacyjnej.
Portuguese	Para aceder aos serviços linguísticos gratuitamente, ligue para o número indicado no seu cartão de identificação.
Punjabi	ਤੁਹਾਡੇ ਲਈ ਬਿਨਾਂ ਕਿਸੇ ਕੀਮਤ ਵਾਲੀਆਂ ਪੰਜਾਬੀ ਸੇਵਾਵਾਂ ਦੀ ਵਰਤੋਂ ਕਰਨ ਲਈ, ਆਪਣੇ ਆਈਡੀ ਕਾਰਡ 'ਤੇ ਦਿੱਤੇ ਨੰਬਰ 'ਤੇ ਫੋਨ ਕਰੋ।
Romanian	Pentru a accesa gratuit serviciile de limbă, apălați numărul de pe cardul de membru.
Russian	Для того чтобы бесплатно получить помощь переводчика, позвоните по телефону, приведенному на вашей идентификационной карте.
Samoan	Mō le mauaina o 'au'aunaga tau gagana e aunoa ma se tologi, vala'au le numera i luga o lau pepa ID.
Serbo-Croatian	Za besplatne prevodilačke usluge pozovite broj naveden na Vašoj identifikacionoj kartici.
Spanish	Para acceder a los servicios lingüísticos sin costo alguno, llame al número que figura en su tarjeta de identificación.
Sudanic Fulfulde	Heeba a naasta nder ekkitol jaangirde woldeji walla yobugo, ewnu lamba je don windi ha do derowol maada.
Swahili	Kupata huduma za lugha bila malipo kwako, piga nambari iliyo kwenye kadi yako ya kitambulisho.
Syriac-Assyrian	برای دسترسی به خدمات زبان به طور رایگان، با شماره قید شده روی کارت شناسایی خود تماس بگیرید.
Swahili	Kupata huduma za lugha bila malipo kwako, piga nambari iliyo kwenye kadi yako ya kitambulisho.
Tagalog	Upang ma-access ang mga serbisyo sa wika nang walang bayad, tawagan ang numero sa iyong ID card.
Telugu	బాష సేవలను మీకు ఖర్చు లేకుండా అందుకునేందుకు, మీ ఐడి కార్డుపై ఉన్న నంబరుకు కాల్ చేయండి.
Thai	หากท่านต้องการเข้าถึงบริการทางคำภาษาโดยไม่เสียค่าใช้จ่าย โปรดโทรหาหมายเลขแสดงอยู่บนบัตรประจำตัวของท่าน
Tongan	Kapau 'oku ke fiema'u ta'etōtōngi 'a e ngaahi sēvesi kotoa pē he ngaahi lea kotoa, telefoni ki he fika 'oku hā atu 'i ho'o ID kaati.
Turkish	Dil hizmetlerine ücretsiz olarak erişmek için kimlik kartınızdaki numarayı arayın.
Ukrainian	Щоб безкоштовно отримати мовні послуги, задзвоніть за номером, вказаним на вашій ідентифікаційній картці.
Urdu	لسانی خدمات تک مُفت رسائی کے لیے، اپنے بیمہ کے ID کارڈ پر درج نمبر پر کال کریں۔
Vietnamese	Để sử dụng các dịch vụ ngôn ngữ miễn phí, vui lòng gọi số điện thoại ghi trên thẻ ID của quý vị.
Yiddish	צו באקומען שפראך סערוויסעס פריי פון אפצאל, רופט דעם נומער אויף אייער ID קארטל.
Yoruba	Láti ráyèsì àwọn isẹ̀ èdè fún ọ̀ lófífẹ̀, pe nọmbà tó wà lóri káàdì idánimọ̀ rẹ.

## Preferred provider organization (PPO) medical plan

### Certificate of coverage

#### Prepared for:

Policyholder: Booz Allen Hamilton  
Policyholder number:  
Plan name: Open Choice - Retired Officers Plan  
Booklet-certificate: 4  
Group policy effective date: January 1, 2019  
Plan effective date: January 1, 2022  
Plan issue date: November 20, 2023  
Plan revision effective date: January 1, 2024

Underwritten by Aetna Life Insurance Company  
151 Farmington Ave  
Hartford, CT 06156



This certificate of coverage is made part of the group policy

## Table of contents

Welcome .....	1
Coverage and exclusions .....	3
General plan exclusions .....	36
How your plan works .....	41
Complaints, claim decisions and appeal procedures .....	55
Eligibility, starting and stopping coverage .....	60
General provisions – other things you should know .....	65
Glossary .....	69

Schedule of benefits                      Issued with your certificate of coverage

## Welcome

---

At Aetna, your health goals lead the way, so we're joining you to put them first. We believe that whatever you decide to do for your health, you can do it with the right support. And no matter where you are on this personal journey, it's our job to enable you to feel the joy of achieving your best health.

Welcome to Aetna.

### Introduction

This is your certificate of coverage or "certificate". It describes your **covered services** – what they are and how to get them. The schedule of benefits tells you how we share expenses for **covered services** and explains any limits. Along with the group policy, they describe your Aetna plan. Each may have amendments attached to them. These change or add to the document. This certificate takes the place of any others sent to you before.

It's really important that you read the entire certificate and your schedule of benefits.

If your coverage under any part of this plan replaces coverage under another plan, your coverage for benefits provided under the other coverage may reduce benefits paid by this plan. See the *Coordination of benefits, Effect of prior plan coverage* section.

We are regulated in Virginia by both the State Corporation Commission Bureau of Insurance under Title 38.2 of the Code of Virginia and the Virginia Department of Health under Title 32.1 of the Code of Virginia.

If you need help or information, see the *Contact us* section below.

### How we use words

When we use:

- "You" and "your" we mean you and any covered dependents (if your plan allows dependent coverage)
- "Us," "we," and "our" we mean Aetna Life Insurance Company
- Words that are in bold, we define them in the *Glossary* section

### Contact us – important information regarding your insurance

If you need to contact someone about this insurance for any reason, please contact your agent. If no agent was involved in the sale of this insurance, or if you have additional questions about your plan, you can contact us by:

- Calling the toll-free number on your ID card
- Logging in to the Aetna website at <https://www.aetna.com/>
- Writing us at 151 Farmington Ave, Hartford, CT 06156

Your member website is available 24/7. With your member website, you can:

- See your coverage, benefits and costs
- Print an ID card and various forms
- Find a **provider**, research **providers**, care and treatment options
- View and manage claims
- Find information on health and wellness



If you have been unable to contact or obtain satisfaction from us or the agent, you can contact the Virginia State Corporation Commission's Bureau of Insurance at:

Bureau of Insurance  
P.O. Box 1157  
Richmond, VA 23218  
(804) 371-9741, local  
(800) 552-7945, in-state toll-free number  
(877) 310-6560, national toll-free number

Written correspondence is preferable so that a record of your inquiry is maintained. When contacting us, the agent or the BOI, have your policy number available.

### **Your ID card**

Show your ID card each time you get **covered services** from a **provider**. Only members on your plan can use your ID card. We will mail you your ID card. If you haven't received it before you need **covered services**, or if you lose it, you can print a temporary one using your member website.

### **Wellness and other rewards**

You may be eligible to earn rewards for completing certain activities that improve your health, coverage, and experience with us. We may encourage you to access certain health services, or categories of healthcare **providers**, participate in programs, including but not limited to financial wellness programs; utilize tools, improve your health metrics or continue participation as an Aetna member through incentives. Talk with your **provider** about these and see if they are right for you. We may provide incentives based on your participation and outcomes such as:

- Modifications to **copayment, deductible** or **coinsurance** amounts
- Contributions to your health savings account
- Merchandise
- Coupons
- Gift or debit cards
- Any combination of the above

### **Discount arrangements**

We can offer you discounts on health care related goods or services. Sometimes, other companies provide these discounted goods and services. These companies are called "third-party service providers". These third-party service providers may pay us so that they can offer you their services.

Third-party service providers are independent contractors. The third-party service provider is responsible for the goods and services they deliver. We have the right to change or end the arrangements at any time.

These discount arrangements are not insurance. We don't pay the third-party service providers for the services they offer. You are responsible for paying for their services and discounted goods.

## Coverage and exclusions

---

### Providing covered services

Your plan provides **covered services**. These are:

- Described in this section.
- Not listed as an exclusion in this section or the *General plan exclusions* section.
- Not beyond any limits in the schedule of benefits.
- **Medically necessary**. See the *How your plan works – Medical necessity and, precertification requirements* section and the *Glossary* for more information.

For **covered services** under the outpatient **prescription** drug plan:

- You need a **prescription** from the prescribing **provider**
- You need to show your ID card to the **network pharmacy** when you get a **prescription** filled

This plan provides insurance coverage for many kinds of **covered services**, such as a doctor's care and **hospital stays**, but some services aren't covered at all or are limited. For other services, the plan pays more of the expense. For example:

- **Physician** care generally is covered but **physician** care for cosmetic **surgery** is an exclusion and not covered, except where described in *Coverage and exclusions* under the *Reconstructive breast surgery and supplies* and *Reconstructive surgery and supplies* sections.
- Home health care is generally covered but it is a **covered service** only up to a set number of visits a year. This is a limitation.
- Your **provider** may recommend services that are considered **experimental or investigational** services. But an **experimental or investigational** service is not covered and is also an exclusion, unless it is recognized as part of an approved clinical trial when you have cancer or a **terminal illness**. See *Clinical trials* in the list of services below.

Some services require **precertification** from us. For more information see the *How your plan works – Medical necessity and, precertification requirements* section.

The **covered services** and exclusions below appear alphabetically to make it easier to find what you're looking for. You can find out about limitations for **covered services** in the schedule of benefits. If you have questions, contact us.

### Acupuncture

**Covered services** include acupuncture services provided by a **physician** if the service is provided as a form of anesthesia in connection with a covered **surgical procedure**.

**Covered services** also include services performed to alleviate, treat, or limit:

- Chronic pain
- Postoperative and chemotherapy-induced nausea and vomiting
- Nausea during pregnancy
- Postoperative dental pain
- Temporomandibular disorders (TMD)
- Migraine headache
- Pain from osteoarthritis of the knee or hip

The following are not **covered services**:

- Acupressure

## Ambulance services

An ambulance is a vehicle staffed by medical personnel and equipped to transport an ill or injured person.

### Emergency

**Covered services** include emergency transport to a **hospital** by a licensed ambulance:

- To the first **hospital** to provide **emergency services**
- From one **hospital** to another if the first **hospital** can't provide the **emergency services** you need
- When your condition is unstable and requires medical supervision and rapid transport

### Non-emergency

**Covered services** also include **precertified** transportation to a **hospital** by a licensed ambulance:

- From a **hospital** to your home or to another facility if an ambulance is the only safe way to transport you
- From your home to a **hospital** if an ambulance is the only safe way to transport you; limited to 100 miles
- When during a covered inpatient **stay** at a **hospital, skilled nursing facility** or acute rehabilitation **hospital**, an ambulance is required to safely and adequately transport you to or from inpatient or outpatient treatment

The following are not **covered services**:

- Ambulance services for routine transportation to receive outpatient or inpatient services

## Applied behavior analysis

**Covered services** include applied behavior analysis for a diagnosis of autism spectrum disorder. Applied behavior analysis means the design, implementation and evaluation of environmental changes by applying interventions using behavioral stimuli and consequences that:

- Systematically change behavior
- Are responsible for observable improvements in behavior, including the use of:
  - Direct observation
  - Measurement
  - Functional analysis of the relationship between environment and behavior

## Autism spectrum disorder

Autism spectrum disorder means any pervasive developmental disorder or autism spectrum disorder, as defined in the most recent edition or the most recent edition at the time of diagnosis of the *Diagnostic and Statistical Manual of Mental Disorders* (DSM) of the American Psychiatric Association. It includes:

- Autistic disorder
- Asperger's syndrome
- Rett's syndrome
- Childhood disintegrative disorder
- Pervasive developmental disorder not otherwise specified

**Covered services** include services and supplies provided by a **[physician]** or **behavioral health provider** for:

- The diagnosis and treatment of autism spectrum disorder
- Physical, occupational, and speech therapy associated with the diagnosis of autism spectrum disorder

We will cover treatment ordered by a **[physician]** or **behavioral health provider** as part of a treatment plan they develop:

- Following a complete evaluation or re-evaluation
- In accordance with the most recent clinical report or recommendation on one of the following:
  - American Academy of Pediatrics
  - American Academy of Child and Adolescent Psychiatry.

The care within a treatment plan includes:

- Behavioral health treatment
- Pharmacy care
- Psychiatric care
- Psychological care
- Therapeutic care
- Applied behavior analysis

**Medically necessary** as used here means in accordance with the generally accepted standards of mental disorder or condition care and clinically appropriate in terms of type, frequency, site, and duration, based on evidence and reasonably expected to do any of the following:

- Prevent the onset of an illness, condition, injury or disability;
- Reduce or ameliorate the physical, mental, or developmental effects of an illness, condition, injury or disability; or
- Assist to achieve or maintain maximum functional capacity in performing daily activities, taking into account both the functional capacity of the individual and the functional capacities that are appropriate for individual of the same age.

## Behavioral health

### Mental health treatment

**Covered services** include the treatment of **mental health disorders** provided by a **hospital, psychiatric hospital, residential treatment facility, physician, or behavioral health provider** including:

- Inpatient **room and board** at the **semi-private room rate** (your plan will cover the extra expense of a private room when appropriate because of your medical condition), and other services and supplies related to your condition that are provided during your **stay** in a **hospital, psychiatric hospital, or residential treatment facility**
- Outpatient treatment received while not confined as an inpatient in a **hospital, psychiatric hospital, or residential treatment facility**, including:
  - Office visits to a **physician** or **behavioral health provider** such as a psychiatrist, psychologist, social worker, or licensed professional counselor (includes **telemedicine** consultation)
  - Individual, group, and family therapies for the treatment of **mental health disorders**
  - Other outpatient mental health treatment such as:
    - **Partial hospitalization** treatment provided in a facility or program for mental health treatment provided under the direction of a **physician**
    - Intensive outpatient program provided in a facility or program for mental health treatment provided under the direction of a **physician**

- Skilled behavioral health services provided in the home, but only when all of the following criteria are met:
  - You are homebound
  - Your **physician** orders them
  - The services take the place of a **stay** in a **hospital** or a **residential treatment facility**, or you are unable to receive the same services outside your home
  - The skilled behavioral health care is appropriate for the active treatment of a condition, illness, or disease
- Electro-convulsive therapy (ECT)
- Transcranial magnetic stimulation (TMS)
- Psychological testing
- Neuropsychological testing
- Observation
- Peer counseling support by a peer support specialist (including telemedicine consultation)

### **Substance use disorders treatment**

**Covered services** include the treatment of **substance use disorders** provided by a **hospital, psychiatric hospital, residential treatment facility, physician, or behavioral health provider** as follows:

- Inpatient **room and board**, at the **semi-private room rate** (your plan will cover the extra expense of a private room when appropriate because of your medical condition), and other services and supplies that are provided during your **stay** in a **hospital, psychiatric hospital, or residential treatment facility**.
- Outpatient treatment received while not confined as an inpatient in a **hospital, psychiatric hospital, or residential treatment facility**, including:
  - Office visits to a **physician** or **behavioral health provider** such as a psychologist, social worker, or licensed professional counselor (includes **telemedicine** consultation)
  - Individual, group, and family therapies for the treatment of **substance use disorders**
  - Other outpatient **substance use disorders** treatment such as:
    - **Partial hospitalization** treatment provided in a facility or program for treatment of **substance use disorders** provided under the direction of a **physician**
    - Intensive outpatient program provided in a facility or program for treatment of **substance use disorders** provided under the direction of a **physician**
    - Skilled behavioral health services provided in the home, but only when all of the following criteria are met:
      - You are homebound
      - Your **physician** orders them
      - The services take the place of a **stay** in a **hospital** or a **residential treatment facility**, or you are unable to receive the same services outside your home
      - The skilled behavioral health care is appropriate for the active treatment of a condition, illness, or disease
    - Ambulatory or outpatient **detoxification** which includes outpatient services that monitor withdrawal from alcohol or other substances, including administration of medications
    - Observation
    - Peer counseling support by a peer support specialist

**Behavioral health important note:**

A peer support specialist serves as a role model, mentor, coach, and advocate. Peer support must be supervised by a **behavioral health provider**.

**Clinical trials****Routine patient costs**

**Covered services** include routine patient costs you have from a **provider** in connection with participation in an approved clinical trial as a qualified individual for cancer or other life-threatening disease or condition.

“Routine patient cost” means the cost of a health care service incurred as a result of treatment being provided to the covered person for purposes of a clinical trial.

“Life threatening condition” means any disease or condition from which death is likely unless the course of disease or condition is interrupted.

“Qualified individual” means a covered person who is eligible to participate in an approved clinical trial according to the trial protocol, with respect to treatment of cancer or other life-threatening disease or condition, and the referring health care professional has concluded that the individual’s participation in such trial is appropriate to treat the disease or condition, or the individual’s participation is based on medical and scientific information.

The following are not **covered services**:

- Services and supplies related to data collection and record-keeping needed only for the clinical trial
- Services and supplies provided by the trial sponsor for free
- Services that are clearly inconsistent with widely accepted and established standards of care for a particular diagnosis
- The experimental intervention itself (except Category B investigational devices and promising **experimental or investigational** interventions for **terminal illnesses** in certain clinical trials in accordance with our policies)

**Experimental or investigational therapies**

**Covered services** include drugs, devices, treatments, or procedures from a **provider** under an “approved clinical trial”. All of the following conditions must be met:

- Standard therapies have not been effective or are not appropriate
- We determine you may benefit from the treatment

An approved clinical trial is a phase I, phase II, phase III or phase IV clinical trial conducted to prevent, detect, or treat cancer or other life-threatening disease or condition. It must meet all of these requirements:

- The clinical trial is a federally funded or approved trial
- The clinical trial is conducted under an investigational new drug application reviewed by the U.S. Food and Drug Administration (FDA), or is a drug that is exempt from having an investigational new drug application

## Dental anesthesia

**Covered services** include anesthesia and hospitalization or outpatient facility charges for dental care if:

- Your **provider** determines that you require general anesthesia and admission to a **hospital** or outpatient surgery center to effectively and safely provide the underlying dental care; and
- You are severely disabled; or
- You have a medical need for general anesthesia; or
- You are under 7 years of age.

For purposes of this review, a determination of **medical necessity** includes but is not limited to a consideration of whether your age, physical condition or mental condition requires the utilization of general anesthesia and the admission to a **hospital** or outpatient surgery center to safely provide the underlying dental care.

## Diabetic services, supplies, equipment, and self-care programs

**Covered services** include:

- Services
  - Foot care to minimize the risk of infection
- Supplies
  - Injection devices including syringes, needles and pens
  - Test strips - blood glucose, ketone and urine
  - Blood glucose calibration liquid
  - Lancet devices and kits
  - Alcohol swabs
- Equipment
  - External insulin pumps and pump supplies
  - Blood glucose monitors without special features, unless required due to blindness
- Prescribed self-care programs with a health care **provider** certified in diabetes self-care training, including medical nutrition therapy

## Durable medical equipment (DME)

DME and the accessories needed to operate it are:

- Made to withstand prolonged use
- Mainly used in the treatment of illness or injury
- Suited for use in the home
- Not normally used by people who do not have an illness or injury
- Not for altering air quality or temperature
- Not for exercise or training

Your plan only covers the same type of DME that Medicare covers but, there are some DME items Medicare covers that your plan does not.

**Covered services** include the expense of renting or buying DME and accessories you need to operate the item from a DME supplier. If you purchase DME, that purchase is only covered if you need it for long-term use.

**Covered services** also include:

- One item of DME for the same or similar purpose
- Repairing DME due to normal wear and tear
- A new DME item you need because your physical condition has changed

- Buying a new DME item to replace one that was damaged due to normal wear, if it would be cheaper than repairing it or renting a similar item

The following are not **covered services**:

- Communication aid
- Elevator
- Maintenance and repairs that result from misuse or abuse
- Massage table
- Message device (personal voice recorder)
- Over bed table
- Portable whirlpool pump
- Sauna bath
- Telephone alert system
- Vision aid
- Whirlpool

### **Emergency services**

When you experience an **emergency medical condition**, you should go to the nearest emergency room. You can also dial 911 or your local emergency response service for medical and ambulance help.

**Covered services** include outpatient services to evaluate and stabilize an **emergency medical condition** in a **hospital** emergency room or freestanding emergency department, including:

- Diagnostic x-ray
- Lab services
- Medical supplies
- Advanced diagnostic imaging, such as MRIs and CAT scans

You can get **emergency services** from **network providers** or **out-of-network providers**.

Your coverage for **emergency services** will continue until the following conditions are met:

- You are evaluated and your condition is stabilized
- Your attending **physician** determines that you are medically able to travel or be transported, by non-medical or non-emergency transportation, to another **provider** if you need more care

If your **physician** decides you need to stay in the **hospital** (emergency admission) or receive follow-up care, these are not **emergency services**. Different benefits and requirements apply. Please refer to the *How your plan works – Medical necessity and precertification requirements* section and the *Coverage and exclusions* section that fits your situation (for example, *Hospital care* or *Physician services*). You can also contact us or your **network physician** or **primary care physician (PCP)**.

### **Non-emergency services**

See the schedule of benefits for this information.



## Habilitation therapy services

Habilitation therapy services help you keep, learn or improve skills and functioning for daily living (e.g. therapy for a child who isn't walking or talking at the expected age). The services must follow a specific treatment plan, ordered by your **physician**. The services must be performed by a:

- Licensed or certified physical, occupational or speech therapist
- **Hospital, skilled nursing facility** or hospice facility
- **Home health care agency**
- **Physician**

## Outpatient physical, occupational, and speech therapy

**Covered services** include:

- Physical therapy if it is expected to develop any impaired function
- Occupational therapy if it is expected to develop any impaired function
- Speech therapy if it is expected to develop speech function that resulted from delayed development (speech function is the ability to express thoughts, speak words and form sentences)

The following are not **covered services**:

- Services provided in an educational or training setting or to teach sign language
- Vocational rehabilitation or employment counseling

## Early intervention services

Early intervention services are available to children from birth to age 3. They are services that help a child develop, learn or keep skills to function age appropriately within their home or normal everyday settings and shall include services that enhance functional ability without effecting a cure. To receive services, your child must be certified by the Department of Behavioral Health and Developmental Services as eligible for services under Part H of the Individuals with Disabilities Education Act.

**Covered services** include:

- Speech and language therapy
- Occupational therapy
- Physical therapy
- Assistive technology services and devices

## Hearing aids

Hearing aid means:

- Any wearable, non-disposable instrument or device designed to aid or make up for impaired hearing
- Parts, attachments, or accessories

**Covered services** include prescribed hearing aids and the following hearing aid services:

- Audiometric hearing visit and evaluation for a hearing aid **prescription** performed by:
  - A **physician** certified as an otolaryngologist or otologist
  - An audiologist who:
    - Is legally qualified in audiology
    - Holds a certificate of Clinical Competence in Audiology from the American Speech and Hearing Association in the absence of any licensing requirements
    - Performs the exam at the written direction of a legally qualified otolaryngologist or otologist

- Electronic hearing aids, installed in accordance with a **prescription** written during a covered hearing exam
- Any other related services necessary to access, select, and adjust or fit a hearing aid

The following are not **covered services**:

- Replacement of a hearing aid that is lost, stolen or broken
- Replacement parts or repairs for a hearing aid
- Batteries or cords
- A hearing aid that does not meet the specifications prescribed for correction of hearing loss

## Hearing exams

**Covered services** include hearing exams for evaluation and treatment of illness, injury or hearing loss when performed by a hearing **specialist**.

The following are not **covered services**:

- Hearing exams given during a **stay** in a **hospital** or other facility, except those provided to newborns as part of the overall **hospital stay**

## Hemophilia and congenital bleeding disorders

**Covered services** for home treatment of routine bleeding episodes associated with hemophilia and other congenital disorders include:

- Blood infusion equipment, including but not limited to, syringes and needles
- Blood products, including but not limited to, Factor VII, Factor VIII, Factor IX and cryoprecipitate
- Training to provide infusion therapy at home

The home treatment must be supervised by a state-approved hemophilia treatment center.

## Home health care

**Covered services** include home health care provided by a **home health care agency** in the home, but only when all of the following criteria are met:

- You are homebound
- Your **physician** orders them
- The services take the place of a **stay** in a **hospital** or a **skilled nursing facility**, or you are unable to receive the same services outside your home
- The services are a part of a home health care plan
- The services are **skilled nursing services**, home health aide services or medical social services, or are short-term speech, physical or occupational therapy
- Home health aide services are provided under the supervision of a registered nurse
- Medical social services are provided by or supervised by a **physician** or social worker

If you are discharged from a **hospital** or **skilled nursing facility** after a **stay**, the intermittent requirement may be waived to allow coverage for continuous **skilled nursing services**. See the schedule of benefits for more information on the intermittent requirement.

Short-term physical, speech, and occupational therapy provided in the home are subject to the same conditions and limitations imposed on therapy provided outside the home. See *Rehabilitation services* and *Habilitation therapy services* in this section and the schedule of benefits.

AL HCOC 09 as amended by

11

VA

AL COCAmend-2022 01, AL COCAmend-2023 01,

AL COCFedAmend-2023 01

The following are not **covered services**:

- Custodial care
- Services provided outside of the home (such as in conjunction with school, vacation, work, or recreational activities)
- Transportation
- Services or supplies provided to a minor or dependent adult when a family member or caregiver is not present

## Hospice care

**Covered services** include inpatient, outpatient and home hospice care when given as part of a hospice care program. The types of hospice care services that are eligible for coverage include:

- **Room and board**
- Services and supplies furnished to you on an inpatient, outpatient or home basis
- Services by a hospice care agency or hospice care provided in a **hospital**
- Psychological, psychosocial and dietary counseling
- Pain management and symptom control
- Bereavement counseling
- Respite and palliative care

Hospice care services provided by the **providers** below will be covered, even if the **providers** are not an employee of the hospice care agency responsible for your care:

- A **physician** for consultation or case management
- A physical or occupational therapist
- A **home health care agency** for:
  - Physical and occupational therapy
  - Medical supplies
  - Outpatient **prescription** drugs
  - Psychological and psychosocial counseling
  - Dietary counseling

The following are not **covered services**:

- Funeral arrangements
- Pastoral counseling
- Financial or legal counseling including estate planning and the drafting of a will
- Homemaker services, caretaker services, or any other services not solely related to your care, which may include:
  - Sitter or companion services for you or other family members
  - Transportation
  - Maintenance of the house

## Hospital care

**Covered services** include inpatient and outpatient **hospital** care. This includes:

- Semi-private **room and board**.
- Services and supplies provided by the outpatient department of a **hospital**, including the facility charge.
- Services of **physicians** employed by the **hospital**.

- Administration of blood and blood derivatives, but not the expense of the blood or blood product unless they are:
  - **Medically necessary** and you incur a charge for the expense
  - For the treatment of hemophilia and congenital bleeding disorders (See the *Hemophilia and congenital bleeding disorders* section for more information.)
- Services and supplies for a hysterectomy, for a minimum stay of not less than:
  - 23 hours following a laparoscopy-assisted vaginal hysterectomy
  - 48 hours following a vaginal hysterectomy
 A shorter inpatient stay will be allowed if the attending **provider** and you determine that a shorter length of stay is appropriate.

The following are not **covered services**:

- All services and supplies provided in:
  - Rest homes
  - Any place considered a person’s main residence or providing mainly custodial or rest care
  - Health resorts
  - Spas
  - Schools or camps

## Infertility services

### Basic infertility

**Covered services** include seeing a **provider**:

- To diagnose and evaluate the underlying medical cause of **infertility**.
- To do **surgery** to treat the underlying medical cause of **infertility**. Examples are endometriosis **surgery** or, for men, varicocele **surgery**.

### Comprehensive infertility services

**Covered services** include the following **infertility** services provided by an **infertility specialist**:

- Ovulation induction cycle(s) while on injectable medication to stimulate the ovaries
- Artificial insemination, which includes intrauterine (IUI)/intracervical (ICI) insemination
- Oral and injectable **prescription** drugs used:
  - To stimulate the ovaries
  - Primarily for treating the underlying cause of **infertility**

**Infertility covered services** may include either dollar or cycle limits. Your schedule of benefits will tell you which limits apply to your plan. For plans with cycle limits, a “cycle” is defined as:

- An attempt at ovulation induction while on injectable medication to stimulate the ovaries with or without artificial insemination
- An artificial insemination cycle with or without injectable medication to stimulate the ovaries

You are eligible for these **covered services** if:

- You or your partner have been diagnosed with **infertility**
- You have met the requirement for the number of months trying to conceive through egg and sperm contact
- Your unmedicated day 3 Follicle Stimulating Hormone (FSH) level and testing of ovarian responsiveness meet the criteria outlined in Aetna’s **infertility** clinical policy

### **Aetna's National Infertility Unit**

Our National **Infertility** Unit (NIU) is here to help you. It is staffed by a dedicated team of registered nurses and infertility coordinators. They can help you with determining eligibility for benefits and **precertification**. You can call the NIU at 1-800-575-5999.

Your **network provider** will request approval from us in advance for your **infertility** services. If your **provider** is not a **network provider**, you are responsible to request approval from us in advance.

The following are not **covered services**:

- All **infertility** services associated with or in support of an Advanced Reproductive Technology (ART) cycle. These include, but are not limited to:
  - Imaging, laboratory services, and professional services
  - In vitro fertilization (IVF)
  - Zygote intrafallopian transfer (ZIFT)
  - Gamete intrafallopian transfer (GIFT)
  - Cryopreserved embryo transfers
  - Gestational carrier cycles
  - Any related services, products or procedures (such as intracytoplasmic sperm injection (ICSI) or ovum microsurgery).
- Cryopreservation (freezing), storage or thawing of eggs, embryos, sperm, or reproductive tissue.
- Thawing of cryopreserved (frozen) eggs, embryos, sperm, or reproductive tissue.
- All charges associated with or in support of surrogacy arrangements for you or the surrogate. A surrogate is a female carrying her own genetically related child with the intention of the child being raised by someone else, including the biological father.
- Home ovulation prediction kits or home pregnancy tests.
- The purchase of donor embryos, donor eggs or donor sperm.
- Obtaining sperm from a person not covered under this plan.
- **Infertility** treatment when a successful pregnancy could have been obtained through less costly treatment.
- **Infertility** treatment when either partner has had voluntary sterilization **surgery**, with or without surgical reversal, regardless of post reversal results. This includes tubal ligation, hysterectomy and vasectomy only if obtained as a form of voluntary sterilization.
- **Infertility** treatment when **infertility** is due to a natural physiologic process such as age related ovarian insufficiency (e.g. perimenopause, menopause) as measured by an unmedicated FSH level at or above 19 on cycle day two or three of your menstrual period.
- Treatment for dependent children.
- Injectable **infertility** medication, including but not limited to menotropins, hCG, and GnRH agonists.

### **Advanced reproductive technology (ART)**

Advanced reproductive technology (ART), also called “assisted reproductive technology”, is a more advanced type of **infertility** treatment. **Covered services** include the following services provided by an ART **specialist**:

- In vitro fertilization (IVF).
- Zygote intrafallopian transfer (ZIFT).
- Gamete intrafallopian transfer (GIFT).
- Cryopreserved (frozen) embryo transfers (FET).
- Charges associated with your care when you receive a donor egg or embryo in a donor IVF cycle. These

- services include culture and fertilization of the egg from the donor and transfer of the embryo into you.
- Charges associated with your care when using a gestational carrier including egg retrieval and culture and fertilization of your eggs that will be transferred into a gestational carrier. Services for the gestational carrier, including transfer of the embryo into the carrier, are not covered. (See exclusions, below.)
  - Oral and injectable **prescription** drugs used:
    - To stimulate the ovaries
    - Primarily for treating the underlying cause of **infertility**

ART **covered services** may include either dollar or cycle limits. Your schedule of benefits will tell you which limits apply to your plan. For plans with cycle limits, an ART “cycle” is defined as:

<b>Procedure</b>	<b>Cycle count</b>
One complete fresh IVF cycle with transfer (egg retrieval, fertilization, and transfer of embryo)	One full cycle
One fresh IVF cycle with attempted egg aspiration (with or without egg retrieval) but without transfer of embryo	One half cycle
Fertilization of egg and transfer of embryo	One half cycle
One cryopreserved (frozen) embryo transfer	One half cycle
One complete GIFT cycle	One full cycle
One complete ZIFT cycle	One full cycle

You are eligible for ART services if:

- You or your partner have been diagnosed with **infertility**
- You have exhausted comprehensive **infertility** services benefits or have a clinical need to move on to ART procedures
- You have met the requirement for the number of months trying to conceive through egg and sperm contact
- Your unmedicated day 3 Follicle Stimulating Hormone (FSH) level and testing of ovarian responsiveness meet the criteria outlined in Aetna’s **infertility** clinical policy

**Aetna’s National Infertility Unit**

Our National **Infertility** Unit (NIU) is here to help you. It is staffed by a dedicated team of registered nurses and **infertility** coordinators. They can help you with determining eligibility for benefits and **precertification**. They can also give you information about our **infertility** Institutes of Excellence™(IOE) facilities. You can call the NIU at 1-800-575-5999.

Your **network provider** will request approval from us in advance for your **infertility** services. If your **provider** is not a **network provider**, you are responsible to request approval from us in advance.

**Fertility preservation**

Fertility preservation involves the retrieval of mature eggs/sperm with or without the creation of embryos that are frozen for future use.

**Covered services** for fertility preservation are provided when:

- You are believed to be fertile
- You have planned services that are proven to result in **infertility** such as:
  - Chemotherapy or radiation therapy that is established in medical literature to result in **infertility**
  - Other gonadotoxic therapies
  - Removing the uterus
  - Removing both ovaries or testicles
- The eggs that will be retrieved for use are likely to result in a pregnancy by meeting the FSH level and ovarian responsiveness criteria outlined in Aetna's **infertility** clinical policy.

#### **Premature ovarian insufficiency**

If your **infertility** has been diagnosed as premature ovarian insufficiency (POI), as described in our clinical policy bulletin, you are eligible for ART services using donor eggs/embryos through age 45 regardless of FSH level.

The following are not **covered services**:

- Cryopreservation (freezing) and storage of eggs, embryos, sperm, or reproductive tissue.
- Thawing of cryopreserved (frozen) eggs, sperm, or reproductive tissue.
- All charges associated with or in support of surrogacy arrangements for you or the surrogate. A surrogate is a female carrying her own genetically related child with the intention of the child being raised by someone else, including the biological father.
- Home ovulation prediction kits or home pregnancy tests.
- The purchase of donor embryos, donor eggs or donor sperm.
- The donor's care in a donor egg cycle. This includes, but is not limited to, screening fees, lab test fees and charges associated with donor care as part of donor egg retrievals or transfers.
- A gestational carrier's care, including transfer of the embryo to the carrier. A gestational carrier is a woman who has a fertilized egg from another woman placed in her uterus and who carries the resulting pregnancy on behalf of another person.
- Obtaining sperm from a person not covered under this plan.
- **Infertility** treatment when a successful pregnancy could have been obtained through less costly treatment.
- **Infertility** treatment when either partner has had voluntary sterilization **surgery**, with or without surgical reversal, regardless of post reversal results. This includes tubal ligation, hysterectomy and vasectomy only if obtained as a form of voluntary sterilization.
- **Infertility** treatment when **infertility** is due to a natural physiologic process such as age related ovarian insufficiency (e.g. perimenopause, menopause) as measured by an unmedicated FSH level at or above 19 on cycle day two or three of your menstrual period.
- Treatment for dependent children, except for fertility preservation as described above.
- Injectable **infertility** medication, including but not limited to menotropins, hCG, and GnRH agonists.

#### **Jaw joint disorder treatment**

**Covered services** include the diagnosis, surgical and non-surgical treatment of **jaw joint disorder** by a **provider**, including:

- The jaw joint itself, such as temporomandibular joint dysfunction (TMJ) syndrome
- The relationship between the jaw joint and related muscle and nerves, such as myofascial pain dysfunction (MPD)

## Lymphedema

**Covered services** include the diagnosis, evaluation and treatment of lymphedema. Your plan will cover:

- Equipment
- Supplies
- Complex decongestive therapy
- Self-management training and education by a licensed **health professional**

## Maternity and related newborn care

**Covered services** include pregnancy (prenatal) care, care after delivery and obstetrical services. After your child is born, **covered services** include:

- No less than 48 hours of inpatient care in a **hospital** after a vaginal delivery
- No less than 96 hours of inpatient care in a **hospital** after a cesarean delivery
- A shorter **stay**, if the attending **physician**, with the consent of the mother, discharges the mother or newborn earlier

If the mother is discharged earlier, the plan will pay for home visits after delivery by a health care **provider** according to the guidelines recommended by the American Academy of Pediatrics or the American College of Obstetricians and Gynecologists. **Covered services** also include services and supplies needed for circumcision by a **provider**.

The following are not **covered services**:

- Any services and supplies related to births that take place in the home or in any other place not licensed to perform deliveries

## Nutritional support

**Covered services** include formula and enteral nutrition products for the treatment of an inherited metabolic disorder.

An inherited metabolic disorder is an inherited enzymatic disorder caused by single gene defects involved in the metabolism of amino, organic, or fatty acids.

**Covered services** include:

- Formula and enteral nutrition products that:
  - Are liquid or solid formulas and enteral nutrition products for the partial or exclusive feeding by means of oral intake or enteral feeding by tube
  - A **physician** or other **health professional** that is qualified for the management of an inherited metabolic disorder has issued a written notice stating that the formula or enteral nutrition product is **medically necessary**
  - Are a critical source of nutrition as certified by the **physician** by diagnosis, but do not need to be the covered person's primary source of nutrition
  - Are proven effective as a treatment regimen for the covered person
  - Are used under medical supervision which may include a home setting
- Medical equipment, supplies, and services that are required to administer the covered formula or enteral nutrition products



The following are not **covered services**:

- Any other food item, including:
  - Infant formulas
  - Nutritional supplements
  - Vitamins
  - Medical foods
  - Other nutritional items

## **Obesity surgery and services**

Obesity **surgery** is a type of procedure performed on people who are **morbidly obese** for the purpose of losing weight. Your **physician** will determine whether you qualify for obesity **surgery**.

**Covered services** include:

- An initial medical history and physical exam
- Diagnostic tests given or ordered during the first exam
- Outpatient **prescription** drugs included under the *Outpatient prescription drugs* section
- One obesity **surgical procedure** or other method as recognized by the National Institutes of Health as effective for the long-term reversal of **morbid obesity**
- A multi-stage procedure when planned and approved by us
- Adjustments after an approved lap band procedure, including approved adjustments in an office or outpatient setting

The following are not **covered services**:

- Weight management treatment
- Drugs intended to decrease or increase body weight, control weight or treat obesity except as described in the certificate.
- Preventive care services for obesity screening and weight management interventions, regardless of whether there are other related conditions. This includes:
  - Drugs, stimulants, preparations, foods or diet supplements, dietary regimens and supplements, food supplements, appetite suppressants and other medications
  - Hypnosis, or other forms of therapy
- Exercise programs, exercise equipment, membership to health or fitness clubs, recreational therapy or other forms of activity or activity enhancement

## **Oral and maxillofacial treatment (mouth, jaws and teeth)**

**Covered services** include the following when provided by a **physician**, dentist and **hospital**:

- Cutting out:
  - Cysts, tumors, or other diseased tissues
- Cutting into gums and tissues of the mouth:
  - Only when not associated with the removal, replacement or repair of teeth

## **Outpatient surgery**

**Covered services** include services provided and supplies used in connection with outpatient **surgery** performed in a **surgery** center or a **hospital's** outpatient department.

**Important note:**

Some surgeries can be done safely in a **physician's** office. For those surgeries, your plan will pay only for **physician, PCP** services and not for a separate fee for facilities.

The following are not **covered services**:

- A **stay** in a **hospital** (see *Hospital care* in this section)
- Services of another **physician** for the administration of a local anesthetic

## Physician services

**Covered services** include services by your **physician** to treat an illness or injury. You can get services:

- At the **physician's** office
- In your home
- In a **hospital**
- From any other inpatient or outpatient facility
- By way of **telemedicine**

**Important note:**

For behavioral health services, all in-person, **covered services** with a **behavioral health provider** are also **covered services** if you use **telemedicine** instead.

**Telemedicine** may have a different cost share from other **physician** services. See your schedule of benefits.

Other services and supplies that your **physician** may provide:

- Allergy testing and allergy injections
- Radiological supplies, services, and tests
- Immunizations that are not covered as preventive care

## Prescription drugs - outpatient

Read this section carefully. This plan does not cover all **prescription** drugs and some coverage may be limited. This doesn't mean you can't get **prescription** drugs that aren't covered; you can, but you have to pay for them yourself. For more information about **prescription** drug benefits, including limits, see the schedule of benefits.

**Important note:**

A pharmacy may refuse to fill or refill a **prescription** when, in the professional judgement of the pharmacist, it should not be filled or refilled.

Your plan provides standard safety checks to encourage safe and appropriate use of medications. These checks are intended to avoid adverse events and align with the medication's FDA-approved prescribing information and current published clinical guidelines and treatment standards. These checks are routinely updated as new medications come to market and as guidelines and standards are updated.

**Covered services** are based on the drugs in the **drug guide**. We exclude **prescription** drugs listed on the **formulary exclusions list** unless we approve a medical exception. If it is **medically necessary** for you to use a **prescription** drug that is not on this **drug guide**, you or your **provider** must request a medical exception. See *the Requesting a medical exception* section or just contact us.

Your **provider** can give you a **prescription** in different ways including:

- A written **prescription** that you take to a **network pharmacy**
- Calling or e-mailing a **prescription** to a **network pharmacy**
- Submitting the **prescription** to a **network pharmacy** electronically

### **Prescription drug synchronization**

If you are prescribed multiple maintenance medications and would like to have them each dispensed on the same fill date for your convenience, your network pharmacy may be able to coordinate that for you. This is called synchronization. We will apply a prorated daily cost share rate, to a partial fill of a maintenance drug, if needed, to synchronize your **prescription** drugs.

### **How to access network pharmacies**

A network pharmacy will submit your claim. You will pay your cost share to the pharmacy. You can find a network pharmacy either online or by phone. See the *Contact us* section for how. You may go to any of our network pharmacies. A network pharmacy also includes an out-of-network pharmacy or its intermediary that has agreed in writing to accept payment at the same rate as a network pharmacy.

Some **prescription** drugs are subject to quantity limits. This helps your **provider** and pharmacy ensure your **prescription** drug is being used correctly and safely. We rely on medical guidelines, FDA-approved recommendations and other criteria developed by us to set these limits.

Any **prescription** drug made to work beyond one month shall require the **copayment** amount that equals the expected duration of the medication.

The pharmacy may substitute a **generic prescription drug** for a **brand-name prescription drug**. Your cost share may be less if you use a **generic drug** when it is available.

### **Pharmacy types**

#### **Retail pharmacy**

A **retail pharmacy** may be used for up to a 90 day supply of a **prescription** drug.

#### **Mail order pharmacy**

The drugs available through mail order are maintenance drugs that you take on a regular basis for a chronic or long-term medical condition. A **mail order pharmacy** may be used for up to a 90 day supply of a **prescription** drug.

**Prescription** refills after the first fill can be filled at a network **mail order pharmacy**.

#### **Specialty pharmacy**

A **specialty pharmacy** may be used for up to a 30 day supply of a **specialty prescription drug**. You can view the list of **specialty prescription drugs**. See the *Contact us* section for how.

**Specialty prescription drug** fills may be filled only at pharmacies that have agreed to accept our reimbursement terms for **specialty prescription drugs**. Pharmacies that have accepted our reimbursement terms are listed on our online **provider** directory at [www.aetna.com/formulary](http://www.aetna.com/formulary). You can also call the toll-free number on your ID card to request a printed directory.

All **specialty prescription drug** fills including the first fill must be filled at a network **specialty pharmacy** or an out-of-network **specialty pharmacy** or its intermediary that has agreed in writing to accept payment at the same rate as a network **specialty pharmacy**, unless it is an urgent situation.

**Prescription** drugs covered by this plan are subject to misuse, waste, or abuse utilization review by us, your **provider**, and/or your **network pharmacy**. The outcome of this review may include:

- Limiting coverage of a drug to one prescribing **provider** or one **network pharmacy**
- Quantity, dosage or day supply limits
- Requiring a partial fill or denial of coverage

### How to access out-of-network pharmacies

You can directly access an out-of-network pharmacy to get covered outpatient **prescription drugs**.

When you use an out-of-network pharmacy, you pay your in-network **copayment** or **coinsurance** then you pay any remaining **deductible** and then you pay your out-of-network **coinsurance**. If you use an out-of-network pharmacy to obtain outpatient **prescription drugs**, you are subject to a higher out-of-pocket expense and are responsible for:

- Paying your in-network outpatient **prescription drug** cost share
- Paying your out-of-network outpatient **prescription drug deductible**
- Your out-of-network **coinsurance**
- Any charges over the **allowable amount**
- Submitting your own claims

### Other covered services

#### Anti-cancer drugs taken by mouth, including chemotherapy drugs

**Covered services** include any drug prescribed for cancer treatment. The drug must be recognized for treating cancer in standard reference materials or medical literature even if it isn't approved by the FDA for this treatment.

#### Contraceptives (birth control)

For females who are able to reproduce, **covered services** include any drugs and devices that the Food and Drug Administration (FDA) has approved to prevent pregnancy. You will need a **prescription** from your **provider** and must fill it at a **network pharmacy**. At least one form of each FDA-approved contraception method is a **covered service**. You can access a list of covered drugs and devices. See the *Contact us* section for how.

We also cover over-the-counter (OTC) and **generic prescription drugs** and devices for each method of birth control approved by the FDA at no cost to you. If a generic drug or device is not available for a certain method, we will cover the **brand-name prescription drug** or device at no cost share.

#### Preventive contraceptives important note:

You may qualify for a medical exception if your **provider** determines that the contraceptives covered as preventive **covered services** under the plan are not medically appropriate for you. Your **provider** may request a medical exception and submit it to us for review.

#### Diabetic supplies

**Covered services** include but are not limited to the following:

- Alcohol swabs
- Blood glucose calibration liquid

- Diabetic syringes, needles and pens
- Continuous glucose monitors
- Insulin infusion disposable pumps
- Lancet devices and kits
- Test strips for blood glucose, ketones, urine

See the *Diabetic services, supplies, equipment, and self-care programs* section for medical **covered services**.

### Immunizations

**Covered services** include preventive immunizations as required by the ACA when given by a **network pharmacy**. You can find a participating **network pharmacy** by contacting us. Check with the pharmacy before you go to make sure the vaccine you need is in stock. Not all pharmacies carry all vaccines.

### Infertility drugs

**Covered services** include synthetic ovulation stimulant **prescription** drugs used to treat the underlying medical cause of **infertility**.

### Obesity drugs

**Covered services** include **prescription** drugs used only for the purpose of weight loss. These are sometimes called anti-obesity agents.

You must be diagnosed by your **provider**, including a physical exam and outpatient diagnostic lab work, with one of the medical conditions listed here:

- **Morbid obesity**
- Obesity with one or more of the following obesity-related risk factors:
  - Coronary artery disease
  - Dyslipidemia (LDL and HDL cholesterol, triglycerides)
  - Hypertension
  - Obstructive sleep apnea
  - Type 2 diabetes mellitus

### Off-label use

U.S. Food and Drug Administration (FDA) approved **prescription** drugs may be covered when the off-label use of the drug has not been approved by the FDA for your condition. Eligibility for coverage is subject to the following:

- The drug has been approved by the FDA for at least one indication and the drug is recognized for treatment of the covered indication in one of the standard reference compendia or in substantially accepted peer-reviewed medical literature.
- The drug is prescribed for the treatment of cancer and it is recognized as safe and effective for treatment of that specific type of cancer in any of the standard reference compendium even if the drug is not approved by the FDA for a particular indication.
- The drug is approved by the FDA for use in the treatment of cancer pain and the dosage is in excess of the recommended dosage for a patient with intractable cancer pain.

### OTC drugs

**Covered services** include certain OTC medications when you have a **prescription** from your **provider**. You can see a list of covered OTC drugs by logging on to the Aetna website.

### **Risk reducing breast cancer prescription drugs**

**Covered services** include **prescription** drugs used to treat people who are at:

- Increased risk for breast cancer
- Low risk for medication side effects

### **Sexual enhancement or dysfunction prescription drugs**

**Covered services** include **prescription** drugs for the treatment of sexual dysfunction or enhancement.

For the most up-to-date information on covered **prescription** drugs and doses, contact us.

### **Tobacco cessation prescription drugs**

**Covered services** include FDA-approved **prescription** drugs, OTC drugs, and OTC aids to help stop the use of tobacco products, including nicotine replacement therapy. A **provider** must prescribe all OTC aids.

A tobacco product is something that contains tobacco or nicotine. Examples of this are:

- Candy-like products with tobacco as an ingredient
- Cigarettes
- Cigars
- Smoking tobacco
- Smokeless tobacco
- Snuff

Nicotine replacement therapy is a **prescription** drug or aid that:

- Delivers nicotine to a person who is trying to stop using tobacco products
- Is prescribed by a **provider**

The following are not **covered services**:

- Allergy sera and extracts given by injection
- Any services related to providing, injecting or application of a drug
- Compounded **prescriptions** containing bulk chemicals not approved by the FDA including compounded bioidentical hormones
- Cosmetic drugs including medication and preparations used for cosmetic purposes
- Devices, products and appliances unless listed as a **covered service**
- Dietary supplements including medical foods
- Drugs or medications
  - Administered or entirely consumed at the time and place it is prescribed or provided
  - Which do not require a **prescription** by law, even if a **prescription** is written, unless we have approved a medical exception
  - That include the same active ingredient or a modified version of an active ingredient as a covered **prescription** drug unless we approve a medical exception
  - That is therapeutically the same or an alternative to a covered **prescription** drug, unless we approve a medical exception
  - That is therapeutically the same or an alternative to an OTC drug unless we have approved a medical exception
  - Not approved by the FDA or not proven safe or effective
  - Provided under your medical plan while inpatient at a healthcare facility
  - That include vitamins and minerals unless recommended by the United States Preventive Services Task Force (USPSTF)

- That are used to treat sexual dysfunction, enhance sexual performance or increase sexual desire, including drugs, implants, devices or preparations to correct or enhance erectile function, enhance sensitivity or alter the shape or appearance of a sex organ unless listed as a **covered service**
- That are used for the purpose of weight gain or loss including but not limited to stimulants, preparations, foods or diet supplements, dietary regimens and supplements, food or food supplements, appetite suppressants or other medications
- That are drugs or growth hormones used to stimulate growth and treat idiopathic short stature unless there is evidence that the member meets one or more clinical criteria detailed in our **precertification** and clinical policies
- Duplicative drug therapy; for example, two antihistamines for the same condition
- Genetic care including:
  - Any treatment, device, drug, service or supply to alter the body’s genes, genetic makeup or the expression of the body’s genes
- Immunizations related to travel or work
- Immunization or immunological agents except as specifically stated in the schedule of benefits or the certificate
- Implantable drugs and associated devices except as specifically stated in the schedule of benefits or the certificate
- Injectables including:
  - Any charges for the administration or injection of **prescription** drugs
  - Needles and syringes except for those used for insulin administration
  - Any drug which, due to its characteristics as determined by us, must typically be administered or supervised by a qualified **provider** or licensed certified **health professional** in an outpatient setting with the exception of Depo Provera and other injectable drugs for contraception
- Off-label drug use except for indications recognized through peer-reviewed medical literature
- **Prescription** drugs:
  - That are ordered by a dentist or prescribed by an oral surgeon in relation to the removal of teeth or **prescription** drugs for the treatment to a dental condition
  - That are considered oral dental preparations and fluoride rinses except pediatric fluoride tablets or drops as specified on the plan’s **drug guide**
  - That are being used or abused in a manner that is determined to be furthering an addiction to a habit-forming substance, the use of or intended use of which is illegal, unethical, imprudent, abusive, not **medically necessary** or otherwise improper and drugs obtained for use by anyone other than the member as identified on the ID card
- Replacement of lost or stolen **prescriptions**
- Test agents except diabetic test agents
- Tobacco cessation drugs, unless recommended by the USPSTF
- We reserve the right to exclude:
  - A manufacturer’s product when the same or similar drug (one with the same active ingredient or same therapeutic effect), supply or equipment is on the plan’s **drug guide**
  - Any dosage or form of a drug when the same drug is available in a different dosage or form on the plan’s **drug guide**

## Preventive care

Preventive **covered services** are designed to help keep you healthy, supporting you in achieving your best health through early detection. If you need further services or testing such as diagnostic testing, you may pay more as these services aren't preventive. If a **covered service** isn't listed here under preventive care, it still may be covered under other **covered services** in this section. For more information, see your schedule of benefits.

The following agencies set forth the preventive care guidelines in this section:

- Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention (CDC)
- United States Preventive Services Task Force (USPSTF)
- Health Resources and Services Administration
- American Academy of Pediatrics/Bright Futures/Health Resources and Services Administration guidelines for children and adolescents

These recommendations and guidelines may be updated periodically. When updated, they will apply to this plan. The updates are effective on the first day of the year, one year after the updated recommendation or guideline is issued.

For frequencies and limits, contact your **physician** or us. This information is also available at <https://www.healthcare.gov/>.

### Important note:

Gender-specific preventive care benefits include **covered services** described regardless of the sex you were assigned at birth, your gender identity, or your recorded gender.

## Counseling services

**Covered services** include preventive screening and counseling by your **health professional** for:

- Alcohol or drug misuse
  - Preventive counseling and risk factor reduction intervention
  - Structured assessment
- Genetic risk for breast and ovarian cancer
- Obesity and healthy diet
  - Preventive counseling and risk factor reduction intervention
  - Nutritional counseling
  - Healthy diet counseling provided in connection with hyperlipidemia (high cholesterol) and other known risk factors for cardiovascular and diet-related chronic disease
- Sexually transmitted infection
- Tobacco cessation
  - Preventive counseling to help stop using tobacco products
  - Treatment visits
  - Class visits



### **Family planning services – female contraceptives**

**Covered services** include family planning services as follows:

- Contraceptive devices (including any related services or supplies) when they are prescribed, provided, administered, or removed by a **health professional**.
- Voluntary sterilization including charges billed separately by the **[provider]** for female voluntary sterilization procedures and related services and supplies. This also could include tubal ligation and sterilization implants.

The following are not preventive **covered services**:

- Services provided as a direct result of complications resulting from a voluntary sterilization procedure and related follow-up care
- Any contraceptive methods that are only “reviewed” by the FDA and not “approved” by the FDA
- Male contraceptive methods, sterilization procedures or devices, except for male condoms prescribed by a **health professional**

### **Immunizations**

**Covered services** include preventive immunizations for infectious diseases.

The following are not preventive **covered services**:

- Immunizations that are not considered preventive care, such as those required due to your employment or travel

### **Routine cancer screenings**

**Covered services** include the following routine cancer screenings:

- Colonoscopies including pre-procedure **specialist** consultation, removal of polyps during a screening procedure, and a pathology exam on any removed polyp, as recommended by the American College of Gastroenterology in association with the American Cancer Society
- Digital rectal exams (DRE)
- Double contrast barium enemas (DCBE)
- Fecal occult blood tests (FOBT), as recommended by the American College of Gastroenterology in association with the American Cancer Society
- Lung cancer screenings
- Mammograms
  - One mammogram if you are age 35 through 39
  - One mammogram every 2 years if you are age 40 through 49
  - One mammogram per year if you are age 50 or older
- Prostate specific antigen (PSA) tests per year if you are either
  - Younger than age 50 but considered to be at high risk
  - Age 50 or older
- Sigmoidoscopies, as recommended by the American College of Gastroenterology in association with the American Cancer Society
- Radiologic imaging in appropriate circumstances for colorectal cancer screening, as recommended by the American College of Gastroenterology in association with the American Cancer Society

### **Routine physical exams**

A routine preventive exam is a medical exam given for a reason other than to diagnose or treat a suspected or identified illness or injury and also includes:

- Evidence-based items that have in effect a rating of A or B in the current recommendations of the United States Preventive Services Task Force.
- Services as recommended in the American Academy of Pediatrics/Bright Futures/Health Resources and Services Administration guidelines for children and adolescents.
- Screenings and counseling services as provided for in the comprehensive guidelines recommended by the Health Resources and Services Administration. These services may include but are not limited to:
  - Screening and counseling services on topics such as:
    - Interpersonal and domestic violence
    - Sexually transmitted diseases
    - Human immune deficiency virus (HIV) infections
  - High risk human papillomavirus (HPV) DNA testing for women

**Covered services** include:

- Office visit to a **physician**
- Hearing screening
- Vision screening
- Radiological services, lab and other tests
- For covered newborns, an initial **hospital** checkup

### **Well woman preventive visits**

A routine well woman preventive exam is a medical exam given for a reason other than to diagnose or treat a suspected or identified illness or injury and also includes:

- Office visit to a **physician, PCP, OB, GYN or OB/GYN** for services including Pap smears
- Preventive care breast cancer (BRCA) gene blood testing
- Screening for diabetes after pregnancy for women with a history of diabetes during pregnancy
- Screening for urinary incontinence

### **Private duty nursing - outpatient**

**Covered services** include private duty nursing care, ordered by a **physician** and provided by an R.N. or L.P.N. when:

- You are homebound
- Your **physician** orders services as part of a written treatment plan
- Services take the place of a **hospital or skilled nursing facility stay**
- Your condition is serious, unstable, and requires continuous skilled 1-on-1 nursing care
- Periodic skilled nursing visits are not adequate

The following are not **covered services**:

- Inpatient private duty nursing care
- Care provided outside the home
- Maintenance or custodial care
- Care for your convenience or the convenience of the family caregiver

## Prosthetic device

A prosthetic device is a device that temporarily or permanently replaces all or part of an external body part lost or impaired as a result of illness, injury or congenital defects.

**Covered services** include the initial provision and subsequent replacement of a prosthetic device that your **physician** orders and administers.

Coverage includes:

- Instruction and other services (such as components, fittings, attachment or insertion) so you can properly use the device
- Repairing or replacing the original device you outgrow or that is no longer appropriate because your physical condition changed
- Replacements required by ordinary wear and tear or damage

Component means the materials and equipment needed to ensure the comfort and functioning of a prosthetic device.

You may receive a prosthetic device as part of another **covered service** and therefore it will not be covered under this benefit.

The following are not **covered services**:

- Orthopedic shoes and therapeutic shoes, unless the orthopedic shoe is an integral part of a covered leg brace
- Trusses, corsets, and other support items
- Repair and replacement due to loss, misuse, abuse or theft

## Reconstructive breast surgery and supplies

**Covered services** include all stages of reconstructive **surgery** by your **provider** and related supplies provided in an inpatient or outpatient setting only in the following circumstances:

- Your **surgery** reconstructs the breast where a necessary mastectomy was performed, such as an implant and areolar reconstruction. It also includes:
  - **Surgery** on a healthy breast to make it symmetrical with the reconstructed breast
  - Treatment of physical complications of all stages of the mastectomy, including lymphedema
  - Prostheses

Unless you and your [**physician**] decide that a shorter time period for inpatient care is appropriate, **covered services** for reconstructive breast surgery include:

- 48 hours of inpatient care following a mastectomy
- 24 hours of inpatient care after a lymph node dissection for treatment of breast cancer

## Reconstructive surgery and supplies

**Covered services** include all stages of reconstructive **surgery** by your **provider** and related supplies provided in an inpatient or outpatient setting only in the following circumstances:

- Your **surgery** is to implant or attach a covered prosthetic device.
- Your **surgery** corrects a birth defect, including but not limited to cleft lip and cleft palate or ectodermal dysplasia. The **surgery** will be covered if:
  - The defect results in facial disfigurement or functional impairment of a body part

- The purpose of the **surgery** is to improve function
- Your **surgery** is needed because treatment of your illness resulted in facial disfigurement or functional impairment of a body part, and your **surgery** will improve function.

**Covered services** also include the procedures or **surgery** to sound natural teeth, injured due to an accident and performed as soon as medically possible, when:

- The teeth were stable, functional and free from decay or disease at the time of the injury.
- The **surgery** or procedure returns the injured teeth to how they functioned before the accident.

These dental related services are limited to:

- The first placement of a permanent crown or cap to repair a broken tooth
- The first placement of dentures or bridgework to replace lost teeth
- Orthodontic therapy to pre-position teeth

## Short-term cardiac and pulmonary rehabilitation services

### Cardiac rehabilitation

**Covered services** include cardiac rehabilitation services you receive at a **hospital, skilled nursing facility** or **physician's** office, but only if those services are part of a treatment plan determined by your risk level and ordered by your **physician**.

### Pulmonary rehabilitation

**Covered services** include pulmonary rehabilitation services as part of your inpatient **hospital stay** if they are part of a treatment plan ordered by your **physician**. A course of outpatient pulmonary rehabilitation may also be covered if it is performed at a **hospital, skilled nursing facility, or physician's** office, and is part of a treatment plan ordered by your **physician**.

## Short-term rehabilitation services

Short-term rehabilitation services help you restore or develop skills and functioning for daily living. The services must follow a specific treatment plan, ordered by your **physician**. The services have to be performed by a:

- Licensed or certified physical, occupational, or speech therapist
- **Hospital, skilled nursing facility, or hospice facility**
- **Home health care agency**
- **Physician**

**Covered services** include:

- Spinal manipulation to correct a muscular or skeletal problem. Your **provider** must establish or approve a treatment plan that details the treatment and specifies frequency and duration.

## Cognitive rehabilitation, physical, occupational, and speech therapy

**Covered services** include:

- Physical therapy, but only if it is expected to significantly improve or restore physical functions lost as a result of an acute illness, injury, or **surgical procedure**
- Occupational therapy, but only if it is expected to do one of the following:
  - Significantly improve, develop, or restore physical functions you lost as a result of an acute illness, injury, or **surgical procedure**

- Help you relearn skills so you can significantly improve your ability to perform the activities of daily living on your own
- Speech therapy, but only if it is expected to do one of the following:
  - Significantly improve or restore lost speech function or correct a speech impairment resulting from an acute illness, injury, or **surgical procedure**
  - Improve delays in speech function development caused by a birth defect (Speech function is the ability to express thoughts, speak words and form sentences. Speech impairment is difficulty with expressing one’s thoughts with spoken words.)
- Cognitive rehabilitation associated with physical rehabilitation, but only when:
  - Your cognitive deficits are caused by neurologic impairment due to trauma, stroke, or encephalopathy
  - The therapy is coordinated with us as part of a treatment plan intended to restore previous cognitive function

Short-term physical, speech and occupational therapy services provided in an outpatient setting are subject to the same conditions and limitations for outpatient short-term rehabilitation services. See the *Short-term rehabilitation services* section in the schedule of benefits.

The following are not **covered services**:

- Services provided in an educational or training setting or to teach sign language
- Vocational rehabilitation or employment counseling

### **Skilled nursing facility**

**Covered services** include **precertified** inpatient **skilled nursing facility** care. This includes:

- **Room and board**, up to the **semi-private room rate**
- Services and supplies provided during a **stay** in a **skilled nursing facility**

### **Tests, images and labs - outpatient**

#### **Diagnostic complex imaging services**

**Covered services** include:

- Computed tomography (CT) scans, including for preoperative testing
- Magnetic resonance imaging (MRI) including magnetic resonance spectroscopy (MRS), magnetic resonance venography (MRV) and magnetic resonance angiogram (MRA)
- Nuclear medicine imaging including positron emission tomography (PET) scans
- Other imaging service where the billed charge exceeds \$500

Complex imaging for preoperative testing is covered under this benefit.

#### **Diagnostic lab work**

**Covered services** include:

- Lab
- Pathology
- Other tests

These are covered only when you get them from a licensed radiology **provider** or lab.

### **Diagnostic x-ray and other radiological services**

**Covered services** include x-rays, scans and other services (but not complex imaging) only when you get them from a licensed radiology **provider**. See *Diagnostic complex imaging services* above for more information.

### **Therapies – chemotherapy, GCIT, infusion, radiation**

#### **Chemotherapy**

**Covered services** for chemotherapy depend on where treatment is received. In most cases, chemotherapy is covered as outpatient care. However, your **hospital** benefit covers the initial dose of chemotherapy after a cancer diagnosis during a **hospital stay**.

#### **Gene-based, cellular and other innovative therapies (GCIT)**

**Covered services** include GCIT provided by a **physician, hospital** or other **provider**.

#### **Key Terms**

Here are some key terms we use in this section. These will help you better understand GCIT.

#### **Gene**

A gene is a unit of heredity which is transferred from a parent to child and is thought to determine some feature of the child.

#### **Molecular**

Molecular means relating to or consisting of molecules. A molecule is a group of atoms bonded together, making the smallest vital unit of a chemical compound that can take part in a chemical reaction.

#### **Therapeutic**

Therapeutic means a treatment, therapy, or drug meant to have a good effect on the body or mind, adding to a sense of well-being.

GCIT are defined as any services that are:

- Gene-based
- Cellular and innovative therapeutics

The services have a basis in genetic/molecular medicine and are not covered under the Institutes of Excellence™ (IOE) programs. We call these “GCIT services.”

GCIT **covered services** include:

- Cellular immunotherapies.
- Genetically modified viral therapy.
- Other types of cells and tissues from and for use by the same person (autologous) and cells and tissues from one person for use by another person (allogenic) for treatment of certain conditions.
- All human gene-based therapy that seeks to change the usual function of a gene or alter the biologic properties of living cells for therapeutic use. Examples include therapies using:
  - Luxturna® (Voretigene neparvovec)
  - Zolgensma® (Onasemnogene abeparvovec-xioi)
  - Spinraza® (Nusinersen)
- Products derived from gene editing technologies, including CRISPR-Cas9.

- Oligonucleotide-based therapies. Examples include:
  - Antisense. An example is Spinraza (Nusinersen).
  - siRNA.
  - mRNA.
  - microRNA therapies.

#### **Facilities/providers for gene-based, cellular and other innovative therapies**

We designate facilities to provide GCIT services or procedures. GCIT **physicians, hospitals** and other **providers** are GCIT-designated facilities/**providers** for Aetna and CVS Health.

#### **Important note:**

You must get GCIT **covered services** from a GCIT-designated facility/**provider**. If there are no GCIT-designated facilities/**providers** assigned in your network, it's important that you contact us so we can help you determine if there are other facilities that may meet your needs. If you don't get your GCIT services at the facility/**provider** we designate, they will not be **covered services**.

#### **Infusion therapy**

Infusion therapy is the intravenous (IV) administration of prescribed medications or solutions. **Covered services** include infusion therapy you receive in an outpatient setting including but not limited to:

- A freestanding outpatient facility
- The outpatient department of a **hospital**
- A **physician's** office
- Your home from a home care **provider**

You can access the list of preferred infusion locations by contacting us.

When Infusion therapy services and supplies are provided in your home, they will not count toward any applicable home health care maximums.

Certain infused medications may be covered under the outpatient **prescription** drug benefit. You can access the list of **specialty prescription drugs** by contacting us.

#### **Radiation therapy**

**Covered services** include the following radiology services provided by a **health professional**:

- Accelerated particles
- Gamma ray
- Mesons
- Neutrons
- Radioactive isotopes
- Radiological services
- Radium

## Transplant services

**Covered services** include transplant services provided by a **physician** and **hospital**.

This includes the following transplant types:

- Solid organ
- Hematopoietic stem cell
- Bone marrow
- CAR-T and T Cell receptor therapy for FDA-approved treatments
- Thymus tissue for FDA-approved treatments

**Covered services** also include:

- Travel and lodging expenses
  - If you are working with an Institutes of Excellence™ (IOE) facility that is 100 or more miles away from where you live, travel and lodging expenses are **covered services** for you and a companion, to travel between home and the IOE facility
  - Coach class air fare, train or bus travel are examples of **covered services**

## Network of transplant facilities

We designate facilities to provide specific services or procedures. They are listed as Institutes of Excellence™ (IOE) facilities in your **provider** directory.

The amount you will pay for covered transplant services depends on where you get the care. Your cost share will be lower when you get transplant services from the facility we designate to perform the transplant you need. Transplant services received from an IOE facility are subject to the network **copayment, coinsurance, deductible, maximum out-of-pocket** and limits, unless stated differently in this certificate and schedule of benefits. You may also get transplant services at a non-IOE facility, but your cost share will be higher. Transplant services received from a non-IOE facility are subject to the out-of-network **copayment, coinsurance, deductible, maximum out-of-pocket**, and limits, unless stated differently in this certificate and schedule of benefits.

### Important note:

If there are no IOE facilities assigned to perform your transplant type in your network, it's important that you contact us so we can help you determine if there are other facilities that may meet your needs. If you don't get your transplant services at the facility we designate, your cost share will be higher.

Many pre and post-transplant medical services, even routine ones, are related to and may affect the success of your transplant. If your transplant care is being coordinated by the National Medical Excellence® (NME) program, all medical services must be managed through NME so that you receive the highest level of benefits at the appropriate facility. This is true even if the **covered service** is not directly related to your transplant.

The following are not **covered services**:

- Services and supplies furnished to a donor when the recipient is not a covered person
- Harvesting and storage of organs, without intending to use them for immediate transplantation for your existing illness
- Harvesting and/or storage of bone marrow, hematopoietic stem cells, or other blood cells without intending to use them for transplantation within 12 months from harvesting, for an existing illness



## Urgent care services

**Covered services** include services and supplies to treat an **urgent condition** at an urgent care center. An “urgent care center” is a facility licensed as a freestanding medical facility to treat **urgent conditions**. **Urgent conditions** need prompt medical attention but are not life-threatening.

If you need care for an **urgent condition**, you should first seek care through your **physician, PCP**. If your **physician, PCP** is not reasonably available to provide services, you may access urgent care from an urgent care facility.

If you go to an urgent care center for what is not an **urgent condition**, the plan may not cover your expenses. See the schedule of benefits for more information.

**Covered services** include services and supplies to treat an **urgent condition** at an urgent care center as described below:

- **Urgent condition** within the network (in-network)
  - If you need care for an **urgent condition**, you should first seek care through your **physician, PCP**. If your **physician** is not reasonably available, you may access urgent care from an urgent care center that is in-network.
- **Urgent condition** outside the network (out-of-network)
  - You are covered for urgent care obtained from a facility that is out-of-network if you are temporarily unable to get services in-network and getting the health care service cannot be delayed.

The following are not **covered services**:

- Non-urgent care in an urgent care center

## Virtual primary care (VPC)

VPC provides coverage for eligible in-network **covered services** for persons 18 years of age or older. **Covered services** include basic medical and preventive health care services when provided by a Virtual Primary Care (VPC) **telemedicine provider**.

A VPC **telemedicine provider** is a **provider** who is contracted with us to provide you with VPC **covered services** by **telemedicine**.

**Covered services** include:

- **Preventive care**
  - Preventive care screening and counseling
  - Preventive care biometric review and analysis –
    - If you will perform self-assessments, you’ll receive a blood pressure cuff and heart monitor, at no cost to you, before your initial VPC consultation
    - Your results may be self-reported or reviewed by your VPC **telemedicine provider** by a remote device
- **Basic medical services**
  - General primary care consultations
  - Consultations for non-emergency illness or injury, including **prescriptions**, when needed
  - **Prescription** drug coordination to encourage safe and appropriate use of medications
  - Follow-up care and coordination with **network providers**

Your VPC **telemedicine provider** can help you access **network providers** and **specialists** for **covered services** ordered during your virtual consultation, including:

- Diagnostic lab tests
- Preventive care immunizations
- In-person preventive care
- In-person biometric screenings such as cholesterol and blood sugar testing

Your regular cost share will apply for services not provided by a VPC **telemedicine provider** and for any **prescription** drugs you may need. See the schedule of benefits.

The following are not **covered services**:

- VPC **telemedicine** consultations received from a **provider** who is not a VPC **telemedicine provider**.

## **Vision care**

**Covered services** include:

- Routine vision exam provided by an ophthalmologist or optometrist including refraction and glaucoma testing

The following are not **covered services**:

- Office visits to an ophthalmologist, optometrist or optician related to the fitting of **prescription** contact lenses
- Eyeglass frames, non-**prescription** lenses and non-**prescription** contact lenses that are for cosmetic purposes

## **Walk-in clinic**

**Covered services** include, but are not limited to, health care services provided at a **walk-in clinic** for:

- Scheduled and unscheduled visits for illnesses and injuries that are not **emergency medical conditions**
- Preventive care immunizations administered within the scope of the clinic's license

## General plan exclusions

---

The following are not **covered services** under your plan:

### Behavioral health treatment

Services for the following based on categories, conditions, diagnoses or equivalent terms as listed in the most recent version of the *Diagnostic and Statistical Manual of Mental Disorders* (DSM) of the American Psychiatric Association:

- **Stay** in a facility for treatment for dementia and amnesia without a behavioral disturbance that necessitates mental health treatment
- School and/or education service, including special education, remedial education, wilderness treatment programs, or any such related or similar programs. Therapy by a licensed counselor will be covered if provided on an outpatient basis as part of a wilderness treatment program.
- Services provided in conjunction with school, vocation, work or recreational activities
- Transportation
- Sexual deviations and disorders except as described in the *Coverage and exclusions* section
- Tobacco use disorders and nicotine dependence except as described in the *Coverage and exclusions-Preventive care* section

### Blood, blood plasma, synthetic blood, blood derivatives or substitutes

Examples of these are:

- The provision of blood to the **hospital**, other than blood derived clotting factors
- Any related services including processing, storage or replacement expenses
- The service of blood donors, including yourself, apheresis or plasmapheresis
- The blood you donate for your own use, excluding administration and processing expenses and except where described in the *Coverage and exclusions, Transplant services* section

This exception does not apply:

- If services are **medically necessary** and you incur a change for the expense
- For treatment of hemophilia and congenital bleeding disorders

### Cosmetic services and plastic surgery

Any treatment, **surgery** (cosmetic or plastic), service or supply to alter, improve or enhance the shape or appearance of the body, whether or not for psychological or emotional reasons, except where described in *Coverage and exclusions* under the *Reconstructive breast surgery and supplies* and *Reconstructive surgery and supplies* sections

### Cost share waived

Any cost for a service when any **out-of-network provider** waives all or part of your **copayment, coinsurance, deductible**, or any other amount

### Court-ordered services and supplies

This includes court-ordered services and supplies, or those required as a condition of parole, probation, release or because of any legal proceeding, unless they are a **covered service** under your plan

## Custodial care

Services and supplies meant to help you with activities of daily living or other personal needs.

Examples of these are:

- Routine patient care such as changing dressings, periodic turning and positioning in bed
- Administering oral medications
- Care of stable tracheostomy (including intermittent suctioning)
- Care of a stable colostomy/ileostomy
- Care of stable gastrostomy/jejunostomy/nasogastric tube (intermittent or continuous) feedings
- Care of a bladder catheter, including emptying or changing containers and clamping tubing
- Watching or protecting you
- Respite care, adult or child day care, or convalescent care
- Institutional care, including **room and board** for rest cures, adult day care and convalescent care
- Help with walking, grooming, bathing, dressing, getting in or out of bed, going to the bathroom, eating, or preparing foods
- Any other services that a person without medical or paramedical training could be trained to perform

## Dental services

The following are not **covered services**:

- Services normally covered under a dental plan
- Dental implants

## Educational services

Examples of these are:

- Any service or supply for education, training or retraining services or testing, except as described in the *Coverage and exclusions* section. This includes:
  - Special education
  - Remedial education
  - Wilderness treatment programs (whether or not the program is part of a **residential treatment facility** or otherwise licensed institution)
  - Job training
  - Job hardening programs
- Educational services, schooling or any such related or similar program, including therapeutic programs within a school setting.

## Examinations

Any health or dental examinations needed:

- Because a third party requires the exam. Examples include examinations to get or keep a job, and examinations required under a labor agreement or other contract.
- To buy insurance or to get or keep a license.
- To travel
- To go to a school, camp, sporting event, or to join in a sport or other recreational activity.

## Experimental or investigational

**Experimental or investigational** drugs, devices, treatments or procedures unless otherwise covered under clinical trials.

## Foot care

Routine services and supplies for the following:

- Routine pedicure services, such as routine cutting of nails, when there is no illness or injury in the nails
- Supplies (including orthopedic shoes), ankle braces, guards, protectors, creams, ointments and other equipment, devices and supplies
- Treatment of calluses, bunions, toenails, hammertoes or fallen arches
- Treatment of weak feet, chronic foot pain or conditions caused by routine activities, such as walking, running, working, or wearing shoes

## Foot orthotic devices

Foot orthotics or other devices to support the feet, such as arch supports and shoe inserts, unless **medically necessary** or required for the treatment of or to prevent complications of diabetes

## Gene-based, cellular and other innovative therapies (GCIT)

The following are not **covered services** unless you receive prior written approval from us:

- GCIT services received at a facility or with a **provider** that is not a GCIT-designated facility/**provider**.
- All associated services when GCIT services are not covered. Examples include:
  - Infusion
  - Lab
  - Radiology
  - Anesthesia
  - Nursing services

See the *How your plan works – Medical necessity and precertification requirements* section.

## Growth/height care

- A treatment, device, drug, service or supply to increase or decrease height or alter the rate of growth
- **Surgical procedures**, devices and growth hormones to stimulate growth

## Maintenance care

Care made up of services and supplies that maintain, rather than improve, a level of physical or mental function, except for habilitation therapy services

## Medical supplies – outpatient disposable

Any outpatient disposable supply or device. Examples of these include:

- Sheaths
- Bags
- Elastic garments
- Support hose
- Bandages
- Bedpans
- Home test kits not related to diabetic testing
- Splints
- Neck braces
- Compresses

- Other devices not intended for reuse by another patient

### **Missed appointments**

Any cost resulting from a canceled or missed appointment

### **Other non-covered services**

- Services you have no legal obligation to pay
- Services that would not otherwise be charged if you did not have the coverage under the plan

### **Other primary payer**

Payment for a portion of the charges that Medicare or another party is responsible for as the primary payer

### **Personal care, comfort or convenience items**

Any service or supply primarily for your convenience and personal comfort or that of a third party

### **Prescription or non-prescription drugs and medicines - outpatient**

- Outpatient **prescription** or non-**prescription drugs** and medicines provided by the policyholder or through a third party vendor contract with the policyholder
- Drugs that are included on the list of **specialty prescription drugs** as covered under your outpatient **prescription drug** plan

### **Routine exams**

Routine physical exams, routine eye exams, routine dental exams, routine hearing exams and other preventive services and supplies, except as specifically provided in the *Coverage and exclusions* section

### **Services provided by a family member**

Services provided by a spouse, domestic partner, parent, child, stepchild, brother, sister, in-law, or any household member

### **Services, supplies and drugs received outside of the United States**

Non-emergency medical services, outpatient **prescription** drugs or supplies received outside of the United States. They are not covered even if they are covered in the United States under this certificate.

### **Sexual dysfunction and enhancement**

Any treatment, **prescription** drug, or supply to treat sexual dysfunction, enhance sexual performance or increase sexual desire, including:

- **Surgery, prescription** drugs, implants, devices or preparations to correct or enhance erectile function, enhance sensitivity or alter the shape of a sex organ
- Sex therapy, sex counseling, marriage counseling, or other counseling or advisory services

### **Strength and performance**

Services, devices and supplies such as drugs or preparations designed primarily to enhance your strength, physical condition, endurance or physical performance

## Telemedicine

- Services including:
  - Telephone calls
  - **Telemedicine** kiosks

## Therapies and tests

- Full body CT scans, unless **medically necessary**
- Hair analysis
- Hypnosis and hypnotherapy
- Massage therapy, except when used for physical therapy treatment
- Sensory or hearing and sound integration therapy

## Tobacco cessation

Any treatment, drug, service or supply to stop or reduce smoking or the use of other tobacco products or to treat or reduce nicotine addiction, dependence or cravings, including, medications, nicotine patches and gum unless recommended by the United States Preventive Services Task Force (USPSTF). This also includes:

- Counseling, except as specifically provided in the *Covered services and exclusions* section
- Hypnosis and other therapies
- Medications, except as specifically provided in the *Covered services and exclusions* section
- Nicotine patches
- Gum

## Treatment in a federal, state, or governmental entity

Any care in a **hospital** or other facility owned or operated by any federal, state or other governmental entity unless coverage is required by applicable laws

## Voluntary sterilization

- Reversal of voluntary sterilization procedures, including related follow-up care

## Wilderness treatment programs

See *Educational services* in this section

## Work related illness or injuries

Coverage available to you under workers' compensation or a similar program under local, state or federal law for any illness or injury related to employment or self-employment

### Important note:

A source of coverage or reimbursement is considered available to you even if you waived your right to payment from that source. You may also be covered under a workers' compensation law or similar law. If you submit proof that you are not covered for a particular illness or injury under such law, then that illness or injury will be considered "non-occupational" regardless of cause.

## How your plan works

---

### How your medical plan works while you are covered in-network

Your in-network coverage:

- Helps you get and pay for a lot of – but not all – health care services

Your cost share is lower when you use a **network provider**.

#### Providers

Our **provider** network is there to give you the care you need. You can find **network providers** and see important information about them by logging in to your member website. There you'll find our online **provider** directory. You can also call the toll-free number on your member ID card to obtain the information or request a printed directory. See the *Contact us* section for more information.

You may choose a **PCP** to oversee your care. Your **PCP** will provide routine care and send you to other **providers** when you need specialized care. You don't have to get care through your **PCP**. You may go directly to **network providers**. Your plan may pay a bigger share for **covered services** you get through your **PCP**, so choose a **PCP** as soon as you can.

For more information about the network and the role of your **PCP**, see the *Who provides the care* section.

### How your medical plan works while you are covered out-of-network

With your out-of-network coverage:

- You can get care from **providers** who are not part of the Aetna network and from **network providers** without a **PCP referral**
- You may have to pay the full cost for your care, and then submit a claim to be reimbursed
- You are responsible to get any required **precertification**
- Your cost share will be higher

See the *Balance billing protection for out-of-network services* section for exceptions.

## Who provides the care

### Network providers

We have contracted with **providers** in the service area to provide **covered services** to you. These **providers** make up the network for your plan.

To get network benefits, you must use **network providers**. There are some exceptions:

- **Emergency services** – see the description of **emergency services** in the *Coverage and exclusions* section.
- **Urgent care** – see the description of urgent care in the *Coverage and exclusions* section.
- **Transplants** – see the description of transplant services in the *Coverage and exclusions* section.

Also see the *Balance billing protection for out-of-network services* section for additional exceptions.

You may select a **network provider** from the online directory through your member website.



You will not have to submit claims for services received from **network providers**. Your **network provider** will take care of that for you. And we will pay the **network provider** directly for what the plan owes.

### **Your PCP**

We encourage you to get **covered services** through a **PCP**. They will provide you with primary care.

### **How you choose your PCP**

You can choose a **PCP** from the list of **PCPs** in our directory.

Each covered family member is encouraged to select a **PCP**. You may each choose a different **PCP**. You should select a **PCP** for your covered dependent if they are a minor or cannot choose a **PCP** on their own.

### **What your PCP will do for you**

Your **PCP** will coordinate your medical care or may provide treatment. They may send you to other **network providers**.

### **Changing your PCP**

You may change your **PCP** at any time by contacting us.

### **Keeping a provider you go to now (continuity of care)**

You may have to find a new **provider** when:

- You join the plan and the **provider** you have now is not in the network
- You are already an Aetna member and your **provider** stops being in our network

But, in some cases, you may be able to keep going to your current **provider** to complete a treatment or to have treatment that was already scheduled. This is called continuity of care.

Care will continue during a transitional period of at least 90 days if you are in an active course of treatment and you request to continue receiving care from the **provider**.

If you are terminally ill, the transitional period is the remainder of your life for care directly related to treatment of the terminal illness.

If this situation applies to you, contact us for details. If the **provider** didn't leave the network based on fraud, lack of quality standards, or termination of the **provider** for cause, you'll be able to receive transitional care from your **provider** for a period of at least 90 days from when we notified you of their network status or the end of your treatment, whichever is sooner.

#### **Important note:**

If you are pregnant and have entered your second trimester, transitional care will be through the time required for postpartum care directly related to the delivery.

You will not be responsible for an amount that exceeds the cost share that would have applied had your **provider** remained in the network.

## Medical necessity and precertification requirements

Your plan pays for its share of the expense for **covered services** only if the general requirements are met. They are:

- The service is **medically necessary**
- For in-network benefits, you get the service from a **network provider**
- You or your **provider precertifies** the service when required. **Precertification** includes determining that services are not more costly than an alternative service or sequence of services or site of service at least as likely to product equivalent therapeutic or diagnostic results as to the diagnosis or treatment of that patient’s illness, injury, or disease.

### Medically necessary, medical necessity

The **medical necessity** requirements are in the *Glossary* section, where we define “**medically necessary, medical necessity.**” That is where we also explain what our medical directors or a **physician** they assign consider when determining if a service is **medically necessary**.

#### Important note:

We cover **medically necessary, sex-specific covered services** regardless of identified gender.

### Precertification

You need pre-approval from us for some **covered services**. Pre-approval is also called **precertification**.

#### In-network

Your network **physician** is responsible for obtaining any necessary **precertification** before you get the care. **Network providers** cannot bill you if they fail to ask us for **precertification**. But if your **physician** requests **precertification** and we deny it, and you still choose to get the care, you will have to pay for it yourself.

#### Out-of-network

When you go to an **out-of-network provider**, you are responsible to get any required **precertification** from us. If you don’t **precertify**:

- Your benefits may be reduced, or the plan may not pay. See your schedule of benefits for details.
- You will be responsible for the unpaid bills.
- Your additional out-of-pocket expenses will not count toward your **deductible** or **maximum out-of-pocket limit**, if you have any.

Timeframes for **precertification** are listed below. For **emergency services, precertification** is not required, but you should still notify us as shown. That includes an emergency interhospital transfer for a life-threatening condition for a newborn and for the mother to accompany the newborn.

To obtain **precertification**, contact us. You, your **physician** or the facility must call us within these timelines:

Type of care	Timeframe
Non-emergency admission	Call at least 14 days before the date you are scheduled to be admitted
Emergency admission	Call within 48 hours or as soon as reasonably possible after you have been admitted
Urgent admission	Call before you are scheduled to be admitted

An urgent admission is a **hospital** admission by a **physician** due to the onset of or change in an illness, the diagnosis of an illness, or injury.

We will tell you and your **physician** in writing of the **precertification** decision, where required by state law. An approval is valid for 180 days as long as you remain enrolled in the plan.

For an inpatient **stay** in a facility, we will tell you, your **physician** and the facility about your **precertified** length of **stay**. If your **physician** recommends that you stay longer, the extra days will need to be **precertified**. You, your **physician**, or the facility will need to call us as soon as reasonably possible, but no later than the final authorized day. We will tell you and your **physician** in writing of an approval or denial of the extra days.

If you or your **provider** request **precertification** and we don't approve coverage, we will tell you why and explain how you or your **provider** may request review of our decision. See the *Complaints, claim decisions and appeal procedures* section.

#### **Types of services that require precertification**

**Precertification** is required for for the following types of services and supplies  
Inpatient -

- **Stays** in a hospital

Contact us to get a list of the services that require **precertification**. The list may change from time to time.

Sometimes you or your **provider** may want us to review a service that doesn't require **precertification** before you get care. This is called a predetermination, and it is different from **precertification**. Predetermination means that you or your **provider** requests the pre-service clinical review of a service that does not require **precertification**.

Our clinical policy bulletins explain our policy for specific services and supplies. We use these bulletins and other resources to help determine medical necessity under our plans. You can find the bulletins and other information at <https://www.aetna.com/health-care-professionals/clinical-policy-bulletins.html>.

Certain **prescription** drugs are covered under the medical plan when they are given to you by your doctor or health care facility. The following **precertification** information applies to these **prescription** drugs:

For certain drugs, your **provider** needs to get approval from us before we will cover the drug. The requirement for getting approval in advance guides appropriate use of certain drugs and makes sure they are **medically necessary**.

Contact us or go online to get the most up-to-date **precertification** requirements.

#### **Requesting a medical exception**

Sometimes you or your **provider** may ask for a medical exception to get coverage for drugs that are not covered or for which coverage was denied through **precertification**. You, someone who represents you or your **provider** can contact us. You will need to provide us with clinical documentation.

You, someone who represents you, or your **provider** may seek a quicker medical exception when the situation is urgent. It's an urgent situation when you have a health condition that may seriously affect your life, health, or ability to get back maximum function. It can also be when you are going through a current course of treatment using a non-covered drug.

After we receive your step therapy exception request, we will tell you and your **provider** of our coverage decision within 72 hours (including hours on weekends) or within 24 hours (including hours on weekends) if the situation is urgent.

We will grant your step therapy exception request if we determine that your request has met any of the following conditions:

- The prerequisite drug is contraindicated
- The prerequisite drug would be ineffective based on your known clinical characteristics and the drug regimen's known characteristics
- You have tried the prerequisite drug under this plan or a previous plan, and the drug was discontinued due to its ineffectiveness, reduced effect, or an adverse event
- You are currently receiving a good result on a drug recommended by your **provider** for your condition while under this plan or the plan immediately earlier

You may obtain coverage without additional cost sharing beyond that which is required of formulary **prescription** drugs for a non-formulary drug if:

- We determine, after consultation with the prescribing **provider**, that the formulary drugs are inappropriate for your condition; or
- You have been taking or using the non-formulary **prescription** drug for at least six months prior to its exclusion from the formulary; and
- The prescribing **provider** determines that either the formulary drugs are inappropriate therapy for your condition, or that changing drug therapy presents a significant health risk.

We will act upon your request within one business day of receipt.

If we deny your request for a medical exception based on the above processes, you may have the right to request an external review by an independent review organization (IRO). If our coverage decision is one that allows you to ask for an external review, we will say that in the notice of adverse benefit determination we send you. That notice will also describe the external review process.

## What the plan pays and what you pay

Who pays for your **covered services** – this plan, both of us, or just you? That depends.

### The general rule

The schedule of benefits lists what you pay for each type of **covered service**. In general, this is how your benefit works:

- You pay the **deductible**, when it applies.
- Then the plan and you share the expense. Your share is called a **copayment** or **coinsurance**.
- Then the plan pays the entire expense after you reach your **maximum out-of-pocket limit**.

When we say "expense" in this general rule, we mean the **negotiated charge** for a **network provider**, and **allowable amount** for an **out-of-network provider**.

## Negotiated charge

*For health coverage:*

This is the amount a **network provider** has agreed to accept or that we have agreed to pay them or a third party vendor (including any administrative fee in the amount paid).

We may enter into arrangements with **network providers** or others related to:

- The coordination of care for members
- Improving clinical outcomes and efficiencies

Some of these arrangements are called:

- Value-based contracting
- Risk sharing
- Accountable care arrangements

These arrangements will not change the **negotiated charge** under this plan.

*For prescription drug services:*

When you get a **prescription** drug, we have agreed to this amount for the **prescription** or paid this amount to the network pharmacy or third party vendor that provided it. The **negotiated charge** may include a rebate, additional service or risk charges and administrative fees. It may include additional amounts paid to or received from third parties under price guarantees.

## Allowable amount

This is the amount of an **out-of-network provider's** charge that is eligible for coverage. You are responsible for all charges above this amount. The **allowable amount** depends on the geographic area where you get the service or supply. **Allowable amount** doesn't apply to involuntary services. These are services or supplies that are:

- Provided at a network facility by an **out-of-network provider**
- Not available from a **network provider**
- An **emergency service**

We will calculate your cost share for involuntary services in the same way as we would if you received the services from a **network provider**. See the *Balance billing protection for out-of-network services* section for more information on some of these services.

The table below shows the method for calculating the **allowable amount** for specific services or supplies:

<b>Service or supply:</b>	<b>Allowable amount is based on:</b>
Professional services and other services or supplies not mentioned below	Reasonable amount rate
Services of <b>hospitals</b> and other facilities	Reasonable amount rate
<b>Prescription</b> drugs	110% of average wholesale price (AWP)
Dental expenses	

**Important note:**

See *Special terms* used, below, for a description of what the **allowable amount** is based on. If the **provider** bills less than the amount calculated using a method above, the **allowable amount** is what the **provider** bills.

If your ID card displays the National Advantage Program (NAP) logo, your cost share may be lower when you get care from a NAP **provider**. These are **out-of-network providers** and third party vendors who have contracts with us but are not **network providers**. When you get care from a NAP **provider**, your out-of-network cost share applies.

**Special terms used:**

- Average wholesale price (AWP) is the current average wholesale price of a **prescription** drug as listed in the Facts & Comparisons®, Medi-Span daily price updates or any other similar publication we choose to use.
- Geographic area is normally based using the first three digits of a zip code. If we believe we need more data for a particular service or supply, we may base rates on a wider geographic area such as the entire state.
- Medicare allowed rates are the rates CMS establishes for services and supplies provided to Medicare enrollees without taking into account adjustments for specific **provider** performance. We update our system with these when revised within 180 days of receiving them from CMS. If Medicare doesn't have a rate, we use one or more of the items below to determine the rate for a service or supply:
  - The method CMS uses to set Medicare rates
  - How much other **providers** charge or accept as payment
  - How much work it takes to perform a service
  - Other things as needed to decide what rate is reasonable

We may make the following exceptions:

- For inpatient services, our rate may exclude amounts CMS allows for operating Indirect Medical Education (IME) and Direct Graduate Medical Education (DGME) programs
- Our rate may exclude other payments that CMS may make directly to **hospitals** or other **providers** and backdated adjustments
- For anesthesia, our rate may be at least 100% of the rate CMS establishes
- For lab, our rate may be 75% of the rate CMS establishes
- For DME, our rate may be 75% of the rate CMS establishes

For medications that are paid as a medical benefit instead of a pharmacy benefit, our rate may be 100% of the rates CMS establishes.

When the **allowable amount** is based on a percentage of the Medicare allowed rate, it is not affected by adjustments or incentives given to **providers** under Medicare programs.

- Reasonable amount rate means your plan has established a rate amount as follows:

<b>Service or supply:</b>	<b>Reasonable amount rate is:</b>
Professional services	80th percentile value reported in a database prepared by FAIR Health
Inpatient and outpatient <b>hospital</b> charges	What the provider bills
Inpatient and outpatient charges that are not from a <b>hospital</b>	What the provider bills

### Our reimbursement policies

We have the right to apply our reimbursement policies to all out-of-network services including involuntary services. This may affect the **allowable amount**. When we do this, we consider:

- The length and difficulty of a service
- Whether additional expenses are needed, when multiple procedures are billed at the same time
- Whether an assistant surgeon is needed
- If follow up care is included
- Whether other conditions change or make a service unique
- Whether any of the services described by a claim line are part of or related to the primary service provided, when a charge includes more than one claim line
- The educational level, licensure or length of training of the **provider**

We base our reimbursement policies on our review of:

- CMS National Correct Coding Initiative (NCCI) and other external materials that say what billing and coding practices are and aren't appropriate
- Generally accepted standards of medical and dental practice
- The views of **physicians** and dentists practicing in relevant clinical areas

We use commercial software to administer some of these policies. Policies may differ for professional services and facility services.

These reimbursement policies will comply with Virginia state law.

#### Get the most from your benefits:

We have online tools to help you decide whether to get care and if so, where. Log in to your member website. The website contains additional information that can help you determine the cost of a service or supply.

### Paying for covered services – the general requirements

There are several general requirements for the plan to pay any part of the expense for a **covered service**. For **in-network** coverage, they are:

- The service is **medically necessary**
- You get your care from a **network provider**
- You or your **provider precertifies** the service when required

For **out-of-network** coverage:

- The service is **medically necessary**
- You get your care from an **out-of-network provider**
- You or your **provider precertifies** the service when required

For outpatient **prescription** drugs, your costs are based on:

- The type of **prescription** you're prescribed
- Where you fill the **prescription**

The plan may make some **brand-name prescription drugs** available to you at the **generic prescription drug** cost share.

Generally, your plan and you share the cost for **covered services** when you meet the general requirements. But sometimes your plan will pay the entire expense, and sometimes you will. For details, see your schedule of benefits and the information below.

You pay the entire expense when:

- You get services or supplies that are not **medically necessary**.
- Your plan requires **precertification**, your **physician** requests it, we deny it and you get the services without **precertification**.
- You get care from an **out-of-network provider** and the **provider** waives all or part of your cost share.

In all these cases, the **provider** may require you to pay the entire charge. Any amount you pay will not count towards your **deductible** or your **maximum out-of-pocket limit**.

### **Balance billing protection for out-of-network services**

You are protected from balance billing by an **out-of-network provider** for certain services.

#### **What is balance billing (sometimes called “surprise billing”)**

There may be times when you unknowingly receive services or don’t consent to receive services from an **out-of-network provider**, even when you try to stay in the network for your **covered services**. You may get a bill at the out-of-network rate that you didn’t expect. This is called a surprise bill.

An **out-of-network provider** can’t balance bill or attempt to collect costs from you that exceed your in-network cost-sharing requirement, such as **deductibles**, **copayments** and **coinsurance** for the following services:

- **Emergency services** provided by an **out-of-network provider**
- Non-emergency surgical or ancillary services provided by an **out-of-network provider** at an in-network facility
- Out-of-network air ambulance services

The **out-of-network provider** must get your consent to be treated and balance billed by them.

Surgical or ancillary services mean any professional services including:

- Anesthesiology
- Hospitalist services
- Laboratory services
- Pathology
- Radiology
- **Surgery**

A facility in this instance means an institution providing health care related services, or a health care setting. This includes the following:

- **Hospitals** and other licensed inpatient centers
- Ambulatory surgical or treatment centers
- **Skilled nursing facilities**
- **Residential treatment facilities**
- Diagnostic, laboratory, and imaging centers
- Rehabilitation facilities
- Other therapeutic health settings



A surprise bill claim is paid based on the median contracted rate for all plans offered by us in the same insurance market for the same or similar item or service that is all of the following:

- Provided by a **provider** in the same or similar specialty or facility of the same or similar facility type
- Provided in the geographic region in which the item or service is furnished

The median contracted rate is subject to additional adjustments as specified in federal regulations.

Any cost share paid with respect to the items and services will apply toward your in-network **deductible** and **maximum out-of-pocket limit** if you have one.

For services outside this provision, it is not a surprise bill when you knowingly choose to go out-of-network and have signed a consent notice for these services. In this case, you are responsible for all charges.

If you receive a surprise bill or have any questions about what a surprise bill is, contact us.

If you are billed an amount that exceeds your payment responsibility state on your explanation of benefits or you believe you've been wrongly billed, you can call the federal agencies responsible for enforcing the federal balance billing protection law at: 1-800-985-3059 and/or file a complaint with the State Corporation Commission's Virginia Bureau of Insurance at <https://scc.virginia.gov/pages/File-Complaint-Consumers> or call 1-877-310-6560.

### **Where your schedule of benefits fits in**

The schedule of benefits shows any out-of-pocket costs you are responsible for when you receive **covered services** and any benefit limitations that apply to your plan. It also shows any **maximum out-of-pocket limits** that apply.

Limitations include things like maximum age, visits, days, hours, and admissions. Out-of-pocket costs include things like **deductibles**, **copayments** and **coinsurance**.

Keep in mind that you are responsible for paying your part of the cost sharing. You are also responsible for costs not covered under this plan.

### **Coordination of benefits**

Some people have health coverage under more than one health plan. If you do, we will work with your other plan to decide how much each plan pays. This is called coordination of benefits (COB).

### **Key Terms**

Here are some key terms we use in this section. These will help you understand this COB section.

Allowable expense means a health care expense that any of your health plans cover.

In this section when we talk about "plan" through which you may have other coverage for health care expenses we mean:

- Group, blanket, or franchise health insurance policies issued by insurers, HMOs, or health care service contractors
- Labor-management trustee plans, labor organization plans, employer organization plans, or employee benefit organization plans
- Medicare or other government benefits

- Any group health insurance contract that you can obtain or maintain only because of membership in or connection with a particular organization or group

**How COB works**

- When this is your primary plan, we pay your medical claims first as if there is no other coverage.
- When this is your secondary plan:
  - We pay benefits after the primary plan and coordinate our payment based on any amount the primary plan paid.
  - Total payments from this plan and your other coverage will never add up to more than 100% of the allowable expenses.
  - Each family member has a separate benefit reserve for each year. The benefit reserve balance is:
    - o The amount that the secondary plan saved due to COB
    - o Used to cover any unpaid allowable expenses
    - o Erased at the end of the year

**Determining who pays**

The basic rules are listed below. Reading from top to bottom the first rule that applies will determine which plan is primary and which is secondary. Contact us if you have questions or want more information.

A plan that does not contain a COB provision is always the primary plan.

<b>COB rule</b>	<b>Primary Plan</b>	<b>Secondary plan</b>
Non-dependent or dependent	Plan covering you as an employee, retired employee or subscriber (not as a dependent)	Plan covering you as a dependent
Child – parents married or living together	Plan of parent whose birthday (month and day) is earlier in the year (Birthday rule)	Plan of parent whose birthday is later in the year
Child – parents separated, divorced, or not living together	<ul style="list-style-type: none"> <li>• Plan of parent responsible for health coverage in court order</li> <li>• Birthday rule applies if both parents are responsible or have joint custody in court order</li> <li>• Custodial parent’s plan if there is no court order</li> </ul>	<ul style="list-style-type: none"> <li>• Plan of other parent</li> <li>• Birthday rule applies (later in the year)</li> <li>• Non-custodial parent’s plan</li> </ul>
Child – covered by individuals who are not parents (i.e. stepparent or grandparent)	Same rule as parent	Same rule as parent
Active or inactive employee	Plan covering you as an active employee (or dependent of an active employee)	Plan covering you as a laid off or retired employee (or dependent of a former employee)

COB rule	Primary Plan	Secondary plan
Consolidated Omnibus Budget Reconciliation Act (COBRA) or state continuation	Plan covering you as an employee or retiree (or dependent of an employee or retiree)	COBRA or state continuation coverage
Longer or shorter length of coverage	Plan that has covered you longer	Plan that has covered you for a shorter period of time
Other rules do not apply	Plans share expenses equally	Plans share expenses equally

### How COB works with Medicare

If your other coverage is under Medicare, federal laws explain whether Medicare will pay first or second. COB with Medicare will always follow federal requirements. Contact us if you have any questions about this.

When you are eligible for Medicare, we coordinate the benefits we pay with the benefits that Medicare pays. If you are eligible due to age but not covered, and Medicare would be your primary payer, we may still pay as if you are covered by Medicare and coordinate with the benefits Medicare would have paid. Sometimes, this plan pays benefits before Medicare pays. Sometimes, this plan pays benefits after Medicare or after an amount that Medicare would have paid if you had been covered.

You are eligible for Medicare if you are covered under it. You are also eligible for Medicare even if you are not covered or if you refused it, dropped it, or didn't make a request for it.

### Effect of prior plan coverage

If you are in a continuation period from a prior plan at the time you join this plan you may not receive the full benefit paid under this plan. See the schedule of benefits for more information.

Your current and prior plan must be offered through the same policyholder.

### Other health coverage updates – contact information

You should contact us if you have any changes to your other coverage. We want to be sure our records are accurate so your claims are processed correctly.

### Our rights

We have the right to:

- Release or obtain any information we need for COB purposes, including information we need to recover any payments from your other health plans
- Reimburse another health plan that paid a benefit we should have paid
- Recover any excess payment from a person or another health plan, if we paid more than we should have paid

### Benefit payments and claims

A claim is a request for payment that you or your health care **provider** submits to us when you want or get **covered services**. There are different types of claims. You or your **provider** may contact us at various times, to make a claim, to request approval, or payment, for your benefits. This can be before you receive your benefit, while you are receiving benefits and after you have received the benefit.

It is important that you carefully read the previous sections within *How your plan works*. When a claim comes in, we review it, make a decision and tell you how you and we will split the expense. The amount of time we have to tell you about our decision on a claim depends on the type of claim.

### **Claim type and timeframes**

#### **Urgent care claim**

An urgent claim is one for which the doctor treating you decides a delay in getting medical care could put your life or health at risk. Or a delay might put your ability to regain maximum function at risk. It could also be a situation in which you need care to avoid severe pain. We will make a decision within 72 hours. We will make a decision within 24 hours for appeals that related to a **prescription** to alleviate cancer pain.

If you are pregnant, an urgent claim also includes a situation that can cause serious risk to the health of your unborn baby.

#### **Pre-service claim**

A pre-service claim is a claim that involves services you have not yet received and which we will pay for only if we **precertify** them. We will make a decision within 15 days.

#### **Post-service claim**

A post-service claim is a claim that involves health care services you have already received. We will make a decision within 30 days.

#### **Concurrent care claim extension**

A concurrent care claim extension occurs when you need us to approve more services than we already have approved. Examples are extending a **hospital stay** or adding a number of visits to a **provider**. You must let us know you need this extension 24 hours before the original approval ends. We will have a decision within 24 hours for an urgent request. You may receive the decision for a non-urgent request within 15 days.

#### **Concurrent care claim reduction or termination**

A concurrent care claim reduction or termination occur when we decide to reduce or stop payment for an already approved course of treatment. We will notify you of such a determination. You will have enough time to file an appeal. Your coverage for the service or supply will continue until you receive a final appeal decision from us or an independent review organization if the situation is eligible for external review.

During this continuation period, you are still responsible for your share of the costs, such as **copayments**, **coinsurance** and **deductibles** that apply to the service or supply. If we uphold our decision at the final internal appeal, you will be responsible for all of the expenses for the service or supply received during the continuation period.

### **Filing a claim**

When you see a **network provider**, that office will usually send us a detailed bill for your services. If you see an **out-of-network provider**, you may receive the bill (proof of loss) directly. This bill forms the basis of your post-service claim. If you receive the bill directly, you should send it to us as soon as possible with a claim form that you can either get online or contact us to provide. You should always keep your own record of the date, **providers** and cost of your services.

The benefit payment determination is made based on many things, such as your **deductible** or **coinsurance**, the **medical necessity** of the service you received, when or where you receive the services, or even what other insurance you may have. We may need to ask you or your **provider** for some more information to make a final decision. You can always contact us directly to see how much you can expect to pay for any service.

We will pay the claim within 30 days from when we receive all the information necessary. In no event will benefits be paid later than 60 days after we receive the proof of loss. Sometimes we may pay only some of the claim. Sometimes we may deny payment entirely. We may even rescind your coverage entirely. Rescission means you lose coverage going forward and going backward. If we paid claims for your past coverage, we will want the money back.

## Complaints, claim decisions and appeal procedures

---

### The difference between a complaint and an appeal

#### Complaint

You may not be happy about a **provider** or an operational issue, and you may want to complain. You can contact us at any time. This is a complaint. Your complaint should include a description of the issue. You should include copies of any records or documents you think are important. We will review the information and give you a written response within 30 calendar days of receiving the complaint. We will let you know if we need more information to make a decision.

#### Appeal

When we make a decision to deny services or reduce the amount of money we pay on your care or out-of-pocket expense, it is an adverse benefit determination. You can ask us to re-review that determination. This is an appeal. You can start an appeal process by contacting us.

### Claim decisions and appeal procedures

Your **provider** may contact us at various times to make a claim, or to request approval for payment based on your benefits. This can be before you receive your benefit, while you are receiving benefits and after you have received the benefit. You may not agree with our decision. As we said in *Benefit payments and claims* in the *How your plan works* section, we pay many claims at the full rate, except for your share of the costs. But sometimes we pay only some of the claim. Sometimes we deny payment entirely.

Any time we deny even part of the claim, it is an “adverse benefit determination” or “adverse decision.” For any adverse decision, you will receive an explanation of benefits in writing. You can ask us to review an adverse benefit determination. This is the internal appeal process. If you still don’t agree, you can also appeal that decision. There are times you may skip the two levels of internal appeal. But in most situations, you must complete both levels before you can take any other actions, such as an external review.

### Appeal of an adverse benefit determination

#### Urgent care or pre-service claim appeal

If your claim is an urgent claim or a pre-service claim, your **provider** may appeal for you without having to fill out an appeal form. We will give you an answer within 36 hours for an urgent appeal and within 15 calendar days for a pre-service appeal. A concurrent claim appeal will be addressed according to what type of service and claim it involves.

#### Any other claim appeal

You must file an appeal within 180 calendar days from the time you receive the notice of an adverse benefit determination.

You can appeal by sending a written appeal to the address on the notice of adverse benefit determination, or by contacting us. You need to include:

- Your name
- The policyholder’s name
- A copy of the adverse benefit determination
- Your reasons for making the appeal
- Any other information you would like us to consider

We will assign your appeal to someone who was not involved in making the original decision. You will receive a decision within 30 calendar days for a post-service claim.

If you are still not satisfied with the answer, you may make a second internal appeal. You must present your appeal within 60 calendar days from the date you receive the notice of the first appeal decision.

Another person may submit an appeal for you, including a **provider**. That person is called an authorized representative. You need to tell us if you choose to have someone else appeal for you (even if it is your **provider**). You should fill out an authorized representative form telling us you are allowing someone to appeal for you. You can get this form on our website or by contacting us. The form will tell you where to send it to us. You can use an authorized representative at any level of appeal.

At your last available level of appeal, we will give you any new or additional information we may find and use to review your claim. There is no cost to you. We will give you the information before we give you our decision. This decision is called the final adverse benefit determination. You can respond to the information before we tell you what our final decision is.

### **Prescription drug exception request**

See the *Medical necessity and precertification requirements* section for information on requesting and gaining access to clinically appropriate **prescription drugs** that are not covered under this policy.

### **Exhaustion of appeal process**

In most situations, you must complete the two levels of appeal with us before you can take these other actions:

- Appeal through an external review process
- Pursue arbitration, litigation or other type of administrative proceeding

Sometimes you do not have to complete the two levels of appeal before you may take other actions. These situations are:

- You have an urgent claim or claim that involves ongoing treatment, or a claim that involves treatment of cancer. You can have your claim reviewed internally and through the external review process at the same time.
- We did not follow all of the claim determination and appeal requirements of Virginia. But you will not be able to proceed directly to external review if:
  - The rule violation was minor and not likely to influence a decision or harm you
  - The violation was for a good cause or beyond our control
  - The violation was part of an ongoing, good faith exchange between you and us; or
  - You filed an appeal and did not receive a written decision within 30 days unless you requested or agreed to a delay.

The Virginia Bureau of Insurance is also available to help you at any time during the appeal process. You are not required to complete the appeal process with us before you contact them. See the *Managed Care Ombudsman* section below for additional information.

## External review

External review is a review done by people in an organization outside of Aetna. This is called an independent review organization (IRO).

You have a right to external review only if all the following conditions are met:

- You have received an adverse benefit determination
- Our claim decision involved medical judgement
- We decided the service or supply is not **medically necessary**, not appropriate, or we decided the service or supply is **experimental or investigational**

You may also request external review if you want to know if the federal surprise bill law applies to your situation.

If our claim decision is one for which you can seek external review, we will say that in the notice of adverse benefit determination or final adverse benefit determination we send you. That notice also will describe the external review process. It will include a copy of the request for external review form at the final adverse determination level.

You must submit the request for external review form:

- To the Virginia Bureau of Insurance
- Within 120 calendar days of the date you received the decision from us
- With a copy of the notice from us, along with any other important information that supports your request

You will pay for any information that you send and want reviewed by the IRO. We will pay for information we send to the IRO plus the cost of the review.

The Virginia Bureau of Insurance will contact the IRO that will conduct the review of your claim.

The IRO will:

- Assign the appeal to one or more independent clinical reviewers that have proper expertise to do the review
- Consider appropriate credible information that you sent
- Follow our contractual documents and your plan of benefits
- Send notification of the decision within 45 calendar days of the date we receive your request form and all the necessary information

We will stand by the decision that the IRO makes.



### **How long will it take to get an IRO decision?**

We will give you the IRO decision not more than 45 calendar days after we receive your notice of external review form with all the information you need to send in.

Sometimes you can get a faster external review decision. Your **provider** must submit a request for external review form to the Virginia Bureau of Insurance.

There are two scenarios when you may be able to get a faster external review:

#### **For initial adverse benefit determinations**

- Your treatment is for cancer or your **provider** tells the Virginia Bureau of Insurance a delay in receiving health care services for your medical condition would:
  - Jeopardize your life, health or ability to regain maximum function
  - Be much less effective if not started right away (in the case of **experimental or investigational** treatment)

#### **For final adverse determinations**

Your treatment is for cancer or your **provider** tells the Virginia Bureau of Insurance a delay in receiving health care services for your medical condition would:

- Jeopardize your life, health or ability to regain maximum function
- Be much less effective if not started right away (in the case of **experimental or investigational** treatment), or
- The final adverse determination concerns an admission, availability of care, continued **stay** or health care service for which you received **emergency services**, but have not been discharged from a facility

If your situation qualifies for this faster review, you will receive a decision within 72 hours of the IRO's receipt of the request.

### **Managed Care Ombudsman**

If you have any questions regarding an appeal which have not been satisfactorily addressed by us, you may contact the Office of the Managed Care Ombudsman for assistance.

Office of the Managed Care Ombudsman  
Bureau of Insurance – SCC  
P.O. Box 1157  
Richmond, VA 23218-1157

Toll-free: (877) 310-6560  
Richmond Metropolitan Area: (804) 371-9741  
Email: [ombudsman@scc.virginia.gov](mailto:ombudsman@scc.virginia.gov)

## Virginia Department of Health, Office of Licensure and Certification

Your or your **provider** can contact the Office of Licensure and Certification to file a complaint regarding quality of care, choice and accessibility of **providers**, or network adequacy. The contact information is shown below:

Virginia Department of Health  
Office of Licensure and Certification  
9960 Mayland Drive, Suite 401  
Richmond, VA 23233-1463

Toll-free: (800) 955-1819  
Richmond Metropolitan Area: (804) 367-2104  
E-mail: [OLC-Complaints@vdh.virginia.gov](mailto:OLC-Complaints@vdh.virginia.gov)  
Fax: (804) 527-4503

### Utilization review

**Prescription** drugs covered under this plan are subject to misuse, waste or abuse utilization review by us, your **provider** or your network pharmacy. The outcome of the review may include:

- Limiting coverage of a drug to one prescribing **provider** or one network pharmacy
- Quantity, dosage or day supply limits
- Requiring a partial fill or denial of coverage

### Recordkeeping

We will keep the records of all complaints and appeals for at least 10 years.

### Fees and expenses

We do not pay any fees or expenses incurred by you in pursuing a complaint or appeal.

## Eligibility, starting and stopping coverage

---

### Eligibility

#### Who is eligible

The policyholder decides and tells us who is eligible for health coverage.

#### When you can join the plan

You can enroll:

- Once each year during the annual enrollment period
- At other special times during the year (see the *Special times you can join the plan* section below)

You can enroll eligible family members (these are your “dependents”) at this time too.

If you don’t enroll when you first qualify for benefits, you may have to wait until the next annual enrollment period to join.

#### Who can be a dependent on this plan

You can enroll the following family members:

- Your legal spouse
- Your domestic partner who meets policyholder rules and requirements under state law
- Dependent children – yours or your spouse’s or partner’s
  - Dependent children must be:
    - Over age 26 and under age 26 and:
      - Unmarried
      - A full-time student
    - Dependent children include:
      - Natural children
      - Stepchildren
      - Adopted children including those placed with you for adoption
      - Foster children
      - Children you are responsible for under a qualified medical support order or court order
      - Grandchildren in your legal custody

#### Adding new dependents

You can add new dependents during the year. These include any dependents described in the *Who can be a dependent on this plan* section above.

Coverage begins on the date of the event for new dependents that join your plan for the following reasons:

- Birth
- Adoption or placement for adoption
- Marriage or domestic partnership
- Legal guardianship
- Court or administrative order

We must receive a completed enrollment form not more than 31 days after the event date.

### **Special times you can join the plan**

You can enroll in these situations:

- You didn't enroll before because you had other coverage and that coverage has ended
- Your COBRA coverage has ended
- A court orders that you cover a dependent on your health plan
- When your dependent moves outside the service area for your employee plan

We must receive the completed enrollment information within 31 days of the date when coverage ends.

You can also enroll in these situations:

- You or your dependent lose your eligibility for enrollment in Medicaid or an S-CHIP plan
- You are now eligible for state premium assistance under Medicaid or S-CHIP which will pay your premium contribution under this plan

We must receive the completed enrollment information within 60 days of the date when coverage ends.

### **Notification of change in status**

Tell us of any changes that may affect your benefits. Please contact us as soon as possible when you have a:

- Change of address
- Dependent status change
- Dependent who enrolls in Medicare or any other health plan

### **Starting coverage**

Your coverage under this plan has a start and an end. You must start coverage after you complete the eligibility and enrollment process. You can ask your policyholder to confirm your effective date.

### **Stopping coverage**

Your coverage typically ends when you leave your job; but it can happen for other reasons. Ending coverage doesn't always mean you lose coverage with us. There will be circumstances that will still allow you to continue coverage. See the *Special coverage options after your coverage ends* section.

We will send you notice if your coverage is ending. This notice will tell you the date that your coverage ends.

### **When will your coverage end**

Your coverage under this plan will end if:

- This plan is no longer available
- You ask to end coverage
- The policyholder asks to end coverage
- You are no longer eligible for coverage
- Your work ends
- You stop making required contributions, if any apply
- We end your coverage as described under the *Why would we end your coverage* section.
- You start coverage under another medical plan offered by your employer

### **When dependent coverage ends**

Dependent coverage will end if:

- A dependent is no longer eligible for coverage.
- You stop making premium contributions, if any apply.
- Your coverage ends for any of the reasons listed above except:
  - Exhaustion of your overall maximum benefit.
  - You enroll under a group Medicare plan we offer. However, dependent coverage will end if your coverage ends under the Medicare plan.
- The date this plan no longer allows coverage for domestic partners.
- The date the domestic partnership ends.
  - You will need to complete a Declaration of Termination of Domestic Partnership.

### **What happens to your dependents if you die?**

Coverage for dependents may continue for some time after your death. See the *Special coverage options after your coverage ends* section for more information.

### **Why would we end your coverage?**

We will give you a 31 day advance notice if we end your coverage if you commit fraud or you intentionally misrepresented yourself when you applied for or obtained coverage. You can refer to the *General provisions – other things you should know* section for more information on rescissions.

On the date your coverage ends, we will refund to your employer any prepayment for periods after the date your coverage ended.

### **Special coverage options after your coverage ends**

#### **When coverage may continue under the plan**

This section explains options you may have after your coverage ends under this plan. Your individual situation will determine what options you will have. Contact the policyholder to see what options apply to you.

In some cases, premium payment is required for coverage to continue. Your coverage will continue under the plan as long as the policyholder and we have agreed to do so. It is the policyholder responsibility to let us know when your work ends. If the policyholder and we agree in writing, we will extend the limits.

### **Consolidated Omnibus Budget Reconciliation Act (COBRA)**

#### **What are your COBRA rights?**

The federal COBRA law usually applies to employers of group sizes of 20 or more and gives employees and their covered dependents the right to keep their health coverage for 18, 29 or 36 months after a qualifying event. The qualifying event is something that happens that results in you losing your coverage.

The qualifying events are:

- Your active employment ends for reasons other than gross misconduct
- Your working hours are reduced
- You divorce or legally separate and are no longer responsible for dependent coverage
- You become entitled to benefits under Medicare
- Your covered dependent children no longer qualify as dependents under the plan
- You die
- You are a retiree eligible for retiree health coverage and your former employer files for bankruptcy

Talk with your employer if you have questions about COBRA or to enroll.

### **Continuation of coverage**

If your coverage ends under this plan, you can continue coverage for yourself and your covered dependents if:

- Your employer is not required to offer COBRA coverage
- You are not eligible for Medicare
- You are not eligible for any other replacement group coverage
- You are not eligible for or have benefits available under another health care plan
- You have had 3 months of continuous coverage prior to your termination
- Your employer did not end your employment because of gross misconduct, as determined by your employer and Virginia law

To continue coverage, you must:

- Apply through your employer's normal process
- Pay the required premium within 31 days of the written notice from your employer (but no later than 60 days following the date of the termination of your coverage)

Evidence of insurability is not required for you to continue coverage.

The premium will be the current premium rate for the policy. Your employer may charge an administrative fee of no more than 2.0% of the current rate.

You can continue your coverage for 12 months. Each premium must be paid on a monthly basis during the 12-month period.

### **How you can extend coverage if you are totally disabled when coverage ends**

Your coverage may be extended if you are totally disabled when coverage ends.

You are "totally disabled" if you cannot work at your occupation or any other occupation for pay or profit.

Your dependent is "totally disabled" if that person cannot engage in most normal activities of a healthy person of the same age and gender.

You may extend coverage until the earliest of:

- When you or your dependents are no longer totally disabled
- When you become covered by another health benefits plan
- 12 months of coverage

### **How you can extend coverage for your disabled child beyond the plan age limits**

You have the right to extend coverage for your dependent child beyond plan age limits, if the child is not able to be self-supporting because of intellectual disability or physical handicap and depends mainly on you for support.

Proof of incapacity and dependency must be furnished to us within 31 of the child's attainment of the specified age.

Subsequent proof may be required but not more frequently than annually after the two-year period following the child's attainment of the specified age.

### **How you can extend coverage when getting inpatient care when coverage ends**

Your coverage may be extended if you are getting inpatient care in a **hospital** or **skilled nursing facility** when coverage ends.

Benefits are extended for the condition that caused the **hospital** or **skilled nursing facility stay** or for complications from the condition. Benefits aren't extended for other medical conditions.

You can continue to get care for this condition until the earliest of:

- When you are discharged
- When you no longer need inpatient care
- When you become covered by another health benefits plan
- 12 months of coverage

### **How you can extend coverage for hearing services and supplies when coverage ends**

If you are not totally disabled when your coverage ends, coverage for hearing services and supplies may be extended for 30 days after your coverage ends:

- If the **prescription** for the hearing aid is written during the 30 days before your coverage ends
- If the hearing aid is ordered during the 30 days before your coverage ends

### **How you can extend coverage for your child in college on medical leave**

You have the right to extend coverage for your dependent college student who takes a **medically necessary** leave of absence from school. The right to coverage will be extended until the earlier of:

- One year after the leave of absence begins
- The date coverage would otherwise end

To extend coverage the leave of absence must:

- Begin while the dependent child is suffering from a serious illness or injury.
- Cause the dependent child to lose status as a full-time student under the plan
- Be certified by the treating **physician** as **medically necessary** due to serious illness or injury.

The **physician** treating your child will be asked to keep us informed of any changes.

## General provisions – other things you should know

---

### Administrative provisions

#### How you and we will interpret this certificate

We prepared this certificate according to ERISA and other federal and state laws that apply. You and we will interpret it according to these laws. Our interpretation of this certificate applies when we administer your coverage. But you have the right to appeal our decisions as described in the *Complaints, claim decisions and appeal procedures* section.

#### How we administer this plan

We apply policies and procedures we've developed to administer this plan.

#### Who's responsible to you

We are responsible to you for what our employees and other agents do.

We are not responsible for what is done by your **providers**. Even **network providers** are not our employees or agents.

### Coverage and services

#### Your coverage can change

Your coverage is defined by the group policy. This document may have amendments and riders too. Under certain circumstances, we, the policyholder or the law may change your plan. When an emergency or epidemic is declared, we may modify or waive **precertification, prescription** quantity limits or your cost share if you are affected. Only we may waive a requirement of your plan. No other person, including the policyholder or **provider**, can do this.

#### Claim forms

You are required to submit a claim form to us in writing. Claim forms will be furnished by us within 15 days of notification of the claim. If we fail to provide a claim form within 15 days of notification of a claim, proof of loss will be met by giving us a written statement of the nature and extent of the loss within the time limit in the *Proof of loss* section.

#### Legal action

You must complete the internal appeal process, if your plan has one, before you take any legal action against us for any expense or bill. See the *Complaints, claim decisions, and, appeal procedures* section. You cannot take any action until 60 days after we receive written proof of loss.

No legal action can be brought to recover payment under any benefit after 3 years from the date written proof of loss was required to be filed. See the *Proof of loss* section.

#### Notice of Claim

You must give us written notice of claim within 20 days after you have incurred expenses for **covered services**. If you don't notify us within that time and can show that it was not reasonably possible to do so, we won't void or reduce your claim. But you must send us notice as soon as reasonably possible.



### **Payment of benefits**

All benefits are payable to you. Or we will pay your beneficiary designated by you. If any **covered services** are payable to either:

- Your estate, or
- A person who is a minor or otherwise not competent to give a valid release

we may pay up to \$5,000 to a person related to you by blood or marriage that we believe is fairly entitled to the benefits.

We may also pay all or any portion of the benefits to the **provider** who performed the services.

### **Physical examination and evaluations**

At our expense, we have the right to have a **physician** of our choice examine you. This will be done at reasonable times while certification or a claim for benefits is pending or under review.

### **Proof of loss**

You should give us written proof of loss no later than 90 days after you have incurred expenses for **covered services**. We won't void or reduce your claim if it was not reasonably possible to send us a notice and proof of loss within the required time. But you must send us a notice and proof as soon as reasonably possible. Proof of loss may not be given later than 1 year after the time proof is otherwise required, except if you are legally unable to notify us.

### **Records of expenses**

You should keep complete records of your expenses. They may be needed for a claim. Important things to keep are:

- Names of **physicians** and others who furnish services
- Dates expenses are incurred
- Copies of all bills and receipts

## **Honest mistakes and intentional misrepresentation**

### **Honest mistakes**

You or the policyholder may make an honest mistake when you share facts with us. When we learn of the mistake, we may make a fair change in premium contribution or in your coverage. If we do, we will tell you what the mistake was. We won't make a change if the mistake happened more than 2 years from the date of the group policy.

### **Intentional misrepresentation**

If we learn that you defrauded us or you intentionally misrepresented material facts, we can take actions that can have serious consequences for your coverage. These serious consequences include, but are not limited to:

- Rescission of coverage
- Denial of benefits
- Recovery of amounts we already paid

See the *Benefit payments and claims, Filing a claim* section for information about rescission.

You have special rights if we rescind your coverage:

- We will give you 30 days advance written notice of any rescission of coverage and the notice will:
  - Identify the alleged fraudulent act, practice, or omission or the intentional misrepresentation of material fact
  - Explain why the act, practice, or omission was fraud, an omission or an intentional misrepresentation of a material fact
  - Advise you, or your authorized representative, or our right to an **Aetna** appeal
  - Describe our internal appeal process, including any applicable time limits
  - Provide the date the advance notice ends, and the day back to which coverage is lost
- We will refund all premiums you paid

See the *Complaints, claim decisions and appeal procedures* section for information on how to submit an appeal.

## Some other money issues

### Assignment of benefits

When you see a **network provider**, they will usually bill us directly. When you see an **out-of-network provider**, we may choose to pay you or to pay the **provider** directly. If we pay you, you are responsible for applying any payment to the claim from the **out-of-network provider**. Except for dental, oral surgery or ambulance services, to the extent allowed by law, we will not accept an assignment to an **out-of-network provider**.

### Member cost share paid by a third party

We will apply amounts paid on your behalf toward your member cost share or maximum out-of-pocket limit.

### Financial sanctions exclusions

If coverage provided under this certificate violates or will violate any economic or trade sanctions, the coverage will be invalid immediately. For example, we cannot pay for **covered services** if it violates a financial sanction regulation. This includes sanctions related to a person or a country under sanction by the United States, unless it is allowed under a written license from the Office of Foreign Asset Control (OFAC). You can find out more by visiting <https://www.treasury.gov/resource-center/sanctions/Pages/default.aspx>.

### Premium contribution

Your plan requires that the policyholder make premium contribution payments. After the expiration of the grace period, we will not pay for benefits if premium contributions are not made. Any decision to not pay benefits can be appealed.

### Recovery of overpayments

We sometimes pay too much for **covered services** or pay for something that this plan doesn't cover. If we do, we can require the person we paid, you or your **provider**, to return what we paid. If we don't do that, we have the right to reduce any future benefit payments by the amount we paid by mistake.

## **Your health information**

We will protect your health information. We will only use or share it with others as needed for your care and treatment. We will also use and share it to help us process your claims and manage your plan.

You can get a free copy of our Notice of Privacy Practices. Just contact us.

When you accept coverage under this plan, you agree to let your **providers** share information with us. We need information about your physical and mental condition and care.

## **Effect of benefits under other plans**

### **Health Maintenance Organization (HMO) plan**

If you are eligible for and enrolled in coverage under an HMO plan offered by the policyholder, you will not have coverage under this plan on the date that your HMO plan coverage starts. If you are pregnant when you change plans, you may be eligible for an extension of benefits. Contact us for more information.

## Glossary

---

### Allowable amount

See *How your plan works – What the plan pays and what you pay*.

### Behavioral health provider

A **health professional** who is licensed or certified to provide **covered services** for mental health and **substance use disorders** in the state where the person practices.

### Brand-name prescription drug

An FDA-approved drug marketed with a specific name or trademark name by the company that manufactures it; often the same company that developed and patents it.

### Coinsurance

**Coinsurance** is the percentage of the bill you pay after you meet your **deductible**.

### Copay, copayment

**Copays** are flat fees for certain visits. A **copay** can be a dollar amount or percentage.

### Covered service

The benefits, subject to varying cost shares, covered in this plan. These are:

- Described in the *Providing covered services* section
- Not listed as an exclusion in the *Coverage and exclusions – Providing covered services* section or the *General plan exclusions* section
- Not beyond any limits in the schedule of benefits
- **Medically necessary**. See the *How your plan works – Medical necessity and precertification requirements* section and the *Glossary* for more information

### Deductible

A **deductible** is the amount you pay out-of-pocket for **covered services** per year before we start to pay.

### Detoxification

The process of getting alcohol or other drugs out of an addicted person's system and getting them physically stable.

### Drug guide

A list of **prescription** drugs and devices established by us or an affiliate. It does not include all **prescription** drugs and devices. This list can be reviewed and changed by us or an affiliate. A copy is available at your request. Go to <https://www.aetna.com/individuals-families/find-a-medication.html>.

## Emergency medical condition

Regardless of the final diagnosis rendered to you, an acute, severe medical condition, showing itself by severe symptoms of sufficient severity, including severe pain, that:

- Needs immediate medical care
- Leads a prudent layperson with average knowledge of health and medicine to reasonably believe that, without immediate medical care, it could result in:
  - Danger to physical or mental health
  - Danger of serious impairment to bodily function
  - Serious dysfunction to any bodily part or organ, or
  - In the case of a pregnant woman, danger to the health of an unborn baby

## Emergency services

A medical screening examination, including ancillary services, given in a **hospital's** emergency room or an independent freestanding emergency department to evaluate an **emergency medical condition**. This includes any further medical examination and treatment to stabilize the patient. An independent freestanding emergency department means a health care facility that is geographically separate, distinct, and licensed separately from a **hospital** and provides **emergency services**.

Stabilize means providing treatment to assure the condition will not get worse as a result of, or during, the transfer of the individual from a facility. For a pregnant woman, stabilize also means that the woman has delivered, including the placenta.

## Experimental or investigational

Drugs, treatments or tests not yet accepted by **physicians** or by insurance plans as standard treatment. They may not be proven as effective or safe for most people.

A drug, device, procedure, or treatment is **experimental or investigational** if:

- There is not enough outcome data available from controlled clinical trials published in the peer-reviewed literature to validate its safety and effectiveness for the illness or injury involved.
- The needed approval by the FDA has not been given for marketing.
- A national medical or dental society or regulatory agency has stated in writing that it is **experimental or investigational** or suitable mainly for research purposes.
- It is the subject of a Phase I, Phase II or the experimental or research arm of a Phase III clinical trial. These terms have the meanings given by regulations and other official actions and publications of the FDA and Department of Health and Human Services.
- Written protocols or a written consent form used by a facility **provider** state that it is **experimental or investigational**.

## Formulary exclusions list

A list of **prescription** drugs not covered under the plan. This list is subject to change.

## Generic prescription drug

An FDA-approved drug with the same intended use as the brand-name product. It offers the same:

- Dosage
- Safety
- Strength
- Quality
- Performance

## Health professional

A person who is authorized by law to provide health care services to the public; for example, **physicians**, nurses and physical therapists.

## Home health care agency

An agency authorized by law to provide home health services, such as skilled nursing and other therapeutic services.

## Hospital

An institution licensed as a **hospital** by applicable law and accredited by The Joint Commission (TJC). This is a place that offers medical care. Patients can **stay** overnight for care. Or they can be treated and leave the same day. All **hospitals** must meet set standards of care. They can offer general or acute care. They can also offer service in one area, like rehabilitation.

## Infertility

A disease defined by the failure to become pregnant:

- For a female with a male partner, after:
  - 1 year of frequent, unprotected heterosexual sexual intercourse if under the age of 35
  - 6 months of frequent, unprotected heterosexual sexual intercourse if age 35 or older
- For a female without a male partner, after:
  - At least 12 cycles of donor insemination if under the age of 35
  - 6 cycles of donor insemination if age 35 or older
- For a male without a female partner, after:
  - At least 2 abnormal semen analyses obtained at least 2 weeks apart
- For an individual or their partner who has been clinically diagnosed with gender dysphoria

## Jaw joint disorder

This is:

- A temporomandibular joint (TMJ) dysfunction or any similar disorder of the jaw joint
- A myofascial pain dysfunction (MPD) of the jaw
- Any similar disorder in the relationship between the jaw joint and the related muscles and nerves

## Mail order pharmacy

A pharmacy where **prescription** drugs are legally dispensed by mail or other carrier.

## Maximum out-of-pocket limit

The **maximum out-of-pocket limit** is the most a covered person will pay per year in **copayments, coinsurance** and **deductible**, if any, for **covered services**.

## Medically necessary, medical necessity

Health care services or supplies that prevent, evaluate, diagnose or treat an illness, injury, disease or its symptoms, and that are all of the following, as determined by us within our discretion:

- In accordance with “generally accepted standards of medical practice”
- Clinically appropriate, in terms of type, frequency, extent, site and duration, and considered effective for your illness, injury or disease
- Not primarily for your convenience, the convenience of your **physician**, or other health care **provider**
- Not more costly than an alternative service or sequence of services at least as likely to produce equivalent therapeutic or diagnostic results as to the diagnosis or treatment of your illness, injury or disease

Generally accepted standards of medical practice mean:

- Standards that are based on credible scientific evidence published in peer-reviewed medical literature generally recognized by the relevant medical community and
- Following the standards set forth in our clinical policies and applying clinical judgment

### Important note:

We develop and maintain clinical policy bulletins that describe the generally accepted standards of medical practice, credible scientific evidence, and prevailing clinical guidelines that support our decisions regarding specific services. We use these bulletins and other resources to help guide individualized coverage decisions under our plans and to determine whether an intervention is **experimental or investigational**. They are subject to change. You can find these bulletins and other information at <https://www.aetna.com/health-care-professionals/clinical-policy-bulletins.html>. You can also contact us. See the *Contact us* section for how.

## Mental health disorder

A **mental health disorder** is in general, a set of symptoms or behavior associated with distress and interference with personal function. A complete definition of **mental health disorder** is in the most recent edition of *Diagnostic and Statistical Manual of Mental Disorders (DSM) of the American Psychiatric Association*.

## Morbid obesity/ morbidly obese

This means:

- A weight that is at least 100 pounds over or twice the ideal weight for frame, age, height and gender as specified in the 1983 Metropolitan Life Insurance tables
- The body mass index (BMI) is:
  - Equal to or greater than 35 kilograms per meter squared with a comorbidity or coexisting condition such as:
    - High blood pressure
    - A heart or lung condition
    - Sleep apnea, or
    - Diabetes
  - 40 kilograms per meter squared and no other severe medical conditions are present

## Negotiated charge

See *How your plan works – What the plan pays and what you pay.*

## Network pharmacy

A **retail pharmacy, mail order pharmacy** or **specialty pharmacy** that has contracted with us, an affiliate, or a third-party vendor, to provide outpatient **prescription** drugs to you. **Network pharmacy** also includes an out-of-network pharmacy that agrees to accept payment at our contracted network level rates as payment in full. The out-of-network pharmacy or its intermediary must notify us in writing, by fax or otherwise, of their agreement.

## Network provider

A **provider** listed in the directory for your plan. A NAP **provider** listed in the NAP directory is not a **network provider**. A **network provider** can also be referred to as an in-network provider.

## Other health care

**Other health care** coverage is care you get from an **out-of-network provider** when you could not reasonably get services and supplies from an in-network **provider**.

## Out-of-network provider

A **provider** who is not a **network provider**.

## Partial hospitalization treatment

Clinical treatment at a minimum of 4 or more continuous hours per treatment day for **medically necessary** services provided by a **behavioral health provider** with the appropriate license or credentials. Services are designed to address a **mental health disorder** or **substance use disorder** issue and may include:

- Group, individual or multi-family group psychotherapy
- Psycho-educational services
- Adjunctive services such as medication monitoring

Treatment includes intensive outpatient programs for the treatment of alcohol or other drug dependence which provide treatment over a period of 3 or more continuous hours per day to individuals or group of individuals who are not admitted as inpatients.

Care is delivered according to accepted medical practice for the condition of the person.

## Physician

A **health professional** trained and licensed to practice and prescribe medicine under the laws of the state where they practice; specifically, doctors of medicine or osteopathy. Under some plans, a **physician** can also be a **primary care physician (PCP)**.

## Precertification, precertify

Pre-approval that you or your **provider** receives from us before you receive certain **covered services**. This may include a determination by us as to whether the service is **medically necessary** and eligible for coverage.

## Preferred drug

A **prescription** drug or device that may have a lower out-of-pocket cost than a non-preferred drug.

AL HCOC 09 as amended by

73

VA

AL COCAmend-2022 01, AL COCAmend-2023 01,

AL COCFedAmend-2023 01

---



## Prescription

This is an instruction written by a **physician** or other **provider** that authorizes a patient to receive a service, supply, medicine or treatment.

## Primary care physician (PCP)

A **physician** who:

- The directory lists as a **PCP**
- Is selected by a covered person from the list of **PCPs** in the directory
- Supervises, coordinates and provides initial care and basic medical services to a covered person
- Shows in our records as your **PCP**

A **PCP** can be any of the following **providers**:

- General practitioner
- Family **physician**
- Internist
- Pediatrician
- OB, GYN, and OB/GYN
- Medical group (primary care office)

## Provider

A **physician**, pharmacist, **health professional**, person, or facility, licensed or certified by law to provide health care services to you, including the following:

- Chiropractor
- Optometrist
- Optician
- Professional counselor
- Psychologist
- Clinical social worker
- Podiatrist
- Physical therapist
- Chiropodist
- Clinical nurse specialist
- Audiologist
- Speech pathologist
- Certified nurse midwife or other nurse practitioner
- Marriage and family therapist
- Athletic trainer when services are performed in an office setting
- Licensed acupuncturist

If state law does not specifically provide for licensure or certification, they must meet all Medicare approval standards even if they don't participate in Medicare.

## Psychiatric hospital

An institution licensed or certified as a **psychiatric hospital** by applicable laws to provide a program for the diagnosis, evaluation, and treatment of alcoholism, drug abuse or **mental health disorders** (including **substance use disorders**).

## Residential treatment facility

An institution specifically licensed as a **residential treatment facility** by applicable laws to provide for mental health or **substance related disorder** residential treatment programs. It is credentialed by us or is accredited by one of the following agencies, commissions or committees for the services being provided:

- The Joint Commission (TJC)
- The Committee on Accreditation of Rehabilitation Facilities (CARF)
- The American Osteopathic Association's Healthcare Facilities Accreditation Program (HFAP)
- The Council on Accreditation (COA)

In addition to the above requirements, an institution must meet the following:

For residential treatment programs treating **mental health disorders**:

- A **behavioral health provider** must be actively on duty 24 hours/day for 7 days/week
- The patient must be treated by a psychiatrist at least once per week
- The medical director must be a psychiatrist
- It is not a wilderness treatment program (whether or not the program is part of a licensed **residential treatment facility** or otherwise licensed institution)

For substance related residential treatment programs:

- A **behavioral health provider** or an appropriately state certified professional (CADC, CAC, etc.) must be actively on duty during the day and evening therapeutic programming
- The medical director must be a **physician**
- It is not a wilderness treatment program (whether or not the program is part of a licensed **residential treatment facility** or otherwise licensed institution)

For **detoxification** programs within a residential setting:

- An R.N. must be onsite 24 hours/day for 7 days/week within a residential setting
- Residential care must be provided under the direct supervision of a **physician**

## Retail pharmacy

A community pharmacy that dispenses outpatient **prescription** drugs.

## Room and board

A facility's charge for your overnight **stay** and other services and supplies expressed as a daily or weekly rate.

## Semi-private room rate

An institution's **room and board** charge for most beds in rooms with 2 or more beds. If there are no such rooms, we will calculate the rate based on the rate most commonly charged by similar institutions in the same geographic area.

## Skilled nursing facility

A facility specifically licensed as a **skilled nursing facility** by applicable laws to provide skilled nursing care.

**Skilled nursing facilities** also include:

- Rehabilitation **hospitals**
- Portions of a rehabilitation **hospital**
- A **hospital** designated for skilled or rehabilitation services

**Skilled nursing facility** does not include institutions that provide only:

- Minimal care
- Custodial care
- Ambulatory care
- Part-time care

## Skilled nursing services

Services provided by a registered nurse or licensed practical nurse within the scope of their license.

## Specialist

A **physician** who practices in any generally accepted medical or surgical sub-specialty.

## Specialty prescription drugs

These are **prescription** drugs that include typically high-cost drugs that require special handling, special storage or monitoring and may include things such as oral, topical, inhaled and injected routes of administration. You can contact us to access the list of specialty drugs.

## Stay

A full-time inpatient confinement for which a **room and board** charge is made.

## Substance use disorder

A **substance use disorder**, addictive disorder, or both, as defined in the *Diagnostic and Statistical Manual of Mental Disorders* (DSM) published by the American Psychiatric Association

## Surgery, surgical procedure

The diagnosis and treatment of injury, deformity and disease by manual and instrumental means, such as:

- Cutting
- Abrading
- Suturing
- Destruction
- Ablation
- Removal
- Lasering
- Introduction of a catheter (e.g., heart or bladder catheterization) or scope (e.g., colonoscopy or other types of endoscopy)
- Correction of fracture
- Reduction of dislocation
- Application of plaster casts
- Injection into a joint
- Injection of sclerosing solution

- Otherwise physically changing body tissues and organs

### **Telemedicine**

A consultation between you and a **provider** who is performing a clinical medical or behavioral health service that can be provided electronically by:

- Two-way audiovisual teleconferencing
- Remote patient monitoring
- Any other method required by law

Remote patient monitoring services means the delivery of home health services using telecommunications technology, including:

- Monitoring clinical patient data such as weight, blood pressure, pulse, pulse oximetry, blood glucose, and other condition-specific data
- Medication adherence monitoring
- Interactive video conference with or without digital image upload

### **Terminal illness**

A medical prognosis that you are not likely to live more than 12 months.

### **Urgent condition**

An illness or injury that requires prompt medical attention but is not a life-threatening **emergency medical condition**.

### **Walk-in clinic**

A health care facility that provides limited medical care on a scheduled and unscheduled basis. A **walk-in clinic** may be located in, near or within a:

- Drug store
- Pharmacy
- Retail store
- Supermarket

The following are not considered a **walk-in clinic**:

- Ambulatory surgical center
- Emergency room
- **Hospital**
- Outpatient department of a **hospital**
- **Physician's** office
- Urgent care facility

# Aetna Life Insurance Company

## Amendment

Effective date: January 1, 2024

Your coverage has changed. This amendment shows the changes made to your certificate of coverage. It's effective on the date shown above. The changes appear below.

1. The *Coverage and exclusions* section in your certificate of coverage is changed with the following:

The *Acupuncture* provision is revised-

### Acupuncture

**Covered services** include manual or electro acupuncture.

The following are not **covered services**:

- Acupressure

A new provision is added called *Gender affirming treatment*-

### Gender affirming treatment

**Covered services** include certain services and supplies for gender affirming (sometimes called sex change) treatment.

#### Important note:

Visit <https://www.aetna.com/health-care-professionals/clinical-policy-bulletins.html> for detailed information about this benefit, including eligibility and **medical necessity** requirements. You can also call the toll-free number on your ID card.

In the *Prescription drugs - outpatient* section, the list of services that are not **covered services** is revised-

The following are not **covered services**:

Drugs or medications

- Administered or entirely consumed at the time and place it is prescribed or provided
- Which do not require a **prescription** by law, even if a **prescription** is written, unless we have approved a medical exception
- That is therapeutically the same or an alternative to a covered **prescription** drug, unless we approve a medical exception
- Not approved by the FDA or not proven safe or effective
- Provided under your medical plan while inpatient at a healthcare facility
- Recently approved by the FDA but not reviewed by our Pharmacy and Therapeutics Committee, unless we have approved a medical exception
- That include vitamins and minerals unless recommended by the United States Preventive Services Task Force (USPSTF)
- That are used to treat sexual dysfunction, enhance sexual performance or increase sexual desire, including drugs, implants, devices or preparations to correct or enhance erectile function, enhance sensitivity or alter the shape or appearance of a sex organ unless listed as a **covered service**

- That are used for the purpose of weight gain or loss including but not limited to stimulants, preparations, foods or diet supplements, dietary regimens and supplements, food or food supplements, appetite suppressants or other medications
- That are drugs or growth hormones used to stimulate growth and treat idiopathic short stature unless there is evidence that the member meets one or more clinical criteria detailed in our **precertification** and clinical policies
- Off-label drug use except as described in the *Coverage and exclusions, Prescription drugs – outpatient, Off-label use* section
- **Prescription** drugs:
  - That are ordered by a dentist or prescribed by an oral surgeon in relation to the removal of teeth or **prescription** drugs for the treatment to a dental condition
  - That are considered oral dental preparations and fluoride rinses except pediatric fluoride tablets or drops as specified on the plan’s **drug guide**
  - That are being used or abused in a manner that is determined to be furthering an addiction to a habit-forming substance, or drugs obtained for use by anyone other than the member as identified on the ID card

A new provision is added called *Telemedicine-*

### **Telemedicine**

**Covered services** include **telemedicine** consultations when provided by a **physician, specialist, behavioral health provider** or other **telemedicine provider** acting within the scope of their license.

**Covered services** for **telemedicine** consultations are available from a number of different kinds of **providers** under your plan. Log in to your member website at <https://www.aetna.com/> to review our **telemedicine provider** listing and Contact us to get more information about your options, including specific cost sharing amounts.

The following are not **covered services**:

- Telephone calls
- **Telemedicine** kiosks

A new provision is added called *Virtual primary care (VPC)-*

### **Virtual primary care (VPC)**

VPC provides 100% coverage for eligible in-network **covered services** for persons 18 years of age or older.

**Covered services** include basic medical and preventive health care services when provided by a Virtual Primary Care (VPC) **telemedicine provider**.

A VPC **telemedicine provider** is a **provider** who is contracted with us to provide you with VPC **covered services** by **telemedicine**.

**Covered services** include:

- General primary care consultations
- Preventive care screening and counseling
- Preventive care biometric review and analysis –
  - If you will perform self-assessments, you’ll receive a blood pressure cuff and heart monitor, at no cost to you, before your initial VPC consultation.

- Your results may be self-reported or reviewed by your VPC **telemedicine provider** by a remote device
- Consultations for non-emergency illness or injury, including prescriptions, when needed
- Prescription drug coordination to encourage safe and appropriate use of medications
- Follow-up care and coordination with **network providers**

VPC **covered services** are also available through a **designated network walk-in clinic**. There is no cost share when you receive these services.

Your VPC **telemedicine provider** can help you access **network providers** and **specialists** for **covered services** ordered during your virtual consultation, including:

- Diagnostic lab tests
- Preventive care immunizations
- In-person preventive care
- In-person biometric screenings such as cholesterol and blood sugar testing

The following **covered services** are also available from a VPC **telemedicine provider**:

- Behavioral health consultation
- Dermatology consultation

Your regular cost share will apply for services not provided by a VPC **telemedicine provider** and for any **prescription** drugs you may need. See the schedule of benefits.

The following are not **covered services**:

- VPC **telemedicine** consultations received from a **provider** who is not a VPC **telemedicine provider**.

The *Walk-in clinic* provision is revised-

## Walk-in clinic

**Covered services** include, but are not limited to, health care services provided through a **walk-in clinic** for:

- Scheduled and unscheduled visits for illnesses and injuries that are not **emergency medical conditions**
- Preventive care immunizations administered within the scope of the clinic's license
- Individual screening and counseling services that will help you:
  - With obesity or healthy diet
  - To stop using tobacco products

2. The *General plan exclusions* section in your certificate of coverage is changed with the following:

The *Behavioral health treatment* exclusion is revised-

### **Behavioral health treatment**

Services for the following based on categories, conditions, diagnoses, or equivalent terms as listed in the most recent version of the *Diagnostic and Statistical Manual of Mental Disorders* (DSM) of the American Psychiatric Association:

- **Stay** in a facility for treatment for dementia and amnesia without a behavioral disturbance that necessitates mental health treatment

- School and/or education service, including special education, remedial education, wilderness treatment programs, or any such related or similar programs. Therapy by a licensed counselor will be covered if provided on an outpatient basis as part of a wilderness treatment program.
- Services provided in conjunction with school, vocation, work or recreational activities
- Transportation
- Sexual deviations and disorders except for gender identity disorders
- Tobacco use disorders and nicotine dependence except as described in the *Coverage and exclusions- Preventive care* section
- Pathological gambling, kleptomania, and pyromania

The *Cosmetic services and plastic surgery* exclusion is revised-

### **Cosmetic services and plastic surgery**

Any treatment, **surgery** (cosmetic or plastic), service or supply to alter, improve or enhance the shape or appearance of the body, except where described in the *Coverage and exclusions* section

The *Who provides the care, Medical necessity, referral, and precertification requirements, Requesting a medical exception* section is revised-

### **Requesting a medical exception**

Sometimes you or your **provider** may ask for a medical exception to get coverage for drugs that are not covered or for which coverage was denied through precertification. You, someone who represents you or your **provider** can contact us. You will need to provide us with clinical documentation. After we receive the request and any information, we will tell you and your **provider** of our coverage determination within 72 hours, including hours on weekends.

Any exception granted is based upon an individual and is a case-by-case decision that will not apply to other members.

We will cover a drug not in the **drug guide** without additional cost sharing beyond what is required of drugs in the **drug guide** if:

- We determine, after consultation with your **provider**, that the drug in the **drug guide** is an inappropriate therapy for your condition; or
- You have been receiving the drug not in the **drug guide** for at least 6 months prior to its exclusion from the **drug guide** and your **provider** determines that:
  - The drug in the **drug guide** is an inappropriate therapy for your condition; or
  - Changing drug therapy presents a significant health risk to you

For directions on how you can submit a request for a review:

- Call the toll-free number on your ID card
- Log in to the Aetna website at <https://www.aetna.com/>
- Submit the request in writing to CVS Health ATTN: Aetna PA, 1300 E Campbell Road, Richardson, TX 75081

You, someone who represents you or your **provider** may seek a quicker medical exception when the situation is urgent. It's an urgent situation when:

- You have a health condition that may seriously affect your life, health, or ability to get back maximum function



- The request is for a **prescription** to alleviate cancer pain
- You are going through a current course of treatment using a non-covered drug

After we receive the request and any information, we will tell you and your **provider** of our coverage determination within 24 hours, including hours on weekends.

If we deny the request for a medical exception, you have the right to request an external review by an independent review organization (IRO). If our coverage decision is one that allows you to ask for an external review, we will say that in the notice of adverse benefit determination we send you. That notice will also describe the external review process. We will tell you and your prescriber of the coverage determination of the external review no later than 72 hours after we receive your request. For expedited medical exceptions in urgent situations, we will tell you or your prescriber of the coverage determination no later than 24 hours after we received your request.

If the medical exception is approved by us, or the IRO:

- The exception will apply for the entire time of the **prescription**, or in the case of an expedited exception, for the entire time you have an urgent situation
- The cost share will be applied the same as for a drug listed in the **drug guide**

The *Benefit payments and claims, Filing a claim* section is revised-

### **Filing a claim**

When you see a **network provider**, that office will usually send us a detailed bill for your services. If you see an **out-of-network provider**, you may receive the bill (proof of loss) directly. This bill forms the basis of your post-service claim. If you receive the bill directly, your or your **provider** must send us the bill within 15 months of the date you received services, unless you are legally unable to notify use. You must send it to us with a claim form that you can either get online or contact us to provide. You should always keep your own record of the date, **providers** and cost of your services.

The benefit payment determination is made based on many things, such as your **deductible** or **coinsurance**, the **necessity** of the service you received, when or where you receive the services, or even what other insurance you may have. We may need to ask you or your **provider** for some more information to make a final decision. You can always contact us directly to see how much you can expect to pay for any service.

We will pay the claim within 40 days from when we receive all the information necessary. In no event will benefits be paid later than 60 days after we receive the proof of loss. Sometimes we may pay only some of the claim. Sometimes we may deny payment entirely. We may even rescind your coverage entirely. Rescission means you lose coverage going forward and going backward. If we paid claims for your past coverage, we will want the money back. We will refund all premiums you paid.

We will give you our decision in writing. You may not agree with our decision. There are several ways to have us review the decisions. Please see the *Complaints, claim decisions, and, appeal procedures* section for that information.

The *What the plan pays and what you pay, Balance billing protection for out-of-network services* section is revised-

### **Balance billing protection for out-of-network services**

You are protected from balance billing by an **out-of-network provider** for certain services.

### What is balance billing?

You're responsible for certain cost-sharing amounts such as **deductibles**, **copayments** and **coinsurance** for covered services. An **out-of-network provider** may have billed a charge that exceeds the amount paid by us plus your cost-sharing amounts. A balance bill occurs if the provider bills you for payment of this balance.

### When you cannot be balance billed

An **out-of-network provider** cannot balance bill or attempt to collect costs from you that exceed your in-network cost-sharing requirements, such as **deductibles**, **copayments** and **coinsurance** for the following services:

- **Emergency services** provided by an **out-of-network provider**. Your final diagnosis will not determine whether services are **emergency services**.
- Non-emergency surgical or ancillary services provided by an **out-of-network provider** at an in-network facility. See your schedule for your in-network cost-sharing for these services.
  - Surgical or ancillary services mean any professional services including **surgery**, anesthesiology, pathology, radiology, or hospitalist services and laboratory services
  - A facility in this instance means an institution providing health care related services or a health care setting, including **hospitals** and other licensed inpatient centers; ambulatory surgical or treatment centers; **skilled nursing facilities**; **residential treatment facilities**; diagnostic, laboratory, and imaging centers; and rehabilitation and other therapeutic health settings
- Out-of-network emergency air ambulance services

We will:

- Pay the **out-of-network provider** based on a commercially reasonable amount, based on payments for the same or similar services provided in a similar geographic area
- Base your in-network cost-sharing requirement on what we usually pay a **network provider**
- Count any amounts you are responsible for under this protection toward the in-network **maximum out-of-pocket limit**

If you pay an amount that exceeds this, the provider must refund that amount with interest. If you are billed an amount that exceeds your payment responsibility state on your explanation of benefits or you believe you've been wrongly billed, you can file a complaint with the State Corporation Commission's Virginia Bureau of Insurance at <https://scc.virginia.gov/pages/File-Complaint-Consumers> or call 1-877-310-6560.

### When you can be balance billed

If you receive services from an **out-of-network provider** or facility in any other situation, you may be responsible for paying:

- Your **out-of-network deductible**, **copayment** and **coinsurance** that apply
- Any charges over our **allowable amount**

See the *Who provides the care – Network providers* section for more information.

5. The *Glossary* section in your certificate of coverage is changed:

### Brand-name prescription drug

An FDA-approved drug marketed with a specific name or trademark name by the company that manufactures it; often the same company that developed and patents it.

The *Drug guide* definition is revised –

### **Drug guide**

A list of **prescription** and OTC drugs and devices established by us or an affiliate. It does not include all **prescription** and OTC drugs and devices. This list can be reviewed and changed by us or an affiliate. A copy is available at your request. Go to <https://www.aetna.com/individuals-families/find-a-medication.html>.

The *Generic prescription drug* definition revised –

### **Generic prescription drug**

An FDA-approved drug with the same intended use as the brand-name product, that is considered to be as effective as the brand-name product. It offers the same:

- Dosage
- Safety
- Strength
- Quality
- Performance

### **Other health care**

**Covered services** that you get from an **out-of-network provider** when you could not reasonably get from a **network provider**. It does not include those services that an **out-of-network provider** cannot balance bill you for. See the *Balance billing protection for out-of-network services* section for more information

### **Specialty prescription drug**

An FDA-approved **prescription** drug that typically has a higher cost and requires special handling, special storage or monitoring. These drugs may be administered:

- Orally (mouth)
- Topically (skin)
- By inhalation (mouth or nose)
- By injection (needle)

### **Specialty pharmacy**

A pharmacy that fills **prescriptions** for specialty drugs.

### **Telemedicine**

A consultation between you and a **physician, specialist, or behavioral health provider, or telemedicine provider** who is performing a clinical medical or behavioral health service by means of electronic communication, including remote patient monitoring services.

Remote patient monitoring services means the delivery of home health services using telecommunications technology, including:

- Monitoring clinical patient data such as weight, blood pressure, pulse, pulse oximetry, blood glucose, and other condition-specific data
- Medication adherence monitoring
- Interactive video conference with or without digital image upload

This amendment makes no other changes to the certificate of coverage.



Dan Finke  
President  
Aetna Life Insurance Company  
(A Stock Company)

Amendment AL COC Amend-2022 01  
Amends form: AL HCOC 09  
Issue Date: November 20, 2023

## **Additional Information Provided by**

### **Booz Allen Hamilton**

The following information is provided to you in accordance with the Employee Retirement Income Security Act of 1974 (ERISA). It is not a part of your booklet-certificate. Your Plan Administrator has determined that this information together with the information contained in your booklet-certificate is the Summary Plan Description required by ERISA.

In furnishing this information, Aetna is acting on behalf of your Plan Administrator who remains responsible for complying with the ERISA reporting rules and regulations on a timely and accurate basis.

**Name of Plan:**

Booz Allen Hamilton Welfare Plan

**Employer Identification Number:**

**Plan Number:**

**Type of Plan:**

Welfare

**Type of Administration:**

Group Insurance Policy with:

Aetna Life Insurance Company  
151 Farmington Avenue  
Hartford, CT 06156

**Plan Administrator:**

Booz Allen Hamilton  
8283 Greensboro Drive  
McLean, VA 22102

**Agent For Service of Legal Process:**

Booz Allen Hamilton  
8283 Greensboro Drive  
McLean, VA 22102

Service of legal process may also be made upon the Plan Administrator

**End of Plan Year:**

December 31

---

**Source of Contributions:**

Employer

**Procedure for Amending the Plan:**

Booz Allen Hamilton, may, at any time and from time to time, such individual or entity with authority and to take such action to amend the Plan, in full and in part.

**ERISA Rights**

As a participant in the group insurance plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974. ERISA provides that all plan participants shall be entitled to:

**Receive Information about Your Plan and Benefits**

Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts, collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) that is filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts, collective bargaining agreements, and copies of the latest annual report (Form 5500 Series), and an updated Summary Plan Description. The Administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

Receive a copy of the procedures used by the Plan for determining a qualified domestic relations order (QDRO) or a qualified medical child support order (QMCSO).

**Continue Group Health Plan Coverage**

Continue health care coverage for yourself, your spouse, or your dependents if there is a loss of coverage under the Plan as a result of a qualifying event. You or your dependents may have to pay for such coverage. Review this summary plan description and the documents governing the Plan for the rules governing your COBRA continuation coverage rights.

**Prudent Actions by Plan Fiduciaries**

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in your interest and that of other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

---

**Enforce Your Rights**

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay up to \$ 110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the status of a domestic relations order or a medical child support order, you may file suit in a federal court.

If it should happen that plan fiduciaries misuse the Plan's money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

**Assistance with Your Questions**

If you have any questions about your Plan, you should contact the Plan Administrator.

If you have any questions about this statement or about your rights under ERISA, you should contact:

- the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory; or
- the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington D.C. 20210.

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

---

**Statement of Rights under the Newborns' and Mothers' Health Protection Act**

Under federal law, group health plans and health insurance issuers offering group health insurance coverage generally may not restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a delivery by cesarean section. However, the plan or issuer may pay for a shorter stay if the attending provider (e.g., your physician, nurse midwife, or physician assistant), after consultation with the mother, discharges the mother or newborn earlier.

Also, under federal law, plans and issuers may not set the level of benefits or out-of-pocket costs so that any later portion of the 48-hour (or 96-hour) stay is treated in a manner less favorable to the mother or newborn than any earlier portion of the stay.

In addition, a plan or issuer may not, under federal law, require that you, your physician, or other health care provider obtain authorization for prescribing a length of stay of up to 48 hours (or 96 hours). However, you may be required to obtain precertification for any days of confinement that exceed 48 hours (or 96 hours). For information on precertification, contact your plan administrator.

**Notice Regarding Women's Health and Cancer Rights Act**

Under this health plan, as required by the Women's Health and Cancer Rights Act of 1998, coverage will be provided to a person who is receiving benefits in connection with a mastectomy and who elects breast reconstruction in connection with the mastectomy for:

- (1) all stages of reconstruction of the breast on which a mastectomy has been performed;
- (2) surgery and reconstruction of the other breast to produce a symmetrical appearance;
- (3) prostheses; and
- (4) treatment of physical complications of all stages of mastectomy, including lymphedemas.

This coverage will be provided in consultation with the attending physician and the patient, and will be provided in accordance with the plan design, limitations, copays, deductibles, and referral requirements, if any, as outlined in your plan documents.

If you have any questions about our coverage of mastectomies and reconstructive surgery, please contact the Member Services number on your ID card.

For more information, you can visit this U.S. Department of Health and Human Services website, <http://www.cms.gov/home/regsguidance.asp>, and this U.S. Department of Labor website, <https://www.dol.gov/agencies/ebsa/employers-and-advisers/plan-administration-and-compliance/health-plans>.

---



## Your Rights and Protections Against Surprise Medical Bills

When you get emergency care or are treated by an out-of-network provider at an in-network facility, you are protected from balance billing. In these cases, you shouldn't be charged more than your plan's copayments, coinsurance and/or deductible.

### What is "balance billing" (sometimes called "surprise billing")?

When you see a doctor or other health care provider, you may owe certain out-of-pocket costs, like a copayment, coinsurance, or a deductible. You may have additional costs or have to pay the entire bill if you see a provider or visit a health care facility that isn't in your health plan's network.

"Out-of-network" means providers and facilities that haven't signed a contract with your health plan to provide services. Out-of-network providers may be allowed to bill you for the difference between what your plan pays, and the full amount charged for a service. This is called "**balance billing**." This amount is likely more than in-network costs for the same service and might not count toward your plan's deductible or annual out-of-pocket limit.

"Surprise billing" is an unexpected balance bill. This can happen when you can't control who is involved in your care—like when you have an emergency or when you schedule a visit at an in-network facility but are unexpectedly treated by an out-of-network provider. Surprise medical bills could cost thousands of dollars depending on the procedure or service.

Insurers are required to tell you which providers and facilities are in their networks. Providers and facilities must tell you with which provider networks they participate. This information is on the insurer's, provider's or facility's website or on request.

### You're protected from balance billing for:

#### **Emergency services**

If you have an emergency medical condition and get emergency services from an out-of-network provider or facility, the most they can bill you is your plan's in-network cost-sharing amount (such as deductibles, copayments and coinsurance). You **can't** be balance billed for these emergency services. This includes services at the same facility that you may get after you're in stable condition, unless you give written consent and give up your protections not to be balanced billed for these post-stabilization services.

---

### **Certain services at an in-network facility**

When you get services from an in-network facility, certain providers there may be out-of-network. In these cases, the most those providers can bill you is your plan's in-network cost-sharing amount. This applies to emergency medicine, laboratory, surgeon and assistant surgeon services, and professional ancillary services such as anesthesia, pathology, radiology, neonatology, hospitalist, or intensivist services. These providers **can't** balance bill you and **can't** ask you to give up your protections not to be balance billed.

If you receive other types of services at these in-network facilities, out-of-network providers **can't** balance bill you unless you give written consent and give up your protections.

**You're never required to give up your protections from balance billing. You also aren't required to get out-of-network care. You can choose a provider or facility in your plan's network.**

### **When balance billing isn't allowed, you also have these protections:**

- You're only responsible for paying your share of the cost (like the copayments, coinsurance, and deductible that you would pay if the provider or facility was in-network). Your health plan will pay any additional costs to out-of-network providers and facilities directly.
- Generally, your health plan must:
  - Cover emergency services without requiring you to get approval for services in advance (also known as "prior authorization").
  - Cover emergency services by out-of-network providers.
  - Base what you owe the provider or facility (cost-sharing) on what it would pay an in-network provider or facility and show that amount in your explanation of benefits.
  - Count any amount you pay for emergency services or out-of-network services toward your in-network deductible and in-network out-of-pocket limit.

**If you think you've been wrongly billed**, call the federal agencies responsible for enforcing the federal balance billing protection law at: **1-800-985-3059** and/or file a complaint with the Virginia State Corporation Commission Bureau of Insurance at: [scc.virginia.gov/pages/File-Complaint-Consumers](https://scc.virginia.gov/pages/File-Complaint-Consumers) or call **1-877-310-6560**.

Visit [cms.gov/nosurprises/consumers](https://cms.gov/nosurprises/consumers) for more information about your rights under federal law. Consumers covered under (i) a fully-insured policy issued in Virginia, (ii) the Virginia state employee health benefit plan; or (iii) a self-funded group that opted-in to the Virginia protections are also protected from balance billing under Virginia law. Visit [scc.virginia.gov/pages/Balance-Billing-Protection](https://scc.virginia.gov/pages/Balance-Billing-Protection) for more information about your rights under Virginia law.

---

## **Confidentiality Notice**

Aetna considers personal information to be confidential and has policies and procedures in place to protect it against unlawful use and disclosure. By "personal information," we mean information that relates to a member's physical or mental health or condition, the provision of health care to the member, or payment for the provision of health care or disability or life benefits to the member. Personal information does not include publicly available information or information that is available or reported in a summarized or aggregate fashion but does not identify the member.

When necessary or appropriate for your care or treatment, the operation of our health, disability or life insurance plans, or other related activities, we use personal information internally, share it with our affiliates, and disclose it to health care providers (doctors, dentists, pharmacies, hospitals and other caregivers), payors (health care provider organizations, employers who sponsor self-funded health plans or who share responsibility for the payment of benefits, and others who may be financially responsible for payment for the services or benefits you receive under your plan), other insurers, third party administrators, vendors, consultants, government authorities, and their respective agents. These parties are required to keep personal information confidential as provided by applicable law. In our health plans, participating network providers are also required to give you access to your medical records within a reasonable amount of time after you make a request.

Some of the ways in which personal information is used include claim payment; utilization review and management; medical necessity reviews; coordination of care and benefits; preventive health, early detection, vocational rehabilitation and disease and case management; quality assessment and improvement activities; auditing and anti-fraud activities; performance measurement and outcomes assessment; health, disability and life claims analysis and reporting; health services, disability and life research; data and information systems management; compliance with legal and regulatory requirements; formulary management; litigation proceedings; transfer of policies or contracts to and from other insurers, HMOs and third party administrators; underwriting activities; and due diligence activities in connection with the purchase or sale of some or all of our business. We consider these activities key for the operation of our health, disability and life plans. To the extent permitted by law, we use and disclose personal information as provided above without member consent. However, we recognize that many members do not want to receive unsolicited marketing materials unrelated to their health, disability and life benefits. We do not disclose personal information for these marketing purposes unless the member consents. We also have policies addressing circumstances in which members are unable to give consent.

To obtain a copy of our Notice of Privacy Practices, which describes in greater detail our practices concerning use and disclosure of personal information, please call the toll-free Member Services number on your ID card or visit our Internet site at [www.aetna.com](http://www.aetna.com).

---

# BENEFIT PLAN

Prepared for  
Booz Allen Hamilton

Retired Officers Comprehensive Dental Plan

Aetna Life Insurance Company  
Booklet-certificate

This Booklet-certificate is part of the Group policy between  
Aetna Life Insurance Company and the Policyholder

What Your Plan  
Covers and How  
Benefits are Paid



## Aetna Life Insurance Company

### Booklet-certificate

### Comprehensive dental insurance plan

**Prepared for:**

**Policyholder:** Booz Allen Hamilton

**Policyholder number:**

Booklet-certificate: 2

**Group policy effective date:** January 1, 2021

Plan name: Retired Officers Comprehensive Dental Plan

Plan effective date: January 1, 2022

Plan issue date: November 20, 2023

Plan revision effective date: January 1, 2024

**Underwritten by Aetna Life Insurance Company**

This booklet-certificate is made part of the **group policy**



## Welcome

---

Thank you for choosing **Aetna**<sup>®</sup>.

This is your booklet-certificate. It is one of three documents that together describe the benefits covered by your **Aetna** plan for dental coverage.

This booklet-certificate will tell you about your **covered benefits** – what they are and how you get them. If you become covered, this booklet-certificate becomes your certificate of coverage under the **group policy**, and it replaces all certificates describing similar coverage that we sent to you before. The second document is the schedule of benefits. It tells you how we share expenses for **eligible dental services** and tells you about limits – like when your plan covers only a certain number of visits.

The third document is the **group policy** between **Aetna Life Insurance Company** (“**Aetna**”) and the policyholder. Ask the policyholder if you have any questions about the **group policy**.

Sometimes, we may send you documents that are amendments, endorsements, attachments, inserts or riders. They change or add to the documents that they’re part of. When you receive these, they are considered part of your **Aetna** plan for coverage.

Where to next? Try the *Let’s get started!* section. *Let’s get started!* gives you a summary of how your plan works. The more you understand, the more you can get out of your plan.

Welcome to your **Aetna** plan.

We are regulated in Virginia by both the State Corporation Commission Bureau of Insurance under Title 38.2 of the Code of Virginia and the Virginia Department of Health under Title 32.1 of the Code of Virginia.

# Table of Contents

---

	Page
Welcome	
Let's get started!.....	1
Who the plan covers.....	4
Medical necessity requirements .....	6
What are your eligible dental services? .....	7
What rules and limits apply to dental care?.....	9
What your plan doesn't cover - exclusions.....	11
Who provides the care .....	14
What the plan pays and what you pay .....	15
When you disagree - claim decisions and appeals procedures .....	17
Coordination of benefits (COB) .....	21
When coverage ends .....	25
Special coverage options after your plan coverage ends .....	28
General provisions – other things you should know .....	31
Glossary .....	34
Discount arrangements .....	38
Wellness and other rewards.....	39
 Schedule of benefits	 Issued with your booklet-certificate

## Let's get started!

---

Here are some basics. First things first – some notes on how we use words. Then we explain how your plan works so you can get the most out of your coverage. But for all the details – and this is very important – you need to read this entire booklet-certificate and the schedule of benefits. And if you need help or more information, we tell you how to reach us.

### Some notes on how we use words in the booklet-certificate and schedule of benefits

- When we say “you” and “your”, we mean you and any covered dependents
- When we say “us”, “we”, and “our”, we mean **Aetna**
- Some words appear in **bold** type and we define them in the *Glossary* section

Sometimes we use technical dental language that is familiar to **dental providers**.

### What your plan does – providing covered benefits

Your plan provides **covered benefits**. These are **eligible dental services** for which your plan has the obligation to pay.

### How your plan works – starting and stopping coverage

Your coverage under the plan has a start and an end. You start coverage after the eligibility and enrollment process is completed. To learn more see the *Who the plan covers* section.

You can lose coverage for many reasons. To learn more see the *When coverage ends* section.

Ending coverage under the plan doesn't necessarily mean you lose coverage with us. See the *Special coverage options after your plan coverage ends* section.

### How your plan works while you are covered

Your coverage helps you get and pay for **eligible dental services**.

#### **Important note:**

See the schedule of benefits for any **deductibles**, **coinsurance**, and maximum age or visit limits that may apply.

### Eligible dental services

**Eligible dental services** meet these requirements:

- They are listed in the *Eligible dental services* section in the schedule of benefits.
- They are not listed in these sections:
  - *What are your eligible dental services?*
  - *What rules and limits apply to dental care?*
  - *What your plan doesn't cover – exclusions*. We refer to this section as “Exclusions”.
- They are not beyond any limits in the *What rules and limits apply to dental care?* section and the schedule of benefits

### Dental providers

You may choose any **dental provider** for the care you need. For more information about the role of your **dental provider**, see the *Who provides the care* section.



## **Paying for dental services– the general requirement**

The general requirement for the plan to pay any part of the expense for an **eligible dental service** is that the **dental service** is **medically necessary**.

You will find details on **medical necessity** requirements in the *Medical necessity requirements* section.

## **Paying for eligible dental services– sharing the expense**

Generally your plan and you will share the expense of your **eligible dental services** when you meet the general requirements for paying.

But sometimes your plan will pay the entire expense; and sometimes you will. For more information see the *What the plan pays and what you pay* section and see the schedule of benefits.

## **How to contact us for help – important information about your insurance**

If you need to contact someone about this insurance for any reason, please contact your agent. If no agent was involved in the sale of this insurance, or if you have additional questions, we are here to answer your questions. You can contact us by registering and logging onto our self-service website available 24/7 that requires registration and logon at <https://www.aetna.com/>.

In our website you can get reliable dental information, tools and resources. Online tools will make it easier for you to:

- Make informed decisions about your dental care
- View claims
- Research care and treatment options
- Access information on health and wellness

You can also contact us by:

- Calling **Aetna** at 1-877-238-6200
- Writing us at **Aetna Life Insurance Company**, 151 Farmington Ave, Hartford, CT 06156

If you have been unable to contact or obtain satisfaction from us or the agent, you can contact the Virginia State Corporation Commission's Bureau of Insurance at:

Bureau of Insurance  
P.O. Box 1157  
Richmond, VA 23218  
(804) 371-9741, local  
(800) 552-7945, in-state toll-free number  
(877) 310-6560, national toll-free number

Written correspondence is preferable so that a record of your inquiry is maintained. When contacting us, the agent or the BOI, have your policy number available.

## Your ID card

You don't need to show an ID card. When visiting a **dentist**, just provide your:

- Name
- Date of birth
- ID card number or social security number

The dental office can use that information to verify your eligibility and benefits. Your ID number is located on your digital ID card which you can view or print by going to our self-service website. If you don't have internet access, call us. You can also access your ID card when you're on the go. To learn more, visit us at <https://www.aetna.com/>.

## Who the plan covers

---

You will find information in this section about:

- Who is eligible
- When you can join the plan
- Who can be on your plan (who can be your dependent)
- Adding new dependents
- Special times you and your dependents can join the plan

### Who is eligible

The policyholder decides and tells us who is eligible for dental care coverage.

### When you can join the plan

As an employee you can enroll yourself and your dependents:

- Once each **Calendar Year** during the annual enrollment period
- At other special times during the year (see the *Special times you and your dependents can join the plan* section below)

If you don't enroll yourself and your dependents when you first qualify for dental benefits, you may have to wait until the next annual enrollment period to join.

### Who can be on your plan (who can be your dependent)

You can enroll the following family members on your plan. (They are referred to in this booklet-certificate as your "dependents".)

- Your legal spouse
- Your domestic partner who meets any policyholder rules and requirements under state law
- Your dependent children – yours or your spouse's or partner's
  - Dependent children must be:
    - Under 26 years of age
  - Dependent children include:
    - Natural children
    - Stepchildren
    - Adopted children including those placed with you for adoption
    - Foster children
    - Children you are responsible for under a qualified medical support order or court order
    - Grandchildren in your legal custody

You may continue coverage for a disabled child past the age limit shown above. See the *Extension of coverage for other reasons* in the *Special coverage options after your plan coverage ends* section for more information.

### Adding new dependents

You can add the following new dependents any time during the year:

- A spouse - If you marry, you can put your spouse on your plan.
  - We must receive your completed enrollment information not more than 31 days after the date of your marriage.
  - Ask the policyholder when benefits for your spouse will begin. It will be:
    - No later than the first day of the first calendar month after the date we receive your completed enrollment information
    - Within 31 days of the date of your marriage.

- A domestic partner - If you enter a domestic partnership, you can enroll your domestic partner on your dental plan.
  - We must receive your completed enrollment information not more than 31 days after the date you file a Declaration of Domestic Partnership, or not later than 31 days after you provide documentation required by the policyholder.
  - Ask the policyholder when benefits for your domestic partner will begin. It will be either on the date your Declaration of Domestic Partnership is filed or the first day of the month following the date we receive your completed enrollment information.
- A newborn child – Your newborn child is covered on your dental plan for the first 31 days after birth.
  - To keep your newborn covered, we must receive your completed enrollment information within 31 days of birth.
  - You must still enroll the child within 31 days of birth even when coverage does not require payment of an additional **premium** contribution for the covered dependent.
  - If you miss this deadline, your newborn will not have dental benefits after the first 31 days.
- An adopted child – A child that you, or that you and your spouse or domestic partner adopts is covered on your plan for the first 31 days from the date of the adoption or placement for adoption.
  - To keep your adopted child covered, we must receive your completed enrollment information within 31 days after the adoption.
  - If you miss this deadline, your adopted child will not have dental benefits after the first 31 days.
- A stepchild – You may put a child of your spouse or domestic partner on your plan.
  - You must complete your enrollment information and send it to us within 31 days after the date of your marriage or your Declaration of Domestic Partnership with your stepchild’s parent.
  - Ask the policyholder when benefits for your stepchild will begin. It is either on the date of your marriage or the date your Declaration of Domestic Partnership is filed or the first day of the month following the date we receive your completed enrollment information.

### **Inform us of any changes**

It is important that you inform us of any changes that might affect your benefit status. This will help us effectively deliver your benefits. Please contact us as soon as possible with changes such as:

- Change of address or phone number
- Change in marital status
- Change of covered dependent status
- A covered dependent who enrolls in any other dental plan

### **Special times you and your dependents can join the plan**

You can enroll in these situations:

- When you did not enroll in this plan before because:
  - You were covered by another group dental plan, and now that other coverage has ended
  - You had COBRA, and now that coverage has ended
- You have added a dependent because of marriage, birth, adoption, placement for adoption or foster care. See the *Adding new dependents* section for more information
- When a court orders that you cover a current spouse, domestic partner, or a minor child on your dental plan

We must receive your completed enrollment information from you within 31 days of that date on which you no longer have the other coverage mentioned above.

### **Effective date of coverage**

Your coverage will be in effect as of the date you become eligible for dental benefits.

## Medical necessity requirements

---

The starting point for **covered benefits** under your plan is whether the services and supplies are **eligible dental services** and **medically necessary**. See the *Eligible dental services* and *Exclusions* sections plus the schedule of benefits.

This section addresses the **medical necessity** requirements.

### Medically necessary/medical necessity

As we said in the *Let's get started!* section, **medical necessity** is a requirement for you to receive a **covered benefit** under this plan.

The **medical necessity** requirements are in the *Glossary* section, where we define "**medically necessary, medical necessity**".

## What are your eligible dental services?

---

The information in this section is the first step to understanding your plan's **eligible dental services**. If you have questions about this section, see the *How to contact us for help* section.

Your plan covers many kinds of dental care services and supplies. But some are not covered at all or are covered only up to a limit.

You can find out about exceptions and exclusions in the:

- *Dental provider services* benefit below
- *What rules and limits apply to dental care?* section
- *Exclusions* section

### Your dental plan

We explain how your dental plan works in the *Let's get started!* section.

### Schedule of benefits

**Eligible dental services** include dental services and supplies provided by a **dental provider**. Your schedule of benefits includes a detailed list of **eligible dental services** under your dental plan (including any maximums and limits that apply to them).

### Dental provider services

You can get **eligible dental services**:

- At the **dental provider's** office
- By way of **teledentistry**

**Important note:**

**Eligible dental services** for **teledentistry** are paid based upon the cost share features that apply to the type of **eligible dental service** that you get. See your schedule of benefits for details.

The following are not **eligible dental services** under your plan except as described in the *What rules and limits apply to dental care?* section of this booklet-certificate, the schedule of benefits, or a rider or amendment issued to you for use with this booklet-certificate:

- Acupuncture, acupressure and acupuncture therapy
- Asynchronous dental treatment
- Crown, inlays and onlays, and veneers unless for one of the following:
  - It is treatment for decay or traumatic **injury** and teeth cannot be restored with a filling material
  - The tooth is an abutment to a covered partial denture or fixed bridge.
- Dental implants, false teeth, prosthetic restoration of dental implants, plates, dentures, braces, mouth guards, and other devices to protect, replace or reposition teeth and removal of implants
- Dental services and supplies made with high noble metals (gold or titanium) except as covered in the schedule of benefits

- Dentures, crowns, inlays, onlays, bridges, or other prosthetic appliances or services used for the purpose of splinting, to alter vertical dimension, to restore occlusion, or correcting attrition, abrasion, or erosion
- General anesthesia and intravenous sedation, unless specifically covered and done in connection with another **eligible dental service**
- Instruction for diet, tobacco counseling and oral hygiene
- **Orthodontic treatment** except as covered in the schedule of benefits
- Prefabricated porcelain/ceramic crown – permanent tooth
- Services and supplies provided in connection with treatment or care that is not covered under the plan
- Replacement of a device or appliance that is lost, missing or stolen, and for the replacement of appliances that have been damaged due to abuse, misuse or neglect and for an extra set of dentures
- Replacement of teeth beyond the normal complement of 32
- Services and supplies provided where there is no evidence of pathology, dysfunction or disease, other than covered preventive services
- Space maintainers except when needed to preserve space resulting from the premature loss of deciduous teeth
- Surgical removal of impacted wisdom teeth when removed only for orthodontic reasons

### **Dental emergency services**

**Eligible dental services** include **dental emergency services** provided for a **dental emergency**. The care provided must be a **covered benefit**.

If you have a **dental emergency**, you should consider using your **dental provider** who may be more familiar with your dental needs. However, you can get treatment from any **dentist**. If you need help in finding one, just call us.

## What rules and limits apply to dental care?

---

Several rules apply to the dental benefits. Following these rules will help you use your plan to your advantage by avoiding expenses that are not covered by your plan.

### Alternate treatment rule

Sometimes there are several ways to treat a dental problem, all of which provide acceptable results.

If a charge is made for a non-eligible dental service but an **eligible dental service** would have provided acceptable results, then your plan will pay a benefit for the **eligible dental service**.

If a charge is made for an **eligible dental service** but a different **eligible dental service** would have provided acceptable results and is less expensive, then your plan will pay a benefit based upon the least expensive **eligible dental service**.

You should review the differences in the cost of alternate treatment with your **dental provider**. Of course, you and your **dental provider** can still choose the more costly treatment method. You are responsible for any charges in excess of what your plan will cover.

### Congenital defects treatment rule

For newly born children, dental benefits are provided for medically diagnosed congenital defects and birth abnormalities, including cleft lip, cleft palate or ectodermal dysplasia, to the same extent as other dental conditions.

### Reimbursement policies

We reserve the right to apply our reimbursement policies to all services including involuntary services. Those policies may affect the **recognized charge**. These policies consider:

- The duration and complexity of a service
- When multiple procedures are billed at the same time, whether additional overhead is required
- Whether an assistant surgeon is necessary for the service
- If follow up care is included
- Whether other characteristics modify or make a particular service unique
- When a charge includes more than one claim line, whether any services described by a claim line are part of, or incidental to, the primary service provided
- The educational level, licensure or length of training of the **provider**

**Aetna** reimbursement policies are based on our review of:

- Generally accepted standards of dental practice
- The views of **providers** and **dentists** practicing in the relevant clinical areas



## Replacement rule

Some **eligible dental services** are subject to your plan's replacement rule. The replacement rule applies to replacements of, or additions to existing:

- Crowns
- Inlays
- Onlays
- Veneers
- Complete dentures
- Removable partial dentures
- Fixed partial dentures (bridges)
- Other prosthetic services

These **eligible dental services** are covered only when you give us proof that:

- While you were covered by the plan:
  - You had a tooth (or teeth) extracted after the existing denture, bridge or other prosthetic item was installed.
  - As a result, you need to replace or add teeth to your denture, bridge or other prosthetic item and:
    - The tooth that was removed was not an abutment to a removable or fixed partial denture, bridge or other prosthetic item installed during the prior 5 years.
    - Your present denture is an immediate temporary one that replaced that tooth (or teeth). A permanent denture is needed and the temporary denture cannot be used as a permanent denture. Replacement must occur within 12 months from the date that the temporary denture was installed.
- The present item cannot be made serviceable, and is:
  - A crown installed at least 5 years before its replacement.
  - An inlay, onlay, veneer, complete denture, removable partial denture, fixed partial denture (bridge), or other prosthetic item installed at least 5 years before its replacement.

## Tooth missing but not replaced rule

The first installation of complete dentures, removable partial dentures, fixed partial dentures (bridges), and other prosthetic services will be covered if:

- The dentures, bridges or other prosthetic items are needed to replace one or more natural teeth that were removed while you were covered by the plan. (The extraction of a third molar tooth does not qualify.)
- The tooth that was removed was not an abutment to a removable or fixed partial denture, bridge or prosthetic item installed during the prior 5 years.

Any such appliance, prosthetic item or fixed bridge must include the replacement of an extracted tooth or teeth.

## What your plan doesn't cover –exclusions

---

We already told you about the many dental care services and supplies that are eligible for coverage under your plan in the *What are your eligible dental services?* section. In that section we also told you that some dental care services and supplies have exceptions and some are not covered at all (exclusions).

In this section we tell you about the exclusions that apply to your plan.

And just a reminder, you'll find benefit and coverage limitations in the schedule of benefits.

### Exclusions

The following are not **eligible dental services** under your plan except as described in:

- The *What are your eligible dental services?* section
- The *What rules and limits apply to dental care?* section
- The schedule of benefits
- A rider or amendment issued to you for use with this booklet-certificate

### Charges for services or supplies

- Provided by a **provider** in excess of the **recognized charge**
- Provided for your personal comfort or convenience, or the convenience of any other person, including a **dental provider**
- Provided in connection with treatment or care that is not covered under the plan
- Cancelled or missed appointment charges or charges to complete claim forms
- Charges for which you have no legal obligation to pay
- Charges that would not be made if you did not have coverage, including:
  - Care in charitable institutions
  - Care for conditions related to current or previous military service
  - Care while in the custody of a governmental authority

### Charges in excess of any benefit limits

- Any charges in excess of the benefit, dollar, visit, or frequency limits stated in the schedule of benefits.

**Cosmetic services and plastic surgery** (except to the extent coverage is specifically provided in the schedule of benefits)

- **Cosmetic** services and supplies including:
  - Plastic surgery
  - Reconstructive surgery
  - **Cosmetic** surgery
  - Personalization or characterization of dentures or other services and supplies which improve, alter or enhance appearance
  - Augmentation and vestibuloplasty and other services to protect, clean, whiten, bleach, alter the appearance of teeth whether or not for psychological or emotional reasons

Facings on molar crowns and pontics will always be considered **cosmetic**

### **Court-ordered services and supplies**

- This includes those court ordered services and supplies, or those required as a condition of parole, probation, release or because of any legal proceeding, unless they are an **eligible dental service** under this plan.

### **Dental services and supplies**

- Those covered under any other plan of group benefits provided by the policyholder

### **Examinations**

Any dental examinations needed:

- Because a third party requires the exam. Examples include examinations to get or keep a job, or examinations required under a labor agreement or other contract.
- To buy insurance or to get or keep a license.
- To travel.
- To go to a school, camp, or sporting event, or to join in a sport or other recreational activity.

### **Experimental or investigational**

- **Experimental or investigational** drugs, devices, treatments or procedures

### **Non-medically necessary services**

- Services, including but not limited to, those treatments, services, prescription drugs and supplies which are not **medically necessary** (as determined by **Aetna**) for the diagnosis and treatment of **illness, injury, restoration of physiological functions, or covered preventive services**. This applies even if they are prescribed, recommended or approved by your **physician or dentist**.

### **Other primary payer**

- Payment for a portion of the charge that another party is responsible for as the primary payer

### **Outpatient prescription drugs, and preventive care drugs and supplements**

- Prescribed drugs, pre-medication or analgesia

### **Personal care, comfort or convenience items**

- Any service or supply primarily for your convenience and personal comfort or that of a third party

### **Providers and other health professionals**

- Treatment by other than a **dentist**. However, the plan will cover some services provided by a licensed dental hygienist under the supervision and guidance of a **dentist**. These are:
  - Scaling of teeth
  - Cleaning of teeth
  - Topical application of fluoride
- Charges submitted for services by an unlicensed **provider** or not within the scope of the **provider's** license.

### **Services provided by a family member**

- Services provided by a spouse, domestic partner, parent, child, stepchild, brother, sister, in-law or any household member

### **Teledentistry**

- Services given when you are not present at the same time as the **dental provider**
- Services including:
  - Telephone calls
  - **Teledentistry** kiosks
  - Electronic vital signs monitoring or exchanges

### **Work related illness or injuries**

- Coverage available to you under workers' compensation or under a similar program under local, state or federal law for any **illness** or **injury** related to employment or self-employment.
- A source of coverage or reimbursement will be considered available to you even if you waived your right to payment from that source. You may also be covered under a workers' compensation law or similar law.
- If you submit proof that you are not covered for a particular **illness** or **injury** under such law, then that **illness** or **injury** will be considered "not work related" regardless of cause.

## Who provides the care

---

Just as the starting point for coverage under your plan is whether the services and supplies are **eligible dental services**, the foundation for getting covered care is the **dental provider**. This section tells you about **dental providers**.

### Providers

When you need dental care, you can go to any **dental provider** to provide **eligible dental services** to you.

You will have to pay for services at the time that they are provided. You will be required to pay the full charges and submit a claim for reimbursement to us. You are responsible for completing and submitting claim forms for reimbursement of **eligible dental services** that you paid directly to a **dental provider**.

## What the plan pays and what you pay

---

Who pays for your **eligible dental services** – this plan, both you and this plan or just you? That depends. This section gives the general rule and explains these key terms:

- Your **deductible**
- Your **coinsurance**
- Your maximums

We also remind you that sometimes you will be responsible for paying the entire bill – for example, if you get care that is not an **eligible dental service**.

### The general rule

When you get **eligible dental services**:

- You pay your **deductible**

And then

- The schedule of benefits lists how much you pay and your plan pays. The **coinsurance** percentage may vary by the type of expense.

And then

- You are responsible for any amounts above the **Calendar Year** and **lifetime maximums**.

When we say “expense” in this general rule, we mean the **recognized charge**. See the *Glossary* section for what this term means.

### Important note – when you pay all

You pay the entire expense for an **eligible dental service** when you get a dental care service or supply that is not **medically necessary**. See the *Medical necessity requirements* section.

The **dental provider** may require you to pay the entire charge. And any amount you pay will not count towards your **deductible** or towards your **Calendar Year** and **lifetime maximums**.

### Special financial responsibility

You are responsible for the entire expense of:

- Cancelled or missed appointments

Neither you nor we are responsible for:

- Charges for which you have no legal obligation to pay
- Charges that would not be made if you did not have coverage

### Where your schedule of benefits fits in

This section explains some of the terms you will find in your schedule of benefits.

### How your deductible works

Your **deductible** is the amount you need to pay for **eligible dental services** per **Calendar Year** before your plan begins to pay for **eligible dental services**. Your schedule of benefits shows the **deductible** amounts for your plan.

**How your coinsurance works**

Your **coinsurance** is the amount you pay for **eligible dental services** after you have paid your **deductible**. The schedule of benefits shows the **coinsurance** this plan will pay for specific **eligible dental services**. You are responsible for paying any remaining **coinsurance**.

**How your Calendar Year maximum works**

This is the most that this plan will pay, after you have paid any applicable **deductible**, for charges that you incur for **eligible dental services** in a **Calendar Year**. You are responsible for any amounts above the maximum.

**How your lifetime maximum works**

This is the most the plan will pay, after you have paid your **deductible**, for charges that you incur for **eligible dental services** during your lifetime. You are responsible for any charges above this maximum.

**Important note:**

See the schedule of benefits for any **deductibles, coinsurance, maximum and maximum age, visit limits, and other limitations** that may apply.

## When you disagree - claim decisions and appeals procedures

In the previous section, we explained how you and we share responsibility for paying for your **eligible dental services**.

When a claim comes in, we review it, make a decision and tell you how you and we will split the expense. We also explain what you can do if you think we got it wrong.

### Claim procedures

You or your **dental provider** are required to send us a claim in writing. You can request a claim form from us. We will review that claim for payment to the **dental provider** or to you as appropriate.

The table below explains the claim procedures as follows:

Notice	Requirement	Deadline
<p><b>Submit a claim</b></p>	<ul style="list-style-type: none"> <li>You should notify us in writing of a claim within 20 days after the loss and request a claim form from us. We won't void or reduce a claim if you failed to do so but did it as soon as reasonably possible</li> <li>The claim form will provide instructions on how to complete and where to send the forms</li> </ul>	<ul style="list-style-type: none"> <li>We will furnish a claim form to you within 15 days of your request</li> <li>If the claim form is not sent on time, we will accept a written description that is the basis of the claim as your proof of loss. It must be sent to us within the time limits stated in the <i>Proof of loss</i> section and detail the nature and extent of the loss</li> </ul>
<p>Proof of loss</p> <p>When you have received a service from an eligible <b>dental provider</b>, you will be charged.</p> <p>The information you receive for that service is your proof of loss.</p>	<ul style="list-style-type: none"> <li>A completed claim form and any additional information required by us</li> </ul>	<ul style="list-style-type: none"> <li>You must send us proof of loss within 90 days after the date of the loss</li> <li>We won't void or reduce your claim if you cannot send the proof of loss within the required timeframe but sent it as soon as reasonably possible</li> <li>Proof of loss may not be given later than 1 year after the time proof is otherwise required, except if you lack the legal capacity to do so</li> </ul>



Benefit payment	<ul style="list-style-type: none"> <li>• Written proof must be provided for all benefits</li> <li>• If we challenge any portion of a claim, the unchallenged portion of the claim will be paid within 60 days after the receipt of proof of loss.</li> </ul>	<ul style="list-style-type: none"> <li>• Benefits will be paid as soon as the necessary proof to support the claim is received</li> <li>• In no event will benefits be paid later than the 60<sup>th</sup> day after we receive the proof of loss</li> </ul>
-----------------	--	--

If, through no fault of your own, you are not able to meet the deadline for filing a claim, your claim will not be voided or reduced if it is filed as soon as reasonably possible. Unless you are legally incapacitated, late claims will not be covered if they are filed more than 27 months after the deadline.

### Communicating our claim decisions

The amount of time that we have to tell you about our decision on a claim is shown below.

#### Post-service claim

A post service claim is a claim that involves dental care services you have already received.

Type of notice	Post-service claim
Initial decision by us	30 days
Extensions	15 days
If we request more information	30 days
Time you have to send us additional information	45 days

### Adverse benefit determinations

We pay many **provider** claims at the **recognized charge** except for your share of the costs. But sometimes we pay only some of the claim. And sometimes we don't pay at all. Any time we don't pay even part of the claim, that is called an "adverse benefit determination" or "adverse decision".

If we make an adverse benefit determination, we will tell you in writing.

### The difference between a complaint and an appeal

#### A complaint

You may not be happy about a **dental provider** or an operational issue, and you may want to complain. You can call or write us. Your complaint should include a description of the issue. You should include copies of any records or documents that you think are important. We will review the information and provide you with a written response within 30 calendar days of receiving the complaint. We will let you know if we need more information to make a decision.

#### An appeal

You can ask us to review an adverse benefit determination. This is called an appeal. You can appeal by calling us.

## Appeals of adverse benefit determinations

You can appeal our adverse benefit determination. We will assign your appeal to someone who was not involved in making the original decision. You must file an appeal within 180 calendar days from the time you receive the notice of an adverse benefit determination.

You can appeal by sending a written appeal to the address on the notice of adverse benefit determination or by calling us. You need to include:

- Your name
- The policyholder's name
- A copy of the adverse benefit determination
- Your reasons for making the appeal
- Any other information you would like us to consider

Another person may submit an appeal for you, including a **dental provider**. That person is called an authorized representative. You need to tell us if you choose to have someone else appeal for you (even if it is your **dental provider**). You should fill out an authorized representative form telling us that you are allowing someone to appeal for you. You can get this form on our website or by contacting us. The form will tell you where to send it to us. You can use an authorized representative at any level of appeal.

You can appeal two times under this plan. If you appeal a second time you must present your appeal within 60 calendar days from the date you receive the notice of the first appeal decision.

## Timeframes for deciding appeals

The amount of time that we have to tell you about our decision on an appeal claim depends on the type of claim. The chart below shows a timetable view of the different types of claims and how much time we have to tell you about our decision.

Type of notice	Post-service appeal
Initial decision by us	30 days
Extensions	15 days
If we request more information	30 days
Time you have to send us additional information	45 days

## Exhaustion of appeals process

You must complete the appeal process with us before you can pursue arbitration, litigation or other type of administrative proceeding.

The Virginia Bureau of Insurance is also available to help you at any time during the appeal process. You are not required to complete the appeals process with us before you contact them. See the Managed Care Ombudsman provision for additional information.

## **Managed Care Ombudsman**

If you have any questions regarding an **appeal** which have not been satisfactorily addressed by us, you may contact the Office of the Managed Care Ombudsman for assistance.

Office of the Managed Care Ombudsman  
Bureau of Insurance  
P.O. Box 1157  
Richmond, VA 23218

Toll-free: (877) 310-6560  
Richmond Metropolitan Area: (804) 371-9032  
E-Mail: [ombudsman@scc.virginia.gov](mailto:ombudsman@scc.virginia.gov)

## **Virginia Department of Health, Office of Licensure and Certification**

You or your **provider** can contact the Office of Licensure and Certification to file a complaint regarding quality of care, choice and accessibility of **providers**, or network adequacy. The contact information is shown below.

Virginia Department of Health  
Office of Licensure and Certification  
9960 Mayland Drive, Suite 401  
Richmond, Virginia 23233-1463

Toll free: 1-800-955-1819  
Richmond Metropolitan Area: (804) 367-2106  
E-mail: [OLC-Complaints@vdh.virginia.gov](mailto:OLC-Complaints@vdh.virginia.gov)  
Fax: (804) 527-4503

## **Recordkeeping**

We will keep the records of all complaints and appeals for at least 10 years.

## **Fees and expenses**

We do not pay any fees or expenses incurred by you when you submit a complaint or appeal.

## Coordination of benefits

---

Some people have dental coverage under more than one plan. If you do, we will work together with your other plans to decide how much each plan pays. This is called coordination of benefits (COB).

### Key terms

Here are some key terms we use in this section. These terms will help you understand this COB section.

Allowable expense means:

- A dental care expense that any of your dental plans cover to any degree. If the dental care service is not covered by any of the plans, it is not an allowable expense. For example, **cosmetic** surgery generally is not an allowable expense under this plan.

In this section we talk about other “plans” which are those plans where you may have other coverage for dental care expenses, such as:

- Group, blanket, or franchise health insurance policies issued by insurers, HMOs, or health care service contractors
- Labor-management trustee plans, labor organization plans, policyholder organization plans, or employee benefit organization plans
- Governmental benefits
- Any group health insurance contract that you can obtain or maintain only because of membership in or connection with a particular organization or group

### Here’s how COB works

- The primary plan pays first. When this is the primary plan, we will pay your claims first as if the other plan does not exist.
- The secondary plan pays after the primary plan. When this is the secondary plan, we will pay benefits after the primary plan and will coordinate the payment based on any amount the primary plan paid.
- We will never pay an amount that, when combined with payments from your other coverage, add up to more than 100% of the allowable expenses.

### Determining who pays

Reading from top to bottom the first rule that applies will determine which plan is primary and which is secondary.

A plan that does not contain a COB provision is always the primary plan.

If you are:	Primary plan	Secondary plan
Covered under the plan as an employee, retired employee or dependent	The plan covering you as an employee or retired employee	The plan covering you as a dependent  You cannot be covered as an employee and dependent
<b>COB rules for dependent children</b>		
Child of: <ul style="list-style-type: none"> <li>• Parents who are married or living together</li> </ul>	The “birthday rule” applies. The plan of the parent whose birthday* (month and day only) falls earlier in the <b>Calendar Year</b>  *Same birthdays--the plan that has covered a parent longer is primary	The plan of the parent born later in the year (month and day only)*  *Same birthdays--the plan that has covered a parent longer is primary
Child of: <ul style="list-style-type: none"> <li>• Parents separated or divorced or not living together</li> <li>• With court-order</li> </ul>	The plan of the parent whom the court said is responsible for dental coverage  But if that parent has no coverage then their spouse’s plan is primary.	The plan of the other parent.  But if that parent has no coverage, then their spouse’s plan is primary.
Child of: <ul style="list-style-type: none"> <li>• Parents separated or divorced or not living together – court-order states both parents are responsible for coverage or have joint custody</li> </ul>	Primary and secondary coverage is based on the birthday rule	
Child of: <ul style="list-style-type: none"> <li>• Parents separated or divorced or not living together and there is no court-order</li> </ul>	The order of benefit payments is: <ul style="list-style-type: none"> <li>• The plan of the custodial parent pays first</li> <li>• The plan of the spouse of the custodial parent (if any) pays second</li> <li>• The plan of the noncustodial parents pays next</li> <li>• The plan of the spouse of the noncustodial parent (if any) pays last</li> </ul>	
Child covered by: <ul style="list-style-type: none"> <li>• Individual who is not a parent (i.e. stepparent or grandparent)</li> </ul>	Treat the person the same as a parent when making the order of benefits determination:  See <i>Child of</i> content above	

Active or inactive employee	The plan covering you as an active employee (or as a dependent of an active employee) is primary to a plan covering you as a laid off or retired employee (or as a dependent of a former employee)	A plan that covers the person as a laid off or retired employee (or as a dependent of a former employee) is secondary to a plan that covers the person as an active employee (or as a dependent of an active employee)
COBRA or state continuation	The plan covering you as an employee or retiree or the dependent of an employee or retiree is primary to COBRA or state continuation coverage	COBRA or state continuation coverage is secondary to the plan that covers the person as an employee or retiree or the dependent of an employee or retiree
Longer or shorter length of coverage	If none of the above rules determine the order of payment, the plan that has covered the person longer is primary	
Other rules do not apply	If none of the above rules apply, the plans share expenses equally	

<b>How are benefits paid?</b>	
Primary plan	The primary plan pays your claims as if there is no other dental plan involved.
Secondary plan	The secondary plan calculates payment as if the primary plan did not exist, and then applies that amount to any allowable expenses under the secondary plan that were not covered by the primary plan.  The secondary plan will coordinate payments so the total payments do not exceed 100% of the total allowable expense
Benefit reserve each family member has a separate benefit reserve for each <b>Calendar Year</b>	The benefit reserve: <ul style="list-style-type: none"> <li>• Is made up of the amount that the secondary plan saved due to COB</li> <li>• Is used to cover any unpaid allowable expenses</li> <li>• Balance is erased at the end of each year</li> </ul>

### **Other dental coverage updates – contact information**

You should contact us if you have any changes to your other coverage. We want to be sure our records are accurate so your claims are processed correctly.

### **Right to receive and release needed information**

We have the right to release or obtain any information we need for COB purposes. That includes information we need to recover any payments from your other dental plans.

### **Right to pay another carrier**

Sometimes another plan pays something we would have paid under your plan. When that happens, we will pay your plan benefit to the other plan.

**Right of recovery**

If we pay more than we should have under the COB rules, we may recover the excess from:

- Any person we paid or for whom we paid
- Any other plan that is responsible under these COB rules

## When coverage ends

---

Coverage can end for a number of reasons. This section tells you how and why coverage ends.

### When will your coverage end?

Coverage under this plan will end if:

- This plan is no longer available
- You voluntarily stop your coverage
- The **group policy** ends
- You are no longer eligible for coverage
- Your employment ends
- You do not pay any required **premium** payment by the end of the grace period
- We end your coverage as described below
- You become covered under another dental plan offered by your policyholder

Your coverage will end on either the date your employment ends or the day before the first **premium** contribution due date that occurs after you stop active work.



## When coverage may continue under the plan

Your coverage under this plan will continue if:

<p>Your employment ends because of <b>illness, injury</b>, sabbatical or other authorized leave as agreed to by the policyholder and us.</p>	<p>If <b>premium</b> payments are made for you, you may be able to continue coverage under the plan as long as the policyholder and we agree to do so and as described below:</p> <ul style="list-style-type: none"> <li>Your coverage may continue, until stopped by the policyholder, but not beyond 30 months from the start of your absence.</li> </ul>
<p>Your employment ends because of a temporary lay-off, temporary leave of absence, sabbatical, or other authorized leave as agreed to by the policyholder and us.</p>	<p>If <b>premium</b> payments are made for you, you may be able to continue coverage under the plan as long as the policyholder and we agree to do so and as described below:</p> <ul style="list-style-type: none"> <li>Your coverage will stop on the date that your employment ends.</li> </ul>
<p>Your employment ends because either:</p> <ul style="list-style-type: none"> <li>Your job has been eliminated</li> <li>You have been placed on severance</li> <li>This plan allows former employees to continue their coverage</li> </ul>	<p>You may be able to continue coverage. See the <i>Special coverage options after your plan coverage ends</i> section.</p>
<p>Your employment ends because of a paid or unpaid medical leave of absence</p>	<p>If <b>premium</b> payments are made for you, you may be able to continue coverage under the plan as long as the policyholder and we agree to do so and as described below:</p> <ul style="list-style-type: none"> <li>Your coverage may continue until stopped by the policyholder but not beyond 30 months from the start of the absence.</li> </ul>
<p>Your employment ends because of a leave of absence that is not a medical leave of absence</p>	<p>If <b>premium</b> payments are made for you, you may be able to continue coverage under the plan as long as the policyholder and we agree to do so and as described below:</p> <ul style="list-style-type: none"> <li>Your coverage may continue until stopped by the policyholder but not beyond 1 month from the start of the absence.</li> </ul>
<p>Your employment ends because of a military leave of absence.</p>	<p>If <b>premium</b> payments are made for you, you may be able to continue coverage under the plan as long as the policyholder and we agree to do so and as described below:</p> <ul style="list-style-type: none"> <li>Your coverage may continue until stopped by the policyholder but not beyond 24 months from the start of the absence.</li> </ul>

## Notification of when your employment ends

It is the policyholder's responsibility to let us know when your employment ends. The limits above may be extended only if we and the policyholder agree in writing to extend them.

## When will coverage end for any dependents?

Coverage for your dependent will end if:

- Your dependent is no longer eligible for coverage
- The **group policy** ends
- You do not make the required **premium** contribution toward the cost of dependents' coverage
- Your coverage ends for any of the reasons listed above

In addition, coverage for your domestic partner will end on the earlier of:

- The date this plan no longer allows coverage for domestic partners.
- The date the domestic partnership ends. You should provide the policyholder a completed and signed Declaration of Termination of Domestic Partnership.

Your dependent's coverage will end on the earlier of the date the **group policy** terminates or as defined by the policyholder.

## What happens to your dependents if you die?

Coverage for dependents may continue for some time after your death. See the *Special coverage options after your plan coverage ends* section for more information.

## Why would we end your coverage?

We will give you 30 days advance written notice before we end your coverage because you commit fraud or intentionally misrepresent yourself when you applied for or obtained coverage. You can refer to the *General provisions – other things you should know* section for more information on loss of coverage.

On the date your coverage ends, we will refund to the policyholder any prepayments for periods after the date your coverage ended.

## Special coverage options after your plan coverage ends

---

This section explains options you may have after your coverage ends under this plan. Your individual situation will determine what options you will have.

### Consolidated Omnibus Budget Reconciliation Act (COBRA)

The federal COBRA law usually applies to employers of group sizes of 20 or more. It gives employees and most of their covered dependents the right to keep their dental coverage for 18, 29 or 36 months after a qualifying event. The qualifying event is something that happens that results in you losing your coverage.

The qualifying events are:

- Your active employment ends for reasons other than gross misconduct
- Your working hours are reduced
- You divorce or legally separate and are no longer responsible for dependent coverage
- You become entitled to benefits under Medicare
- Your covered dependent children no longer qualify as dependents under the plan
- You die
- You are a retiree eligible for retiree health coverage and your former employer files for bankruptcy

Talk with your employer if you have questions about COBRA or to enroll.

### Continuation of coverage

If your coverage ends under this plan, you can continue coverage for you and your covered dependents if:

- Your employer is not required to offer COBRA coverage
- You are not eligible for Medicare
- You are not eligible for any other replacement group coverage
- You are not eligible for or have benefits available under another health care plan
- You have had 3 months of continuous coverage prior to your termination
- Your employer did not end your employment because of gross misconduct, as determined by your employer and Virginia law

To continue coverage you must:

- Apply through your employer's normal process and pay the required **premium** within 31 days of the written notice from your employer (but no later than 60 days period following the date of termination of your coverage)

Evidence of insurability is not required for you to continue coverage.

The **premium** will be the current **premium** rate for the policy. Your employer may charge an administrative fee of no more than 2.0% of the current rate.

You can continue your coverage for 12 months. Each **premium** must be paid on a monthly basis during the 12-month period.

## Extension of coverage for other reasons

### What exceptions are there for dental work when coverage ends?

Your dental coverage may end while you or your covered dependent are in the middle of treatment. The plan does not cover dental services that are given after your coverage terminates. There is an exception. The plan will cover the following services if they are ordered while you were covered by the plan, and installed within 30 days after your coverage ends:

- Inlays
- Onlays
- Crowns
- Removable bridges
- Cast or processed restorations
- Dentures
- Fixed partial dentures (bridges)
- Root canals

Ordered means:

- For a denture: The impressions from which the denture will be made were taken
- For a root canal: The pulp chamber was opened
- For any other item: The teeth which will serve as retainers or supports, or the teeth which are being restored:
  - Must have been fully prepared to receive the item
  - Impressions have been taken from which the item will be prepared

### How can you extend coverage for your disabled child beyond the plan age limits?

You have the right to extend dental coverage for your dependent child beyond the plan age limits. If your disabled child:

- Is not able to be self-supporting because of intellectual or physical disability
- Depends mainly on you for support and maintenance

The right to coverage will continue only as long as a **physician** certifies that your child still is disabled.

We may ask you to send us proof of the disability within 31 days of the date coverage would have ended due to your child's attainment of the plan age limit. Before we extend coverage, we may ask that your child get a physical exam. We will pay for that exam.

We may ask you to send proof that your child is disabled after coverage is extended. We won't ask for this proof more than once a year after the 2 year period following your child's attainment of age limit. You must send it to us within 31 days of our request. If you don't, we can terminate coverage for your dependent child.

Your disabled child's coverage will end on the earlier of:

- The date the child is no longer disabled and dependent upon you for support
- As explained in the *When will coverage end for any dependents* section

### **How can you extend coverage for a child in college on medical leave?**

You have the right to extend coverage for your dependent college student who takes a **medically necessary** leave of absence from school. The right to coverage will be extended until the earlier of:

- One year after the leave of absence begins
- The date coverage would otherwise end

To extend coverage the leave of absence must:

- Begin while the dependent child is suffering from a serious **illness or injury**
- Cause the dependent child to lose status as a full-time student under the plan
- Be certified by the treating **physician** as **medically necessary** due to a serious **illness or injury**

We must receive documentation or certification of the **medical necessity** for a leave of absence either:

- At least 30 days prior to the absence, if the medical reason for the absence and the absence are foreseeable
- 30 days after the start date of the medical leave of absence from school

The **physician** treating your child will be asked to keep us informed of any changes.

## General provisions – other things you should know

---

### Administrative provisions

#### How you and we will interpret this booklet-certificate

We prepared this booklet-certificate according to ERISA, and according to other federal and state laws that apply. You and we will interpret it according to these laws. Our interpretation of this booklet-certificate applies when we administer your coverage, so long as we use reasonable discretion. But you have the right to appeal our decisions as described in the *When you disagree - claim decisions and appeals procedures* section.

#### How we administer this plan

We apply policies and procedures we've developed to administer this plan.

#### Who's responsible to you

We are responsible to you for what our employees and other agents do.

We are not responsible for what is done by your **providers**. They are not our employees or agents.

### Coverage and services

#### Your coverage can change

Your coverage is defined by the **group policy**. This document may have amendments and riders too. Under certain circumstances, we or the policyholder or the law may change your plan. When an emergency or epidemic is declared, we may modify or waive requirements under the plan or your cost share if you are affected. Only we may waive a requirement of your plan. No other person, including the policyholder or **provider**, can do this.

### Financial sanctions exclusions

If coverage provided under this booklet-certificate violates or will violate any economic or trade sanctions, the coverage will be invalid immediately. For example, we cannot pay for **eligible dental services** if it violates a financial sanction regulation. This includes sanctions related to a person or a country under sanction by the United States, unless it is allowed under a written license from the Office of Foreign Assets Control (OFAC). You can find out more by visiting <http://www.treasury.gov/resource-center/sanctions/Pages/default.aspx>.

### Legal action

You cannot take any action until 60 days after we receive written proof of loss.

No legal action can be brought to recover payment under any benefit after 3 years from the date written proof of loss was required to be filed. See the *When you disagree - claim decisions and appeals procedures* section for more information.

### Payment of benefits

All benefits are payable to you. Or we will pay your beneficiary designated by you. If any **covered benefits** are payable to either:

- Your estate, or
- A person who is a minor or otherwise not competent to give a valid release

we may pay up to \$5000 to a person related to you by blood or marriage that we believe is fairly entitled to the benefits.

We may also pay all or any portion of the benefits to the **provider** who performed the services.

## Physical examinations and evaluations

At our expense, we have the right to have a **provider** of our choice examine you. This will be done as often as reasonably necessary while a claim for benefits is pending or under review.

## Records of expenses

You should keep complete records of your expenses. They may be needed for a claim.

Things that would be important to keep are:

- Names of **dental providers, dentists** and other **providers** who provide services
- Dates expenses are incurred
- Copies of all bills and receipts

## Honest mistakes and intentional misrepresentation

### Honest mistakes

You or the policyholder may make an honest mistake when facts are shared with us. When we learn of the mistake, we may make a fair change in **premium** contribution or in your coverage. If we do, we will tell you what the mistake was. We won't make a change if the mistake happened more than 2 years from the date of the **group policy**.

### Intentional misrepresentation

If we learn that you defrauded us or you intentionally misrepresented material facts, we can take actions that can have serious consequences for your coverage. These serious consequences include, but are not limited to:

- Loss of coverage, starting at the effective date of coverage, subject to the 2 year incontestability period. If we paid claims for your past coverage, we will want the money back.
- Loss of coverage going forward.
- Denial of benefits.
- Recovery of amounts we already paid.

## Some other money issues

### Assignment of benefits

When you see a **provider** they will usually bill us directly. We may choose to pay you or to pay the **provider** directly. If you have assigned benefits to a **provider**, we will pay them directly.

### Recovery of overpayments

We sometimes pay too much for **eligible dental services** or pay for something that this plan doesn't cover. If we do, we can require the person we paid – you or your **provider** – to return what we paid. If we don't do that we have the right to reduce any future benefit payments by the amount we paid by mistake.

### Premium contribution

This plan requires the policyholder to make **premium** contribution payments. If payments are made through a payroll deduction with the policyholder, the policyholder will forward your payment to us. We will not pay benefits under this booklet-certificate if **premium** contributions are not made. Any benefit payment denial is subject to our appeals procedure. See the *When you disagree - claim decisions and appeals procedures* section.

### Payment of premiums

The first **premium** payment for this policy is due on or before your **effective date of coverage**. Your next **premium** payment will be due the 1<sup>st</sup> of each month ("**premium due date**"). Each **premium** payment is to be paid to us on or before the **premium due date**.

**Your dental information**

We will protect your dental information. We will only use or share it with others as needed for your care and treatment. We will also use and share it to help us process your **providers'** claims and manage your plan.

You can get a free copy of our Notice of Privacy Practices. Just call us. When you accept coverage under this plan, you agree to let your **providers** share your information with us.

**Effect of prior plan coverage**

If you are in a continuation period from a prior plan at the time you join this plan you may not receive the full benefit paid under this plan. Your current and prior plan must be offered through the same policyholder.



## Glossary

---

### **Aetna®**

**Aetna Life Insurance Company**, an affiliate, or a third party vendor under contract with **Aetna**.

### **Calendar Year**

A period of 12 months beginning on January 1<sup>st</sup> and ending on December 31<sup>st</sup>.

### **Calendar Year maximum**

This is the most this plan will pay for **eligible dental services** incurred by you during the **Calendar Year**.

### **Coinsurance**

**Coinsurance** is the percentage of the bill that you and this plan have to pay for an **eligible dental service**. The schedule of benefits shows the percentage that this plan pays.

### **Cosmetic**

Services, drugs or supplies that are primarily intended to alter, improve or enhance your appearance.

### **Covered benefits**

**Eligible dental services** that meet the requirements for coverage under the terms of this plan.

### **Deductible**

The amount you pay for **eligible dental services** per **Calendar Year** before your plan starts to pay.

### **Dental emergency**

Any dental condition that:

- Occurs unexpectedly
- Requires immediate diagnosis and treatment in order to stabilize the condition
- Is characterized by symptoms such as severe pain and bleeding

### **Dental emergency services**

Services and supplies given by a **dental provider** to treat a **dental emergency**.

### **Dental provider**

Any individual legally qualified to provide dental services or supplies.

### **Dentist**

A legally qualified **dentist** licensed to do the dental work he or she performs.

### **Effective date of coverage**

The date your coverage begins under this booklet-certificate as noted in our records.

## Eligible dental services

The benefits, subject to varying cost shares, covered in this plan. These are:

- Listed and described in the schedule of benefits.
- Not listed as an exception or exclusion in these sections:
  - *What are your eligible dental services?*
  - *What rules and limits apply to dental care?*
  - *Exclusions.*
- Not beyond any maximums and limitations in the *What rules and limits apply to dental care?* section and schedule of benefits.
- **Medically necessary.** See the *Medical necessity requirements* section and the *Glossary* for more information.

## Experimental or investigational

A drug, device, procedure, or treatment that we find is **experimental** or **investigational** because:

- There is not enough outcome data available from controlled clinical trials published in the peer-reviewed literature to validate its safety and effectiveness for the **illness** or **injury** involved.
- The needed approval by the Food and Drug Administration (FDA) has not been given for marketing.
- A national medical or dental society or regulatory agency has stated in writing that it is **experimental** or **investigational** or suitable mainly for research purposes.
- It is the subject of a Phase I, Phase II or the experimental or research arm of a Phase III clinical trial. These terms have the meanings given by regulations and other official actions and publications of the FDA and Department of Health and Human Services.
- Written protocols or a written consent form used by a facility **provider** state that it is **experimental** or **investigational**.
- It is provided or performed in a special setting for research purposes.

## Group policy

The **group policy** consists of several documents taken together. These documents are:

- The attached group application and member enrollment forms
- The **group policy**
- The booklet-certificates
- The schedules of benefits
- Any amendments or riders to the **group policy**, the booklet-certificate, and the schedule of benefits

## Health professional

A person who is licensed, certified or otherwise authorized by law to provide medical or dental care services to the public. For example, **providers** and dental assistants.

## Illness

Poor health resulting from disease of the teeth or gums.

## Injury or injuries

Physical damage done to the teeth or gums.

## Lifetime maximum

This is the most this plan will pay for **eligible dental services** incurred by a covered person during their lifetime.

### **Medically necessary/medical necessity**

Dental care services that we determine a **provider** using sensible clinical judgment would provide to a patient for the purpose of preventing, evaluating, diagnosing or treating an **illness, injury**, disease or its symptoms, and that we determine are:

- In accordance with generally accepted standards of dental practice
- Clinically appropriate, in terms of type, frequency, extent, site and duration, and considered effective for the patient's **illness, injury** or disease
- Not primarily for the convenience of the patient, **dentist**, or other health care **provider**
- Not more costly than an alternative service or sequence of services at least as likely to produce the same benefit or diagnostic results as to the diagnosis or treatment of that patient's **illness, injury** or disease

Generally accepted standards of dental practice means:

- Standards based on credible scientific evidence published in peer-reviewed dental literature and is generally recognized by the relevant dental community
- Consistent with the standards set forth in policy issues involving clinical judgment

### **Physician**

A skilled **health professional** trained and licensed to practice medicine under the laws of the state where they practice, specifically, doctors of medicine or osteopathy.

### **Premium**

The amount you or the policyholder are required to pay to **Aetna** to continue coverage.

### **Provider**

A **dentist**, or other entity or person licensed, or certified under applicable state and federal law to provide dental care services to you.

## Recognized charge

The amount of a **provider's** charge that is eligible for coverage. You are responsible for all amounts above what is eligible for coverage. The **recognized charge** may be less than the **provider's** full charge.

The **recognized charge** depends upon the geographic area where you receive the **eligible dental service**. The table below shows the method for calculating the **recognized charge** for specific services or supplies:

Service or supply	Recognized charge
Eligible dental expenses	100% of the prevailing charge rate
<b>Important note:</b> If the <b>provider</b> bills less than the amount calculated using the method above, the <b>recognized charge</b> is what the <b>provider</b> bills.	

**Recognized charge** does not apply to involuntary services.

Special terms used:

- Geographic area is normally based on the first three digits of the U.S. Postal Service zip codes. If we determine we need more data for a particular service or supply, we may base rates on a wider geographic area such as an entire state.
- Involuntary services are **eligible dental services** that are **dental emergency services**.
- Prevailing charge rate is the percentile value reported in a database prepared by FAIR Health, a nonprofit company. FAIR Health changes these rates periodically. We update our systems with these changes within 180 days after receiving them from FAIR Health. If the FAIR Health database becomes unavailable, we have the right to substitute a different database that we believe is comparable.

### Get the most value out of your benefits:

We have online tools to help you decide the type of care to get and where. Our self-service website offers tools to help you determine the cost of **eligible dental services**. See the *How to contact us for help* section for the website.

## Teledentistry

A consultation between you and a **dental provider** who is performing a clinical dental service.

Services can be provided by:

- Two-way audiovisual teleconferencing
- Any other method permitted by state law

## Temporomandibular joint dysfunction/disorder (TMJ)

This is:

- A **TMJ** or any similar disorder of the jaw joint
- A myofascial pain dysfunction (MPD) of the jaw
- Any similar disorder in the relationship between the jaw joint and the related muscles and nerves

## **Discount arrangements**

---

We can offer you discounts on health care related goods or services. Sometimes, other companies provide these discounted goods and services. These companies are called “third party service providers”. These third party service providers may pay us so that they can offer you their services.

Third party service providers are independent contractors. The third party service provider is responsible for the goods or services they deliver. We are not responsible; but we have the right to change or end the arrangements at any time.

These discount arrangements are not insurance. We don’t pay the third party service providers for the services they offer. You are responsible for paying for the discounted goods or services.

## Wellness and other rewards

---

You may be eligible to earn rewards for completing certain activities that improve your health, coverage and experience with us. We may encourage you to access certain dental services or categories of **dental providers**, participate in programs, including but not limited to financial wellness programs, utilize tools, improve your health metrics or continue participation as an **Aetna** member through incentives. We may provide incentives based on your participation and outcomes such as:

- Modifications to **deductible**, maximum, **coinsurance** amounts
- Merchandise
- Coupons
- Gift cards or debit cards
- Any combination of the above

## **Additional Information Provided by**

### **Booz Allen Hamilton**

The following information is provided to you in accordance with the Employee Retirement Income Security Act of 1974 (ERISA). It is not a part of your booklet-certificate. Your Plan Administrator has determined that this information together with the information contained in your booklet-certificate is the Summary Plan Description required by ERISA.

In furnishing this information, Aetna is acting on behalf of your Plan Administrator who remains responsible for complying with the ERISA reporting rules and regulations on a timely and accurate basis.

**Name of Plan:**

Booz Allen Hamilton's Welfare Plan

**Employer Identification Number:**

**Plan Number:**

**Type of Plan:**

Welfare

**Type of Administration:**

Group Insurance Policy with:

Aetna Life Insurance Company  
151 Farmington Avenue  
Hartford, CT 06156

**Plan Administrator:**

Booz Allen Hamilton  
8283 Greensboro Drive  
McLean, VA 22102  
Telephone Number: Refer to your Plan Administrator for this information

**Agent For Service of Legal Process:**

Booz Allen Hamilton  
8283 Greensboro Drive  
McLean, VA 22102

Service of legal process may also be made upon the Plan Administrator

**End of Plan Year:**

December 31

**Source of Contributions:**

Employer and Employees

---

**Procedure for Amending the Plan:**

The Employer may amend the Plan from time to time by a written instrument signed by the person designated by the Plan Administrator.

**ERISA Rights**

As a participant in the group insurance plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974. ERISA provides that all plan participants shall be entitled to:

**Receive Information about Your Plan and Benefits**

Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts, collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) that is filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts, collective bargaining agreements, and copies of the latest annual report (Form 5500 Series), and an updated Summary Plan Description. The Administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

Receive a copy of the procedures used by the Plan for determining a qualified domestic relations order (QDRO) or a qualified medical child support order (QMCSO).

**Continue Group Health Plan Coverage**

Continue health care coverage for yourself, your spouse, or your dependents if there is a loss of coverage under the Plan as a result of a qualifying event. You or your dependents may have to pay for such coverage. Review this summary plan description and the documents governing the Plan for the rules governing your COBRA continuation coverage rights.

**Prudent Actions by Plan Fiduciaries**

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in your interest and that of other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

---



### **Enforce Your Rights**

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the status of a domestic relations order or a medical child support order, you may file suit in a federal court.

If it should happen that plan fiduciaries misuse the Plan's money or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

### **Assistance with Your Questions**

If you have any questions about your Plan, you should contact the Plan Administrator.

If you have any questions about this statement or about your rights under ERISA, you should contact:

- the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory; or
- the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington D.C. 20210.

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

---

## **Confidentiality Notice**

Aetna considers personal information to be confidential and has policies and procedures in place to protect it against unlawful use and disclosure. By "personal information," we mean information that relates to a member's physical or mental health or condition, the provision of health care to the member, or payment for the provision of health care or disability or life benefits to the member. Personal information does not include publicly available information or information that is available or reported in a summarized or aggregate fashion but does not identify the member.

When necessary or appropriate for your care or treatment, the operation of our health, disability or life insurance plans, or other related activities, we use personal information internally, share it with our affiliates, and disclose it to health care providers (doctors, dentists, pharmacies, hospitals and other caregivers), payors (health care provider organizations, employers who sponsor self-funded health plans or who share responsibility for the payment of benefits, and others who may be financially responsible for payment for the services or benefits you receive under your plan), other insurers, third party administrators, vendors, consultants, government authorities, and their respective agents. These parties are required to keep personal information confidential as provided by applicable law. In our health plans, participating network providers are also required to give you access to your medical records within a reasonable amount of time after you make a request.

Some of the ways in which personal information is used include claim payment; utilization review and management; medical necessity reviews; coordination of care and benefits; preventive health, early detection, vocational rehabilitation and disease and case management; quality assessment and improvement activities; auditing and anti-fraud activities; performance measurement and outcomes assessment; health, disability and life claims analysis and reporting; health services, disability and life research; data and information systems management; compliance with legal and regulatory requirements; formulary management; litigation proceedings; transfer of policies or contracts to and from other insurers, HMOs and third party administrators; underwriting activities; and due diligence activities in connection with the purchase or sale of some or all of our business. We consider these activities key for the operation of our health, disability and life plans. To the extent permitted by law, we use and disclose personal information as provided above without member consent. However, we recognize that many members do not want to receive unsolicited marketing materials unrelated to their health, disability and life benefits. We do not disclose personal information for these marketing purposes unless the member consents. We also have policies addressing circumstances in which members are unable to give consent.

To obtain a copy of our Notice of Privacy Practices, which describes in greater detail our practices concerning use and disclosure of personal information, please call the toll-free Member Services number on your ID card or visit our Internet site at [www.aetna.com](http://www.aetna.com).

---





# Group Personal Excess Liability Policy

## Coverage Summary

**Chubb Group of Insurance Companies**  
PO Box 1600  
Whitehouse Station, NJ 08889-1600

Name and address of Insured

Booz Allen Hamilton Inc.  
Group Personal Excess Program  
8283 Greensboro Dr.  
McLean, VIRGINIA  
22102

Policy Number:

Issued by the stock insurance company  
indicated below, herein called the company.

**CHUBB CUSTOM  
INSURANCE COMPANY**

Producer No.: 0017811

Incorporated under the laws of NEW JERSEY

Sponsoring Organization and Address

Booz Allen Hamilton Inc.  
8283 Greensboro Dr.  
McLean, VA 22102

RECEIVED ON 01/ 29/ 2024  
Please note the enclosed insurance policy  
document is a printout of the policy that was  
delivered to us by the insurer electronically.

### Policy Period

From: JANUARY 01, 2024 To: JANUARY 01, 2025  
12:01 A.M. Standard Time at the Named Insured's mailing address.

Premium	PREM UV	\$375, 881. 00	PREM UV	\$6, 088. 00
Amount	VASTATE TAX	8, 457. 32	STATE TAX	
\$381,969.00	VASTAMP FEE	93. 97	STAMP FEE	

Limit Of Liability	TOTAL	\$384, 432. 29	TOTAL	\$6, 088. 00
SEE ENDT	Each Occurrence			
\$ 2,000,000	Excess Uninsured / Underinsured			
	Motorists Protection Each Occurrence			

### Required Primary Underlying Insurance

Personal Liability (Homeowners) for personal injury and property damage in the minimum amount of \$300,000 each occurrence.

Registered vehicles in the minimum amount of \$250,000 / \$500,000 bodily injury and \$100,000 property damage; or \$300,000 single limit each occurrence.

---

**Required Primary Underlying Insurance**

*(continued)*

Unregistered vehicles in the minimum amount of \$300,000 bodily injury and property damage each occurrence.

Registered vehicles with less than four wheels and motorhomes in the minimum amount \$250,000 / \$500,000 bodily injury and \$100,000 property damage; or \$300,000 single limit each occurrence.

Watercraft less than 26 feet and 50 engine rated horsepower or less for bodily and property damage in the minimum amount of \$300,000 each occurrence.

Watercraft 26 feet or longer or more than 50 engine rated horsepower for bodily injury and property damage in the minimum amount of \$500,000 each occurrence.

Uninsured motorists/underinsured motorists protection in the minimum amount of \$250,000 / \$500,000 bodily injury or \$100,000 property damage; or \$300,000 single limit occurrence.

**FAILURE TO COMPLY WITH THE REQUIRED PRIMARY UNDERLYING INSURANCE WILL RESULT IN A GAP IN COVERAGE.**

---

---

**CHUBB®**

**Group Personal Excess Liability Policy**

*Coverage Summary*

*Effective Date*    JANUARY 01, 2024

*Policy Number*

---

**Authorization**

In Witness Whereof, the company issuing this policy has caused this policy to be signed by its authorized officers and signed by a duly authorized representative of the company.

**CHUBB CUSTOM INSURANCE COMPANY**



President



Secretary

Date  
JANUARY 26, 2024



Authorized Representative

Producer's Name & Address

MARSH USA LLC (SOUTHWEST)  
7201 W LK MEAD BLVD #400  
LAS VEGAS, NV 89128-0000



## Schedule of Forms

Policy Number:  
Insured: Booz Allen Hamilton Inc.  
Group Personal Excess Program  
Policy Period From: JANUARY 01, 2024 to JANUARY 01, 2025

The following is a schedule of forms issued with the policy at inception:

Form Name	Form Number
PRIVACY NOTICE - GROUP MASTER POLICY	10-02-1058 (10/16)
VIRGINIA IMPORTANT NOTICE RE: YOUR INSURANCE	99-10-0786 (01/04)
IMPORTANT NOTICE - OFAC	99-10-0796 (09/04)
AOD POLICYHOLDER NOTICE	99-10-0872 (06/07)
COVERAGE SUMMARY/DECLARATIONS	10-02-1993 (08/07)
GROUP PERSONAL EXCESS - CONTRACT/POLICY TERMS	10-02-0691 (07/16)
COMPLIANCE WITH APPLICABLE TRADE SANCTION LAW	10-02-1467 (01/04)
VIRGINIA AMENDATORY ENDT	10-02-1991 (09/07)
CCIC - SERVICE OF SUIT	10-02-0402 (02/98)
ANNUAL PREMIUM ADJUSTMENT (PRO-RATA)	10-02-0692 (08/96)
UNDERLYING LIMITS ENDORSEMENT	10-02-0692 (08/96)
OTHER INSURANCE PROVISION REVISED	10-02-0692 (08/96)
NAMED INSURED ENDORSEMENT	10-02-2207 (10/10)

**CHUBB®**

**GROUP PERSONAL  
EXCESS LIABILITY  
POLICY**

---



---

*THIS PAGE INTENTIONALLY LEFT BLANK*

---

**GROUP PERSONAL EXCESS LIABILITY POLICY****INTRODUCTION**

This is your Chubb Group Personal Excess Liability Policy. Together with your Coverage Summary, it explains your coverages and other conditions of your insurance in detail.

This policy is a contract between you and us. **READ YOUR POLICY CAREFULLY** and keep it in a safe place.

**Agreement**

We agree to provide the insurance described in this policy in return for the premium paid by you or the Sponsoring Organization and your compliance with the policy conditions.

**Definitions**

In this policy, we use words in their plain English meaning. Words with special meanings are defined in the part of the policy where they are used. The few defined terms used throughout the policy are defined here:

**You** means the individual who is a member of the Defined Group shown as the Insured named in the Coverage Summary.

**Spouse** means a partner in marriage or a partner in a civil union recognized under state law and who lives with you.

**We and us** mean the insurance company named in the Coverage Summary.

**Family member** means your spouse or domestic partner or other relative who lives with you, or any other person under 25 in your care or your relative's care who lives with you.

**Domestic partner** means a person in a legal or personal relationship with you, who lives with you and shares a common domestic life with you, and meeting all of the benefits eligibility criteria as defined by the Sponsoring Organization.

**Sponsoring Organization** means the entity, corporation, partnership or sole proprietorship sponsoring and defining the criteria for qualification as an Insured.

**Policy** means your entire Group Personal Excess Liability Policy, including the Coverage Summary.

**Coverage Summary** means the most recent Coverage Summary we issued to you, including any endorsements.

**Occurrence** means an accident or offense to which this insurance applies and which begins within the policy period. Continuous or repeated exposure to substantially the same general conditions unless excluded is considered to be one occurrence.

**Business** means any employment, trade, occupation, profession, or farm operation including the raising or care of animals or any activities intended to realize a benefit or financial gain engaged in on a full-time, part-time or occasional basis.

**Defined Group** means those individuals meeting the criteria for qualification as an Insured as defined by the Sponsoring Organization and accepted by us.

**Follow form** means we cover damages to the extent they are both covered under the Required Primary Underlying Insurance and, not excluded under this policy. Also, the amount of coverage, defense coverages, cancellation and "other insurance" provisions of this policy supersede and replace the similar provisions contained in such other policies. When this policy is called upon to pay losses in excess of required primary underlying policies exhausted by payment of claims, we do not provide broader coverage than provided by such policies. When no primary underlying coverage exists, the extent of coverage provided on a follow form basis will be determined as if the required primary underlying insurance had been purchased from us.

**Covered person** means:

- you or a family member;
- any person using a vehicle or watercraft covered under this policy with permission from you or a family member with respect to their legal responsibility arising out of its use;
- any other person who is a covered person under your Required Primary Underlying Insurance;
- any person or organization with respect to their legal responsibility for covered acts or omissions of you or a family member; or
- any combination of the above.

## **Definitions**

*(continued)*

**Damages** mean the sum that is paid or is payable to satisfy a claim settled by us or resolved by judicial procedure or by a compromise we agree to in writing.

**Personal injury** means the following injuries, and resulting death:

- bodily injury;
- shock, mental anguish, or mental injury;
- false arrest, false imprisonment, or wrongful detention;
- wrongful entry or eviction;
- malicious prosecution or humiliation; and
- libel, slander, defamation of character, or invasion of privacy.

**Bodily injury** means physical bodily harm, including sickness or disease that results from it, and required care, loss of services and resulting death.

**Property damage** means physical injury to or destruction of tangible property and the resulting loss of its use. Tangible property includes the cost of recreating or replacing stocks, bonds, deeds, mortgages, bank deposits, and similar instruments, but does not include the value represented by such instruments. Tangible property does not include the cost of recreating or replacing any software, data or other information that is in electronic form.

**Registered vehicle** means any motorized land vehicle not described in "unregistered vehicle."

**Unregistered vehicle** means:

- any motorized land vehicle not designed for or required to be registered for use on public roads;
- any motorized land vehicle which is in dead storage at your residence;
- any motorized land vehicle used solely on and to service your residence premises;
- any motorized land vehicle used to assist the disabled that is not designed for or required to be registered for use on public roads; or
- golf carts.

---

## **GROUP PERSONAL EXCESS COVERAGE**

This part of your Group Personal Excess Liability Policy provides you or a family member with liability coverage in excess of your underlying insurance anywhere in the world unless stated otherwise or an exclusion applies.

### **Payment for a Loss**

#### **Amount of coverage**

The amount of coverage for liability is shown in the Coverage Summary. We will pay on your behalf up to that amount for covered damages from any one occurrence, regardless of how many claims, homes, vehicles, watercraft, or people are involved in the occurrence.

Any costs we pay for legal expenses (see **Defense coverages**) are in addition to the amount of coverage.

#### **Underlying Insurance**

We will pay only for covered damages in excess of all underlying insurance covering those damages, even if the underlying coverage is for more than the minimum amount.

"Underlying insurance" includes all liability coverage that applies to the covered damages, except for other insurance purchased in excess of this policy.

#### **Required primary underlying insurance**

Regardless of whatever other primary underlying insurance may be available in the event of a claim or loss, it is a condition of your policy that you and your family members must maintain in full effect primary underlying liability insurance of the types and in at least the amounts set forth below unless a different amount is shown in your Coverage Summary, covering your personal liability and to the extent you or a family member have such liability exposures, all vehicles and watercraft you or your family members own, or rent for longer than 60 days, or have furnished for longer than 60 days, as follows:

Personal liability (homeowners) for personal injury and property damage in the minimum amount of \$300,000 each occurrence.

**Payment for a Loss**  
(continued)

Registered vehicles in the minimum amount of:

- \$250,000/\$500,000 bodily injury and \$100,000 property damage;
- \$300,000/\$300,000 bodily injury and \$100,000 property damage; or
- \$300,000 single limit each occurrence.

Unregistered vehicles in the minimum amount of \$300,000 bodily injury and property damage each occurrence.

Registered vehicles with less than four wheels and motorhomes in the minimum amount of:

- \$250,000/\$500,000 bodily injury and \$100,000 property damage;
- \$300,000/\$300,000 bodily injury and \$100,000 property damage; or
- \$300,000 single limit each occurrence.

Watercraft less than 26 feet and 50 engine rated horsepower or less for bodily injury and property damage in the minimum amount of \$300,000 each occurrence.

Watercraft 26 feet or longer or more than 50 engine rated horsepower for bodily injury and property damage in the minimum amount of \$500,000 each occurrence.

Uninsured motorists/underinsured motorist protection in the minimum amounts of:

- \$250,000/\$500,000 bodily injury and \$100,000 property damage;
- \$300,000/\$300,000 bodily injury and \$100,000 property damage; or
- \$300,000 single limit each occurrence.

With respect to you and your family members residing outside of the United States, the required primary underlying insurance limits of liability shall be the same limits of liability as shown above, unless you and your family members reside in a country where the minimum required primary underlying insurance limits of liability are not available. In these countries, you and your family members must maintain in full effect primary underlying liability insurance limits equal to the maximum limits of liability available in that country for all coverages up to the minimum required primary underlying limits shown in the Coverage Summary under Required Primary Underlying Insurance.

Failure by you or your family members to comply with this condition, or failure of any of your primary underlying insurers due to insolvency or bankruptcy, shall not invalidate this policy. In the event of any such failure, we shall only be liable in excess of the foregoing minimum amounts and to no greater extent with respect to coverages, amounts and defense costs than we would have been had this failure not occurred.

You must also give notice of losses and otherwise cooperate and comply with the terms and conditions of such primary underlying insurance.

---

**Group Personal Excess Liability Coverage**

We cover damages a covered person is legally obligated to pay for personal injury or property damage, caused by an occurrence:

- in excess of damages covered by the underlying insurance; or
- from the first dollar of damage where no underlying insurance is required under this policy and no underlying insurance exists; or
- from the first dollar of damage where underlying insurance is required under this policy but no coverage is provided by the underlying insurance for a particular occurrence;

unless stated otherwise or an exclusion applies.

Exclusions to this coverage are described in **Exclusions**.

**Excess uninsured motorists/underinsured motorist protection**

This coverage is in effect only if excess uninsured motorists/underinsured motorists protection is shown in the Coverage Summary.

## **Group Personal Excess Liability Coverage** (continued)

We cover damages for bodily injury and property damage a covered person is legally entitled to receive from the owner or operator of an uninsured motorized/underinsured motorized land vehicle. We cover these damages in excess of the underlying insurance or the Required Primary Underlying Insurance, whichever is greater, if they are caused by an occurrence during the policy period, unless otherwise stated.

**Amount of coverage.** The maximum amount of excess uninsured motorists/underinsured motorists protection available for any one occurrence is the excess uninsured motorists/underinsured motorists protection amount shown in the Coverage Summary regardless of the number of vehicles covered by the Required Primary Underlying Insurance. We will not pay more than this amount in any one occurrence for covered damages regardless of how many claims, vehicles or people are involved in the occurrence. This coverage will follow form.

### **Uninsured motorists/underinsured motorists protection arbitration**

If we and a covered person disagree whether that person is legally entitled to recover damages from the owner or operator of an uninsured motor vehicle/underinsured motor vehicle, or do not agree as to the amount of damages, either party may make a written demand for arbitration. In this event, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree on a third arbitrator within 45 days, either may request that the arbitration be submitted to the American Arbitration Association. When the covered person's recovery exceeds the minimum limit specified in the applicable jurisdiction's financial responsibility law, each party will pay the expenses it incurs, and bear the expenses of the third arbitrator equally. Otherwise, we will bear all the expenses of the arbitration.

Unless both parties agree otherwise, arbitration will take place in the county and state in which the covered person lives. Local rules of law as to procedure and evidence will apply. A decision agreed to by two arbitrators will be binding unless the recovery amount for bodily injury exceeds the minimum limit specified by the applicable jurisdiction's financial responsibility law. If the amount exceeds that limit, either party may demand the right to a trial. This demand must be made within 60 days of the arbitrator's decision. If this demand is not made, the amount of damages agreed to by the arbitrators will be binding.

### **Uninsured/underinsured liability coverage**

This coverage is in effect only if excess uninsured motorists/underinsured motorists protection is shown in the Coverage Summary.

We cover up to a maximum of \$1 million for bodily injury and personal injury you or a family member are legally entitled to receive from an uninsured or underinsured negligent person caused by an occurrence, unless stated otherwise or an exclusion applies. We will not pay more than this amount for covered damages from any one occurrence, regardless of how many claims or people are involved in the occurrence. This coverage is excess over the total of any other collectible insurance that covers damages from the occurrence.

All the exclusions under the Group Personal Excess Liability Coverage are applicable to this Uninsured/underinsured liability coverage, and where used, the definition of you or a family member is extended to include negligent person. This coverage also does not apply to damages from an occurrence arising out of any business activities; any activities involving business property or the sale or transfer of property; or the ownership, maintenance, use, loading, unloading, or towing of any motor vehicle, watercraft, or aircraft. In addition, this coverage does not apply to damages from an occurrence arising from any employment related harassment, termination, demotion, breach of an oral or written employment contract or agreement or violation of any state or federal wrongful employment practices act or similar law.

We also do not cover any fines, penalties, taxes, punitive, exemplary or multiplied damages, or any claim or suit seeking non-monetary relief, including but not limited to, injunctive relief, declaratory relief or other equitable remedies.

"Negligent person" means an identifiable natural person by legal name who is not a family member, and who is legally responsible for damages sustained by you or a family member caused by an occurrence.

**Duplication of coverage.** We will not make a duplicate payment for any portion of damages for which payment has been made by or on behalf of persons who may be legally responsible, or otherwise covered by any other collectible insurance. Nor will we pay for any portion of damages if you or a family member is entitled to receive payment for the same portion of damages under any workers' compensation law, disability benefits law or similar law.

**Group Personal Excess Liability Coverage**  
(continued)**Defense coverages**

We will defend a covered person against any suit seeking covered damages for personal injury or property damage that is either:

- not covered by any underlying insurance; or
- covered by an underlying policy. This will apply to each Defense Coverage as it has been exhausted by payment of claims.

We provide this defense at our expense, with counsel of our choice, even if the suit is groundless, false, or fraudulent. We may investigate, negotiate, and settle any such claim or suit at our discretion.

As part of our investigation, defense, negotiation, or settlement, we will pay:

- all premiums on appeal bonds required in any suit we defend;
- all premiums on bonds to release attachments for any amount up to the amount of coverage (but we are not obligated to apply for or furnish any bond);
- all expenses incurred by us;
- all costs taxed against a covered person;
- all interest accruing after a judgment is entered in a suit we defend on only that part of the judgment we are responsible for paying. We will not pay interest accruing after we have paid the judgment up to the amount of coverage;
- all prejudgment interest awarded against a covered person on that part of the judgment we pay or offer to pay.

We will not pay any prejudgment interest based on that period of time after we make an offer to pay the amount of coverage;

- all earnings lost by each covered person at our request, up to \$25,000;
- other reasonable expenses incurred by a covered person at our request; and
- the cost of bail bonds required of a covered person because of a covered loss.

In jurisdictions where we may be prevented by local law from carrying out these Defense Coverages, we will pay only those defense expenses that we agree in writing to pay and that are incurred by you.

---

**Extra Coverages**

In addition to covering damages and defense costs, we also provide other related coverages. These coverages are in addition to the amount of coverage for damages and defense costs unless stated otherwise.

**Shadow defense coverage**

If we are defending you or a family member in a suit seeking covered damages, we will pay reasonable expenses you or a family member incur up to \$10,000 or the amount shown in the Coverage Summary for a law firm of your choice to review and monitor the defense. However any recommendation by your personal attorney is not binding on us. We will pay these costs provided that you obtain prior approval from us before incurring any fees or expenses.

**Identity fraud**

We will pay for your or a family member's identity fraud expenses, up to a maximum of \$25,000, for each identity fraud occurrence.

"Identity fraud" means the act of knowingly transferring or using, without lawful authority, your or a family member's means of identity which constitutes a violation of federal law or a crime under any applicable state or local law.

"Identity fraud occurrence" means any act or series of acts of identity fraud by a person or group commencing in the policy period.

"Identity fraud expenses" means:

- the costs for notarizing affidavits or similar documents for law enforcement agencies, financial institutions or similar credit grantors, and credit agencies;
- the costs for sending certified mail to law enforcement agencies, financial institutions or similar credit grantors, and credit agencies;

## **Extra Coverages**

*(continued)*

- the loan application fees for reapplying for loan(s) due to the rejection of the original application because the lender received incorrect credit information;
- the telephone expenses for calls to businesses, law enforcement agencies, financial institutions or similar credit grantors, and credit agencies;
- earnings lost by you or a family member as a result of time off from work to complete fraud affidavits, meet with law enforcement agencies, credit agencies, merchants, or legal counsel;
- the reasonable attorney fees incurred with prior notice to us for:
- the defense of you or a family member against any suit(s) by businesses or their collection agencies;
- the removal of any criminal or civil judgements wrongly entered against you or a family member;
- any challenge to the information in your or a family member's consumer credit report; and
- the reasonable fees incurred with prior notice to us by an identity fraud mitigation entity to:
- provide services for the activities described above;
- restore accounts or credit standing with financial institutions or similar credit grantors and credit agencies; and
- monitor for up to one year the effectiveness of the fraud mitigation and to detect additional identity fraud activity after the first identify fraud occurrence.

However, such monitoring must begin no later than one year after you or a family member first report an identity fraud occurrence to us.

However, "identity fraud expenses" does not include expenses incurred due to any fraudulent, dishonest or criminal act by a covered person or any person acting with a covered person, or by any authorized representative of a covered person, whether acting alone or in collusion with others.

"Identity fraud mitigation entity" means a company that principally provides professional, specialized services to counter identity fraud for individuals or groups of individuals, or a financial institution that provides similar services.

In addition to the duties described in Policy Terms, Liability Conditions, Your duties after a loss, you shall notify an applicable law enforcement agency.

### **Kidnap expenses**

We will pay up to a maximum of \$100,000 for kidnap expenses you or a family member incurs solely and directly as a result of a kidnap and ransom occurrence. In addition, we also will pay up to \$25,000 to any person for information not otherwise available leading to the arrest and conviction of any person(s) who kidnaps you, a family member or a covered relative. The following are not eligible to receive this reward payment:

- you or a family member; or
- a covered relative who witnessed the occurrence.

"Kidnap and ransom occurrence" means the actual or alleged wrongful taking of:

- you;
- one or more family members; or
- one or more covered relatives while visiting or legally traveling with you or a family member;
- from anywhere in the world except those places listed on the United States State Department Bureau of Consular Affairs Travel Warnings list at the time of the occurrence. The occurrence must include a demand for ransom payment which would be paid by you or a family member in exchange for the release of the kidnapped person(s).

"Kidnap expenses" means the reasonable costs for:

- a professional negotiator;
- a professional security consultant;
- professional security guard services;
- a professional public relations consultant;
- travel, meals, lodging and phone expenses incurred by you or a family member;
- advertising, communications and recording equipment;
- related medical, cosmetic, psychiatric and dental expenses incurred by a kidnapped person within 12 months from that person's release;
- attorneys fees;
- a professional forensic analyst;
- earnings lost by you or a family member, up to \$25,000.

**Extra Coverages**  
(continued)

However, "kidnap expenses" does not include expenses incurred due to any kidnap and ransom occurrence caused by:

- you or a family member;
  - a covered relative;
  - any guardian, or former guardian of you, a family member or covered relative;
  - any estranged spouse or domestic partner, or former spouse or domestic partner of you or a family member;
  - any person unrelated to you or a family member who lives with you or a family member or has ever lived with you or a family member for 6 or more months, other than a domestic employee, residential staff, or a person employed by you or a family member for farm work; or
  - a civil authority,
- or any person acting on behalf of any of the above, whether acting alone or in collusion with others.

"Covered relative" means the following relatives of you, or a spouse or domestic partner who lives with you, or any family member:

- children, their children or other descendants of theirs;
- parents, grandparents or other ancestors of theirs; or
- siblings, their children or other descendants of theirs;

who do not live with you, including spouses or domestic partners of all of the above. Parents, grandparents and other ancestors include adoptive parents, stepparents and stepgrandparents.

**Reputational injury.** If we are defending you or a family member in a suit seeking covered damages, we will pay reasonable and necessary fees or expenses that you or a family member incur for services provided by a reputation management firm to minimize potential injury to the reputation of you or a family member solely as a result of personal injury or property damage, caused by an occurrence if:

- the reputational injury is reported to us as soon as reasonably possible but not later than 30 days after the personal injury or property damage occurrence; and
- you obtain approval of the reputation management firm from us before incurring any fees or expenses, unless stated otherwise or an exclusion applies. There is no deductible for this coverage.

A Reputation management firm means a professional public relations consulting firm, a professional security consulting firm or a professional media management consulting firm.

The maximum amount of coverage for Reputational injury available for any one occurrence is \$25,000 or the amount shown in the Coverage Summary. We will not pay more than this amount in any one occurrence for covered damages regardless of how many claims or people are involved in the occurrence.

The maximum annual amount of coverage for Reputational injury shown in the Coverage Summary is the most we will pay for the sum of all covered damages you or a family member incur during the policy period regardless of the number of claims, people, or occurrences.

This coverage does not apply to loss caused by a wrongful employment act covered by Employment Practices Liability Insurance.

---

**Exclusions**

These exclusions apply to your Group Personal Excess Liability Coverage, unless stated otherwise.

**Aircraft.** We do not cover any damages arising out of the ownership, maintenance, use, loading, unloading, or towing of any aircraft, except aircraft chartered with crew by you. We do not cover any property damages to aircraft rented to, owned by, or in the care, custody or control of a covered person.

**Hovercraft.** We do not cover any damages arising out of the ownership, maintenance, use, loading, unloading or towing of any hovercraft. We do not cover any property damages to hovercraft rented to, owned by, or in the care, custody or control of a covered person.



## **Exclusions** (continued)

**Motorized land vehicle racing or track usage.** We do not cover any damages arising out of the ownership, maintenance or use of any motorized land vehicle:

- during any instruction, practice, preparation for, or participation in, any competitive, prearranged or organized racing, speed contest, rally, gymkhana, sports event, stunting activity, or timed event of any kind; or
- on a racetrack, test track or other course of any kind.

**Watercraft and aircraft racing or track usage.** We do not cover any damages arising out of the ownership, maintenance or use of any watercraft or aircraft during any instruction, practice, preparation for, or participation in, any competitive, prearranged or organized racing, speed contest, rally, sports event, stunting activity or timed event of any kind. This exclusion does not apply to you or a family member for sailboat racing even if the sailboat is equipped with an auxiliary motor.

**Motorized land vehicle-related jobs.** We do not cover any damages arising out of the ownership, maintenance, or use of a motorized land vehicle by any person who is employed or otherwise engaged in the business of selling, repairing, servicing, storing, parking, testing, or delivering motorized land vehicles. This exclusion does not apply to you, a family member, or your employee or an employee of a family member for damages arising out of the ownership, maintenance or use of a motorized land vehicle owned by, rented to, or furnished to you or a family member.

**Watercraft related jobs.** We do not cover any damages arising out of the ownership, maintenance, or use of a watercraft by any person who is engaged by or employed by, or is operating a marina, boat repair yard, shipyard, yacht club, boat sales agency, boat service station, or other similar organization. This exclusion does not apply to damages arising out of the ownership, maintenance, or use of a watercraft by you, a family member, or your or a family member's captain or full time paid crew member maintain ing or using this watercraft with permission from you or a family member.

**Motorized land vehicle and watercraft loading.** We do not cover any person or organization, other than you or a family member or your or a family member's employees, with respect to the loading or unloading of motorized land vehicles or watercraft.

**Workers' compensation or disability.** We do not cover any damages a covered person is legally:

- required to provide; or
- voluntarily provides  
under any:
  - workers' compensation;
  - disability benefits;
  - unemployment compensation; or
  - other similar laws.

But we do provide coverage in excess over any other insurance for damages you or a family member is legally required to pay for bodily injury to a domestic employee of a residence covered under the Required Primary Underlying Insurance which are not compensable under workers' compensation, unless another exclusion applies.

**Director's liability.** We do not cover any damages for any covered person's actions or failure to act as an officer or member of a board of directors of any corporation or organization. However, we do cover such damages if you are or a family member is an officer or member of a board of directors of a:

- homeowner, condominium or cooperative association; or
  - not for profit corporation or organization for which he or she is not compensated;
- unless another exclusion applies.

**Damage to covered person's property.** We do not cover any person for property damage to property owned by any covered person.

**Damage to property in your care.** We do not cover any person for property damage to property rented to, occupied by, used by, or in the care of any covered person, to the extent that the covered person is required by contract to provide insurance. But we do cover such damages for loss caused by fire, smoke, or explosion unless another exclusion applies.

**Wrongful employment act.** We do not cover any damages arising out of a wrongful employment act. A wrongful employment act means any employment discrimination, sexual harassment, or wrongful termination of any residential staff actually or allegedly committed or attempted by a covered person while acting in the capacity as an employer, that violates applicable employment law of any federal, state, or local statute, regulation, ordinance, or common law of the United States of America, its territories or possessions, or Puerto Rico.

**Exclusions**  
(continued)

**Employment discrimination** as it relates solely to a wrongful employment act means a violation of applicable employment discrimination law protecting any residential staff based on his or her race, color, religion, creed, age, sex, disability, national origin or other status according to any federal, state, or local statute, regulation, ordinance, or common law of the United States of America, its territories or possessions, or Puerto Rico.

**Sexual harassment** as it relates solely to a wrongful employment act means unwelcome sexual advances, requests for sexual favors, or other conduct of a sexual nature that:

- is made a condition of employment of any residential staff;
- is used as a basis for employment decisions;
- interferes with performance of any residential staff's duties; or
- creates an intimidating, hostile, or offensive working environment.

**Wrongful termination** as it relates solely to a wrongful employment act means:

- the actual or constructive termination of employment of any residential staff by you or a family member in violation of applicable employment law; or
- breach of duty and care when you or a family member terminates an employment relationship with any residential staff.

**Residential staff** as it relates solely to a wrongful employment act means your or a family member's employee who is:

- employed by you or a family member, or through a firm under an agreement with you or a family member, to perform duties related only to a covered person's domestic, personal, or business pursuits covered under this part of your policy;
- compensated for labor or services directed by you or a family member; and
- employed regularly to work 15 or more hours per week.

Residential staff includes a temporary worker. Residential staff does not include an independent contractor or any covered person.

**Temporary worker** as it relates solely to a wrongful employment act means your or a family member's employee who is:

- employed by you or a family member, or through a firm under an agreement with you or a family member, to perform duties related only to a covered person's domestic, personal, or business pursuits covered under this part of your policy;
- compensated for labor or services directed by you or a family member; and
- employed to work 15 or more hours per week to substitute for any residential staff on leave or to meet seasonal or short-term workload demands for 30 consecutive days or longer during a 6 month period.

Temporary worker does not include an independent contractor or any covered person.

**Discrimination.** We do not cover any damages arising out of discrimination due to age, race, color, sex, creed, national origin, or any other discrimination.

**Intentional acts.** We do not cover any damages arising out of a willful, malicious, fraudulent or dishonest act or any act intended by any covered person to cause personal injury or property damage, even if the injury or damage is of a different degree or type than actually intended or expected. But we do cover such damages if the act was intended to protect people or property unless another exclusion applies. An intentional act is one whose consequences could have been foreseen by a reasonable person.

**Molestation, misconduct or abuse.** We do not cover any damages arising out of any actual, alleged or threatened:

- sexual molestation;
- sexual misconduct or harassment; or
- abuse.

**Nonpermissive use.** We do not cover any person who uses a motorized land vehicle or watercraft without permission from you or a family member.

## **Exclusions** (continued)

**Business pursuits.** We do not cover any damages arising out of a covered person's business pursuits, investment or other for-profit activities, for the account of a covered person or others, or business property except on a follow form basis.

But we do cover damages arising out of volunteer work for an organized charitable, religious or community group, an incidental business away from home, incidental business at home, incidental business property, incidental farming, or residence premises conditional business liability unless another exclusion applies. We also cover damages arising out of your or a family member's ownership, maintenance, or use of a private passenger motor vehicle in business activities other than selling, repairing, servicing, storing, parking, testing, or delivering motorized land vehicles.

Unless stated otherwise in your Coverage Summary:

"Incidental business away from home" is a self-employed sales activity, or a self-employed business activity normally undertaken by person under the age of 18 such as newspaper delivery, babysitting, caddying, and lawn care. Either of these activities must:

- not yield gross revenues in excess of \$15,000 in any year;
- have no employees subject to worker's compensation or other similar disability laws;
- conform to local, state, and federal laws.

"Incidental business at home" is a business activity, other than farming, conducted on your residence premises which must:

- not yield gross revenues in excess of \$15,000, in any year, except for the business activity of managing one's own personal investments;
- have no employees subject to worker's compensation or other similar disability laws;
- conform to local, state, and federal laws.

"Incidental business property" is limited to the rental or holding for rental, to be used as a residence, of a condominium or cooperative unit owned by you or a family member, an apartment unit rented to you or a family member, a one or two family dwelling owned by you or a family member, or a three or four family dwelling owned and occupied by you or a family member. We provide this coverage only for premises covered under the Required Primary Underlying Insurance unless the rental or holding for rental is for:

- a residence of yours or a family member's that is occasionally rented and that is used exclusively as a residence; or
- part of a residence of yours or a family member's by one or two roomers or boarders; or
- part of a residence of yours or a family member's as an office, school, studio, or private garage.

"Incidental farming" is a farming activity which meets all of the following requirements:

- is incidental to your or a family member's use of the premises as a residence;
- does not involve employment of others for more than 1,500 hours of farm work during the policy period;
- does not produce more than \$25,000 in gross annual revenue from agricultural operations;
- and with respect to the raising or care of animals:
- does not produce more than \$50,000 in gross annual revenues;
- does not involve more than 25 sales transactions during the policy period;
- does not involve the sale of more than 50 animals during the policy period.

"Residence premises conditional business liability" is limited to business or professional activities when legally conducted by you or a family member at your residence. We provide coverage only for personal injury or property damage arising out of the physical condition of that residence if:

- you or a family member do not have any employees involved in your business or professional activities who are subject to workers' compensation or other similar disability laws; or, if you or a family member are a doctor or dentist, you do not have more than two employees subject to such laws;
- you or a family member do not earn annual gross revenues in excess of \$5,000, if you or a family member are a home day care provider.

We do not cover damages or consequences resulting from business or professional care or services performed or not performed.

**Exclusions**  
(continued)

The following additional exclusion applies only to "incidental farming" as described under the exclusion, Business pursuits.

**Contamination.** We do not cover any actual or alleged damages arising out of the discharge, dispersal, seepage, migration or release or escape of pollutants. Nor do we cover any cost or expense arising out of any request, demand or order to:

- extract pollutants from land or water;
- remove, restore or replace polluted or contaminated land or water; or
- test for, monitor, clean up, remove, contain, treat, detoxify or neutralize pollutants, or in any way respond to or assess the effects of pollutants.

However, this exclusion does not apply if the discharge, dispersal, seepage, migration, release or escape is sudden and accidental. A "pollutant" is any solid, liquid, gaseous or thermal irritant or contaminant, including smoke (except smoke from a hostile fire), vapor, soot, fumes, acids, alkalis, chemicals and waste. A "contaminant" is an impurity resulting from the mixture of or contact of a substance with a foreign substance. "Waste" includes materials to be disposed of, recycled, reconditioned or reclaimed.

**Financial guarantees.** We do not cover any damages for any covered person's financial guarantee of the financial performance of any covered person, other individual or organization.

**Professional services.** We do not cover any damages for any covered person's performing or failure to perform professional services, or for professional services for which any covered person is legally responsible or licensed.

**Acts of war.** We do not cover any damages caused directly or indirectly by war, undeclared war, civil war, insurrection, rebellion, revolution, warlike acts by military forces or personnel, the destruction or seizure of property for a military purpose, or the consequences of any of these actions.

**Contractual liability.** We do not cover any assessments charged against a covered person as a member of a homeowners, condominium or cooperative association. We also do not cover any damages arising from contracts or agreements made in connection with any covered person's business. Nor do we cover any liability for unwritten contracts, or contracts in which the liability of others is assumed after a covered loss.

**Covered person's or dependent's personal injury.** We do not cover any damages for personal injury for any covered person or their dependents where the ultimate beneficiary is the offending party or defendant. We also do not cover any damages for personal injury for which you can be held legally liable, in any way, to a family member, your spouse or domestic partner or for which a family member, your spouse or domestic partner can be held legally liable, in any way, to you.

However, we do cover damages for bodily injury arising out of the use of a motorized land vehicle for which you can be held legally liable to a family member, your spouse or domestic partner or for which a family member, your spouse or domestic partner can be held legally liable to you to the extent that coverage is provided under this policy. This coverage applies only to the extent such damages are covered by primary underlying insurance and exceed the limits of insurance required for that motorized land vehicle under the Required Primary Underlying Insurance provisions of this policy.

**Liability for dependent care.** We do not cover any damages for personal injury for which a covered person's only legal liability is by virtue of a contract or other responsibility for a dependent's care.

**Illness.** We do not cover personal injury or property damage resulting from any illness, sickness or disease transmitted intentionally or unintentionally by a covered person to anyone, or any consequence resulting from that illness, sickness or disease. We also do not cover any damages for personal injury resulting from the fear of contracting any illness, sickness or disease, or any consequence resulting from the fear of contracting any illness, sickness or disease.

**Fungi and mold.** We do not cover any actual or alleged damages or medical expenses arising out of mold, the fear of mold, or any consequences resulting from mold or the fear of mold. "Mold" means fungi, mold, mold spores, mycotoxins, and the scents and other byproducts of any of these.

## **Exclusions** (continued)

**Nuclear or radiation hazard.** We do not cover any damages caused directly or indirectly by nuclear reaction, radiation, or radioactive contamination, regardless of how it was caused.

---

## **POLICY TERMS**

This part of your Group Personal Excess Liability Policy explains the conditions that apply to your policy.

### **General Conditions**

These conditions apply to your policy in general, and to each coverage provided in the policy.

#### **Policy period**

The effective dates of your policy are shown in the Coverage Summary. Those dates begin at 12:01 a.m. standard time at the mailing address shown.

All coverages on this policy apply only to occurrences that take place while this policy is in effect.

#### **Transfer of rights**

If we make a payment under this policy, we will assume any recovery rights a covered person has in connection with that loss, to the extent we have paid for the loss.

All of your rights of recovery will become our rights to the extent of any payment we make under this policy. A covered person will do everything necessary to secure such rights; and do nothing after a loss to prejudice such rights. However, you may waive any rights of recovery from another person or organization for a covered loss in writing before the loss occurs.

#### **Concealment or fraud**

We do not provide coverage if you or any covered person has intentionally concealed or misrepresented any material fact relating to this policy before or after a loss.

#### **Application of coverage**

Coverage applies separately to each covered person. However, this provision does not increase the amount of coverage for any one occurrence.

#### **Assignment**

You cannot transfer your interest in this policy to anyone else unless we agree in writing to the transfer.

#### **Policy changes**

This policy can be changed only by a written amendment we issue.

#### **Bankruptcy or insolvency**

We will meet all our obligations under this policy regardless of whether you, your estate, or anyone else or their estate becomes bankrupt or insolvent.

#### **In case of death**

In the event of your death, coverage will be provided until the end of the policy period or policy anniversary date, whichever occurs first, for any surviving member of your household who is a covered person at the time of death. We will also cover your legal representative or any person having proper temporary custody of your property.

#### **Liberalization**

We may extend or broaden the coverage provided by this policy. If we do this during the policy period or within 60 days before it begins, without increasing the premium, then the extended or broadened coverage will apply to occurrences after the effective date of the extended or broadened coverage.

#### **Conforming to state law**

If any provision of this policy conflicts with any applicable laws of the state you live in, this policy is amended to conform to those laws.

#### **Conforming to trade sanction laws**

This policy does not apply to the extent that trade or economic sanctions or other laws or regulations prohibit us from providing insurance.

---

**Liability Conditions**

These conditions apply to all liability coverages in this policy.

**Other Insurance**

This insurance is excess over any other insurance except for those policies that:

- are written specifically to cover excess over the amount of coverage that applies in this policy; and
- schedule this policy as underlying insurance.

**Your duties after a loss**

In case of an accident or occurrence, the covered person shall perform the following duties that apply:

**Notification.** You must notify us or your agent or broker as soon as possible.

**Assistance.** You must provide us with all available information. This includes any suit papers or other documents which help us in the event that we defend you.

**Cooperation.** You must cooperate with us fully in any legal defense. This may include any association by us with the covered person in defense of a claim reasonably likely to involve us.

**Examination.** A person making a claim under this policy must submit as often as we reasonably require:

- to physical exams by physicians we select, which we will pay for; and
- to examination under oath and subscribe the same; and

authorize us to obtain:

- medical reports; and
- other pertinent records.

**Appeals**

If a covered person, or any primary insurer, does not appeal a judgment for covered damages, we may choose to do so. We will then become responsible for all expenses, taxable costs, and interest arising out of the appeal. However, the amount of coverage for damages will not be increased.

---

**Special Conditions**

In the event of conflict with any other conditions of your policy, these conditions supersede.

**Legal action against us**

You agree not to bring action against us unless you have first complied with all conditions of this policy.

You also agree not to bring any action against us until the amount of damages you are legally obligated to pay has been finally determined after an actual trial or appeal, if any, or by a written agreement between you, us and the claimant. No person or organization has any right under this policy to bring us into any action to determine the liability of a covered person.

**Notice of cancellation and coverage termination conditions**

The Sponsoring Organization may cancel this policy by returning it to us or notifying us in writing at any time subject to the following:

- the Sponsoring Organization must notify us in advance of the requested cancellation date; and
- the Sponsoring Organization must provide proof of notification to each member of the Defined Group covered under this policy.

We may cancel this policy or any part of it subject to the following conditions. Our right to cancel applies to each coverage or limit in this policy. In the event we cancel this policy, we are under no obligation to provide you with an opportunity to purchase equivalent coverage.

**Special Conditions**  
(continued)

**Within 60 days.** When this policy or any part of it has been in effect for less than 60 days, we may cancel with 30 days notice for any reason.

**Non payment of premium.** We may cancel this policy or any part of it with 10 days notice if the Sponsoring Organization or you fail to pay the premium by the due date, regardless of whether the premium is payable to us, to our agent, or under any financial credit.

**Misrepresentation.** We may cancel this policy or any part of it with 30 days notice if the coverage was obtained through misrepresentation, fraudulent statements, or omissions or concealment of a fact that is relevant to the acceptance of the risk or to the hazard we assumed.

**Increase in hazard.** We may cancel this policy or any part of it with 30 days notice if there has been a substantial change in the risk which increases the chance of loss after insurance coverage has been issued or renewed, including but not limited to an increase in exposure due to rules, legislation, or court decision.

**Procedure.** To cancel this policy or any part of it, we must notify you in writing. This notice will be mailed to the Sponsoring Organization at the mailing address shown in the Coverage Summary and we will obtain a certificate of mailing. This notice will include the date the cancellation is to take effect.

**Termination.** Should an individual for any reason no longer qualify as a member of the Defined Group, coverage will cease sixty (60) days from the date that individual no longer qualifies as a member of the Defined Group, or the policy expiration or cancellation date, whichever comes first.

**Refund.** In the event of cancellation by the Sponsoring Organization or us, we will refund any unearned premium on the effective date of cancellation, or as soon as possible afterwards to the Sponsoring Organization. The unearned premium will be computed short rate for the unexpired term of the policy.





*Endorsement*

<i>Policy Period</i>	JANUARY 01, 2024	To JANUARY 01, 2025
<i>Effective Date</i>	JANUARY 01, 2024	
<i>Policy Number</i>		
<i>Insured</i>	Booz Allen Hamilton Inc. Group Personal Excess Program	
<i>Name of Company</i>	CHUBB CUSTOM INSURANCE COMPANY	
<i>Date Issued</i>	JANUARY 26, 2024	

The following provision is deleted in its entirety:

***Uninsured motorists/underinsured motorists protection arbitration***

The following Special Conditions is deleted in its entirety and replaced with:

***Legal action against us***

You agree not to bring action against us unless you have first complied with all conditions of this policy.

You agree not to bring any action against us until the obligation has been determined by final judgment or a written agreement by us. Any person, organization or their legal representative who has secured such judgment or written agreement against you is entitled to recover under this policy to the extent of the insurance afforded under this policy.

The following Special Conditions for Notice of cancellation and coverage termination conditions are deleted and replaced with the following:

- **Within 90 days.** When this policy or any part of it has been in effect for less than 90 days, we may cancel with 10 days notice for any reason.
- **Non-payment of premium.** We may cancel this policy or any part of it with 15 days notice if the Sponsoring Organization or you fail to pay the premium by the due date, regardless of whether the premium is payable to us, to our agent, or under any financial credit.
- **Misrepresentation.** We may cancel this policy or any part of it with 45 days notice if the coverage was obtained through misrepresentation, fraudulent statements, or omissions or concealment of a fact that is relevant to the acceptance of the risk or to the hazard we assumed.
- **Increase in hazard.** We may cancel this policy or any part of it with 45 days notice if there has been a substantial change in the risk which increases the chance of loss after insurance coverage has been issued or renewed, including but not limited to an increase in exposure due to rules, legislation, or court decision.

**Other cancellation reasons.** We may cancel this policy for any other reason allowed by law.

**Refund.** In the event of cancellation by the Sponsoring Organization or us, we will refund any unearned premium on the effective date of cancellation, or as soon as possible afterwards, to the Sponsoring Organization. The unearned premium will be computed pro rata for the unexpired term of the policy.

---

The following Special Condition is added:

- **Nonrenewal.** If we decline to renew this policy, we will mail such nonrenewal to the Sponsoring Organization at the mailing address shown in the Coverage Summary and we will obtain a certificate of mailing. This notice will include the date the nonrenewal is to take effect.

All Other Terms And Conditions Remain Unchanged.

*Authorized Representative*

A handwritten signature in black ink, appearing to be "P. M. Q.", written over a horizontal line.

**ENDORSEMENT**

Policy Period            JANUARY 01, 2024                            to JANUARY 01, 2025

Effective Date            JANUARY 01, 2024

Policy Number

Insured                    Booz Allen Hamilton Inc.  
                                  Group Personal Excess Program

Name of Company        CHUBB CUSTOM INSURANCE COMPANY

Date Issued                JANUARY 26, 2024

**Service  
Of Suit  
Clause**

**THIS POLICY IS SUBJECT TO THE FOLLOWING ENDORSEMENT:**

It is agreed that in the event of the failure of the Company hereon to pay any amount claimed to be due hereunder, the Company hereon, at the request of the Insured, will submit to the jurisdiction of a court of competent jurisdiction within the United States of America. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States or to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States.

It is further agreed that service of process in such suit may be made upon President, Chubb Custom Insurance Company, PO BOX 1600, Whitehouse Station, NJ 08889-1600, or his/her nominee.

The above-named is authorized and directed to accept service of process on behalf of the Company in any such suit and/or upon the request of the Insured to give a written undertaking to the Insured that it or they will enter a general appearance upon the Company's behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States of America, which makes provision therefore, the Company hereon hereby designates the Superintendent, Commissioner or Director of Insurance, Secretary of State or other officer or officers specified for that purpose in the statute or his or their successor or successors in office, as their true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Insured or any beneficiary hereunder arising out of this contract insurance, and hereby designate President, Chubb Custom Insurance Company or his/her nominee, as the person to whom the said officer is authorized to mail such process or a true copy thereof.

All other terms and conditions remain unchanged.

*Authorized Representative* \_\_\_\_\_ 

**ENDORSEMENT**

Policy Period            JANUARY 01, 2024        to        JANUARY 01, 2025  
Effective Date            JANUARY 01, 2024  
Policy Number  
Insured                    Booz Allen Hamilton Inc.  
                                  Group Personal Excess Program  
  
Name of Company        CHUBB CUSTOM INSURANCE COMPANY  
Date Issued              JANUARY 26, 2024

---

ANNUAL PREMIUM ADJUSTMENT CLAUSE (PRO RATA)

It is agreed that this policy is written on an annual adjustable basis  
To be calculated at expiration. The policy will be adjusted on a pro  
rata basis based on the actual date Participants are added, deleted  
as a Named Insured or the limit of coverage is changed.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Authorized Representative



**ENDORSEMENT**

Policy Period                    JANUARY 01, 2024            to            JANUARY 01, 2025  
Effective Date                    JANUARY 01, 2024  
Policy Number  
Insured                            Booz Allen Hamilton Inc.  
    Group Personal Excess Program  
  
Name of Company                CHUBB CUSTOM INSURANCE COMPANY  
Date Issued                      JANUARY 26, 2024

---

**UNDERLYING LIMITS ENDORSEMENT**

IT IS HEREBY UNDERSTOOD AND AGREED THAT THE REQUIRED PRIMARY UNDERLYING LIABILITY INSURANCE LIMITS ARE AMENDED TO:

Personal Liability (Homeowners) for personal injury and property damage in the minimum amount of \$300,000 each occurrence.

Registered vehicles in the minimum amount of:

\$250,000/\$500,000 bodily injury and \$100,000 property damage;  
\$300,000/\$300,000 bodily injury and \$100,000 property damage; or  
\$300,000 single limit each occurrence.

Unregistered vehicles in the minimum amount of \$300,000 bodily injury and property damage each occurrence.

Registered vehicles with less than four wheels and motorhomes in the minimum amount of:

\$250,000/\$500,000 bodily injury and \$100,000 property damage;  
\$300,000/\$300,000 bodily injury and \$100,000 property damage; or  
\$300,000 single limit each occurrence.

Watercraft less than 26 feet and 50 engine rated horsepower or less for bodily injury and property damage in the minimum amount of \$300,000 each occurrence.

Watercraft 26 feet or longer or more than 50 engine rated horsepower for bodily injury and property damage in the minimum amount of \$500,000 each occurrence.

Uninsured motorists /underinsured motorist protection in the minimum amount of:

\$250,000/\$500,000 bodily injury and \$100,000 property damage;  
\$300,000/\$300,000 bodily injury and \$100,000 property damage; or

\$300,000 single limit each occurrence.

FAILURE TO COMPLY WITH THE REQUIRED PRIMARY UNDERLYING  
INSURANCE WILL RESULT IN A GAP IN COVERAGE.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

*Authorized Representative*

A handwritten signature in black ink, appearing to be "P. M. Q.", written over a horizontal line.

**ENDORSEMENT**

Policy Period            JANUARY 01, 2024        to        JANUARY 01, 2025  
Effective Date            JANUARY 01, 2024  
Policy Number  
Insured                    Booz Allen Hamilton Inc.  
                                  Group Personal Excess Program  
  
Name of Company        CHUBB CUSTOM INSURANCE COMPANY  
Date Issued              JANUARY 26, 2024

---

This endorsement applies to the following forms:  
Group Personal Excess Liability Policy

The following is revised in each form shown above that is attached to your policy.

Under Policy Terms, Liability Conditions, the Other Insurance provision is deleted in its entirety and replaced with the following:

**Other Insurance**

This insurance is excess over any other insurance, and we shall not have any obligation to defend or indemnify if other insurance, whether primary, excess, umbrella, contingent, or on any other policy, covers the loss except for those policies that:

- \* are written specifically to cover excess over the amount of coverage that applies in this policy; and
- \* schedule this policy as underlying insurance.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Form no. CS800469 (Ed. 08-23)

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

Authorized Representative







# Officer Transition

SSPONSORING ORGANIZATION : [People Services](#)

---

## PURPOSE

The firm will support the transition efforts of departing Officers when business conditions, changes in the firm's strategy, Officer performance, and other factors (other than misconduct) cause the firm to terminate an Officer's employment. This policy applies to Officers who are not otherwise subject to termination or separation provisions, such as agreed to in an employment agreement between the firm and the Officer. Where such agreement exists, it supersedes to the extent inconsistent with this policy.

## SCOPE

This policy applies to all Senior Vice Presidents and above ("Officers") of the firm.

## POLICY

Transition support may include a reasonable period of continued employment with reduced work requirements during which time the Officer can pursue other employment/business opportunities.

### Transition Period

Officers may receive up to three (3) months' of continued employment following the transition effective date ("Transition Effective Date") set forth in the notification letter of termination by the firm ("Termination Notice") to transfer open receivables, client matters, and other organizational responsibilities. An Officer's employment with the firm will cease (the "Transition Separation Date") upon the earlier of (1) the 3-month anniversary of the Transition Effective Date and (2) the date on which the Officer becomes an employee of another organization and/or engages in any business development activities in competition with the firm. The period of time beginning on the Transition Effective Date set forth in the Termination Notice and ending on the Transition Separation Date is the "Transition Period."

### Client and Administrative Obligations

During the Transition Period, the Officer is expected to complete/transfer all current and ongoing client responsibilities and/or administrative duties during such time frame as designated by a supervising Officer. The Officer is not required to initiate new client assignments/duties. Officers will be expected to be available to work as directed by a designated supervising Officer.

During the Transition Period, the Officer is expected to actively pursue other employment/business opportunities.

### Payment(s) During Transition

During the Transition Period, the Officer's compensation will be equal to his/her base salary in effect on the Transition Effective Date. Compensation will continue to be paid on the regular payroll date during the Transition Period.

Should the Officer choose to terminate their employment or become employed by another entity prior to the 3-month anniversary of the Transition Effective Date, they may be eligible to receive a lump sum payment equivalent to the amount of continued base salary for the remainder of the three-month period with the approval of the Chief People Officer.

### Benefits and Perquisites During Transition Period

During the Transition Period, the Officer will continue to be eligible for:

Version No. 2.0 | Effective Date: 01.01.2024

- Current medical and other insurance and benefit programs in which they are enrolled on the Transition Effective Date.  
Participation in the firm's retirement ECAP program; *provided, however*, that the Officer must be employed on the date that the annual Officer Supplemental Retirement Plan payment is made to other eligible Officers in order to receive it.
- Reimbursement for existing Officer perquisites that were approved prior to the Transition Effective Date.

#### **Payment After Transition Separation Date**

Following the Transition Separation Date, the Officer may be eligible to receive:

- A lump sum payment equal to one-month's base salary per completed year as an Officer with a minimum of two months and a maximum of nine months.
- Three month's COBRA premium paid to our COBRA administrator for current medical/dental coverage. If the Officer secures alternate employment that offers group medical/dental coverage, COBRA premium payments will be discontinued. An Officer is responsible for notifying the firm as soon as possible of such alternate employment.
- These payments will be made within 90 days of the Transition Separation Date.

#### **Transition Services**

The Officer is eligible for reimbursement for transition assistance from a pre-approved provider up to a maximum of \$30,000 for eligible services. Expenses must be incurred and submitted prior to the Transition Separation Date.

#### **Annual Bonus Payment**

Bonus eligibility will end on the Transition Effective Date. At the sole discretion of the firm, upon recommendation of management, and with the approval of the Compensation, Culture and People Committee of the Board of Directors in the case of Section 16 Officers, a bonus payment for the portion of the fiscal year prior to the Transition Effective Date may be made to a departing Officer based on performance and in consideration of successful discharge/transfer of Officer-related responsibilities. (Refer to the *Officer Annual Performance Bonus policy*.) Departing Officers who are approved for bonuses during any fiscal year will receive bonus payments when that fiscal year's bonuses are paid to active Officers, which will occur within two-and-a-half months of fiscal year end; provided, however, that a departing Officer who previously elected to defer a portion of such bonus under the Booz Allen Hamilton Inc. the Nonqualified Deferred Compensation Plan will receive payment in accordance with the terms of such plan.

#### **Equity**

Matters related to equity in Booz Allen Hamilton Holding Corporation shall be governed by the Equity Incentive Plan (EIP), as may be amended from time to time, and the applicable Award Agreement(s).

#### **Other Payments**

Any payments and/or reimbursements in addition to those established by these guidelines must be approved by the CEO and Chief People Officer.

#### **Cost Allocation**

Costs associated with the continuation of work, fringe, and transition benefits are paid by the Officer's business unit.

#### **Release of Claims**

To receive the transition payments and benefits described in this policy, an Officer must sign, and not revoke, a release agreement (and subsequent reaffirmation, as applicable) with the firm. All transition payments and benefits will be paid and provided in accordance with applicable laws, subject to any required tax withholding and applicable deductions (e.g., garnishments, support orders, and levies; benefit premiums; and 401(k) deferrals and loan repayments) as in effect on the Transition Effective Date. Notwithstanding anything in this policy to the contrary, if the period during which you have discretion to execute or revoke the release agreement straddles two calendar years, any payment(s) and/or benefit(s) that would otherwise be payable in the first of such two calendar years shall not be paid or begin until the first day of the second calendar year to the extent required by Section

Version No. 2.0 | Effective Date: 01.01.2024

409A of the Code. Failure by an Officer to execute an irrevocable release agreement (and subsequent reaffirmation, as applicable) within the time frame established by the firm will result in the Officer's forfeiture of any right to any payments or benefits otherwise payable under this Policy.

The Benefits Plans Committee ("BPC"), or its delegate, is responsible for administering the benefits described in this policy to the extent such benefits are subject to ERISA, including the lump sum transition payment payable to each Officer. The lump sum transition payment described in this policy is unfunded and provided by the firm primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees. The lump sum transition payment shall be made to an Officer only if the BPC, in its sole discretion, decides that the Officer is entitled to it. Officers who are denied a lump sum transition payment, in part or in full, to which they believe they are entitled may file a written request for such payment with the BPC, or its delegate, and such request will be reviewed in accordance with applicable law, including the claims procedures under ERISA.

#### RELATED POLICIES

- Officer Annual Performance Bonus Policy
- Officer Perquisites

#### POINTS OF CONTACT AND ADDITIONAL RESOURCES

General questions or exceptions regarding this policy can be directed to the Chief People Officer or Talent Strategy Officer.

#### REPORTING CONCERNS

We expect Booz Allen people to comply with our policies and Code of Ethics and Business Conduct. As outlined in the Mandatory Reporting and Non-Retaliation Policy, if you observe or have reasonable suspicion that a Booz Allen policy or the Code has been violated, you have a responsibility as part of your employment to promptly report your concerns via one of our official firm reporting channels:

- Your Job Leader or Career Manager
- An Ethics Advisor
- Employee Relations
- The firm's Ethics & Compliance Team (ethics@bah.com)
- The firm's Chief Ethics and Compliance Officer
- The firm's Ethics Hotline (at +1-800-501-8755 (US) or +1-888-475-0009 (international) or (<http://speakup.bah.com>)), Concerns may be raised anonymously

We take all allegations of misconduct seriously, investigate them promptly and strictly prohibit retaliation against any person who raises a good faith ethical or legal concern

**2023 EQUITY INCENTIVE PLAN OF  
BOOZ ALLEN HAMILTON HOLDING CORPORATION  
STOCK OPTION AGREEMENT  
GRANT NOTICE**

Unless otherwise defined herein, the terms defined in the 2023 Equity Incentive Plan (the “Plan”) of Booz Allen Hamilton Holding Corporation (the “Company”) shall have the same defined meanings in this Stock Option Agreement, which includes the terms in this Grant Notice, including Exhibit A attached hereto (the “Grant Notice”) and Appendix A attached hereto, and any special terms and conditions set forth in Appendix B attached hereto with respect to your country of employment and/or residence (collectively, the “Agreement”). Capitalized terms used in this Grant Notice or in Appendix A without definition have the meanings given in the Plan.

You, #ParticipantName+C# (the “Optionee”), have been granted an option to purchase #QuantityGranted# Shares of Company Common Stock, and with an Option Price of #Grant Price# and on #GrantDate# (the “Grant Date”), in each case as set forth on the Fidelity NetBenefits system at [www.netbenefits.com](http://www.netbenefits.com) (the “Option”), subject to the terms and conditions of the Plan and this Agreement, including but not limited to the vesting schedule as set forth on Exhibit A to this Agreement, which shall be deemed part of and incorporated by reference into this Grant Notice, and the following terms:

Type of Option:	Non-Qualified Stock Option
Final Expiration Date:	Ten (10) years from the Grant Date

Your acceptance of the Option indicates your agreement and understanding that the Option is subject to the terms and conditions contained in the Agreement and the Plan. **ACCORDINGLY, PLEASE BE SURE TO READ THE PLAN AND THE AGREEMENT, EACH OF WHICH CONTAINS THE SPECIFIC TERMS AND CONDITIONS OF THIS OPTION. IN PARTICULAR, BY ACCEPTANCE OF THE OPTION, YOU AGREE TO THE TERMS AND CONDITIONS CONTAINED IN THE AGREEMENT RELATING TO ELECTRONIC DELIVERY OF ANY DOCUMENTS RELATED TO THE OPTION.**

## APPENDIX A TO STOCK OPTION AGREEMENT

### ARTICLE I GRANT OF OPTION

Section 1.1 Grant of Option. The Company hereby grants to the Optionee, effective as of the Grant Date, the Option specified in the Grant Notice upon the terms and conditions set forth in the Plan and this Agreement (including the Grant Notice and any special terms and conditions applicable to the Optionee's country set forth in Appendix B to this Agreement). The Optionee hereby agrees that, except as required or permitted by Applicable Law, he or she will not disclose to any Person other than the Optionee's spouse and/or tax or financial advisor (if any) the grant of the Option or any of the terms or provisions hereof without prior approval from the Administrator.

Section 1.2 Option Subject to Plan. The Option granted hereunder is subject to the terms and provisions of the Plan, including, but not limited to, Article V, Article XI, Article XII, Article XIII and Article XIV thereof.

Section 1.3 Option Price. The Option Price of the Shares subject to the Option is equal to the Fair Market Value of a Share on the Grant Date, as determined by the Administrator in accordance with the provisions set forth in the Plan, and does not include any commission or other charges. The Option Price has been communicated to the Optionee in a communication accompanying the Grant Notice.

### ARTICLE II VESTING SCHEDULE; EXERCISABILITY

#### Section 2.1 Vesting and Exercisability of the Option.

(a) *Vesting.* Except as provided in this Section 2.1, the Option shall become vested and exercisable in the amount(s) and on the vesting date(s) set forth in Exhibit A (each, a "Vesting Date"), so long as the Optionee remains continuously in service as a Service Provider through such Vesting Date.

(b) *Discretionary Vesting.* The Administrator in its sole discretion may accelerate the vesting of any portion of the Option that does not otherwise vest pursuant to this Section 2.1.

#### Section 2.2 Termination of Employment or Service.

(a) *Termination Due to Death.* If an Optionee's employment or service terminates due to the Optionee's death, any unvested portion of the Option shall immediately vest and shall remain outstanding until (i) the first (1<sup>st</sup>) anniversary of the date of the Optionee's death or (ii) the Option's Final Expiration Date, whichever is earlier, after which any unexercised portion of the Option shall immediately terminate.

(b) *Termination Due to Disability.* If an Optionee's employment or service terminates due to the Optionee's Disability, any unvested portion of the Option shall not be forfeited and instead shall continue to vest in accordance with Section 2.1(a) of this Agreement. Any vested portion of the Option shall remain outstanding until (i) the later of the first (1<sup>st</sup>) anniversary of either (x) the date of termination due to Disability or (y) the date of vesting or (ii) the Option's Final Expiration Date, whichever is earlier, after which any unexercised portion of the Option shall immediately terminate.

(c) *Termination for Cause.* If the Optionee's employment or service terminates for Cause, the Option, whether vested or unvested, shall be immediately forfeited and canceled, effective as of the

date of the Optionee's termination of employment or service. Notwithstanding the foregoing, unless otherwise determined by the Administrator and set forth in writing, any portion of the Option that vested during the twenty-four (24) months prior to or any time after the Optionee 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 exercise of such Option or sale of Company Common Stock issued pursuant to such Option.

(d) *Termination for Any Other Reason.* Unless otherwise determined by the Administrator and set forth in writing, if an Optionee's employment or service terminates for any reason other than death, Disability or by the Company or Employer for Cause, any portion of the Option that is unvested shall be immediately forfeited and canceled, effective as of the date of the Optionee's termination of employment or service, and any portion of the Option that is vested shall remain outstanding until (x) the ninetieth (90<sup>th</sup>) day after the date of termination of Optionee's employment or service or (y) the Final Expiration Date, whichever is earlier, after which any unexercised portion of the Option shall immediately terminate.

Section 2.3 Additional Forfeiture Provisions. Subject to Section 11.4 of the Plan, the Optionee acknowledges and agrees that the Option shall be immediately forfeited and cease to be exercisable, and the Optionee shall be required to disgorge to the Company all gains earned or accrued due to the exercise of the Option or sale of any Shares issued pursuant to such Option (i) if the Optionee engages in or fails to prevent, as applicable, any financial or other misconduct (including but not limited to engaging in Competitive Activity (but excluding, only if the Optionee is located in California, clause (a) of the definition of Competitive Activity contained in the Plan)), (ii) as required by Applicable Law or regulations or (iii) as otherwise provided in Section 11.4 of the Plan or generally applicable Company policies as to forfeiture, disgorgement and recoupment of Awards, including but not limited to any clawback policy adopted to comply with Section 303A.14 of the New York Stock Exchange Listed Company Manual.

Section 2.4 Exercisability of the Option. The Optionee (or the Optionee's Eligible Representative) shall not have the right to exercise any portion of the Option until the date such portion of the Option becomes vested and exercisable pursuant to Section 2.1 or Section 2.2 of this Agreement. The date that the applicable portion of the Option becomes vested and exercisable is referred to herein as the "Exercise Commencement Date." Subject to Section 14.1 of the Plan, following the Exercise Commencement Date, such applicable portion of the Option shall remain exercisable by the Optionee (or the Optionee's Eligible Representative) until it becomes unexercisable under Section 2.5 of this Agreement. Once the Option becomes unexercisable, it shall be forfeited immediately.

Section 2.5 Expiration of Option. The Option may not be exercised after the first to occur of the following events:

- (a) the Final Expiration Date;
- (b) except for such longer period of time as the Administrator may otherwise approve, ninety (90) days following the date of the Optionee's termination of employment or service as a Service Provider for any reason other than Cause, death, or Disability;
- (c) except as the Administrator may otherwise approve, the date that the Company or the Employer terminates the Optionee's employment or service as a Service Provider for Cause;

(d) except for such longer period of time as the Administrator may otherwise approve, the first (1<sup>st</sup>) anniversary of the Optionee's termination of employment or service as a Service Provider by reason of the Optionee's death;

(e) except for such longer period of time as the Administrator may otherwise approve, in the event of the Optionee's termination of employment or service as a Service Provider by reason of the Optionee's Disability, the first (1<sup>st</sup>) anniversary of the later of (A) the Optionee's termination of employment or service due to the Optionee's Disability or (B) the date of vesting of the applicable Option; or

(f) upon forfeiture of an Option as provided in Section 2.3 of this Agreement and Section 11.4 of the Plan.

Section 2.6 Partial Exercise. Any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the date on which the Option or portion thereof becomes unexercisable under Section 2.5 of this Agreement.

Section 2.7 Exercise of Option. The exercise of the Option shall be governed by the terms of this Agreement and the terms of the Plan, including, without limitation, the provisions of Article V of the Plan.

Section 2.8 Manner of Exercise.

(a) As a condition to the exercise of the Option or any portion thereof, the Optionee shall (i) notify the Company at least three (3) days prior to exercise and no earlier than ninety (90) days prior to exercise that the Optionee intends to exercise and specifically stating the number of Shares with respect to such Option is being exercised, and (ii) provide the Company with payment of the aggregate Option Price of the Shares with respect to which such Option is being exercised, together with any amounts necessary to satisfy all Tax-Related Items (as defined in Section 3.1 below), which shall be payable to the Company in full as set forth in this Section 2.8.

(b) To the extent permitted by law or the applicable listing rules, if any, the Optionee may pay for the Shares with respect to which such Option or portion of such Option is exercised through (i) payment in cash; (ii) with the consent of the Administrator, the delivery of Shares which are owned by the Optionee, duly endorsed for transfer to the Company with a Fair Market Value on the date of delivery equal to the aggregate Option Price of such Shares with respect to which the Option is being exercised; (iii) with the consent of the Administrator, the surrender of Shares then-issuable upon exercise of the Option having a Fair Market Value on the date of the exercise of the Option equal to the aggregate Option Price of such Shares with respect to which the Option is being exercised; (iv) with the consent of the Administrator, a broker-assisted cashless exercise program established by the Company; or (v) with the consent of the Administrator, delivery of a notice that the Optionee has placed a market sell order with a broker with respect to Shares then-issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the aggregate Option Price; provided, that payment of such proceeds is then made to the Company upon settlement of such sale. Notwithstanding the foregoing, the consent of the Administrator shall not be required with respect to clauses (iii) and (v) of this Section 2.8(b) if the Optionee exercises such Option on or after the date of the Optionee's Retirement (as defined in the Company's Retirement Policy).

(c) Notwithstanding any provision of the Agreement to the contrary, if the Optionee resides and/or works outside of the United States, the Company may require that the Optionee (i) exercise the

Option in a method other than specified above, (ii) exercise the Option only by means of a “same day sale” transaction (either a sell-all transaction or a sell-to-cover transaction) as it determines in its sole discretion, or (iii) sell any Shares he or she acquires under the Plan immediately or within a specified period following the termination of the Optionee’s employment or service with the Company, the Employer or any Subsidiary (in which case, the Optionee hereby agrees that the Company shall have the authority to issue sale instructions in relation to such Shares on the Optionee’s behalf).

**Section 2.9 Exercise by the Administrator.** If the Optionee has not exercised the Option or any portion thereof immediately prior to the expiration of the Option under Section 2.5 of this Agreement, and the Fair Market Value on the date of expiration exceeds the Option Price of such Option, the Administrator may, in its sole discretion, exercise the Option on behalf of the Optionee by causing the Option Price to be paid through a broker-assisted cashless exercise program established by the Company. For the avoidance of doubt, the Administrator will not be required to obtain the Optionee’s consent prior to such exercise.

**Section 2.10 Change in Control.** In the event of a Change in Control prior to the Vesting Date, notwithstanding anything in Article XIII of the Plan to the contrary, any unvested Options shall remain outstanding and shall vest on the applicable Vesting Date, subject to the continued employment or service of the Participant by the Company or any Subsidiary thereof through such date; provided, that, if the Participant’s employment or service is terminated by the Company or the Employer without Cause or by the Participant for Good Reason (each, a “Qualifying CIC Termination”) within two (2) years following the effective date of the Change in Control, such outstanding Options shall vest as of the date of such Qualifying CIC Termination.

### **ARTICLE III OTHER PROVISIONS**

**Section 3.1 Tax Withholding.** The Optionee acknowledges that, regardless of any action taken by the Company or, if different, the Optionee’s employer (the “Employer”) with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Optionee’s participation in the Plan and legally applicable to the Optionee (“Tax-Related Items”), the ultimate liability for all Tax-Related Items is and remains the Optionee’s personal responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Optionee further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Optionee’s participation in the Plan, including, but not limited to, the grant of the Option, the vesting of the Option, the exercise of the Option, the issuance or sale of Shares, or the receipt of any dividends; and (b) do not commit to and are under no obligation to structure the terms of the Option or any aspect of the Plan to reduce or eliminate the Optionee’s liability for Tax-Related Items or achieve any particular tax result. Further, if the Optionee is subject to Tax-Related Items in more than one jurisdiction, the Optionee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Optionee agrees to make arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Optionee authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to any Tax-Related Items by one or a combination of the following: (a) withholding from the Optionee’s wages or other cash compensation



payable to the Optionee by the Company and/or the Employer, (b) withholding from proceeds of the sale of Shares under the Plan, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Optionee's behalf pursuant to this authorization without further consent) to cover the Tax-Related Items required to be withheld, and (c) withholding in Shares to be issued upon exercise of the Option.

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

Section 3.2 Nature of Grant. By accepting the Option, the Optionee acknowledges, understands and agrees that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be terminated, suspended or amended by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of the Option is voluntary and does not create any contractual or other right to receive future Options or benefits in lieu of Options, even if Options have been granted in the past;
- (c) all decisions with respect to future Options or other grants, if any, will be at the sole discretion of the Administrator;
- (d) the grant of the Option and the Optionee's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the Company, the Employer or any other Subsidiary and shall not interfere with the ability of the Company, the Employer or any other Subsidiary to terminate the Optionee's employment or service relationship (if any);
- (e) the Optionee is voluntarily participating in the Plan;
- (f) the Option and any Shares acquired pursuant to such Option, and the income from and value of the same, are not intended to replace any pension rights or compensation;
- (g) the Option and any Shares acquired pursuant to such Option, and the income from and value of the same, are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company, the Employer or any other Subsidiary, and which are outside the scope of the Optionee's employment or service and the Optionee's employment or service agreement, if any;
- (h) the Option and any Shares acquired pursuant to such Option, and the income from and value of the same, are not part of normal or expected compensation or salary for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension or retirement or welfare benefits or similar mandatory payments;
- (i) the future value of the Shares underlying the Option is unknown, indeterminable and cannot be predicted with certainty and the value of such Shares may increase or decrease in the future;
- (j) if the underlying Shares do not increase in value, the Option will have no value;

(k) if the Optionee exercises the Option and acquires Shares, the value of such Shares may increase or decrease in value, even below the Option Price;

(l) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option or recoupment of any gains earned or accrued due to the sale of Shares acquired upon exercise of the Option resulting from, but not limited to, the (1) termination of the Optionee's employment or service (regardless of the reason for the termination and whether or not the termination is later found to be invalid or in breach of employment laws in the jurisdiction where the Optionee is employed or the terms of the Optionee's employment or service agreement, if any) and/or (2) the application of any Applicable Law or regulations, or any recoupment policy or any recovery or clawback policy maintained by the Company or otherwise required by Applicable Law; and

(m) neither the Company, the Employer nor any other Subsidiary shall be liable for any foreign exchange rate fluctuation between the Optionee's local currency and the United States Dollar that may affect the value of the Shares or any amounts due pursuant to the issuance of the Shares, or the subsequent sale of any Shares acquired pursuant to the Option.

Section 3.3 Shares Subject to Plan; Restrictions on the Transfer of Option and Company Common Stock. The Optionee acknowledges that this Option and any Shares acquired upon exercise of the Option are subject to the terms of the Plan, including, without limitation, the restrictions set forth in Section 5.8 and Section 5.9 of the Plan.

Section 3.4 Registration of Shares. The Company may postpone the issuance and delivery of Company Common Stock upon the exercise of the Option until such Shares may be issued in compliance with any applicable state or federal law, rule or regulation. Notwithstanding any other provision in this Agreement, the Optionee may not sell the Shares acquired upon exercise of the Option unless such Shares are registered under 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 must also comply with other Applicable Law and regulations governing the Shares, and the Optionee shall not sell the Shares if the Administrator determines that such sale would not be in compliance with such laws and regulations.

Section 3.5 Construction. This Agreement shall be administered, interpreted and enforced under the laws of the State of Delaware.

Section 3.6 Conformity to Securities Laws. The Optionee acknowledges that the Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, including without limitation Rule 16b-3. Notwithstanding anything herein to the contrary, the Plan and this Agreement shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by Applicable Law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

Section 3.7 Amendment, Suspension and Termination. This Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator, provided that, except as provided by Section 14.1 of the Plan, neither the amendment,

modification, suspension nor termination of this Agreement (including the Grant Notice) shall, without the consent of the Optionee, materially alter or impair any rights or obligations under this Agreement.

**Section 3.8 Employee Data Privacy.** The collection, use, disclosure and transfer, in electronic or other form, of personally identifiable information by and among, as applicable, the Company, the Employer and its Subsidiaries and Affiliates, or any agent of the Company administering or providing Plan services, for the purpose of implementing, administering and managing the Optionee's participation in the Plan is governed by the Employee Privacy Notice (the "**Privacy Notice**") that Optionee received in the course of his or her relationship with the Company. The Optionee understands that he or she may review the [Privacy Notice](#) or contact his or her local human resources representative to request a copy of the Privacy Notice. Please contact [ethics@bah.com](mailto:ethics@bah.com) if the Optionee has any questions or concerns about how the Company or its Subsidiaries and Affiliates process personally identifiable information.

**Section 3.9 No Advice Regarding Grant.** The Optionee acknowledges that neither the Company nor the Employer are providing any tax, legal or financial advice, or making any recommendations regarding the Optionee's participation in the Plan. The Optionee should consult his or her own personal tax, legal and financial advisors regarding the Optionee's participation in the Plan before taking any action related to the Plan.

**Section 3.10 Country-Specific Provisions.** The Optionee's participation in the Plan shall be subject to any special terms and conditions set forth in [Appendix B](#) attached hereto applicable to the Optionee's country. Moreover, if the Optionee relocates to one of the countries included in [Appendix B](#), the special terms and conditions applicable to such country will apply to the Optionee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. [Appendix B](#) constitutes a part of this Agreement.

**Section 3.11 Other Requirements.** The Company reserves the right to impose other requirements on the Optionee's participation in the Plan and on any Shares acquired upon exercise of the Option granted hereunder, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Optionee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

**Section 3.12 Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to any Option granted under the Plan, including this Agreement, by electronic means or request the Optionee's consent to participate in the Plan by electronic means. The Optionee hereby explicitly and unambiguously consents to receive such documents (including, without limitation, information required to be delivered to the Optionee pursuant to applicable securities laws) by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third-party designated by the Company, and such consent shall remain in effect throughout the Optionee's term of employment or service with the Company and thereafter until withdrawn in writing by the Optionee. The Optionee acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Optionee by contacting the Company by telephone or in writing. The Optionee further acknowledges that the Optionee will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Optionee understands that the Optionee must

provide the Company or any designated third-party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails.

Section 3.13 Miscellaneous.

(a) The Optionee shall have no rights as a stockholder of the Company with respect to the Shares subject to the Option until such time as the Option Price has been paid and the other requirements of Section 2.8 above have been satisfied, and the Shares have been issued and delivered to the Optionee.

(b) This Agreement shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or United States or foreign securities exchanges as may be required.

(c) The Optionee acknowledges that the Company is organized under the laws of the State of Delaware. The Optionee and the Company agree that 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 that would apply the laws of any other jurisdiction.

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

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

(f) All obligations of the Company under this Agreement and the Plan, with respect to the Option, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

(g) In the event that any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

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

**Restricted Stock Unit Agreement**  
**2023 EQUITY INCENTIVE PLAN OF**  
**BOOZ ALLEN HAMILTON HOLDING CORPORATION**  
**RESTRICTED STOCK UNIT AGREEMENT**

**GRANT NOTICE**

Unless otherwise defined herein, the terms defined in the 2023 Equity Incentive Plan (the "Plan") of Booz Allen Hamilton Holding Corporation (the "Company") shall have the same defined meanings in this Restricted Stock Unit Agreement, which includes the terms in this Grant Notice, including Exhibit A attached hereto (the "Grant Notice") and Appendix A attached hereto, and any special terms and conditions set forth in Appendix B attached hereto with respect to your country of employment and/or residence (collectively, the "Agreement"). Capitalized terms used in this Grant Notice or in Appendix A without definition have the meanings given in the Plan.

You, #ParticipantName+C# (the "Participant"), have been granted #QuantityGranted+C# restricted stock units on #GrantDate+C# (the "Grant Date"), in each case as set forth on the Fidelity NetBenefits system at [www.netbenefits.com](http://www.netbenefits.com) (the "Restricted Stock Units"), subject to the terms and conditions of the Plan and this Agreement, including but not limited to the vesting schedule as set forth in Exhibit A to this Agreement, which shall be deemed part of and incorporated by reference into this Grant Notice.

Your acceptance of this grant indicates your agreement and understanding that the Restricted Stock Units granted herein are subject to the terms and conditions contained in the Agreement and the Plan. **ACCORDINGLY, PLEASE BE SURE TO READ THE PLAN AND THE AGREEMENT, EACH OF WHICH CONTAINS THE SPECIFIC TERMS AND CONDITIONS OF THE RESTRICTED STOCK UNITS.** In order to view the grant details and to accept this grant, please go to Fidelity NetBenefits at [www.netbenefits.com](http://www.netbenefits.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 the Plan and this Agreement (including the Grant Notice and any special terms and conditions applicable to the Participant's country set forth in Appendix B to this Agreement), 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. The Participant hereby agrees that, except as required or permitted by Applicable Law, he or she will not disclose to any Person other than the Participant's spouse and/or tax or financial advisor (if any) the grant of the Restricted Stock Units or any of the terms or provisions hereof without prior approval from the Administrator.

2. Restricted Stock Units Subject to Plan. 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.

3. Vesting of Restricted Stock Units.

(a) Vesting. Except as otherwise provided in this Section 3, the Restricted Stock Units shall become vested in the amount(s) and on the vesting date(s) as set forth in Exhibit A (each, a "Vesting Date"), subject to the continued employment or service of the Participant with the Company or any Subsidiary thereof through such applicable Vesting Date.

(b) Termination of Employment or Service.

(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 instead shall continue to vest in accordance with Section 3(a) of this Agreement.

(iii) 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 twenty-four (24) 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 Company Common Stock issued in settlement of any Restricted Stock Units.

(iv) Termination for Any Other Reason. If a Participant's employment or service is terminated for any reason other than death, Disability or by the Company or Employer for Cause, all unvested Restricted Stock Units shall immediately be forfeited and canceled, effective as of the date of the Participant's termination of service.

(c) Change in Control. In the event of a Change in Control prior to the applicable Vesting Date, notwithstanding anything in Article XIII of the Plan to the contrary, any unvested Restricted Stock Units shall remain outstanding and shall vest on the applicable Vesting Date, subject to the continued employment or service of the Participant with the Company, the Employer or any other Subsidiary through such date; provided, that, if the Participant's employment or service is terminated by the Company or the Employer without Cause or by the Participant for Good Reason (each, a "Qualifying CIC Termination") within two (2) years following the effective date of the Change in Control, such outstanding Restricted Stock Units shall vest as of the date of such Qualifying CIC Termination. Vested Restricted Stock Units shall be settled as set forth in Section 4 of this Agreement.

(d) Other Forfeiture Provisions. Subject to Section 11.4 of the Plan, the Restricted Stock Units (including any gains earned or accrued due to the sale of Company Common Stock issued in settlement of such Restricted Stock Units) shall also be forfeited and subject to disgorgement and/or repayment to the Company (i) in the event the Participant (x) engages in or fails to prevent, as applicable, any financial or other misconduct (including but not limited to engaging in Competitive Activity (but excluding, only if the Participant is located in California, clause (a) of the definition of Competitive Activity contained in the Plan)) or (y) materially violates any restrictive covenant agreement (or any other agreement containing restrictive covenants) that the Participant has entered into with the Company, (ii) as required by Applicable Law or regulations or (iii) as otherwise provided in Section 11.4 of the Plan or generally applicable Company policies as to forfeiture, disgorgement and recoupment of Awards, including but not limited to any clawback policy adopted to comply with Section 303A.14 of the New York Stock Exchange Listed Company Manual.

(e) Administrator Discretion. Notwithstanding anything contained in this Agreement to the contrary, subject to Article XII of the Plan, the Administrator, in its sole discretion, may waive forfeiture provisions or accelerate the vesting with respect to any Restricted Stock Units under this Agreement, at such times and upon such terms and conditions as the Administrator shall determine; provided, however, that such waiver or acceleration of vesting shall not change the settlement date of the Restricted Stock Units provided in Section 4 of this Agreement.

(f) Post-Termination Informational Requirements. Before the settlement of any Restricted Stock Units following termination of employment or service, the Administrator may require the Participant (or the Participant's Eligible Representative, if applicable) to make such representations and provide such documents as the Administrator deems necessary or advisable to effect compliance with Applicable Law and determine whether Section 3(b)(iii) or Section 3(d) of this Agreement apply. Such representations and documents may include tax returns and all other relevant information and records from which the Administrator can determine the current or former employment status of the Participant during the vesting period. Notwithstanding anything in this Agreement to the contrary, the settlement of the Restricted Stock Units may be withheld until information deemed sufficient by the Administrator is delivered to it, and any unvested Restricted Stock Units shall be forfeited if the requested information is not provided in sufficient detail to the Administrator before the earlier of (i) ninety (90) calendar days after the issuance of a request from the Administrator for such information and (ii) December 31 of the calendar year in which the applicable Vesting Date occurs.

4. Settlement of Restricted Stock Units. Subject to Section 3(f) and Section 9 of this Agreement, the Company shall deliver to the Participant one (1) Share (or the value thereof) in settlement of each outstanding Restricted Stock Unit granted hereunder that has vested as provided in Section 3 on the first to occur of (i) the applicable Vesting Date (or within thirty (30) days thereafter), (ii) in the event of a termination of employment or service due to death, as soon as practicable following the Participant's termination of employment or service by reason of death or (iii) in the event of a Qualifying CIC Termination, within thirty (30) days following the effective date of the Participant's Qualifying CIC Termination, in each case (A) in Company Common Stock by either, (x) issuing one or more certificates evidencing the Company Common Stock to the Participant or (y) registering the issuance of the Company Common Stock in the name of the Participant through a book entry credit in the records of the Company's transfer agent, or (B) in the event of settlement upon a Change in Control, a cash payment equal to the Change in Control Price, multiplied by the number of vested Restricted Stock Units. No fractional Shares shall be issued in settlement of the Restricted Stock Units. Fractional Shares shall be rounded up to the nearest whole share; provided, that the Participant may not vest in more than the number of Restricted Stock Units specified in the Grant Notice.

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

5. Securities Law Compliance. Notwithstanding any other provision of this Agreement, the Participant may not sell the Shares acquired upon vesting of the Restricted Stock Units unless such Shares are registered under 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 Law and regulations governing the Shares, and the Participant may not sell the Shares if the Company determines that such sale would not be in material compliance with such laws and regulations.

6. 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 Shares underlying the Restricted Stock Units granted hereby unless and until such Shares are issued to the Participant in respect thereof.



(c) Dividend Equivalents. The Restricted Stock Units granted hereunder include the right for the Participant to be credited with Dividend Equivalents in the form of a right to a cash payment when cash dividends are paid on the Company Common Stock. Such cash payment shall equal the amount obtained by multiplying the amount of the dividend declared and paid for each Share by the number of Restricted Stock Units held by the Participant on the record date for such dividend. Notwithstanding anything in the Plan to the contrary, any cash amounts in respect of the Dividend Equivalents credited to the Participant's account shall be paid to the Participant on the applicable payment date for the related cash dividend.

7. Participant's Representations, Warranties and Covenants.

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

(b) Compliance with Rule 144. If any Shares issued in respect of the Restricted Stock Units are to be disposed of in accordance with Rule 144 of the Securities Act, 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 Securities and Exchange 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 or other Service Provider of the Company, the Employer or a Subsidiary.

8. Adjustment in Capitalization. Subject to Section 14.1 of the Plan, the number and kind of Shares subject to any outstanding Restricted Stock Units, or the other terms and conditions of any such Restricted Stock Units, shall be adjusted by the Administrator to reflect any stock dividend, stock split or share combination or any recapitalization, business combination, merger, consolidation, spin-off, exchange of shares, liquidation or dissolution of the Company or other similar transaction affecting the Company Common Stock in such manner as it determines in its sole discretion.

9. Tax Withholding. The Participant acknowledges that, regardless of any action taken by the Company or the Employer with respect to any or all income tax (including U.S. federal, state and local taxes and/or non-U.S. taxes), social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains the Participant's personal responsibility and may exceed the amount, if any, actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in

connection with any aspect of the Participant's participation in the Plan, including, but not limited to, the grant of the Restricted Stock Units, the vesting of the Restricted Stock Units, the issuance or sale of Shares, or the receipt of any dividends or Dividend Equivalents; and (b) do not commit to and are under no obligation to structure the terms of the Restricted Stock Units or any aspect of the Plan to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant is subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

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

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

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

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

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be terminated, suspended or amended by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Restricted Stock Units is voluntary and does not create any contractual or other right to receive future Restricted Stock Units or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;

(c) all decisions with respect to future Restricted Stock Units or other grants, if any, will be at the sole discretion of the Administrator;

(d) the grant of the Restricted Stock Units and the Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or service contract with the Company, the Employer or any other Subsidiary and shall not interfere with the ability of the Company,

the Employer or any other Subsidiary to terminate the Participant's employment or service relationship (if any);

(e) the Participant is voluntarily participating in the Plan;

(f) the Restricted Stock Units and any Shares acquired pursuant to such Restricted Stock Units, and the income from and value of the same, are not intended to replace any pension rights or compensation;

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

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

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

(j) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units or recoupment of any gains earned or accrued due to the sale of Shares acquired in settlement of such Restricted Stock Units resulting from, but not limited to, the (1) termination of the Participant's employment or service (regardless of the reason for the termination and whether or not the termination is later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any) and/or (2) application of any Applicable Law or regulations, or any recoupment policy or any recovery or clawback policy maintained by the Company or otherwise required by Applicable Law; and

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

11. Employee Data Privacy. The collection, use, disclosure and transfer, in electronic or other form, of personally identifiable information to facilitate the grant of the Restricted Stock Units and the administration of the Plan by and among, as applicable, the Company and the Employer, if different, any of the Company's Subsidiaries or Affiliates, or any agent of the Company administering or providing Plan services is governed by the Employee Privacy Notice (the "Privacy Notice") that Participant received in the course of his or her relationship with Company. The Participant understands that he or she may review the [Privacy Notice](#) or contact his or her local human resources representative to request a

copy of the Privacy Notice. Please contact [ethics@bah.com](mailto:ethics@bah.com) if the Participant has any questions or concerns about how the Company or its Subsidiaries and Affiliates process personally identifiable information.

12. Miscellaneous.

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

(b) No Advice Regarding Grant. The Participant acknowledges that neither the Company nor the Employer are providing any tax, legal or financial advice, or making any recommendations regarding the Participant's participation in the Plan. The Participant should consult his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

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

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

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

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

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

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

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

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

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

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

(m) Specified Employee Delay. Subject to Section 14.13 of the Plan, if the Participant is deemed a “specified employee” within the meaning of Section 409A, as determined by the Administrator, at a time when the Participant becomes eligible for settlement of the Restricted Stock Units upon his or her “separation from service” within the meaning of Section 409A, then to the extent necessary to comply with, and avoid the imposition on the Participant of any accelerated or additional tax, under Section 409A, such settlement will be delayed until the earlier of (a) the six (6)-month anniversary of the Participant’s termination of service and (b) the Participant’s death. Notwithstanding anything to the contrary in this Agreement, if settlement is to occur upon a termination of service other than due to death or Disability and the Participant is a specified employee, to the extent necessary to comply with, and avoid imposition on the Participant of any additional tax or interest imposed under, Section 409A, settlement shall instead occur on the first business day following the six (6)-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 ninety (90) days thereafter).

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

(o) Notices. All notices under this Agreement shall be (i) delivered by hand, (ii) sent by commercial overnight courier service, (iii) sent by registered or certified mail, return receipt requested, and first-class postage prepaid, (iv) sent by e-mail or any other form of electronic transfer or delivery approved by the Administrator, or (v) faxed, in each case to the parties at their respective addresses and facsimile numbers set forth in the records of the Company or at such other address or facsimile number as may be designated in a notice by either party to the other.

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

**Performance Restricted Stock Unit Agreement**  
**2023 EQUITY INCENTIVE PLAN OF**  
**BOOZ ALLEN HAMILTON HOLDING CORPORATION**  
**PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT**  
**GRANT NOTICE**

Unless otherwise defined herein, the terms defined in the 2023 Equity Incentive Plan (the "Plan") of Booz Allen Hamilton Holding Corporation (the "Company") shall have the same defined meanings in this Performance Restricted Stock Unit Agreement, which includes the terms in this Grant Notice, including Exhibit A attached hereto (the "Grant Notice"), and Appendix A attached hereto, and any special terms and conditions set forth in Appendix B attached hereto with respect to your country of employment and/or residence (collectively, the "Agreement").

You, #ParticipantName+C# (the "Participant"), have been granted #QuantityGranted+C# target performance-based restricted stock units on #GrantDate+C# (the "Grant Date"), in each case as set forth on the Fidelity NetBenefits system at [www.netbenefits.com](http://www.netbenefits.com) (the "Restricted Stock Units"), subject to the terms and conditions of the Plan and this Agreement, including but not limited to the vesting schedule and the satisfaction of the performance goals for the applicable performance period as set forth on Exhibit A to this Agreement, as delivered and made available to you by the Company, which shall be deemed part of and incorporated by reference into this Grant Notice.

Your acceptance of this grant indicates your agreement and understanding that the Restricted Stock Units granted herein are subject to the terms and conditions contained in the Agreement and the Plan. **ACCORDINGLY, PLEASE BE SURE TO READ THE PLAN AND THE AGREEMENT, EACH OF WHICH CONTAINS THE SPECIFIC TERMS AND CONDITIONS OF THE RESTRICTED STOCK UNITS.** In order to view the grant details and to accept this grant, please go to Fidelity NetBenefits at [www.netbenefits.com](http://www.netbenefits.com) and follow the instructions regarding this grant.

## APPENDIX A TO PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

1. Grant of Restricted Stock Units. Subject to the terms, conditions, and restrictions set forth in the Plan and this Agreement (including the Grant Notice and any special terms and conditions applicable to the Participant's country set forth in Appendix B to this Agreement), the Company hereby evidences and confirms its grant to the Participant, effective as of the Grant Date, of the Restricted Stock Units specified in the Grant Notice. Each Restricted Stock Unit represents the right to receive a number of Shares (which could be less than or greater than one Share), subject to the terms and conditions set forth in the Plan and this Agreement (including Exhibit A and Appendix B). Except as otherwise provided in Section 3 below, the number of Restricted Stock Units that the Participant shall actually earn for the Performance Period (up to the maximum specified in the Grant Notice) will be determined by the Administrator based on the level of achievement of the performance goals specified in Exhibit A attached hereto (the "Performance Goals"). The Participant hereby agrees that, except as required or permitted by Applicable Law, the Participant will not disclose to any Person other than the Participant's spouse and/or tax or financial advisor (if any) the grant of the Restricted Stock Units or any of the terms or provisions hereof without prior approval from the Administrator.

2. Restricted Stock Units Subject to Plan. This Agreement is subordinate to, and the terms and conditions of the Restricted Stock Units granted hereunder are subject to, the terms and conditions of the Plan, which are incorporated by reference herein. If there is any inconsistency between the terms hereof and the terms of the Plan, the terms of the Plan shall govern. Any capitalized terms used herein without definition shall have the meanings set forth in the Plan.

3. Vesting of Restricted Stock Units.

(a) Vesting. For purposes of this Agreement, the term "Performance Period" shall mean the period set forth in Exhibit A. Except as otherwise provided in this Section 3, the Restricted Stock Units shall become vested as of the vesting date specified in Exhibit A (the "Vesting Date"), subject to the continued employment or service of the Participant with the Company or any Subsidiary thereof through the Vesting Date, and to the achievement of the Performance Goals set forth in Exhibit A for the Performance Period as determined by the Administrator pursuant to Section 4(a) of this Agreement. Restricted Stock Units that do not vest in accordance with this Section 3 shall be forfeited.

(b) Termination of Employment or Service.

(i) Termination Due to Death. If a Participant's employment or service terminates due to the Participant's death prior to the Vesting Date, all unvested Restricted Stock Units shall vest on the effective date of such termination of employment or service at Target Award levels (as specified on Exhibit A attached hereto). Vested Restricted Stock Units shall be settled as set forth in Section 4.

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



or service for purposes of calculating the *pro rata* amount. Vested Restricted Stock Units shall be settled as set forth in Section 4 of this Agreement.

(iii) Termination by Reason of Retirement. (A) If a Participant's employment or service terminates prior to the Vesting Date by reason of a Participant's Qualifying Permanent Retirement (as defined below), provided that such termination occurs on or after March 31 (or if March 31 is not a business day, the last business day prior to March 31) of the first fiscal year of the Performance Period, the unvested Restricted Stock Units shall vest in accordance with Section 3(a) based on actual achievement of the Performance Goals as if the Participant's employment or service had not terminated; (B) if a Participant's employment or service terminates prior to March 31 (or if March 31 is not a business day, the last business day prior to March 31) of the first fiscal year of the Performance Period by reason of a Participant's retirement (notwithstanding that such retirement may otherwise qualify as a Qualifying Permanent Retirement), all unvested Restricted Stock Units shall immediately be forfeited as of the termination date; and (C) if a Participant's employment or service terminates at any point prior to the Vesting Date by reason of a Participant's retirement that at any point during the Performance Period does not constitute a Qualifying Permanent Retirement, all unvested Restricted Stock Units shall immediately be forfeited as of the termination date or, if later, the date such retirement does not constitute a Qualifying Permanent Retirement. Vested Restricted Stock Units shall be settled as set forth in Section 4 of this Agreement. "Qualifying Permanent Retirement" means a termination of the Participant's employment or service by reason of a retirement (I) in accordance with the applicable Company retirement policy (as may be amended from time to time) and (II) that is a permanent retirement from all current and future employment, including but not limited to self-employment, unless such employment is approved by the Company in writing in advance of the Participant commencing such employment.

(iv) Termination for Cause. If a Participant's employment or service terminates for Cause, all unvested Restricted Stock Units shall be immediately forfeited and canceled, effective as of the date of the Participant's termination of service. In addition, any Restricted Stock Units that vested during the twenty-four (24) 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 to the Participant 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 Company Common Stock issued in settlement of any Restricted Stock Units.

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

(c) Change in Control. In the event of a Change in Control prior to the Vesting Date, notwithstanding anything in Article XIII of the Plan to the contrary, an amount of Restricted Stock Units equal to the Target Award (as specified on Exhibit A attached hereto) shall remain outstanding and shall vest on the Vesting Date, subject to the continued employment or service of the Participant with the Company, the Employer or any other Subsidiary through such date, but without regard to achievement of any Performance Goals; provided, that, if the Participant's employment or service is terminated by the Company or the Employer without Cause or by the Participant for Good Reason (each, a "Qualifying CIC Termination") within two (2) years following the effective date of the Change in Control, such outstanding Restricted Stock Units shall vest as of the date of such Qualifying CIC Termination. Vested Restricted Stock Units shall be settled as set forth in Section 4 of this Agreement.

(d) Other Forfeiture Provisions. Subject to Section 11.4 of the Plan, the Restricted Stock Units (including any gains earned or accrued due to the sale of Company Common Stock issued in settlement of such Restricted Stock Units) shall also be forfeited and subject to disgorgement and/or repayment to the Company (i) in the event the Participant (x) engages in or fails to prevent, as applicable, any financial or other misconduct (including but not limited to engaging in Competitive Activity (but excluding, only if the Participant is located in California, clause (a) of the definition of Competitive Activity contained in the Plan)) or (y) materially violates any restrictive covenant agreement (or any other agreement containing restrictive covenants) that the Participant has entered into with the Company, (ii) as required by Applicable Law or regulations or (iii) as otherwise provided in Section 11.4 of the Plan or generally applicable Company policies as to forfeiture, disgorgement and recoupment of Awards, including but not limited to any clawback policy adopted to comply with Section 303A.14 of the New York Stock Exchange Listed Company Manual.

(e) Administrator Discretion. Notwithstanding anything contained in this Agreement to the contrary, subject to Article XII of the Plan, the Administrator, in its sole discretion, may waive forfeiture provisions or accelerate the vesting with respect to any Restricted Stock Units under this Agreement, at such times and upon such terms and conditions as the Administrator shall determine; provided, however, that such waiver or acceleration of vesting shall not change the settlement date of the Restricted Stock Units provided in Section 4 of this Agreement.

(f) Post-Termination Informational Requirements. Before the settlement of any Restricted Stock Units following termination of employment or service, the Administrator may require the Participant (or the Participant's Eligible Representative, if applicable) to make such representations and provide such documents as the Administrator deems necessary or advisable to effect compliance with Applicable Law and determine whether Section 3(b)(iii), 3(b)(iv) or 3(d) of this Agreement apply. Such representations and documents may include tax returns and all other relevant information and records from which the Administrator can determine the current or former employment status of the Participant during the Performance Period. Notwithstanding anything in this Agreement to the contrary, the settlement of the Restricted Stock Units may be withheld until information deemed sufficient by the Administrator is delivered to it, and any unvested Restricted Stock Units shall be forfeited if the requested information is not provided in sufficient detail to the Administrator before the earlier of (i) ninety (90) calendar days after the issuance of a request from the Administrator for such information and (ii) December 31 of the calendar year in which the Vesting Date occurs.

#### 4. Administrator Certification; Settlement of Restricted Stock Units.

(a) Certification. As soon as practicable following completion of the Performance Period, the Administrator will review and determine (i) whether, and to what extent, the Performance Goals for the Performance Period have been achieved, in whole or in part, and (ii) the number of Restricted Stock Units that the Participant shall earn, if any, subject to compliance with the requirements of Section 3 (the "Administrator Certification"). All determinations of whether the Performance Goals have been achieved, the number of Restricted Stock Units earned by the Participant, and all other matters related to this Section 4(a) shall be made by the Administrator in its sole discretion and shall be final, conclusive and binding on the Participant.

(b) Settlement of Restricted Stock Units. Subject to Section 3(f), Section 4(a) and Section 9 of this Agreement, the Company shall deliver to the Participant one (1) Share (or the value thereof) in settlement of each Restricted Stock Unit granted hereunder that has become earned and vested as provided in Section 3 on the first to occur of the following: (i) on or as soon as practicable following the

date of the Administrator Certification (but in no event later than 2½ months after the Vesting Date); (ii) in the event of a termination of employment or service due to death, as soon as practicable following the Participant's termination of employment or service by reason of death; or (iii) in the event of a Qualifying CIC Termination, within thirty (30) days following the effective date of the Participant's Qualifying CIC Termination, in each case (A) in Company Common Stock by either, (x) issuing one or more certificates evidencing the Company Common Stock to the Participant or (y) registering the issuance of the Company Common Stock in the name of the Participant through a book entry credit in the records of the Company's transfer agent, or (B) in the event of settlement upon a Change in Control, a cash payment equal to the Change in Control Price, multiplied by the number of vested Restricted Stock Units. No fractional Shares shall be issued in settlement of the Restricted Stock Units. Fractional Shares shall be rounded up to the nearest whole share; provided, that the Participant may not vest in more than the maximum number of Restricted Stock Units specified in the Grant Notice.

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

5. Securities Law Compliance. Notwithstanding any other provision of this Agreement, the Participant may not sell the Shares acquired upon vesting of the Restricted Stock Units unless such Shares are registered under 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 Law and regulations governing the Shares, and the Participant may not sell the Shares if the Company determines that such sale would not be in material compliance with such laws and regulations.

6. 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 Shares underlying the Restricted Stock Units granted hereby unless and until such Shares are issued to the Participant in respect thereof.

(c) Dividend Equivalents. If the Company declares a cash dividend on the Company Common Stock, then the Participant shall be credited with Dividend Equivalents in the form of a right to a cash payment equal to (i) the amount of the dividend declared and paid for each Share, multiplied by (ii) (x) the number of Restricted Stock Units earned by the Participant as determined by the Administrator pursuant to Section 4(a) or (y) in the case of a termination of employment or service by reason of Death or a Qualifying CIC Termination, the number of Restricted Stock Units equal to the Target Award (as

specified on Exhibit A attached hereto). Any Dividend Equivalents shall be subject to the same forfeiture restrictions as the Restricted Stock Units to which they are attributable and shall be paid on the same date the Restricted Stock Units to which they are attributable are settled in accordance with Section 4 hereof. Dividend Equivalents credited to a Participant's account shall be distributed in cash or, at the discretion of the Administrator, in Shares having a Fair Market Value equal to the amount of the Dividend Equivalents, if any.

7. Participant's Representations, Warranties and Covenants.

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

(b) Compliance with Rule 144. If any Shares issued in respect of the Restricted Stock Units are to be disposed of in accordance with Rule 144 of the Securities Act, 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 Securities and Exchange 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 or other Service Provider of the Company, the Employer or a Subsidiary.

8. Adjustment in Capitalization. Subject to Section 14.1 of the Plan, the number and kind of Shares subject to any outstanding Restricted Stock Units, or the other terms and conditions of any such Restricted Stock Units, shall be adjusted by the Administrator to reflect any stock dividend, stock split or share combination or any recapitalization, business combination, merger, consolidation, spin-off, exchange of shares, liquidation or dissolution of the Company or other similar transaction affecting the Company Common Stock in such manner as it determines in its sole discretion.

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

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

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

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

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

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

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

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

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

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

(j) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units or recoupment of any gains earned or accrued due to the sale of Shares acquired in settlement of such Restricted Stock Units resulting from, but not limited to, the (1) termination of the Participant's employment or service (regardless of the reason for the termination and whether or not the termination is later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any) and/or (2) application of any Applicable Law or regulations, or any recoupment policy or any recovery or clawback policy maintained by the Company or otherwise required by Applicable Law; and

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

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

12. Miscellaneous.

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

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

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

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

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

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

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

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

- (h) Amendment. This Agreement may not be amended, modified or supplemented orally, but only by a written instrument executed by the Participant and the Company.
- (i) Assignability. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by the Company or the Participant without the prior written consent of the other party, provided that the Company may assign all or any portion of its rights or obligations under this Agreement to one or more Persons or other entities designated by it.
- (j) Severability; Blue Pencil. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.
- (k) Consent to Electronic Delivery. By entering into this Agreement and accepting the Restricted Stock Units evidenced hereby, Participant hereby consents to the delivery of information (including, without limitation, information required to be delivered to the Participant pursuant to applicable securities laws) regarding the Company and the Subsidiaries, the Plan, this Agreement and the Restricted Stock Units via the Company's website, the Fidelity NetBenefits website or any other online access system of the Company's third-party Plan administrator, email or other form of electronic delivery.
- (l) Section 409A of the Code. This Agreement is intended to be administered in a manner consistent with the requirements, where applicable, of Section 409A of the Code and the regulations promulgated thereunder ("Section 409A"). Where reasonably practicable, the Agreement shall be administered in a manner to avoid the imposition on the Participant of immediate tax recognition and additional taxes pursuant to Section 409A. In addition, to the extent permissible under Section 409A, any series of installment payments under this Agreement shall be treated as a right to a series of separate payments. Notwithstanding the foregoing, the Company shall not have any liability to any Person in the event Section 409A applies to any payment hereunder in a manner that results in adverse tax consequences to the Participant or any of the Participant's beneficiaries.
- (m) Specified Employee Delay. Subject to Section 14.13 of the Plan, if the Participant is deemed a "specified employee" within the meaning of Section 409A, as determined by the Administrator, at a time when the Participant becomes eligible for settlement of the Restricted Stock Units upon his or her "separation from service" within the meaning of Section 409A, then to the extent necessary to comply with, and avoid the imposition on the Participant of any accelerated or additional tax, under Section 409A, such settlement will be delayed until the earlier of (a) the six (6)-month anniversary of the Participant's termination of service and (b) the Participant's death. Notwithstanding anything to the contrary in this Agreement, if settlement is to occur upon a termination of service other than due to death or Disability and the Participant is a specified employee, to the extent necessary to comply with, and avoid imposition on the Participant of any additional tax or interest imposed under, Section 409A, settlement shall instead occur on the first business day following the six (6)-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 ninety (90) days thereafter).
- (n) Headings and Captions. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.
- (o) Notices. All notices under this Agreement shall be (i) delivered by hand, (ii) sent by commercial overnight courier service, (iii) sent by registered or certified mail, return receipt requested, and first-class postage prepaid, (iv) sent by e-mail or any other form of electronic transfer or delivery



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

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

**Performance Restricted Stock Unit Agreement**  
**2023 EQUITY INCENTIVE PLAN OF**  
**BOOZ ALLEN HAMILTON HOLDING CORPORATION**  
**PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT**  
**GRANT NOTICE**

Unless otherwise defined herein, the terms defined in the 2023 Equity Incentive Plan (the "Plan") of Booz Allen Hamilton Holding Corporation (the "Company") shall have the same defined meanings in this Performance Restricted Stock Unit Agreement, which includes the terms in this Grant Notice, including Exhibit A attached hereto (the "Grant Notice"), and Appendix A attached hereto, and any special terms and conditions set forth in Appendix B attached hereto with respect to your country of employment and/or residence (collectively, the "Agreement").

You, #ParticipantName+C# (the "Participant"), have been granted #QuantityGranted+C# target performance-based restricted stock units on #GrantDate+C# (the "Grant Date"), in each case as set forth on the Fidelity NetBenefits system at [www.netbenefits.com](http://www.netbenefits.com) (the "Restricted Stock Units"), subject to the terms and conditions of the Plan and this Agreement, including but not limited to the vesting schedule and the satisfaction of the performance goals for the applicable performance period as set forth on Exhibit A to this Agreement, as delivered and made available to you by the Company, which shall be deemed part of and incorporated by reference into this Grant Notice.

Your acceptance of this grant indicates your agreement and understanding that the Restricted Stock Units granted herein are subject to the terms and conditions contained in the Agreement and the Plan. **ACCORDINGLY, PLEASE BE SURE TO READ THE PLAN AND THE AGREEMENT, EACH OF WHICH CONTAINS THE SPECIFIC TERMS AND CONDITIONS OF THE RESTRICTED STOCK UNITS.** In order to view the grant details and to accept this grant, please go to Fidelity NetBenefits at [www.netbenefits.com](http://www.netbenefits.com) and follow the instructions regarding this grant.

## APPENDIX A TO PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

1. Grant of Restricted Stock Units. Subject to the terms, conditions, and restrictions set forth in the Plan and this Agreement (including the Grant Notice and any special terms and conditions applicable to the Participant's country set forth in Appendix B to this Agreement), the Company hereby evidences and confirms its grant to the Participant, effective as of the Grant Date, of the Restricted Stock Units specified in the Grant Notice. Each Restricted Stock Unit represents the right to receive a number of Shares (which could be less than or greater than one Share), subject to the terms and conditions set forth in the Plan and this Agreement (including Exhibit A and Appendix B). Except as otherwise provided in Section 3 below, the number of Restricted Stock Units that the Participant shall actually earn for the Performance Period (up to the maximum specified in the Grant Notice) will be determined by the Administrator based on the level of achievement of the performance goals specified in Exhibit A attached hereto (the "Performance Goals"). The Participant hereby agrees that, except as required or permitted by Applicable Law, the Participant will not disclose to any Person other than the Participant's spouse and/or tax or financial advisor (if any) the grant of the Restricted Stock Units or any of the terms or provisions hereof without prior approval from the Administrator.

2. Restricted Stock Units Subject to Plan. This Agreement is subordinate to, and the terms and conditions of the Restricted Stock Units granted hereunder are subject to, the terms and conditions of the Plan, which are incorporated by reference herein. If there is any inconsistency between the terms hereof and the terms of the Plan, the terms of the Plan shall govern. Any capitalized terms used herein without definition shall have the meanings set forth in the Plan.

3. Vesting of Restricted Stock Units.

(a) Vesting. For purposes of this Agreement, the term "Performance Period" shall mean the period set forth in Exhibit A. Except as otherwise provided in this Section 3, the Restricted Stock Units shall become vested as of the vesting date specified in Exhibit A (the "Vesting Date"), subject to the continued employment or service of the Participant with the Company or any Subsidiary thereof through the Vesting Date, and to the achievement of the Performance Goals set forth in Exhibit A for the Performance Period as determined by the Administrator pursuant to Section 4(a) of this Agreement. Restricted Stock Units that do not vest in accordance with this Section 3 shall be forfeited.

(b) Termination of Employment or Service.

(i) Termination Due to Death. If a Participant's employment or service terminates due to the Participant's death prior to the Vesting Date, all unvested Restricted Stock Units shall vest on the effective date of such termination of employment or service at Target Award levels (as specified on Exhibit A attached hereto). Vested Restricted Stock Units shall be settled as set forth in Section 4.

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

or service for purposes of calculating the *pro rata* amount. Vested Restricted Stock Units shall be settled as set forth in Section 4 of this Agreement.

(iii) 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 twenty-four (24) 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 to the Participant 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 Company Common Stock issued in settlement of any Restricted Stock Units.

(iv) Termination for Any Other Reason. If a Participant's employment or service terminates for any reason other than death, Disability, or by the Company or Employer for Cause, all unvested Restricted Stock Units shall immediately be forfeited and canceled, effective as of the date of the Participant's termination of service.

(c) Change in Control. In the event of a Change in Control prior to the Vesting Date, notwithstanding anything in Article XIII of the Plan to the contrary, an amount of Restricted Stock Units equal to the Target Award (as specified on Exhibit A attached hereto) shall remain outstanding and shall vest on the Vesting Date, subject to the continued employment or service of the Participant with the Company, the Employer or any other Subsidiary through such date, but without regard to achievement of any Performance Goals; provided, that, if the Participant's employment or service is terminated by the Company or the Employer without Cause or by the Participant for Good Reason (each, a "Qualifying CIC Termination") within two (2) years following the effective date of the Change in Control, such outstanding Restricted Stock Units shall vest as of the date of such Qualifying CIC Termination. Vested Restricted Stock Units shall be settled as set forth in Section 4 of this Agreement.

(d) Other Forfeiture Provisions. Subject to Section 11.4 of the Plan, the Restricted Stock Units (including any gains earned or accrued due to the sale of Company Common Stock issued in settlement of such Restricted Stock Units) shall also be forfeited and subject to disgorgement and/or repayment to the Company (i) in the event the Participant (x) engages in or fails to prevent, as applicable, any financial or other misconduct (including but not limited to engaging in Competitive Activity (but excluding, only if the Participant is located in California, clause (a) of the definition of Competitive Activity contained in the Plan)) or (y) materially violates any restrictive covenant agreement (or any other agreement containing restrictive covenants) that the Participant has entered into with the Company, (ii) as required by Applicable Law or regulations or (iii) as otherwise provided in Section 11.4 of the Plan or generally applicable Company policies as to forfeiture, disgorgement and recoupment of Awards, including but not limited to any clawback policy adopted to comply with Section 303A.14 of the New York Stock Exchange Listed Company Manual.

(e) Administrator Discretion. Notwithstanding anything contained in this Agreement to the contrary, subject to Article XII of the Plan, the Administrator, in its sole discretion, may waive forfeiture provisions or accelerate the vesting with respect to any Restricted Stock Units under this Agreement, at such times and upon such terms and conditions as the Administrator shall determine; provided, however, that such waiver or acceleration of vesting shall not change the settlement date of the Restricted Stock Units provided in Section 4 of this Agreement.

(f) Post-Termination Informational Requirements. Before the settlement of any Restricted Stock Units following termination of employment or service, the Administrator may require the Participant (or the Participant's Eligible Representative, if applicable) to make such representations and provide such documents as the Administrator deems necessary or advisable to effect compliance with Applicable Law and determine whether Section 3(b)(iii) or 3(d) of this Agreement apply. Such representations and documents may include tax returns and all other relevant information and records from which the Administrator can determine the current or former employment status of the Participant during the Performance Period. Notwithstanding anything in this Agreement to the contrary, the settlement of the Restricted Stock Units may be withheld until information deemed sufficient by the Administrator is delivered to it, and any unvested Restricted Stock Units shall be forfeited if the requested information is not provided in sufficient detail to the Administrator before the earlier of (i) ninety (90) calendar days after the issuance of a request from the Administrator for such information and (ii) December 31 of the calendar year in which the Vesting Date occurs.

4. Administrator Certification; Settlement of Restricted Stock Units.

(a) Certification. As soon as practicable following completion of the Performance Period, the Administrator will review and determine (i) whether, and to what extent, the Performance Goals for the Performance Period have been achieved, in whole or in part, and (ii) the number of Restricted Stock Units that the Participant shall earn, if any, subject to compliance with the requirements of Section 3 (the "Administrator Certification"). All determinations of whether the Performance Goals have been achieved, the number of Restricted Stock Units earned by the Participant, and all other matters related to this Section 4(a) shall be made by the Administrator in its sole discretion and shall be final, conclusive and binding on the Participant.

(b) Settlement of Restricted Stock Units. Subject to Section 3(f), Section 4(a) and Section 9 of this Agreement, the Company shall deliver to the Participant one (1) Share (or the value thereof) in settlement of each Restricted Stock Unit granted hereunder that has become earned and vested as provided in Section 3 on the first to occur of the following: (i) on or as soon as practicable following the date of the Administrator Certification (but in no event later than 2½ months after the Vesting Date); (ii) in the event of a termination of employment or service due to death, as soon as practicable following the Participant's termination of employment or service by reason of death; or (iii) in the event of a Qualifying CIC Termination, within thirty (30) days following the effective date of the Participant's Qualifying CIC Termination, in each case (A) in Company Common Stock by either, (x) issuing one or more certificates evidencing the Company Common Stock to the Participant or (y) registering the issuance of the Company Common Stock in the name of the Participant through a book entry credit in the records of the Company's transfer agent, or (B) in the event of settlement upon a Change in Control, a cash payment equal to the Change in Control Price, multiplied by the number of vested Restricted Stock Units. No fractional Shares shall be issued in settlement of the Restricted Stock Units. Fractional Shares shall be rounded up to the nearest whole share; provided, that the Participant may not vest in more than the maximum number of Restricted Stock Units specified in the Grant Notice.

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

5. Securities Law Compliance. Notwithstanding any other provision of this Agreement, the Participant may not sell the Shares acquired upon vesting of the Restricted Stock Units unless such Shares are registered under 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 Law and regulations governing the Shares, and the Participant may not sell the Shares if the Company determines that such sale would not be in material compliance with such laws and regulations.

6. 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 Shares underlying the Restricted Stock Units granted hereby unless and until such Shares are issued to the Participant in respect thereof.

(c) Dividend Equivalents. If the Company declares a cash dividend on the Company Common Stock, then the Participant shall be credited with Dividend Equivalents in the form of a right to a cash payment equal to (i) the amount of the dividend declared and paid for each Share, multiplied by (ii) (x) the number of Restricted Stock Units earned by the Participant as determined by the Administrator pursuant to Section 4(a) or (y) in the case of a termination of employment or service by reason of Death or a Qualifying CIC Termination, the number of Restricted Stock Units equal to the Target Award (as specified on Exhibit A attached hereto). Any Dividend Equivalents shall be subject to the same forfeiture restrictions as the Restricted Stock Units to which they are attributable and shall be paid on the same date the Restricted Stock Units to which they are attributable are settled in accordance with Section 4 hereof. Dividend Equivalents credited to a Participant's account shall be distributed in cash or, at the discretion of the Administrator, in Shares having a Fair Market Value equal to the amount of the Dividend Equivalents, if any.

7. Participant's Representations, Warranties and Covenants.

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

(b) Compliance with Rule 144. If any Shares issued in respect of the Restricted Stock Units are to be disposed of in accordance with Rule 144 of the Securities Act, 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 Securities and Exchange 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 or other Service Provider of the Company, the Employer or a Subsidiary.

8. Adjustment in Capitalization. Subject to Section 14.1 of the Plan, the number and kind of Shares subject to any outstanding Restricted Stock Units, or the other terms and conditions of any such Restricted Stock Units, shall be adjusted by the Administrator to reflect any stock dividend, stock split or share combination or any recapitalization, business combination, merger, consolidation, spin-off, exchange of shares, liquidation or dissolution of the Company or other similar transaction affecting the Company Common Stock in such manner as it determines in its sole discretion.

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

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

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

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

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

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be terminated, suspended or amended by the Company at any time, to the extent permitted by the Plan;
- (b) the grant of the Restricted Stock Units is voluntary and does not create any contractual or other right to receive future Restricted Stock Units or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;
- (c) all decisions with respect to future Restricted Stock Units or other grants, if any, will be at the sole discretion of the Administrator;
- (d) the grant of the Restricted Stock Units and the Participant's participation in the Plan shall not create a right to employment or service or be interpreted as forming an employment or service contract with the Company, the Employer or any other Subsidiary and shall not interfere with the ability of the Company, the Employer or any other Subsidiary to terminate the Participant's employment or service relationship (if any);
- (e) the Participant is voluntarily participating in the Plan;
- (f) the Restricted Stock Units and any Shares acquired pursuant to such Restricted Stock Units, and the income from and value of the same, are not intended to replace any pension rights or compensation;
- (g) the Restricted Stock Units and any Shares acquired pursuant to such Restricted Stock Units, and the income from and value of the same, are extraordinary items that do not constitute compensation of any kind for services of any kind rendered to the Company, the Employer or any other Subsidiary, and which are outside the scope of the Participant's employment or service and the Participant's employment or service agreement, if any;
- (h) the Restricted Stock Units and any Shares acquired pursuant to such Restricted Stock Units, and the income from and value of the same, are not part of normal or expected compensation or salary for any purpose, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension or retirement or welfare benefits or similar mandatory payments;
- (i) the future value of the Shares underlying the Restricted Stock Units is unknown, indeterminable and cannot be predicted with certainty and the value of such Shares may increase or decrease in the future;
- (j) no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units or recoupment of any gains earned or accrued due to the sale of Shares acquired in settlement of such Restricted Stock Units resulting from, but not limited to, the (1) termination of the



Participant's employment or service (regardless of the reason for the termination and whether or not the termination is later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment or service agreement, if any) and/or (2) application of any Applicable Law or regulations, or any recoupment policy or any recovery or clawback policy maintained by the Company or otherwise required by Applicable Law; and

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

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

12. Miscellaneous.

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

(b) No Advice Regarding Grant. The Participant acknowledges that neither the Company nor the Employer are providing any tax, legal or financial advice, or making any recommendations regarding the Participant's participation in the Plan. The Participant should consult his or her own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

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

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

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

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

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

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

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

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

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

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

(m) Specified Employee Delay. Subject to Section 14.13 of the Plan, if the Participant is deemed a “specified employee” within the meaning of Section 409A, as determined by the Administrator, at a time when the Participant becomes eligible for settlement of the Restricted Stock Units upon his or her “separation from service” within the meaning of Section 409A, then to the extent necessary to comply with, and avoid the imposition on the Participant of any accelerated or additional tax, under Section 409A, such settlement will be delayed until the earlier of (a) the six (6)-month anniversary of the Participant’s termination of service and (b) the Participant’s death. Notwithstanding anything to the contrary in this Agreement, if settlement is to occur upon a termination of service other than due to death or Disability and the Participant is a specified employee, to the extent necessary to comply with, and avoid imposition on the Participant of any additional tax or interest imposed under, Section 409A, settlement shall instead occur on the first business day following the six (6)-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 ninety (90) days thereafter).

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

(o) Notices. All notices under this Agreement shall be (i) delivered by hand, (ii) sent by commercial overnight courier service, (iii) sent by registered or certified mail, return receipt requested, and first-class postage prepaid, (iv) sent by e-mail or any other form of electronic transfer or delivery approved by the Administrator, or (v) faxed, in each case to the parties at their respective addresses and facsimile numbers set forth in the records of the Company or at such other address or facsimile number as may be designated in a notice by either party to the other.

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

## Insider Trading

### SPONSORING ORGANIZATION: Legal, Ethics & Compliance

---

#### PURPOSE

Insider trading generally refers to buying or selling securities while in possession of material nonpublic information or providing material nonpublic information to another person who uses that information to buy or sell securities. Booz Allen is committed to conducting business with integrity and in compliance with the law, including insider trading laws.

#### SCOPE

This policy applies to all employees, officers, directors, and affiliates of Booz Allen and its subsidiaries (referred to as "Booz Allen people"). Unless otherwise noted, references to "Booz Allen" refers to Booz Allen Hamilton Holding Corporation ("Booz Allen Holding") and its subsidiaries.

#### POLICY

##### Prohibited Activities

The following activities are prohibited:

- Directly or indirectly buying, selling or gifting securities of Booz Allen while in possession of material nonpublic information concerning the firm or its securities, except in the limited circumstances described below. This prohibition remains even after your employment with Booz Allen ends.
- Providing material nonpublic information about Booz Allen to another person.
- Buying or selling the securities of another company while in possession of material nonpublic information about that company.
- Providing material nonpublic information about another company to another person.
- Pledging Booz Allen securities as collateral for a loan (including a mortgage)
- Holding Booz Allen securities in a brokerage account that allows borrowing against the securities (commonly known as a margin account).
- Borrowing Booz Allen securities and then selling them (to profit from a decline in value) or using non-traditional financial vehicles (such as publicly traded options, puts, calls, or other derivative securities) relating to Booz Allen's securities.
- Hedging transactions that allow a person to continue to own the applicable Booz Allen security, but without the full risks and rewards of ownership.
- Immediate family members and other persons living in your households engaging in any of the above transactions.

##### What is material nonpublic information?

Information is **material** if it would be likely to affect a company's stock price or if it would be important to a reasonable investor in making a decision about whether to buy, hold or sell that company's securities. Either positive or negative information may be material. Note also that material information may also include information about another company that you obtained in the course of your employment by, or relationship with, Booz Allen.

Information is generally **not public** unless it has been disclosed in a press release, in a public filing (such as a report filed on Form 10-K, Form 10-Q or Form 8-K) made with the U.S. Securities and Exchange Commission, in materials provided to stockholders broadly (such as an annual report, investor letter, prospectus or proxy statement), or is available through a news wire service or daily newspaper of wide circulation, and a sufficient amount of time has

passed (generally at least two full business days) so that the marketplace has had an opportunity to digest the information.

If you are unsure whether information about Booz Allen is either material or nonpublic, contact the Booz Allen Holding Corporate Secretary at [ethics@bah.com](mailto:ethics@bah.com).

#### **Additional Restrictions on Designated Insiders**

##### Who is a "Designated Insider?"

Employees of Booz Allen who are identified as likely to have access to material nonpublic information in connection with carrying out their duties will be designated as Booz Allen "designated insiders." Examples of designated insiders are members of the Booz Allen Holding board of directors, all Booz Allen partners and vice presidents and their executive assistants, all chiefs of staff, all employees of the Legal, Ethics & Compliance Department and Financial Services, and all senior associates and principals (and for certain departments, staff below senior associate level) in Enterprise Organizations. However, employees of a Booz Allen subsidiary who do not have access to Booz Allen's systems are generally not considered "designated insiders."

##### Restrictions Applicable to Designated Insiders on Buying and Selling Booz Allen Securities

In addition to the general rule against buying and selling Booz Allen securities while in possession of material nonpublic information, designated insiders, as well as entities controlled by them (and their immediate family members and other individuals sharing their households) are prohibited from buying, selling or gifting Booz Allen securities during a "blackout period." Blackout periods are:

- The period beginning 15 days prior to the end of each fiscal quarter and ending on the third full business day following the release of Booz Allen's quarterly or annual earnings results.
- The period beginning when Booz Allen starts assembling information for purposes of issuing interim earnings guidance and other potentially material information by way of press release, SEC filing on Form 8-K or other means designed to achieve widespread dissemination and ending when the information has been released and fully absorbed into the market.
- Other periods which designated insiders will be specifically advised by email from the Corporate Secretary.

If you would like to buy or sell Booz Allen securities and you are unsure whether you are in a blackout period, contact the Booz Allen Holding Corporate Secretary at [ethics@bah.com](mailto:ethics@bah.com).

#### **Additional Restrictions on and Requirements for the Leadership Team and Members of Booz Allen's Board of Directors**

The Booz Allen Hamilton Inc. Leadership Team and members of the Booz Allen Holding Board of Directors may not buy or sell securities of Booz Allen or engage in any other transaction involving securities of Booz Allen, including gifts of securities, without first obtaining approval from the Chief Legal Officer. After receiving approval, the transaction must be completed within five business days unless such period is extended by the Corporate Secretary. If you have a 10b5-1 plan approved by the Chief Legal Officer (see Buying and Selling Booz Allen Securities Pursuant to a Rule 10b5-1 Plan, below) that specifies the dates, prices and amounts of the planned trades, then you do not need further approval for those trades, but you must report those trades to the Chief Legal Officer or the Chief Legal Officer's designee the same day.

In addition, the Booz Allen Hamilton Inc. Leadership Team and members of the Booz Allen Holding Board of Directors may not under any circumstances buy and then within six months sell, or sell and then within six months buy, Booz Allen's securities.

#### **Exceptions to Prohibitions in this Policy**

The general prohibitions on insider trading (see Prohibited Activities, above) and additional restrictions applicable to designated insiders (see Additional Restrictions on Designated Insiders, above) do not apply in the following situations:

- The exercise of an employee stock option (but **do** apply to the sale of the underlying stock).
- The exercise of a tax withholding right pursuant to which you elect to have Booz Allen withhold shares subject to an option to satisfy tax withholding requirements.
- Stock purchases pursuant to Booz Allen's Employee Stock Purchase Plan.
- Buying or selling Booz Allen securities (including during a blackout period applicable to designated insiders) pursuant to a Rule 10b5-1 plan that: (A) is in writing and in a form acceptable to Booz Allen; (B) is approved in writing by the Chief Legal Officer prior to the plan being entered into; (C) contains terms and conditions as are required by Rule 10b5-1 (including the cooling-off periods and certifications required by Rule 10b5-1(c)); (D) is entered into and operated in compliance with Rule 10b5-1; and (E) is **not** entered into during a blackout period, at any time when you are in possession of material nonpublic information. You are required to obtain approval from Booz Allen's Chief Legal Officer before terminating a Rule 10b5-1 plan other than in accordance with its terms.

---

## POINTS OF CONTACT

General questions regarding this policy can be directed to the Booz Allen Holding Corporate Secretary at [ethics@bah.com](mailto:ethics@bah.com).

---

## REPORTING CONCERNS

We expect Booz Allen people to comply with our policies and [Code of Ethics and Business Conduct](#) (or, for employees of EverWatch Corporation ("EverWatch"), the applicable code of ethics). As outlined in the [Mandatory Reporting and Non-Retaliation Policy](#), if you observe or have reasonable suspicion that a Booz Allen policy or the Code has been violated, you have a responsibility as a condition of your employment to promptly report your concerns via one of our official firm reporting channels:

- Your Job Leader or Career Manager (or, in the case of employees of EverWatch, your leadership)
- An [Ethics Advisor](#)
- [Employee Relations](#)
- The firm's [Legal, Ethics & Compliance Team](#)
- The [Chief Ethics and Compliance Officer](#)
- Our Ethics HelpLine at +1-800-501-8755 (US) or +1-888-475-0009 (International) or [speakup.bah.com](https://speakup.bah.com). Concerns may be raised anonymously.

We take all allegations of misconduct seriously, investigate them promptly, and strictly prohibit retaliation against any person who raises a good faith ethical or legal concern.

**List of Subsidiaries of Booz Allen Hamilton Holding Corporation**

<b>Name</b>	<b>Jurisdiction of Organization</b>
Booz Allen Commercial Cyber (SG), Pte. Ltd.	Singapore
Booz Allen Commercial Cyber (UK), Ltd.	United Kingdom
Booz Allen Commercial Cyber Holdings, LLC	Delaware
Booz Allen Commercial Cyber, LLC	Delaware
Booz Allen Cyber Solutions, LLC	Delaware
Booz Allen Hamilton (Dubai) Limited	Dubai, UAE
Booz Allen Hamilton (Ireland) Limited	Ireland
Booz Allen Hamilton Consulting Pte. Ltd.	Singapore
Booz Allen Hamilton Egypt, LLC	Egypt
Booz Allen Hamilton Engineering Holding Co., LLC	Delaware
Booz Allen Hamilton Engineering Services, LLC	Delaware
Booz Allen Hamilton Germany GmbH	Germany
Booz Allen Hamilton Inc.	Delaware
Booz Allen Hamilton Intellectual Property Holdings, LLC	Delaware
Booz Allen Hamilton International (U.K.) Ltd.	United Kingdom
Booz Allen Hamilton International Pte. Ltd.	Singapore
Booz Allen Hamilton International, Inc.	Delaware
Booz Allen Hamilton Investor Corporation	Delaware
Booz Allen Hamilton Lebanon S.a.r.l.	Lebanon
Booz Allen Hamilton Netherlands B.V.	Netherlands
Booz Allen Hamilton Philippines Inc.	Philippines
Booz Allen Hamilton Saudi	Saudi Arabia
Booz Allen Hamilton Singapore Holding Company Pte. Ltd.	Singapore
Booz Allen Hamilton Singapore LLP	Singapore
Booz Allen Hamilton Tanzania Limited	Tanzania
Booz Allen Ventures, LLC	Delaware
PT Booz Allen Hamilton Indonesia	Indonesia
Analysis, Computing & Engineering Solutions, Inc.	Maryland
Aquilent, Inc.	Delaware
BrainTrust Holdings, LLC	Maryland
Cloud Solutions Group, Inc.	Delaware
DataPoint Services, LLC	Delaware
eGov Holdings, Inc.	Delaware
Epic Acquisition Software, Inc.	Delaware
Epidemico, Inc.	Delaware
EverWatch Corp.	Delaware
HELworks, LLC	Delaware
Ian, Evan & Alexander Corporation	Colorado
Liberty IT Solutions, LLC	Delaware
Morphick, Inc.	Delaware

Nextgen-H Integration Services, LLC		Delaware	
Northwood Global Solutions, LLC		Virginia	
RAI Government Services LLC		Virginia	
Riverside Engineering, LLC		Delaware	
Shore Systems and Solutions, LLC		Delaware	
Threatology, Inc.		Delaware	
ThunderYard Liberty JV LLC		Delaware	
Thunderyard Liberty JV II LLC		Delaware	
ThunderYard Solutions LLC		Delaware	
Tracepoint Holdings, LLC		Delaware	
Tracepoint LLC		Delaware	
Warrior Technology LLC		Delaware	
Sagewatch, LLC		Delaware	
EagleTrust JV, LLC		Maryland	
InTrust JV, LLC		Maryland	
Modzy, Inc.		Delaware	



**List of Guarantors and Subsidiary Issuers of Guaranteed Securities**

<b>Registered Senior Notes</b>	<b>Registered Senior Notes Issued Under</b>	<b>Issuer</b>	<b>Guarantor</b>
5.950% Senior Notes due 2033	Indenture dated August 4, 2023	Booz Allen Hamilton Inc.	Booz Allen Hamilton Holding Corporation

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

- Form S-3 (No. 333-273531) pertaining to the registration of certain securities of Booz Allen Hamilton Holding Corporation and Booz Allen Hamilton Inc.,
- Form S-8 (No 333-205956) pertaining to the Second Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation,
- Post-Effective Amendment No. 1 to the Registration Statement (Form S-8 No. 333-205956) pertaining to the Third Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation and the 2023 Equity Incentive Plan of Booz Allen Hamilton Holding Corporation,
- Form S-8 (No 333-171288) 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, and
- Post-Effective Amendment No. 1 to the Registration Statement (Form S-8 No. 333-171288) pertaining to the Third Amended and Restated Equity Incentive Plan of Booz Allen Hamilton Holding Corporation and the 2023 Equity Incentive Plan of Booz Allen Hamilton Holding Corporation;

of our reports dated May 24, 2024, 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, 2024.

/s/ Ernst & Young LLP

Tysons, Virginia  
May 24, 2024

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

I, Horacio D. Rozanski, certify that:

1. I have reviewed this 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 24, 2024

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

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

I, Matthew A. Calderone, 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 24, 2024

By: /s/ Matthew A. Calderone  
Matthew A. Calderone  
Executive Vice President and Chief Financial Officer (Principal Financial Officer)

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

In connection with the report on Form 10-K of Booz Allen Hamilton Holding Corporation (the "Company") for the fiscal year ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned President and Chief Executive Officer of the Company certifies, to the best of his knowledge and belief pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: May 24, 2024

By: /s/ Horacio D. Rozanski

Horacio D. Rozanski  
President and Chief Executive Officer  
(Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Booz Allen Hamilton Holding Corporation and will be retained by Booz Allen Hamilton Holding Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**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, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Executive Vice President and Chief Financial Officer 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 24, 2024

By: /s/ Matthew A. Calderone

Matthew A. Calderone  
Executive Vice President and Chief Financial Officer (Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Booz Allen Hamilton Holding Corporation and will be retained by Booz Allen Hamilton Holding Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

## **BOOZ ALLEN HAMILTON HOLDING CORPORATION**

### **RULE 10D-1 CLAWBACK POLICY**

The Board of Directors (the “**Board**”) of Booz Allen Hamilton Holding Corporation, a Delaware corporation (the “**Company**”) believes that it is in the best interests of the Company and its stockholders to adopt this Rule 10D-1 Clawback Policy (the “**Policy**”), which provides for the recovery of certain incentive compensation in the event of an Accounting Restatement (as defined below). This Policy is designed to comply with, and shall be interpreted consistent with, Section 10D of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), Rule 10D-1 promulgated under the Exchange Act (“**Rule 10D-1**”) and Section 303A.14 of the New York Stock Exchange Listed Company Manual (the “**Listing Standards**”).

#### **1. Administration**

Except as specifically set forth herein, this Policy shall be administered by the Board or, if so designated by the Board, a committee thereof (the Board or such committee charged with administration of this Policy, the “**Administrator**”). The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. Any determinations made by the Administrator shall be final and binding on all affected individuals and need not be uniform with respect to each individual covered by the Policy. In the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board as may be necessary or appropriate as to matters within the scope of such other committee’s responsibility and authority. Subject to any limitation at applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

#### **2. Definitions**

As used in this Policy, the following definitions shall apply:

- “**Accounting Restatement**” means an accounting restatement of the Company’s financial statements due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.
- “**Administrator**” has the meaning set forth in Section 1 hereof.
- “**Applicable Period**” means the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company’s fiscal year)

within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year). The “**date on which the Company is required to prepare an Accounting Restatement**” is the earlier to occur of (a) the date the Board concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (b) the date a court, regulator, or other legally authorized body directs the Company to prepare an Accounting Restatement, in each case regardless of if or when the restated financial statements are filed.

- “**Covered Executives**” means the Company’s current and former executive officers, as determined by the Administrator in accordance with the definition of executive officer set forth in Rule 10D-1 and the Listing Standards.
- “**Erroneously Awarded Compensation**” has the meaning set forth in Section 5 of this Policy.
- A “**Financial Reporting Measure**” is any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measure that is derived wholly or in part from such measure. Financial Reporting Measures include but are not limited to the following (and any measures derived from the following): Company stock price; total shareholder return (“**TSR**”); revenues; net income; operating income; profitability of one or more reportable segments; financial ratios (e.g., accounts receivable turnover and inventory turnover rates); earnings before interest, taxes, depreciation and amortization (“**EBITDA**”); funds from operations and adjusted funds from operations; liquidity measures (e.g., working capital, operating cash flow); return measures (e.g., return on invested capital, return on assets); earnings measures (e.g., earnings per share); sales per square foot or same store sales, where sales is subject to an Accounting Restatement; revenue per user, or average revenue per user, where revenue is subject to an Accounting Restatement; cost per employee, where cost is subject to an Accounting Restatement; any of such financial reporting measures relative to a peer group, where the Company’s financial reporting measure is subject to an Accounting Restatement; and tax basis income. A Financial Reporting Measure need not be presented within the Company’s financial statements or included in a filing with the Securities Exchange Commission.
- “**Incentive-Based Compensation**” means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation is “**received**” for purposes of this Policy in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.



**3. Covered Executives; Incentive-Based Compensation**

This Policy applies to Incentive-Based Compensation received by a Covered Executive (a) after beginning services as a Covered Executive; (b) if that person served as a Covered Executive at any time during the performance period for such Incentive-Based Compensation; and (c) while the Company had a listed class of securities on a national securities exchange.

**4. Required Recoupment of Erroneously Awarded Compensation in the Event of an Accounting Restatement**

In the event the Company is required to prepare an Accounting Restatement, the Company shall promptly recoup the amount of any Erroneously Awarded Compensation received by any Covered Executive, as calculated pursuant to Section 5 hereof, during the Applicable Period.

**5. Erroneously Awarded Compensation: Amount Subject to Recovery**

The amount of “**Erroneously Awarded Compensation**” subject to recovery under the Policy, as determined by the Administrator, is the amount of Incentive-Based Compensation received by the Covered Executive that exceeds the amount of Incentive-Based Compensation that would have been received by the Covered Executive had it been determined based on the restated amounts.

Erroneously Awarded Compensation shall be computed by the Administrator without regard to any taxes paid by the Covered Executive in respect of the Erroneously Awarded Compensation.

By way of example, with respect to any compensation plans or programs that take into account Incentive-Based Compensation, the amount of Erroneously Awarded Compensation subject to recovery hereunder includes, but is not limited to, the amount contributed to any notional account based on Erroneously Awarded Compensation and any earnings accrued to date on that notional amount.

For Incentive-Based Compensation based on stock price or TSR: (a) the Administrator shall determine the amount of Erroneously Awarded Compensation based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received; and (b) the Company shall maintain documentation of the determination of that reasonable estimate and provide such documentation to the NYSE.

**6. Method of Recoupment**

The Administrator shall determine, in its sole discretion, the timing and method for promptly recouping Erroneously Awarded Compensation hereunder, which may include without limitation (a) seeking reimbursement of all or part of any cash or equity-based award, (b) cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid,

(c) canceling or offsetting against any planned future cash or equity-based awards, (d) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder, and (e) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Administrator may affect recovery under this Policy from any amount otherwise payable to the Covered Executive, including amounts payable to such individual under any otherwise applicable Company plan or program, including base salary, bonuses or commissions and compensation previously deferred by the Covered Executive.

The Company is authorized and directed pursuant to this Policy to recoup Erroneously Awarded Compensation in compliance with this Policy unless the Compensation, Culture and People Committee of the Board has determined that recovery would be impracticable solely for the following limited reasons, and subject to the following procedural and disclosure requirements:

- The direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement, the Administrator must make a reasonable attempt to recover such erroneously awarded compensation, document such reasonable attempt(s) to recover, and provide that documentation to the NYSE;
- Recovery would violate home country law of the issuer where that law was adopted prior to November 28, 2022. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law of the issuer, the Administrator must satisfy the applicable opinion and disclosure requirements of Rule 10D-1 and the Listing Standards; or
- Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

**7. No Indemnification of Covered Executives**

Notwithstanding the terms of any indemnification or insurance policy or any contractual arrangement with any Covered Executive that may be interpreted to the contrary, the Company shall not indemnify any Covered Executives against the loss of any Erroneously Awarded Compensation, including any payment or reimbursement for the cost of third-party insurance purchased by any Covered Executives to fund potential clawback obligations under this Policy.

**8. Administrator Indemnification**

Any members of the Administrator, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action,

determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

**9. Effective Date; Retroactive Application**

This Policy shall be effective as of October 2, 2023 (the “**Effective Date**”). The terms of this Policy shall apply to any Incentive-Based Compensation that is received by Covered Executives on or after the Effective Date, even if such Incentive-Based Compensation was approved, awarded, granted or paid to Covered Executives prior to the Effective Date. Without limiting the generality of Section 6 hereof, and subject to applicable law, the Administrator may affect recovery under this Policy from any amount of compensation approved, awarded, granted, payable or paid to the Covered Executive prior to, on or after the Effective Date.

**10. Amendment; Termination**

The Board may amend, modify, supplement, rescind or replace all or any portion of this Policy at any time and from time to time in its discretion, and shall amend this Policy as it deems necessary to comply with applicable law or any rules or standards adopted by a national securities exchange on which the Company’s securities are listed.

**11. Other Recoupment Rights; Company Claims**

The Board intends that this Policy shall be applied to the fullest extent of the law. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company under applicable law or pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

Nothing contained in this Policy, and no recoupment or recovery as contemplated by this Policy, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Executive arising out of or resulting from any actions or omissions by the Covered Executive.

**12. Successors**

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

**13. Exhibit Filing Requirement**

A copy of this Policy and any amendments thereto shall be posted on the Company’s website and filed as an exhibit to the Company’s annual report on Form 10-K.