Booz | Allen | Hamilton

February 9, 2011

Booz Allen Hamilton Announces Preliminary Third Quarter Fiscal 2011 Results

Revenue increased 10.1 percent, to $1.4 billion Adjusted EBITDA increased 23.1 percent, to $106 million Adjusted Diluted Earnings per Share increased by 10 cents, to 27 cents per share Total backlog increased 21.4 percent, to $11 billion

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McLean, Virginia – Booz Allen Hamilton Holding Corporation (NYSE:BAH), the parent company of consulting firm Booz Allen Hamilton Inc., today announced preliminary results for the third quarter of fiscal 2011 with double-digit revenue growth and significant earnings growth over the prior year period. Booz Allen also reported strong backlog of $11 billion as of December 31, 2010. These are its first reported financial results as a public company. Booz Allen's fiscal year runs from April 1 to March 31, with the third quarter of fiscal 2011 ending December 31, 2010.

Revenue for the third quarter of fiscal 2011 was $1.39 billion, compared with $1.26 billion in the prior year period, an increase of 10.1 percent. Booz Allen continues to grow revenue organically across all markets.

Net Income increased to $24 million from $1 million in the prior year period and Adjusted Net Income increased to $35 million compared to $21 million in the prior year period. Diluted Earnings per Share (EPS) and Adjusted Diluted EPS for the third quarter of fiscal 2011 were $0.18 and $0.27, respectively, up from $0.01 and $0.17 in the prior year period.

Ralph W. Shrader, Booz Allen's Chairman, Chief Executive Officer, and President, said, "We are off to a strong start as a public company, achieving double-digit revenue growth with improved margins. We grew the top and bottom line in the third quarter from the first two quarters of fiscal 2011 and compared to the prior year period."

"We also grew our backlog to $11 billion as of December 31, 2010. This demonstrates the continued strong client demand for Booz Allen's services and our long-standing ability to win new work and recompetes in a highly-competitive marketplace. Booz Allen's services grew across all major markets – defense, intelligence, and civil – with the highest growth coming in areas related to cybersecurity, health, and consulting services for civil government agencies."

Financial Review
Booz Allen's 10.1 percent increase in revenue over the prior year period was a result of winning new contracts in all markets while retaining and growing our existing contract base. This enabled the deployment of additional consulting staff and an increase in billable expenses.

Operating Income increased to $75 million from $41 million and Adjusted Operating Income increased to $92 million from $68 million in the prior year period. The increase in Adjusted Operating Income was primarily driven by a decrease in our accrual of fiscal year 2011 incentive compensation costs, higher revenue, and increased profitability as a result of a shift in our contract mix away from Cost-Reimbursable and Time-and-Materials contracts to Fixed-Price contracts.

Net Income increased to $24 million from $1 million in the prior year period and Adjusted Net Income increased to $35 million from $21 million in the prior year period. Adjusted EBITDA increased 23.1 percent to $106 million in the third quarter of fiscal year 2011 compared with $86 million in the prior year period, primarily as a result of the growth of Net Income. Diluted EPS increased to $0.18 per share from $0.01 per share, including an $0.08 per share benefit related to the reversal of tax reserves during the quarter. Adjusted Diluted EPS increased to $0.27 per share from $0.17 per share in the third quarter of fiscal 2011 compared with the prior year period.

Net cash provided by operating activities for the nine months ended December 31, 2010 was $281 million compared to $219 million in the prior year period. Free Cash Flow, defined as cash flow from operating activities net of investments in property and equipment, was $219 million for the nine months ended December 31, 2010, compared to $184 million in the prior year period.

Funded backlog as of December 31, 2010 was $2.7 billion, a 14.9 percent increase over funded backlog as of December 31, 2009. Total backlog as of December 31, 2010 was $11 billion, a 21.4 percent increase, over total backlog as of December 31, 2009.

Financial Outlook
For the full fiscal year 2011, Booz Allen forecasts its year-over-year revenue increase to be between 9.1 percent and 9.5 percent ($5,590 million to $5,610 million), with Diluted EPS in the range of $0.53 to $0.57 per share, and Adjusted Diluted EPS in the range of $1.09 to $1.13 per share. As a result of the recently completed refinancing of its credit facilities and use of cash on hand, Booz Allen has less total debt outstanding at lower interest rates. Booz Allen expects the resulting annual reduction in interest expense to positively affect earnings in fiscal 2012 and beyond by $35 million after tax, assuming current interest rates. However, costs incurred in connection with the refinancing, estimated at $23 million after tax, will be reflected in Booz Allen's results of operations for the fourth quarter of fiscal 2011 which will reduce Net Income for the current fiscal year.

Although the business environment for government contractors continues to be challenging, Booz Allen currently forecasts revenue growth and margin improvements to continue, with top-line growth in fiscal year 2012 in the high single-digits to low double-digit percentages, Diluted EPS in the range of $1.26 to $1.36 per share, and Adjusted Diluted EPS on the order of $1.45 to $1.55 per share, benefitting from reduced interest expense generated by debt paydowns and the debt refinancing announced on February 4, 2011. These EPS estimates are based on fiscal year 2012 estimated average diluted shares outstanding of 143.8 million shares.

Conference Call Information
Booz Allen will host a conference call at 8:00 a.m. EST on Wednesday, February 9, 2011, to discuss the financial results for its third quarter of fiscal 2011. Analysts and institutional investors may participate on the call by dialing 888-713-4205 (international 617-213-4862) and entering passcode 31370031. The conference call will be webcast simultaneously to the public through a link on the investor relations section of the Booz Allen Hamilton web site at www.boozallen.com. A replay of the conference call will be available online at www.boozallen.com beginning at 11:00 a.m. EST on February 9, 2011, and continuing until March 9, 2011. The replay will also be available by telephone at 888-286-8010 (international 617-801-6888) with the passcode 51078600.

About Booz Allen Hamilton
Booz Allen Hamilton is a leading provider of management and technology consulting services to the U.S. government in the defense, intelligence, and civil markets. Booz Allen Hamilton is headquartered in McLean, Virginia, employs more than 25,000 people, and had revenue of approximately $5 billion in its latest fiscal year.

Non-GAAP Financial Information
"Adjusted Operating Income" represents Operating Income before (i) certain stock option-based and other equity-based compensation expenses, (ii) the impact of the application of purchase accounting, (iii) adjustments related to the amortization of intangible assets. Booz Allen prepares Adjusted Operating Income 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 EBITDA" represents net income before income taxes, net interest and other expense and depreciation and amortization and before certain other items, including: (i) certain stock option-based and other equity-based compensation expenses, (ii) transaction costs, fees, losses, and expenses, (iii) the impact of the application of purchase accounting and (iv) any extraordinary, unusual or non-recurring items. Booz Allen prepares Adjusted EBITDA to eliminate the impact of items it does not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary or non-recurring nature or because they result from an event of a similar nature.

"Adjusted Net Income" represents net income before: (i) certain stock option-based and other equity-based compensation expenses, (ii) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments, (iii) the impact of the application of purchase accounting, (iv) adjustments related to the amortization of intangible assets, (v) amortization or write-off of debt issuance costs and write-off of original issue discount, or OID, and (vi) any extraordinary, unusual or non-recurring items, in each case net of the tax effect calculated using an assumed effective tax rate. Booz Allen prepares Adjusted Net Income to eliminate the impact of items, net of tax, 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 Diluted EPS" represents Diluted EPS calculated using Adjusted Net Income as opposed to Net Income.

Booz Allen utilizes and/or discusses in this release Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted EPS because management uses these measures for business planning purposes. Booz Allen views Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted EPS as measures of the core operating business, which exclude the impact of the items detailed in the supplemental exhibits, as these items are generally not operational in nature. These supplemental performance 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. Booz Allen also utilizes and discusses Free Cash Flow, as defined above, in this release because management uses this measure for business planning purposes, to measure the cash generating ability of the operating business after the impact of cash used to purchase property and equipment, and to measure liquidity generally. Booz Allen presents these supplemental performance measures because it believes that these measures provide investors and securities analysts with important supplemental information with which to evaluate Booz Allen's performance, long term earnings potential and to enable them to assess Booz Allen's 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 Booz Allen's industry. Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted EPS are not recognized measurements under GAAP and when analyzing Booz Allen's performance, investors should (i) evaluate each adjustment in our reconciliation of Operating and Net Income to Adjusted Operating Income, Adjusted EBITDA and Adjusted Net Income, and the explanatory footnotes regarding those adjustments, and (ii) use Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, and Adjusted Diluted EPS in addition to, and not as an alternative to Operating Income, Net Income or Diluted EPS as a measure of operating results, each as defined under GAAP. Exhibit 5 includes a reconciliation of Adjusted Operating Income, Adjusted EBITDA, Adjusted Net Income, Adjusted Diluted EPS, and Free Cash Flow to the most directly comparable financial measure calculated and presented in accordance with GAAP.

No reconciliation of the forecasted range for Adjusted Diluted EPS to Diluted EPS for fiscal 2012 is included in this release because we are unable to quantify certain amounts that would be required to be included in the GAAP measure without unreasonable efforts and we believe such reconciliations would imply a degree of precision that would be confusing or misleading to investors.

Forward Looking Statements

Certain statements contained in this press release and in related comments by our management include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include information concerning Booz Allen's preliminary financial results, financial outlook and guidance, including forecasted revenue, Diluted EPS, and Adjusted Diluted EPS, as well as any other statement that does not directly relate to any historical or current fact. 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; changes in U.S. government spending and mission priorities that shift expenditures away from agencies or programs that we support; the size of our addressable markets and the amount of U.S. government spending on private contractors; cost cutting initiatives and other efforts to reduce U.S. government spending, which could reduce or delay funding for orders for services; 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; failure to comply with numerous laws and regulations; our ability to compete effectively in the competitive bidding process and delays caused by competitors' protests of major contract awards received by us; the loss of GSA schedules or our position as prime contractor on GWACs; changes in the mix of our contracts and our ability to accurately estimate or otherwise recover expenses, time and resources for our contracts; our ability to generate revenue under certain of our contracts; our ability to realize the full value of our backlog and the timing of our receipt of revenue under contracts included in backlog; changes in estimates used in recognizing revenue; any inability to attract, train or retain employees with the requisite skills, experience and security clearances; an inability to hire, assimilate and deploy enough employees to serve our clients under existing contracts; an inability to effectively and timely utilize our employees and professionals; failure by us or our employees to obtain and maintain necessary security clearances; the loss of members of senior management or failure to develop new leaders; misconduct or other improper activities from our employees or subcontractors; increased competition from other companies in our industry; failure to maintain strong relationships with other contractors; inherent uncertainties and potential adverse developments in legal proceedings, including litigation, audits, reviews and investigations, which may result in materially adverse judgments, settlements or other unfavorable outcomes; internal system or service failures and security breaches; risks related to our indebtedness and credit facilities which contain financial and operating covenants; the adoption by the U.S. government of new laws, rules and regulations, such as those relating to organizational conflicts of interest issues; an inability to utilize existing or future tax benefits, including those related to our NOLs and stock-based compensation expense, for any reason, including a change in law; and variable purchasing patterns under U.S. government GSA schedules, blanket purchase agreements and ID/IQ contracts. Additional information concerning these and other factors can be found in our filings with the Securities and Exchange Commission, including the prospectus, dated November 16, 2010, relating to the Company's initial public offering.

All forward-looking statements attributable to the company or persons acting on the company's behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made and, except as required by law, the company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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Exhibits: