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

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2020

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

For the transition period from to

Commission File No. 001-34972

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

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

(703) 902-5000
Registrant's telephone number, including area code
(Former name, former address, and former fiscal year if changed since last report.)

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

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

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

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

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

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer		Smaller Reporting Company	☐
		Emerging Growth Company	☐

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

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

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

	Shares Outstanding as of January 26, 2021
Class A Common Stock	137,706,170

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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BOOZ ALLEN HAMILTON HOLDING CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2020	March 31, 2020
	(Unaudited)	
	(Amounts in thousands, except share and per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,341,301	$ 741,901
Accounts receivable, net of allowance	1,420,705	1,459,471
Prepaid expenses and other current assets	59,360	126,816
Total current assets	2,821,366	2,328,188
Property and equipment, net of accumulated depreciation	196,063	208,077
Operating lease right-of-use assets	245,009	240,122
Intangible assets, net of accumulated amortization	304,147	300,987
Goodwill	1,581,160	1,581,160
Other long-term assets	220,439	135,432
Total assets	$ 5,368,184	$ 4,793,966
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 77,865	$ 177,865
Accounts payable and other accrued expenses	826,834	698,011
Accrued compensation and benefits	414,475	348,775
Operating lease liabilities	51,768	49,021
Other current liabilities	50,019	54,006
Total current liabilities	1,420,961	1,327,678
Long-term debt, net of current portion	2,297,142	2,007,979
Operating lease liabilities, net of current portion	270,620	270,266
Other long-term liabilities	306,196	331,687
Total liabilities	4,294,919	3,937,610
Commitments and contingencies (Note 18)		
Stockholders’ equity:		
Common stock, Class A — $0.01 par value — authorized, 600,000,000 shares; issued, 162,243,173 shares at December 31, 2020 and 161,333,973 shares at March 31, 2020; outstanding, 137,865,312 shares at December 31, 2020 and 138,719,921 shares at March 31, 2020	1,622	1,613
Treasury stock, at cost — 24,377,861 shares at December 31, 2020 and 22,614,052 shares at March 31, 2020	(1,030,713)	(898,095)
Additional paid-in capital	532,757	468,027
Retained earnings	1,609,551	1,330,812
Accumulated other comprehensive loss	(39,952)	(46,001)
Total stockholders’ equity	1,073,265	856,356
Total liabilities and stockholders’ equity	$ 5,368,184	$ 4,793,966

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

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
	(Amounts in thousands, except per share data)		(Amounts in thousands, except per share data)	
Revenue	$ 1,904,020	$ 1,849,441	$ 5,879,658	$ 5,494,194
Operating costs and expenses:				
Cost of revenue	866,771	813,500	2,758,270	2,498,096
Billable expenses	577,059	600,522	1,729,788	1,691,543
General and administrative expenses	254,820	245,719	745,375	724,121
Depreciation and amortization	21,113	20,655	62,860	60,308
Total operating costs and expenses	1,719,763	1,680,396	5,296,293	4,974,068
Operating income	184,257	169,045	583,365	520,126
Interest expense	(20,878)	(24,231)	(60,900)	(75,281)
Other (expense) income, net	2,604	1,909	(10,266)	5,885
Income before income taxes	165,983	146,723	512,199	450,730
Income tax expense	21,612	34,697	102,418	106,993
Net income	$ 144,371	$ 112,026	$ 409,781	$ 343,737
Earnings per common share (Note 4):				
Basic	$ 1.04	$ 0.79	$ 2.95	$ 2.44
Diluted	$ 1.03	$ 0.79	$ 2.93	$ 2.42

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

BOOZ ALLEN HAMILTON HOLDING CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
	(Amounts in thousands)		(Amounts in thousands)	
Net income	$ 144,371	$ 112,026	$ 409,781	$ 343,737
Other comprehensive income (loss), net of tax:				
Change in unrealized gain (loss) on derivatives designated as cash flow hedges	3,758	4,945	5,983	(15,034)
Change in postretirement plan costs	22	17	66	67
Total other comprehensive income (loss), net of tax	3,780	4,962	6,049	(14,967)
Comprehensive income	$ 148,151	$ 116,988	$ 415,830	$ 328,770

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

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

	Nine Months Ended December 31,	
	2020	2019
	(Amounts in thousands)	
Cash flows from operating activities		
Net income	$ 409,781	$ 343,737
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	62,860	60,308
Noncash lease expense	40,861	41,846
Stock-based compensation expense	40,972	26,796
Amortization of debt issuance costs	3,302	3,632
Loss on debt extinguishment	13,239	1,451
Losses (gains) on dispositions, and other	(3,479)	1,160
Changes in assets and liabilities:		
Accounts receivable, net of allowance	38,270	(97,452)
Deferred income taxes and income taxes receivable / payable	36,902	(751)
Prepaid expenses and other current assets	(318)	(14,597)
Other long-term assets	(3,338)	(60)
Accrued compensation and benefits	76,658	1,203
Accounts payable and other accrued expenses	125,887	21,849
Other current liabilities	(3,252)	9,053
Operating lease liabilities	(42,647)	(35,420)
Other long-term liabilities	3,261	3,704
Net cash provided by operating activities	798,959	366,459
Cash flows from investing activities		
Purchases of property, equipment, and software	(54,033)	(90,712)
Payment for minority investment in entity	(72,152)	—
Proceeds from sales of assets, net of payment	3,330	—
Net cash used in investing activities	(122,855)	(90,712)
Cash flows from financing activities		
Proceeds from issuance of common stock	13,948	10,843
Stock option exercises	10,193	7,440
Repurchases of common stock	(143,354)	(37,199)
Cash dividends paid	(129,862)	(102,943)
Debt extinguishment costs	(8,971)	—
Repayment of debt	(508,399)	(57,456)
Proceeds from debt issuance	691,496	397,892
Payment of deferred payment obligation	—	(80,000)
Other financing activities	(1,755)	(1,493)
Net cash provided by (used in) financing activities	(76,704)	137,084
Net increase in cash and cash equivalents	599,400	412,831
Cash and cash equivalents—beginning of period	741,901	283,990
Cash and cash equivalents—end of period	$ 1,341,301	$ 696,821
Supplemental disclosures of cash flow information		
Net cash paid during the period for:		
Interest	$ 39,737	$ 69,627
Income taxes	$ 69,374	$ 107,149
Supplemental disclosures of non-cash investing and financing activities		
Noncash financing activities	$ 178	$ 4,501

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

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

(Amounts in thousands, except share data)	Class A Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at September 30, 2020	162,079,334	$ 1,621	(24,054,733)	$(1,003,650)	$509,512	$ 1,508,206	$ (43,732)	$ 971,957
Issuance of common stock	35,460	—	—	—	4,262	—	—	4,262
Stock options exercised	128,379	1	—	—	3,700	—	—	3,701
Repurchase of common stock	—	—	(323,128)	(27,063)	–	—	—	(27,063)
Recognition of liability related to future restricted stock units vesting	—	—	—	—	(58)	—	—	(58)
Net income	—	—	—	—	—	144,371	—	144,371
Other comprehensive income (loss), net of tax	—	—	—	—	–	—	3,780	3,780
Dividends paid of $0.31 per share of common stock	—	—	—	—	–	(43,026)	—	(43,026)
Stock-based compensation expense	—	—	—	—	15,341	—	—	15,341
Balance at December 31, 2020	162,243,173	$ 1,622	(24,377,861)	$(1,030,713)	$532,757	$ 1,609,551	$ (39,952)	$1,073,265
Balance at March 31, 2020	161,333,973	$ 1,613	(22,614,052)	$ (898,095)	$468,027	$ 1,330,812	$ (46,001)	$ 856,356
Topic 326 adoption impact	—	—	—	—	—	(1,180)	—	(1,180)
Issuance of common stock	478,798	5	—	—	13,349	—	—	13,354
Stock options exercised	430,402	4	—	—	10,189	—	—	10,193
Repurchase of common stock (1)	—	—	(1,763,809)	(132,618)	—	—	—	(132,618)
Recognition of liability related to future restricted stock units vesting	—	—	—	—	222	—	—	222
Net income	—	—	—	—	—	409,781	—	409,781
Other comprehensive income (loss), net of tax	—	—	—	—	—		6,049	6,049
Dividends paid of $0.93 per share of common stock	—	—	—	—	—	(129,862)	—	(129,862)
Stock-based compensation expense	—	—	—	—	40,970	—	—	40,970
Balance at December 31, 2020	162,243,173	$ 1,622	(24,377,861)	$(1,030,713)	$532,757	$ 1,609,551	$ (39,952)	$1,073,265

(1) During the nine months ended December 31, 2020, the Company purchased 1.6 million shares of the Company's Class A Common Stock in a series of open market transactions for $123.4 million. Additionally, the Company repurchased shares during the nine months ended December 31, 2020 to cover the minimum statutory withholding taxes on restricted stock units that vested on various dates during the period.

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

(Amounts in thousands, except share data)	Class A Common Stock		Treasury Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at September 30, 2019	160,400,357	$ 1,604	(20,026,907)	$ (719,793)	$427,817	$ 1,161,674	$ (31,119)	$ 840,183
Issuance of common stock	59,549	—	—	—	3,794	—	—	3,794
Stock options exercised	198,875	2	—	—	3,751	—	—	3,753
Repurchase of common stock	—	—	(313,828)	(22,542)	—	—	—	(22,542)
Recognition of liability related to future restricted stock units vesting	—	—	—	—	(32)	—	—	(32)
Net income	—	—	—	—	—	112,026	—	112,026
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	4,962	4,962
Dividends paid of $0.27 per share of common stock	—	—	—	—	—	(38,095)	—	(38,095)
Stock-based compensation expense	—	—	—	—	10,988	—	—	10,988
Balance at December 31, 2019	160,658,781	$ 1,606	(20,340,735)	$ (742,335)	$446,318	$ 1,235,605	$ (26,157)	$ 915,037
Balance at March 31, 2019	159,924,825	$ 1,599	(19,896,972)	$ (711,450)	$401,596	$ 994,811	$ (11,190)	$ 675,366
Issuance of common stock	305,782	3	—	—	10,840	—	—	10,843
Stock options exercised	428,174	4	—	—	7,436	—	—	7,440
Repurchase of common stock (2)	—	—	(443,763)	(30,885)	—	—	—	(30,885)
Recognition of liability related to future restricted stock units vesting	—	—	—	—	(350)	—	—	(350)
Net income	—	—	—	—	—	343,737	—	343,737
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	(14,967)	(14,967)
Dividends paid of $0.73 per share of common stock	—	—	—	—	—	(102,943)	—	(102,943)
Stock-based compensation expense	—	—	—	—	26,796	—	—	26,796
Balance at December 31, 2019	160,658,781	$ 1,606	(20,340,735)	$ (742,335)	$446,318	$ 1,235,605	$ (26,157)	$ 915,037

(2) During the nine months ended December 31, 2019, the Company purchased 0.4 million shares of the Company's Class A Common Stock in a series of open market transactions for $28.4 million. Additionally, the Company repurchased shares during the nine months ended December 31, 2019 to cover the minimum statutory withholding taxes on restricted stock units that vested on various dates during the period.

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

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

1. BUSINESS OVERVIEW

Booz Allen Hamilton Holding Corporation, including its wholly owned subsidiaries, or the Company, we, us, and our, was incorporated in Delaware in May 2008. The Company provides management and technology consulting, analytics, engineering, digital solutions, mission operations, and cyber services to U.S. and international governments, major corporations, and not-for-profit organizations. The Company reports operating results and financial data in one reportable segment. The Company is headquartered in McLean, Virginia, with approximately 27,600 employees as of December 31, 2020.

2. BASIS OF PRESENTATION

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

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

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

Accounting Estimates

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

Recently Adopted Accounting Standards

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

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

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

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This guidance contains optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other areas or transactions that are impacted by reference rate reform. The Company elected to adopt Topic 848 in fiscal 2020 and as of December 31, 2020, the Company has elected to apply the hedge accounting expedients related to probability and the assessments of effectiveness for future LIBOR-indexed cash flows to assume that the index upon which future hedged transactions will be based matches the index on the corresponding derivatives. Application of these expedients preserves the Company's ability to apply hedge accounting to our derivative financial instruments. The Company continues to evaluate the impact of the guidance and may apply other elections, as applicable and as allowed by Topic 848.

In August 2020, the SEC issued Release No. 33-10825, *Modernization of Regulation S-K Items 101, 103 and 105*, with the intent of improving the readability of filed documents and simplifying registrants' compliance efforts. This amendment became effective on November 9, 2020. The Company's adoption did not have any impact on the condensed consolidated financial statements but is expected to impact fiscal 2021 Form 10-K disclosures.

Recent Accounting Pronouncements Not Yet Adopted

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

Other accounting and reporting pronouncements effective after December 31, 2020 and issued through the filing date are not expected to have a material impact on the Company's condensed consolidated financial statements.

3. REVENUE

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

Contract Estimates

Many of our contracts recognize revenue under a contract cost-based input method and require an Estimate-at-Completion (EAC) process, which management uses to review and monitor the progress towards the completion of our performance obligations. Under this process, management considers various inputs and assumptions related to the EAC, including, but not limited to, progress towards completion, labor costs and productivity, material and subcontractor costs, and identified risks. Estimating the total cost at completion of performance obligations is subjective and requires management to make assumptions about future activity and cost drivers under the contract. Changes in these estimates can occur for a variety of reasons and, if significant, may impact the profitability of the Company's contracts. Changes in estimates related to contracts accounted for under the EAC process are recognized on a cumulative catch-up basis in the period when such changes are determinable and reasonably estimable. If the estimate of contract profitability indicates an anticipated loss on a contract, the Company recognizes the total loss at the time it is identified. For each of the three and nine months ended December 31, 2020 and 2019, the aggregate impact of adjustments in contract estimates was not material.

Disaggregation of Revenue

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

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

Revenue by Contract Type:

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

- Cost-Reimbursable Contracts: Cost-reimbursable contracts provide for the payment of allowable costs incurred during performance of the contract, up to a ceiling based on the amount that has been funded, plus a fixed fee or award fee.
- Time-and-Materials Contracts: Under contracts in this category, we are paid a fixed hourly rate for each direct labor hour expended, and we are reimbursed for billable material costs and billable out-of-pocket expenses inclusive of allocable indirect costs. We assume the financial risk on time-and-materials contracts because our costs of performance may exceed negotiated hourly rates.
- Fixed-Price Contracts: Under a fixed-price contract, we agree to perform the specified work for a predetermined price. To the extent our actual direct and allocated indirect costs decrease or increase from the estimates upon which the price was negotiated, we will generate more or less profit, respectively, or could incur a loss.

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

	Three Months Ended December 31,				Nine Months Ended December 31,			
	2020		2019		2020		2019	
Cost-reimbursable	$ 1,086,679	57 %	$ 1,052,313	57 %	$ 3,317,228	56 %	$ 3,104,961	57 %
Time-and-materials	462,206	24 %	428,081	23 %	1,469,415	25 %	1,272,281	23 %
Fixed-price	355,135	19 %	369,047	20 %	1,093,015	19 %	1,116,952	20 %
Total Revenue	$ 1,904,020	100 %	$ 1,849,441	100 %	$ 5,879,658	100 %	$ 5,494,194	100 %

Revenue by Customer Type:

	Three Months Ended December 31,				Nine Months Ended December 31,			
	2020		2019		2020		2019	
U.S. government:								
Defense Clients	$ 961,277	50 %	$ 904,389	49 %	$ 2,892,953	49 %	$ 2,608,595	48 %
Intelligence Clients	373,403	20 %	383,422	21 %	1,176,617	20 %	1,207,709	22 %
Civil Clients	520,021	27 %	485,506	26 %	1,648,157	28 %	1,488,551	27 %
Total U.S. government	1,854,701	97 %	1,773,317	96 %	5,717,727	97 %	5,304,855	97 %
Global Commercial Clients	49,319	3 %	76,124	4 %	161,931	3 %	189,339	3 %
Total Revenue	$ 1,904,020	100 %	$ 1,849,441	100 %	$ 5,879,658	100 %	$ 5,494,194	100 %

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

	Three Months Ended December 31,				Nine Months Ended December 31,			
	2020		2019		2020		2019	
Prime Contractor	$ 1,777,878	93 %	$ 1,714,705	93 %	$ 5,462,260	93 %	$ 5,064,657	92 %
Sub-contractor	126,142	7 %	134,736	7 %	417,398	7 %	429,537	8 %
Total Revenue	$ 1,904,020	100 %	$ 1,849,441	100 %	$ 5,879,658	100 %	$ 5,494,194	100 %

Performance Obligations

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

As of December 31, 2020 and March 31, 2020, the Company had $7.5 billion and $6.3 billion, respectively, of remaining performance obligations and we expect to recognize more than half of the remaining performance obligations at December 31, 2020 as revenue over the next 12 months, and approximately three quarters over the next 24 months. The remainder is expected to be recognized thereafter.

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

Contract Balances

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

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

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

	Balance Sheet line item	December 31, 2020	March 31, 2020
Contract assets:			
Current	Accounts receivable, net of allowance	968,283	988,634
Long-term	Other long-term assets	63,855	62,600
Total		$ 1,032,138	$ 1,051,234
Contract liabilities:			
Advance payments, billings in excess of costs incurred and deferred revenue	Other current liabilities	$ 23,157	$ 26,018

Changes in contract assets and contract liabilities are primarily due to the timing difference between the Company's performance of services and payments from customers. For the three months ended December 31, 2020 and 2019, we recognized revenue of $1.7 million and $36 thousand, respectively, and for the nine months ended December 31, 2020 and December 31, 2019, we recognized revenue of $23.7 million and $18.5 million, respectively, related to our contract liabilities on April 1, 2020 and 2019, respectively. To determine revenue recognized from contract liabilities during the reporting periods, the Company allocates revenue to individual contract liability balances and applies revenue recognized during the reporting periods first to the beginning balances of contract liabilities until the revenue exceeds the balances.

4. EARNINGS PER SHARE

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

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

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
Earnings for basic computations (1)	$ 143,488	$ 111,435	$ 407,454	$ 341,922
Weighted-average common shares outstanding for basic computations	137,879,820	140,297,795	137,971,114	140,183,418
Earnings for diluted computations (1)	$ 143,492	$ 111,438	$ 407,465	$ 341,932
Dilutive stock options and restricted stock	1,006,299	1,260,632	961,011	1,165,217
Weighted-average common shares outstanding for diluted computations	138,886,119	141,558,427	138,932,125	141,348,635
Earnings per common share				
Basic	$ 1.04	$ 0.79	$ 2.95	$ 2.44
Diluted	$ 1.03	$ 0.79	$ 2.93	$ 2.42

(1) During the three months ended December 31, 2020 and 2019, approximately 0.8 million and 0.7 million participating securities, respectively, were paid dividends totaling $0.3 million and $0.2 million, respectively. During the nine months ended December 31, 2020 and 2019, approximately 0.8 million and 0.7 million participating securities, respectively, were paid dividends totaling $0.7 million and $0.5 million, respectively. For the three months ended December 31, 2020 and 2019, there were undistributed earnings of $0.6 million and $0.4 million, respectively, allocated to the participating class of securities in both basic and diluted EPS. For the nine months ended December 31, 2020 and 2019, there were undistributed earnings of $1.6 million and $1.3 million, respectively, allocated to the participating class of securities in both basic and diluted EPS. The allocated undistributed earnings and the dividends paid comprise the difference between net income presented on the condensed consolidated statements of operations and earnings for basic and diluted computations for both the three and nine months ended December 31, 2020 and 2019.

The EPS calculation for the three months ended December 31, 2020 and 2019 excludes 27 thousand and 0.2 million options, respectively, as their impact was anti-dilutive. The EPS calculation for the nine months ended December 31, 2020 and 2019 excludes 29 thousand and 0.2 million options, respectively, as their impact was anti-dilutive.

5. ACCOUNTS RECEIVABLE, NET OF ALLOWANCE

Accounts receivable, net of allowance consisted of the following:

	December 31, 2020	March 31, 2020
Current assets		
Accounts receivable–billed	$ 456,755	$ 474,822
Accounts receivable–unbilled	968,283	988,634
Allowance for doubtful accounts	(4,333)	(3,985)
Accounts receivable, net of allowance	1,420,705	1,459,471
Other long-term assets		
Accounts receivable–unbilled	63,855	62,600
Total accounts receivable, net	$ 1,484,560	$ 1,522,071

Unbilled amounts represent revenues for which billings have not been presented to customers at quarter-end or year-end. These amounts are generally billed and collected within one year subject to various conditions including, without limitation, appropriated and available funding. Long-term unbilled receivables not anticipated to be billed and collected within one year, which are primarily related to retainage, holdbacks, and long-term rate settlements to be billed at contract closeout, are included in other long-term assets in the accompanying condensed consolidated balance sheets. The Company recognized a benefit from release of the provision for doubtful accounts in the amount of $0.03 million and $9.1 million for the three months ended December 31, 2020 and 2019, respectively, and $0.2 million and $6.7 million for the nine months ended December 31, 2020 and December 31, 2019, respectively.

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

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

6. ACCOUNTS PAYABLE AND OTHER ACCRUED EXPENSES

Accounts payable and other accrued expenses consisted of the following:

	December 31, 2020	March 31, 2020
Vendor payables	$ 437,120	$ 432,953
Accrued expenses	389,714	265,058
Total accounts payable and other accrued expenses	$ 826,834	$ 698,011

Accrued expenses consisted primarily of the Company’s provision for claimed indirect costs, which were approximately $248.2 million and $224.6 million as of December 31, 2020 and March 31, 2020, respectively. See Note 18 for further discussion of this provision.

7. ACCRUED COMPENSATION AND BENEFITS

Accrued compensation and benefits consisted of the following:

	December 31, 2020	March 31, 2020
Bonus	$ 82,664	$ 114,359
Retirement	92,872	41,604
Vacation	191,928	159,512
Other	47,011	33,300
Total accrued compensation and benefits	$ 414,475	$ 348,775

8. DEBT

Debt consisted of the following:

	December 31, 2020		March 31, 2020	
	Interest Rate	Outstanding Balance	Interest Rate	Outstanding Balance
Term Loan A	1.65 %	$ 1,308,258	2.49 %	$ 1,363,739
Term Loan B	1.90 %	385,184	2.74 %	388,102
Revolver	— %	—	3.75 %	100,000
Senior Notes	3.88 %	700,000	— %	—
2017 Senior Notes	— %	—	5.13 %	350,000
Less: Unamortized debt issuance costs and discount on debt		(18,435)		(15,997)
Total		2,375,007		2,185,844
Less: Current portion of long-term debt		(77,865)		(177,865)
Long-term debt, net of current portion		$ 2,297,142		$ 2,007,979

Term Loans and Revolving Credit Facility

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

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

As of December 31, 2020, the Credit Agreement provided Booz Allen Hamilton with a $1,308.3 million Term Loan A, a $385.2 million Term Loan B, and a $500.0 million revolving credit facility (the "Revolving Credit Facility") with a sub-limit for letters of credit of $100.0 million (collectively, the "Secured Credit Facility"). As of December 31, 2020, the maturity date of Term Loan A and the termination date for the Revolving Credit Facility was July 23, 2023 and the maturity date of Term Loan B was November 26, 2026. Booz Allen Hamilton’s obligations and the guarantors’ guarantees under the Credit Agreement are secured by a first priority lien on substantially all of the assets (including capital stock of subsidiaries) of Booz Allen Hamilton, Investor, and the subsidiary guarantors, subject to certain exceptions set forth in the Credit Agreement and related documentation. Subject to specified conditions, without the consent of the then-existing lenders (but subject to the receipt of commitments), the Term Loans or the Revolving Credit Facility may be expanded (or a new term loan facility or revolving credit facility added to the existing facilities) by up to (i) the greater of (x) $627 million and (y) 100% of consolidated EBITDA of Booz Allen Hamilton, as of the end of the most recently ended four quarter period for which financial statements have been delivered pursuant to the Credit Agreement plus (ii) the aggregate principal amount under which pro forma consolidated net secured leverage remains less than or equal to 3.50:1.00.

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

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

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

The Credit Agreement contains customary representations and warranties and customary affirmative and negative covenants. The negative covenants include limitations on the following, in each case subject to certain exceptions: (i) indebtedness and liens; (ii) mergers, consolidations or amalgamations, liquidations, wind-ups or dissolutions, and disposition of all or substantially all assets; (iii) dispositions of property; (iv) restricted payments; (v) investments; (vi) transactions with affiliates; (vii) change in fiscal periods; (viii) negative pledges; (ix) restrictive agreements; (x) line of business; and (xi) speculative hedging. The events of default include the following, in each case subject to certain exceptions: (a) failure to make required payments under the Secured Credit Facility; (b) material breaches of representations or warranties under the

Secured Credit Facility; (c) failure to observe covenants or agreements under the Secured Credit Facility; (d) failure to pay or default under certain other material indebtedness; (e) bankruptcy or insolvency; (f) certain Employee Retirement Income Security Act, or ERISA, events; (g) certain material judgments; (h) actual or asserted invalidity of the Guarantee and Collateral Agreements or the other security documents or failure of the guarantees or perfected liens thereunder; and (i) a change of control. In addition, Booz Allen Hamilton is required to meet certain financial covenants at each quarter end, namely Consolidated Net Total Leverage and Consolidated Net Interest Coverage Ratios. As of December 31, 2020 and March 31, 2020, Booz Allen Hamilton was in compliance with all financial covenants associated with its debt and debt-like instruments.

For the three months ended December 31, 2020 and 2019, interest payments of $5.6 million and $12.0 million were made for Term Loan A and $1.9 million and $3.7 million were made for Term Loan B, respectively. For the nine months ended December 31, 2020 and 2019, interest payments of $18.3 million and $39.2 million were made for Term Loan A and $6.0 million and $12.5 million were made for Term Loan B, respectively.

Borrowings under the Term Loans, and if used, the Revolving Credit Facility, incur interest at a variable rate. In accordance with Booz Allen Hamilton's risk management strategy, between April 6, 2017 and April 4, 2019, Booz Allen Hamilton executed a series of interest rate swaps. As of December 31, 2020, Booz Allen Hamilton had interest rate swaps with an aggregate notional amount of $1 billion. These instruments hedge the variability of cash outflows for interest payments on the term loan debts and Revolving Credit Facility. The Company's objectives in using cash flow hedges are to reduce volatility due to interest rate movements and to add stability to interest expense (see Note 9 to our condensed consolidated financial statements).

Senior Notes

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

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

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

2017 Senior Notes

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

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

During the second quarter of fiscal 2021, the Company recorded $13.2 million of loss on debt extinguishment in other (expense) income, net on the Condensed Consolidated Statements of Operations, including $9.0 million of the premium paid at redemption, and write-off of the unamortized debt issuance cost of the 2017 Senior Notes.

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
	(In thousands)		(In thousands)	
Term Loan A Interest Expense	$ 5,582	$ 11,956	$ 18,222	$ 38,990
Term Loan B Interest Expense	1,872	3,719	5,980	12,371
Interest on Revolving Credit Facility	—	—	799	—
Senior Notes Interest Expense	6,782	4,484	16,771	13,453
Deferred Payment Obligation Interest [1]	—	1,718	—	5,740
Amortization of Debt Issuance Cost (DIC) and Original Issue Discount (OID) [2]	1,126	1,174	3,302	3,632
Interest Swap Expense	5,410	1,081	15,215	604
Other	106	99	611	491
Total Interest Expense	$ 20,878	$ 24,231	$ 60,900	$ 75,281

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

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

9. DERIVATIVES

The Company utilizes derivative financial instruments to manage interest rate risk related to its variable rate debt. The Company’s objectives in using these interest rate derivatives, which were designated as cash flow hedges, are to manage its exposure to interest rate movements and reduce volatility of interest expense. The aggregate notional amount of all interest rate swap agreements was $1.0 billion as of December 31, 2020. The swaps have staggered maturities, ranging from June 30, 2021 to June 30, 2025. These swaps mature within the last tranche of the Company's floating rate debt (November 26, 2026).

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

Derivative instruments are recorded in the condensed consolidated balance sheet on a gross basis at estimated fair value. As of December 31, 2020, $18.6 million and $30.0 million were classified as other current liabilities and other long-term liabilities, respectively, on the condensed consolidated balance sheet. As of March 31, 2020, $18.8 million and $37.8 million were classified as other current liabilities, and other long-term liabilities, respectively, on the condensed consolidated balance sheet.

For interest rate swaps designated as cash flow hedges, the changes in the fair value of derivatives is recorded in Accumulated Other Comprehensive Loss, or AOCL, net of taxes, and is subsequently reclassified into interest expense in the period that the hedged forecasted interest payments are made on the Company's variable-rate debt. The effect of derivative instruments on the accompanying condensed consolidated financial statements for the three and nine months ended December 31, 2020 and 2019 is as follows:

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

		Three Months Ended December 31,					
		Amount of Gain or (Loss) Recognized in AOCL on Derivatives		Amount of Gain or (Loss) Reclassified from AOCL into Income		Interest Expense on Condensed Consolidated Statements of Operations	
Derivatives in Cash Flow Hedging Relationships	Location of Gain or Loss Recognized in Income on Derivatives	2020	2019	2020	2019	2020	2019
Interest rate swaps	Interest expense	$ (326)	$ 5,617	$ (5,410)	$ (1,081)	$ (20,878)	$ (24,231)

		Nine Months Ended December 31,					
		Amount of (Loss) or Gain Recognized in AOCL on Derivatives		Amount of (Loss) or Gain Reclassified from AOCL into Income		Interest Expense on Condensed Consolidated Statements of Operations	
Derivatives in Cash Flow Hedging Relationships	Location of Gain or Loss Recognized in Income on Derivatives	2020	2019	2020	2019	2020	2019
Interest rate swaps	Interest expense	$ (7,121)	$ (20,968)	$ (15,215)	$ (604)	$ (60,900)	$ (75,281)

Over the next 12 months, the Company estimates that $18.7 million will be reclassified as an increase to interest expense. Cash flows associated with periodic settlements of interest rate swaps will be classified as operating activities in the condensed consolidated statement of cash flows.

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

10. LEASES

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
Operating lease cost	$ 17,217	$ 18,187	$ 51,558	$ 53,907
Short-term lease cost	388	2,504	3,415	7,254
Variable lease cost	3,063	3,103	9,878	8,681
Total operating lease costs	$ 20,668	$ 23,794	$ 64,851	$ 69,842

Future minimum operating lease payments for noncancelable operating leases as of December 31, 2020 are as follows:

Fiscal Year Ending	Operating Lease Payments
Remainder of 2021	$ 11,327
2022	72,693
2023	71,816
2024	61,143
2025	56,583
Thereafter	96,700
Total future lease payments	370,262
Less: imputed interest	(47,874)
Total lease liabilities	$ 322,388

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

Supplemental cash flow information related to leases was as follows:

	Nine Months Ended December 31,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities	$ 53,264	$ 47,538
Operating lease liabilities arising from obtaining ROU assets [1]	45,748	16,348

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

Other information related to leases was as follows:

	December 31, 2020
Weighted average remaining lease term (in years)	5.56
Weighted average discount rate	4.66 %

11. INCOME TAXES

The Company’s effective income tax rates were 13.0% and 23.6% for the three months ended December 31, 2020 and 2019, respectively, and 20.0% and 23.7% for the nine months ended December 31, 2020 and 2019, respectively. The effective tax rates of 13.0% and 20.0% for the three and nine months ended December 31, 2020, respectively, differ from the federal statutory rate of 21.0% primarily due to the inclusion of state and foreign income taxes and permanent rate differences, which are predominantly related to certain executive compensation, offset by research and development tax credits, state tax credits, excess tax benefits for employee share-based compensation, and the release of reserves for uncertain tax positions.

The Company is currently contesting tax assessments from the District of Columbia Office of Tax and Revenue for fiscal years 2013 through 2015 at various stages of applicable administrative and judicial processes, with a combined amount at issue of approximately $11.7 million, net of associated federal tax benefits as of December 31, 2020. The Company has taken similar tax positions with respect to subsequent fiscal years, with approximately $39.7 million, net of federal tax benefits, of total potential future tax expense that would arise from an adverse final resolution. As of December 31, 2020, the Company does not maintain reserves for any uncertain tax positions related to the contested tax benefits or the similar tax positions taken in the subsequent fiscal years. Given the recoverable nature of the state tax expense, the Company does not believe that the resolution of these matters will have a material adverse effect on its results of operations, cash flows or financial condition.

The Company maintained reserves for uncertain tax positions of $57.5 million and $56.1 million as of December 31, 2020 and March 31, 2020, respectively, which are included in other long-term liabilities in the accompanying condensed consolidated balance sheets. As of December 31, 2020, the Company maintained reserves for uncertain tax positions of $56.7 million relating to research and development tax credits. In the three months ended December 31, 2020, the Company released $10.2 million in reserves for uncertain tax positions related to the acquisition of eGov Holdings, Inc. (d/b/a/ Aquilent), established in the fourth quarter of fiscal 2017, due to the expiration of the statute of limitations.

12. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consisted of the following:

	December 31, 2020	March 31, 2020
Postretirement benefit obligations	127,905	124,375
Other (1)	178,291	207,312
Total other long-term liabilities	$ 306,196	$ 331,687

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

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

13. EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

The Company sponsors the Employees’ Capital Accumulation Plan, or ECAP, which is a qualified defined contribution plan that covers eligible U.S. and certain international employees. ECAP provides for distributions to participants by reason of retirement, death, disability, or termination of employment. The Company provides an annual matching contribution of up to 6% of eligible annual compensation. Total expenses recognized under ECAP were $40.4 million and $36.7 million for the three months ended December 31, 2020 and 2019, respectively, and $121.7 million and $109.8 million for the nine months ended December 31, 2020 and 2019, respectively. The Company-paid contributions were $22.3 million and $20.4 million for the three months ended December 31, 2020 and 2019, respectively, and $70.1 million and $62.4 million for the nine months ended December 31, 2020 and 2019, respectively.

Defined Benefit Plan and Other Postretirement Benefit Plans

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

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
Service cost	$ 1,414	$ 1,238	$ 4,242	$ 3,716
Interest cost	1,059	1,214	3,177	3,644
Total postretirement medical expense	$ 2,473	$ 2,452	$ 7,419	$ 7,360

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

As of December 31, 2020 and March 31, 2020, the unfunded status of the post-retirement medical plan was $123.7 million and $119.6 million, respectively, which is included in other long-term liabilities in the accompanying condensed consolidated balance sheets.

Long-term Disability Benefits

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

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

Deferred Compensation Plan

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

The fair values of plan investments and obligations at December 31, 2020 and March 31, 2020 were $14.2 million and $5.9 million, respectively, and were recorded in other long-term assets and in other long-term liabilities, respectively, in the condensed consolidated balance sheets. Adjustments to the fair value of the plan investments and obligations are recorded in operating expenses.

14. ACCUMULATED OTHER COMPREHENSIVE LOSS

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

	Three Months Ended December 31, 2020			Nine Months Ended December 31, 2020		
	Post-retirement plans	Derivatives designated as cash flow hedges	Totals	Post-retirement plans	Derivatives designated as cash flow hedges	Totals
Beginning of period	$ (4,083)	$ (39,649)	$ (43,732)	$ (4,127)	$ (41,874)	$ (46,001)
Other comprehensive loss before reclassifications (1)	—	(241)	(241)	—	(5,264)	(5,264)
Amounts reclassified from accumulated other comprehensive loss	22	3,999	4,021	66	11,247	11,313
Net current-period other comprehensive income	22	3,758	3,780	66	5,983	6,049
End of period	$ (4,061)	$ (35,891)	$ (39,952)	$ (4,061)	$ (35,891)	$ (39,952)

(1) Changes in other comprehensive income (loss) before reclassification for derivatives designated as cash flow hedges are recorded net of tax benefits of $0.1 million and $1.9 million for the three and nine months ended December 31, 2020, respectively.

	Three Months Ended December 31, 2019			Nine Months Ended December 31, 2019		
	Post-retirement plans	Derivatives designated as cash flow hedges	Totals	Post-retirement plans	Derivatives designated as cash flow hedges	Totals
Beginning of period	$ (9,018)	$ (22,101)	$ (31,119)	$ (9,068)	$ (2,122)	$ (11,190)
Other comprehensive loss before reclassifications (2)	—	4,147	4,147	—	(15,480)	(15,480)
Amounts reclassified from accumulated other comprehensive loss	17	798	815	67	446	513
Net current-period other comprehensive income (loss)	17	4,945	4,962	67	(15,034)	(14,967)
End of period	$ (9,001)	$ (17,156)	$ (26,157)	$ (9,001)	$ (17,156)	$ (26,157)

(2) Changes in other comprehensive loss before reclassification for derivatives designated as cash flow hedges are recorded net of tax expenses of $1.5 million and net of tax benefits of $5.5 million for the three and nine months ended December 31, 2019, respectively.

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

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
Amounts reclassified from accumulated other comprehensive loss:				
Post-retirement plans (Note 13):				
Amortization of net actuarial loss included in net periodic benefit cost	$ 29	$ 22	$ 86	$ 88
Tax (benefit) expense	(7)	(5)	(20)	(21)
Net of tax	$ 22	$ 17	$ 66	$ 67
Derivatives designated as cash flow hedges (Note 9):				
Reclassification of hedge loss (gain)	$ 5,410	$ 1,081	$ 15,215	$ 604
Tax (benefit) expense	(1,411)	(283)	(3,968)	(158)
Net of tax	$ 3,999	$ 798	$ 11,247	$ 446

15. STOCK-BASED COMPENSATION

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
Cost of revenue	$ 5,834	$ 3,018	$ 16,101	$ 7,490
General and administrative expenses	9,507	7,970	24,871	19,306
Total	$ 15,341	$ 10,988	$ 40,972	$ 26,796

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
Equity Incentive Plan Options	$ 792	$ 762	$ 1,921	$ 1,968
Restricted Stock Awards	$ 14,549	10,226	39,051	24,828
Total	$ 15,341	$ 10,988	$ 40,972	$ 26,796

As of December 31, 2020, there was $56.1 million of total unrecognized compensation cost related to unvested stock-based compensation agreements. The unrecognized compensation cost as of December 31, 2020 is expected to be fully amortized over the next 5.0 years. Absent the effect of accelerating stock compensation cost for any departures of employees who may continue to vest in their equity awards, the following table summarizes the unrecognized compensation cost and the weighted-average period the cost is expected to be amortized.

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

	December 31, 2020	
	Unrecognized Compensation Cost	Weighted Average Remaining Period to be Recognized (in years)
Equity Incentive Plan Options	$ 4,230	3.59
Restricted Stock Awards	51,835	1.82
Total	$ 56,065	

Equity Incentive Plan

As of December 31, 2020, there were 1,492,491 EIP options outstanding, of which 750,071 were unvested.

During the three months ended December 31, 2020, the Board of Directors granted 63,840 restricted stock units to certain employees of the Company. The aggregate value of these awards was $5.2 million based on the grant date stock price, which ranged from $79.54 to $87.77.

Employee Stock Purchase Plan

For the quarterly offering period that closed on December 31, 2020, 58,649 Class A Common Stock shares were purchased by employees under the Company's Employee Stock Purchase Plan, or ESPP. Since the program's inception, 2,837,521 shares have been purchased by employees.

16. FAIR VALUE MEASUREMENTS

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

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

	Recurring Fair Value Measurements as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Long-term deferred compensation plan asset (1)	14,202	—	—	14,202
Total Assets	$ 14,202	$ —	$ —	$ 14,202
Liabilities:				
Contingent consideration liability (2)	$ —	$ —	$ 1,223	1,223
Current derivative instruments (3)	—	18,592	—	18,592
Long-term derivative instruments (3)	—	29,963	—	29,963
Long-term deferred compensation plan liability (1)	14,202	—	—	14,202
Total Liabilities	$ 14,202	$ 48,555	$ 1,223	$ 63,980

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

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

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

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

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

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

17. RELATED-PARTY TRANSACTIONS

Two of our directors currently serve on the board of directors of a subcontractor to which the Company subcontracted $21.4 million and $21.5 million of services for the three months ended December 31, 2020 and 2019, respectively, and $66.4 million and $61.3 million for the nine months ended December 31, 2020 and 2019, respectively.

18. COMMITMENTS AND CONTINGENCIES

Letters of Credit and Third-Party Guarantees

As of December 31, 2020 and March 31, 2020, the Company was contingently liable under open standby letters of credit and bank guarantees issued by our banks in favor of third parties that totaled $10.3 million and $9.7 million, respectively. These letters of credit and bank guarantees primarily support insurance and bid and performance obligations. At both December 31, 2020 and March 31, 2020, approximately $0.9 million of these instruments reduced the available borrowings under the Revolving Credit Facility. The remainder is guaranteed under a separate $20.0 million facility, originally established in fiscal 2015 and most recently increased to $20.0 million in the first quarter of fiscal 2021, of which $10.5 million and $6.2 million were available to the Company at December 31, 2020 and March 31, 2020, respectively.

Government Contracting Matters - Provision for Claimed Indirect Costs

For the three months ended December 31, 2020 and 2019, approximately 97% and 96% of the Company's revenue, respectively, was generated from contracts where the end user was an agency or department of the U.S. government, including contracts where the Company performed either as a prime contractor or subcontractor, and regardless of the geographic location in which the work was performed. For both the nine months ended December 31, 2020 and 2019, approximately 97% of the Company's revenue was generated from such contracts. U.S. government contracts and subcontracts are subject to extensive legal and regulatory requirements. From time to time and in the ordinary course of business, agencies of the U.S. government audit our claimed indirect costs and conduct inquiries and investigations of our business practices with respect to government contracts to determine whether the Company's operations are conducted in accordance with these requirements and the terms of the relevant contracts. U.S. government agencies, including the Defense Contract Audit Agency (DCAA), routinely audit our claimed indirect costs for compliance with the Cost Accounting Standards and the Federal Acquisition Regulation. These agencies also conduct reviews and investigations and make inquiries regarding our accounting and other systems in connection with our performance and business practices with respect to our government contracts and subcontracts. U.S. government audits, inquiries, or investigations of the Company, whether related to the Company's U.S. government contracts or subcontracts or conducted for other reasons, could result in administrative, civil, or criminal liabilities, including withholding of payments, suspension of payments, repayments, fines, or penalties being imposed upon the Company, or could lead to suspension or debarment from future U.S. government contracting. Management believes it has recorded the appropriate provision for claimed indirect costs for any audit, inquiry, or investigation of which it is aware that may be subject to any reductions and/or penalties. As of December 31, 2020 and March 31, 2020, the Company had recorded liabilities of approximately $248.2 million and $224.6 million, respectively, for estimated adjustments to claimed indirect costs based on its historical DCAA audit results, including the final resolution of such audits with the Defense Contract Management Agency, for claimed indirect costs incurred subsequent to fiscal 2011, and for contracts not yet closed that are subject to audit and final resolution.

Litigation

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

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

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

On November 13, 2017, a Verified Shareholder Derivative Complaint was filed in the United States District Court for the District of Delaware styled Celine Thum v. Rozanski et al., C.A. No. 17-cv-01638, naming the Company as a nominal defendant and numerous current and former officers and directors as defendants. The complaint asserts claims for breach of fiduciary duties, unjust enrichment, waste of corporate assets, abuse of control, gross mismanagement, and violations of Sections 14(a), 10(b) and 20(a) of the Exchange Act, purportedly relating to matters that are the subject of the DOJ investigation described above. The parties have stipulated to a stay of the proceedings pending the outcome of the securities litigation (described above), which the court so ordered on January 24, 2018. On December 12, 2019, the court ordered that the stay remain in effect and ordered the parties to submit periodic status reports. On May 27, 2020 and November 23, 2020, the parties submitted status reports stating that plaintiff believes the stay should remain in effect and defendants do not object to the stay remaining in effect. At this stage of the lawsuit, the Company is not able to reasonably estimate the expected amount or range of cost or any loss associated with the lawsuit.

19. SUBSEQUENT EVENT

Share Repurchase Authorization

On January 27, 2021, the Board of Directors approved an increase to our share repurchase authorization from $1,310.0 million to $1,710.0 million. As of January 27, 2021, and giving into effect to the increase in the share repurchase authorization, the Company had approximately $746.5 million of remaining capacity under its share repurchase program.

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

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

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

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

Overview

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

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

Financial and Other Highlights

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

Revenue increased 3.0% from the three months ended December 31, 2019 to the three months ended December 31, 2020, and increased 7.0% from the nine months ended December 31, 2019 to the nine months ended December 31, 2020. Growth in both periods was primarily driven by growth in client demand and headcount to meet that demand. The Company also benefited from higher staff utilization over the prior year periods driven by fewer paid time off (PTO) days taken by our employees which resulted in increases in our direct labor and corresponding generation of revenue growth. Revenue growth for the quarter was negatively impacted by lower billable expenses, while the year-to-date period benefited from an overall increase in billable expenses. For the three months ended December 31, 2020 billable expenses declined primarily due to lower subcontractor costs driven by the timing of client needs and lower direct cost purchases for clients, including COVID-19 related travel. For the nine months ended December 31, 2020, the increase in billable expenses was primarily attributable to an increase in use of subcontractors driven by client demand, partially offset by decreases in expenses from contracts which require the Company to incur direct and travel expenses on behalf of clients. The impact of COVID-19 drove volatility in the timing and magnitude of billable expenses.

Operating income increased 9.0% to $184.3 million in the three months ended December 31, 2020 from $169.0 million in the three months ended December 31, 2019, which reflects an increase in operating margin to 9.7% from 9.1%. Operating income increased 12.2% to $583.4 million in the nine months ended December 31, 2020 from $520.1 million in the nine months ended December 31, 2019, while operating margin increased from 9.5% to 9.9%. The increases in the operating income for three months and nine months ended December 31, 2020 were primarily driven by the same factors as growth in revenue, strong contract level performance, ongoing cost management efforts, and reductions in certain types of expenses, like travel and meetings. These were partially offset by the inability to recognize revenue on, or bill for, fee on certain contracts involving a ready workforce of approximately $2.0 million for the three months ended December 31, 2020 and approximately $21.0 million for the nine months ended December 31, 2020. The Company also incurred incremental legal costs during the three and nine months ended December 31, 2020 in response to the U.S. Department of Justice investigation and matters which purport to relate to the investigation, a portion of which was offset by the receipt of insurance reimbursements. We expect to incur additional costs in the future. Based on the information currently available, the Company is not able to reasonably estimate the expected long-term incremental legal costs or amounts that may be reimbursed associated with this investigation and these related matters.

We are monitoring the evolving situation related to the COVID-19 outbreak and vaccine rollout and we continue to work with our stakeholders to assess further possible implications to our business and to take actions in an effort to mitigate adverse consequences. To protect employee health and safety while COVID-19 remains a threat, we plan to continue to deliver a majority of our services to clients via telework for the foreseeable future. In cases where telework options or effectiveness are limited, we are working closely with clients to achieve safe return plans guided by federal, state and local policies and advice from other experts. We are also working closely with our clients, where classified work is concentrated, to retain continuity of service and ensure a ready workforce. We expect to continue to be impacted by the inability of certain employees to perform their contract requirements at their designated work locations due to facility closures or restrictions as a result of COVID-19 and cannot perform such work remotely. While the CARES Act contains a provision that allows federal contractors to seek specified reimbursement for certain employees who are unable to perform their contract requirements due to government restrictions and we have been reimbursed for certain of these costs, such provision does not require the government to reimburse a contractor and reimbursements are also subject to limitations and do not currently extend past March 31, 2021. As a result, we believe that some of our costs incurred prior to the passage of the CARES Act for certain employees who are unable to perform their contract requirements due to government restrictions will not be reimbursed. However, going forward we do not expect such non-reimbursed fees to have a material impact on earnings as the majority of our affected workforce have returned to client site offices or may do so prior to March 31, 2021. Through December 31, 2020, we have withheld recognition of revenue associated with these amounts at risk of not being reimbursed. Although we cannot currently predict the overall impact of the COVID-19 outbreak and vaccine rollout, the longer the duration of the event, the more likely it is that it could have an adverse effect on our business, financial position, results of operations, billable expenses, and/or cash flows.

Non-GAAP Measures

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

- "Revenue, Excluding Billable Expenses" represents revenue less billable expenses. We use Revenue, Excluding Billable Expenses because it provides management useful information about the Company's operating performance by excluding the impact of costs that are not indicative of the level of productivity of our consulting staff headcount and our overall direct labor, which management believes provides useful information to our investors about our core operations.
- "Adjusted Operating Income" represents operating income before transaction costs, fees, losses, and expenses, including fees associated with debt prepayments and supplemental employee benefits due to the COVID-19 outbreak. We prepare Adjusted Operating Income to eliminate the impact of items we do not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary, or non-recurring nature or because they result from an event of a similar nature.
- "Adjusted EBITDA" represents net income before income taxes, net interest and other expense and depreciation and amortization and before certain other items, including transaction costs, fees, losses, and expenses, including fees associated with debt prepayments and supplemental employee benefits due to the COVID-19 outbreak. "Adjusted EBITDA Margin on Revenue" is calculated as Adjusted EBITDA divided by revenue. "Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses" is calculated as Adjusted EBITDA divided by Revenue, Excluding Billable Expenses. The Company prepares Adjusted EBITDA, Adjusted EBITDA Margin on Revenue, and Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses to eliminate the impact of items it does not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary or non-recurring nature or because they result from an event of a similar nature.
- "Adjusted Net Income" represents net income before: (i) transaction costs, fees, losses, and expenses, including fees associated with debt prepayments, (ii) supplemental employee benefits due to the COVID-19 outbreak, (iii) research and development tax credit, (iv) release of income tax reserves, (v) loss on debt extinguishment and (vi) amortization of debt issuance costs, in each case net of the tax effect where

appropriate calculated using an assumed effective tax rate. We prepare Adjusted Net Income to eliminate the impact of items, net of tax, we do not consider indicative of ongoing operating performance due to their inherent unusual, extraordinary, or non-recurring nature or because they result from an event of a similar nature.

- "Adjusted Diluted EPS" represents diluted EPS calculated using Adjusted Net Income as opposed to net income. Additionally, Adjusted Diluted EPS does not contemplate any adjustments to net income as required under the two-class method as disclosed in the footnotes to the condensed consolidated financial statements.
- "Free Cash Flow" represents the net cash generated from operating activities less the impact of purchases of property, equipment and software.

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

(In thousands, except share and per share data)	Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2019
	(Unaudited)		(Unaudited)	
Revenue, Excluding Billable Expenses				
Revenue	$ 1,904,020	$ 1,849,441	$ 5,879,658	$ 5,494,194
Billable expenses	577,059	600,522	1,729,788	1,691,543
Revenue, Excluding Billable Expenses	$ 1,326,961	$ 1,248,919	$ 4,149,870	$ 3,802,651
Adjusted Operating Income				
Operating Income	$ 184,257	$ 169,045	$ 583,365	$ 520,126
Transaction expenses (a)	—	1,069	—	1,069
COVID-19 supplemental employee benefits (b)	68	—	577	—
Adjusted Operating Income	$ 184,325	$ 170,114	$ 583,942	$ 521,195
EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin on Revenue & Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses				
Net income	$ 144,371	$ 112,026	$ 409,781	$ 343,737
Income tax expense	21,612	34,697	102,418	106,993
Interest and other, net (c)	18,274	22,322	71,166	69,396
Depreciation and amortization	21,113	20,655	62,860	60,308
EBITDA	205,370	189,700	646,225	580,434
Transaction expenses (a)	—	1,069	—	1,069
COVID-19 supplemental employee benefits (b)	68	—	577	—
Adjusted EBITDA	$ 205,438	$ 190,769	$ 646,802	$ 581,503
Adjusted EBITDA Margin on Revenue	10.8 %	10.3 %	11.0 %	10.6 %
Adjusted EBITDA Margin on Revenue, Excluding Billable Expenses	15.5 %	15.3 %	15.6 %	15.3 %
Adjusted Net Income				
Net income	$ 144,371	$ 112,026	$ 409,781	$ 343,737
Transaction expenses (a)	—	1,069	—	1,069
COVID-19 supplemental employee benefits (b)	68	—	577	—
Research and development tax credit (d)	—	—	(2,928)	—
Release of income tax reserves (e)	—	—	(29)	—
Loss on debt extinguishment (f)	—	—	13,239	—
Amortization and write-off of debt issuance costs and debt discount	705	886	1,722	1,945
Adjustments for tax effect (g)	(201)	(509)	(4,040)	(784)
Adjusted Net Income	$ 144,943	$ 113,472	$ 418,322	$ 345,967
Adjusted Diluted Earnings Per Share				
Weighted-average number of diluted shares outstanding	138,886,119	141,558,427	138,932,125	141,348,635
Adjusted Net Income Per Diluted Share (h)	$ 1.04	$ 0.80	$ 3.01	$ 2.45
Free Cash Flow				
Net cash provided by operating activities	$ 232,935	$ 99,780	$ 798,959	$ 366,459
Less: Purchases of property, equipment and software	(15,949)	(30,734)	(54,033)	(90,712)
Free Cash Flow	$ 216,986	$ 69,046	$ 744,926	$ 275,747

(a) Fiscal 2020 debt refinancing costs incurred in connection with the refinancing transactions consummated on November 26, 2019.

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

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

(d) Reflects tax credits, net of reserves for uncertain tax positions, recognized in fiscal 2021 related to an increase in research and development credits available for fiscal years 2016 to 2019.

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

(f) Reflects the loss on debt extinguishment resulting from the redemption of Booz Allen Hamilton Inc.'s 5.125% Senior Notes due 2025 (the "2017 Senior Notes"), including $9.0 million of the premium paid at redemption, and write-off of the unamortized debt issuance cost. See Note 8 to our condensed consolidated financial statements for more information.

(g) Reflects the tax effect of adjustments at an assumed effective tax rate of 26%, which approximates the blended federal and state tax rates, and consistently excludes the impact of other tax credits and incentive benefits realized.

(h) Excludes adjustments of approximately $0.9 million and $2.3 million of net earnings for the three and nine months ended December 31, 2020, respectively, and excludes adjustments of approximately $0.6 million and $1.8 million of net earnings for the three and nine months ended December 31, 2019, respectively associated with the application of the two-class method for computing diluted earnings per share.

Factors and Trends Affecting Our Results of Operations

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

Business Environment and Key Trends in Our Markets

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

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

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

Sources of Revenue

Substantially all of our revenue is derived from services provided under contracts and task orders with the U.S. government, primarily by our consulting staff and, to a lesser extent, our subcontractors. Funding for our contracts and task orders is generally linked to trends in budgets and spending across various U.S. government agencies and departments. We provide services under a large portfolio of contracts and contract vehicles to a broad client base, and we believe that our diversified contract and client base lessens potential volatility in our business; however, a reduction in the amount of services that we are contracted to provide to the U.S. government or any of our significant U.S. government clients could have a material adverse effect on our business and results of operations. In particular, the Department of Defense is one of our significant clients, and the BCA (as amended by the American Taxpayer Relief Act of 2012, the Bipartisan Budget Act of 2013, the Bipartisan Budget Act of 2015, the Bipartisan Budget Act of 2018 and the Bipartisan Budget Act of 2019), provides for automatic spending cuts (referred to as sequestration) totaling approximately $1.2 trillion between 2013 and 2021, including an estimated $500 billion in federal defense spending cuts over this time period. The Bipartisan Budget Act of 2019 raised BCA spending caps on defense spending by $90 billion for government fiscal 2020, and $81 billion for government fiscal 2021. For non-defense funding, the Bipartisan Budget Act of 2019 raised BCA spending caps by $78 billion for government fiscal 2020 and $72 billion for government fiscal 2021. While the American Taxpayer Relief Act of 2012, the Bipartisan Budget Act of 2013, the Bipartisan Budget Act of 2015, the Bipartisan Budget Act of 2018 and the Bipartisan Budget Act of 2019 all negated and raised budget limits put in place by the BCA for both defense and non-defense spending, there can be no assurance that any spending cuts implemented in the future would be similarly negated. This could result in a commensurate reduction in the amount of services that we are contracted to provide to the Department of Defense and could have a material adverse effect on our business and results of operations, and given the uncertainty of when and how these automatic reductions required by the BCA may return and/or be applied, we are unable to predict the nature or magnitude of the potential adverse effect.

Contract Types

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

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

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

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2020	2019	2020	2019
Cost-reimbursable	57%	57%	56%	57%
Time-and-materials	24%	23%	25%	23%
Fixed-price	19%	20%	19%	20%

Contract Diversity and Revenue Mix

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

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

Our People

Revenue from our contracts is derived from services delivered by consulting staff and, to a lesser extent, from our subcontractors. Our ability to hire, retain, and deploy talent with skills appropriately aligned with client needs is critical to our ability to grow our revenue. We continuously evaluate whether our talent base is properly sized and appropriately compensated, and contains an optimal mix of skills to be cost competitive and meet the rapidly evolving needs of our clients. We seek to achieve that result through recruitment and management of capacity and compensation. As of December 31, 2020 and 2019, we employed approximately 27,600 and 27,200 people, respectively, of which approximately 24,700 and 24,300, respectively, were consulting staff.

Contract Backlog

We define backlog to include the following three components:

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

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

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

	As of December 31, 2020	As of December 31, 2019
	(In millions)	
Backlog:		
Funded	$ 3,620	$ 3,521
Unfunded	5,971	5,308
Priced options	13,695	13,128
Total backlog	$ 23,286	$ 21,957

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 December 31, 2020 and March 31, 2020, the Company had $7.5 billion and $6.3 billion, respectively, of remaining performance obligations and we expect to recognize more than half of the remaining performance obligations at December 31, 2020 as revenue over the next 12 months, and approximately three quarters over the next 24 months. The remainder is expected to be recognized thereafter. However, given the uncertainties discussed below, as well as the risks described in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended March 31, 2020, we can give no assurance that we will be able to convert our backlog into revenue in any particular period, if at all. Our backlog includes orders under contracts that in some cases extend for several years. The U.S. Congress generally appropriates funds for our clients on a yearly basis, even though their contracts with us may call for performance that is expected to take a number of years to complete. As a result, contracts typically are only partially funded at any point during their term and all or some of the work to be performed under the contracts may remain unfunded unless and until the U.S. Congress makes subsequent appropriations and the procuring agency allocates funding to the contract.

We view growth in total backlog and consulting staff headcount as the two key measures of our potential business growth. Growing and deploying consulting staff is the primary means by which we are able to achieve profitable revenue growth. To the extent that we are able to hire additional consulting staff and deploy them against funded backlog, we generally recognize increased revenue. Total backlog increased by 6.1% from December 31, 2019 to December 31, 2020. Additions to funded backlog during the twelve months ended December 31, 2020 totaled $7.9 billion in comparison to $7.3 billion for the comparable period in 2019, as a result of the conversion of unfunded backlog to funded backlog, the award of new contracts and task orders under which funding was appropriated, and the exercise and subsequent funding of priced options. We report internally on our backlog on a monthly basis and review backlog upon occurrence of certain events to determine if any adjustments are necessary.

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

In addition, contract backlog includes orders under contracts for which the period of performance has expired, and we may not recognize revenue on the funded backlog that includes such orders due to, among other reasons, the tardy submission of invoices by our subcontractors and the expiration of the relevant appropriated funding in accordance with a predetermined expiration date such as the end of the U.S. government's fiscal year. The revenue value of orders included in contract backlog that has not been recognized as revenue due to period of performance expirations has not exceeded approximately 5.3% of total backlog as of December 31, 2020 and any of the four preceding fiscal quarters.

We expect to recognize revenue from a substantial portion of funded backlog as of December 31, 2020 within the next twelve months. However, given the uncertainties discussed above, as well as the risks described in Part I, Item 1A, of our

Annual Report on Form 10-K , we can give no assurance that we will be able to convert our backlog into revenue in any particular period, if at all.

Operating Costs and Expenses

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

Our most significant operating costs and expenses are described below.

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

Seasonality

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

Critical Accounting Estimates and Policies

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

Recent Accounting Pronouncements

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

Results of Operations

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

	Three Months Ended December 31,		Percent Change	Nine Months Ended December 31,		Percent Change
	2020	2019		2020	2019	
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	(In thousands)			(In thousands)		
Revenue	$ 1,904,020	$ 1,849,441	3.0 %	$ 5,879,658	$ 5,494,194	7.0 %
Operating costs and expenses:						
Cost of revenue	866,771	813,500	6.5 %	2,758,270	2,498,096	10.4 %
Billable expenses	577,059	600,522	(3.9)%	1,729,788	1,691,543	2.3 %
General and administrative expenses	254,820	245,719	3.7 %	745,375	724,121	2.9 %
Depreciation and amortization	21,113	20,655	2.2 %	62,860	60,308	4.2 %
Total operating costs and expenses	1,719,763	1,680,396	2.3 %	5,296,293	4,974,068	6.5 %
Operating income	184,257	169,045	9.0 %	583,365	520,126	12.2 %
Interest expense	(20,878)	(24,231)	(13.8)%	(60,900)	(75,281)	(19.1)%
Other (expense) income, net	2,604	1,909	36.4 %	(10,266)	5,885	NM
Income before income taxes	165,983	146,723	13.1 %	512,199	450,730	13.6 %
Income tax expense	21,612	34,697	(37.7)%	102,418	106,993	(4.3)%
Net income	$ 144,371	$ 112,026	28.9 %	$ 409,781	$ 343,737	19.2 %

NM - Not meaningful.

Three Months Ended December 31, 2020 Compared to Three Months Ended December 31, 2019

Revenue

Revenue increased to $1,904.0 million from $1,849.4 million, or a 3.0% increase, primarily driven by growth in client demand and headcount to meet that demand. The Company also benefited from higher staff utilization over the prior year period driven by fewer PTO days taken by our employees which resulted in increases in our direct labor and corresponding generation of revenue growth. Total headcount as of December 31, 2020 increased approximately 390 as compared to December 31, 2019. Revenue growth for the quarter was negatively impacted by lower billable expenses.

Cost of Revenue

Cost of revenue increased to $866.8 million from $813.5 million, or a 6.5% increase. The increase was primarily due to increases in salaries and salary-related benefits of $55.3 million, driven by increased headcount and annual base salary increases. Cost of revenue as a percentage of revenue was 45.5% and 44.0% for the three months ended December 31, 2020 and 2019, respectively.

Billable Expenses

Billable expenses decreased to $577.1 million from $600.5 million, or a 3.9% decrease, primarily attributable to a decrease in the use of subcontractors driven by client demand and timing of client needs, and decreases in expenses from contracts which require the Company to incur travel and other direct expenses on behalf of clients as compared to the prior year period. The impact of COVID-19, including on travel, drove volatility in the timing and magnitude of billable expenses. Billable expenses as a percentage of revenue were 30.3% and 32.5% for the three months ended December 31, 2020 and 2019, respectively.

General and Administrative Expenses

General and administrative expenses increased to $254.8 million from $245.7 million, or a 3.7% increase, primarily due to increases in salaries and salary-related benefits of $12.4 million, partially offset by decreases in other business expenses and professional fees of $8.9 million. General and administrative expenses as a percentage of revenue were 13.4% and 13.3% for the three months ended December 31, 2020 and 2019, respectively.

Depreciation and Amortization

Depreciation and amortization increased to $21.1 million from $20.7 million, or a 2.2% increase, primarily due to increases in depreciation expense resulting from the effects of higher capital expenditures in fiscal 2020.

Interest Expense

Interest expense decreased to $20.9 million from $24.2 million, or a 13.8% decrease, primarily due to a decrease in 1 Month LIBOR, the benchmark interest rate under our Secured Credit Facility, and a reduction in expense of $2.0 million as a result of the repayment of the remaining Deferred Payment Obligation balance in December 2019.

Other Expense (Income), net

Other expense (Income), net increased to a $2.6 million net other income from a $1.9 million net other income primarily due to the net gain of $3.1 million recognized from the sale of certain company assets.

Income Tax Expense

Income tax expense decreased to $21.6 million from $34.7 million, primarily due to the release of $10.2 million in reserves for uncertain tax positions related to the acquisition of eGov Holdings, Inc. (d/b/a/ Aquilent), established in the fourth quarter of fiscal 2017, due to the expiration of the statute of limitations. This was partially offset by an increase in pre-tax income as compared to the prior year period. The effective tax rate decreased to 13.0% for the three months ended December 31, 2020 from 23.6% for the three months ended December 31, 2019.

Nine Months Ended December 31, 2020 Compared to Nine Months Ended December 31, 2019

Revenue

Revenue increased to $5,879.7 million from $5,494.2 million, or a 7.0% increase, primarily driven by growth in client demand and headcount to meet that demand. The Company also benefited from higher staff utilization over the prior year periods driven by fewer PTO days taken by our employees which resulted in increases in our direct labor and corresponding generation of revenue growth. Revenue growth for the year-to-date period benefited from an overall increase in billable expenses.

Cost of Revenue

Cost of revenue increased to $2,758.3 million from $2,498.1 million, or a 10.4% increase. The increase was primarily due to increases in salaries and salary-related benefits of $198.8 million primarily driven by increased headcount and annual base salary increases. Cost of revenue as a percentage of revenue was 46.9% and 45.5% for the nine months ended December 31, 2020 and 2019, respectively.

Billable Expenses

Billable expenses increased to $1,729.8 million from $1,691.5 million, or a 2.3% increase, primarily attributable to an increase in use of subcontractors driven by client demand. The increase was partially offset by decreases in expenses from contracts which require the Company to incur direct and travel expenses on behalf of clients compared to the prior year period. The impact of COVID-19 drove volatility in the timing and magnitude of billable expenses. Billable expenses as a percentage of revenue were 29.4% and 30.8% for the nine months ended December 31, 2020 and 2019, respectively.

General and Administrative Expenses

General and administrative expenses increased to $745.4 million from $724.1 million, or a 2.9% increase primarily due to increases in salary and salary related benefits of $23.1 million, partially offset by decreases in other business expenses and professional fees of $10.0 million. General and administrative expenses as a percentage of revenue were 12.7% and 13.2% for the nine months ended December 31, 2020 and 2019, respectively.

Depreciation and Amortization

Depreciation and amortization increased to $62.9 million from $60.3 million, or a 4.2% increase, primarily due to increases in depreciation expense resulting from the effects of higher capital expenditures in fiscal 2020.

Interest Expense

Interest expense decreased to $60.9 million from $75.3 million, or a 19.1% decrease, primarily due to a decrease in 1 Month LIBOR, the benchmark interest rate under our Secured Credit Facility, and a reduction in expense of $6.0 million as a result of the repayment of the remaining Deferred Payment Obligation balance in December 2019.

Other Expense (Income), net

Other expense (Income), net decreased to a $10.3 million net other expense from a $5.9 million net other income, primarily due to the loss on debt extinguishment resulting from the redemption of the 2017 Senior Notes, including $9.0 million of the premium paid at redemption, and write-off of the unamortized debt issuance cost. This was partially offset by net gains of $5.1 million recognized from the Company's sale of certain customer contracts and other assets.

Income Tax Expense

Income tax expense decreased to $102.4 million from $107.0 million, primarily due to the release of $10.2 million in reserves for uncertain tax positions related to the acquisition of eGov Holdings, Inc. (d/b/a/ Aquilent), established in the fourth quarter of fiscal 2017, due to the expiration of the statute of limitations. This was partially offset by an increase in pre-tax income as compared to the prior year period. The effective tax rate decreased to 20.0% for the nine months ended December 31, 2020 from 23.7% for the nine months ended December 31, 2019.

Liquidity and Capital Resources

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

	December 31, 2020 (Unaudited)	March 31, 2020
	(In thousands)	
Cash and cash equivalents	$ 1,341,301	$ 741,901
Total debt	2,375,007	2,185,844

	Nine Months Ended December 31,	
	2020 (Unaudited)	2019 (Unaudited)
	(In thousands)	
Net cash provided by operating activities	$ 798,959	$ 366,459
Net cash used in investing activities	(122,855)	(90,712)
Net cash provided by (used in) financing activities	(76,704)	137,084
Total increase in cash and cash equivalents	$ 599,400	$ 412,831

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

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

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

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

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

Cash Flows

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

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

Operating Cash Flow

Net cash provided by operations is primarily affected by the overall profitability of our contracts, our ability to invoice and collect cash from clients in a timely manner, our ability to manage our vendor payments and the timing of cash paid for income taxes. Continued uncertainty in global economic conditions may also affect our business as customers and suppliers may decide to downsize, defer, or cancel contracts, which could negatively affect the operating cash flows. Net cash provided by operations was $799.0 million in the nine months ended December 31, 2020 compared to $366.5 million in the prior year period, or a 118.0% increase. The increase in operating cash flows was primarily due to strong cash collections of our revenue growth, working capital management, and lower cash taxes due to the carryover of research and development credits claimed in fiscal 2020. Lower cash disbursements also contributed to third quarter performance, driven by cost management and lower expenses primarily attributable to COVID-19.

Investing Cash Flow

Net cash used in investing activities was $122.9 million in the nine months ended December 31, 2020 compared to $90.7 million in the prior year period, or a 35.4% increase. The increase in net cash used in investing activities was due to a $72.2 million strategic minority investment made by the Company during the three months ended December 31, 2020. This was partially offset by a decrease in capital expenditures over the prior period as well as proceeds from the sale of certain Company assets. The decrease in capital expenditures reflects a shift away from facilities investment towards technology and tools needed to support the virtual work environment. Additionally, we continue to modernize our corporate information technology infrastructure and are in the rigorous testing phase prior to the implementation of a new financial management system.

Financing Cash Flow

Net cash used in financing activities was $76.7 million in the nine months ended December 31, 2020 compared to $137.1 million in net cash provided by financing activities in the prior year period. The increase in net cash used in financing activities was primarily due to the following:

- Increases in share repurchases of $106.2 million as compared to the prior year period
- Increases in dividends paid of $26.9 million as compared to the prior year period
- Proceeds of $400.0 million from drawing down on our Delayed Draw Facility in the prior year period, not present in the current year

The above were partially offset by:

- Net proceeds of $341.5 million received from the issuance of the Senior Notes during the second quarter of fiscal 2021
- Repayment of the remaining deferred payment obligation balance of $80.0 million in the prior year period, not present in the current year

Dividends and Share Repurchases

On January 29, 2021, the Company announced a regular quarterly cash dividend in the amount of $0.37 per share. The quarterly dividend is payable on March 2, 2021 to stockholders of record on February 12, 2021.

During the three and nine months ended December 31, 2020, quarterly dividends of $0.31 and $0.93 per share, respectively, were declared and paid totaling $43.0 million and $129.9 million, respectively. During the three and nine months ended December 31, 2019, quarterly dividends of $0.27 and $0.73 per share, respectively, were declared and paid totaling $38.1 million and $102.9 million, respectively.

On December 12, 2011, the Board of Directors approved a $30.0 million share repurchase program, which was further increased by the Board of Directors on (i) January 27, 2015 to $180.0 million, (ii) January 25, 2017 to $410.0 million, (iii) November 2, 2017 to $610.0 million, (iv) May 24, 2018 to $910.0 million, and (v) May 23, 2019 to $1,310.0 million. On January 27, 2021, the Board of Directors approved an additional increase to our share repurchase authorization of $400.0 million to $1,710.0 million. The Company may repurchase shares pursuant to the program by means of open market repurchases, directly negotiated repurchases or through agents acting pursuant to negotiated repurchase agreements. During fiscal 2021, the Company purchased 1.6 million shares of the Company's Class A Common Stock for an aggregate of $123.4 million. As of January 27, 2021, giving effect to the increase in the share repurchase authorization, the Company had approximately 746500000 of remaining capacity under its repurchase program.

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

Indebtedness

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

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

As of December 31, 2020, the Credit Agreement provided Booz Allen Hamilton with a $1,308.3 million Term Loan A, a $385.2 million Term Loan B, and $500.0 million in New Revolving Commitments with a sub-limit for letters of credit of $100.0 million (collectively, the "Secured Credit Facility"). As of December 31, 2020, the maturity date of Term Loan A and the termination date for the Revolving Credit Facility was July 23, 2023 and the maturity date of Term Loan B was November 26, 2026. Booz Allen Hamilton’s obligations and the guarantors’ guarantees under the Credit Agreement are secured by a first priority lien on substantially all of the assets (including capital stock of subsidiaries) of Booz Allen Hamilton, Investor and the subsidiary guarantors, subject to certain exceptions set forth in the Credit Agreement and related documentation. Subject to specified conditions, without the consent of the then-existing lenders (but subject to the receipt of commitments), the Term Loans or the Revolving Credit Facility may be expanded (or a new term loan facility or revolving credit facility added to the existing facilities) by up to (i) the greater of (x) $627 million and (y) 100% of consolidated EBITDA of Booz Allen Hamilton, as of the end of the most recently ended four quarter period for which financial statements have been delivered pursuant to the Credit Agreement plus (ii) the aggregate principal amount under which pro forma consolidated net secured leverage remains less than or equal to 3.50:1.00.

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

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

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

Booz Allen Hamilton also has agreed to pay customary letter of credit and agency fees. As of December 31, 2020 and March 31, 2020, Booz Allen Hamilton was contingently liable under open standby letters of credit and bank guarantees issued by its banks in favor of third parties that totaled $10.3 million and $9.7 million, respectively. These letters of credit and bank guarantees primarily support insurance and bid and performance obligations. For both December 31, 2020 and March 31, 2020, approximately $0.9 million, of these instruments reduced the available borrowings under the Revolving Credit Facility. The remainder is guaranteed under a separate $20.0 million facility of which $10.5 million and $6.2 million, respectively, was available to Booz Allen Hamilton at December 31, 2020 and March 31, 2020. As of December 31, 2020, Booz Allen Hamilton had $499.0 million of capacity available for additional borrowings under the Revolving Credit Facility.

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

For the three months ended December 31, 2020 and 2019, interest payments of $5.6 million and $12.0 million were made for Term Loan A and $1.9 million and $3.7 million were made for Term Loan B, respectively. For the nine months ended December 31, 2020 and 2019, interest payments of $18.3 million and $39.2 million were made for Term Loan A and $6.0 million and $12.5 million were made for Term Loan B, respectively.

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

Borrowings under the Term Loans and, if used, the Revolving Credit Facility, incur interest at a variable rate. In accordance with Booz Allen Hamilton's risk management strategy, Booz Allen Hamilton executed a series of interest rate swaps. As of December 31, 2020, Booz Allen Hamilton had interest rate swaps with an aggregate notional amount of $1.0 billion. These instruments hedge the variability of cash outflows for interest payments on the floating portion of the Company's debt. The Company's objectives in using cash flow hedges are to reduce volatility due to interest rate movements and to add stability to interest expense (See Note 9 to our condensed consolidated financial statements).

Capital Structure and Resources

Our stockholders' equity amounted to $1,073.3 million as of December 31, 2020, an increase of $216.9 million compared to stockholders' equity of $856.4 million as of March 31, 2020. The increase was primarily due to net income of $409.8 million for the nine months ended December 31, 2020, stock-based compensation expense of $41.0 million, and issuance of common stock of $13.4 million, partially offset by $129.9 million in quarterly dividend payments and $132.6 million in treasury stock resulting from the repurchase of shares of our Class A Common Stock during the nine months ended December 31, 2020.

Off-Balance Sheet Arrangements

As of December 31, 2020, we did not have any material off-balance sheet arrangements.

Capital Expenditures

Since we do not own any of our facilities, our capital expenditure requirements primarily relate to the purchase of computers, management systems, furniture, and leasehold improvements to support our operations. Direct facility and equipment costs billed to clients are not treated as capital expenses. Our capital expenditures for the nine months ended December 31, 2020 and 2019 were $54.0 million and $90.7 million, respectively. The decrease in capital expenditures reflects a shift away from facilities investment towards technology and tools needed to support the virtual work environment. Additionally, we continue to modernize our corporate information technology infrastructure and are in the rigorous testing phase prior to the implementation of a new financial management system. We believe we are on track for a successful implementation in the next fiscal year, which will support the Company's growth into the future. Given the uncertainty surrounding the COVID-19 outbreak, we may adjust our capital expenditures in fiscal 2021 to support our business operations as we further develop our long term strategy on a safe return to work.

Commitments and Contingencies

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

Special Note Regarding Forward Looking Statements

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

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

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

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

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

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

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

On November 13, 2017, a Verified Shareholder Derivative Complaint was filed in the United States District Court for the District of Delaware styled Celine Thum v. Rozanski et al., C.A. No. 17-cv-01638, naming the Company as a nominal defendant and numerous current and former officers and directors as defendants. The complaint asserts claims for breach of fiduciary duties, unjust enrichment, waste of corporate assets, abuse of control, gross mismanagement, and violations of Sections 14(a), 10(b) and 20(a) of the Exchange Act, purportedly relating to matters that are the subject of the DOJ investigation described above. The parties have stipulated to a stay of the proceedings pending the outcome of the securities litigation (described above), which the court so ordered on January 24, 2018. On December 12, 2019, the court ordered that the stay remain in effect and ordered the parties to submit periodic status reports. On May 27, 2020 and November 23, 2020, the parties submitted status reports stating that plaintiff believes the stay should remain in effect and defendants do not object to the stay remaining in effect. At this stage of the lawsuit, the Company is not able to reasonably estimate the expected amount or range of cost or any loss associated with the lawsuit.

Item 1A. Risk Factors

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

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

The following table shows the share repurchase activity during the three months ended December 31, 2020:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
October 2020	151,708	$78.56	151,708	$ 376,554,700
November 2020	1,176	$79.84	1,176	$ 376,460,802
December 2020	169,681	$88.40	169,681	$ 361,460,814
Total	322,565		322,565	

(1) On December 12, 2011, the Board of Directors approved a $30.0 million share repurchase program, which was further increased by the Board of Directors on (i) January 27, 2015 to $180.0 million, (ii) January 25, 2017 to $410.0 million, (iii) November 2, 2017 to $610.0 million, (iv) May 24, 2018 to $910.0 million, and (v) May 23, 2019 to $1,310.0 million. On January 27, 2021, the Board of Directors approved an additional increase to our share repurchase authorization of $400.0 million to $1,710.0 million. A special committee of the Board of Directors was appointed to evaluate market conditions and other relevant factors and initiate repurchases under the program from time to time. The share repurchase program may be suspended, modified or discontinued at any time at the Company's discretion without prior notice.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On January 27, 2021, the Board of Directors amended and restated the Company's bylaws (the "Bylaws") to change the voting standard for any amendments to the Bylaws from a vote of 2/3 of the votes entitled to vote at any annual or special meeting of the Company's shareholders to a majority of the Company's outstanding voting shares. The foregoing description of the Bylaws does not purport to be complete and is qualified in its entirety by reference to the full text of the Bylaws, a copy of which is filed as Exhibit 3.2 to this Quarterly Report on Form 10-Q and is incorporated herein by reference.

Item 6. Exhibits

Exhibit Number	Description
3.2	Fifth Amended and Restated Bylaws of Booz Allen Hamilton Holding Corporation*
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer*
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer*
32.1	Certification of the Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)*
32.2	Certification of the Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350)*
101	The following materials from Booz Allen Hamilton Holding Corporation's Quarterly Report on Form 10-Q for the three and nine months ended December 31, 2020 formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at December 31, 2020 and March 31, 2020; (ii) Condensed Consolidated Statements of Operations for the three and nine months ended December 31, 2020 and 2019; (iii) Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended December 31, 2020 and 2019; (iv) Condensed Consolidated Statements of Cash Flows for the nine months ended December 31, 2020 and 2019; and (v) Notes to Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed electronically herewith.

SIGNATURES

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

Booz Allen Hamilton Holding Corporation
Registrant

Date: January 29, 2021	By:	/s/ Lloyd W. Howell, Jr.
		Lloyd W. Howell, Jr. Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)

<u>BOOZ ALLEN HAMILTON HOLDING CORPORATION</u>

<u>FIFTH AMENDED AND RESTATED BYLAWS</u>

<u>As Adopted on January 27, 2021</u>

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BOOZ ALLEN HAMILTON HOLDING CORPORATION

FIFTH AMENDED AND RESTATED BYLAWS

As adopted on January 27, 2021

Article I. MEETINGS OF STOCKHOLDERS

ion i. Annual Meetings. The annual meeting of the stockholders of the Booz Allen Hamilton Holding Corporation (the "Corporation") for the election of directors (each, a "Director") and for the transaction of such other business as properly may come before such meeting shall be held each year either within or without the State of Delaware at such place, if any, and on such date and at such time, as may be fixed from time to time by resolution of the Corporation's board of Directors (the "Board") and set forth in the notice or waiver of notice of the meeting, unless, subject to Section 1.11 of these bylaws and the certificate of incorporation of the Corporation, the stockholders have acted by written consent to elect Directors as permitted by the General Corporation Law of the State of Delaware, as amended from time to time (the "DGCL").

on ii. Special Meetings. A special meeting of the stockholders for any purpose may be called at any time only by or at the direction of the Board pursuant to a resolution of the Board adopted by a majority of the total number of Directors then in office. Any special meeting of the stockholders shall be held at such place, if any, within or without the State of Delaware, and on such date and at such time, as shall be specified in such resolution. The stockholders of the Corporation do not have the power to call a special meeting.

›n iii. Participation in Meetings by Remote Communication. The Board, acting in its sole discretion, may establish guidelines and procedures in accordance with applicable provisions of the DGCL and any other applicable law for the participation by stockholders and proxyholders in a meeting of stockholders by means of remote communications, and may determine that any meeting of stockholders will not be held at any place but will be held solely by means of remote communication. Stockholders and proxyholders complying with such procedures and guidelines and otherwise entitled to vote at a meeting of stockholders shall be deemed present in person and entitled to vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication.

›n iv. Notice of Meetings; Waiver of Notice.

(1) The Secretary or any Assistant Secretary shall cause notice of each meeting of stockholders to be given in writing in a manner permitted by the DGCL not less than 10 days nor more than 60 days prior to the meeting to each stockholder of record entitled to vote at such meeting, subject to such exclusions as are then permitted by the DGCL. The notice shall specify (i) the place, if any, date and time of such meeting, (ii) the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, (iii) in the case of a special meeting, the purpose or purposes for which such meeting is called and (iv) such other information as may be required by law or as may be deemed appropriate by the Board, the President or the Secretary of the Corporation. If

the stockholder list referred to in Section 1.06 of these bylaws is made accessible on an electronic network, the notice of meeting must indicate how the stockholder list can be accessed. If the meeting of stockholders is to be held solely by means of electronic communications, the notice of meeting must provide the information required to access such stockholder list during the meeting.

(2) A written waiver of notice of meeting signed by a stockholder or a waiver by electronic transmission by a stockholder, whether given before or after the meeting time stated in such notice, is deemed equivalent to notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in a waiver of notice. Attendance of a stockholder at a meeting is a waiver of notice of such meeting, except when the stockholder attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business at the meeting on the ground that the meeting is not lawfully called or convened.

on v. Proxies.

(1) Each stockholder entitled to vote at a meeting of stockholders or to express consent to or dissent from corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy.

(2) A stockholder may authorize a valid proxy by executing a written instrument signed by such stockholder, or by causing his or her signature to be affixed to such writing by any reasonable means, including but not limited to by facsimile signature, or by transmitting or authorizing an electronic transmission (as defined in Section 8.08 of these bylaws) setting forth an authorization to act as proxy to the person designated as the holder of the proxy, a proxy solicitation firm or a like authorized agent. Proxies by electronic transmission must either set forth, or be submitted with, information from which it can be determined that the electronic transmission was authorized by the stockholder. Any copy, facsimile telecommunication or other reliable reproduction of a writing or transmission created pursuant to this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used if such copy, facsimile telecommunication or other reproduction is a complete reproduction of the entire original writing or transmission.

(3) No proxy may be voted or acted upon after the expiration of three years from the date of such proxy, unless such proxy provides for a longer period. Every proxy is revocable at the pleasure of the stockholder executing it unless the proxy states that it is irrevocable and applicable law makes it irrevocable. A stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or by filing another duly executed proxy bearing a later date with the Secretary.

on vi. Voting Lists. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare, at least 10 days before every meeting of the stockholders (and before any adjournment thereof for which a new record date has been set), a complete list of the stockholders of record entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. This list, which may be in any format including electronic format, shall be open to the examination of any stockholder prior to and during the meeting for any purpose germane to the meeting in the manner required by the DGCL and other applicable law. The stock ledger shall be the only evidence as to who are the stockholders entitled by this section to examine the list required by this section or to vote in person or by proxy at any meeting of stockholders.

n vii. Quorum. Except as otherwise provided in the certificate of incorporation or by law, the presence in person or by proxy of the holders of record of a majority of the shares entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business at such meeting, provided, however, that where a separate vote by a class or series is required, the holders of a majority in voting power of all issued and outstanding stock of such class or series entitled to vote on such matter, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to such matter. In the absence of a quorum, the stockholders so present may, by a majority in voting power thereof, adjourn the meeting from time to time in the manner provided in Section 1.09 of these bylaws until a quorum shall attend.

ı viii. Voting. Except as otherwise provided in the certificate of incorporation or by law, every holder of record of shares entitled to vote at a meeting of stockholders is entitled to one vote for each share outstanding in his or her name on the books of the Corporation (x) at the close of business on the record date for such meeting, or (y) if no record date has been fixed, at the close of business on the day next preceding the day on which notice of the meeting is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. Except as otherwise required by law, the certificate of incorporation, these bylaws, the rules and regulations of any stock exchange applicable to the Corporation or pursuant to any other rule or regulation applicable to the Corporation or its stockholders, the vote of a majority of the shares entitled to vote at a meeting of stockholders on the subject matter in question represented in person or by proxy at any meeting at which a quorum is present shall be sufficient for the transaction of any business at such meeting. The stockholders do not have the right to cumulate their votes for the election of Directors.

ɔn ix. Adjournment. Any meeting of stockholders may be adjourned from time to time, by the chairperson of the meeting or by the vote of a majority of the shares of stock present in person or represented by proxy at the meeting, to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the place, if any, and date and time thereof (and the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting) are announced at the meeting at which the adjournment is taken unless the adjournment is for more than 30 days or a new record date is fixed for the adjourned meeting after the adjournment, in which case notice of the adjourned meeting in accordance with Section 1.04 of these bylaws shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting.

on x. Organization; Procedure; Inspection of Elections.

(1) At every meeting of stockholders the presiding officer shall be the Chairman of the Board, or in the event of his or her absence or disability, a presiding officer chosen by resolution of the Board. The Secretary, or in the event of his or her absence or disability, the Assistant Secretary, if any, or if there be no Assistant Secretary, in the absence of the Secretary, an appointee of the presiding officer, shall act as secretary of the meeting. The Board may make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to any such rules and regulations, the presiding officer of any meeting shall have the right and authority to prescribe rules, regulations and procedures for such meeting and to take all such actions as in the judgment of the presiding officer are appropriate for the proper conduct of such meetings. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding officer of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding officer at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter of business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

(2) Preceding any meeting of the stockholders, the Board may, and when required by law shall, appoint one or more persons to act as inspectors of elections, and may designate one or more alternate inspectors. If no inspector or alternate so appointed by the Board is able to act, or if no inspector or alternate has been appointed and the appointment of an inspector is required by law, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. No Director or nominee for the office of Director shall be appointed as an inspector of elections. Each inspector, before entering upon the discharge of the duties of an inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall discharge their duties in accordance with the requirements of applicable law.

on xi. Stockholder Action by Written Consent. Except as otherwise provided in the certificate of incorporation, any action required or permitted to be taken at any annual or special meeting of stockholders of the Corporation may be taken only upon the vote of the stockholders at an annual or special meeting duly called and may not be taken by written consent of the stockholders.

n xii. Notice of Stockholder Proposals and Nominations.

(1) Annual Meetings.

(a) Nominations of persons for election to the Board and proposals of business to be considered by the stockholders at an annual meeting of stockholders may be made only (x) as specified in the Corporation's notice of meeting (or any notice supplemental thereto), (y) by or at the direction of the Board, or a committee appointed by the Board for such purpose, or (z) by any stockholder of the Corporation who or which (1) is entitled to vote at the meeting, (2) complies in a timely manner with all notice procedures set forth in this Section 1.12, and (3) is a stockholder of record when the required notice is delivered and at the date of the meeting. A stockholder proposal must constitute a proper matter for corporate action under the DGCL.

(b) Notice in writing of a stockholder nomination or stockholder proposal must be delivered to the attention of the Secretary at the principal place of business of the Corporation not fewer than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting (which anniversary date, in the case of the first annual meeting of stockholders following the closing of the Corporation's initial underwritten public offering of common stock, shall be deemed to be August 15, 2011); provided that if the date of the annual meeting is advanced by more than 30 days or delayed by more than 70 days from such anniversary date of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than 120 days prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. If the number of Directors to be elected to the Board at an annual meeting is increased, and if the Corporation does not make a public announcement naming all of the nominees for Director or specifying the size of the increased Board at least 100 days prior to the first anniversary of the preceding year's annual meeting, then any stockholder nomination in respect of the increased number of positions shall be considered timely if delivered not later than the close of business on the 10th day following the day on which a public announcement naming all nominees or specifying the size of the increased Board is first made by the Corporation.

(c) Notice of a stockholder nomination shall include, as to each person whom the stockholder proposes to nominate for election or re-election as a Director, all information relating to such person required to be disclosed in solicitations of proxies for election of Directors or is otherwise required, in each case pursuant to and in accordance with Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder, including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected. Notice of a stockholder proposal shall include a brief description of the business desired to be brought before the meeting, the text of the proposal (including the text of any resolutions proposed for consideration and if such business includes proposed amendments to the certificate of incorporation and/or bylaws of the Corporation, the text of the proposed amendments), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made.

(d) Notice of a stockholder nomination or proposal shall also set forth, as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made:

i. the name and address of such stockholder, as they appear on the Corporation's books and records, and of such beneficial owner;

ii. the class or series and number of shares of capital stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner;

iii. a description of any agreement, arrangement or understanding between or among such stockholder and any such beneficial owner, any of their respective affiliates or associates, and any other person or persons (including their names) in connection with the proposal of such nomination or other business;

iv. a description of any agreement, arrangement or understanding (including, regardless of the form of settlement, any derivative, long or short positions, profit interests, forwards, futures, swaps, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions and borrowed or loaned shares) that has been entered into by or on behalf of, or any other agreement, arrangement or understanding that has been made, the effect or intent of which is to create or mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or any such beneficial owner or any such nominee with respect to the Corporation's securities (a "Derivative Instrument");

v. to the extent not disclosed pursuant to clause (4) above, the principal amount of any indebtedness of the Corporation or any of its subsidiaries beneficially owned by such stockholder or by any such beneficial owner, together with the title of the instrument under which such indebtedness was issued and a description of any Derivative Instrument entered into by or on behalf of such stockholder or such beneficial owner relating to the value or payment of any indebtedness of the Corporation or any such subsidiary;

vi. a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination; and

vii. a representation as to whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to elect the nominee or to approve or adopt the proposal and/or (y) otherwise to solicit proxies from stockholders in support of such nomination or proposal.

If requested by the Corporation, the information required under clauses (iv)(2), (3), (4) and (5) of the preceding sentence of this Section 1.12(a) shall be supplemented by such stockholder and any such beneficial owner not later than 10 days after the record date for notice of the meeting to disclose such information as of such record date. The foregoing notice requirements of this Section 1.12(a) shall be deemed satisfied by a stockholder with respect to business or a nomination if the stockholder has notified the Corporation of his or her intention to present a proposal or make a nomination at an annual meeting in compliance with the applicable rules and regulations promulgated under the Exchange Act and such stockholder's proposal or nomination has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting.

(2) Special Meetings.

(a) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Section 1.04 of these bylaws. Nominations of persons for election to the Board at a special meeting of stockholders may be made only (x) as specified in the Corporation's notice of meeting (or any supplement thereto), (y) by or at the direction of the Board, or a committee appointed by the Board for such purpose, if the Corporation's notice of meeting indicated that the purposes of meeting included the election of Directors and specified the number of Directors to be elected, or (z) subject to the provisions of these bylaws, by any stockholder of the Corporation. A stockholder may nominate persons for election to the board (a "stockholder nomination") at a special meeting only if the stockholder (1) is entitled to vote at the meeting, (2) complies in a timely manner with the notice procedures set forth in paragraph (ii) of this Section 1.12(b), and (3) is a stockholder of record when the required notice is delivered and at the date of the meeting.

(b) Notice in writing of a stockholder nomination must be delivered to the attention of the Secretary at the principal place of business of the Corporation not more than 120 days prior to the date of the meeting and not later than the close of business on the later of the 90th day prior to the meeting or the 10th day following the last to occur of the public announcement by the Corporation of the date of such meeting and the public announcement by the Corporation of the nominees proposed by the Board to be elected at such meeting, and must comply with the provisions of Sections 1.12(a)(iii) and (iv) of these bylaws. The foregoing notice requirements of this Section 1.12(b) shall be deemed satisfied by a stockholder with respect to a nomination if the stockholder has notified the Corporation of his or her intention to present a nomination at such special meeting in compliance with the applicable rules and regulations promulgated under the Exchange Act and such stockholder's nomination has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such special meeting.

(3) General.

(a) Except as otherwise expressly provided in any applicable rule or regulation promulgated under the Exchange Act, only such persons who are nominated in accordance with the procedures set forth in this Section 1.12 shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.12. Except as otherwise provided by law, the certificate of incorporation or these bylaws, the presiding officer of a meeting of stockholders shall have the power and duty (x) to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 1.12, and (y) if any proposed nomination or business is not in compliance with this Section 1.12, to declare that such defective nomination shall be disregarded or that such proposed business shall not be transacted.

(b) The Corporation may require any proposed stockholder nominee for Director to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a Director of the Corporation. If the stockholder (or a qualified representative of the stockholder) making a nomination or proposal under this Section 1.12 does not appear at a meeting of stockholders to present such nomination or proposal, the nomination shall be disregarded and/or the proposed business shall not be transacted, as the case may be, notwithstanding that proxies in favor thereof may have been received by the Corporation. For purposes of this Section 1.12, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(c) For purposes of this Section 1.12, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(d) Notwithstanding the foregoing provisions of this Section 1.12, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.12; provided however, that any references in these bylaws to the Exchange Act or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 1.12 and compliance with paragraphs (a) and (b) of this Section 1.12 shall be the exclusive means for a stockholder to make nominations or submit other business (other than, as provided in the last sentences of paragraphs (a) and (b) hereof, business or nominations brought properly under and in compliance with Rule 14a-8 or Rule 14a-11 of the Exchange Act, as such Rules may be amended from time to time). Nothing in this Section 1.12 shall be deemed to affect any rights of (x) stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (y) the holders of any series of preferred stock to elect Directors pursuant to any applicable provisions of the certificate of incorporation or of the relevant preferred stock certificate or designation.

(e) The announcement of an adjournment or postponement of an annual or special meeting does not commence a new time period (and does not extend any time period) for the giving of notice of a stockholder nomination or a stockholder proposal.

Article II. BOARD OF DIRECTORS

ion i. General Powers. Except as may otherwise be provided by law or by the certificate of incorporation, the affairs and business of the Corporation shall be managed by or under the direction of the Board and the Board may exercise all the powers and authority of the Corporation. The Directors shall act only as a Board, and the individual Directors shall have no power as such.

on ii. Number and Term of Office. Subject to the provisions of the certificate of incorporation, and any rights of the holders of shares of any class or series of preferred stock, if any, to elect additional Directors, at each meeting of stockholders for the election of Directors, provided a quorum is present, each Director who is standing for election shall be elected by the vote of the majority of the votes cast with respect to that Director's election; provided, however, that the Directors shall be elected by the vote of a plurality of votes cast in connection with the election of Directors at any meeting of stockholders with respect to which (i) a stockholder has nominated a person for election to the Board in compliance with the requirements for stockholder nominees for director set forth in Section 1.12 of these bylaws, and (ii) such nomination has not been withdrawn by such stockholder prior to the 10th day preceding the date the Corporation first mails its notice of meeting for such meeting to the stockholders (a "Contested Election"). For purposes of this Section, "a majority of the votes cast" means that the number of shares voted "for" a nominee's election exceeds the number of shares voted "against" such nominee's election (with "abstentions" and "broker nonvotes" not counted as a vote cast either "for" or "against" that Director's election).

Any nominee who is an incumbent Director and does not receive a majority of the votes cast in an election that is not a Contested Election must promptly tender his or her resignation contingent on the acceptance of that resignation by the Board to the Chairman of the Board following certification of the election results. In the event that such a resignation is tendered, the Nominating and Corporate Governance Committee, or another duly authorized committee designated by the Board, shall recommend to the Board whether to accept or reject the tendered resignation or whether other action should be taken. The Board shall act on the resignation, considering the Nominating and Corporate Governance Committee's recommendation no later than at its first regularly scheduled meeting following certification of the election results and shall publicly disclose the Board's decision (including, if applicable, the reasons for rejecting the tendered resignation) in a periodic or current report filed with the Securities and Exchange Commission.

If one or more Directors' resignations are accepted by the Board, or if a nominee for director who is not an incumbent Director is not elected, the Board may fill the resulting vacancy or vacancies pursuant to Section 2.13 of these bylaws or reduce the size of the Board pursuant to Section 2.02 of these bylaws.

Any Director who tenders his or her resignation pursuant to this provision will not participate in the Nominating and Corporate Governance Committee's recommendation or Board's decision regarding the tendered resignation. If a majority of the members of the Nominating and Corporate Governance Committee failed to receive a majority vote at the same election, then the Board will appoint a Board committee solely for the purpose of considering the tendered resignations, consisting of one or more of the Directors who were not required to tender a resignation pursuant to this provision, and will recommend to the Board whether to accept or reject them.

›n iii. Regular Meetings. Regular meetings of the Board shall be held on such dates, and at such times and places as are determined from time to time by resolution of the Board.

›n iv. Special Meetings. Special meetings of the Board shall be held whenever called by the President or, in the event of his or her absence or disability, by any Vice President, or by a majority of the Directors then in office, at such place, date and time as may be specified in the respective notices or waivers of notice of such meetings. Any business may be conducted at a special meeting.

on v. Notice of Meetings; Waiver of Notice.

(1) Notices of special meetings shall be given to each Director, and notice of each resolution or other action affecting the date, time or place of one or more regular meetings shall be given to each Director not present at the meeting adopting such resolution or other action, subject to Section 2.08 of these bylaws. Notices shall be given personally, or by telephone confirmed by facsimile or email dispatched promptly thereafter, or by facsimile or email confirmed by a writing delivered by a recognized overnight courier service, directed to each Director at the address from time to time designated by such Director to the Secretary. Each such notice and confirmation must be given (received in the case of personal service or delivery of written confirmation) at least 24 hours prior to the time of a meeting.

(2) A written waiver of notice of meeting signed by a Director or a waiver by electronic transmission by a Director, whether given before or after the meeting time stated in such notice, is deemed equivalent to notice. Attendance of a Director at a meeting is a waiver of notice of such meeting, except when the Director attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business at the meeting on the ground that the meeting is not lawfully called or convened.

›n vi. Quorum; Voting. At all meetings of the Board, the presence of a majority of the total authorized number of Directors shall constitute a quorum for the transaction of business. Except as otherwise provided by law, the certificate of incorporation or these bylaws, the vote of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board.

n vii. Action by Telephonic Communications. Members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

ı viii. Adjournment. A majority of the Directors present may adjourn any meeting of the Board to another date, time or place, whether or not a quorum is present. No notice need be given of any adjourned meeting unless (a) the date, time and place of the adjourned meeting are not announced at the time of adjournment, in which case notice conforming to the requirements of Section 2.05 of these bylaws shall be given to each Director, or (b) the meeting is adjourned for more than 24 hours, in which case the notice referred to in clause (a) shall be given to those Directors not present at the announcement of the date, time and place of the adjourned meeting.

›n ix. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all members of the Board consent thereto in writing or by electronic transmission, and such writing or writings or electronic transmissions are filed with the minutes of proceedings of the Board. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

on x. Regulations. To the extent consistent with applicable law, the certificate of incorporation and these bylaws, the Board may adopt such rules and regulations for the conduct of meetings of the Board and for the management of the affairs and business of the Corporation as the Board may deem appropriate. The Board may elect from among its members a chairperson and one or more vice-chairpersons to preside over meetings and to perform such other duties as may be designated by the Board.

›n xi. Resignations of Directors. Any Director may resign at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by such Director, to the President or the Secretary. Such resignation shall take effect upon delivery unless the resignation specifies a later effective date or an effective date determined upon the happening of a specified event.

n xii. Removal of Directors. Directors may only be removed as set forth in the certificate of incorporation.

ı xiii. Vacancies and Newly Created Directorships. Subject to the rights of the holders of shares of any class or series of preferred stock, if any, to elect additional Directors pursuant to the certificate of incorporation (including any certificate of designation thereunder), any vacancy in the Board that results from the death, disability, resignation, disqualification or removal of any Director or from any other cause shall be filled solely by the affirmative vote of a majority of the total number of Directors then in office, even if less than a quorum, or by a sole remaining Director. Until the election of Directors at the annual meeting of the stockholders to be held in 2023, a Director elected to fill a vacancy or a newly created directorship shall hold office for the remainder of the term of his or her predecessor or, in the case of a newly created directorship, for the remainder of the terms of the class of Directors to which he or she is elected and until his or her successor has been elected and qualified or until his or her death, disability, resignation, disqualification or removal. Thereafter, a Director elected to fill a vacancy or a newly created directorship shall hold office until the next succeeding annual meeting of stockholders and until his or her successor has been elected and qualified or until his or her death, disability, resignation, disqualification or removal.

ı xiv. Director Fees and Expenses. The amount, if any, which each Director shall be entitled to receive as compensation for his or her services shall be fixed from time to time by the Board. The Corporation will cause each non-employee Director serving on the Board to be reimbursed for all reasonable out-of-pocket costs and expenses incurred by him or her in connection with such service.

n xv. Reliance on Accounts and Reports, etc. A Director, as such or as a member of any committee designated by the Board, shall in the performance of his or her duties be fully protected in relying in good faith upon the records of the Corporation and upon information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees designated by the Board, or by any other person as to the matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Article III. COMMITTEES

ion i. Designation of Committees. The Board shall designate such committees as may be required by applicable laws, regulations or stock exchange rules, and may designate such additional committees as it deems necessary or appropriate. Each committee shall consist of such number of Directors, with such qualifications, as may be required by applicable laws, regulations or stock exchange rules, or as from time to time may be fixed by the Board and shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation to the extent delegated to such committee by resolution of the Board, which delegation shall include all such powers and authority as may be required by applicable laws, regulations or stock exchange rules. No committee shall have any power or authority as to (a) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, (b) adopting, amending or repealing any of these bylaws or (c) as may otherwise be excluded by law or by the certificate of incorporation, and no committee may delegate any of its power or authority to a subcommittee unless so authorized by the Board.

on ii. Members and Alternate Members. The members of each committee and any alternate members shall be selected by the Board. The Board may provide that the members and alternate members serve at the pleasure of the Board. An alternate member may replace any absent or disqualified member at any meeting of the committee. An alternate member shall be given all notices of committee meetings, may attend any meeting of the committee, but may count towards a quorum and vote only if a member for whom such person is an alternate is absent or disqualified. Each member (and each alternate member) of any committee shall hold office only until the time he or she shall cease for any reason to be a Director, or until his or her earlier death, resignation or removal.

on iii. Committee Procedures. A quorum for each committee shall be a majority of its members, unless the committee has only one or two members, in which case a quorum shall be one member, or unless a greater quorum is established by the Board. The vote of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee. Each committee shall keep regular minutes of its meetings and report to the Board when required. The Board shall adopt a charter for each committee for which a charter is required by applicable laws, regulations or stock exchange rules, may adopt a charter for any other committee, and may adopt other rules and regulations for the government of any committee not inconsistent with the provisions of these bylaws or any such charter, and each committee may adopt its own rules and regulations of government, to the extent not inconsistent with these bylaws or any charter or other rules and regulations adopted by the Board.

on iv. Meetings and Actions of Committees. Except to the extent that the same may be inconsistent with the terms of any committee charter required by applicable laws, regulations or stock exchange rules, meetings and actions of each committee shall be governed by, and held and taken in accordance with, the provisions of the following sections of these bylaws, with such bylaws being deemed to refer to the committee and its members in lieu of the Board and its members:

(1) Section 2.03 (to the extent relating to place and time of regular meetings);

(2) Section 2.04 (relating to special meetings);

(3) Section 2.05 (relating to notice and waiver of notice);

(4) Sections 2.07 and 2.09 (relating to telephonic communication and action without a meeting); and

(5) Section 2.08 (relating to adjournment and notice of adjournment).

Special meetings of committees may also be called by resolution of the Board.

on v. Resignations and Removals. Any member (and any alternate member) of any committee may resign from such position at any time by submitting an electronic transmission or by delivering a written notice of resignation, signed by such member, to the President or the Secretary. Such resignation shall take effect upon delivery unless the resignation specifies a later effective date or an effective date determined upon the happening of a specified event. Any member (and any alternate member) of any committee may be removed from such position by the Board at any time, either for or without cause.

on vi. Vacancies. If a vacancy occurs in any committee for any reason, the remaining members (and any alternate members) may continue to act if a quorum is present. A committee vacancy may be filled only by the Board.

Article IV. OFFICERS

ion i. Officers. The Board shall elect a President and a Secretary as officers of the Corporation. The Board may also elect a Treasurer, one or more Vice Presidents (any one or more of whom may be designated an Executive Vice President or Senior Vice President), Assistant Secretaries and Assistant Treasurers, and such other officers and agents as the Board may determine. In addition, the Board from time to time may delegate to any officer the power to appoint subordinate officers or agents and to prescribe their respective rights, terms of office, authorities and duties. Any action by an appointing officer may be superseded by action by the Board. Any number of offices may be held by the same person, except that one person may not hold both the office of President and the office of Secretary. No officer need be a Director of the Corporation. For the avoidance of doubt, the term Vice President shall refer to an officer elected by the Board as Vice President and shall not include any employees of the Corporation whose employment title is "Vice President" unless such individual has been elected as a Vice President of the Corporation in accordance with these bylaws.

on ii. Election. Unless otherwise determined by the Board, the officers of the Corporation need not be elected for a specified term but shall serve at the pleasure of the Board or for such terms as may be agreed in the individual case by each officer and the Board. Officers and agents appointed pursuant to delegated authority as provided in Section 4.01 (or, in the case of agents, as provided in Section 4.06) shall hold their offices for such terms as may be determined from time to time by the appointing officer. Each officer shall hold office until his or her successor has been elected or appointed and qualified, or until his or her earlier death, resignation or removal. A failure to elect officers shall not dissolve or otherwise affect the Corporation.

ɲn iii. Compensation. The salaries and other compensation of all officers and agents of the Corporation shall be fixed by the Board or in the manner established by the Board.

ɲn iv. Removal and Resignation; Vacancies. Any officer may be removed for or without cause at any time by the Board. Any officer granted the power to appoint subordinate officers and agents as provided in Section 4.01 may remove any subordinate officer or agent appointed by such officer, at any time, for or without cause. Any officer or agent may resign at any time by delivering notice of resignation, either in writing signed by such officer or by electronic transmission, to the Board or the President. Unless otherwise specified therein, such resignation shall take effect upon delivery. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise, may be filled by the Board or by the officer, if any, who appointed the person formerly holding such office.

on v. Authority and Duties of Officers. An officer of the Corporation shall have such authority and shall exercise such powers and perform such duties (a) as may be required by law, (b) to the extent not inconsistent with law, as are specified in these bylaws, (c) to the extent not inconsistent with law or these bylaws, as may be specified by resolution of the Board, and (d) to the extent not inconsistent with any of the foregoing, as may be specified by the appointing officer with respect to a subordinate officer appointed pursuant to delegated authority under Section 4.01.

ɲn vi. President. The President shall preside at all meetings of the stockholders and Directors at which he or she is present, shall be the chief executive officer of the Corporation, shall have general control and supervision of the policies and operations of the Corporation and shall see that all orders and resolutions of the Board are carried into effect. He or she shall manage and administer the Corporation's business and affairs and shall also perform all duties and exercise all powers usually pertaining to the office of a chief executive officer of a corporation, including, without limitation under the DGCL. He or she shall have the authority to sign, in the name and on behalf of the Corporation, checks, orders, contracts, leases, notes, drafts and all other documents and instruments in connection with the business of the Corporation. Except as otherwise determined by the Board, he or she shall have the authority to cause the employment or appointment of such employees (other than the President) or agents of the Corporation as the conduct of the business of the Corporation may require, to fix their compensation, and to remove or suspend such employee or any agent employed or appointed by any officer or to suspend any agent appointed by the Board. The President shall have the duties and powers of the Treasurer if no Treasurer is elected and shall have such other duties and powers as the Board may from time to time prescribe.

n vii. Vice Presidents. Unless otherwise determined by the Board, if one or more Vice Presidents have been elected, each Vice President shall perform such duties and exercise such powers as may be assigned to him or her from time to time by the Board or the President. In the event of absence or disability of the President, the duties of the President shall be performed, and his or her powers may be exercised, by such Vice President as shall be designated by the Board or, failing such designation, by the Vice President in order of seniority of election to that office.

ı viii. Secretary. Unless otherwise determined by the Board, the Secretary shall have the following powers and duties:

(1) The Secretary shall keep or cause to be kept a record of all the proceedings of the meetings of the stockholders, the Board and any committees thereof in books provided for that purpose.

(2) The Secretary shall cause all notices to be duly given in accordance with the provisions of these bylaws and as required by law.

(3) Whenever any committee shall be appointed pursuant to a resolution of the Board, the Secretary shall furnish a copy of such resolution to the members of such committee.

(4) The Secretary shall be the custodian of the records and of the seal of the Corporation and cause such seal (or a facsimile thereof) to be affixed to all certificates representing shares of the Corporation prior to the issuance thereof and to all documents and instruments that the Board or any officer of the Corporation has determined should be executed under seal, may sign (together with any other authorized officer) any such document or instrument, and when the seal is so affixed he or she may attest the same.

(5) The Secretary shall properly maintain and file all books, reports, statements, certificates and all other documents and records required by law, the certificate of incorporation or these bylaws.

(6) The Secretary shall have charge of the stock books and ledgers of the Corporation and shall cause the stock and transfer books to be kept in such manner as to show at any time the number of shares of stock of the Corporation of each class issued and outstanding, the names (alphabetically arranged) and the addresses of the holders of record of such shares, the

number of shares held by each holder and the date as of which each such holder became a holder of record.

(7) The Secretary shall sign (unless the Treasurer, an Assistant Treasurer or an Assistant Secretary shall have signed) certificates representing shares of the Corporation the issuance of which shall have been authorized by the Board.

(8) The Secretary shall perform, in general, all duties incident to the office of secretary and such other duties as may be specified in these bylaws or as may be assigned to the Secretary from time to time by the Board or the President.

ɔn ix. Treasurer. Unless otherwise determined by the Board, the Treasurer, if there be one, shall be the chief financial officer of the Corporation and shall have the following powers and duties:

(1) The Treasurer shall have charge and supervision over and be responsible for the moneys, securities, receipts and disbursements of the Corporation, and shall keep or cause to be kept full and accurate records thereof.

(2) The Treasurer shall cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositaries as shall be determined by the Board or the President, or by such other officers of the Corporation as may be authorized by the Board or the President to make such determinations.

(3) The Treasurer shall cause the moneys of the Corporation to be disbursed by checks or drafts (signed by such officer or officers or such agent or agents of the Corporation, and in such manner, as the Board or the President may determine from time to time) upon the authorized depositaries of the Corporation and cause to be taken and preserved proper vouchers for all moneys disbursed.

(4) The Treasurer shall render to the Board or the President, whenever requested, a statement of the financial condition of the Corporation and of the transactions of the Corporation, and render a full financial report at the annual meeting of the stockholders, if called upon to do so.

(5) The Treasurer shall be empowered from time to time to require from all officers or agents of the Corporation reports or statements giving such information as he or she may desire with respect to any and all financial transactions of the Corporation.

(6) The Treasurer may sign (unless an Assistant Treasurer or the Secretary or an Assistant Secretary shall have signed) certificates representing shares of stock of the Corporation the issuance of which shall have been authorized by the Board.

(7) The Treasurer shall perform, in general, all duties incident to the office of treasurer and such other duties as may be specified in these bylaws or as may be assigned to the Treasurer from time to time by the Board or the President.

on x. Security. The Board may require any officer, agent or employee of the Corporation to provide security for the faithful performance of his or her duties, in such amount and of such character as may be determined from time to time by the Board.

Article V. CAPITAL STOCK

ion i. Certificates of Stock; Uncertificated Shares. The shares of the Corporation shall be represented by certificates, except to the extent that the Board has provided by resolution that some or all of any or all classes or series of the stock of the Corporation shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock in the Corporation represented by certificates shall be entitled to have, and the Board may in its sole discretion permit a holder of uncertificated shares to receive upon request, a certificate signed by the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, representing the number of shares registered in certificate form. Such certificate shall be in such form as the Board may determine, to the extent consistent with applicable law, the certificate of incorporation and these bylaws.

on ii. Facsimile Signatures. Any or all signatures on the certificates referred to in Section 5.01 of these bylaws may be in facsimile form, to the extent permitted by law. If any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon, a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

on iii. Lost, Stolen or Destroyed Certificates. A new certificate may be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed only upon delivery to the Corporation of an affidavit of the owner or owners (or their legal representatives) of such certificate, setting forth such allegation, and a bond or other undertaking as may be satisfactory to a financial officer of the Corporation designated by the Board to indemnify the Corporation against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate.

on iv. Transfer of Stock.

(1) Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares, duly endorsed or accompanied by appropriate evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Within a reasonable time after the transfer of uncertificated stock, the Corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or

stated on certificates pursuant to Sections 151, 156, 202(a) or 218(a) of the DGCL. Subject to the provisions of the certificate of incorporation and these bylaws, the Board may prescribe such additional rules and regulations as it may deem appropriate relating to the issue, transfer and registration of shares of the Corporation.

(2) The Corporation may enter into additional agreements with shareholders to restrict the transfer of stock of the Corporation in any manner not prohibited by the DGCL.

on v. Registered Stockholders. Prior to due surrender of a certificate for registration of transfer, the Corporation may treat the registered owner as the person exclusively entitled to receive dividends and other distributions, to vote, to receive notice and otherwise to exercise all the rights and powers of the owner of the shares represented by such certificate, and the Corporation shall not be bound to recognize any equitable or legal claim to or interest in such shares on the part of any other person, whether or not the Corporation shall have notice of such claim or interests. If a transfer of shares is made for collateral security, and not absolutely, this fact shall be so expressed in the entry of the transfer if, when the certificates are presented to the Corporation for transfer or uncertificated shares are requested to be transferred, both the transferor and transferee request the Corporation to do so.

›n vi. Transfer Agent and Registrar. The Board may appoint one or more transfer agents and one or more registrars, and may require all certificates representing shares to bear the signature of any such transfer agents or registrars.

Article VI. INDEMNIFICATION

ion i. Indemnification.

(1) In General. The Corporation shall indemnify, to the full extent permitted by the DGCL and other applicable law, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (each, a "proceeding") by reason of the fact that (x) such person is or was serving or has agreed to serve as a Director or officer of the Corporation, or (y) such person, while serving as a Director or officer of the Corporation, is or was serving or has agreed to serve at the request of the Corporation as a Director, officer, employee, manager or agent of another corporation, partnership, joint venture, trust or other enterprise or (z) such person is or was serving or has agreed to serve at the request of the Corporation as a Director, officer or manager of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted by such person in such capacity, and who satisfies the applicable standard of conduct set forth in the DGCL or other applicable law:

i. in a proceeding other than a proceeding by or in the right of the Corporation, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person or on such person's behalf in connection with such proceeding and any appeal therefrom, or

ii. in a proceeding by or in the right of the Corporation to procure a judgment in its favor, against expenses (including attorneys' fees) actually and reasonably incurred by such person or on such person's behalf in connection with the defense or settlement of such proceeding and any appeal therefrom.

(2) Indemnification in Respect of Successful Defense. To the extent that a present or former Director or officer of the Corporation has been successful on the merits or otherwise in defense of any proceeding referred to in Section 6.01(a) or in defense of any claim, issue or matter therein, such person shall be indemnified by the Corporation against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

(3) Indemnification in Respect of Proceedings Instituted by Indemnitee. Section 6.01(a) does not require the Corporation to indemnify a present or former Director or officer of the Corporation in respect of a proceeding (or part thereof) instituted by such person on his or her own behalf, unless such proceeding (or part thereof) has been authorized by the Board or the indemnification requested is pursuant to the last sentence of Section 6.03 of these bylaws.

on ii. Advance of Expenses. The Corporation shall advance all expenses (including reasonable attorneys' fees) incurred by a present or former Director or officer in defending any proceeding prior to the final disposition of such proceeding upon written request of such person and delivery of an undertaking by such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation. The Corporation may authorize any counsel for the Corporation to represent (subject to applicable conflict of interest considerations) such present or former Director or officer in any proceeding, whether or not the Corporation is a party to such proceeding

›n iii. Procedure for Indemnification. Any indemnification under Section 6.01 of these bylaws or any advance of expenses under Section 6.02 of these bylaws shall be made only against a written request therefor (together with supporting documentation) submitted by or on behalf of the person seeking indemnification or advance. Indemnification may be sought by a person under Section 6.01 of these bylaws in respect of a proceeding only to the extent that both the liabilities for which indemnification is sought and all portions of the proceeding relevant to the determination of whether the person has satisfied any appropriate standard of conduct have become final. A person seeking indemnification or advance of expenses may seek to enforce such person's rights to indemnification or advance of expenses (as the case may be) in the Delaware Court of Chancery to the extent all or any portion of a requested indemnification has not been granted within 90 days of, or to the extent all or any portion of a requested advance of expenses has not been granted within 20 days of, the submission of such request. All expenses (including reasonable attorneys' fees) incurred by such person in connection with successfully establishing such person's right to indemnification or advancement of expenses under this Article, in whole or in part, shall also be indemnified by the Corporation.

on iv. Burden of Proof.

(1) In any proceeding brought to enforce the right of a person to receive indemnification to which such person is entitled under Section 6.01 of these bylaws, the Corporation has the burden of demonstrating that the standard of conduct applicable under the DGCL or other applicable law was not met. A prior determination by the Corporation (including its Board or any committee thereof, its independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct does not itself constitute evidence that the claimant has not met the applicable standard of conduct.

(2) In any proceeding brought to enforce a claim for advances to which a person is entitled under Section 6.02 of these bylaws, the person seeking an advance need only show that he or she has satisfied the requirements expressly set forth in Section 6.02 of these bylaws.

on v. Contract Right; Non-Exclusivity; Survival.

(1) The rights to indemnification and advancement of expenses provided by this Article VI shall be deemed to be separate contract rights between the Corporation and each Director and officer who serves in any such capacity at any time while these provisions as well as the relevant provisions of the DGCL are in effect, and no repeal or modification of any of these provisions or any relevant provisions of the DGCL shall adversely affect any right or obligation of such Director or officer existing at the time of such repeal or modification with respect to any state of facts then or previously existing or any proceeding previously or thereafter brought or threatened based in whole or in part upon any such state of facts. Such “contract rights” may not be modified retroactively as to any present or former Director or officer without the consent of such Director or officer.

(2) The rights to indemnification and advancement of expenses provided by this Article VI shall not be deemed exclusive of any other indemnification or advancement of expenses to which a present or former Director or officer of the Corporation seeking indemnification or advancement of expenses may be entitled by any agreement, vote of stockholders or disinterested Directors, or otherwise.

(3) The rights to indemnification and advancement of expenses provided by this Article VI to any present or former Director or officer of the Corporation shall inure to the benefit of the heirs, executors and administrators of such person.

on vi. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was or has agreed to become a Director or officer of the Corporation, or is or was serving at the request of the Corporation as a Director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person or on such person’s behalf in any such capacity, or arising out of such person’s status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article.

n vii. Employees and Agents. The Board, or any officer authorized by the Board to make indemnification decisions, may cause the Corporation to indemnify any present or former employee or agent of the Corporation in such manner and for such liabilities as the Board may determine, up to the fullest extent permitted by the DGCL and other applicable law.

ı viii. Interpretation; Severability. Terms defined in Sections 145(h) or (i) of the DGCL have the meanings set forth in such sections when used in this Article VI. If this Article or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Director or officer of the Corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law.

Article VII. OFFICES

ion i. Registered Office. The registered office of the Corporation in the State of Delaware shall be located at the location provided in the Corporation's certificate of incorporation.

on ii. Other Offices. The Corporation may maintain offices or places of business at such other locations within or without the State of Delaware as the Board may from time to time determine or as the business of the Corporation may require.

Article VIII. GENERAL PROVISIONS

ion i. Dividends.

(1) Subject to any applicable provisions of law and the certificate of incorporation, dividends upon the shares of the Corporation may be declared by the Board at any regular or special meeting of the Board, or by written consent in accordance with the DGCL and these bylaws, and any such dividend may be paid in cash, property, or shares of the Corporation's stock.

(2) A member of the Board, or a member of any committee designated by the Board shall be fully protected in relying in good faith upon the records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board, or by any other person as to matters the Director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation, as to the value and amount of the assets, liabilities and/or net profits of the Corporation, or any other facts pertinent to the existence and amount of surplus or other funds from which dividends might properly be declared and paid.

on ii. Reserves. There may be set apart out of any funds of the Corporation available for dividends such sum or sums as the Board from time to time may determine proper as a reserve or reserves for meeting contingencies, equalizing dividends, repairing or maintaining any property of the Corporation or for such other purpose or purposes as the Board may determine conducive to the interest of the Corporation, and the Board may similarly modify or abolish any such reserve.

›n iii. Execution of Instruments. Except as otherwise required by law or the certificate of incorporation, the Board or any officer of the Corporation authorized by the Board may authorize any other officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation. Any such authorization must be in writing or by electronic transmission and may be general or limited to specific contracts or instruments.

›n iv. Voting as Stockholder. Unless otherwise determined by resolution of the Board, the President or any Vice President shall have full power and authority on behalf of the Corporation to attend any meeting of stockholders of any corporation in which the Corporation may hold stock, and to act, vote (or execute proxies to vote) and exercise in person or by proxy all other rights, powers and privileges incident to the ownership of such stock at any such meeting, or through action without a meeting. The Board may by resolution from time to time confer such power and authority (in general or confined to specific instances) upon any other person or persons.

on v. Fiscal Year. The fiscal year of the Corporation shall commence on the first day of April of each year (except for the Corporation's first fiscal year which shall commence on the date of incorporation) and shall terminate in each case on March 31.

›n vi. Seal. The seal of the Corporation shall be circular in form and shall contain the name of the Corporation, the year of its incorporation and the words "Corporate Seal" and "Delaware". The form of such seal shall be subject to alteration by the Board. The seal may be used by causing it or a facsimile thereof to be impressed, affixed or reproduced, or may be used in any other lawful manner.

n vii. Books and Records; Inspection. Except to the extent otherwise required by law, the books and records of the Corporation shall be kept at such place or places within or without the State of Delaware as may be determined from time to time by the Board.

ı viii. Electronic Transmission. "Electronic transmission", as used in these bylaws, means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Article IX. AMENDMENT OF BYLAWS

ion i. Amendment. Subject to the provisions of the certificate of incorporation, these bylaws may be amended, altered or repealed (a) by resolution adopted by a majority of the Board at any special or regular meeting of the Board if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting or (b) at any regular or special meeting of the stockholders upon the affirmative vote of at least a majority of the outstanding shares of voting stock of the Corporation entitled to vote at such meeting if, in the case of such special meeting only, notice of such amendment, alteration or repeal is contained in the notice or waiver of notice of such meeting.

Notwithstanding the foregoing, no amendment, alteration or repeal of Article VI shall adversely affect any right or protection existing under bylaws immediately prior to such amendment, alteration or repeal, including any right or protection of a Director thereunder in respect of any act or omission occurring prior to the time of such amendment.

Exhibit 31.1

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

I, Horacio D. Rozanski, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Booz Allen Hamilton Holding Corporation.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 29, 2021	By: /s/ Horacio D. Rozanski
	Horacio D. Rozanski President and Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

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

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

1. I have reviewed this Quarterly Report on Form 10-Q of Booz Allen Hamilton Holding Corporation.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 29, 2021

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

Exhibit 32.1

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

In connection with the report on Form 10-Q of Booz Allen Hamilton Holding Corporation (the “Company”) for the fiscal quarter ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned President and Chief Executive Officer of the Company certifies, to the best of his knowledge and belief pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 29, 2021	By: /s/ Horacio D. Rozanski
	Horacio D. Rozanski President and Chief Executive Officer (Principal Executive Officer)

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

Exhibit 32.2

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

In connection with the report on Form 10-Q of Booz Allen Hamilton Holding Corporation (the "Company") for the fiscal quarter ended December 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Executive Vice President, Chief Financial Officer and Treasurer of the Company certifies, to the best of his knowledge and belief pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 29, 2021

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

A signed original of this written statement required by Section 906 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.